

# [Cash connections essay](https://assignbuster.com/cash-connections-essay/)

1) What is Cash Connection’s strategy? Which of the generic competitive strategies discussed in Chapter 5 most closely fits the competitive approach that Cash Connection is takingCash Connection’s strategy is to create branches in every city that doesn’t already have a payday loan company present to provide loans to lower and middle class segments of the society.

That lets them be the first to the market and therefore enjoy the first-mover’s advantage (recognition from the customers and trust, building goodwill with its clients and scoping out the “ untouched grounds” of the market, that is, there’s no competition present and it’s easy to build clientele). Building additional stores in the same city proves to be a disappointment and cannibalization of the market. Moreover, the strategy is to differentiate the company from its competitors while abiding by governmental regulations and laws. The strategy that fits Cash Connection’s action plan the most is broad differentiation. Besides offering payday advances, Cash Connection’s also provided such services as bill payment; it sold prepaid phone cards and money orders. In addition to that, customers could use long- and short-distance money remittance services from Western Union agents.

Also, considering the saturation of the payday loan market, Cash Connection’s strategy is to turn existing customers into permanent ones, by creating more incentives to keep borrowing and to do it more frequently. 2. What evidence suggests that Cash Connection’s strategy and business model are ethical and beneficial to customers and to society at large? What evidence suggests the company’s strategy and business model are neither ethical nor beneficial to customers and that the entire payday lending industry has few if any redeeming qualitiesI see very little evidence suggesting that Cash Connection’s strategy is ethical and beneficial to customers and society at large. Such practices as “ rollovers” and “ touch and go”…