

Porter's generic strategies

[Business](#), [Marketing](#)



Michael Porter believed that a firm can choose between two options. These are cost advantage and differentiation and firms should pursue these 2 strategies in order to achieve higher profitability than their competitors.

There are according to Porter three generic strategies that a company can employ. These are costleadership, differentiation and focus. Cost Leadership Overall, cost leadership requires a firm to develop vigorously an optimally efficient scale of operation and to control tightly the firm's cost in all activities (Ormanidhi, O, & Stringa, O 2008). Focus Strategy

A focus strategy requires a firm to concentrate on a particular market segment which may be dictated by factors such as the buyer, the product, or the location rather than the overall market. The strategy is predicted on the notion that a firm that devotes its entire energies to a niche or target can better achieve competitive advantage than those rivals who broadly compete across the market (Ormanidhi, O, & Stringa, O 2008).

Differentiation Firms that follow the generic differentiation strategy seek to exploit firm-specific assets by producing goods or services, which are almost unique compared to those offered by rivals.

Differentiation is not limited to the physical nature of the product. Other significant dimensions of differentiation include distribution channels, marketing efforts, after sales service and so on. Essentially a firm seeks to establish itself as unique within its industry. Effective differentiation is generally resistant to the forces of competition. Potential and existing rivals must overcome the uniqueness of the product and try to erode customerloyalty. Customers are less likely to switch because of a perceived lack of similar alternatives (Ormanidhi, O, & Stringa, O 2008).

TNT employs different strategies to gain competitive advantage over its competitors. In order to increase market share in Southeast Asia and to also market its road network services, TNT need to use cost leadership strategy for this services that they are having, it has got to be the cheapest and most efficient road transportation service in Southeast Asia region. The competitive advantage of TNT is by offering customers a road network that is a combination of cost efficiency, speed and security.

This road network will cover 127 cities in 7 countries across Southeast Asia and they have facilitated with the various countries' borders for faster clearances to complement with its speed. This service is said to be 30 percent cheaper than air transportation and 3 times faster than sea freight (TNT, 2010). It is something that none of its competitors had done in Southeast Asia. Service Marketing Mix (7Ps) Product TNT has the Asia Road Network that was built in Year 2005 and this service was targeted at domestic and International customers who require the delivery of high value goods within a specific and short time frame.

Most of the industry targeted are from healthcare, high tech manufacturer, electronics goods manufacturer and automotive. The first things that need to do is to build up the brand name and create awareness of TNT services and the existence of Asia Road Networking then work towards building customer base using its existing services. We want to build up TNT brand in the Southeast Asia where by people can think of TNT when they want to deliver cargo or parcels within Southeast Asia by leveraging on TNT's strong Asia

road network. Price What we want to provide to customer is a cost efficiency way of transportation.

Providing secure day-definite transportation service and yet it is cheaper than air transportation service. To do this we have to adopt Price penetration strategy which will be beneficial to TNT in brand building, it will create awareness to customers and fast diffusion which can achieve market penetration rate much quickly. Information can be spread by words of mouth that can attract new customer and lure existing customer of DHL or Fedex to try out TNT service and then promote it to the next user that has never use TNT service before.

Promotion To create the service awareness, one of the way is through television advertisement, by advertising on television can be persuasive and gain advantages in consumers brand selection (Lowenstein et al. 2011). TNT is a well known brand in Southeast Asia most people know that TNT is a courier company that has express delivery service but when it come to brand selection, the first thing that come to people's mind might not be TNT, It could be DHL or Fedex because of the heavy marketing and media advertisement in Southeast Asia.

So one of the ways TNT could do is to advertise itself is by using a special technique called repetitive television advertisement, because when it is used on brands like TNT which is known but not in the mind of every consumer when they first think of courier service, it will have much higher effectiveness than of those unknown brand in the markets (Campbell, M. C. et al. 2003). So over here we want to drive the message across to the

consumers that “ If you want to deliver parcel or cargo in Southeast Asia region, use TNT Asia Road Network for maximum cost efficiency”.

Place We will be targeting places in the Southeast Asia region, this is where customer will be more likely to use the Asia Road Network service especially in the region whereby there is high number of healthcare, high tech, electronics goods and automotive industry, which currently are Indonesia, Vietnam, Thailand, Singapore and Malaysia. In order to get more companies aware of TNT Asia Road Network services, we could employ sales person in each country to directly approach the targeted industry manufacturer in Indonesia, Vietnam, Thailand Singapore and Malaysia region.

To be known to more users, TNT could offer its road service to E-retailer like those blog shops or online stores providing them with great offer or promotional discount as to market its services globally. Other than calling directly to TNT customer service hotline, customer could also arrange to send the package through the website directly. From there customer could choose what kind of service they need, Air, Sea or Road service. You can create shipping document for the cargo you deliver, track the cargo or just calculate the charges all on the website. People People are the most important element of any service or experience.

Services tend to be produced and consumed at the same time and the customer experience is adjusted to meet the individual needs. Most of the consumer can think of a situation where personal service is offered by service staff or remember what they buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. Therefore all

customer service staff need to be trained and develop high quality of personal service. A training and development plan need to be constructed for individual which set out personal goals that can be linked into future appraisal.

People tend to buy thing from who they like so effective customer service is very important, good customer service can add value by offering technical support or by expertise advice like which mode of delivery service is the most cost efficient for the customers. Process TNT gain competitive advantage over others by adopting TAPA TSR (Transport Asset Protection Association - Truck Security Requirement) for it Asia road network and other facilities across the region (Logistic Insight Asia 2010). TNT also acquires new fleet of Scania trucks which is specially design to travel efficiently on Asian routes in 2010.

These trucks are specifically design for TNT which they collaborate closely when designing the requirement of these new machine. It is said to be able to increase 20 percent greater load than previous truck, 3 ton lighter so it could reduce its wear and tear and improve its fuel efficiency (Logistic Insight Asia 2010). With the expected increase of sales we will be increasing the number of Scania trucks moving around the region to cope with the needs. Physical Evidence Physical evidence is a material part of a service, as there are no physical attributes to a service, therefore consumer tends to rely on material to gauge or judge a service.

Therefore for TNT, it need to rely heavily on the physical evidence, like the delivery truck need to be orange in colour, the uniform need to be in orange

colour, the carton box need to be in orange in colour. The orange colour in courier service industry simply represents the colour of TNT that is why TNT will have everything that is related to their services orange in colour. Budget It never state the amount sales revenue for Southeast Asia region, therefore we will take a guideline from the Asia Pacific region. It was mentioned that the sales revenue for the year 2009 is 1.

2 Billion Euro and year 2010 is 1. 6 Billion Euro (TNT Supplementary Report 2010), and the growth for these 2 years is about 33%. However according to TNT Operating Financial Review (TNT Supplementary Report 2010) part of the 16% of the increase is due to the currency effect, so in actual the growth is about 17% from year 2009 - 2010. Here if we follow through our marketing plan and we succeed in gaining bigger market share, I forecast we will be able to gain gradual increase of 20% sales revenue each year for the next 3 years the estimated increment by the end of Year 2013 would be 130%.