

Sustainable competitive advantage

[Business](#), [Management](#)



Sustainable competitive advantage (SCA) is a theory connected with Porter's theory of competitive advantage. SCA is an component of business strategy that delivers a significant advantage over the competition, both existing and future. The theory suggests that firms should pursue policies that are meaningful, substantial and sustainable, are modified, enhanced and supported over time, are detectable to the customer and delivers or improves a value proposition and link the SCA with the firms position in the market (Formulation, 2010).

To identify SCA, the firm must first identify and understand its competitive advantage. The assets and core competencies of a firm are typically difficult to imitate and therefore denote the most sustainable components of a business strategy. Porter and Cramer (2002) identified a list of questions that could help the firm to recognize, establish or nurture a SCA.

- Is it difficult for the competition to match, advance or imitate the advantages?
- Will the resource depreciate?
- Do customers see a constant, notable differentiation between me and my competitors?
- Can a unique resource be replaced by a lower cost resource?
- Does it build the firm's reputation in the industry and brand position?
- Can the activities involved in creating the competitive advantage be constantly improved?"

Much of the goal of business strategy is to attain SCA. The firm has established SCA when it provides " value-creating products, processes and services for its' customers that cannot be duplicated or imitated by the competition" (Porter, 1985).

The longer it takes the competition to match the firm's offering, the more sustainable the advantage is (Porter, 1985). Porter (1985) contended that a <https://assignbuster.com/sustainable-competitive-advantage/>

business can foster SCA based on cost, differentiation, or both, as shown in Appendix A, Figure 1. Apple is a perfect example of a company who has established SCA through strategic maneuvering and differentiation - doing something different from the competition which ultimately creates customer value. Strong research and innovation in the technology sector sets the pace for the competition.

Success in innovation also brings about respect and brand recognition and Apple is a globally recognized brand and has created SCA that no other single company has been able to match in years. One product example is the iPod. Although it was not the first MP3 player on the market, it added a convenience factor which enables the user to find and download music onto the mobile device for a small fee. The iPod and the Apple brand and marketing launched the MP3 movement into the mass consumption market (Martins, 2011). When considering the topics surrounding strategic maneuvering, it is vital to know that the firm has some SCA of note and that they are aware of it and it is a primary focus in its business strategy. Porter (1985) defines business strategy as “ a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out these goals.”

His three-part strategy formulation includes knowing what is happening in the industry environment and firm environment (Porter, 1985). Identifying core competencies, strengths and weaknesses of the firm and its competitors allows the firm to identify its competitive advantage and nurture and continue to modify its SCA in order to foster customer’s continuing brand preference (Wyld, 2010). Without the basic understanding of the firm’s

competitive advantage and the existence of SCA, the firm's business strategy is lacking and could not sustain growth and success in the future.