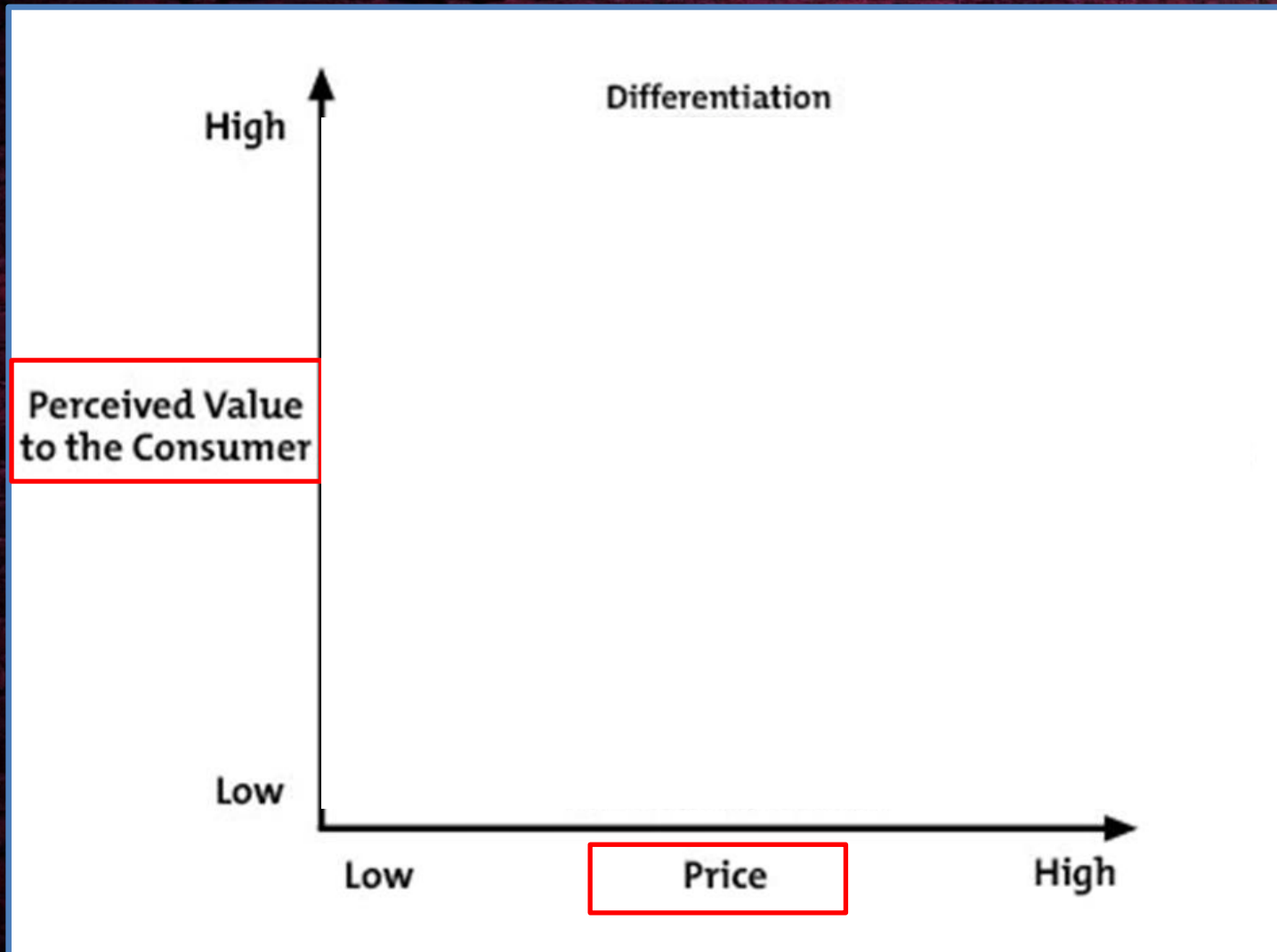


The Strategy Clock



Bowman and Faulkner 1996



The Strategy Clock

- These strategies are based on the principle that competitive advantage is achieved by providing customers with what they want or need.
- In a competitive situation, customers make choices on the basis of their perception of value for money, the combination of price and perceived product/service benefits.



The Strategy Clock

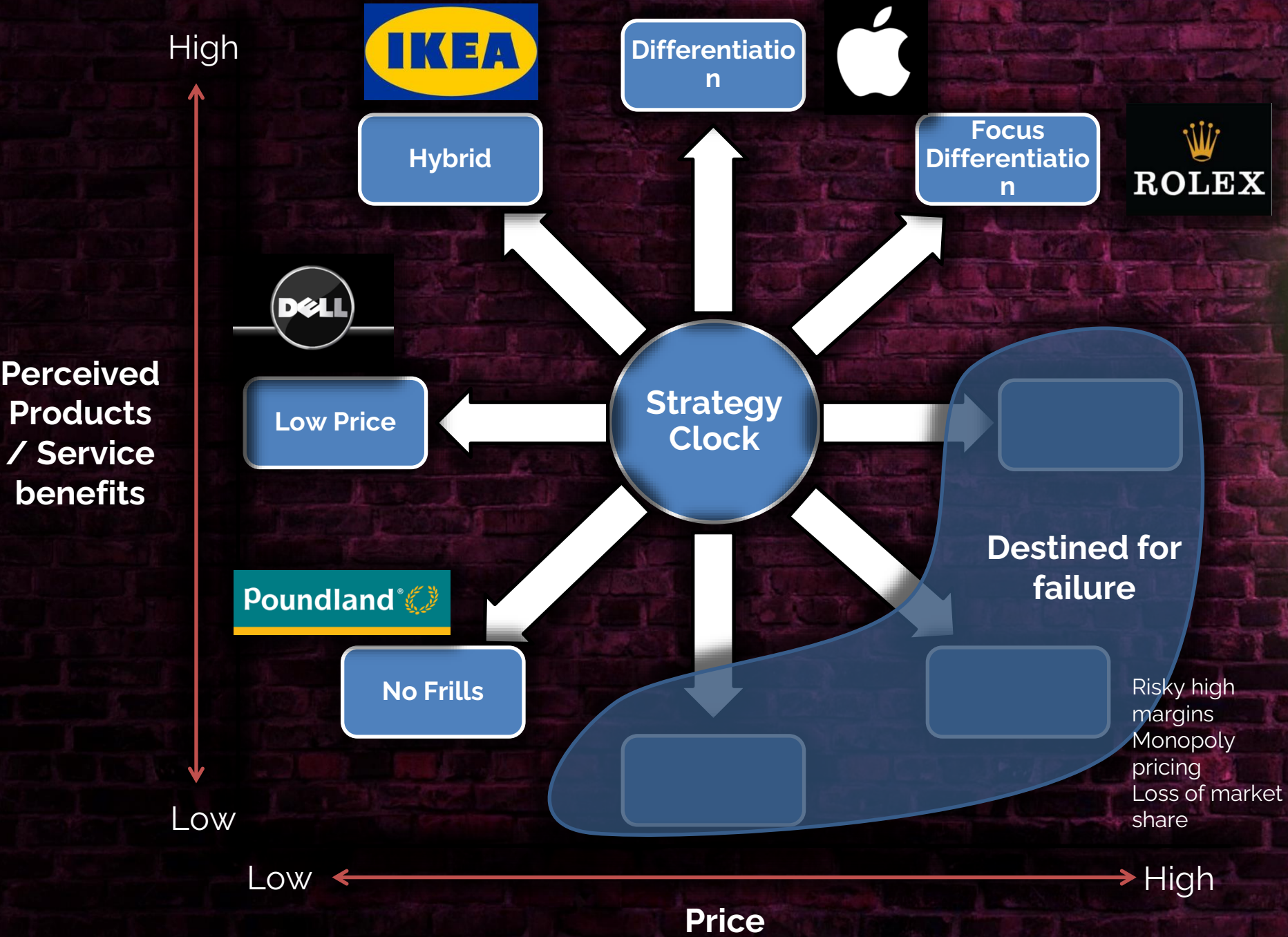
- The 'strategy clock' represents different positions in a market, where customers have different requirements in terms of value for money.
- It helps managers understand the changing requirements of their markets and the choices they can make about positioning and competitive advantage. (Johnson *et al* 2011).



8 Clock Positions

1. Low Price/ Low Value: bargain basement. How low can you go?
2. Low Price and dependent on high sales
3. Hybrid: low cost with high value
4. Differentiation
5. Focus Differentiation: high price, top brands
6. Risky High Margins: expensive but unclear benefits
7. Monopoly Pricing
8. Loss of Market Share





'No Frills' Strategy

- Low Price combined with low perceived product benefit
- Focuses on price sensitive market segments
- Commodity Markets
- Low switching costs among buyers
- Can be associated with poor quality



Hybrid Strategy

- Looks to achieve differentiation and low price relative to competitors
- Advantageous when:
 - Greater volumes can be achieved
 - Used as an entry strategy
- Balance of quality and price are key
- Can differentiate through brand



Differentiation Strategy

- Seeks to provide products that offer benefits that
 - differ from those offered by competitors
- Wide variety of methods to differentiate:
 - Branding
 - Distribution channels
 - Product Features
- Dependent upon:
 - Identifying and understanding strategic customers needs
 - Identifying key competitors' strategies



Focused Differentiation

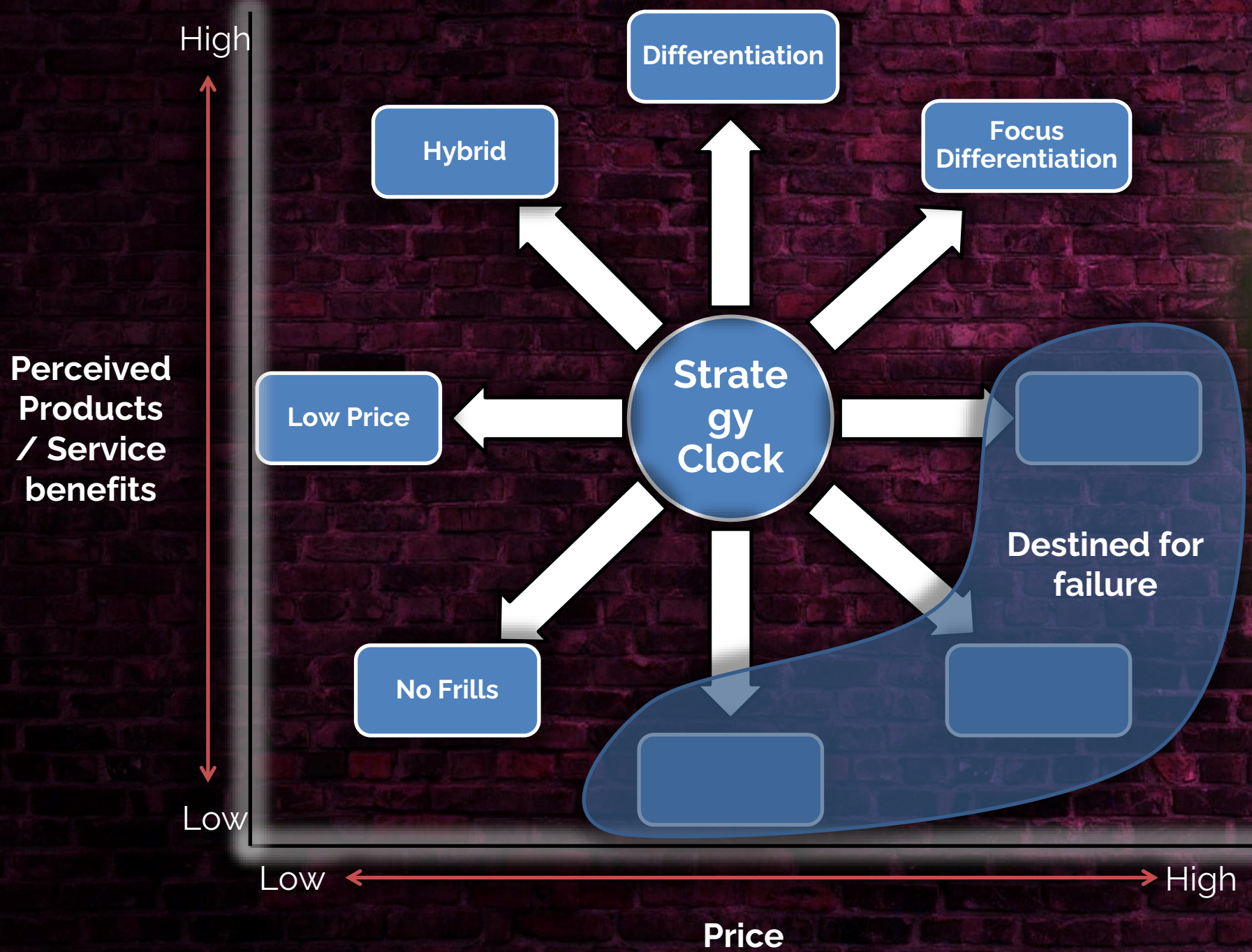
- Seeks to provide high perceived product benefits
(justifying price premiums)
- High quality and luxury goods
- Careful selection of outlets and advertisement
- Cheaper goods will often provide the same outcome. i.e.
a Rolex and a Casio will both tell you the time



6-8 Destined to fail

- 6 – increases price without increasing service or product benefits –
Standard products with a high price will lose market share.
- 7 – High price and low value – this can only survive in a monopoly or
oligopoly
- 8 – Low value and a standard price will result in loss of market share





THANK
YOU

