Gaining competitive advantage

MODULE 1 | 1.3 | STUDENT COMPANION

Competitive advantage is the ability to outperform competitors, earning more profit than they do from a comparable set of activities. It comes from doing similar things more efficiently, or from doing different things, or doing things differently, so customers pay more, choose you more often or stay longer.

Is data a source of lasting advantage? Five tests

Both businesses are imagined. Data only protects an advantage when it passes most of these tests.

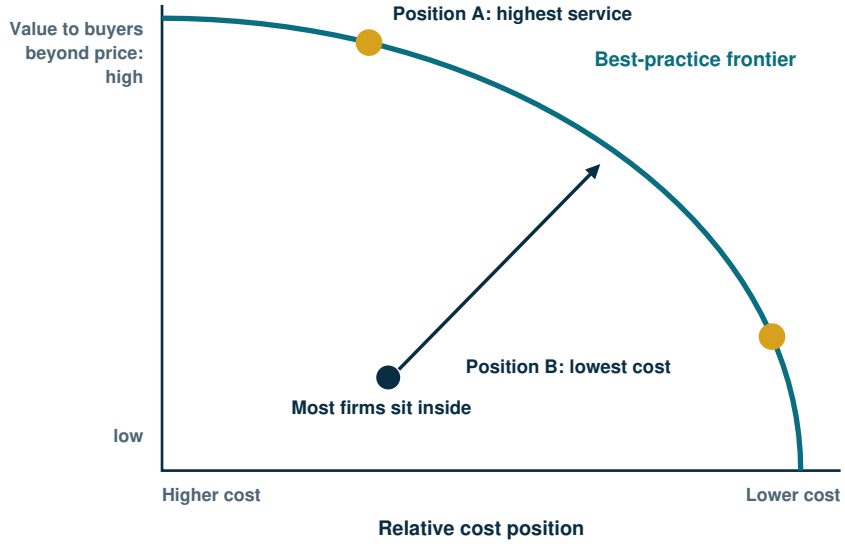
Test	Fieldsense (soil sensors)	Car wash loyalty app
Does the data add real value beyond the basic offer?	Yes: bigger harvests, lower costs	No: the wash is no cleaner
Does more data keep improving the product?	Yes: every farm and season sharpens advice	No: habits are learned in months
Does it stay useful, and is it hard to get elsewhere?	Yes: years of regional readings	No: a rival can start collecting on day one
Can a rival copy the benefit without the data?	No: advice depends on the dataset	Yes: anyone can copy an app
Does it tie customers in, and can insights be acted on fast?	Yes: advice tuned to each paddock, same week	Weakly

The value proposition canvas

Value map: Site Lunch		Customer profile: site worker
Products and services App ordering by 10 am, van delivery at noon	do the job →	**Customer job** Eat a filling meal and be back on time, within a 30-minute break
Pain relievers No walk, no queue: meals delivered to the site gate	relieve →	**Pains** 15-minute walk, queues, mostly pies and soft drinks
Gain creators Rotating weekly menu, healthy options, employer can pay as a staff benefit	create →	**Gains** Hot, healthy food, some variety, more of the break sitting down

Fit: customers keep ordering and paying because the offer relieves real pains and creates real gains

The productivity frontier



Operational effectiveness
Doing the same activities better. Necessary, but rivals copy it and the gain erodes

Strategic positioning
Choosing different activities, or doing them differently, and saying no to the rest

Strategic fit and strategic stretch

Strategic fit	Strategic stretch
• Starts from the market: what is needed? • Matches goals, resources, structures and systems to market needs • Differentiation directed by what the market already wants • Small players find a niche and defend it	• Starts from capabilities: what else could we do? • Leverages resources and competences into new opportunities • Differentiation built on competences that can create new needs • Small players change the rules of the game

Organisations need both: fit keeps today working, stretch creates tomorrow's advantage

Case note: Fujifilm stretches its capabilities

Fujifilm's own figures show world demand for colour film peaking in its 2000 financial year and then collapsing as digital cameras took over. Instead of simply shrinking, Fujifilm looked at what it was truly good at. Film-making depends on advanced chemistry, including expertise in collagen and in antioxidants that stop photographs fading. In 2007 it launched the Astalift skincare range built on that know-how, and it expanded into healthcare, medical imaging and specialised optical films for flat-panel displays.

Sources: Fujifilm Holdings investor presentation (business overview, 2024); Fujifilm Research and Development report No. 54 (Astalift); Fujifilm announcements on Toyama Chemical (2008).

Practice questions

MODULE 1 | 1.3 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 case. Imagine a mobile dog-grooming business called **Groom Rover**. Its van parks outside the customer's home and grooms the dog on the spot. Its target customers are busy professionals in apartments. Today they drive their dogs to a salon across town, wait while the dog is groomed or make a second trip, and many dogs get anxious in cars and noisy salons. Owners would love convenience, a calm dog, the same groomer each visit and a reminder when the next groom is due. Groom Rover offers online booking, evening appointments, the same groomer every time, photos sent to the owner's phone and automatic reminders.

Question 1 - Complete the value proposition canvas

Canvas element	Your answer
Customer job(s)	
Pains	
Gains	
Products and services	
Pain relievers	
Gain creators	

Question 2 - Operational effectiveness or strategic positioning?

Initiative at the Harbourview Hotel	Your classification
(a) New booking software that cuts check-in time by half	
(b) Repositioning as the city's only dog-friendly hotel, with a dog-walking service, and no longer hosting conferences	
(c) Installing energy-efficient lighting	
(d) Adopting the same pricing software that rival hotels use	
(e) Becoming an adults-only wellness retreat with no children's facilities	
(f) Training housekeepers to clean rooms faster	

Question 3 - Fit or stretch?

Situation	Fit or stretch? Why?
(a) A country bakery notices growing local demand for gluten-free bread and adds a gluten-free line.	
(b) A drone-mapping firm uses its image-analysis software to start offering crop-health reports to farmers.	
(c) A small accounting practice that knows medical clinics well focuses on that niche and defends it against larger firms.	

Worked answers

MODULE 1 | 1.3 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Groom Rover's value proposition canvas

Canvas element	Suggested answer
Customer job(s)	Keep the dog clean and healthy without losing hours of a busy week
Pains	Long drives across town; waiting or a second trip; anxious dogs in cars and noisy salons
Gains	Convenience; a calm dog; a familiar groomer; never forgetting the next groom
Products and services	Mobile grooming van at the door; online booking; evening appointments
Pain relievers	No travel or waiting; a quiet one-dog van instead of a noisy salon
Gain creators	Same groomer every visit; photos to the owner's phone; automatic reminders

Fit would be shown by repeat bookings and willingness to pay. Groom Rover should test it with a trial in a few suburbs before expanding.

Question 2 - Operational effectiveness or strategic positioning?

Initiative	Answer and reason
(a) Faster check-in software	Operational effectiveness: same activity, done better; rivals can buy it
(b) Dog-friendly hotel, no conferences	Strategic positioning: a distinct customer choice, with trade-offs
(c) Efficient lighting	Operational effectiveness: lower cost, easily copied
(d) Rivals' pricing software	Operational effectiveness: converges on best practice
(e) Adults-only wellness retreat	Strategic positioning: different activities for a chosen segment
(f) Faster room cleaning	Operational effectiveness: efficiency of an existing activity

Notice the trade-offs in (b) and (e): each says no to some customers. Saying no is a sign of real positioning.

Question 3 - Fit or stretch?

Situation	Answer and reason
(a) Gluten-free line	Fit: starts from an identified market need and matches the offer to it
(b) Crop-health reports	Stretch: leverages an existing capability into a market it never served
(c) Medical-clinic niche	Fit: finds a niche where its resources match customer needs, and defends it