

Competitive strategy

[Business](#), [Strategy](#)



Investing aggressively in creating sustainable competitive advantage is a company's single most dependable contributor to above-average profitability. The objective of competitive strategy is to overcome rival companies by doing a significantly better job of providing what buyers are looking for. We can distinguish among 3 different competitive strategies, each one being applied to a certain share of the radio industry.

Overall Cost Leadership A low-cost leader's basis for competitive advantage is lower overall costs than competitors. Successful low-cost leaders are exceptionally good at finding ways to drive costs out of their businesses. Outperforming rivals in controlling the factors that drive costs is a very demanding managerial exercise. Success in achieving cost advantages over rivals comes from exploring all avenues for reducing costs and pressing for continuous cost reductions across all aspects of the company's operations year after year. A low-cost provider's product offering must always contain enough attributes to be attractive to prospective buyers-low price, by itself, is not always appealing to buyers.

This first distinction is often found in the local radio landscape. Having not huge funds to invest, especially at the beginning of the business, many small radio companies tend to save money from buying infrastructures, or investing in the creation of new and original programs. Speaking clearly, they do not offer a various program schedule, preferring just to be present in the market with a simple and sometimes very "poor" service. Furthermore, many companies do not spend money in the purchase of territorial tunings, so that they can not reach a significative share of the listeners.

In markets where rivals compete mainly on price, low cost relative to competitors is the only competitive advantage that matters. Personally, I believe this competitive strategy is not effective in the radio sector. But we have to consider other aspects that influence the landscape. For example in the radio market, the fidelization, the habits of the costumers play a central role. This is why in a local market this competitive strategy can sometimes be applied.

Differentiation The essence of a differentiation strategy is to be unique in ways that are valuable to customers and that can be sustained. Easy-to-copy differentiating features cannot produce sustainable competitive advantage. A differentiator's basis for competitive advantage is a radio offering whose attributes differ significantly from the offerings of rivals or a set of capabilities for delivering customer value that rivals don't have or can't quite match.

Speaking radio, the differentiation strategy is the strongest one. Why should someone listen to my radio station? Not considering the fidelization factor, that plays an important role, people listen and choose a specific radio because it is able to entertain, to be a good companion during the day. And this is possible through a various program schedule that offers not only the kind of music the costumer is looking for, but as an added value in the services. All the radio have more or less a generic program, usually made of music, information, maybe horoscope and so on.

A strategic management of what you want to present to the public is to say and offer something unique, both in the schedule and in the way people can

listen your station. For example in the latest month we have the possibility to listen to digital radio, and only few stations yet are transmitting digitally. Or again the possibility to listen a radio through the Net, so that if a person is in another country can receive its Italian favourite radio just being connected to Internet. A firm whose differentiation strategy delivers only modest extra value but clearly signals that extra value may command a higher price than a firm that actually delivers higher value but signals it poorly. Any differentiating element that works well tends to draw imitators.

Examples of radios with differentiation strategies are "RTL 102.5", "Radio Dimensione Suono", "Radio DeeJay", "Radio 105". Focusing The most successful best-cost producers have competencies and capabilities to simultaneously manage unit costs down and product calibre up. The most powerful competitive strategy of all is relentlessly striving to become a lower-and-lower-cost provider of a higher-and-higher-calibre product. The closer a firm can get to the ultimate of being the industry's absolute lowest-cost provider and, simultaneously, the provider of the industry's overall best product, the less vulnerable it becomes to rivals' actions.

Even though a focuser may be small, it still may have substantial competitive strength because of the attractiveness of its product offering and its strong expertise and capabilities in meeting the needs and expectations of niche members. In a landscape composed by so many players that everyday compete to gain the bigger market share, focusing becomes the most used competitive strategy. We can speak of focusing both from geographical areas and by targeting the audience. The first choices a

radio manager makes is which territory he wants to reach (so they buy tunings in the specified areas), and within this territory which target he wants to acquire.

If you study the monthly report made by Audiradio, where are registered all the radios and their performances in terms of audience, you will see that a first distinction is made by areas, then for each radio is reported its performances, how many listeners it has reached and which kind of listeners. Male, female, professional people, employees, housekeepers, the age and so on. Almost every radio has previously studied its target so that he can offer a schedule and music in line with the needs of the listeners. So we have those stations that focus on a specific kind of (Italian, international, pop, jazz, classic, and so on), those radio that want just to inform, those radio that want also to interact with listeners, and so on.

An example of a private radio that has focused on a specific niche is "Radio Sole 24 Ore", with a listening target and a program just for professionals. The Radio Industry Life Cycle When studying a market it's very important to know at which stage of its life cycle is the industry. Then you can set the stage for the volume by reviewing research across four stages of the industry life cycle: fragmentation, shakeout, maturity and decline. The figure summarizes the basic industry life cycle model.

The introduction surveys research findings on how firms influence the industry life cycle on the one hand, and exploit the life cycle to enhance their performance on the other hand. At this stage it's also important to consider how institutional, economic, and social contexts affect firms' influence on

and exploitation of industry life cycles. The four main sections of the volume track the stages of the life cycle. Each section includes new research and commentary by leading scholars from strategic management, economics and organization theory.

The radio industry is an old market, the first private radio channels were born around 1975, when competition with public channels started. Since then there has been a continuous evolution in the market, speaking both of technologies and of the quality of the service, such as marketing studies oriented to create an always better relation with the costumers. The actual stage of the industry is the Maturity Stage. The mature phase of industry evolution occurs when technological advances associated with the shakeout begin to yield only incremental operational and service improvements, changing the basis of competition to favor industry leaders emphasizing the efficiencies enabled by the dominant model.

In the phases of introduction of new technologies we can also argue that the industry has the features of an industry at a Shakeout Stage. The shakeout phase of industry evolution occurs when a dominant model emerges, permitting efficiencies to be realized, and industry volume to rise quickly. A view to the future Digital techniques, the automation of the systems and the direct employment of services such as selfservices for journalists-producers of radio programs, should allow in the future to generally cut costs of production on programs. By improving the diffusion of such techniques the costs of investments in the radio landscape is supposed to decrease.

On the other hand, costs regarding copyrights and journalistic labour costs have different trends and less changing. The landscape suggests that more or less the next ten years will be a period of many and fast changes and challenges in technologies and in the market. The services in the radio with big covering bands are now not rewarding, specially for the creation of new programs. Frequency bands are all full and this causes significant problems of interference of different tunings.

Today we assist to a general decrease in international tuning problems (such as jamming), but we notice also a parallel increase of small and big companies of radio services and diffusion in big areas, that's why short waves can satisfy always less Italian listeners (due to interferences, difficulty in the transmission of the band and the harshness of the audio band, that is more or less 3 - 4 KHz).

Listeners of FM (frequency modulation) from cars have great problems in receiving a good signal, especially when they are moving from an area to another one, even if in the last months it has been developed a new technique that should avoid this phenomena (the RDS system for cars). On the other hand, many listeners are used to a music quality of CDs and Mini Disks, that is obviously higher. The new digital transmission should be a solution. Systems of diffusion that able to give strong, stable and loyal radio transmission should represent a generic reality in the next years. Experts forecast many improvements, both in short and in long term.

CONCLUSIONS

The development of this project should have been able to show you the general asset of the radio industry in Italy, not only from a technical point of view but also considering the forces that influence its structure, such as competition, development in technologies, different strategies that are used in the market. Italians in the last years have found again their old love for this media, that has been for a long period replaced by television. People need always more to develop imagination, to be creative, there is a general require for romanticism and thinking. In such a frenetic landscape, with so few time to dedicate to ourselves, radio appears as the best mean to develop this need.