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The formulation of competitive actions in practice

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Abstract

This is a study of what managers do in relation to the formulation of competitive actions. The study started with Project 1 (P1), a literature review that looked at managers' cognitions in respect of competitive positioning and competitive strategy. A gap was found in how individual competitive actions are formulated and executed. A gap was also found concerning what managers do in response to interpretations of their competitive environments.

Following the literature review, a series of semi-structured interviews were undertaken with managers and 26 individual competitive actions were recorded and analysed in Project 2 (P2). A structure to the formulation of competitive actions was discerned and developed into a processual model that is triggered by a stimulus, followed by the manager envisaging desired outcome and setting objectives, then deciding which levers to use, developing the action and refining it. Its application to practice was developed in Project 3 (P3) through an aide memoir tool to assist managers.

The study makes a contribution to theory by providing a framework that captures the way in which managers construe and formulate competitive actions. In P2 it was found that managers tend to follow a largely homogenous process and that the tools and techniques offered in the extant literature are seldom used. The managers interviewed in mature industries were far more aware of who their competitors were in more when compared to nascent industries. This had a bearing on the formulation of competitive actions insofar as companies operating in mature industries formulated competitive actions to fend off or compete with their competitors more effectively while companies operating in nascent industries tended to formulate competitive actions with the aim of exploiting gaps in the market.

It was found in P2 that managers' backgrounds, including their functional and educational, as well as their nationalistic and cultural backgrounds, had a bearing on how they construed their competitors and the competitive actions they formulated. It was also found that competitive actions were formulated and executed on an iterative process, whereby managers would refine their actions applying the learnings from previous actions. Managers, particularly those with more experience, relied heavily on intuition and tacit knowledge, as well as input from colleagues and customers, when formulating competitive actions. Contrary to the assertions many in much of the extant literature about companies not deviating from industry norms when formulating competitive actions, the study found that managers would often do so in search of abnormal profits.

The study makes a contribution to practice by providing a guide to assist in formulating competitive actions. The guide is based on the processual model developed in P2 and

was summarised in five key steps, comprising Stimulus, Objectives, Levers, Actions and Refinement, and abbreviated ‘SOLAR’.

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Linking document

Background and rationale

My field of interest is competitive actions and how they are formulated in practice. Competitive actions can be described as the actions that either underlie a plan to improve a company's competitive position or actions taken in response to a particular stimulus, such as the threat of a new rival, the emergence of a new competitive product or service or a change in consumer behaviour or tastes. Competitive actions are far more granular than competitive strategies insofar as a particular strategy may have many different actions associated with it and actions may be used as a means of executing the strategy.

My interest is grounded in my experience as an entrepreneur and a management consultant. I participated in many assignments involving competitive positioning and the formulation of competitive strategies, as well as having founded, managed and sold three companies that operated in highly competitive environments. The main assignments and businesses that contributed towards the development of my interest are described briefly in appendix 8. This experience piqued my interest in the field and informed my research. I made use of the contact network I had developed during my career, for both the interviews that were conducted as part of the second qualitative research project, and to validate and refine the guide that was developed in P3. My personal aim, in relation to this study, has been to develop a tool that managers can use in practice and being able to apply the findings of the research to my work in assisting managers and their companies.

The research aim of this DBA study was to establish what managers actually do in practice in formulating competitive actions and to offer a guide to assist them in this regard. This encompasses the material processes they employ, the inputs they use and their cognitions. The scope of the research is limited to the competitive actions taken to better position companies relative to their competitors in the context of marketing actions. These are actions ultimately taken to optimise profits. The competitive action was the unit of analysis and the research was limited to actions taken in the private sector and with the objective of improving the company's competitive position. The overarching research question for the DBA study was:

How do managers formulate the competitive actions they take?

In the context of the research question, the formulation includes the antecedents to the execution and the outcomes of competitive actions, specifically:

- How managers view their competitive environments and categorise their competitors
- How they formulate actions to compete more effectively
- Their cognitions in relation to competitive actions and the inputs, including tools and techniques, that inform these actions

In the context of this study, competitive positioning refers to the way in which managers map their rivals' competitive positions and their own brands or products' relative prices and benefits. The term 'competitive action' refers to specific actions or mechanisms that managers plan and take with the objective of competing more effectively. This includes, inter-alia, actions to change the price or the benefits associated with their brands or products. The research was not concerned with actions that managers take to streamline their operations, to procure inputs more economically or any other actions they take to become more profitable that are related to the operations of the business rather than the prices and benefits associated with their products, services and brands.

The research topic at the time of embarking on the study was 'Competitive positioning in practice' and the research planned to focus on the cognitive and practical processes that managers employ to define their competitive positions relative to those of their rivals, as well as what they do to reposition their brands, products or services.

The question for P1, the Systematic literature review, was:

What are managers' cognitions in respect of competitive positioning and competitive strategy?

The research question for P2, the qualitative research project, was:

How do managers construe the competitive actions they take?

The research question for P3 was:

How could managers improve their approaches to the formulation of competitive actions?

Summary of research projects and methods

The study is broken into three projects, namely:

1. Project 1 ('P1'), a Systematic Literature Review
2. Project 2 ('P2'), field research to understand what happens in practice
3. Project 3 (P3), the development of a guide to assist managers in the formulation of competitive actions

The table below summarises the methods used, the key findings and the contributions to knowledge made in this study.

	P1	P2	P3
Research question	What are managers' cognitions in respect of competitive positioning and competitive strategy?	How do managers construe the competitive actions they take?	How could managers improve their approaches to the formulation of competitive actions?
Methods	A systematic literature review was carried out and a total of 3,187 articles were identified, of which data from 91 was extracted and analysed	20 semi-structured interviews were carried out and 26 competitive actions were recorded and analysed using CIMO maps (please refer to page 20 for 'CIMO' meaning)	The findings and the processual structure discerned in P2 was evolved into a guide, which was validated and refined through 7 interviews with 4 managers
Key findings	Gaps in the extant literature were identified, including that very little research has been carried out in relation to individual competitive actions, as opposed to competitive strategies or positioning, and that not much is known about how managers respond to their views of their competitive environments.	The propositions developed in P1 were explored and several findings were made, including: • Managers tend to follow processes that are largely homogenous in formulating competitive actions. • The tools and techniques offered in the extant literature are seldom used in practice.	Further interviews were carried out in order to evolve the processual model developed in P2 and the following findings were made in the context of formulating competitive actions: • Managers objectives are limited to either recovering, maintaining or developing their previous

		• Smaller companies tend to formulate offensive actions while larger companies tend to formulate defensive actions • Older managers tend to rely more on tacit knowledge and interactions with others, while younger managers tend to rely more on tools and formal training in formulating competitive actions.	competitive positions. • There is a dichotomy between actions that are proactive and result from management or shareholder plans and those that are reactive and result from emergent factors.
Contributions	Four propositions were developed for further research, including: 1. Managers’ approaches to the formulation of competitive actions are environment-dependent 2. Managers’ backgrounds influence their competitive actions 3. Managers focus on narrow sub-sets of their competitor universes 4. Competitive actions are carried out in an iterative manner	A contribution to knowledge was made by developing a processual model for capturing the way managers construe and formulate competitive actions. The model is based on the structure discerned through the semi-structured interviews in P2 and the findings of P1 and P2. The CIMO maps prepared in P2 were consolidated into seven clusters and evolved using the finds from the extant literature to provide a way of understanding competitive actions.	A contribution to practice was made in P3 by evolving the processual model developed in P2 was into guide to assist managers. The guide was arranged into a 5-step work-flow, abbreviated as SOLAR, including: Stimuli, Objectives, Levers, Actions Refinement. Ideas and recommendations for the formulation of competitive actions are also offered based on the findings of P1 and P2.

Table 1: Summary of research findings and contributions

A constructivist epistemology was used in developing the research that spans projects 1, 2 and 3 insofar as knowledge was constructed through the research process and a number of different methods and philosophical approaches were used in developing this knowledge. These methods included the systematic literature review in P1, semi-structured interviews with managers in P2 and the development of a framework (the guide) for improving the formulation of competitive actions that were reviewed, updated and validated through further interactions with managers in P3. Once the interviews in P2 were complete, they were organised into CIMO[1] maps and the results were analysed. The table overleaf depicts the research process followed in P2. The figure below depicts a high-level process flow chart for the research following the scoping study.

P1 – Systematic literature review

The Systematic review of literature was concerned with managers' cognitions in respect of competitive positioning and competitive strategy. Predefined search strings were used, 91 relevant articles were identified and analysed, of which 10 core articles were used as the basis for the P2 research.

↓

P2 – Qualitative research

Semi-structured interviews were used to identify a number of competitive actions carried out by managers at a range of different companies. In interviewing the managers, their actions were mapped using the CIMO framework. The context, interventions, mechanisms and outcomes were mapped using simple process flow charts to establish how managers' construe and formulate competitive actions

↓

P3 – Development of a guide to use in the formulation of competitive actions

In P3 a guide was developed for strategy and marketing managers to use in the formulation of competitive actions

Figure 1: Study process flow

In the context of this study, competitive strategy refers to the plans managers make and the decisions they take to compete as effectively as possible. Competitive strategy

[1] CIMO is an abbreviation for 'Context, Intervention, Mechanism, Outcome', a framework developed by Denyer et al. (2008).

is one stimuli to the proactive competitive actions companies take to change the price or the benefits associated with their brands, products or services, as well as corporate actions, including mergers and acquisitions, that are taken to compete more effectively with their rivals. Competitive actions are also triggered by reactive stimuli, such as external or environmental changes.

This study has strong links to practice, realised through repeated interactions that took place with industry practitioners during the research process. These interactions included a pilot qualitative research project, semi-structured interviews and interactions with a different set of managers during the production of the guide in P3. Five versions of the guide were produced in P3 through an iterative process in which managers reviewed it and the guide was then updated accordingly, until they were no longer contributing anything substantially new.

A body of knowledge was assimilated through the systematic literature review in P1 that was used to inform P2. Several propositions were also developed in P1 that were validated in P2 through a deductive process. These propositions were explored in P2 by including questions about each one in the semi-structured interviews that were conducted with managers. The key findings from P1 were also summarised and noted for discussion in the interviews.

An interpretive epistemology was used to understand the phenomena being researched in P2. The epistemological stance on interpretive approaches is that knowledge of reality is gained only through social construction such as language, shared meanings, tools, documents etc. (Walsham, 1993). This epistemological approach was well suited to P2 because there were no predefined dependent or independent variables. Instead, P2 focused on the complexity of human sense-making as the research participants' competitive environments emerged.

The CIMO framework (Denyer et al., 2008) was used in P2 to structure the interviews, insofar as the framework guided the data sought and, therefore, the questions asked in the interviews. The data gathered was mapped in a logical and easily understandable format using CIMO maps. Specifically, the four categories of the framework were used in the following manner:

- Context (C) was used to articulate the stimulus to the action and the applicable environmental settings, such as the intensity of rivalry and the levels of education and experience of the manager or managers involved in formulating the action.
- Intervention (I) was used to describe the approach the manager or managers took in formulating the action, including the data and tools that were used.
- Mechanism (M) was used to describe the actual action that was executed in response to the stimulus and as a result of the intervention.
- Outcome (O) was used to articulate the end-result, or results, that the action or Mechanism produced.

The output of P2 was, therefore, a set of 26 CIMO maps and an analysis of the findings, which were used to develop the first draft of the guide for formulating competitive actions in P3. Development of the guide was preceded by the identification and documentation of patterns and approaches to different types of competitive actions from P2.

The guide was discussed with managers and updated accordingly in a total of five iterations. The objective of these discussions was to validate the assertions made in the guide, as well as its practical applicability. These discussions also sought to capture divergent views and emergent issues expressed by the participants. Before these discussions were held with the participants, the guide was sent to them to review. Based on this approach, the unit of analysis was the competitive action.

The validity and applicability of the guide was based on the complexity of human sense making, as the outcomes of the discussions with managers were based solely on how they interpreted the validity and applicability of the guide relative to their own experiences. The interpretive approach is inductive and concerned with discovering and interpreting social patterns (Chen and Hirschheim, 2004).

The research revealed that the sources of competitive actions are either proactive or reactive. Proactive actions are often the outcomes of a plan that the shareholders or management have. These plans include competitive strategies and the actions could form part of the strategy. In this context, competitive strategy can be viewed as an aggregation of competitive actions, which can be viewed as individual routines associated with the strategy. The focus of the study was on how managers construe both these competitive actions, as well as reactive ones, as well as the tools they use and the processes they follow to formulate them.

The corollary of this study, and the focus of P3, is a guide based on the findings of the research that offers managers insights into how competitive actions are formulated. Furthermore, it provides them with a process to follow and recommendations and points to consider when formulating their own competitive actions.

Project 1: Systematic literature review

The research question was:

What are managers' cognitions in respect of competitive positioning and competitive strategy?

The main contribution to theoretical knowledge of P1 was the identification of a gap in the extant literature in relation to competitive actions. It was found that the fields of competitive strategy and competitive positioning have been researched extensively but that little has been carried out in relation to individual competitive actions. Extensive literature is also available on how managers interpret their competitive environments but not much is available regarding how managers respond to these interpretations and, specifically, how they formulate and execute competitive actions as a result. In fact, the following search strings yielded 1,433 results using the EBSCO, ProQuest and Science Direct databases:

- manag* perception AND competition
- manag* perception AND competitive advantage
- manag* perception AND competitive strategy

Using the search string 'competitive actions in practice' and limiting the search to academic journals and the fields of marketing, economics, business and management, yields 565 results, of which not a single article was concerned with the formulation of competitive actions in practice. Amongst the 565 results, there were only three practical studies, which are:

- In 'Supporting strategy with competitive analysis' (Coburn, Greenwood and Matteo, 2002) a case study of Boehringer Ingelheim Pharmaceuticals Inc. is used to illustrate how competitive analysis can be used to support managers' efforts in developing strategies.
- In 'Competitor analysis – A prize-centred approach' Otenfeldt and Moore (1981) provide an approach that they've termed the 'Prize-centred' approach, to analyse the competitive environment.
- The article 'Understanding competitors' strategies: the practitioner-academic gap' (Lyndon, 1997) is predicated on a study of how well companies understand their competitors and to what extent they monitor their rivals' strategies and tactics in the British electronics industry.

The abovementioned studies are all concerned with how managers construe their competitors. Not a single study was found on how managers formulate the competitive actions they take. Neither was anything found regarding the formulation of competitive strategies in practice. In summary, no evidence of research having been carried out regarding what managers actually do in practice to formulate competitive strategies or actions could be found and P2 sought to address this gap.

Methods and objectives

The units of analysis in P1 were the company's competitive position and its competitive strategy. P1 was used as a foundation for research that was to be carried out subsequently in P2. The term 'foundation' means a basis from which to start the research and to build on what was already known.

Six interviews were carried out with industry practitioners when scoping the study and they showed that there are certain processes and techniques that are applied in practice. This informed the research question and the findings of the interviews were explored further in P1.

The Systematic Literature Review ('SLR') sought to review and catalogue the literature that is available and relevant to management cognitions and sense-making in the context of competitive positioning and the development and execution of competitive strategy in practice. The scope of P1 was limited to the decisions senior managers make and the actions they take to position their firms in relation to their competitors in order to optimise their profits, in the context of marketing actions involving price, brand and product or service attributes.

P1 covered both the cognitions employed by managers in understanding their competitive environments and their relative positions, as well as the cognitions employed by managers' in formulating competitive strategies. The starting point was how they construe and, as a result, define their competitors and how they make decisions to respond to competitive forces and compete more effectively.

The EBSCO, ProQuest and Science Direct databases were searched using a number of pre-defined search strings. The search yielded a total of 3,187 articles, which were reduced to 91 after removing duplicates and after title, abstract and full title screenings. The data was synthesised with the objective of describing, analysing and drawing conclusions from the research evidence gathered, and to summarise it so it could effectively be used to inform the qualitative research carried out in P2.

Findings and contributions to knowledge

From the literature reviewed, it was clear that understanding the competitive landscape is the first step in the process of developing competitive strategies. This is because knowing where a brand or product is positioned relative to its competitors is antecedent to understanding what its ideal or desired position should be, as well as the formulation of a plan with actions to attain that position.

One of the conclusions of P1 was that further research was needed into the link between the competitive positioning tools and techniques offered in the extant literature and the processes employed in practice, and vice versa. The scope of this DBA study was further developed and refined to focus on the formulation of competitive actions in the subsequent projects, as it was revealed that a gap existed in this area of the extant literature. Based on the findings of P1 and the gaps found in the extant literature, the focus of P2 and P3 was on competitive actions, rather than competitive positioning or competitive strategy.

P1 propositions

As a result of the findings of P1, four propositions that required clarification were developed, namely:

1. Manager's approaches to the formulation of competitive actions are environment dependent
2. Managers' backgrounds influence their competitive actions
3. Managers focus on narrow sub-sets of their competitor universes
4. Competitive actions are carried out in an iterative manner

While these propositions are covered thematically in the extant literature, the findings appeared inconclusive in certain respects and required additional research, which I tried to undertake as part of P2.

Project 2: Competitive actions in practice

Based on the findings of P1 and, specifically, the gaps in relation to researching competitive actions that were found in the extant literature, the unit of analysis in P2 and P3 was the competitive action.

The contribution to theoretical knowledge of P2 is an understanding of how competitive actions are formulated and executed in practice. The objective of P2 was to address the gaps and the propositions identified in P1 and to explore the processes managers followed and the tools and techniques they used in formulating and executing of competitive actions.

Methods and objectives

The research sought to identify and explore the links and the chain of causality between managers' interpretations of their competitive environments and the actions they took as a consequence. This was a practical study involving a number of senior managers who are responsible for the formulation and execution of competitive actions at companies across a number of different industries. Semi-structured interviews were used to understand the mental maps that managers use to construe their competitive environments, the subsequent decisions they take to compete more effectively, and what informs those decisions.

A range of processes for developing competitive strategies are prescribed by academic literature but there is little evidence that these processes are used in practice or, indeed, of what processes practitioners actually follow in this regard. P2 sought to realise a broad understanding of what practitioners do and, rather than limiting the study to a particular industry sector, size of company or a particular territory, P2 sought to use a broad sample set so that the results of the research could be applied to a wide range of different environments and competitive situations.

Step	Description
1	**Identify and recruit suitable participants** Managers were located using both my personal network of contacts and through the contact networks of the Cranfield Centre for Customised Executive Development and the current Cranfield DBA cohorts. The participants were all managers involved in the formulation and execution of competitive actions within their respective organisations.
2	**Identify specific competitive actions** Each participant was asked to identify at least one specific competitive action (action) to be included in the research. A review of participants' organisations websites and documentation related to the action allowed for the triangulation of the interview findings.
3	**Gather information about the environment and the participating managers' backgrounds** Information regarding the company and the environment related to the action, as well as the participating managers' backgrounds, were gathered before they were interviewed.
4	**Interview participating managers** In most cases, the interviews were voice recorded and extensive notes were always taken. Additionally, interviewees were asked for documentation that supported the formulation and the execution of the competitive action.
5	**Transcribe, code and analyse interviews and the associated material** The interviews were transcribed and then coded. To add more depth to the information gathered in the interviews, the associated material, such as business plans, advertising briefs and advertising material was collating and analysed.
6	**Produce CIMO[2] maps** The coded interviews, as well as other information, were used to produce CIMO maps
7	**Analyse CIMO maps in response to the two propositions** The maps were analysed in response to the two propositions, namely that: 1. The formulation and execution of competitive actions is environment dependent 2. The formulation and execution of competitive actions is influenced by the relevant managers' backgrounds
8	**Compare and contrast 'CIMO' maps** The maps were compared and contrasted in order to identify anomalies and differences in managers' approaches to the formulation and execution of competitive actions and to draw conclusions in this regard.

Table 2: P2 Research procedure

[2] Context, Intervention, Mechanism, Outcome

In every one of the 20 interviews and the 26 competitive actions that were discussed, the four propositions developed in P1 (see page 24) were explored by asking the interviewees questions specifically related to them. This yielded data that was then analysed using CIMO maps to respond to the propositions.

Findings and contributions to knowledge

A number of findings were made in P2, including an understanding of the influences that managers' environments and backgrounds have on the way in which they formulate and execute competitive actions, as well as an understanding of how managers' use tools and techniques to support the formulation and execution of competitive actions. The sections below have been organised according to the four propositions developed in P1, followed by the findings and the contributions to knowledge in relation to emergent phenomena.

P1 propositions

The findings in relation to the four propositions that were developed in P1 are listed and discussed below.

Proposition 1 - Manager's approaches to the formulation of competitive actions are dependent on environmental competitiveness

Walsh (1995) explains that managers in non-hypercompetitive environments are able to base both their own actions and their interpretations of others' actions on a cognitive framework that includes beliefs shared within the firm, as well as beliefs shared among companies. Bogner & Barr argue that many of these beliefs are no longer shared between managers in hypercompetitive environments. P2 sought to provide an understanding of how varying competitive environments affect the sophistication of the formulation of competitive actions by managers. The state of development of the macro-economy and the maturity of industry in which actions were formulated were used as proxies for environmental competitiveness.

No relationship could be found between the degree of development of the economy in which the action was formulated and the sophistication of methods used. Neither could a difference in the types of competitive actions or the methods used to formulate and execute them be found between those carried out in developed markets, developing markets and emerging markets. The conclusion is that the sophistication of methods used in the formulation and execution of competitive actions is not influenced by the nature of the macro-economic environments, whether the economy developed, developing or emerging.

Based on the sample, the structure of the industry in any specific market is normally related to its maturity. In mature industries, such as the automotive or the Fast

Moving Consumer Goods (FMCG) industries, managers were very aware of whom their competitors were and their relative positions in the market. As a result, they acted with very specific objectives when gathering market intelligence and when formulating and executing competitive actions. The managers who were interviewed at IT companies, whose industrial structures were still evolving and, therefore, their competitive sets were not as clearly defined as those of the automotive or FMCG industries, gathered market intelligence and formulated and executed competitive actions with objectives that were less clear.

Ten industries were covered in the research. None of these could be considered stable without change or innovation taking place. From the interviews we can conclude that the reasons for competitive actions and the ways in which they are formulated and executed, are not functions of the rate of change or the level of innovation of a particular industry. Rather, they are situation-specific and such situations relate to specific changes in the competitive landscape, corporate actions, economic crises, desired changes in customer perceptions or poor sales performance as perceived by managers.

Proposition 2 – Managers' backgrounds influence their competitive actions

The second proposition was that managers' approaches are influenced by their national, cultural, educational, functional and experiential backgrounds. It is noteworthy that two of the youngest managers interviewed were very sophisticated in their approaches to formulating and executing competitive actions and they accounted for two of only four managers that used a tool or technique to assist them. These two managers also possessed high levels of relevant formal training. In contrast, managers in the automotive and fashion industries with no relevant formal training but many years experience relied on the tacit knowledge they had accumulated over many years, as well as dialogues with other managers, sales staff and customers in formulating competitive actions.

Regarding managers' training and the size of their organisations relative to the sophistication of the methods used in formulating and executing competitive actions, a very distinct relationship is evident between the level of managers' training, as well as between the sizes of their organisations, and the sophistication of the methods used. Therefore, it is not clear whether larger organisations use more sophisticated methods because they tend to place greater emphasis on qualifications when employing managers or because the size, culture and the processes employed within larger organisations cause them to use more sophisticated methods.

It was clear that managers' functions within their organisation have a bearing on the types of actions they formulate and execute and the methods they use. Bowman & Daniels (1995, pg. 165) found that "When managers are asked to reflect their firms' situations, there is evidence of functional bias". The interviews confirmed that functional biases exist in the formulation and execution of competitive actions and this was pervasive across the study. For example, marketing managers used surveys to gather information while those with sales backgrounds replied more on personal dialogues and managers with engineering backgrounds placed more emphasis on the technical differentiators of their product or service offerings.

It was also evident that managers operating in their home markets had an advantage insofar as they had an affinity with local cultural and national norms, while managers operating in foreign markets had an advantage insofar as they were able to apply learned experiences from previous actions and tacit knowledge gained in their home markets to the new ones. However, in every instance of managers from foreign markets successfully formulating and executing competitive actions, they did so with the support of local managers.

Proposition 3 - Managers focus on narrow sub-sets of their competitor universes

The third proposition derived from the Systematic Literature Review is that manager's focus on narrow subsets of their competitors due to their limited capacities to rigorously comprehend and analyse their comprehensive competitive sets. These assertions were confirmed in the interviews that were conducted. The interviews also affirm the existence of strategic groups (Porter, 1980) and cognitive oligopolies as described by Porac, Thomas and Baden-Fuller (1989), who used the term to refer to the tendency of managers to limit their competitive subsets.

A manager at a mobile telephony company, for example, was only really aware of his two closest competitors, their business models and their competitive advantages. It is also evident from the interviews that oligopolies act in a coordinated fashion in relation to their competitive actions.

Proposition 4 - Competitive actions are carried out in an iterative manner

The fourth proposition from P1 was that the formulation and execution of competitive actions are carried out on an iterative basis. P2 sought to understand how the complete strategy process, or loop, could function in an integrated manner and what the benefits would be. The interviews not only confirm that competitive actions are indeed carried out in an iterative manner but also showed that interactions with customers are often relied on in the formulation of competitive actions. Specifically, 15 of the 26 competitive actions covered in this study relied on customer interactions to inform and guide their formulation and execution and 10 of them relied on multiple customer interactions.

In other words, a customer's comments may trigger the competitive action process and, as certain tasks are completed, customers, as well as other managers and business partners, are engaged again to provide guidance. Knowledge gained from previous competitive actions, most often tacit knowledge, is also used to inform the formulation of competitive actions.

Emergent phenomena

Phenomena that emerged during the interview are:

The link between academic tools & techniques and practitioners' practices is weak

One of the most significant findings from the early research carried out as part of the scoping study that was confirmed in P2 is that tools and techniques, such as those discussed by Rigby (2001) are seldom used. In fact, of the 26 competitive actions included in the research only three used a tool or technique and these were:

- Competitive Compass
- Michael Porter 's Five Forces framework (1980)
- A tool developed internally by an FMCG company to estimate sales volume and value, as well as the requisite marketing investment. This tool was used in two of the competitive actions covered.

This is an interesting observation insofar as it shows that, in the context of the P2 research, the link between practice and the tools offered in the extant literature, including those discussed in Rigby's 2001 study, is weak. Of course, the question that could be asked is whether or not a greater use of these tools and techniques would, in fact, improve the endeavours of managers in relation to the formulation of their competitive actions. Interestingly, in 13 of the 26 competitive actions, structured interviews or surveys were used by the respondents.

Offensive vs. defensive actions

The research showed that smaller companies that are still growing tend to formulate competitive actions from an offensive stance with the objective of gaining market share from the incumbent competitors. By contrast, larger, more established companies that were firmly entrenched within their strategic groups, tended to act defensively when formulating and executing competitive actions with the objective of maintaining their market positions.

In summary, the larger companies tended to develop and execute competitive actions in order to fend off competitive threats from smaller competitors or as a reaction to shrinking sales figures or market share. Smaller companies, by contrast, tended to develop and execute competitive actions with the objective of growing their businesses.

Formulating competitive actions is an intuitive and iterative process

The interviews in P2 suggest that the formulation and execution of competitive actions is an intuitive and iterative process. Managers, particularly those that are more experienced, were found to rely very heavily on direct interactions with other managers, business partners and their customers when formulating and executing competitive actions. It was also found that competitive actions are carried out in an iterative manner, where the learned experiences from one competitive action, or a set of competitive actions, are used to inform future iterations of the same action or actions, as well as new and unrelated actions.

The conclusions drawn from actions taken are often stored as tacit knowledge held by individual managers, rather than institutional knowledge held formally. This tacit knowledge is then applied to future actions by the relevant managers. It was revealed in P2 that more experienced managers rely more on the tacit knowledge they hold and less on tools, techniques and methods they've learnt through formal territory education than younger, less-experienced managers.

Greater deviation from the norms of strategic groups exists than the extant literature indicates

Strategic groups are part of the way strategists organise and make sense of their competitive environments (Reger & Huff, 1993). Porter (1980) defined a strategic group as a group of companies in the same industry making similar decisions in key areas. As part of this study, managers were asked to list their competitors, as well as the competitors they considered in the formulation of competitive actions. Based on the results, the existence of strategic groups was evident. The managers' responses also confirmed that they focus on narrow sets of competitors in defining their competitive environments. However, based on the 26 competitive actions analysed, there appears to be far more divergence from the norms of strategic groups in the formulation of competitive actions than indicated in the extant literature.

Gresov and Drazin (1997) assert that efficiency and efficacy are optimised in the structures and processes adopted by the strategic group and that deviating from them results in compromised performance. While the study found there to be mimicking between competitors in the same strategic groups, in relation to marketing campaigns, product development and product or pricing policy updates, there were many instances where the managers interviewed deviated from industry norms with the objective of achieving or sustaining profit levels above industry norms. An FMCG company launched a refill pouches initiative in response to the market becoming more and more commoditised and consumers becoming more and more price sensitive. A telecommunications company bundled fixed-line and mobile-line products together to offer a service that none of its competitors could.

Another explanation for managers being reluctant to deviate from industry norms could be because taking actions that appear to be in their organisations' best interests may induce retaliatory actions from their competitors (Baum and Korn, 1996). In the

26 interviews that make up this study, not a single example of this retaliatory fear behaviour could be found.

Managers formulating competitive actions in their home environments vs. in foreign environments

The interviews found that managers operating in their home environments had an advantage over managers operating in foreign environments. However, managers operating in foreign environments also had an advantage in that the most effective competitive actions were formulated by teams comprising a mix of the requisite skills and experiences. It is impossible to state which of the two is more advantageous.

Project 3: Formulating competitive actions

The contribution to practice of this DBA study is a guide that was produced to assist managers in formulating competitive actions. The guide makes use of the findings of P1 and P2 to offer insights and recommendations to managers at every step of the competitive action formulation process. These insights and recommendations were explored and further developed in P3 through a number of interviews with a different set of managers to those interviewed in P2. A processual model was discerned and has been distilled into a five-step process, with the acronym 'SOLAR', comprising:

1. Stimulus – the trigger to the action
2. Objectives – The objectives or desired outcomes to the action
3. Levers – A set of five different levers, including price, product, place, business model and communication, that could be used
4. Actions – The action or actions themselves
5. Refinement – The process of repeating the action and adjusting or refining it in doing so

Each of these has been clustered in accordance with the findings of the research. The recommendations offered in this guide are predicated on the use of different resources depending on the stimuli and the objectives related to the action, the levers available to the manager or managers formulating the action, and their respective constraints.

Methods and objectives

Step	Description
1	Patterns and approaches relevant to the formulation of competitive actions were identified and documented based on the findings of P1 and P2.
2	A guide for formulating competitive actions based on the patterns and approaches identified and documented in step 1 was developed. Process flow charts and tables were used as far as possible to describe the guide in a succinct manner.
3	Four suitable managers involved in the formulation of competitive actions within their respective organisations were identified and recruited to review and comment on the guide. The criteria used to recruit these managers and a summary of those selected is provided in the 'Research population' section below.
4	The guide was discussed with the participating managers and updated accordingly after every discussion to reflect their particular experiences, as well as their assessments of its validity and applicability. Ten discussions were held with the managers, their comments were noted each time and they were used to produce five versions of the guide in total. The comments and consequent updates to each of the five versions of the guide are contained in appendix 17.
5	The guide was finalised with 'version 5', using the comments from the discussions held with managers. The last two versions were split into the guide, which was designed to be used by a broad set of managers on a day-to-day basis, and a resources manual, which was designed to be used by a smaller set of managers less frequently. Appendix numbers 1 to 7 contain the five versions of the guide and the associated resource manuals.

Table 3: P3 Research procedure

The table above depicts the research procedure that was followed in P3. It was important that the guide could be applied to the formulation of a wide range of different competitive actions in practice and the competitive actions from P2 were, therefore, drawn from different industries, territories and different types organisations. A set of managers different from those used for the P2 interviews was used in order for the P3 process to be as objective as possible. The study population comprised managers that either make or influence decisions that lead to competitive actions.

The themes that emerged in P1 and P2 were considered in developing P3. Relationships that existed between the themes were identified and used to explain the dynamics of the guide, as well as the factors that lead to those relationships. The figure below depicts the process that was followed.

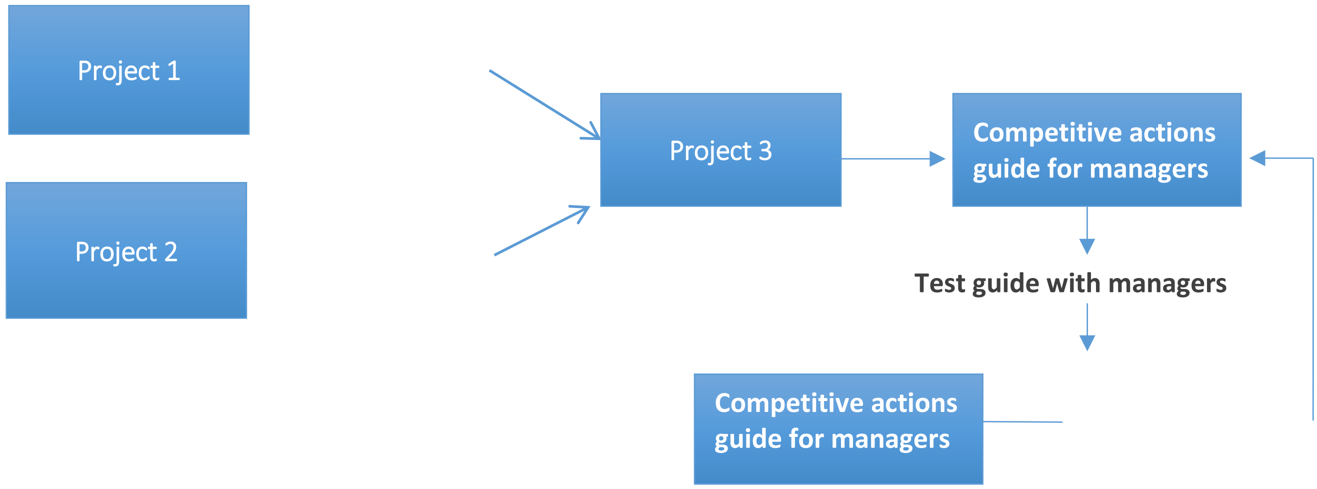

Figure 2: P3 inputs and development process

Several iterations of the guide were produced and managers were interviewed between each iteration until they were no longer able to make novel contributions in the interviews. Five iterations of the guide are included in this DBA thesis as appendices.

Findings and contributions to knowledge

The guide to formulating competitive actions is the corollary of the research that preceded it, including both the knowledge acquired through the systematic literature review, the data gathered through the interviews and the 26 competitive actions that were recorded and analysed. The guide seeks to share this data and knowledge with managers in an intuitive and practical way through the use of diagrams, tables and summaries. These have been laid out in accordance with the competitive action formulation process that was observed in the research and which has been summarised as SOLAR, namely:

- S - Managers become aware of the stimulus to the action.
- O - They envisage a desired outcome and a set of objectives.
- L - They identify levers of mechanisms that can be used to achieve the objectives.
- A - Using the data, experiences, tools and knowledge available to them, they set about developing the specific action, or actions, by, for example, gathering more data, having discussions with colleagues, customers and business partners and using tools that assist them in this regard.
- R - Once the action has been executed, managers refine it by comparing the outcome to their objectives and feeding that back into the competitive action cycle, either for the formulation and execution of an iterative action, as a stimulus to a new competitive action or as part of their frame of reference in formulating parallel or future actions.

In discussing the guide with managers, the ideas and recommendations offered were usually reinforced by their own experiences and anecdotal evidence was often provided. Through the development of the guide and the interviews in P3, it was confirmed that managers formulating and executing competitive actions in their home markets have an advantage over those operating in foreign markets insofar as they have a better understanding of the local culture and national peculiarities. Managers formulating and executing competitive actions in foreign markets have an advantage insofar as they bring learned experiences from competitive actions successfully executed in their home markets with them. Based on the interviews, it is impossible to determine which position is more advantageous.

Managers also highlighted some of the situations and some of the decisions they are often faced with. For example, one of the Chief Executive Officers interviewed mentioned that they often asked themselves "which businesses, or products and services, they should continue with and which they should discard, which they should re-hash and which they should try to improve upon". Practical examples were also offered, that either reinforced or questioned the ideas and recommendations provided in the guide. These included an approach that involved looking for new markets that could substitute for the loss of sales or market share in markets where sales were waning.

The qualitative research confirmed that manager's frames of reference are influenced by their national and cultural backgrounds, as well as by their experiences and their training and it became evident in P3 that this can act as both a hindrance and an advantage in the formulation of competitive actions. Managers with more experience but less formal education in business or marketing disciplines tend to rely more on their experience, their intuition and on dialogues with colleagues, customer and partners to inform the competitive actions they formulate, while managers with less experience and higher levels of education in business or marketing disciplines place more emphasis on what they have learnt. Based on the research, the best approach to dealing with managers' disparate backgrounds, experiences and training is to map them to the requirements envisaged for each specific competitive action and, where necessary and appropriate, to assemble teams with the requisite set of skills, experiences and backgrounds.

A proposition emanating from P1 was that 'competitive actions are carried out in an iterative manner'. This was explored in P2 and it appeared that competitive actions are indeed carried out in an iterative manner. A particular action is taken, it's success or failure is evaluated and it is then used as an input to a further action or actions. P3 confirmed that, because industries and markets are dynamic, companies would benefit from competitive actions being formulated and executed as an iterative process, informed by changes in market conditions and the competitive environment, as well as the use of competitive intelligence. Tight integration between the gathering and application of competitive intelligence within organisations could lead to more effective competitive actions being formulated, as well as actions that are more responsive to environmental changes.

Limitations of study and areas for further research

The study was qualitative and exploratory in nature. Rich data concerning the formulation and execution of competitive actions was produced. The most evident limitation of this study is that it is based on only 26 competitive actions. If the size of the sample was vastly expanded and surveys were included too, the findings could be generalised and it would be possible to make definitive recommendations to managers about cause and effect. For example, it would be possible to posit outcomes to decisions or actions based on large sets of previous, comparable competitive actions. Further research could be carried out on very specific competitive actions using large sample sets and specific questions that would illicit simple responses in order to produce generalisable results that could then be used to provide managers with likely outcomes to their actions based on situational factors.

The use of generalisable data would also present a limitation insofar as it would have to be quantitative data and, therefore, would not be rich in the insights it provides but, rather, would have to be limited to sets of specific actions and responses. In other words, it may be possible to use it to infer outcomes based on specific decisions or actions but these decisions or actions would have to be very specific. Depending on the breadth of data, the range of outcomes would also probably need to be confined to a few possibilities.

Further research could be carried out in a number of areas using new data, including:

1. How the connection between the theories, tools and techniques offered in the extant literature and those used in practice could be improved upon. There is a lot that academics could learn from what practitioners do that would improve their theoretical work. Likewise, the deployment and use of their theories, tools and techniques in practice could be increased and deepened. In this regard, the guide offered in P3 could be further developed.
2. The sample used in P2 and P3 was deliberately diverse and included competitive actions from a wide variety of different industries and territories, formulated by managers of varying ages and levels of education and experience, and for companies of varying sizes and levels of maturity. This was done so that the data collected would be as general as possible. The scope exists, and it would be useful, to carry out further research to corroborate the findings of P2 and P3; to learn more about what mangers do in practice and to further explore particular areas of interest, such as differences in approach between disparate industries and organisations, using new data that focuses on a particular industry or compares approaches between different industries, categories of managers or territories.

3. There appears to be a gap in the literature reviewed regarding how managers respond to mental maps of their competitive environments. In other words, how these mental maps inform managers' decisions and the processes they follow in formulating competitive actions as a result of them. It would be interesting to establish links between how managers construe their competitive environments and how they apply this in formulating competitive actions. This was one of the aims of P2 and some interesting findings were made, insofar as managers, for example, envisage desired outcomes and set objectives for their actions before the actions are actually developed. Future research could delve deeper into the relationship between managers' mental maps of their competitive environments and the formulation of competitive actions.
4. While a great deal of research has been undertaken into the link between shared inter-organisational mental maps of competitors and strategic groups, it would be interesting to know if the link is causal. We know that managers across organisations within strategic groups share mental maps of their competitive environments, but we don't yet know whether the emergence of these strategic groups are the result of shared mental maps or if the development of strategic groups has a causal relationship with managers' mental maps. Further research could also be carried out to test and validate these theories across greater and more diverse sets of respondents and to establish differences in shared mental maps across different environments, such as stable versus dynamic ones.
5. While this study confirmed that experience, in a wide variety of different areas, has an influence on managers' frames of reference and, therefore, on how they formulate competitive actions, further research could be carried out in this regard. Specifically, it would be interesting to know more about how managers' experiences influence their frames of reference and how experience can be used to improve their efficacy in formulating competitive actions.
6. As pointed out by Bowman and Daniels (1995), it would be interesting to know whether functional bias in the context of perceived strategic priorities is a problem or a source of competitive advantage. Furthermore, it is likely that it is a source of competitive advantage in certain circumstances but is undesirable in others. It would be interesting to know when it is a source of competitive advantage and in what instances it is undesirable.
7. It was established in the research that larger organisations tend to use more sophisticated methods for formulating competitive actions than their smaller rivals. However, it isn't clear whether larger organisations use more sophisticated methods because they tend to place greater emphasis on qualifications when employing managers or, because their size, their corporate culture and the processes they employ provoke them to do so. The methods employed by different types of organisations could be compared and contrasted to determine this.

Project 1: Systematic literature review

Introduction

The aim of this DBA study was to establish how managers formulate the competitive actions they execute. This encompassed a study of both their cognitions and the material processes they employ in deciding on particular competitive actions. The scope of the research was limited to the actions managers take to position their brands, products and services in relation to those of their competitors in order to optimise their profits. These were limited to marketing actions involving price, brand and product or service attributes. This was a practical study involving a number of senior managers who are responsible for the formulation and execution of competitive actions at companies across a number of different industries. The overarching research question for the study was;

How do managers formulate the competitive actions they take?

In the context of the research question, the concept "formulate" includes all the antecedents to competitive actions. Specifically, it has the following meanings:

- How managers view their competitive environments and categories their competitors
- How they formulate strategies to compete more effectively with their competitors
- The decisions they take to execute competitive actions and the information that informs their competitive actions

This Systematic Literature Review ('SLR') sought to review and catalogue the literature that is available and relevant to management cognitions and sense-making in the context of competitive positioning and competitive strategy. This encompasses the mental maps that managers use to construe their competitive environments, the subsequent decisions they take to compete more effectively, and what informs these decisions. The SLR was used both to understand what has already been found in the field and as a foundation for research that that was carried out subsequently as part of this study. The term foundation means a basis from which to start the research and to build on what has already been learnt. The research question was:

What are managers' cognitions in respect of competitive positioning and competitive strategy?

In the context of this study, competitive positioning refers to the way in which managers map rival brands, products and services to those of their own, as well as the actions they take to improve their competitive positions. Competitive strategy refers to the plans managers formulate and the decisions they take to compete as effectively as possible. This includes actions to change the price or the benefits associated with their brands, products or services, as well as corporate actions, including mergers and acquisitions that are taken to compete more effectively. The research was not concerned with actions that managers take to streamline their operations, nor to procure inputs more economically nor any other actions they may take to become more profitable and that are related to the operations of the business rather than to the price and benefits associated with their products and brands and corporate actions.

The research is broken into three separate projects, namely Project 1 (P1), which is this SLR, Project 2 (P2), in which field research to understand what happens in practice was undertaken, and Project 3 (P3), in which a guide was developed to assist managers in formulating competitive actions. Management cognition is a nascent field and little is known about the constructs that managers use or where and how they think about competitive positioning and competitive strategy in practice. Subsequent to P1, a series of interviews were carried out as part of P2 to understand how managers think about their competitive environments, how they formulate competitive actions and how they make decisions with regard to competitive actions. The figure below depicts a high-level process flow chart for the research.

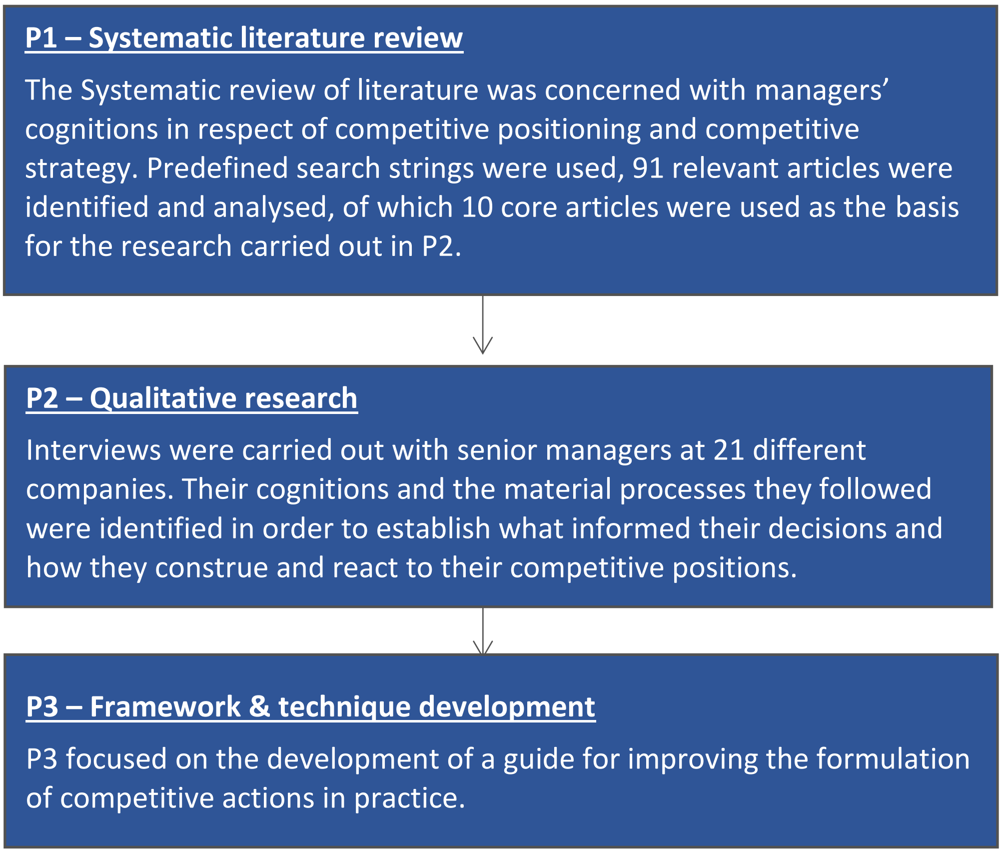

Figure 1: Study process flow

Relevant appendices

The table below lists the appendices to this study that are relevant to P1.

No.	Title	Description	Pages
8	Previous consulting assignments & businesses	A list of previous consulting assignment and businesses that I've been involved in and that are relevant to this DBA study	185
9	Quality appraisal criteria applied to articles	Form that lists the Likert scale and the binary criteria used decide on whether or not to include the use of each article identified in the study	186
10	Data extraction form	Specimen of the form used to systematically extract and record data from the articles identified.	187
11	Summary of key findings from literature	A table containing the key findings from the 36 most important articles.	188 - 200

Table 1: Relevant appendices

Methodology

Literature was reviewed to understand what has already been established regarding the constructs and processes employed by managers in practice in the context of competitive positioning and competitive strategy. Appropriate search strings were identified and used to locate the relevant literature. A process was employed to extract the relevant data from the literature by funnelling through a process that started with a systematic evaluation of the title, followed by a systematic evaluation of the abstract and then an evaluation of the article itself. A sample data extraction form is provided in Appendix 10.

Articles that passed the full text screening successfully were subjected to a quality appraisal and only articles that made it through to this final stage of the process were used. The quality appraisal criteria are provided in Appendix 9. The selected articles were systematically reviewed and themes, key findings, their limitations and the contributions they make to the review question were identified and recorded for inclusion in the SLR.

The systematic literature review process

The SLR covered both the cognitions employed by managers in understanding their competitive environments and their relative positions; and their cognitions in formulating competitive strategies. The starting point was how they construe and, as a result, define their competitors and how they make decisions to respond to competitive forces and, therefore, compete more effectively.

The review panel

Panel member	Title/organisation	Role
Professor Cliff Bowman	Professor of Strategic Management at the School of Management, Cranfield University	Panel Chair and domain expert
Professor Mark Jenkins	Professor of Business Strategy at the School of Management, Cranfield University	Supervisor
Dr Palie Smart	PhD Programme Director and Reader in Innovation Management and Corporate Sustainability at the School of Management, Cranfield University	Panel member
Dr Emma Parry	Director of the International Executive Doctorate (DBA) programme at the School of Management, Cranfield University. Her research focuses on the impact of context on human resource management.	Systematic review specialist

Table 2: Review panel

The review panel comprised Professors Mark Jenkins, Professor Cliff Bowman and Dr Palie Smart. Dr Emma Parry was the Systematic Review specialist. The table above sets out their respective roles.

Search strategy

Figure 3 below depicts the search strategy that was followed.

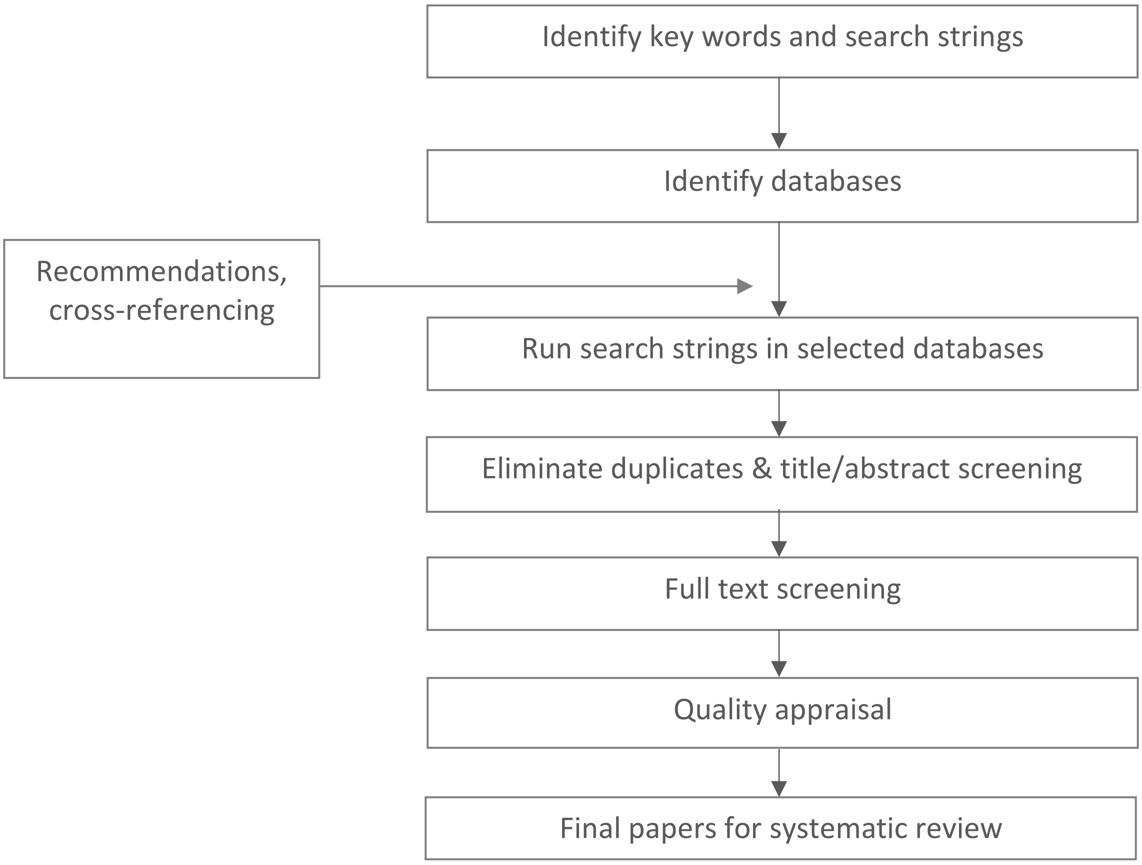

Figure 2: Search strategy

Keywords

To facilitate the creation of appropriate search strings for the review question ‘What are managers’ cognitions in respect of competitive positioning and competitive strategy?’, the key words in the table below were identified:

Keywords/terms	Synonyms
Management	Manager Executive
Cognition	Perception Comprehension Cognitive Cognitive mapping Mental models Sense making
Competitive positioning	Competitive position Competitive positioning Competitive environment
Competitive strategy	Competitive strategy Competitive advantage Competition

Table 3: Keywords/terms and their respective synonyms

Search strings

The following search strings were used:

String no.	Full search strings	Search string to be used
1	Management cognition AND competitive position Management cognition AND competitive positioning Management cognitive processes AND competitive position Management cognitive processes AND competitive positioning Manager cognition AND competitive position Manager cognition AND competitive positioning Manager cognitive processes AND competitive position Manager cognitive processes AND competitive positioning	manag* cog* AND competitive position*
2	Management cognition AND competition Management cognitive processes AND competition Manager cognition AND competition	manag* cog* AND competition

	Manager cognitive processes AND competition	
3	Management cognition AND competitive advantage Management cognitive processes AND competitive advantage Manager cognition AND competitive advantage Manager cognitive processes AND competitive advantage	manag*cog* AND competitive advantage
4	Management cognition AND competitive strategy Management cognitive processes AND competitive strategy	manag* cog* and competitive strategy
5	Management comprehension AND competitive position Management comprehension AND competitive positioning Manager comprehension AND competitive position Manager comprehension AND competitive positioning	manag* comprehension AND competitive position*
6	Management comprehension AND competition	manag* comprehension AND competition
7	Manager comprehension AND competition Management comprehension AND competitive advantage Manager comprehension AND competitive advantage	manag* comprehension AND competitive advantage
8	Management comprehension AND competitive strategy Manager comprehension AND competitive strategy	manag* comprehension AND competitive strategy
9	Management perception AND competitive position Management perception AND competitive positioning Manager perception AND competitive position Manager perception AND competitive positioning	manag* perception AND competitive position*
10	Management perception AND competition Manager perception AND competition	manag* perception AND competition
11	Management perception AND competitive advantage	manag* perception AND competitive advantage

	Manager perception AND competitive advantage	
12	Management perception AND competitive strategy Manager perception AND competitive strategy	manag* perception AND competitive strategy
13	Management sense making AND competitive position Management sense making AND competitive positioning Manager sense making AND competitive position Manager sense making AND competitive positioning	manag* sense making AND competitive position*
14	Management sense making AND competition	manag* sense making AND competition
15	Manager sense making AND competition Management sense making AND competitive advantage Manager sense making AND competitive advantage	manag* sense making AND competitive advantage
16	Management sense making AND competitive strategy Manager sense making AND competitive strategy	manag* sense making AND competitive strategy
17	Executive cognition AND competitive position Executive cognition AND competitive positioning Executive cognitive processes AND competitive position Executive cognitive processes AND competitive positioning	Executive cog* AND competitive position*
18	Executive cognition AND competition Executive cognitive processes AND competition	Executive cog* AND competition
19	Executive cognition AND competitive advantage Executive cognitive processes AND competitive advantage	Executive cog* AND competitive advantage
20	Executive cognition AND competitive strategy Executive cognitive processes AND competitive strategy Executive comprehension AND competitive	Executive cog* and competitive strategy Executive comprehension

21	position Executive comprehension AND competitive positioning	AND competitive position*
22	Executive comprehension AND competition	Executive comprehension AND competition
23	Executive comprehension AND competitive advantage	Executive comprehension AND competitive advantage
24	Executive comprehension AND competitive strategy	Executive comprehension AND competitive strategy
25	Executive perception AND competitive position Executive perception AND competitive positioning	Executive perception AND competitive position*
26	Executive perception AND competition	Executive perception AND competition
27	Executive perception AND competitive advantage	Executive perception AND competitive advantage
28	Executive perception AND competitive strategy	Executive perception AND competitive strategy
29	Executive sense making AND competitive position Executive sense making AND competitive positioning	Executive sense making AND competitive position*
30	Executive sense making AND competition	Executive sense making AND competition
31	Executive sense making AND competitive advantage	Executive sense making AND competitive advantage
32	Executive sense making AND competitive strategy	Executive sense making AND competitive strategy
33	Management AND cognitive AND competitive positioning Management AND cognitive AND competitive strategy Management AND cognitive AND competitive advantage Management AND cognitive AND competition Management AND cognitive map AND competitive positioning Management AND cognitive map AND competitive strategy Management AND cognitive map AND competitive advantage	Management AND cognitive AND comp*

34	Management AND cognitive map AND competition Management mental model AND competitive positioning Management mental model AND competitive strategy Management mental model AND competitive advantage Management mental model AND competition Managers mental model AND competitive positioning Managers mental model AND competitive strategy Managers mental model AND competitive advantage Managers mental model AND competition	Manag* AND mental model AND comp*

Table 4: search strings

Databases

The following databases were used, which jointly indexed a large amount of business literature and resulted in a very comprehensive search.

- EBSCO – EBSCO covers more than 375 full-text and secondary research databases providing a very comprehensive platform from which to search for relevant literature. There is also a strong emphasis on academic journals, which translates into better search results and fewer article disqualifications.
- ProQuest (ABI/Inform) – The ProQuest, ABI/Inform database coverage is very broad and, apart from academic journals, includes many trade journals, periodicals and news wires. While its coverage is comprehensive, the search results yield many articles that are not useable because they are either irrelevant or lack robustness and quality of research that this study demands.
- Science Direct – Science Direct is a leading full-text scientific database offering journal articles and book chapters from nearly 2,200 active journals and close to 26,000 books.

Using additional databases beyond those mentioned above would have resulted in a lot of duplication and would have sharply diminished the efficiency of the search process. The Psych Info database was also tested but yielded very limited results.

Cross-referencing

In addition to evaluating the results produced by the databases; reference lists from the documents selected for the review were also examined in order to identify additional relevant literature that might have been missed in the search. The cross-referenced literature was subjected to the same selection criteria and quality assessment as the literature initially identified through the use of databases.

Panel recommendations

Panel recommendations have proved to be a very good source of literature to review. They were considered and subjected to the same selection criteria and quality assessment as the literature identified through database searches.

Selection criteria for articles

In order to determine the relevance of each article identified using the search strings, a four-stage process has been used. Specifically:

1. The titles were scrutinised for relevance
2. The abstract was read and the article's themes identified
3. The full text of the article was screened to determine its relevance
4. The article and the quality of the article was evaluated using the criteria listed below

Title and abstract screening was subjected to the following criteria:

Criteria	Inclusion	Exclusion	Rationale
Relevance for review question	The title should contain one of the key words and the abstract should make reference to management, manager or executive cognition, cognitive processes , comprehension or perception in the context of competitive positioning, competition, competitive advantage or competitive strategy	The title does not include a single key word or the abstract does not refer to management, manager or executive cognition, cognitive processes , comprehension or perception in the context of competitive positioning, competition, competitive advantage or competitive strategy	The title and the abstract should provide an indication that the article will deal with how executives or managers map their competitive positions and develop and implement competitive strategy in practice
Date of publication	All	None	Competitive positioning and competitive strategy studies are not necessarily time-specific and work as old as Schumpeter's is still relevant in this field
Language	All languages, as long as an English translation is available	All articles that are either not written in English or where and English translation isn't provided	Most high-quality academic articles are either published in English or, if not, translated into English
Journal ranking	All	None	Because my research question is a very practical one, I expect lower ranked articles may be important information sources too
Type of publication	Journal articles, extracts from books and working papers less than a year old	Conference papers and proceedings, press articles, reports, theses, working papers older than a year	Good conference and working papers will most likely be developed into journal articles. Press articles lack the rigour of academic auricle. Reports or theses are not always identifiable or obtainable

Table 5: selection criteria for titles and abstracts of articles

The full articles that make it through the tile and abstract screening were subjected to the screening criteria:

Criteria	Inclusion	Exclusion	Rationale
Relevance for review question	Article discusses management, manager or executive cognition, cognitive processes, comprehension or perception in the context of competitive positioning, competition, competitive advantage or competitive strategy and provides a conclusion/s	Article does not discuss management, manager or executive cognition, cognitive processes , comprehension or perception in the context of competitive positioning, competition, competitive advantage or competitive strategy or does not provide a conclusion/s	Provides insight into how executives or managers map their competitive positions and develop and implement competitive strategy in practice
Type of publication	Journal articles, extracts from books and working papers less than a year old	Conference papers and proceedings, press articles, reports, theses, working papers older than a year	Good conference and working papers will most likely be developed into journal articles. Press articles lack the rigour of academic articles. Reports or theses are not always identifiable or obtainable

Table 6: selection criteria for full articles

Selected articles

Following the process described above, the search produced the results set out in the table overleaf. The numbers in the 'Search string no.' column relate to the search string numbers indicated in table 3 above. Relevant data from all 91 articles were extracted to a standardised data extraction form designed to capture themes, methods and key findings in the literature. Data extraction facilitated the rendering of a descriptive account and a synthesis of the literature.

Search string no.	EBSCO	ProQuest	Science Direct	After title and abstract screening	After removal of duplicates	After full article screening	After quality appraisal
1	63	118	6	47	43	26	23
2	93	87	64	19	15	14	12
3	86	105	19	45	42	29	18
4	72	74	19	22	14	12	11
5	5	7	0	0	0	0	0
6	7	12	1	0	0	0	0
7	7	14	3	0	0	0	0
8	9	6	0	0	0	0	0
9	68	74	19	8	3	3	3
10	226	278	80	17	5	5	5
11	205	269	46	6	2	2	2
12	163	121	45	10	2	2	2
13	1	7	0	1	1	0	0
14	13	15	6	2	1	1	1
15	12	18	5	5	3	3	2
16	7	20	4	7	4	4	2
17	2	2	0	1	1	1	1
18	17	15	14	1	0	0	0
19	3	3	2	0	0	0	0
20	9	11	4	1	0	0	0
21	0	0	0	0	0	0	0
22	3	1	1	0	0	0	0
23	2	1	1	1	1	1	1
24	0	0	0	0	0	0	0
25	0	1	2	1	0	0	0
26	10	8	2	0	0	0	0
27	27	22	9	0	0	0	0
28	22	23	7	0	0	0	0
29	0	8	0	1	0	0	0
30	1	13	0	4	1	0	0
31	0	8	0	0	0	0	0
32	2	6	0	1	1	1	1
33	25	19	3	1	0	0	0
34	87	128	29	12	4	4	4
35	17	26	12	9	4	3	3

Table 7: Search results

Quality appraisal

After selecting the papers using the search strings referred to above based on their titles, abstracts and their full texts, these were appraised for quality. Tables 7 and 8 depict the criteria used to appraise each article. Table 7 depicts the scores where a Likert scale was used, while table 8 relates to criteria with a binary score. Appendix 9 lists the quality appraisal criteria. For every article, each criterion was either scored from 1 (not at all) to 5 (completely) or on a ‘yes’ or ‘no’ basis if they elicited binary scores. Articles scored between 1 and 5 had to meet a minimum score of 3 for each criterion in order not to be excluded. For binary criteria, only those articles that met the criteria were included. To negate the assumption that papers in top rated journals are all necessarily of good quality, journal rankings were not considered as part of the quality appraisal criteria. However, the source of each article was borne in mind when reviewing it.

Data synthesis

The objective of the synthesis was to describe, analyse and draw conclusions on the research evidence gathered in the review and to summarise this so that it could effectively be used to inform the qualitative research carried out as part of P2. To achieve this, the synthesis process started by mapping manager cognitions related to competitive positioning and competitive strategy. These were then organised in a structure that makes it easy to relate them to competitive strategy in practice. The synthesis sought to expand the understanding of competitive strategy in practice. Evidence from primary qualitative studies has been synthesised.

Findings

The field of management cognition in the context of competitive positioning and competitive strategy is broad. The literature reviewed researched a wide variety of different topics and made many and diverse suggestions and assertions. Whilst reviewing the literature, notes were taken regarding themes, key findings and the limitation and suggestions for further research. A total of 31 themes were identified and were then collated and distilled into a number of key themes. Specifically, these key themes included:

1. Managers’ cognitive categorisations of competitors
2. Influences on managers’ frames of reference
3. Shared intra-industry management cognitions
4. Automatic versus controlled processing
5. Functional biases in the perception of competitive strategy
6. Does deviating from industry norms result in lower profits?

7. Competitive intelligence
8. The alignment of strategy and performance management
9. Strategy as an iterative process

Each of these themes is dealt with in a separate section and a summary of the results of each key study, as well as limitations associated with the study and scope for further research are provided at the end of the section. This approach sought to organise the research in the field into a manageable and logical parts that relate to each other; yet deal with discreet topics. In instances where a study covers more than one of the key themes identified, the same study appears in more than one section. The key findings of the SLR are summarised in Appendix 11.

Managers' cognitive categorisations of competitors

In the process of developing competitive strategies, understanding the competitive landscape is the first step. This is because knowledge of where a brand or product is positioned relative to its competitors is antecedent to understanding what its ideal or desired position should be and the formulation of a plan with actions to attain that position. Most environments are very complex, with numerous forms of organisations seeking many different types of resources. Monitoring, adapting to and pre-empting rivals require managers to first assess inter-organisational similarities and then distinguish between organisational friends and foes (Porac and Thomas, 1994).

Porac and Thomas (1994) suggest that subjective rivalry is an interesting phenomenon in its own right and postulate that the narrowness of subjective rivalry may be an explanation for how and why organisations fail to adapt to changes in competitive conditions. They suggest that this lack of categorisation of competitors led to the American automobile manufacturers losing substantial market share to their Japanese rivals in the 1970s. Therefore, it is appropriate to ask whether relying on mental models of companies' competitive environments is adequate and if a material approach, in which the analysis of the competitive environment is mechanised to overcome the limitations of manager's cognitive processes, should be used.

Hedberg, Nystrom and Starbuck and (1976) suggest that Facit AB's calculator business declined because managers continued to define their firm as a 'mechanical calculator company' despite the impending revolution in microelectronics. Porac and Thomas (1994) proposed a tentative cognitive approach to explaining competitor classification that centres on the concept of business definition. Abell (1980) posited that an underlying definition of the business acts as a cognitive reference point around which managers conceptualise an organisation's competitive position. A business definition creates a perceived psychological space for managers that delineates an organisation's technological and product position in relation to its potential rivals. Organisations are competitors to the extent that they draw from the same resource pools (Porac and Thomas, 1994). For example, the breakfast cereal market would be defined as all firms selling cereal products to people who desire to purchase them.

Strategic groups are invoked by strategists to organise and make sense of their competitive environments (Reger & Huff, 1993). Specifically, managers simplify their competitive environments by focusing upon a subset of firms competing within an industry (Daniels, Johnson and de Chernatony, 2002; Easton et al. 1993; Gripsrud and Gronhaug 1985; Hodgkinson and Johnson 1994; Lant and Baum 1995). They simplify their competitive environments further by categorising their competitors (Porac, Thomas and Baden-Fuller. 1989; Porac and Thomas 1990, 1994; Reger and Huff 1993). They define their own business in terms of the label they use to define the cognitive category in which their business is placed (Porac, Thomas and Baden-Fuller, 1989) and hence consider their firm to be competing most closely with other firms in that category (Porac and Thomas 1994), especially if those firms are larger or more typical of that category (Porac et al, 1995). Porac, Thomas and Baden-Fuller (1989) use the term 'cognitive oligopolies' to refer to the tendency of managers, even in fragmented environments, to select a few, very similar organisations as competitive referents. Porac, Thomas and Baden-Fuller (1989) propose two criteria to distinguish competitors from non-competitors:

1. The industry criteria suggest that this distinction should be made on the basis of technology – firms are competitors when they share similar technological attributes.
2. The market criterion suggests that this distinction should be made on the basis of product substitutability – firms are competitors when they produce products that can be substitutes for one another in the satisfaction of a customer need.

In their research, Porac and Thomas (1994) ask whether subjective rivalry, being the managers cognitive view of their competitors, is similar to or different from material competition that is defined by the more standard technological of market criteria and argue that there is no reason to expect that employee definitions of competitors would be isomorphic with the more analytical definitions of researchers. This research comprised two studies that suggested two sources of divergence. Firstly, respondents did not see market and technological factors as mutually exclusive. For example, supermarkets were subjectively defined as much by their technology (e.g. having delis) as by the customer markets (e.g. upscale shoppers). Secondly, respondents tended to make fine-grained distinctions among organisations and thus defined rivals somewhat narrowly. For example, supermarkets, rather than grocery stores, were the level of abstraction at which rivals were perceived, even though material criteria would, in all likelihood, define rivalry at a more general level.

Researchers of competitive strategy adopting a cognitive stance have employed a variety of methods for revealing managerial mental models, ranging from the simple process of having participants list competitors by name (Hodgkinson, 1994), to more sophisticated procedures such as the development and multivariate analysis of questionnaire items derived through a thorough analysis of relevant literature combined with expert opinion. Repertory grid and related procedures such as multidimensional scaling have also been employed to reveal the basis upon which managers distinguish competitors (Reger, 1990).

Gripsund and Gronhaug (1985) asked grocery managers in a small Norwegian city to list all the local firms that they considered to be competitors and, although Gripsund and Gronhaug did not directly assess business definitions, their data suggested that respondents perceived very narrow competitive boundaries. Despite the fact that over 50 groceries existed in the local community, 90% of the managers cited five or fewer rivals. Porac and Thomas (1990) argued that the focusing effect of business definition is a result of managers matching the characteristics of known organisations of cognitive taxonomies of organisational types.

In their study in 1989, Porac, Thomas and Baden-Fuller adopted a 'within-subjects' assessment procedure. Managers were asked to discuss the nature of their business, to categorise their business, what related classes of business there are and what sub-classes of each there might be. The process was continued upwards until the managers are unable to generalise usefully any further, laterally, until all related classes of business they can recall have been recorded, and downwards, until they can make no further useful distinctions.

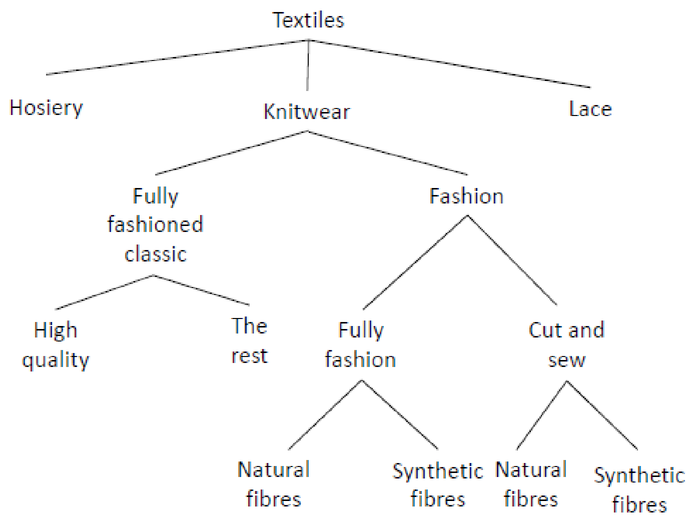

Figure 3: Elicited 'cognitive taxonomy' of one of the managing directors of a Scottish knitwear firm (Porac, Thomas and Baden-Fuller 1989)

Hodgkinson and Johnson (1994) carried out a very similar study to Porac, Thomas and Baden-Fuller (1989) and argued that researchers adopting a cognitive approach to competitive analysis tended to focus their data collection and analyses at an aggregate level, particularly at the level of the industry. Whilst of value, the aggregate level approach has a number of drawbacks and limitations. In particular, it implies a level of consensus within and between organisations, which is questionable (Wooldridge and Floyd, 1989) and it fails to take into account individual differences in mangers' perceptions that may exist (Reger, 1990).

In their study, Hodgkinson and Johnson (1994) explored the nature of individual differences and similarities in managers' mental models of competitive structures, how they might be explained, how such differences in perception are resolved, and the consequent implications for future research within the field of strategic management. Their study was undertaken in the United Kingdom (‘UK’) grocery retailing industry and revealed considerable diversity amongst the research participants' organisations in terms of the overall structure and contents of their mental models of competitive environments. The study also revealed considerable intra-organisational agreement regarding the categories that describe the self-identity of the research participants' organisations and their major competitors.

The result of Hodgkinson and Johnson’s (1994) study demonstrates that there is considerable variation in the contents and structural complexity of the cognitive taxonomies of individual managers, both within and between organisations, in the same industry sector. The study, as with other studies carried out around the same time, focuses on how managers construe the market positions of their brands or products relative to competitors, rather than the decision-making processes they follow in developing competitive strategies.

Reger and Huff (1993) sought to compare individual-level mental models of competitive structures. Using a repertory grid procedure (Kelly, 1955), Reger (1990) found considerable variation in terms of the personal constructs elicited from managers from different banks within the Chicago area. However, Reger and Huff (1993) re-analysing the same dataset noted considerable agreement in terms of the research participants' categories of competitors. Thus, it would appear that individuals might hold somewhat different construct systems, yet share common category structures at the level of the industry. In contrast to the Reger and Huff study that compared managers' mental models across rival firms, the later study focused primarily on the nature and extent of cognitive consensus and diversity within particular organisations. Nevertheless, their focus on individual managers allows comparisons with the findings of the Reger (1990) and Reger and Huff (1993) studies. The use of the taxonomic interview approach also allowed comparisons with the findings of the industry-level aggregate studies of Porac et al. (1987, 1989).

Daniels, Johnson and de Chernatony (2002) argue that the competitive, or task environment, may encourage divergence of management cognition between organisations, management functions and amongst senior managers, and that the institutional environment may encourage cognitive convergence at the level of the industry, the strategic group and within institutionalised practices linked to management functions and level. They suggest that the institutional environment is influenced by the convergence of middle managers’ mental models across specific industries and that there is also some influence of the task environment through cognitive differences across organisations. It has been found that greater differentiation exists amongst senior managers' mental models than amongst those of middle-managers.

Study	Results of study	Limitations/scope for further research
Gripsund and Gronhaug (1985)	Managers view and focus on only a sub-set of all their competitors – the most direct competitors	The research is based on a very peculiar industry and territory and fails to ask why managers focus on the sub-set of competitors that they do.
Porac, Thomas and Baden-Fuller (1989)	Managers actions are based on their interpretations of environmental cues, resulting in firms within competitive groups enacting their tactics in similar ways	The study included research on the interpretation of competitors and suggested ways in which mental models of competitors are linked to competitive actions. Further research is needed regarding this link.
Reger (1990)	The study found significant differences in managers' personal constructs	The study uses the Chicago financial services industry, which was going through change. Further research could be carried out to contrast stable and dynamic industries
Reger and Huff (1993)	The Reger study carried out in 1990 was re-analysed and considerable agreement in the categorisation of competitors between respondents was found	The article focuses on a manager's comprehensions of competitors in strategic groups. The dataset is drawn from a very specific set of respondents (managers of financial institutions in Chicago during a period of deregulation) and is, therefore, biased
Porac and Thomas (1994)	The article comprises two studies and they suggest managers' select few, very similar organisations as competitive referents and that these selections are structured not only by cognitive taxonomies but also by geographic proximity. Respondents didn't view market and technological factors as mutually exclusive in categorising competitors	The focus of the two studies is on the respondents as a collective rather than on individuals, which may limit the results. While these, and other studies too, shed light on how managers' construe their competitors, there is little research on how these mental models are applied in practice and how they influence the decisions managers make with regard to competing within their industries or strategic groups.

Study	Results of study	Limitations/scope for further research
Hodgkinson and Johnson (1994)	The study revealed that there is considerable variation in the contents and structural complexity of the cognitive taxonomies of individual managers, both within and between organisations in the same industry sector, as well as considerable intra-organisational agreement regarding the categorisation of competitors	The article uses the individual manager as its unit of analysis, as opposed focusing at the aggregate level, particularly at the industry level, as prior research had done. The study, as with other studies carried out around the same time, focuses on how managers construe the market positions of their brands or products relative to competitors, rather than their decision making processes they follow in developing competitive strategies.
Daniels, Johnson and de Chernatony (2002)	The article suggests that the task environment encourages divergence in the cognitions of senior managers between organisations and that the institutional environment encourages cognitive convergence at the level of the industry and the strategic group at functional management level	This study highlights the complexity of management cognition in the context of competitive strategy insofar as it addresses cognitive divergence and convergence, across different management levels and in the institutional and the task environments. Further research could be carried out exploring other useful metrics, such geographic locations, different industries and the developmental stages of the industries or strategic groups in which firms' operate.

Table 8: Managers' cognitive categorisations of competitors

In the case of subjective rivalry, Porac and Thomas (1994) argue that the relevant cognitive taxonomies consist of categories of perceived organisations varying from the abstract to the specific. Each category is cognitively represented by a category label and a set of attributes that describes the essential features of members' firms. Defining a business essentially entails matching a firm's characteristics to a category feature list and then using this match as a reference point around which competitive boundaries are cognitively constructed. The table above provides a summary of the various studies conducted regarding managers' mental models in the context of competitors.

Summarising the results of the literature that has been reviewed, it is clear that managers focus on a comparatively narrow set of competitors, comprised of those they perceive to be most similar to their own companies. It would also appear that individuals might hold somewhat different construct systems, yet share common category structures at the level of the industry. Furthermore, it appears that there is divergence between the mental models of senior managers, which results from the task environment and their objectives of differentiating their products and brands through competitive strategy, yet cognitive convergence exists at the functional management level, where managers are influenced by the institutional environment and motivated by conformity with industry standards and processes.

Every study reviewed was based on a narrow and very specific dataset. The studies either took the managers surveyed at an aggregate level as the unit of analysis or took managers as individuals as the unit of analysis. While all studies pointed to managers construing their competitors within the parameters of strategic groups, carrying out research on a wider and more diverse group of respondents could further shape our knowledge in terms of the divergence or convergence of managers' construct systems, category structures, as well as the influence of the task and institutional environments on managers' mental models and how they make decisions in the context of competitive strategy. Further analysis on a wider and more diverse group would be particularly interesting in terms of the following dichotomies:

1. Stable versus dynamic environments
2. Nascent versus mature industries
3. Senior managers versus middle managers

The literature reviewed, apart from the Daniels, Johnson and de Chernatony (2002) study to some extent, is silent on how the mental models are used. In other words, how they inform managers' decisions and decision-making processes in the context of competitive strategy. It would be interesting to establish links between how managers construe their competitive environments and how they use this to make decisions regarding competitive actions.

Influences on managers' frames of reference

Subjective judgments are a major component in the process of strategic planning (Porac and Thomas, 1994). According to Wissema et al (1980), managerial characteristics such as creativity and intuitive-irrational thinking are important, and are being increasingly recognised in the literature of strategic management. Jankowitz (2001) concurs and adds that many occupations require people to draw on their experience to make decisions based on subjective judgment, as opposed to the rational deductive chain of logic, due to either gaps and/or an overload of information as well as time and cost constraints. Therefore, the ways in which managers analyse and make sense of their environments (Weick, 1995), perceive and categorise their competitors (Porac and Thomas, 1990) and take decisions about competitive strategies (Simons and Thompson, 1998) have real implications when attempting to understand, contextualise and explain competitive landscapes.

Theory and empirical research suggest that managerial interpretation is linked to experience (Reger and Huff 1993, Fiske and Taylor 1984, Prahalad and Bettis 1986, Simon 1957). Hodgkinson and Johnson (1994) argue that the diversity of managers' frames of reference influences their perceptions of competition and how their brands or products are positioned in the market. It also suggests that the diversity of frames of reference goes still wider than the organisation or industry level and that there is increasing evidence that national culture affects managers' interpretations and responses to strategic issues (Hodgkinson and Johnson, 1994; Calori et al., 1992; Schneider and de Meyer, 1991). Hofstede (1980) suggests that managers' frames of reference influence their perceived control of the environment and strategic behaviour. There are, of course, and inevitably, also factors within the organisation that influence managers' mental models. At the level of functional groups, for example, there are functionally specific belief systems and perceptions of issues (Dearborn and Simon, 1958; Handy, 1985). Whitley (1987) argued that managers' views of the world are shaped, at least in part, by their career backgrounds.

Study	Influences on managers' frames of reference	Scope for further research
Dearborn and Simon (1958)	Functions within organisations influence managers' frames of reference	How do different functional backgrounds impact on competitive mental models and the formulation of competitive strategy?
Hofstede (1980)	Managers' frames of reference influence their perceived control of the environment and strategic behaviour	What impact does greater perceived control of the strategic environment have on the efficacy of managers' strategic decision making processes and the decisions they make?
Whitley (1987)	Career backgrounds influence managers' frames of reference	Further research into the effects that different career backgrounds have on the decisions managers make and their implications for the formulation of competitive actions.
Hodgkinson and Johnson (1994)	Managers frames of reference are influenced by their experiences, national culture is a strong influencer, and their frames of reference are, as a result, broader than organisational or industry level ones	Are managers more adept at making strategic decisions in their home markets, where they have strong frames of reference, or can exposure to different national cultures act as an advantage? How do managers' frames of reference at the individual level compare with organisation-wide or industry-level frames of reference at the aggregate level?

Table 9: Influences on managers' frames of reference

Any manager or group of managers draws on a series of frames of reference to make sense of their world. There is a continual interplay between the individual, the context in which he or she operates, the frames of reference related to these contexts, and the political and social processes at work (Hodgkinson and Johnson, 1994).

While it cannot be disputed that experience, in a wide variety of different areas, has an influence on managers' frames of reference in the context of how they construe competitors and make strategic decisions, further research is needed to establish exactly how experiences influence frames of reference and how experience can be used to improve the strategic decisions made and the competitive actions take.

Shared intra-industry management cognitions

Though essentially an individual-level concept, cognitive frameworks are influenced by the interactions individuals have with others (Bogner and Barr, 2000). As interactions occur among a number of different individuals within a given social grouping, the commonly shared ideas begin to take on an existence of their own, independent of the individuals that created them, and frameworks that exists at supra-individual levels begin to emerge (Wiley 1988). These "shared belief systems" make coordinated activity possible by providing a common framework for observing and interpreting new stimuli and for coordinating appropriate action (Kelly 1955).

Individuals in a specific industry interact with each other. They go to the same conferences and exhibitions, they read the same industry literature and they recruit staff from the same labour pool (Reger and Huff, 1993). They share the same suppliers in their value chain activities and observe what competitors do through benchmarking (Porac et al., 1989). As a result, shared beliefs about competitive challenges and opportunities are created through the cross-fertilisation of such interaction. Potentially, this may lead to the adoption of similar ideas and practices and thus may hinder differentiation.

Over time, individuals within the firm share experiences and knowledge with one another, and a base of common knowledge and 'views of the world' begin to form (Bogner and Barr, 2000). In organisation literature, these firm-level frameworks have been referred to as organisational myths (Hedberg and Jonsson, 1977). These arguments have found empirical support in the works of Spender (1989), Porac, Thomas and Baden-Fuller (1989), Reger and Huff (1993).

Cheng and Chang (2010) examine the performance implications of cognitive complexity in cognitive strategic groups. The concept of cognitive strategic groups, utilising managerial cognition of competition, gains prominence to explain performance differences among competing firms at the group level analysis, since managerial cognition of competition influences organisational strategic actions and subsequent performance (Cheng & Chang, 2010; Andrews, 1971; Hodgkinson, 1997;

Osborne et al., 2001). Given the cognitive limitation of individual's information processing capability, top managers need to focus their attention on some selective dimensions since they are unable to comprehensively evaluate all variables relevant to a decision (Cheng & Chang, 2010; Hambrick and Abrahamson, 1995; Calori, Johnson, and Sarnin, 1994; Garg et al., 2003). Managers construct simplified mental models to make decisions (Cheng & Chang, 2010; March and Simon, 1958).

In their article, 'Intra-industry shared cognitions and organizational competitiveness', Bloodgood, Turnley and Bauerschmidt (2007) explore the concept of shared mental models within cognitive groups and the influence that shared cognitions have on individual decision-making. Firstly, the article examines how being a part of a specific cognitive group in an industry influences general managers' perceptions of the importance of certain organisational activities.

Although general managers are often responsible for determining their organisation's strategy, the structure of the industry also plays an important role because it influences perceptions regarding which activities are most likely to influence organisational success (Porac, Thomas and Baden-Fuller 1989). Specifically, the study examines how membership in a specific sub-group of an industry influences individual general managers' perceptions of two critical organisational activities, namely; innovation and customer service. Secondly, and most importantly, the article examines the impact that deviating from a shared mental model can have on an organisation's competitiveness within its industry.

Especially in relatively stable environments, it is expected that conforming to widely shared beliefs will have a positive impact on an organisation's competitiveness. In contrast, deviating from the shared mental model that has developed over time is likely to negatively impact organisational performance. This research examines whether having a general manager who holds discrepant beliefs (either higher or lower) regarding the importance of innovation and customer service, negatively impacts their plant's competitiveness. This paper attempts to highlight the important role that shared mental models have on organisational performance.

Porac, Thomas and Baden-Fuller (1989) state that managerial actions are based upon an information processing sequence in which individuals attend to cues in the environment, interpret the meaning of such cues and then externalise these interpretations via concrete activities. Porac, Thomas and Baden-Fuller (1989) suggest that consensual recognition is a defining feature of such primary competitive groups and that firms which define each other as rivals enact their competitive tactics in similar ways.

Bogner and Barr (2000) provide a hierarchical cognitive framework in which mental models of individuals within the firm contribute to firm level frameworks that, in turn, create industry-level competitive frameworks or recipes. It is these interactions at the industry and firm levels that perpetuate competitive behaviour patterns in times of perceived industry stability (Porac, Thomas and Baden-Fuller 1989). These cognitive frameworks represent portfolio ‘maps’ that managers use to understand the environment in which their organisations operate. These interactions, coupled with prolonged and significant disruption in cognitive frameworks that result from significant environmental upheaval, that Bogner & Barr (2000) argue leads to changes in sense-making behaviour that, in turn, perpetuates hypercompetition.

Bogner’s & Barr’s central argument is that the distinctive market conditions that persist in hypercompetitive environments are directly tied to the demands that such markets place on managerial sense-making. They argue that a strong, though certainly not conclusive, tie exists between managerial thinking, company actions, and competition (Walsh 1995). Managers in non-hypercompetitive environments are able to base both their own actions and their interpretations of others' actions on a cognitive framework that includes beliefs shared within the companies, as well as beliefs shared among firms.

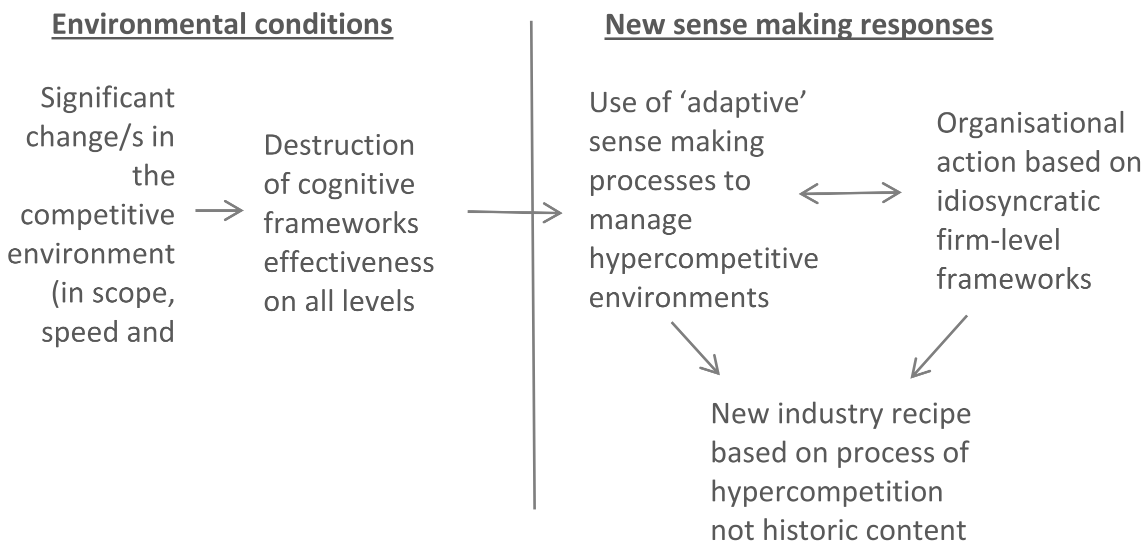

Figure 4: Sense-making in Hypercompetitive Environments

Bogner & Barr (2000) suggest that while cognitive frameworks are likely to remain rooted in some generalised understanding of product, technology and firm identity, many of the traditional constructs managers use to anchor beliefs about the industry (input factors, buyer preferences, identity of rivals, substitutes, potential entrants and relevant resource accumulation) are no longer helpful markers on the cognitive maps used by managers to guide firms through the competitive environment.

The construction of cognitive groups allows managers to estimate the effects of environmental changes on sets of organisations within an industry, instead of having to estimate the effects on all companies individually (Porac, Thomas and Baden-Fuller 1989). Firms that produce similar products or provide similar services are often similarly affected by the conditions to which they are exposed (Tallman et al., 2004). Prevailing wage rates, raw material availability and shifting customer demands are examples of environmental conditions that similarly impact organisations within a cognitive group. These conditions can possess both limiting and enabling characteristics that can affect the direction of change for the organisation (Bloodgood and Morrow, 2003). Managers are attuned to how companies within their cognitive group compete with one another and are likely to use competitive analysis to help them better understand and predict these organisations' actions (Porter, 1980). This is because the actions of these firms are likely to strongly influence the competitiveness of the focal organisation.

All the studies reviewed confirm the existence of shared mental models. The table below summarises the findings of each study and their views with regard to shared mental models.

Study	Results of study	Limitations/further research
Kelly (1955)	Shared belief systems enable coordinated activity by providing a common framework	The focus of this study was to analyse the industrial inspection by the method of paired comparisons. In the context of competitive strategy, the study could be built on by asking what the implications of common cognitive frameworks are in understanding competitive environments and in formulating competitive strategies
Wiley (1988)	Supra-individual level frameworks emerge as interactions take place among different individuals within a given social grouping and the commonly shared ideas begin to take on an existence of their own, independent of the individuals that created them	The study provides a good foundation for the study of supra-individual level frameworks but is silent on how they are applied and how they affect strategy setting or performance at the organisational- or strategic-group levels

Study	Results of study	Limitations/further research
Porac et al. (1989).	Shared mental models are the result of firms within strategic groups sharing the same suppliers in their value chain activities and observing what their direct competitors do through benchmarking exercises. They postulate that managers sequence the decision-making that precedes their actions by firstly scanning the external environment and then taking their cues from competitors before acting.	The dataset used is limited and the conclusions of such a study would be well served through validation with other similar studies using disparate datasets. Further research could include the effects on firm performance of being part of a strategic group and sharing mental models with other firms in the strategic group. The process of sequencing decision-making before acting that is offered is interesting but requires further research and confirmation and more detail.
Porac, Thomas and Baden-Fuller (1989)	Managers simplify their competitive environments by categorising their competitors and defining their own business in terms of the label they use to define the cognitive category in which their business is placed. They used the term 'cognitive oligopolies' to refer to the tendency	The theory of cognitive oligopolies found in this study could be explored and validated using a border and more diverse dataset and questions concerning the impact that this theory has on firms within the industry and both inside and outside the cognitive oligopolies, in terms of performance as well as other measures, could be asked.
Reger & Huff (1993)	Strategists organise and make sense of their competitive environments by grouping competitors into strategic groups. This is the result of attending the same conferences and exhibitions, reading the same industry literature and they recruit employees from the same pool	What does this mean, in terms of strategy formulation, the competitive actions that these firms take against other within the strategic group and with those outside the strategic group and, ultimately, how does it affect their performance. I would be particularly interested in the effect strategic groups have on the attitudes of managers towards other firms within the group.
Porac and Thomas (1994)	Managers tend to place their firms in the same category as similar firms, especially if they are larger or more typical of that category	Further research could be carried out regarding managers' mental alignments of their firms with those that are larger and more typical of the categories in which they place their firms.

Study	Results of study	Limitations/further research
Bogner and Barr (2000).	Individuals within organisations share experiences and knowledge with each other and this leads to firm-level cognitive frameworks, which leads to shared industry frameworks. This leads to actions that appear to be coordinated in stable environments. Prolonged environmental upheaval results in these frameworks being disrupted and prolonged disruption results in hypercompetitive environments.	The article makes some interesting points about the factors that cause and perpetuate hypercompetitive environments. These theories have been tested but the empirical evidence provided is territory and industry specific. It is also not clear how 'stable' and 'hypercompetitive' environments are defined and delineated. It would be interesting to test the causality between the degree of shared cognitions in the context of competitive frameworks and the intensity of rivalry within industries.
Bloodgood and Morrow, (2003)	The study suggests that factors such as wage rates, raw material availability and shifting customer demands impact organisations within a cognitive group and these conditions possess both limiting and enabling characteristics that can affect the direction of change for the organisation	The logical question to ask and scope for further research lies in which factors are limiting and which factors are enabling in terms of "direction of change of the organisation" and, in the context of this research", on the formulation of competitive strategy and on competitive actions.
Cheng & Chang (2010	Managers tend to focus their attention on selective and similar dimensions, which leads to cognitive strategic groups, which influences organisational strategic actions and subsequent performance	The article is vague in explaining the influence of cognitive strategic groups on the subsequent performance of the firms within the group. I'd like to know how being part of a cognitive strategic group affect the strategic decision making of managers and their competitive actions.

Table 9: Shared intra-industry management cognitions

The structure of competitive groups partly emerges from the strategies of individual firms (Porac, Thomas & Baden-Fuller, 1989). Conversely, the strategies of individual firms, both realised and intended, reflect the nature of the broader competitive environment. This non-independence means that a complete understanding of competition will be possible only when the reciprocal links between firm-level strategies and group-level structures are uncovered. Strategic groups are part of the way strategists organise and make sense of their competitive environments (Reger & Huff 1993). Porter (1980) defined a strategic group as a group of firms in the same industry making similar decisions in key areas. As managers within an industry interact with common suppliers, customers and others, and as they face similar situations over time, their individual cognitive structures become more similar and their shared mental models become a part of a socially reinforced view of the environment (Berger and Luckman, 1967).

It is clear that shared mental models exist and that cognitive oligopolies pervade industry. Further research could be carried out to test and validate these theories across greater and more diverse sets of respondents and to establish differences in shared mental models in different environments, such as stable versus dynamic ones. The overarching questions that are spawned from the review of this literature in the context of shared intra-industry management cognitions include how shared mental models affect organisational activities such as the formulation of strategy and the execution of strategy and what affect they have on firm performance. It would be interesting to understand what the correlation between the complexity of mental models and firm performance is.

Automatic versus controlled processing

Bogner & Barr (2000) suggest that as industries move toward hypercompetition, the cognitive frameworks that managers had used to make sense of and act within their industry are significantly compromised. To act effectively under such circumstances, and to build new understandings of the environment, managers must engage in "adaptive" sense making processes. They propose that the very sense-making actions that managers undertake to build new frameworks can result in industry-level beliefs that perpetuate competitive turbulence and, in effect, institutionalise hypercompetition.

Schneider and Shiffrin (1977) observed two qualitatively distinct processing modes in their study, being ‘Automatic’ and ’Controlled’. Automatic processing is described as unintentional, involuntary, effortless, autonomous and occurring outside of awareness (Reger and Palmer 1996, Bargh 1989, Johnson and Hasher 1987, Kahneman and Treisman 1984, Logan and Cowan 1984, Uleman 1989). In contrast, controlled processing is described as flexible, within an individual’s intentional control, effortful, active, constrained by short-term attentional resources and motivated or strategic (Reger and Palmer 1996, Atkinson & Shiffrin 1968, Bargh 1989, Logan, 1980, Neely 1977, Uleman 1989). Uleman (1989) formulated an expanding continuum of multiple, fuzzy and overlapping cognitive processing modes that form a progression from absolutely automatic to unconditionally controlled.

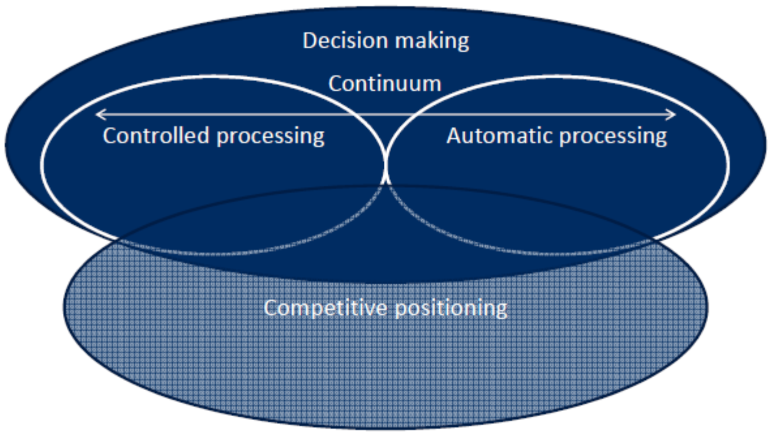

Figure 5: Controlled processing versus automatic processing in the context of competitive positioning

Reger and Palmer (1996) examined the differences between automatic and controlled processing by executives in an increasingly dynamic industry. First of all they explored the differences in ways strategists categorise competitors in a cross-sectional field study conducted during a period of significant environmental upheaval and found that managers relied on cognitive maps that reflected obsolete industry boundaries rather than configurations representative of the deregulated market. Secondly, managerial competitive schemas of competitive positioning were compared across three research projects conducted in the financial intermediary industry. The results indicate that change creates diversity of thought between managers in the same environment. Managers at competing firms therefore tend to view competition quite differently in turbulent environments.

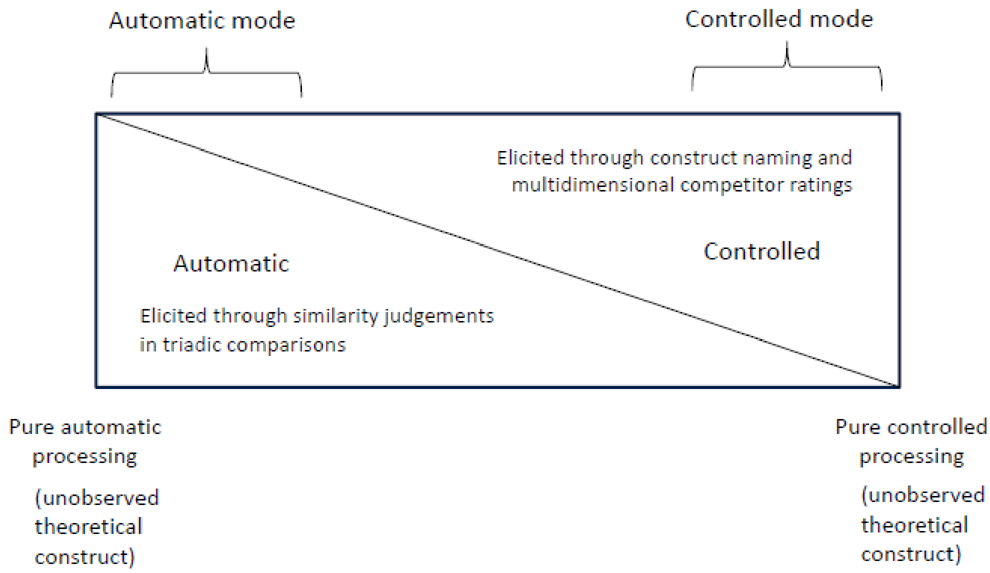

Figure 6: A continuum of cognitive mode processing (Reger & Palmer, 1996)

As situational uniqueness increases, accurate interpretation becomes more difficult and, in unfamiliar environments, automatic category assignments based on outdated maps are likely to result in erroneous action, as automatic judgments are made without reflection (Reger and Palmer 1996, Fiske 1989). Reger & Palmer (1996) found that managers' cognitive maps, on a collective basis, became less consensual as the environment became more turbulent. However, the mean number of constructs per individual increased only slightly and not significantly (Reger and Palmer 1996, Reger & Huff, 1993). Many strategic decisions are made under stress and time pressure and, despite sophisticated planning and decision support systems aimed at coercing executives into controlled processing, automatic cognitive processing may be the dominant mode in strategic issue diagnosis (Reger and Palmer 1996, Dutton 1993) and strategic decision making (Reger & Palmer 1996, Louis & Sutton 1991).

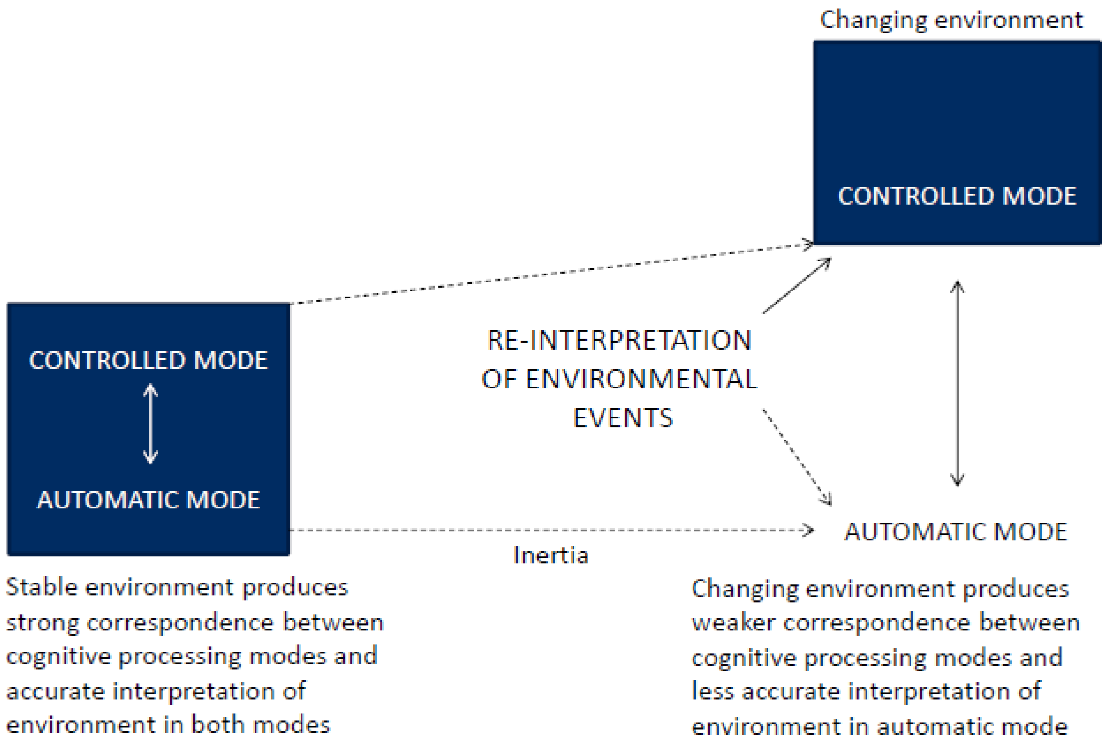

Figure 7: Cognitive interpretation in stable and changing environments (Reger & Palmer, 1996)

When environments are relatively stable for long periods of time, reinforcement of well-learned, ready-made categories occur (Reger and Palmer 1996, Dutton 1993). This results in a strong convergence between automatic and controlled schemas. Automatic and controlled mental models are expected to remain similar until the environment changes substantially enough to render them obsolete (Reger and Palmer 1996).

Study	Results of study	Limitations/further research
Schneider and Shiffrin (1977)	Two qualitatively distinct processing modes, being 'Automatic' and 'Controlled' were observed. Automatic processing is unintentional, autonomous and occurring outside of awareness. Controlled processing is within an individual's intentional control, effortful and active.	While the study provided a very useful dichotomy between automatic and controlled processing, it fell short analysing the implications the two processing modes had on mental models and decision making processes in practice.
Reger and Palmer (1996)	In turbulent environments managers rely on cognitive maps that reflect obsolete industry boundaries rather than configurations representative of the evolving market and changes in managerial competitive schemas create diversity of thought between managers in the same environment- managers at competing firms therefore tend to view competition quite differently in turbulent environments. The study also found that when environments are relatively stable for long periods of time, reinforcement of well-learned, ready-made categories occurs and results in convergence between automatic and controlled schemas	The study is based on a very specific dataset, executives of financial intermediaries in Chicago in a time of market turbulence, and it would be interesting to apply the same analysis to broader and more diverse datasets, for example other territories with divergent cultural norms. It would also be interesting to carry out research on the implications of the two processing modes on firm and strategic group performance.
Bogner and Barr (2000)	As industries move toward hypercompetition, the cognitive frameworks that managers had used to make sense of and act within their industry are compromised. The study suggests that the very sense making actions that managers undertake to build new frameworks can result in industry-level beliefs that perpetuate competitive turbulence and hypercompetition becomes ingrained as the norm.	It would be interesting to study the impact that the 'new frameworks' and the resultant hypercompetitive environments has on management decision making and on the competitive actions that managers take. It would also be interesting to ascertain what effect they have on firm performance and the performance of strategic groups as a collective.

Table 10: Automatic versus controlled processing

From the literature reviewed, it is clear that two modes of mental processing exist - automatic and controlled, and that, in times of market turbulence, managers have a tendency to revert to the mode of automatic processing. It would be interesting to understand variances in this construct that occur due to environmental peculiarities, such as those related to national cultures. It would also be interesting to gain a better understanding of its consequences for management decision-making, company performance and the performance of strategic groups that are exposed to turbulent market environments and stable market environments.

Functional biases in the perception of competitive strategy

Walsh (1988) notes that there are two ways in which managers process information:

1. Bottom-up, data driven
2. Top-down, based on experience in similar circumstance

Dearborn and Simon (1958) asked managers to categories problems in a study and found that functional experience influenced the perception of problems in the business. Walsh's (1988) study showed managers to have a more generalist view to problems in their organisations but also showed there to be functional biases in the perception of problems and the sources of information and the methods to understand the problems.

Bowman and Daniels (1995) make reference to a study carried out by Nystrom in 1991 in which respondents were asked to rate how important competitive methods derived from Porter's work are to their company's overall strategy, and concluded that there is functional bias. Bowman's and Daniels (1995) study on the influence of functional experience on perceptions of strategic priorities concludes that when managers are asked to reflect on their own company's situations, there is evidence of functional bias in the perceptions of priorities derived from generic competitive strategies.

The results of the Walsh (1988) study and the reworking of the Dearborn and Simon (1958) study suggest that when managers are faced with an unfamiliar case situation, and where they are also engaged in programmes designed to develop a general management perspective, they tend to perceive problems or issues as disconnected to their functional backgrounds.

Study	Evidence of functional bias (yes/no)	Concluding remarks
Dearborn & Simon (1958)	Yes	Functional experience influenced the managers' perception of problems
Walsh (1988)	Yes	Managers have a more generalist view of their businesses than the Dearborn and Simon (1958) study indicated but also showed there to be functional bias
Nystrom (1991)	Yes	Based on competitive methods derived from Porter, respondents confirmed functional bias
Bowman & Daniels (1995)	Yes	When managers are asked to reflect their firms' situations, there is evidence of functional bias

Table 11: Functional biases in the perception of competitive strategy

As pointed out by Bowman and Daniels (1995), it would be interesting to know whether functional bias in the context of perceived strategic priorities is a problem or a source of competitive advantage. Furthermore, it is likely that it is a source of competitive advantage in certain circumstances but is undesirable in others. It would be interesting to know when it is a source of competitive advantage and when it is undesirable.

Does deviating from industry norms result in lower profits?

There are only limited investigations into the reasons behind performance differences among intra-industry firms. Cool and Schendel's (1988) research suggests that intra-industry performance may result, at least in part, from strict conformity to shared mental models. Specifically, the research found that a plant manager's close conformity to the perceptions generally held by other members of the cognitive group is likely to result in higher plant performance. In this regard, top managers face a paradox – conform to institutional perceptions by being similar to competitors to gain legitimacy or seek competitive advantage by being different to competitors. Especially in stable industries, there may be an advantage associated with conforming to industry norms.

The results of the Bloodgood, Turnley and Bauerschmidt (2007) study suggest that cognitive groups influence managers' perceptions of the importance of specific organisational activities and, therefore, can influence strategic change. Facing a common environment influences the type of shared mental model that develops among managers within industry subgroups. Specifically, this research suggests that deviations from shared cognitions within industry groups can negatively impact firm performance, while conformity to shared cognitions can positively impact it.

The existence of standardised products and processes within the industry may increase the advantage of engaging in accepted organisational behaviour (Spender, 1989). Moreover, managers in these industries may have well-established mental models that provide a blueprint for organisational success. This idea is somewhat similar to the ideal profile model proffered by Gresov and Drazin (1997). They suggested that firms that deviate from the ideal pattern of design can suffer lower performance through inefficient or ineffective firm behaviour. Deephouse (1999) found that high levels of strategic similarity were associated with higher levels of performance than were low levels of strategic similarity.

Study	Conclusion regarding the effects on performance resulting from divergence from the norms of the strategic group	Does divergence from strategic norms compromise performance according to this study?
Gresov and Drazin (1997)	Efficiency and efficacy has been optimised in the structures and processes adopted by the strategic group. Deviating from them results in compromised performance	Yes
Deephouse (1999)	High levels of strategic similarity are associated with higher levels of performance than low levels of strategic similarity	Yes
Porac (1989)	The access to specific resources is more easily achieved by strategic groups than by singular firms and, as a result, accessing the same resources as competitors in the strategic group improves performance	Yes
Baum and Korn (1996)	Managers can be reluctant to take actions that appear to be in their organisations' best interest because they induce retaliatory actions from their competitors	Not necessarily
Bloodgood, Turnley and Bauerschmidt (2007)	Cognitive groups influence managers' perceptions of the importance of specific organisational activities and, therefore, can influence strategic change. Deviations from shared cognitions within industry groups can negatively impact firm performance, while conformity to shared cognitions can positively impact it.	Yes

Table 12: Does deviating from industry norms result in lower profits?

Porac et al. (1989) suggest that much of a firm's performance can be tied to its ability to access resource niches. This access is afforded through a degree of similarity to other firms that are accessing the same resource niches. Managers are sometimes reluctant to take actions that appear to be in their organisation's best interest for fear of inducing retaliatory actions from their competitors (Baum and Korn, 1996). All of these factors can lead to the emergence of group-level rationality and a similarity of understanding that is shared by members of the cognitive group (Porac et al., 1989). In such cases, managers within cognitive groups are likely to interpret events using a common frame of reference and to respond similarly to environmental stimuli. Within industry subgroups, shared cognitions are likely to influence the way that plant managers interpret and respond to environmental stimuli (Hodgkinson, 2003).

All the literature that has been reviewed indicates that the phenomenon of compromised performance as a result of deviations from the strategic group norms is more applicable to stable industries than it is to dynamic ones. Further research will need to be carried out to substantiate this assertion.

Competitive Intelligence

Petriso and Strain (2013) define competitive intelligence as an instrument to improve competitiveness that contributes to the continuous improvement of the quality of products, services and solutions offered by the company. They state that the need for intelligence arose due to the decision-making process, which involves the development of different courses of action.

Systematic competitor scanning is core to gathering competitive intelligence. This involves noticing and interpreting competitive stimuli through the monitoring of market variables. In order to sustain a competitive advantage, companies must respond promptly to changes in customer preferences, competitor strategies and technological advancements (Qui 2008). Shoemaker and Day (2009) provide a framework for gathering competitive intelligence that encompasses three steps, namely:

1. Scanning
2. Sense-making
3. Probing and acting

Constantineau (1995) suggests that those involved in gathering competitive intelligence that provoke discussions with decision makers have more input and are more highly valued. He also suggests that making competitive intelligence information relevant to the company's situation and to its strategic initiatives, going beyond simply reporting the facts, synthesizing seemingly disparate sources of data and representing the findings in an inviting and compelling manner will provide a mechanism for increasing action-ability. Lastly, he suggests that developing alternative scenarios of likely outcomes also tends to elicit reaction.

Study	Results of studies	Implications for competitive intelligence in competitive strategy in practice
Constantineau (1995)	The article suggests that the application of competitive intelligence would be more effective if those collecting the intelligence engaged in discussions with decision makers, made the information more widely available and if they developed alternative scenarios of likely outcomes to elicit reaction.	The methods of integrating competitive intelligence with the competitive strategy formulation process could be explored and the results of the study could be used to improve the link between competitive intelligence and competitive strategy formulation
Qui (2008)	The article asserts that companies can sustain a competitive advantage by responding promptly to changes in customer preferences, competitor strategies and technological advancements, which are noticed through the monitoring of market variables	If the link between competitive intelligence gathering and competitive strategy formulation could be made as dynamic as possible, according to the study, the outcomes of competitive strategy would be improved
Shoemaker and Day (2009)	A three-step framework for gathering competitive intelligence is provided that encompasses scanning, sense-making, probing and acting	The efficacy of competitive intelligence gathering could be improved through the application of a formulaic process
Petriso and Strain (2013)	Competitive intelligence is defined as an instrument that arose due to the decision-making process, which involves the development of different courses of action and that contributes to the continuous improvement of the quality of products, services and solutions offered by the company	News methods of engaging with organisational stakeholders can improve the efficacy of competitive intelligence gathering, as well as the type and the quality of information that is gathered and made available to the organisation

Table 13: Competitive Intelligence

In Qui's (2008), Petriso's and Strains (2013) and Shoemaker's and Day's (2009) research, the link between competitive intelligence and their use as inputs or triggers for competitive actions is not clear. In other words, their studies are vague in explaining how managers can transform the results of competitive intelligence into actions. Constantineau (1995) offers some suggestions regarding the integration of competitive intelligence with decision-making processes, although they are nothing more than suggestions based on practical ideas, rather than concrete steps that can be taken and that have been validated using an empirical study. The scope for further research lies in the application of competitive intelligence in the formulation and execution of competitive strategy and the outcomes that different methods of competitive intelligence may have in the context of firm performance.

The alignment of strategy and performance management

González, Calderón and González (2012) examine the alignment of managers' mental models with the strategy map provided by the balanced scorecard developed by Kaplan and Norton (1992). The research focuses on how managers construe competitive advantage. The authors use the cognitive maps technique and their unit of analysis is managers of a printing firm. Cognitive maps are used to analyse a situation or problem, the interviewees' most important concepts or ideas relating to the situation are elicited and the cause and effect relationships are then plotted, connected and established (Eden, Ackermann, & Cropper, 1992). González, Calderón and González (2012) then use the distance ratio method to analyse managers' different perceptions of the firm's resources and capabilities in the context of the balanced scorecard ('BSC'). One of the problems related to the use of the BSC approach is that biases might be introduced by the active participation of the interviewer, and during the process of entering the concepts into the computer program. To avoid any such bias, the authors used the repertory grid technique (Kelly, 1955) to elicit concepts from the respondents.

The González, Calderón and González (2012) study shows that individual manager's mental models are strongly correlated with the mental models associated with the strategy map. Thus, the balanced scorecard's strategy map can be used as a reference point for the convergence of mental models. González, Calderón and González (2012) conclude that implementing the balanced scorecard strategy map can help reduce managers' causal ambiguity with regard to the objectives they need to pursue in order to improve a firm's competitive position.

Causal ambiguity (King & Zeithaml, 2001) describes managers' misunderstanding of the competencies that are directly or indirectly associated with a firm's improved results. Managers' causal ambiguity of competencies refers to their perceived ambiguity when attempting to determine the relationships between their firm's competencies and competitive advantage. The better the managers' understanding of the systems related to the contribution and generation of organisational competencies, the lower the causal ambiguity. In the resource-based view literature, the majority of studies of the concept of causal ambiguity view it as a precursor to the generation and maintenance of competitive advantage. Causal ambiguity therefore is a concept that describes the managers' cognitive limitations about how a given resource may generate a competence and, in turn, improves the firm's performance (King & Zeithaml, 2001; King, 2007; Lippman & Rumelt, 1982).

The intermediate goal of the BSC is to shape the mental models of the firm's managers (Capelo & Ferreira, 2009) and it could therefore be used as a tool to avoid causal ambiguity. Another outcome of the BSC should be a better understanding of the internal and external sources of competitive advantage by helping the managers' mental models to converge, which would facilitate and accelerate an understanding of the causal links between the essential components of the firm's strategy (Capelo & Ferreira, 2009).

McNamara et al. (2002) hypothesised that there is an inverse U-shape relationship between the degrees of cognitive complexity of strategic groups and performance. They tested the hypothesis by empirically investigating the curvilinear relationship between cognitive complexity and performance using the data from banks in three U.S. cities. They use three variables to measure the complexity:

1. The number of strategies identified by the managers
2. The number of competitors categorised by the managers
3. The size of groups identified by top managers

In their study, they find a positive relationship between the last two complexity variables and a negative relationship between the first one. Furthermore, they do not find an inverse U-shape relationship between complexity and performance with the first two measures of complexity.

Study	Results of studies	Implications for performance management in competitive strategy
McNamara et al. (2002)	The study suggests that there is an inverse relationship between the cognitive complexity of strategic groups and performance. The tests carried out as part of this study revealed that there is a negative relationship between the number of strategies identified by the managers and the performance of the strategic group and a positive relationship between the number of competitors categorised by the managers, as well as the size of groups identified by top managers, and performance of the strategic group.	The findings of this study support the assertion that a simpler strategy yields better results, particularly with regard to the firms' performance. It would be useful to test this using a broader and more diverse set of firms.

Study	Results of studies	Implications for performance management in competitive strategy
King & Zeithaml (2001)	The better the managers' understanding of the systems related to the contribution and generation of organisational competencies, the lower the causal ambiguity. Therefore, lower causal ambiguity in managers' cognitions can improve the firm's performance.	The study's dataset is limited and the assertions made about the effects of managers' understanding of the systems related to the contribution and generation of organisational competencies on performance should probably be based on a broader and more diverse dataset.
Capelo & Ferreira (2009)	The intermediate goal of the Balanced Score Card (BSC) is to shape the mental models of the firm's managers and it could be used to better understand the internal and external sources of competitive advantage by helping the managers' mental models to converge, which would facilitate and accelerate an understanding of the causal links between the essential components of the firm's strategy	This and the other studies reviewed point to the BSC acting as a unifier of managers' mental models. Assuming the validity of this assertion, the BSC could be used to accelerate the unification of truisms and mental models related to the firm's competitive position, its competitive environment and its competitive strategy.
The González, Calderón and González (2012)	The study shows that individual manager's mental models are strongly correlated with the mental models associated with the strategy map and suggest that the BSCs strategy map can, therefore, be used as a reference point for the convergence of mental models. The study concludes that the BSC strategy map can help reduce managers' causal ambiguity with regard to the objectives they need to pursue in order to improve a firm's competitive position.	The use of the BSC and its strategy map in particular can play an important role in helping managers properly interpret unified firm-wide strategy and can, therefore, reduce casual ambiguity. It would be interesting to what effects the use of the BSC and, more specifically, its strategy map ultimately has on the performance of firms.

Table 14: The alignment of strategy and performance management

The overarching assertion made in the literature reviewed is that the BSC reduces casual ambiguity, integrates managers' mental models and leads to improved performance. While further research using a broader and more diverse set of firms and managers is needed to substantiate these assertions, we can take note of them and they can be used to accelerate the formulation and implementation of strategy in an integrated manner across the firm.

Strategy as an iterative process

Feurer and Chahrbaghi (1995) assert that traditional approaches to strategy formulation tend to analyse the environment in order to identify an ideal position but that in a dynamic environment such an approach will fail as the environment is constantly evolving. They postulate that strategy formulation should therefore be regarded as a continuous learning process. Feurer and Chahrbaghi (1995) claim that, despite the large amount of research carried out to date, little guidance is provided on how to translate organisational learning into the formulation of business strategies and that, therefore, a need exists to establish that a relationship exists between strategy formulation and the process of organisational learning and to determine how organisations can improve their learning potential in this regard. The study provides a framework which distinguishes operational learning, learning how to perform, and conceptual learning, learning why to perform, from a third dimension, which relates to goal learning, learning what wants and needs to satisfy.

Feurer's and Chahrbaghi's (1995) study asserts that gaps exist between organisations' knowledge and their strategic positions and concludes that it is difficult to formulate strategies through a process of conception using a mechanistic approach. Therefore, strategy formulation should be regarded as a process of continuous learning which includes learning about the organisations goals, the effect of possible actions towards these goals and how to implement these actions. They argue that the speed and the quality of implementation of strategies will be influenced by the organisations cognitive and behavioural learning capabilities.

Sull (2007) proposes the use of a strategy loop in which strategy can be revised on a regular basis. The need to revise strategy regularly is predicated on changing internal and external circumstances and is all the more important in dynamic markets.

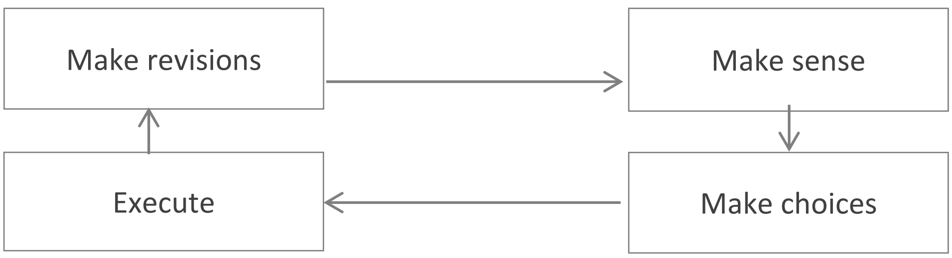

Figure 8: Sull's (2007) strategy loop diagram

Mintzberg and Lampel (1999) contend that strategy evolves, not passively but creatively, and so unpredictably, simply because organisations seek to be unique. The ingenuity of those who practice strategy should, therefore, constantly surprise those who study it. Chandler (1962) observed that there is a cycle of innovation in strategy, comprised of spurts of innovation followed by imitation and consolidation. Mintzberg and Lampel (1999) make a number of observations in their study regarding the formation of business strategy, including:

- New kinds of strategies emerge from collaborative contacts between organisations and firms cannot avoid learning and borrowing when they trade and work together
- The evolution of strategy is also pushed along by competition and confrontation
- New strategies are often a recasting of the old
- Strategy is pushed along by the sheer creativity of managers, because they explore new ways of doing things

Study	Results of studies	Implications for the strategy loop in competitive strategy
Chandler (1962)	There is a cycle of innovation in strategy, comprising spurts of innovation followed by imitation and consolidation. Strategy is iterative and requires change or revisions as the firm or the industry moves through the innovation cycle.	It would be interesting to know what effect the different phases of the cycle of innovation have on the formulation or competitive strategy and on competitive actions and how strategies are updated or can be updated to respond to moves through the cycle of innovation.
Mintzberg and Lampel (1999)	Strategy evolves creatively and, therefore, unpredictably because organisations seek to be unique. The study's principal finding is that the processes proposed by different schools of strategic management can all be used in the formulation of a single strategy and all have different and unique contributions to make in the formulation of that strategy. Furthermore, it proposes that these different schools work to form a complete loop in the strategy formulation and implementation process.	This study relates to the outcomes of the studies concerned with strategic groups and the debate over the benefits and the problems associated with divergence from a strategic group. It would be interesting to know more about how the evolution of strategy in the context of this study relates to the results of the 'strategic groups' studies

Study	Results of studies	Implications for the strategy loop in competitive strategy
Feurer and Chahrbaghi (1995)	In dynamic market environments, the traditional approach to strategy formulation of establishing an ideal competitive position by analysing the environment will fail and strategy formulation should, therefore, be regarded as a continuous learning process. The study asserts that a need exists to establish a relationship between strategy formulation and the process of organisational learning and that strategy formulation should be regarded as a process of continuous learning which includes learning about the organisations goals, the effect of possible actions towards these goals and how to implement these actions.	The competitive strategy formulation and implementation processes of firms and strategic groups operating in dynamic market environments versus those operating in stable market environments could be studied and contrasted. The links between the different forms of organisational learning and the formulation of competitive strategy could be studied with the aim of developing a better understanding of how they relate to each other and what impact these relationships have on firm performance.
Sull (2007)	The study suggests that strategy is subject to changing internal and external circumstances, especially in dynamic markets and must, therefore, be update regularly and whenever a change in the internal or external environment is experienced	Further research could be carried out in relation to the efficacy of different approaches to strategy formulation and implementation between stable and dynamic markets

Table 15: Strategy as an iterative process

The formulation and execution of strategy is subject to environmental factors that require revaluation and adjustment. To this extent, strategy and the implementation of strategy cannot be regarded as a static set of processes but, rather, need to be updated in response to constantly changing markets and other internal and external factors. It would be interesting to know more about the influence that the tacit knowledge within the organisation and within strategic groups has on the formulation and the periodic revision of strategic plans. It would also be interesting to know how the stability or dynamism of markets affects the efficacy of different approaches to strategy formulation and implementation, as well as how strategy can be updated or revised to respond to changes in the phase of the innovation cycle that the firm or industry is in.

Discussion

Summarising the results of the literature that has been reviewed:

- Managers focus on a comparatively narrow set of competitors, which represent a sub-set of all their competitors. This leads to the emergence of cognitive oligopolies and shared mental models between managers
- Divergence exists in the cognitions of senior managers between organisations, while cognitive convergence exists at the level of the industry and the strategic group at functional management level
- Personal backgrounds and experiences shape managers' mental models and decision making processes
- Two modes of mental processing exist, namely automatic and controlled, and managers tend to revert to automatic processing in turbulent markets and controlled processing in stable markets
- Prolonged environmental upheaval results in shared industry frameworks being disrupted and prolonged disruption results in hypercompetitive environments
- High levels of strategic similarity are associated with higher levels of performance than low levels of strategic similarity. This is partly because efficiency and efficacy have been optimised in the structures and processes adopted by the strategic group and deviating from them results in compromised performance. It is also because strategic groups than by singular firms more easily achieve accessing specific resources and, therefore, accessing the same resources as competitors in the strategic group improves performance.
- Managers' often avoid deviating from the conventions set by strategic groups for fear of rivalry from other firms in the strategic group
- Because industries and markets are dynamic, strategy development and execution needs to be an iterative process informed by changes in market conditions; in the competitive environment; and in the use of competitive intelligence. The tight integration of the gathering and application of competitive intelligence within organisations can lead to more effective competitive strategies and improved decision making in the context of competitive actions

While the literature reviewed is split into key themes that were identified as discreet topics in this SLR, these themes and the focus of the research undertaken in the literature can be viewed as components of a single process, namely competitive strategy. This process encompasses competitive intelligence, competitive strategy formulation and competitive strategy execution. Managers' interpretations of their competitive positions can be regarded as a snap shot in time, rather than being part of a process. The term competitive positioning can mean a process or a set of actions, as the term 'positioning' is, after all, a verb.

Articles, including Sanchez and Heene (1997) and Mintzberg and Lampel (1999), sought to integrate different approaches to strategy formulation, different phases in the strategy formulation and execution process, as well as cognitive and material processes related to strategy. These articles take the approach of integrating existing theories, tools and techniques, rather than taking a 'clean slate' approach by researching how strategy is actually formulated and executed in practice. Many of the gaps identified in this SLR could be addressed through such a study.

Gap in knowledge and scope for further research

A great deal of research has been carried out in the fields of competitive strategy and competitive positioning and managers' cognitions in this regard, but very little research has been undertaken in relation to individual competitive actions. Furthermore, the extant literature deals extensively with managers' interpretations of their competitive environments but little work has been carried out in relation to how managers respond to these interpretations and, specifically, the competitive actions they formulate and execute as a result.

The various studies on managers' mental maps of their competitive environments reviewed are limited to specific industries and territories. For example, the study carried out by Daniels, Johnson, de Chernatony (2002) is limited the personal financial services industry and a relatively stable one, as well as being limited to the United Kingdom. Future research could be undertaken across a broader set of industries, territories and markets to provide a more holistic view. Furthermore, future research could be undertaken into competitive strategy in stable industries versus dynamic industries and nascent industries versus mature industries, as well as fragmented industries versus oligopolies or industries with just a few dominant players.

While much research has been undertaken into the link between shared inter-organisational mental maps of competitors and strategic groups, it would be interesting to know if the link is causal. In other words, we do know that managers across organisations within strategic groups share mental maps of their competitive environments, but we don't yet know whether the emergence of these strategic groups is the result of shared mental models amongst managers or if the development of strategic groups has a causal relationship with managers' mental maps of their competitive environments.

Based on this SLR, it is also apparent that further research could be undertaken into how the cognitive and the material categorisations of competitive positions, both current and desired, intersect. Sanchez and Heene (1997) sought to integrate several strategic management theories provided by researchers with the logic employed by managers and attempted to develop all the theories used with other researchers. Further research that is based on what actually happens in practice, in other words how managers integrate mental maps and processes with material processes and tools, would be useful.

The literature reviewed often focused on one aspect of the complete strategy formulation and implementation process, while very few studies sought to integrate competitive intelligence, managers' mental maps of their competitive landscapes, the formulation of competitive strategy and the execution of competitive actions. It would be interesting to know more about the links between competitive intelligence, competitive strategy, the trigger of competitive actions and the execution of competitive actions and to how the complete strategy process, or loop, functions in practice on a holistic basis.

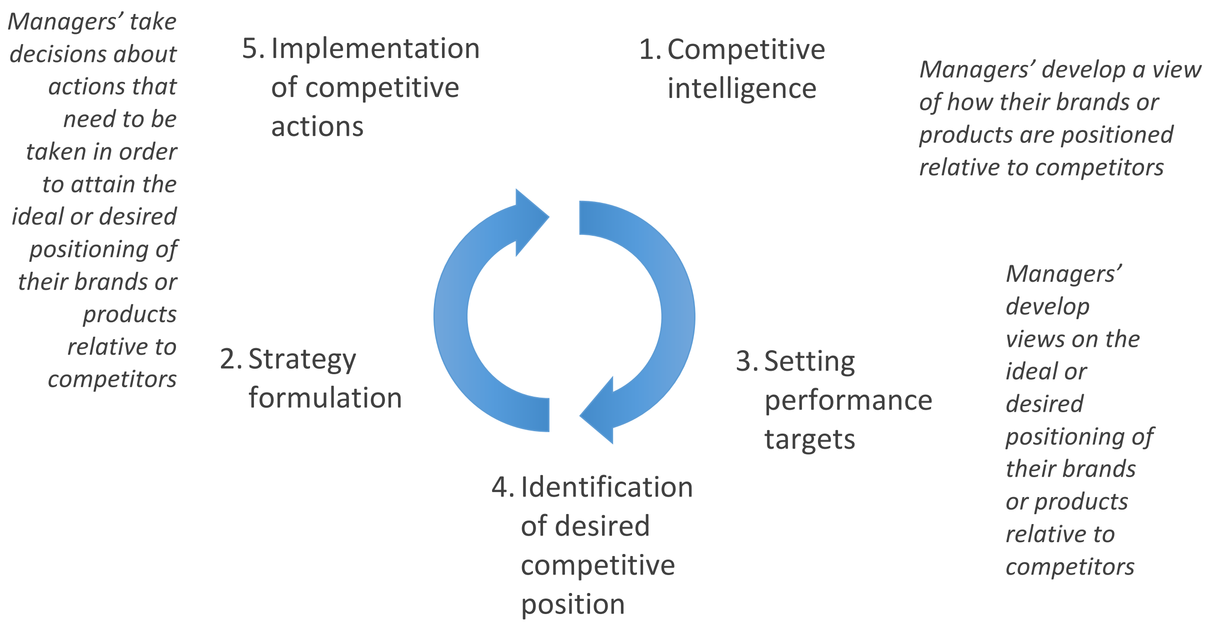

Figure 9: Competitive strategy cycle

For the purpose of projects P2 and P3, and in order to apply a structure to them, the starting point of the competitive strategy cycle will be assumed to be an overall view of the competitive landscape. This is followed by the development of views of where brands or products should be positioned relative to those of competitors. The end point will be the decisions that managers make about actions that need to be taken to attain their ideal or desired competitive positions and what informs these decisions and how they are arrived at.

It would be very interesting to understand what outcomes the theories offered in the literature reviewed have on firm performance. For example, is firm performance compromised by automatic mental processing and, if so, how and to what extent. Also, if different aspects of the entire strategy process, or the strategy loop, were more tightly integrated and the process was made to be more responsive to changing internal and external environmental factors, what effect would this have on firm performance? As asked by Bowman and Daniels (1995), could functional bias, in the context of perceived strategic priorities, be a problem or a source of competitive advantage and under what circumstances.

Most of the research carried out in the fields of management cognition in the context of competitive strategy is limited to the perception of competitors and it would be useful to use the same research approach to address the process models of strategy development and strategic decision-making. Cognitive-based studies of management should be able to increase our understanding of strategic decision-making processes by showing how managers' mental models influence organisational and group action.

Project 2 Proposal

The objective of the proposed research for P2 was to better understand how managers construe the competitive actions they take. The research sought to identify and explore how managers interpret their competitive environments and how they formulate and execute competitive actions, as well as the links and the chain of causality between their interpretations of their competitive environments and the formulation of competitive actions. Therefore, the research question for P2 is:

How do managers construe the competitive actions they take?

In response to the findings of P1, the gaps in the extant literature, as well as the four propositions set out on page 24. Specifically, 26 competitive actions were recorded and through a series of semi-structured interviews with managers, in which questions were asked and discussions were stimulated in relation to the gaps identified, and the propositions developed in P1.

The proposed approach for P2 involved using the CIMO framework to understand the cognitions and the processes that led managers to take certain competitive actions. The interviews were used to understand the following elements related to a wide variety of different competitive actions:

- Context
- Intervention
- Mechanism
- Objective

Based on this approach, the unit of analysis of Project 2 was the competitive action. Each action was analysed through a process of constructing CIMO maps for each interview and considering supporting material, such as business plans, research, internal memorandums and notes taken by managers.

Data related to 26 different competitive actions were collected, analysed and mapped. Before starting P2 in earnest with all participants, the approach was validated using a single participant to verify its efficacy and to verify that it can be successfully deployed in practice. A participant that I have a good relationship with and that I've known for some time was used.

Limitations and reflections

A systematic approach that involved using key words was used to identify the relevant extant literature in P1. The literature that was identified was then subjected to several filtering processes that reduced the search results to 91 relevant articles, of which 10 core articles became the focused of this study. The key limitation to this approach is that it doesn't include 'branching' or 'snowball' sampling but, rather, focuses on the search string results. Consequently, literature that might have been relevant to the study but that didn't contain any of the words included in the search strings would have been missed.

Another limitation to the approach that was used to identify relevant literature is based on a snapshot of the literature extant at the time of conducting the search. Therefore, the literature published during the remainder of the DBA study would have been ignored.

As a partial counter-balance to the two limitations identified above, some branching was used. Specifically, some of the literature not included in the search results but that was referenced in literature identified through the search was also included. Recommendations by the panel members and other members of my cohort were also considered and, where applicable, included.

In reflection, the literature that was used in the DBA study belongs to wide array of different fields and disciplines, sometimes with limited applicability to the study. With hindsight, the selection of literature, and the process employed to identify possible literature to use, would have included branching and would have focused more on the propositions that were researched in P2 and the guide that was developed in P3. The body of literature used would have also been updated before P2 and before P3 were embarked upon to include articles that were published subsequent to the SLR.

Project 2: Qualitative research

Introduction

The research aim of this DBA study was to establish what managers actually think and do in formulating and executing competitive actions and the inputs they use in this regard. This encompasses a study of both their cognitions and the material processes they employ in formulating and executing competitive actions. The scope of the research is limited to senior managers' cognitions in relation to the competitive actions they take to position their firms relative to their competitors in the context of marketing actions involving price, brand and product attributes in order to optimise their profits. This is a practical study involving a number of senior managers who are responsible for the formulation and execution of competitive actions at companies across a number of different industries. The overarching research question for the research is:

How do managers construe the competitive actions they take?

In the context of the research question, construe includes the antecedents to competitive actions. Specifically, it has the following meanings:

- How managers view their competitive environments and categorise their competitors
- How they formulate actions to compete more effectively
- Their cognitions in relation to competitive actions and the inputs that inform these actions

In relation to this study, competitive positioning refers to the way in which managers map their rivals' competitive positions and their own brands' or products' relative prices and benefits. Competitive action refers to specific actions that managers' plan and take with the objective of competing more effectively. This includes, inter-alia, actions to change the price or the benefits associated with their brands or products. The research is not concerned with actions that managers take to streamline their operations, to procure inputs more economically or any other actions they take to become more profitable, and that are related to the operations of the business rather than the prices and benefits associated with their products and brands. Specifically, the actions have been classified into a number of broad categories, namely:

- Product re-pricing
- The development or launch of a new product
- The update or repackaging of an existing product or service offering
- The development and execution of a marketing campaign
- The development and execution of a market segmentation campaign in which different prices or benefits are targeted at different segments of the market
- Corporate actions in which a business is acquired for competitive purposes

The CIMO[3] framework (Denyer et al., 2008) were used to structure the interviews, insofar as the framework guided the data being sought and, therefore, the questions that were asked. The framework was also used to map the data gathered in a logical and easily understandable format. An example of the CIMO-based coding system is provided in Appendix 15 (see page 237).

The research is broken into three projects, namely Project 1 (‘P1’), which was a Systematic Literature Review, Project 2 (‘P2’), which is comprised of field research to understand what happens in practice and is the subject of this protocol, and Project 3 (P3), which will be undertaken subsequent to this research and will include the development of a framework to improve the formulation and execution of competitive strategy in practice. The end goal is to understand what the implications are for practice based on the overarching review question. The figure below depicts a high-level process flow chart for the research.

P1 – Systematic literature review

The Systematic review of literature was concerned with managers’ cognitions in respect of competitive positioning and competitive strategy. Predefined search strings were used, 91 relevant articles were identified and analysed, of which 10 core articles were used as the basis for the P2 research.

↓

P2 – Qualitative research

- Semi-structured interviews will be used to identify a number of competitive actions (‘actions’) carried out at different companies
- In interviewing senior managers at the participating companies, the identified actions were mapped using the CIMO framework. The context, interventions, mechanisms and objectives will be mapped using simple process flow charts to establish how managers’ construe their competitive actions

↓

P3 – Framework & technique development

P3 will focus on the development of a framework for improving the formulation and execution of competitive strategy in practice

Figure 1: Study process flow

[3] Context, Intervention, Mechanism, Objective

The review panel

The review panel comprises Professors Mark Jenkins and Cliff Bowman and Dr Palie Smart. Dr Emma Parry is the Systematic Review specialist. The table below includes an overview of the panel and their respective roles.

Panel member	Title/organisation	Role
Professor Cliff Bowman	Professor of Strategic Management at the School of Management, Cranfield University	Panel Chair and domain expert
Professor Mark Jenkins	Professor of Business Strategy at the School of Management, Cranfield University	Supervisor
Dr Palie Smart	PhD Programme Director and Reader in Innovation Management and Corporate Sustainability at the School of Management, Cranfield University	Panel member
Dr Emma Parry	Director of the International Executive Doctorate (DBA) programme at the School of Management, Cranfield University. Her research focuses on the impact of context on human resource management.	Systematic review specialist

Table 1: Review panel

Relevant appendices

The table below lists the appendices to this study that are relevant to P1.

No.	Title	Description	Pages
8	Previous consulting assignments & businesses	A list of previous consulting assignment and businesses that I've been involved in and that are relevant to this DBA study	185
12	CIMO Maps	A unique CIMO map for each of the 26 competitive actions that were recorded and analysed.	201 - 227
13	Internal & external factors relevant to competitive actions	A table that lists the external and internal environmental factors associated with the manager/s and company of each competitive actions.	228 - 239
14	Points to be covered in the semi-structured interviews	A checklist of factors that were captured and questions that were asked when carrying out interviews with each of the managers	240 - 242

No.	Title	Description	Pages
15	Example of CIMO-based coding system	An example of how a single interview and CIMO map was coded. The forth competitive action was used for the example.	243 - 247
16	Example of a manager interview	The complete transcript of a single interview carried out with a manager. The forth competitive action was used for the example.	248 - 254

Table 2: Relevant appendices

Background

This study was preceded by a Systematic Literature Review (SLR), in which gaps in the existing literature were identified. While many academics have offered theories on how managers can effectively formulate and execute competitive actions, little has been done to understand what actually happens in practice or to understand the gap between theory and practice. The SLR also served to better understand the field and to develop a foundation for this project. The focus of the SLR was on the role of decision-makers when evaluating competitive dynamics and their cognitions. Cognitive scientists suggest that how individuals make sense of, and act, within their environments is tied to their cognitive frameworks or mental models (Fiske and Taylor, 1991). Cognitions are developed over time and through experience, vicarious learning, and direct communication from others (i.e. teaching) (Fiske and Taylor 1991). The development of these frameworks is path-dependent; as individuals interact with their environments and build cognitive frameworks, they use those frameworks to make sense of future interactions. The SLR's research question was:

What are managers' cognitions in respect of competitive positioning and competitive actions?

The field of management cognition in the context of competitive positioning and competitive actions is broad. The literature reviewed covered a wide variety of different topics and made a broad and diverse set of assertions. Whilst reviewing the literature, notes were taken regarding themes, key findings, limitations and suggestions for further research. A total of 31 themes were identified, which were then collated and distilled into a number of key themes. These key themes were:

1. Managers' cognitive categorisations of competitors
2. Influences on managers' frames of reference
3. Shared intra-industry management cognitions
4. Automatic versus controlled processing
5. Functional biases in the perception of competitive strategy
6. Does deviating from industry norms result in lower profits?
7. Competitive intelligence

8. The alignment of strategy and performance management
9. Strategy as an iterative process

Summarising the results of the literature that has been reviewed:

- Managers focus on a comparatively narrow set of competitors, which represent a sub-set of all their competitors. This leads to the emergence of cognitive oligopolies and shared mental models between managers
- Divergence exists in the cognitions of senior managers between organisations, while cognitive convergence exists at the level of the industry and the strategic group at functional management level
- Personal backgrounds and experiences shape managers' mental models and cognitive processes
- Two modes of cognitive processing exist, namely automatic and controlled, and managers tend to revert to automatic processing in turbulent markets and controlled processing in stable markets
- Prolonged environmental upheaval results in shared industry frameworks being disrupted and prolonged disruption results in hypercompetitive environments
- In the context of strategic groups (Porter, 1980), high levels of strategic similarity are associated with higher levels of performance, than do low levels of strategic similarity. This is partly because efficiency and efficacy have been optimised in the structures and processes adopted by the strategic group and deviating from them results in compromised performance. This is attributable to strategic groups being able to access specific resources more easily than singular firms and, therefore, accessing the same resources as competitors in the strategic group improves performance.
- Managers' often avoid deviating from the conventions set by strategic groups for fear of rivalry from other firms in the strategic group
- Because industries and markets are dynamic, the formulation and execution of competitive actions needs to be an iterative process informed by changes in market conditions and the competitive environment
- The use of competitive intelligence and the tight integration between intelligence-gathering and the application of the intelligence within organisations can lead to more effective competitive actions

Although the literature reviewed was split into key themes that were identified as discreet topics, these themes can be viewed as components of a single process, namely the competitive action process. This process encompasses competitive intelligence, competitive action formulation and competitive action execution. Managers' interpretations of their competitive positions can be regarded as a snapshot in time, rather than being part of a process. However, the term 'competitive positioning' can mean a process or a set of actions, as the term 'positioning' is, after all, descriptive.

Articles, including Sanchez and Heene (1997) and Mintzberg and Lampel (1999), sought to integrate different approaches to the formulation of competitive actions, different phases in the formulation and execution process, as well as cognitive and material processes related to competitive actions. These articles have taken the approach of integrating existing theories, tools and techniques, rather than taking a 'clean slate' approach by researching how competitive actions are actually formulated and executed in practice.

The various studies reviewed concerning managers' mental maps of their competitive environments are limited to specific industries and territories. For example, the study carried out by Daniels, Johnson, de Chernatony (2002) is limited to the personal financial services industry, which is a relatively stable one, as well as being limited to the United Kingdom. A gap exists in the knowledge of competitive actions across all or various industries, territories and markets and across different sizes and types of companies, as well as differences in the formulation and execution of competitive actions between them. Further research could also be undertaken into competitive actions in stable industries versus dynamic industries, and into nascent industries versus mature industries. Lastly, further research could be taken into competitive actions in fragmented industries versus oligopolies or industries with just a few dominant players.

Based on this SLR, it is apparent that further research could be undertaken into how the cognitive and the material categorisations of competitive positions, both current and desired, intersect. Sanchez and Heene (1997) sought to integrate several strategic management theories provided by researchers with the logic employed by managers. However, the theories used in the study were limited to those developed by Sanchez in collaboration with other researchers. Further research that is based on what actually happens in practice, in other words how managers integrate their mental maps and cognitive processes with material processes and tools, would be useful.

The literature reviewed often focused on one aspect of the complete action formulation and implementation process, but very few studies sought to integrate competitive intelligence, managers' mental maps of their competitive landscapes and the formulation and execution of competitive actions.

Aim of the research

The aim of P2 is to address the gaps identified in the SLR. Firstly, the links between competitive intelligence, competitive actions, the trigger and the execution of competitive actions and to how the complete process, or loop, functions in practice will be investigated.

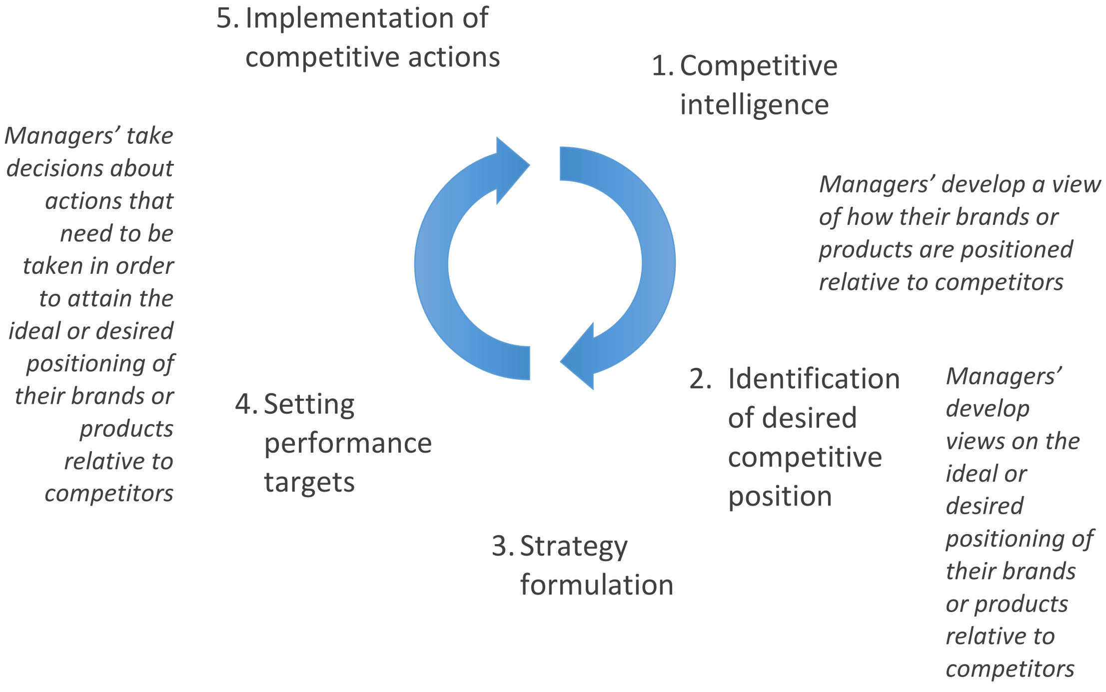

Figure 2: Competitive action cycle

Most of the prior research carried out in the field of management cognition and in the context of competitive actions is limited to the perception of competitors and one of the aims of this study has been to understand the process models of the formulation and execution of competitive actions. This was a cognitive-based study that also considered material inputs and tools that are used to support the competitive action process. The aim of the study was to increase our understanding of the cognitive and material processes associated with competitive actions that managers take.

In order to obtain a broad understanding of the competitive action process that is as generalisable as possible, the P2 research covered a number of different industries, territories, company sizes and industry maturity levels.

Research objective

The objective of the P2 research was to understand managers' cognitions in the context of competitive actions. The research sought to identify and explore the links and the chain of causality between managers' interpretations of their competitive environments and the formulation and execution of actions they took as a result. For example, how well integrated are managers' mental maps of their competitors with the actions they formulate and execute and how consistent are managers' plans with the competitive actions they take? The research question for P2 is:

How do managers formulate and execute the competitive actions they take and what inputs are used?

The focus of the research was on understanding what happens in practice, as there is a lot of literature that prescribes processes for formulating and executing competitive actions but there is little or no real evidence that these processes are used in practice or, indeed, of what practitioners actually do in this regard. The objective was to get a broad understanding of what practitioners do across different industry sectors, territories and different types of competitive actions in order for the results of the research to be as generalisable as possible and to enable comparisons to be made between the various managers that were interviewed. With this in mind, competitive actions from a variety of industries and territories, taken by companies of varying sizes and for different reasons, were sought.

Four propositions were developed based on the outcome of Project 1 (P1), the SLR, which were explored as part of P2. The findings in this regard are included in the 'Analysis & Discourse' section of this document and are summarised in the 'Conclusions' section.

Research design

An interpretive epistemology was applied to understand the phenomena being researched. The epistemological stance on interpretive approaches is that knowledge of reality is gained only through social construction such as language, shared meanings, tools, documents etc. (Walsham, 1993). This epistemological approach is well suited to the research because there are no predefined dependent or independent variables. Instead, the research focused on the complexity of human sense making as the research participants' competitive environments emerge. The interpretive approach is inductive and concerned with discovering and interpreting social patterns (Chen and Hirschheim, 2004).

The approach to carrying out research for this project started with the identification of specific actions. Working backwards to understand their cognitions and the processes they followed to take these actions, managers were interviewed using semi-structured interviews. Based on this premise, the unit of analysis of the project was the competitive action and each action was analysed through a process of interviews with the relevant managers, as well as by considering supporting material, such as business plans, research, and notes taken by them. The information gathered was pieced together and maps based on the CIMO framework describing the context, interventions, mechanisms and objectives were produced. These maps are provided in appendix 12.

The aim of the study was to produce between 20 and 30 maps for different actions. A copy of the questions covered in the semi-structured interviews is included in appendix 14.

Research population

Because the research compared the approaches managers take in formulating and executing competitive actions, and to produce a study that is as generalisable as possible, it was important that the respondents were not concentrated around particular industry sectors, territories, company sizes, industry structures or the maturity of the industries they operated in. To achieve this, participants were drawn from different industries, territories and different types and sized of organisations. The study sought to cover between 20 and 30 different competitive actions and involve between 10 and 15 managers.

The study population comprised managers that either make or influence decisions that lead to competitive actions. To this end, managers that were interviewed were involved in either collecting market intelligence, or formulating or executing of competitive actions. Preference was given to managers that were either involved in all three of these aspects in order to obtain a holistic perspective regarding how competitive actions are formulated and executed in practice.

Recruitment of participants

A two-pronged approach was followed in order to identify and recruit appropriate research participants:

1. Through the consulting assignments I've worked on in the past I've built up a long list of senior executives that are involved in the formulation and execution of the competitive actions that their respective organisations take. I approached a number of them and some of them agreed to participate in my research. One of them participated in the pilot project
2. Cranfield University has been used as a resource for the recruitment of suitable research participants. Specifically, the Centre for Customised Executive Development ('CCED') and the current DBA cohorts were approached and several past and present CCED and DBA students were interviewed.

Eligibility criteria

While the study focused on the senior and the top management teams of companies, the practical consideration was whether of not they were involved in the formulation and the execution of competitive actions. In order words, for the purpose of this study, I was only interested in interviewing managers involved in aspects of the cognitions and processes that lead to a competitive action or competitive actions.

Inclusion criteria

Any manager that is involved in any aspect of the cognitions and the processes that lead to a competitive action or competitive actions at his or her organisation was eligible for inclusion in the research.

Exclusion criteria

1. Any manager who was not directly involved in any aspect of the cognitions and the processes that lead to competitive actions
2. Any manager who was not aware of who his or her direct competitors are or was not aware of competitive actions that their organisation has taken
3. A manager at an organisation that does not actively formulate competitive actions
4. Should the research population have become too concentrated around managers who operate in a particular industry sector, territory, type of industry structure or industry maturity profile or from company of a certain size range, then managers who would have further concentrated the population would have been excluded.

Research Outcomes

The primary outcome of the research was an understanding of how competitive actions are formulated and executed in practice. It was confirmed that perceptions of environmental uncertainty and organisational control influence managers' behaviour. As national culture influences these perceptions we expect to find cultural differences in interpretation and response to strategic issues (Schneider and De Meyer, 1991). Secondary outcomes include understanding the influences that managers' environments and backgrounds have on their formulation and execution of competitive actions. An example of an interview with a manager is provided in appendix 16.

Another secondary outcome is an understanding of how managers' use tools and techniques to support the formulation and execution of competitive actions. Consistent with Rigby's (2001) 'Management Tools and Techniques' study, a log was kept of the tools and techniques used by the research participants. P2 was succeeded by P3, in which the results of P2 were used to produce a guide to assist managers in the formulation of competitive actions.

Research procedure

The table below depicts the research procedure that was followed.

Step	Description
1	**Identify and recruit suitable participants** Managers were located using both my personal network of contacts and through the contact networks of the Cranfield CCED and the current Cranfield DBA cohorts. The participants were all managers involved in the formulation and execution of competitive actions within their respective organisations.
2	**Identify specific competitive actions** Each participant was asked to identify at least one specific competitive action ('action') to be included in the research. A review of participants' organisation's websites and documentation related to the action allowed for the triangulation of the interview findings.
3	**Establish environmental factors and factors concerning participating** managers' backgrounds Specific factors regarding the company and the environment related to the action, as well as specific factors related to the participating managers backgrounds, were gathered before their cognitions and the processes that led to the action were established.
4	**Interview participating managers** In most cases, the interviews were voice-recorded and extensive notes were always taken. Additionally, respondents were asked for documentation that supported the formulation and the execution of the competitive action.
5	**Transcribe, code and analyse interviews and the associated material** The interviews were transcribed and then coded. To add more depth to the information gathered in the interviews, the associated material, such as business plans, advertising briefs and advertising material was collated and analysed.
6	**Produce 'CIMO' maps** The coded interviews, as well as other information, were used to produce 'CIMO' maps
7	**Analyse 'CIMO' maps in response to the two propositions** The maps were analysed in response to the two propositions, namely that: 1. The formulation and execution of competitive actions is environment-dependent 2. The formulation and execution of competitive actions is influenced by the relevant managers' backgrounds
8	Compare and contrast 'CIMO' maps The maps were compared and contrasted in order to identify anomalies and differences in managers' approaches to the formulation and execution of competitive actions and to draw conclusions in this regard.

Table 3: Research procedure

The type of company and the environment it operates in was noted at the start of each interview, as were the managers' backgrounds. Specifically, the following attributes were noted and used to categorise each competitive action in relation to the first proposition.

- Industry sector
- Territory (region or sub-continent) where the competitive action was formulated and where it was executed
- Size of company, defined in terms of the number of employees
- The structure of the managers' organisations
- The structure of the industry in which the manager's organisations operates
- The maturity of the industry in which each manager's organisations operates
- The rate of change and the rate of innovation in the industry in which the managers' organisation operates

Regarding the background of the manager being interviewed, the following factors were ascertained in order to deal with the second proposition:

- Nationality and cultural background
- Education
- Age
- Current and previous function/s within the company
- Exposure to, and training in the use of, specific tools and techniques for formulating and executing competitive strategy

Pilot study

Before starting P2 in earnest with all participants, the approach was validated using a single participant to verify its efficacy and to verify that it can be successfully deployed across all participants and their respective organisations. Specifically, a participant that I have a good relationship with and that I've known for some time was used and the following points were addressed:

1. The method of identifying actions
2. The process of starting with an action and working backwards to determine management cognitions and the processes that informed particular competitive actions
3. The interviewing process, with particular attention to questioning techniques, the way in which the manager responds to specific questions and their general mood when using a recording device, as opposed to not using one
4. The types of supporting material that should be sought, such as business plans, e-mail communications and managers' notes, and how they could be used

Analysis

The focus of P3 was to analyse and make sense of the insights and the information gathered in the SLR (P1) and from the interviews (P2) with the objective of developing a framework for improving the formulation and execution of competitive actions in practice. Therefore, the analysis carried out as part of P2 has been relatively limited. The CIMO maps of 26 actions from a wide variety of different environments produced as part of P2 were used for analytical purposes.

The CIMO framework (Denyer et al., 2008) was used to synthesise and organise the data collected from the interviews. They were synthesised using a combination of:

- Quotations from the interviewees
- Information obtained from supporting documentation and sources such as company websites, advertising briefs and advertising material
- The interviewers own interpretations and analysis of the interviews

The CIMO model was developed with the objective of providing a framework for formulating review questions in management and organisation studies, taking into account why and how relationships occur and under which circumstances. The CIMO model comprises four inter-related questions, namely:

- C – Context. Which individuals, relationships, institutional settings or wider systems are being studied?
- I – Intervention. The effects of what event, action or activity are being studied?
- M – Mechanisms. What are the mechanisms that explain the relationship between interventions and outcomes? Under what circumstances are these mechanisms activated or not activated?
- O – Outcomes. What are the effects of the intervention? How will the outcomes be measured? What are the intended and unintended effects?

In the context of P2, the CIMO framework has been applied in the following manner:

1. C – The stimulus relates to the context of the competitive action. Of course, environmental factors also define the context in which the competitive action is formulated and these are covered in the ‘Context’ section of this guide.
2. I - Intervention describes what managers think and do to formulate mechanisms that will yield the desired outcomes, or objectives, to the action. As stated above, the interventions analysed as part of P2 were usually initiated with a clear set of outcomes, or an outcome, in mind.
3. M - Mechanisms relate to the action that was taken to produce the outcome, or set of outcomes. Consistent with the CIMO model, the mechanism explains the relationship between the interaction and the outcomes.

4. O - Outcomes relate to either the objective or objectives that the manager had before embarking on the intervention and the actual outcome or outcomes that were realised as a result of the competitive action.

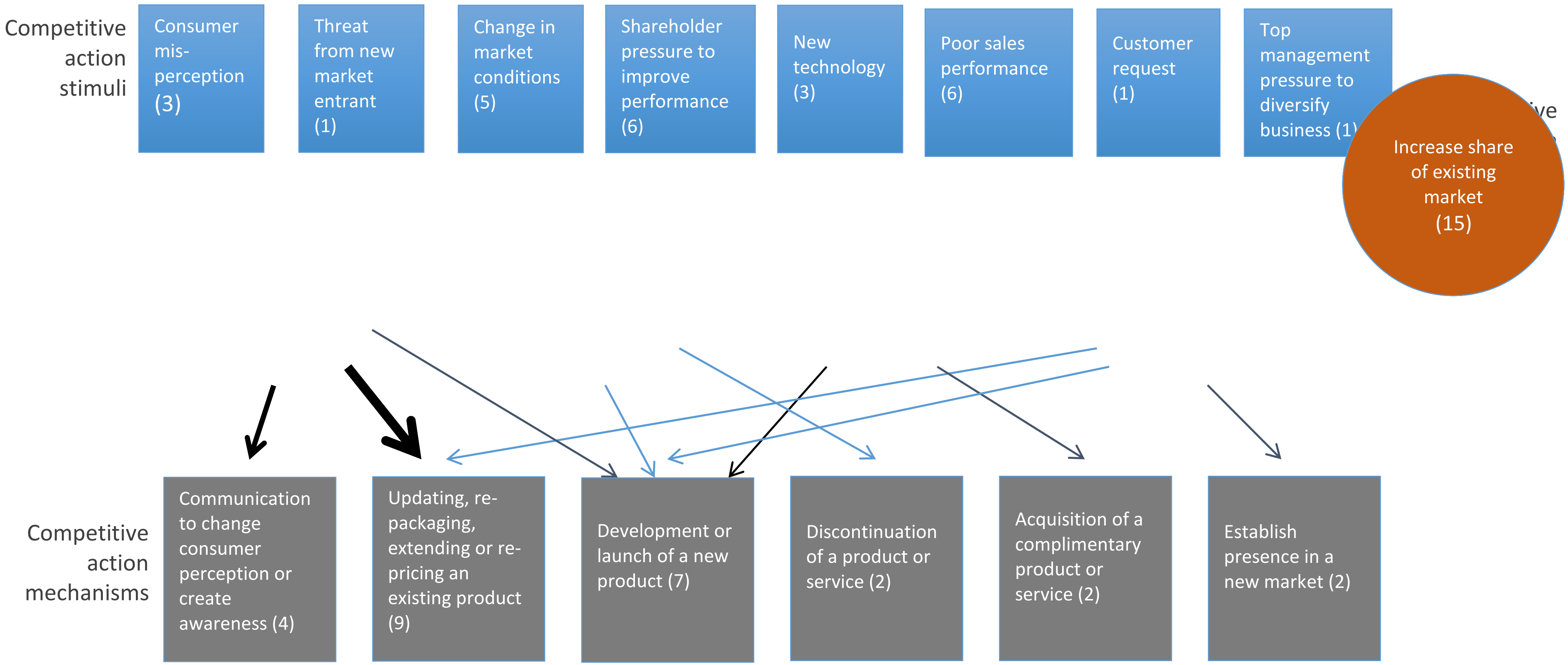

Figure 3: Competitive action processes from interviews

In the figure in the previous page, which is based on the findings of P2, the order of the components of the CIMO model have been laid out to reflect the process that the managers interviewed in P2 generally followed, which includes:

C – Context and the stimuli of the competitive action. The 'context' section has been clustered around eight different categories of stimuli, including:

1. Consumer misperceptions
2. Threats from new market entrants
3. Changes in market conditions, including regulatory, economic or consumer behavioural changes
4. Shareholder pressure to improve performance
5. The emergence of new technologies
6. Poor sales performance
7. Customer requests
8. Top management pressure to diversify businesses

O – The desired outcomes or objectives that managers envisaged as a result of the context and the stimuli have been clustered into the following four groups:

1. Increase share of existing market
2. Maintain market position and profit levels
3. Expand business through new unit, product or service
4. Generate or increase sales in a new market

I – The intervention that led to a particular mechanism being executed with the objective of achieving the desired outcome or outcomes.

A total of 26 CIMO maps were produced and are included in appendix 12. Each map relates to a singular competitive action. In some cases, actions comprise more than one intervention and, far as possible, and so long as the intervention could be regarded as a discrete event for synthesis and analysis purposes, each intervention relates to only one competitive action. The maps vary in length and density depending on the complexity of the particular competitive action and the factors surrounding it. In the context of this research, the CIMO maps method is an integral part of the data synthesis and analysis process. Antecedent to developing the CIMO maps, the data was coded and each quotation was analysed to understand the subtext. In parallel to producing the CIMO maps, the environmental factors related to each interview were documented for analysis purposes, including:

- Size of the company and the industry sector and territory it operates in
- Industry structure, including the presence of strategic groups and the intensity of rivalry and the maturity of the industry
- Rate of change and innovation in the industry

- The manager's background, including nationality, education, current and previous functions within the company and age
- Methods used to develop the competitive action
- Whether the action was carried out in a developed market, an emerging market or a developing market

These, in turn, were used to analyse the interviews and to test the propositions. Anomalies and similarities were also sought between the various competitive actions. The triadic sort method was used to compare and contrast the content of the interviews and the results were analysed. Tables containing the environmental factors related to the interviews are included in the appendices to this document.

Before the CIMO maps were produced, the interviews were analysed using a coding process. This process included:

1. Capturing the major themes related to the research question
2. Recording verbatim quotations from the interviews that were categorised under specific themes
3. Drawing conclusions from the quotations once they had all be assigned to major themes

Once the CIMO maps had been produced, conclusions were drawn where possible regarding the differences in approaches to formulating and executing competitive actions based on environmental factors, managers' backgrounds and other variables. The internal and external factors that were found to be relevant to competitive actions are listed in appendix 13.

As part of P3, theoretical processes prescribed in literature such as 'Competitive Strategy: Techniques for Analysing Industries and Competitors' (Porter, 1980) will serve as juxtaposition against the findings of P2 and, where possible, conclusions will be drawn regarding their application in practice. The results of the SLR (P1) will also be contrasted with the findings of P2. For example, the taxonomic models offered by Porac and Thomas (1989, 1990, 1994) could be compared to the results of P2 in order to assimilate extant anomalies in the research.

In the CIMO maps contained in Appendix 1:

- 'Company' always refers to the interviewee's organisation and, therefore, the organisation that perpetuated the competitive action
- The capital letter 'C' is used to mask the identity of competitors (i.e. 'C1' = competitor 1)
- The capital letter 'P' is used to mask the identity of business partners (i.e. 'P1' = business partner 1)
- Other capital letters (e.g. 'A') have been used to mask the identity of any other companies (excluding competitors and business partners.

Summary of sample demographics

The table below summarises the demographics of the sample data.

Category	Demographics
Number of respondents	20
Number of competitive actions (cases)	26
Industries covered	Automotive (luxury), Financial services (incl. retail banking and underwriting financial derivative products), Information Technology, Retail, FMCG (Fast Moving Consumer Goods), Mobile Telephony, Media, Fashion and Alcoholic Beverages
Countries covered	South Africa, the United Kingdom, Mauritius, Kenya, the United States of America, the Peoples Republic of China, Nigeria, Kazakhstan
Types of competitive actions (cases)	Product re-pricing, Development/launch of a new product, Update or repackaging of an existing product or service offering, Marketing campaign, Market segmentation, Corporate action, Geographical expansion
Respondents' backgrounds	The respondents' backgrounds varied greatly, from those with no formal training that worked their ways up in their respective organisations to those with undergraduate and postgraduate degrees in business disciplines and extensive practical experience in developing and executing competitive actions for large companies.

Table 4: Summary of sample data

Summary of sample population

Respondents were drawn from a number of different industries, countries and with different functional and education backgrounds in order to produce data that was as rich and varied as possible. The table below summarises the population of respondents.

No.	Actions	Function/ position	Industry	Age	Sex	Education/training	Home country
1	1 to 3	General Manager	Automotive (luxury car importer/dealer)	40	Male	National diploma in hotel management	South Africa
2	4	Founder & CEO	Information Technology (Smart card applications)	47	Female	No formal business qualification but completed the Business Growth programme at CCED	United Kingdom
3	5	Marketing & Client Strategy Director	Information Technology (asset management systems)	45	Male	5-year Master’s degree from Strathclyde University that combined business studies with general engineering	United Kingdom
4	6	Head of Strategy, research & innovation	Commercial bank	41	Male	BSc and MSc in Finance and Economic from the LSE	Mauritius
5	7	CEO of a family business	Importer and retailer with multiple homeware stores	34	Male	BSc in Accounting & Finance from the LSE, MBA from Warwick University	Kenya
6	8-10	Managing Director	Information Technology & Telecommunications	46	Male	Bachelor’s degree in Electrical Engineering from St Petersburg University, MBA from Ohio State University.	Kazakhstan

No.	Actions	Function/ position	Industry	Age	Sex	Education/training	Home country
7	11	Sales & Marketing Director	Information Technology (financial trading & settlement systems)	41	Male	Bachelor’s degree in Accounting and professional accounting certification	South Africa
8	12	Founder & CEO	Financial services (financial markets trading)	46	Male	MBA from the Stern School of Management, International business certificate from HEC	United States of America
9	13	Managing Director	Automotive (luxury car importer/dealer)	41	Male	National diploma in hotel management	South Africa
10	14-15	General Manager: Group Sales & marketing	Media (large, listed group that own several newspaper and magazine tiles, TV and radio stations)	56	Male	No formal tertiary training.	South Africa
11	16	Division Category Manager (Marketing)	FMCG (drinks manufacturer)	37	Male	Bachelor in Marketing, MBA from Henley Business School	South Africa
12	17	Marketing Manager	FMCG (confectionary manufacturer)	39	Male	Bachelor in Marketing, MBA from the University of Cape Town	South Africa
13	18	Brand Manager	FMCG (personal care products manufacturer)	36	Male	Bachelor of Commerce in Marketing and Business Economics	South Africa
14	19	Division Category Manager	FMCG (drinks manufacturer)	35	Male	Bachelor of Commerce in Marketing	South Africa
15	20	Strategic Innovations Manager	FMCG (household detergents and cleaning products manufacturer)	41	Male	Bachelor of Commerce in Marketing, MBA from Henley Business School	South Africa

No.	Actions	Function/ position	Industry	Age	Sex	Education/training	Home country
16	21	Founder & CEO	Automotive (specialist brake pad manufacturer)	44	Male	No formal tertiary education	South Africa
17	22	President, Leasing Division	Financial services (retail bank)	30	Male	MBA from the Stern School of Management	United States of America
18	23	Commercial Director	Fashion (manufacture and retail)	47	Male	No formal tertiary education	United Kingdom
19	24	Regional Business Development Director	Alcoholic beverages	46	Male	BBA and MBA in Marketing	Kenya
20	25	Sales & Marketing Director	Fashion (manufacture and retail)	52	Male	No formal tertiary education	United Kingdom
21	26	Strategic Marketing Manager	FMCG (drinks manufacturer)	44	Male	Bachelor in Marketing, MBA from Henley Business School	South Africa

Table 5: Summary of sample population

Summary of competitive actions

No	Description of action	Industry sector	Territory	Maturity of industry	Size of immediate organisation (employees)	Manager’s function	Type of competitive action	Type of trigger to the action
1	Luxury car 'It's closer than you think' campaign	Automotive	South Africa	Mature	22	General Manager	Marketing campaign	Desired change in customer perceptions
2	'It's closer than you think' media selection and placement	Automotive	South Africa	Mature	22	General Manager	Marketing campaign	Desired change in customer perceptions
3	Used car warranty programme	Automotive	South Africa	Mature	22	General Manager	Marketing campaign	Desired change in customer perceptions
4	Product development by a UK IT services company	Loyalty scheme using smart cards	United Kingdom	Emerging	40	Chief Executive Officer	Development/ launch of a new product	Growth through product development or reconfiguration
5	Action to fend off threat from smaller competitor	Information Technology	United Kingdom	Growth	35	Director of Sales & Client Strategy	Development/ launch of a new product	Response to rivalry

No	Description of action	Industry sector	Territory	Maturity of industry	Size of immediate organisation (employees)	Manager’s function	Type of competitive action	Type of trigger to the action
6	New mortgage product developed by a bank	Financial services	Mauritius	Mature	85	Head of Strategy, Research and Innovation	Update or repackaging of an existing product or service offering	Growth through product development or reconfiguration
7	Market segmentation by flooring business	Retail	East Africa	Mature	27	Managing Director	Market segmentation	Growth through product development or reconfiguration
8	4G service with voice & data in an emerging market	Mobile telephony	Kazakhstan	Mature	93	Managing Director	Update or repackaging of an existing product or service offering	Response to rivalry
9	Sales to fellow state institutions in the last fiscal quarter	Information Technology	Kazakhstan	Growth	67	Managing Director	Marketing campaign	Poor sales performance
10	Bundling of mobile and fixed-line services	Mobile telephony	Kazakhstan	Mature	93	Managing Director	Development/launch of a new product	Poor sales performance
11	Bundling of services by large financial software vendor	Information technology	South Africa	Growth	65	Sales & Marketing Director	Update or repackaging of an existing product or service offering	Growth through product development or reconfiguration

No	Description of action	Industry sector	Territory	Maturity of industry	Size of immediate organisation (employees)	Manager's function	Type of competitive action	Type of trigger to the action
12	Product re-pricing by a credit default swaps underwriter	Financial trading[4]	United States of America	Decline	27	Chief Executive Officer	Product re-pricing	Economic crisis
13	Re-launch of a luxury motorcar brand	Automotive	South Africa	Mature	12	Managing Director	Update or repackaging of an existing product or service offering	New ownership with new business goals and objectives
14	Strategic acquisition by media group	Media (traditional)	South Africa	Decline	56	General Manager: Revenue	Corporate action	New ownership with new business goals and objectives
15	Bundling of value added services by a media group	Media (new mediums)	South Africa	Emerging	56	General Manager: Revenue	Update or repackaging of an existing product or service offering	New ownership with new business goals and objectives
16	Product discontinuation by drinks manufacturer	FMCG	South Africa	Mature	100	Marketing Director: Fruit Juices	Update or repackaging of an existing product or service offering	Poor sales performance
17	Product line expansion by a confectionary manufacturer	FMCG	South Africa	Mature	88	Marketing Manager	Development/launch of a new product	Growth through product development or reconfiguration

[4] Underwriting credit default swaps

No	Description of action	Industry sector	Territory	Maturity of industry	Size of immediate organisation (employees)	Manager's function	Type of competitive action	Type of trigger to the action
18	Product development by FMCG manufacturer	FMCG	South Africa	Mature	100	Product Manager	Development/ launch of a new product	Change in consumer demands or trends
19	Product development by drinks manufacturer	FMCG	South Africa	Mature	91	Marketing Manager	Development/launch of a new product	Growth through product development or reconfiguration
20	Product line extension by a FMCG manufacturer	FMCG	South Africa	Mature	100	Product Manager	Update or repackaging of an existing product or service offering	Change in consumer demands or trends
21	Product development by niche brake pad manufacturer	Automotive	South Africa	Mature	7	Managing Director	Development/ launch of a new product	Change in consumer demands or trends
22	Geographical expansion of an auto-financing company	Financial services (retail banking & auto leasing)	United States of America	Mature	43	Business Dev. Manager	Geographical expansion	Growth through geographic expansion
23	Re-positioning in the Chinese market by fashion brand	Fashion	China (PRC)	Mature	29	Wholesale Director	Product re-pricing	Poor sales performance

No	Description of action	Industry sector	Territory	Maturity of industry	Size of immediate organisation (employees)	Manager's function	Type of competitive action	Type of trigger to the action
24	Geographical expansion	Alcoholic Beverages	Kenya	Growth	45	Global Product Manager	Geographical expansion	Growth through geographic expansion
25	Product customisation for USA market	Fashion	United States of America	Mature	23	Commercial Director	Update or repackaging of an existing product or service offering	Poor sales performance
26	Launching a new fruit juice brand in an emerging market	FMCG	South Africa	Mature	100	Marketing Director: Fruit Juices	Development/launch of a new product	Poor sales performance

Table 6: Summary of competitive actions

Discussion

This section explores the major themes that emerged in analysing the interviews and seeks to offer possible explanations for the anomalies and the similarities found between the different competitive actions. It also addresses four propositions that emanate from the findings of Project 1 (P1), the SLR, namely:

1. In the context of this research, managers' approaches to the formulation and execution of competitive actions are environment dependent.
2. The way in which managers' approach the formulation and execution of competitive actions are influenced by their backgrounds.
3. Managers focus on narrow subsets of their competitors due to their limited capacities to rigorously comprehend and analyse their comprehensive competitive sets.
4. Managers' mental maps and the processes related to the formulation and execution of competitive actions are integrated and carried out on an iterative basis.

These four propositions are dealt with in the following sections:

Proposition 1 – Environmental dependency of managers' approaches

In the context of this research, managers' approaches to the formulation and execution of competitive actions are environment-dependent. Specifically, managers operating in different environments have mental maps of their competitive structures that differ and follow disparate processes in the formulation and execution of their competitive actions. This disparity can be attributed to environmental factors that include, inter alia:

- State of development of the economies in which the competitive actions are formulated and executed, specifically whether they are developed, emerging or developing economies.
- Maturity and the structure of the industry, particularly whether it is monopolistic, oligopolistic or if all companies are price-takers and how intense rivalry is between them.
- Rate of change and innovation in the industry.
- Size and structure of the participating companies.

The sophistication of methods used to formulate and execute the competitive action is defined as the methods used to perform the functions listed below, as well as the tools used and the breadth and depth of the managers' cognitions in this regard:

1. Gathering intelligence about competitors

2. Research market requirements and possible market reactions to the proposed competitive action
3. Formulate the action and develop a plan for its execution

It also applies to the mental maps managers' have of their competitive environments and how detailed these maps are.

State of development of the economy

Each of the competitive actions was categorised into one of three categories, namely a developed, an emerging or a developing market, based on the country or countries in which they were executed. The ratings given to the level of sophistication of the methods used to develop competitive actions were then averaged for each of the categories and the results in the table below were derived.

Category	Sophistication of methods used (avg. rating)
Developed markets	5.80
Emerging markets	5.94
Developing markets	7.67

Table 7: Sophistication of methods used in different economic groups

Interestingly, in this study the less sophisticated the economy, the more sophisticated the methods used to develop competitive actions. It must be noted that the sample size is incredibly small (26 in total) and the results are, therefore, not statistically generalisable. The results are also skewed by the backgrounds of the managers and the size and types of companies they represent and it is, therefore, not possible to make any categorical deduction from the table above. For example, a large retail bank in a developing market employed a highly skilled manager and a rigorous process of developing competitive actions. A successful entrepreneur in the United Kingdom used interviews and surveys to gather data and a tool to position her business relative to competitors but not with the same level of rigour that the retail bank had employed. Both competitive actions were successfully executed and resulted in great successes for both organisations.

In conclusion, this particular sample may possibly show that the development and execution of competitive actions is influenced by the managers' backgrounds and the size of their companies but that the economies in which they are executed has little bearing on the sophistication of methods employed. That is not to say that a correlation between the development of an economy and the sophistication of methods used for formulating and executing competitive actions does not exist but it isn't evident in the sample of this study.

Maturity and structure of industry

For the purpose of this analysis, 'Industry maturity' is defined as the growth phase the industry is in, as well as the level of stability of earnings. The industries covered in this study have been broken into four groups, including:

1. Emerging (erratic earnings resulting from abnormal profits but also relatively large investments)
2. Growth (abnormal profits with new entrants attracted to the market)
3. Mature (normal profits with little or no movement in terms of market entry and exit)
4. Decline (declining profits and market consolidation)

The various sectors in which the actions were carried out have been categorised according to the four groups in the table below.

Industry sector	Industry maturity
Automotive	Mature
Financial services (retail banking & auto leasing)	Mature
Financial trading5	Decline
Information Technology	Growth
Loyalty scheme using smart cards	Emerging
Retail	Mature
FMCG6	Mature
Mobile Telephony	Mature
Media (traditional)	Decline
Media (new mediums)	Emerging
Fashion	Mature
Alcoholic Beverages7	Growth

Table 8: Relative maturity of different industries

Based on our sample, the structure of the industry in any specific market is normally related to its maturity. In mature industries, such as the automotive or the FMCG (soft drinks, fabric softener, confectionaries and under-arm deodorants) industries, managers were very aware of whom their competitors were and their relative positions in the market. As a result, they acted in very deliberate ways when gathering market intelligence and when formulating and executing competitive actions.

[5] Underwriting credit default swaps
[6] Fast Moving Consumer Goods
[7] This score relates specifically to the alcoholic beverages industry on the African continent and not the global alcoholic beverages industry

The managers that were interviewed at IT companies, whose industrial structures were still evolving and, therefore, their competitive sets were not as clearly defined as those of the automotive or FMCG industries, were less deliberate in their approaches to gathering market intelligence and formulating and executing competitive actions. Their views of their competitive environments were also less clear than those of managers in the automotive and FMCG industries and they were less aware of how competitors might react to their competitive actions. They were also less formulaic in how they gathered data and made decisions related to competitive actions.

A fruit juice manufacturer had very precise sales data for his brands and those of his competitors and was able to estimate the income and expenses associated with producing and marketing his brands, as well as his competitors'. The approach to formulating competitive actions was also very precise, surveys were used to gauge market acceptance and a tool was used to estimate sales volumes related to new products being considered and how much would need to be spent on marketing to achieve these volumes.

One of the managers interviewed at a company that produces smart cards, was aware that if all they did were to produce and market smart cards, their competition would be intense and their margins would be low. The manager also took a resource-based view of the business and, taking into account their size and the relatively high skills sets and the corresponding cost of their human resources, used the smart cards they produced as a mechanism to deliver services that fulfilled very specific needs. In doing so they were able to achieve much higher margins than they could otherwise have achieved. The manager wasn't aware of what the alternatives to the solutions they provided were, or who their competitors were. As the business was highly innovative and the markets they entered or created were nascent, the industry was unstructured and the players in the industry were highly fragmented. Therefore, there wasn't really a need to be all that aware of their rivals or to use sophisticated methods for gathering market intelligence and for formulating competitive actions.

Another anomaly found with the smart card producer is that they seek to develop and launch products that fill specific market needs, which is a function of the maturity of the industry they operate in and its relatively unorganised structure. In contrast, the automotive and the large IT companies in our sample formulated and executed competitive actions in order to respond to competitive pressures and to fend off new market entrants. For example, the Director of Sales & Client Strategy at an investment management software company commented "A new, small competitor with slightly disruptive compliance technology appeared and I didn't see them as a threat at first but began to when they introduced a new product to the market. They introduced 'Shareholder disclosure notifications', which was not being catered for by any of the incumbent providers". The quotation indicates that the manager was particularly concerned about the product being offered by a new entrant from outside the established strategic group. In the context of competitive actions, it is clear that common cognitive frameworks are used in understanding competitive environments and in formulating competitive actions.

Rate of change and innovation of the industry

The rate of change and innovation of the industry is often, but not necessarily, related to its maturity. For example, the research includes an action taken by a prominent British fashion brand to reposition its business in China and, ultimately, to improve its profitability. While the fashion industry can be regarded as an established one with little innovation, except perhaps for recent brand extension actions[8], the industry underwent an upheaval in Mainland China as a result of the Chinese government's anti-corruption measures[9] and the lifting of restrictions on travel to Hong Kong, which has always been more price competitive than the Mainland. This led to innovation by the respondent in China, including the introduction of a label exclusively for the Mainland Chinese market and a focus on British manufactured merchandise, which is considered to be more exclusive than merchandise manufactured elsewhere.

Based on an interview with a manager in the mobile telephony industry, it appears that the industry only started experiencing accelerated change through innovation related to both technology and competitive actions when its profits came under pressure. It can be deduced that while the industry was nascent it enjoyed abnormal profits and, therefore, there wasn't much of a motivation to commit time and budget to innovation. As the industry tended towards market equilibrium, abnormal profits diminished and the industry participants were compelled to take competitive actions as a means of maintaining higher profit levels.

Type of trigger for each competitive action	No. of occurrences
Desired change in customer perceptions	3
Response to rivalry	2
Poor sales performance	6
Economic crises	1
New ownership with new business goals and objectives	3
Growth through product development or reconfiguration	7
Growth through geographic expansion	2
Change in consumer demands or trends	2

Table 9: Occurrences of different triggers for competitive actions

[8] The fashion industry has recently experienced innovation through brand extension actions, which include the extension of brands into other product categories, such as fragrances, watches and mobile phone accessories through licensing agreements and other arrangements.
[9] Restrictions were placed on giving gifts to civil servants, a practice that had been going on in Mainland China on a large scale in return for favours from the civil servants.

As with the British fashion brand example, most competitive actions can be regarded as market innovations and are associated with industries that are in a state of flux and, therefore, undergoing change and this is often confined to a specific set of competitors, a specific part of their businesses or a specific territory. Of the 26 competitive actions covered in the research, only four can be considered standard market or product extension actions with little or no innovation.

Of the 10 industries covered in the research, none could be considered to be stable without change or innovation taking place. The corollary is that competitive action, and specifically the number of competitive actions that take place, the reason for such actions and the ways in which they are formulated and executed, is not a function of the rate of change or the level of innovation of a particular industry. Rather, they are situation-specific and such situations relate to specific changes in the competitive landscape, corporate actions, economic crises, desired changes in customer perceptions or poor sales performance. The table above lists the different types of triggers to the competitive actions analysed in this study and the number of occurrences of each one.

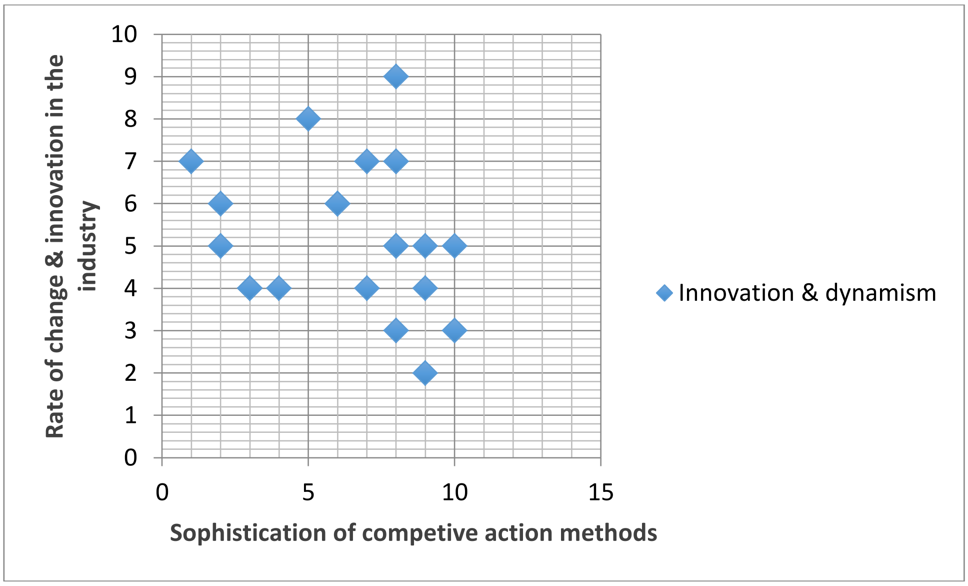

Figure 4: Rate of change & innovation of the industry and the sophistication of methods used

The chart above depicts the relationship between a score of 1-10 for the perceived state of the innovation and dynamism of the industry sector and the sophistication of the methods used by firms in that particular industry to formulate and execute competitive actions. The scores given to each industry for their rates of innovation and dynamism were based on general perceptions of the industry. For example, the IT industry is perceived to be more innovative than the automotive industry. The chart shows that, based on the sample, there is not a relationship between the perceived rates of change and levels of innovation of industries and the sophistication of the methods used in them to formulate and execute competitive actions. However, based on the interviews, it is apparent that innovation and dynamism ebbs and flows in all industries. This concludes that, based on the results of the study, it is not possible to draw conclusions about the sophistication of the methods used by managers to formulate and execute competitive actions based on the perceived rates of change or the levels of innovation of industries.

Size and structure of the participating companies

The results of the interviews showed that larger companies tended to develop and execute competitive actions in order to fend off competitive threats from smaller competitors or as a reaction to shrinking sales figures or market share, when compared to smaller companies that tended to develop and execute competitive actions with the objective of growing their businesses. This is also applicable to the maturity of the industry, which isn't surprising as the size of the companies within an industry is often a function of the maturity of that industry. For example, a small, entrepreneurial, United Kingdom based IT company initiated a competitive action in order to use their existing resources to extend their product range while a large and established United Kingdom based IT company initiated their competitive action to fend off a competitive threat from a new, small competitor.

It was also observed that managers at large companies make a mental assumption that their companies should be able to compete more effectively than their smaller competitors because of their more comprehensive and more developed resource bases. For example, the manager at a large IT company stated that by combining their resources, including both internal resources and those made available to them by partners at preferential rates because of their size, they would have a competitive advantage over smaller competitors in price and in the functional breadth of their solution offerings. A manager at another large IT company was surprised that a small competitor could enter their competitive set because he thought they would not be able to fulfil their customers' rigorous procurement requirements.

There was often a prosaic assumption made by managers at larger companies that their organisations had a right to remain entrenched as market leaders in their sectors and that being challenged by smaller competitors was anomalous. This is accompanied by a view, whether cognitive or not, held by managers of small businesses that competing with large companies in their industry would be difficult and result in lower profits. The manager of the smart card company (Competitive action no. 4) interviewed said, "part of the business produces smart cards, which is a highly commoditised market to be in. If that was all the business did, and if we operated solely in the smart card producing environment, it would be challenging, as we would be under pressure to act responsively to changes in market conditions".

To support the notion that large companies should be able to compete more effectively than smaller ones, the processes employed in formulating competitive actions amongst the large companies interviewed were more rigorous than the small companies interviewed. In one of the two dominant universal banks in a developing market, very structured processes are followed to formulate competitive actions. For example, customer surveys and mystery shoppers are used, input is obtained from the bank's Asset/Liability committee and annual planning meetings are held in which the banks strategic initiatives are agreed and prioritised.

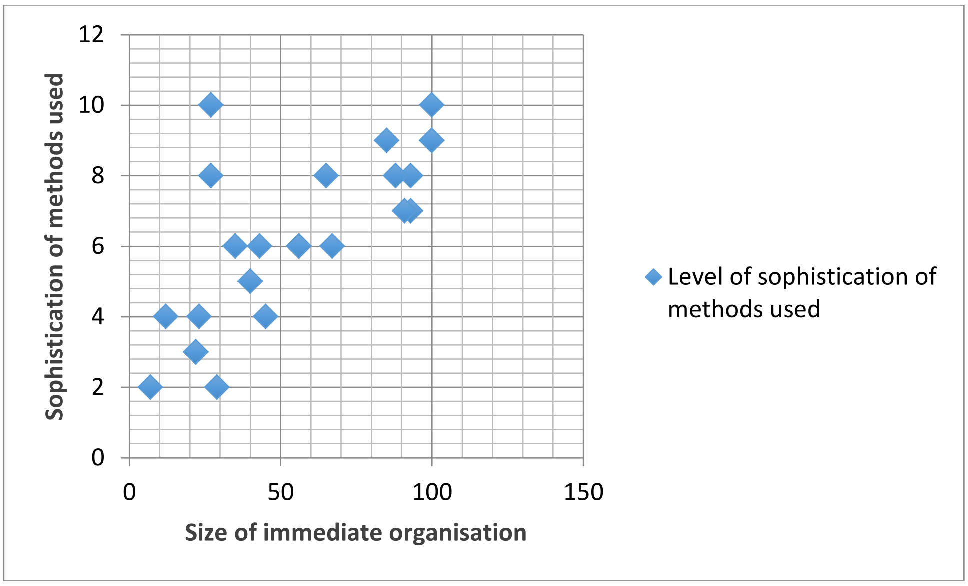

Figure 5: Size of immediate organisation and the sophistication of methods used

In the chart above the level of sophistication of the methods used to develop the competitive actions were rated between 1 and 10 for each of the 26 competitive actions and were plotted with the size of immediate and relevant organisation within each company (the particular organisation within the company for which the competitive action was being formulated and executed). While there are some outliers, a clear relationship can be seen between the size of the organisation and the level of sophistication of the methods used and we could conclude that, based on the 26 competitive actions sampled, the size of the organisation has an influence on the sophistication of the methods used to formulate and execute competitive actions.

Proposition 2 – Managers' approaches are influenced by their backgrounds

This section responds to the proposition that the way in which managers' approach the formulation and execution of competitive actions is influenced by their backgrounds. The following three factors have been considered in relation to the influence managers' backgrounds can have on their approaches:

1. The nationality, culture and age of managers.

2. The educations of managers and, specifically, whether they received formal marketing or business education at a graduate or post-graduate level that would have influenced the ways in which they formulate and execute competitive actions.
3. The current and previous organisational functions of the managers interviewed.

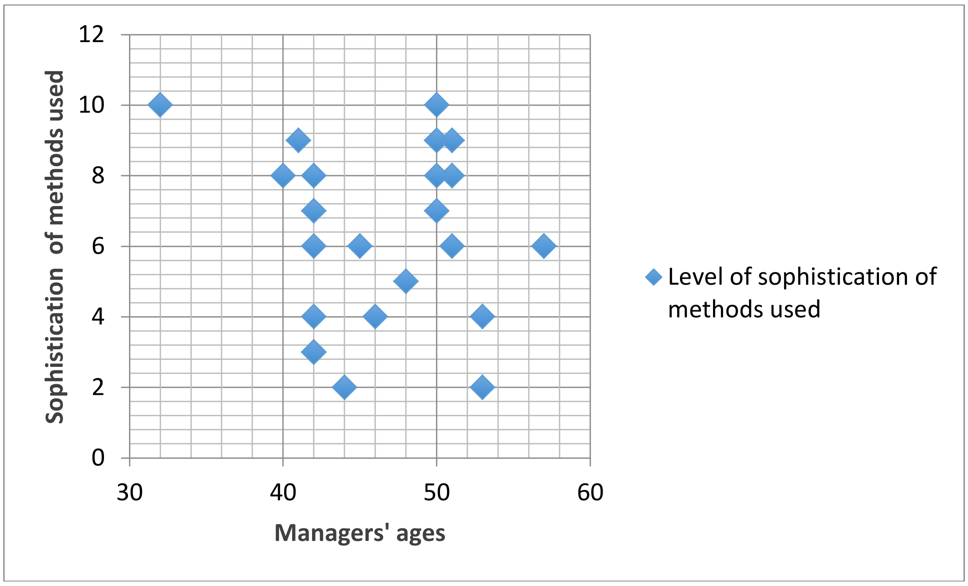

Figure 6: Managers' ages and the sophistication of methods used

Regarding the sophistication of the methods used, amongst the managers interviewed, there didn't appear to be any significant anomalies based on nationality, culture or age. The chart above plots age against the sophistication of methods used and no relationship can be seen between them. It is noteworthy that two of the youngest managers interviewed were very sophisticated in their approaches to formulating and executing competitive actions and they accounted for two of only four managers that used a tool or technique to assist them. These two managers also possessed high levels of relevant formal training. The explanation that could be offered for this phenomenon is that, with less practical experience and more formal training, managers would be inclined to be more methodical in formulating and executing competitive actions and would do so in a formulaic fashion, compared to managers with more experience and less formal training. This is confirmed by competitive actions formulated and executed in the automotive and fashion industries by managers with no relevant formal training but many years of experience. They relied on their tacit knowledge that they had accumulated over many years, as well as dialogues with other managers, sales staff and customers.

Another observation from the study is that more emphasis was placed on publicly available information in developed markets for market intelligence gathering than in developing or emerging markets. The Chief Executive Officer of a software company in the United Kingdom mentioned reading government white papers and studying research on the reasons businesses fail to develop new business ideas. The causality could possibly be explained by the availability of such information in developed markets, rather than by influences of nationality and culture, because such information isn't as readily available in developing or emerging markets. More research would be needed to establish the causes for choices in sources of information in respect of competitive actions.

An interesting question to ask is whether managers are more adept at formulating and executing competitive actions in their home markets where they have strong frames of reference, or if exposure to different national cultures can act as an advantage? National culture is an institutionalising force creating general norms that will either facilitate or thwart adoption of adaptive processes. It is clear that in many of the competitive actions analysed as part of this study, the tacit knowledge that managers held relating to their home environments gave them an advantage but that managers operating in foreign environments had advantages too that resulted from their learning's and the tacit knowledge they brought from their home markets. However, the research doesn't provide enough data to draw conclusions about which group had a greater advantage over the other.

In the automotive industry, for example, the managers interviewed had very good views on who their competitors were, where their dealerships were located, the marketing campaigns they had used over the previous few years and how successful these campaigns had been and for what reasons. He also had a very good idea of the sort of marketing messages, the creative material and the media that would work in his home territory based on national and cultural norms. The Sales & Marketing Director of a large software company had a very good knowledge of his industry's customers' requirements and how they were likely to respond to the introduction of new products or pricing models or the reconfiguration of existing ones. In fact, in every action where customer interactions were relied on extensively, it is clear that managers operating in their home markets had an advantage, as these organisations were less methodical about the formulation and execution of competitive actions and relied more heavily on the tacit knowledge held by their managers.

With certain competitive actions covered in this study, managers operating away from their home environments had a competitive advantage insofar as their approaches to formulating and executing competitive actions were distinguished from those of local managers. They also brought a degree of objectivity with them, as can be seen in the case of the Commercial Director of a prominent British fashion brand operating in the U.S.A., who realised that their garments were cut for the British population and that they would, therefore, never be able to compete effectively in the U.S.A. until they had designed a range specifically for that market with cuts to suit the American figure. It's noteworthy that every single successful competitive action in our sample that was orchestrated by a manager in a foreign market was carried out with the assistance of managers in the local market. We see this in the case of the manager at an alcoholic beverages producer (competitive action no. 25), who consulted managers in every possible new jurisdiction before deciding on which one to expand into. We witness the same phenomenon in the case of the auto-financing company manager (competitive action no. 22), who always appointed a local 'second in command' manager to assist in the rollout and development of the business in the new territory.

Education

Based on the research, the dichotomy between competitive actions carried out by managers with relevant and formal graduate and post-graduate business or marketing qualifications and those without, primarily entrepreneurs, is clear. This applies mainly to the methods used to formulate the competitive actions. In the case of several competitive actions taken in the automotive industry by a General Manager who worked in the luxury car industry ever since leaving school and who had no relevant graduate or post-graduate marketing or business qualification, the methods employed in developing the actions were based on intuition and direct feedback from customers. No formal research was used because the manager and the companies that he was employed by did not see the value in using them. A CRM system was used and relied on quite heavily to provide market intelligence and the manager stated that his was a 'customer-centric' organisation. This contrasts with the founder and CEO of an IT company that doesn't have a relevant and formal graduate and post-graduate business or marketing qualification but attended the Cranfield Centre for Executive Development's Business Growth Programme. Her company used interviews and surveys quite extensively to gain market intelligence and made use of a software tool to establish their position in the market.

While the methods used by managers without relevant graduate and post-graduate business or marketing qualifications are somewhat divergent, what is clear is that that there is a relationship between the level of training of the manager and the sophistication of the methods they used in developing their competitive actions. Particularly, it is clear that managers with more extensive relevant graduate and post-graduate training used more sophisticated methods. For example, the manager at the retail bank, who has a BSc in accounting and finance and an MBA with marketing and service management modules, used macro-economic analysis, customer surveys, market analysis and discussed the competitive action in their Asset and Liability committee before finalising and executing it.

In the chart below the level of the relevant manager's training and the level of sophistication of the methods used to develop the competitive action were rated between 1 and 10 for each of the 26 competitive actions and plotted. The chart supports the second proposition in this study's protocol, namely 'the way in which managers' approach the formulation and execution of competitive actions are influenced by their backgrounds'. Furthermore, two distinct clusters can be seen in the chart. The one in the bottom left-hand corner represents the managers with little or no formal business or marketing training while the other, in the top right hand corner, represents those managers who had undergone formal business or marketing training.

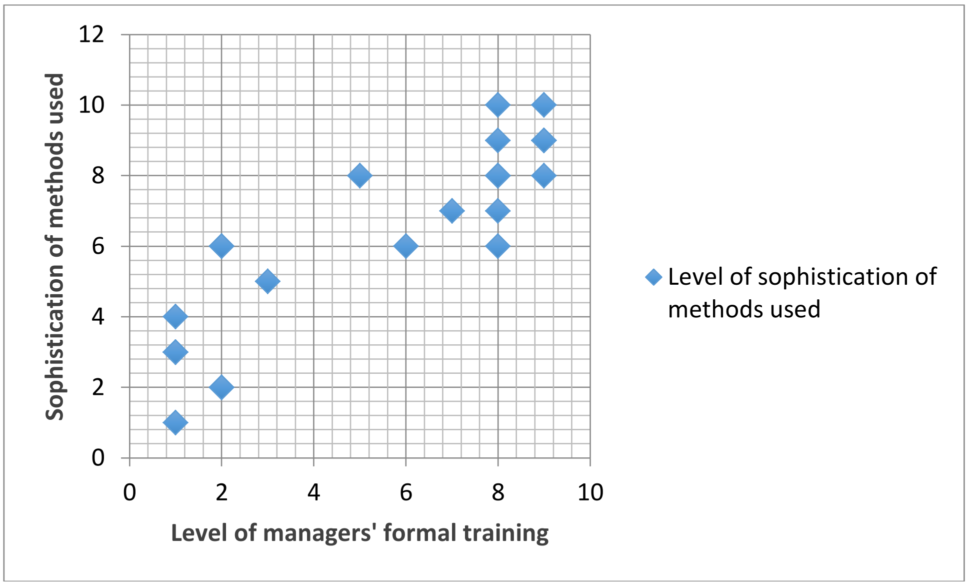

Figure 7: Managers' training and the sophistication of methods used

On the issue of causality, it could be argued that larger companies tend to use more sophisticated methods and also place greater emphasis on formal qualifications when employing managers and, therefore, the sophistication of methods employed is a function of the size of the company and their recruitment policies, rather than directly a result of the level of training of the manager. To support the proposition, the flooring business in a developing market (competitive action no. 7) is a family-owned business with a turnover of US$9 million/annum after the competitive action, yet Porter's 5-forces, ethnography[10] (observing consumer behaviour), interviewing consumers and employees who used to work for competitors were methods used to gather intelligence and develop the competitive action. The manager has a BSc in accounting and finance and an MBA that he took with marketing and service management modules, which indicates that, in this instance, it is the manager who determined the sophistication of methods employed and is not the result of the size of the company.

Functional biases

As part of this study, one of the propositions is that the way in which managers approach the formulation and execution of competitive actions is influenced by their backgrounds and, while it isn't possible to draw any statistical conclusions regarding the impact that functional biases have on the formulation and execution of competitive actions, it is apparent that a relationship does exist. For example, the Commercial Director of a prominent British fashion brand has a sales background and, when the CEO of the business decided to address the issue of waning sales in China the manager said "I decided to go to China for a week and walk around looking at competitors stores, their product mixes and the pricing of their products".

[10] Ethnography is a research method based on observing consumer behaviour

Meanwhile, a manager at a niche brake pad manufacturer with a research & development background, places very little importance on marketing the company's products or thinking about marketing campaigns, pricing policy etc. but, rather, focuses on responding to customer requirements by producing the best products they can from a technical perspective. He commented “we looked at aircraft brakes that are subjected to very intense use and, therefore, very high heat, to see how they are constructed and the materials they use”. A manager with a marketing background at a FMCG manufacturer approached the formulation and execution of competitive actions with a marketing frame of reference. For example, he noted, “we thought about how we could grow the business by responding to consumer needs and attitudes” and “research carried out by a marketing agency showed that our consumers were very price sensitive”.

Proposition 3 – Manager's focus on a narrow subset of their competitors

The third proposition derived from the SLR is that managers focus on narrow subsets of their competitors due to their limited capacities to rigorously comprehend and analyse their comprehensive competitive sets. These assertions are confirmed by the interviews that were conducted. A manager at a mobile telephony company, for example, was only really aware of his two closest competitors, their business models and their competitive advantages. He noted, “of our two closest competitors, one also has a Long-Term Evolution license and the other telecommunications company have much better voice coverage than we do”. He admitted to following and copying their “closest competitor's strategy” and dropped their own rates below their closest competitors as a competitive action.

Based on the study, it is routine for manager's to be cognitively aware of the strategic group, or industrial sub-sector, they operate in, even if this wasn't clearly communicated in the interviews. For example, one of the interviewees defines his competitive set as any organisation that could “provide an alternative luxury purchase” but is very clear about who his competitors are when selecting advertising media. In most interviews, the managers were able to name their closest three to five competitors and their competitive actions were developed with these competitors in mind. For example, the manager who defines his competitive set as any organisation that could provide an alternative luxury purchase, implemented a marketing campaign where “A-1 sized billboards advertising our products were placed along dual carriageway islands on posts in close proximity to our two closest competitors”.

In the case of a luxury motor car distributor in an emerging market re-launching the brand subsequent to the business being acquired by a new owner, the manager was very aware of his existing set of competitors and made reference to four competitors, sales of between 300-350 vehicles per annum between them and spoke about what these competitors had done or intended doing in the coming months and how they would respond in significant detail. For example, he mentioned, “We will also be launching a Sports Utility Vehicle that will compete with C1’s and C2’s very popular SUVs and we’ll be pricing ours along the same lines as these two. C3 will also be launching an SUV at around the same time”. Unrelated to the launch of the SUV, the manager also commented, “We decided to emulate what C4, one of our closest competitors, has done in this market but on a smaller scale”.

Proposition 4 - Competitive actions are formulated in an iterative manner

In this section we deal with the proposition that managers’ mental maps and the processes related to the formulation and execution of competitive actions are carried out in an iterative manner. The interviews not only suggest that these actions are carried out in an intuitive manner, but that tools and techniques are seldom used. 15 of the 26 competitive actions covered in this study relied on customer interactions to inform and guide their formulation and execution and 10 of them relied on iterative customer interactions. Examples include the re-pricing of credit default swaps by a financial trading house that underwrites these products. The manager interviewed noted, “During this period we monitored what our competitors were doing and we found they were re-pricing their products. We did this by hiring from competitors, being friendly with competitors to the point we could talk with them about their pricing strategies, as well as talking to the banks, which were our common clients, about how our competitors were pricing their products.

In the case of a software company based in London, after hearing about a new competitor providing a system to automate ‘Shareholder disclosure notifications’, they spoke with a few of their existing clients about the functionality the new market entrant was offering and were told “We are currently performing these functions manually and would like to automate them but it wouldn’t be worth the trouble of doing so on our own”. Given this feedback from clients, they started discussions with a law firm that advised clients on compliance regarding shareholder notification rules and, the manager interviewed noted, “which led to us forming a partnership with and we started specifying the functionality for a new product to compete with the new market entrants”. They then, “mocked up a few web pages to show what the new functionality would look like and our clients were enthusiastic”, which led them to develop the new product and piloted it with two clients before launching it. This is a good example of how competitive actions are developed in a stepped and iterative process based on dialogues with partners and customers. This example also shows how competitive intelligence can be integrated with the competitive action formulation and execution process. This type of iterative process based on dialogue and competitive intelligence was pervasive across the competitive actions that were analysed. One of the luxury car distributors relied heavily on the feedback they received from customers and employees while formulating their competitive actions and the manager interviewed at the flooring retailer in a developing market spent over a month in the store observing customer interactions and customer comments while formulating his set of competitive actions.

Emergent themes

Deviating from industry norms in search of abnormal profits

While the study found there to be mimicking between competitors in the same strategic groups, in relation to marketing campaigns, product developments and product or pricing policy updates, there were many instances where the managers interviewed deviated from industry norms with the objective of increasing their profits beyond the standard levels for their industries. An FMCG company launched refill pouches in response to the market becoming more and more commoditised and consumers becoming more and more price sensitive. A telecommunications company bundled fixed-line and mobile-line products together to offer a service that none of its competitors could offer. A bank broke with the market norm by offering a mortgage loan product with an incredibly low interest rate for the first two years of the mortgage term.

In the case of the smart card producer (competitive action no. 4), the manager was of the view that the only way to achieve improved profit levels was to deviate from industry norms and based this on her experience in the industry. The manager noted, “If we operated solely in the smart card producing environment, it would be challenging, as we would be under pressure to act responsively to changes in market conditions”. Despite competing in the smart card industry, the manager looked outside her industry for new applications for smart cards and said, “I read white papers regarding developments in the transport sector and developments in government, as well as looking at businesses and why they’re going out of business”.

Differences in competitive actions in different industry sectors

The peculiarities of and the similarities between competitive actions formulated and executed in industry sectors covered in the study have been analysed and are summarised in the table below.

Industry sector	Similarities and peculiarities
Automotive	The relationship between customer perceptions and competitive actions is very direct in the luxury segment of this market, on which four of the competitive actions in this study are based. A great deal of emphasis is placed on developing and managing brand equity in this segment of the industry and this is often the genesis of their competitive actions. This is probably partly symptomatic of a mature industry in which there are established strategic groups and it is hard to use product innovation to distinguish a company's products from those of their competitors.
Information Technology	The theme that emerged from this sector in the study has to do with the development of new product and service offerings by bundling different products together and including value-added services to products that aren't differentiated between competitors. There is also an imperative to deliver products and services in new and innovative ways.
Financial services	The oligopolistic structure of the industry makes it hard to distinguish one competitor's products from another's. However, there are several examples of how the managers that were interviewed found ways to do so. This included product innovation, limiting the particular credit risk categories that they expose themselves to, and offering fast turnaround times in granting consumers credit facilities.
Retail	Compared to financial services, it is easy to distinguish a product line in this sector. The competitive action undertaken by the flooring retailer in a developing country involved repositioning the company and updating its pricing structure, which would not have been possible in the other industries the study dealt with, including financial services, IT or telecoms.
Telecoms	Competitors are very aware of each other and the competitive actions included in the study in this industry were all focused on fending off threats from close competitors or to gain market share from them.
Media	Symptomatic of this being a mature industry and, therefore, one that is experiencing consolidation. The competitive actions in this study are focused on bundling different forms of media together to offer integrated marketing solutions to customers in an attempt to compete more effectively with competitors that don't have the same set of complimentary services. These competitive actions are also symptomatic of the media group that was interviewed being very large and partly owned by a private equity group that was able to fund corporate actions. Had smaller media groups been interviewed, it might have been found that they employed very different competitive actions.
Industry	Similarities and peculiarities

sector	
FMCG	This is a stable industry with well-defined processes for gathering market and competitor intelligence and for developing and executing competitive actions, as well as measuring their performances. All the competitive actions analysed in this study support this proposition.
Fashion	The competitive actions were carried out in a very ‘hands-on’ fashion and little research and no tools were used. While sales data triggered these competitive actions, the actions themselves were developed on a very informal basis.
Alcoholic beverages	Despite this industry being closely aligned to the FMCG industry, the competitive action in the study that relates to this sector employed very little structure or any formal process. Instead, the competitive action was developed through discussions with managers at other subsidiaries of the company.

Table 10: Similarities and peculiarities of competitive actions in different industries

Clustering of different types of competitive actions

Each of the competitive actions were categorised as per the table below and similarities between them were sought.

Types of competitive actions	Similarities and peculiarities
Product re-pricing	The antecedents to re-pricing a product tend to be informal and based extensively on management cognitions, which are sourced by informal inputs. In the case of a credit default swaps underwriter, discussions with employees that used to work for competitors and with common customers were used as inputs to establish pricing parameters. In the case of a British fashion brand operating in mainland China, the manager went into competitors’ stores in the territory to establish their product mix and pricing structures.
Update or repackaging of an existing product or service offering	The antecedents of this type of action are normally well structured and, depending on the importance to the company, the amount of management time, focus and other resources committed to the action vary greatly and can be vast. For example, surveys and interviews are used extensively and, in the case of a large telecoms company in an emerging market, consultants were used to develop the action. In three of the nine actions analysed, managers used other companies as points of reference in developing their competitive actions. These companies included direct competitors, as well as their international counterparts.
Types of	Similarities and peculiarities

competitive actions	
Development/ launch of a new product	Surveys are used extensively, with one of the companies using a marketing agency to establish consumer needs and attitudes. Manager’s cognitions and the processes followed are very similar to those identified in the ‘update or repackaging of an existing product or service offering’ action type. The management time, effort and other resources committed to the action vary greatly depending on the importance it has to the company and can be extensive, with one company surveying a million consumers to establish how they could make an impact in changing their personal hygiene products. The trigger for these actions, as well as the methods employed in developing and executing them, vary greatly depending on the type of organisation. For example, a niche brake pad manufacturer replied heavily on a single customer’s requirements and interactions with that customer, whereas large FMCG companies tended to initiate competitive actions when their sales started waning or they started losing market share to competitors. The large FMCG companies used sophisticated methods, including surveys to establish market requirements and tools to predict sales volumes and marketing budget requirements.
Update or repackaging of an existing product or service offering	The antecedents of this type of action are normally well structured and, depending on the importance to the company, the amount of management time, focus and other resources committed to the action vary greatly and can be vast. For example, surveys and interviews are used extensively and, in the case of a large telecoms company in an emerging market, consultants were used to develop the action. In three of the nine actions analysed, managers used other companies as points of reference in developing their competitive actions. These companies included direct competitors, as well as their international counterparts.
Marketing campaign	The development and execution of marketing campaigns tends to be based far more on tacit knowledge held by managers and intuition when compared to other types of competitive actions. Formal and structured processes are used relatively less in developing marketing campaigns, which can probably be attributed to the creative nature of the process and the employees involved in it, but further research would be required to clarify this.
Market segmentation	The study shows that market segmentation requires extensive technical analysis and can result in substantial changes to the market positioning and the structure of the company. In one case, interviews with consumers and employees who used to work for competitors were used to gather competitive data and Porter's 5-forces was used to analyse the competitive environment.
Types of	Similarities and peculiarities

competitive actions	
Corporate action	Only one corporate action was identified and it was led by the objective of bundling products and services to create solutions that would be hard for competitors to mimic.
Geographical expansion	The study only has two relevant examples and they were triggered by increased competitive pressure and waning economic performance in the home market. The process followed in developing the action was based primarily on conversations the manager had with the management of the company's subsidiaries in other countries and no structured processes or tools were used.

Table 11: Differences in types of competitive actions

Following are seven CIMO maps that relate to each of the seven types of competitive actions listed above. The CIMO maps describe the context, intervention, mechanism and objectives generally typically associated with the types of competitive actions covered.

Competitive action - product re-pricing

Context

Applicable across all and every industry sector and stimulated by a change in the external environment, such as a change in regulation, a crisis that precipitates a change in the value of the product or service or a competitive action by an existing competitor or a new entrant to the market.

Intervention

- Intelligence is gathered through informal channels, including interactions with former customers, business partners, sales staff and former employees of competitors and about how competitors' price their products.
- Alternatives to re-pricing are considered and investigations into why the current price levels cannot be maintained are carried out.
- Possible changes or updates to the product or service offering are investigated and considered.

Mechanism

The re-pricing of the product or service is usually accompanied by other actions, such as updating or changing the product or service offering in order to distinguish it from those of competitors in an attempt to avoid competing solely on price.

Outcomes

Successful outcomes of these actions include arresting waning sales, effectively responding to emerging competitive rivalry or successfully adjusting to changes in the external environment such as regulatory changes.

Competitive action - development/launch of a new product

Context

The stimuli for these actions, as well as the methods employed in developing and executing them, vary greatly depending on the type of organisation. For example, a niche brake pad manufacturer relied heavily on a single customer's requirements and interactions with that customer, whereas large FMCG companies tended to initiate competitive actions when their sales started waning or they started losing market share to competitors.

Intervention

- Surveys are used extensively, with one of the companies using a marketing agency to establish consumer needs and attitudes
- The management time, effort and other resources committed to the action vary greatly depending on the importance it has to the company and can be extensive, with one company surveying a million consumers to establish how they could make an impact in changing their personal hygiene products.
- The large FMCG companies used sophisticated methods, including surveys to establish market requirements and tools to predict sales volumes and marketing budget requirements.

Mechanism

Research & development resources are committed to developing and launching the new product and groups across the organisation are mobilised to formulate and execute the action, as well as to monitor and measure its success.

Outcomes

- The first outcome of this action is regaining lost market share.
- The second successful outcome is developing and launching a new product that responds to a new market requirement that's been created or to grow revenues.
- The desired outcomes are clearly articulated and defined with yardsticks against which to measure them.

Competitive action – Updating, repackaging or extending an existing product or service offering

Context

The stimuli to these actions is usually changing or evolving customer requirements and can involve customers placing pressure on suppliers to reduce costs in markets that are consolidating or are in decline

Intervention

- The formulation of these actions are generally well structured and, depending on the importance to the company, the amount of management time, focus and other resources committed to the action vary greatly and can be vast.
- In three of the nine actions analysed, managers used other companies as points of reference in developing their competitive actions. These companies included direct competitors, as well as their international counterparts. Sometimes parallel industries are emulated to package and/or present products or services in new ways.
- Surveys and structured interviews are used extensively to assimilate customer perceptions and requirements.
- Product presentations and sales calls in which the planned product or service offering updates are discussed are often used to test the market.
- Consultants are sometimes used to develop these actions.

Outcomes

- A common outcome to such an intervention taken by a company is that it competes in new markets with fundamentally existing products or services
- Companies are often also able to target a broader audience without cannibalising their existing sources of revenue. This often results in the bundling or products or services as a way of segmenting the market.

Mechanism

Product and/or service attributes are either updated, products or services are repackaged or presented to the market in different ways, which often involves bundling products and/or services together

Competitive action – Marketing communication to change a consumer perception

Context

- There is a particular consumer perception that needs to be addressed through communication with customers or prospective customers
- Managers are often not aware of, or thinking about, who their competitors are when formulating and executing marketing communications to change consumer perceptions

Intervention

- Frameworks or techniques are not used to formulate these competitive actions.
- Manager's respond directly to interactions with customers and prospective customers, so the relationship between their knowledge of the market and the competitive actions they take are very direct. One manager was quoted "the feedback from customers led me to embark on a campaign to change that price perception."

Mechanism

A message that the manager would like to communicate to customers and prospective customers is defined and a programme is then developed to communicate the message.

Outcomes

- When executed successfully, the target market's perception of the product or service would have changed in accordance with the message behind the marketing campaign
- The outcome may not be direct or immediate (e.g. executing a marketing campaign may not result in an immediate improvement in sales performance)

Competitive action – Creating multiple sets of price & product attributes to target multiple market segments

Context

The managers who were interviewed operated in environments characterised by a relatively large number of competitors and large and fragmented markets. They attempted to, firstly, understand their markets better and, secondly, to tailor specific product or service offerings to different segments within their markets and, thereby, compete more effectively within them. Market segmentation required extensive technical analysis and usually resulted in substantial changes to the market positioning and the structure of the company.

Intervention

- Information on competitors is obtained from customers who speak about them, as well as from employees who used to work for them and who provide managers' with their competitors' prices and sales volumes.
- Data on competitors' price lists is used to determine the pricing policies for the different segments.
- The process of segmenting the market is a technical one relative to developing and launching new products, for example, and tools are often used to support the process.

Mechanism

- Specific products or services are identified for different consumer segments and the competitors in each segment are identified, along with their respective product/service attributes and pricing policies.
- Based on the findings, certain products/services for certain segments are often re-priced
- Different marketing approaches and different media are identified to target the different segments.
- Periodically, the companies update their pricelists and the product/service attributes and packaging across the various segments independently, based on their competitors' pricing policies and changes in their competitor's product/service offerings.

Outcomes

The outcomes include thesuccessfully capturing of marginal revenue from existing but newly identified segments and/or the expansion of the breadth of the prospective market (customer base) by targeting new segments, which implies widening the range of competitors.

Competitive action – Acquire complimentary product or service offering

Context

The managers that were interviewed made strategic acquisitions to increase and improve product or service offerings in order to be able to compete more effectively. Adding complimentary products or services to existing offerings allowed the managers to deepen relationships with their existing client base and distinguish themselves from their competitors.

Intervention

- Companies with complimentary products and/or services that can be acquired are identified
- Management evaluate the financial impact that the acquisition would have to make sure it will be value accreting and compare different acquisition targets, in terms of the impact they will have on profitability, as well as the impact they will have in relation to exposing them to a wider prospective customer base.
- Acquisition targets are motivated by the benefit the acquisition will bring them and this influences the consideration paid

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Mechanism

The company is acquired and its product or service offerings are integrated with those of the acquirer to create opportunities to improve revenues and profits, as well as customer relationships and customer stickiness.

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Outcomes

Acquisitions allow existing products and services to be bundled with those from the acquired business to create bundled solutions that would give them a competitive advantage and allow them to compete more effectively and, therefore, become more competitive.

Competitive action – Establish a presence in a new market

Context

- The interviewees of this action included managers with products, services and brands that had experienced success in their home markets but had reached saturation and were, therefore, motivated to emulate the success in other markets
- These actions were also stimulated by increased competitive pressure and/or waning performance in the home market

Intervention

- Intelligence is primarily gathered through dialogues with managers, business partners and prospective customers in the markets that are being considered. Surveys are also used.
- The action and the process to be followed in rolling it out are often formulated in consultation with local employees.
- Managers tend to choose markets where they feel comfortable (i.e. where there is cultural similarity).

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Mechanism

Where no presence exists yet, a subsidiary is normally created that starts off by importing products until the market is proven. Where the company already has a presence the new product or service is added to the local entities product line and the existing infrastructure is used.

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Outcomes

Outcomes include increasing revenue, as well as diversifying revenue across different markets, particularly when the home market is vulnerable or competitors are starting to erode market share and profits.

Conclusions

Based on the research, tools and techniques, such as those discussed by Rigby (2001) are seldom used. In fact, of the 26 competitive actions included in the research only four used a tool or technique and they included:

- Competitive Compass
- Michael Porter 's Five Forces framework (1980)
- A tool developed internally by an FMCG company to estimate sales volumes and value, as well as the requisite marketing investment. This tool was used in two of the competitive actions covered.

However, in 13 of the 26 competitive actions, structured interviews or surveys were used. The interviews suggest that the formulation and execution of competitive actions is an intuitive and iterative process and indicates that managers rely very heavily on direct interactions with other managers, business partners and their customers when formulating and executing competitive actions. Feurer and Chahrbaghi (1995) noted "In dynamic market environments, the traditional approach to strategy formulation of establishing an ideal competitive position by analysing the environment will fail and strategy formulation should, therefore, be regarded as a continuous learning process". Shoemaker and Day (2009) proposed a three-step framework for gathering competitive intelligence that encompasses scanning, sense making, probing and acting. The study also shows that managers place great importance and act on information received directly form sales employees, former employees of competitor organisations and through Client Relationship Management systems. For example, the development of a set of actions to reposition a prominent British fashion brand in the U.S.A. were based on interviews with the management and staff of Nieman Marcus[11] to establish why sell-through rates for their collections were very low.

The interviews affirm the existence of strategic groups (Porter, 1980) and cognitive oligopolies as described by Porac, Thomas and Baden-Fuller, 1989), who used the term to refer to the tendency of manager's to limit their competitive subsets. They postulated "Managers simplify their competitive environments by categorising their competitors and defining their own businesses in terms of the labels they use to define the cognitive categories in which their businesses are placed" The interviews further affirm that a correlation exists between the maturity of an industry and its structure, in terms of the competitive environment. The interviews also infer that the more mature the industry is, the more deliberate and methodical managers are in formulating and executing competitive actions and that these actions are more sophisticated than those of firms in emerging or growing industries. Gripsund and Gronhaug (1985) noted, "Managers view and focus on only a sub-set of all their competitors – the most

[11] Nieman Marcus operates large, luxury shopping malls in the U.S.A.

direct competitors". The General Manager of a luxury vehicle distributor defined his competitive set as any organisation that could provide an alternative luxury purchase yet his cognitions were based on a small sub-set of his competitors. For example, he used "A-1 sized billboards advertising our product placed along dual carriageway islands on posts in close proximity to our two closest competitors" for a marketing campaign. Reger & Huff (1993) suggested, "Strategists organise and make sense of their competitive environments by grouping competitors into strategic groups. This is the result of attending the same conferences and exhibitions, reading the same industry literature and recruiting employees from the same pool". Cheng & Chang (2010) concluded that, "Managers tend to focus their attention on selective and similar dimensions, which leads to cognitive strategic groups, which influences organisational strategic actions and subsequent performance".

It is also evident form the interviews that oligopolies act in a coordinated fashion in the context of competitive actions. Kelly (1995) noted "Shared belief systems enable coordinated activity by providing a common framework". Managers also appear to take comfort in operating within their established industrial structures and become protective of these structures once they are cognitively embedded. This could be explained through the notion that managers conduct industrial inspection by the method of paired comparisons. These structures are associated with industry maturity. In other words, as an industry matures so the structures become more and more engrained. This study confirms this insofar as managers in the mature industries, including the automotive, financial services, FMCG and fashion industries, were far more aware of their competitors and, therefore, the structures of their industries, than the managers operating in nascent (emerging and growth) industries, including the information technology, smart cards and new media industries. Wiley (1988) asserts that supra-individual level frameworks emerge as interactions take place among different individuals within a given social grouping and the commonly shared ideas begin to take on an existence of their own, independent of the individuals that created them.

While most literature deals with competitive intelligence gathering, managers' mental maps of their competitive environments, the formulation of competitive actions and the subsequent execution of these actions as discreet processes, the study shows that these are integrated and iterative processes. Constantineau (1995) suggests, "The application of competitive intelligence would be more effective if those collecting the intelligence engaged in discussions with decision-makers, made the information more widely available and if they developed alternative scenarios of likely outcomes to elicit reaction."

Dearborn and Simon (1958) observed, "Functions within organisations influence managers' frames of reference". Bowman & Daniels (1995) found that "When managers are asked to reflect their firms' situations, there is evidence of functional bias". The interviews confirmed that functional biases exist in the formulation and execution of competitive actions and this was pervasive across the study. For example, marketing managers used surveys to gather information while those with sales backgrounds replied more on personal dialogues. Managers with engineering backgrounds placed more emphasis on the technical differentiators of their product or service offerings.

The interviews infer that the more mature the industry is, the more deliberate and methodical managers are in formulating and executing competitive actions and that their competitive actions are more sophisticated than those of firms in emerging or growing industries. This is particularly evident when comparing the FMCG or the mobile telephony industries with nascent industries, such as information technology or, most strikingly, the smart card producer.

No differences in the types of competitive actions or the methods used to formulate and execute them could be found between those carried out in developed markets, developing markets and emerging markets. The conclusion is that the sophistication of methods used in the formulation and execution of competitive actions is the same across developed, developing and emerging markets.

Regarding managers' training and the size of their organisations relative to the sophistication of the methods used in formulating and executing competitive actions, there are some outliers but very distinct correlations can be seen between the level of managers' training and the sophistication of methods used for the formulation and execution of competitive actions, as well as between the sizes of their organisation the sophistication of methods used. We can conclude that, based on the 26 competitive actions sampled, both the level of the managers' training and the size of their respective organisations has an influence on the sophistication of the methods used to develop competitive actions. This could be explained by the profiles that large companies seek when recruiting managers (i.e. large companies look for managers with extensive formal training while smaller organisations are less concerned about formal qualifications). Further research would, however, be needed to verify this explanation.

One of the observations in interviewing managers at large companies, in comparison to those at small companies, is that those at the large companies tended to focus their competitive actions on defending their market positions while the managers at smaller companies tended to focus their competitive actions on growing their market share and their businesses in general. Examples of this include a large software company formulating and executing a competitive action to fend off rivalry from a small, new market entrant and a small smart card producer developing a new product to fill a specific market need.

Younger managers with extensive formal training in business and marketing disciplines but with, due to their age, less experience, were relatively methodical in their approaches to formulating and executing competitive actions while older managers who had accumulated substantial tacit knowledge over many years, but had no relevant formal training, relied more on dialogues with other managers, employees and customers, as well as their own knowledge, to formulate and execute competitive actions.

The study found that managers operating in their home markets had an advantage insofar as they had an affinity with local cultural and national norms. Likewise, managers operating in foreign markets had an advantage insofar as they were able to apply learned and tacit knowledge gained in their home markets to the new ones. However, in every instance of managers from foreign markets successfully formulating and executing competitive actions, they did so with the support of local managers. Hodgkinson and Johnson (1994) noted, “Managers frames of reference are influenced by their experiences, national culture is a strong influencer, and their frames of reference are, as a result, broader than organisational or industry level ones”. Based on the findings of the study it isn’t possible to determine whether it’s more advantageous for managers to operate in their home markets or to operate in foreign markets once they had gained significant knowledge in the formulation and execution of competitive actions in their home markets.

The study concludes that the competitive actions, and specifically the number of competitive actions that take place, the reason for such actions and the ways in which they are formulated and executed, is not a function of the rate of change or the level of innovation in a particular industry. Rather, they are situation-specific and such situations relate to specific changes in the competitive landscape, corporate actions, economic crises, desired changes in customer perceptions or poor sales performance. D'Aveni (1994) postulates “hypercompetition is a relatively permanent situation, though it may be punctuated by brief periods of stability”. Furthermore, the study found that the intensity of competition is also a function of cultural and national norms, as well as regulation. For example, the anti-corruption laws introduced in Mainland China caused considerable competitive upheaval in the fashion industry and the procurement regulations imposed on state-owned entities in Kazakhstan guided the way in which other state-owned entities marketed and sold their products and services. D'Aveni (1994) noted that the airline, banking, and telecom industries in the United States had been hypercompetitive for some time; yet in Japan, and to a lesser extent continental Europe, social and cultural norms imposed constraints on adapting such rapid and discontinuous change frameworks.

The smart card producing company that was interviewed developed a programme called ‘you can do it’ that provides a novel solution to incentivising the use of public services through reward points into a successful business that their Chief Executive Officer aims to sell as a stand-alone business one day (competitive action no. 4). Her cognitions and her approach are consistent with Kim & Mauborgne (2015), who suggested companies could succeed not by battling competitors, but rather by creating ”blue oceans” of uncontested market space.

Gresov and Drazin (1997) assert that efficiency and efficacy are optimised in the structures and processes adopted by the strategic group and that deviating from them results in compromised performance. This may be true when considering the cost structures and the collective relationships that strategic groups have with suppliers and is consistent with Porac (1989) who noted, “The access to specific resources is more easily achieved by strategic groups than by singular firms and, as a result, accessing the same resources as competitors in the strategic group improves performance”. However, the findings of this study do not necessarily support this assertion in respect of market performance and the company’s ability to generate revenue when deviating from industry norms and there were a number of examples of managers deviating from industry norms through marketing campaigns, new product developments or the updating of products or pricing policies with the objective of achieving or sustaining profit levels above the industry norms. Another explanation for managers being reluctant to deviate from industry norms could be because taking actions that appear to be in their organisation’s best interests may induce retaliatory actions from their competitors (Baum and Korn, 1996). In the 26 interviews that make up this study, not a single example of this behaviour was identified.

Summary of findings

The following list summarises the findings of this P2 study.

1. Tools and techniques are seldom used in the formulation and execution of competitive actions. Structured interviews and surveys were used in 50% of the actions covered in this survey but tools, such as Michael Porter’s (1980) Five Forces, were only use for four of the 26 actions.
2. Managers rely heavily on interactions with other managers, customers and employees, as well as their own intuitions in the formulating and executing competitive actions.
3. The study affirms the existence of strategic groups and cognitive oligopolies and shows that managers focus on narrow subsets of all their competitors, limited to their most direct ones, when formulating and executing competitive actions.
4. The more mature the industry, the more deliberate and methodical managers are in formulating and executing competitive actions.
5. No difference could be found in the way in which competitive actions are formulated and executed between developed, developing and emerging economies. In other words, the methods used in formulating and executing competitive actions are not dependent on the relative developmental state of the economies in which they are executed.
6. There is a very clear correlation between the level of a manager’s training and the sophistication of the methods used in formulating and executing competitive actions.

7. The competitive actions of large companies tend to focus on defending their market positions while small companies tend to focus on growth in the competitive actions.
8. Young managers tend to rely on frames of reference developed through training in the formulation and execution of competitive actions while older managers tend to rely more on intuition, as well as on dialogues with colleagues, business partners and customers.
9. Managers formulating and executing competitive actions in their home markets have an advantage over those operating in foreign markets insofar as they have a better understanding of the local culture and national peculiarities. Managers formulating and executing competitive actions in foreign markets have an advantage insofar as they bring experience and knowledge of competitive actions successfully executed in their home markets with them. Based on the interviews, it is impossible to determine which position is more advantageous. However, it is noteworthy that a local manager was also involved in the formulation and execution of competitive actions led by foreign managers in the study.
10. Functional-level managers often deviate from industry norms, in the context of product development, marketing campaigns and the reconfiguration of product or service offerings or the way in which they are packaged, in an attempt to increase their profit levels above their industry norms. This does, to some extent, contrasts with the literature that suggests functional-level managers tend not to deviate from industry norms for fear of compromising their profits.

Limitations and reflections

While the data collected in P2 is rich and insightful, the sample is too small to be generalisable. The findings would be generalisable if a much larger sample were used and the questions and, therefore, the responses elicited from respondents were simple, concise and direct. For example, had a few hundred managers been surveyed and asked whether envisaging outcomes to competitive actions before they are formulated resulted in more successful actions, it would have been possible to make a generalisation with a low sampling error based on the responses received. Instead, a small number of semi-structured interviews were carried out in an exploratory manner with the aim of collecting qualitative data.

In P2 little attempt was made to answer any research questions directly or, for that matter, to find categorical answers or conclusions to the four propositions developed in P1. Instead, the research question and the propositions developed in P1 were explored and the discourse associated with the research questions and the propositions was expended upon. For example, Bowman and Daniels (1995) suggested that functional biases exist in the context of perceived strategic priorities and that this could either be a problem or an advantage to organisations. While managers' functions were noted in P2 and it was found that they have a bearing on managers' strategic priorities in the formulation of competitive actions, it was not conclusively ascertained whether this was an advantage or a hindrance in each case.

Project 3: Development of a guide for the formulation of competitive actions

Introduction

The focus of Project 3 ('P3') was the development of a guide to assist managers in formulating competitive actions based on the findings of Projects 1 and 2. The guide is accompanied by a Resources Manual that acts as a tool kit to support the guide. The Resources Manual includes a number of categories, namely:

- Data, including data sources and methods for gathering data.
- Tools, including, inter alia, the Customer Matrix developed by Bowman and Faulkner (1994) and the 5-Fources model developed by Michael Porter (1980).
- Competitors, including points to consider and methods to use in analysing competitors and competitive environments.
- Benchmarks, including ideas regarding benchmarks that can be used when formulating competitive actions.
- Team, including points to consider when assembling teams to formulate competitive actions.
- Industry, including points to consider and methods to use in analysing industries and industrial dynamics.

Both the guide and the Resources Manual were designed to act as reference documents, provoking thought and providing ideas to managers in the formulation of their competitive actions. The guide and the resources manual were validated in the field through discussions with managers, who also reviewed them. A total of 10 discussions were held with managers and five iterations of the guide and the Resources Manual were produced. These discussions focused on the practical applicability of the guide and the Resources Manual. The guides and Resources Manuals that were produced are included in appendices 1 to 7. Notes were taken after each discussion, which were used to update the guide, and have been summarised in appendix 17.

The guide and the resources manual evolved through this process of iteration until the interviewees were no longer able to make meaningful contributions. To start with, the two documents were merged but were separated into two in order to distinguish between material that could be used by all managers on a day-to-day basis, and material that would typically only be used occasionally and not by all managers. P3 also explains the progressions between each of the iterations and the outcomes of the discussions with the managers.

The research protocol and the methods used in this study are covered in the introduction to the P1 section. The DBA research is broken into three projects, namely Project 1 ('P1'), which was a Systematic Literature Review, Project 2 ('P2'), which comprised field research to understand what happens in practice and Project 3 (P3), which is the subject of this protocol and which focused on the development of a framework to improve the formulation of competitive actions.

The unit of analysis is the competitive action. The guide developed as part of P3 was validated in practice through discussions with a number of senior managers who are responsible for the formulation of competitive actions, by asking them to apply it to specific actions their organisations' had formulated and executed in the past.

Relevant appendices

The table below lists the appendices to this study that are relevant to P1.

Nos.	Title	Description	Pages
1-7	Competitive actions guides & resources manuals	Five subsequent versions of the guide and the resources manual to support the formulation of competitive actions that were produced as part of P3 are contained in these appendices. In the first three versions the guide and the resources manual are integrated and presented in single appendices, while they are separated into two separate documents, presented in separate appendices, in the last two versions.	171-184
8	Previous consulting assignments & businesses	A list of previous consulting assignment and businesses that I've been involved in and that are relevant to this DBA study	185
17	Summary of iterations of the guides & resources manuals	Summary of the changes made between the five iterations and an account of the progression made between iterations in developing the guide and the resources manual.	255-262

Table 1: Relevant appendices

Research objective

The ultimate aim of the P3 research was to use the findings of P1 and P2 to provide a guide that managers can use in practice to improve the formulation of their competitive actions. To achieve this, P3 makes use of the processual framework discerned in P2, offers recommendations and proposes approaches. This includes the use of tools and external inputs, such as data, for the formulation of competitive actions depending on the type of action, as well as its stimuli and the objectives of the action. This guide was developed as the corollary of P1 and P2 and was discussed with managers in the field in order to ensure its validity and applicability. The research question for P3 was:

How could managers improve their approaches to the formulation of competitive actions?

The extant literature offers a range of tools and techniques for developing competitive strategy but there is little real evidence that these tools and techniques are used in practice or, indeed, of what practitioners actually do in this regard. The objective of P2 was to understand what practitioners actually do. Rather than limiting the study to a particular industry sector, size of company or territory a diverse group of managers were interviewed so that the results of the research could be applied to a diverse set of environments and competitive situations.

Research design & methods

The process in carrying out research for this project (P3) started with the identification and documentation of patterns and approaches to different types of competitive actions based on P1 and P2, and was followed by the development of the guide, which was then discussed with managers and updated accordingly. The objective of these discussions was to validate the guide, as well as to capture divergent views and emergent issues and to test the guide's applicability to practice. Before these discussions were held with the managers, the guide was sent to them to review.

Research Procedure

The table below depicts the research procedure that was followed.

Step	Description
1	Patterns and approaches relevant to the formulation of competitive actions were identified and documented based on the findings of P1 and P2.
2	A guide for formulating competitive actions based on the patterns and approaches identified and documented in step 1 was developed. Process flow charts and tables were used as far as possible to describe the guide in a succinct manner.
3	Four suitable managers involved in the formulation of competitive actions within their respective organisations were identified and recruited to review and comment on the guide. The criteria used to recruit these managers and a summary of the those selected is provided in the 'Research population' section below.
4	The guide was discussed with the participating managers and updated accordingly after every discussion to reflect their particular experiences, as well as their assessments of its validity and applicability. 10 discussions were held

	with the managers, their comments were noted each time and they were used to produce five versions of the guide in total. The comments and consequent updates to each of the five versions of the guide are contained in appendix 17 to this thesis.
5	The guide was finalised using the comments from the discussions held with managers. The five versions of the guide that were produced based on the 10 discussions were finalised with 'version 5'. The last two versions were split into the guide, which was designed to be used by a broad set of managers on a day-to-day basis, and a Resources Manual, which was designed to be used by a smaller set of managers less frequently. Appendix numbers 1 to 7 to this thesis contains the five versions of the guide and the associated Resource Manuals.

Table 2: Research procedure

Summary of sample population

Because the guide compares approaches managers have taken in formulating competitive actions, and in order to ensure its applicability is as broad as possible, neither the managers who were interviewed nor their organisations were concentrated in any way. Rather, they were drawn from different industries, territories and different types organisations. They were a different set of managers to those interviewed in P2 in order for it to be as objective as possible. All the managers interviewed either make or influence decisions that lead to competitive actions in their organisations. The guide was discussed with the four managers listed in the table below.

No.	Position	Industry/organisation	Age	Sex	Education/training	Home country
1	Founder & CEO	Marketing services (advertising agency)	49	Male	Bachelor in Mechanical Engineering	South Africa
2	Founder & CEO	Healthcare services (multi-national company that managed healthcare programmes for large corporations and NGOs)	54	Female	BA Philosophy, Politics and Economics	South Africa
3	General Manager	Hospitality (South African owner-managed hotel group that own five branded properties)	36	Female	Bachelor in Management Accounting and Diploma in Hospitality Management from Cornell University	South Africa
4	CEO	Hospitality (Large Middle-Eastern hotel group that operates around 70 different properties)	50	Male	Hotel Management Diploma from Ecole Les Roches	United Arab Emirates

Table 3: summary of P3 interviewees

All the managers interviewed, and listed above, either make or influence decisions that lead to competitive actions. This was an important point in the selection process, as the managers would have had to be suitably qualified to review the guide and offer suggestions on how it could be improved, based on their own practical experiences.

Competitive action guide development

The initial guide was developed by grouping actions or mechanisms into a number of broad categories. The initial approach to developing the guide was to treat the stimuli and environmental factors relevant to the competitive actions as variables in relation their formulation. The guide was structured around how these variables shape the action and, therefore, what managers should consider doing based on these variables. The formulation of competitive actions was also dependent on the internal resources and the competitive position of the company, brand, product or service in the first version of the guide. Specifically, the guide was organised according to 21 different variables in five separate categories. These are listed in Appendix 17.

The first iteration of the guide was circulated to interviewees 1, 2 and 3 and discussions were subsequently conducted with them. Based on these discussions, the second iteration departed from the approach of using 21 variables that was employed in the first iteration as the discussions found this approach to be too cumbersome to use and too difficult to understand. Instead, a graphical approach that makes use of a processual flow-chart with different options related to each stage of the process was developed. A graphic designer was employed to improve the visual appeal and usability of the guide.

The second iteration of the guide was circulated to interviewees 1,2 and 3 but, due to interviewee 3's non-availability, meetings could only be arranged with interviewees 1 and 2. Based on their comments, and in order to make the guide more compact, as well user-friendly, the third iteration was split into two documents. These include the Competitive Actions guide, comprising 6 pages, of which 3 were A3 sized pages that open up, and a Resources Manual with 22 pages that describes some of the resources that can be used to support the competitive actions formulation process covered in the guide. A five step process identified in P2 was also developed into a process model abbreviated as 'SOLAR', which is an acronym for:

- Stimulus
- Objectives
- Levers
- Actions
- Refinement

The third iteration of the guide was circulated to interviewees 1, 2 and 4. Telephonic and email discussions were held with interviewee 4 and several meetings and a lot of time was spent with the interviewee 1 between the third and fourth iterations of the guide. Interviewee 2 was not available. Interviewees 1 and 4 made several points that were incorporated into version 4. Several new stimuli were added and some of the guide's content was moved to the Resources Manual and vice versa. The objectives were also arranged into three clusters, including:

- Recover
- Maintain
- Grow

The fourth iteration was only circulated to interviewees 1 and 4 and, after several discussions with them, a number of changes were made to the guide and the Resources Manual to update and improve version 4 and create the final iteration, version 5. Most importantly, several changes were made to the diagrams, the resources key was moved from the Resources Manual to the guide itself to make it easy to refer to the various resource categories when using the guide and to create a tighter link between the guide and the Resources Manual and the icons for each resource category were colour coded to make them user-friendly.

Research outcomes

The primary desired outcome of the research was a guide that can be applied by managers to the formulation of a wide range of different competitive actions. Secondary desired outcomes included an understanding of when and why the themes identified in P2 emerged in the formulation of competitive actions. After seven interviews and extensive discussions with the managers that participated in the research and 10 iterations of the guide, as well as the Resources Manual in the more recent iterations, the outcome of P3 includes:

1. A guide to assist managers in formulating competitive actions that comprises three A4 size pages and four A3 size pages and uses diagrams and tables to make its use as visual and intuitive as possible.
2. A Resources Manual that supports the guide by delving into more detail and offering ideas and recommendations in relation to resources that can be used to support the competitive action formulation process. These resources include data, tools and human resources, as well as approaches to analysing competitors, industries and to identifying and employing benchmarks.

The guide was designed to be quick and easy to understand and to appeal to a broad range of managers of varying ages, levels and experience and educational backgrounds. The Resources Manual is more theoretical in its approach and is not intended to appeal to all managers. Rather, it is designed to offer deeper insight into issues to consider when formulating competitive actions, as well as providing a set of resources to support the process, for those managers who require it.

Scope for further research

Further research could be carried out into the sensitivity that import substitution or the level of world-wide competition has on the formulation of competitive actions. Import levels, or the percentage of the product or service that is imported, could be used as a proxy for the intensity of world-wide competition and, therefore, could be used to understand the sensitivity it has on the formulation of competitive actions.

Share instability could be used as a proxy for industry instability and this could be used to relate the efficacy of different competitive actions to the intensity of rivalry in different industries. In other words, the degree to which market shares in an industry are unstable indicates the intensity of rivalry in that industry and by mapping particular competitive actions to industries of varying levels of rivalry, we may be able to understand which actions are best suited to specific industries based on the intensity of rivalry.

The importance of a product or service to its customers may also have a bearing on the efficacy of different competitive actions and the efficacy of the methods used in formulating them. Michael Porter (1980) argued that the importance of products to customers will affect their tendencies to bargain for favourable prices. Therefore, it could be argued that competitive actions should be formulated using different methods based on the relative importance of the product or service being marketed to its customer base.

Limitations and reflections

The guide and the resources manual developed in P3 are designed to be used by managers to support the formulation of competitive actions. The processual model and the ideas and recommendations offered are based on the findings of 26 interviews carried out in P2, as well as the SLR in P1. Therefore, the data the underlies the guide and the manual is limited and the processual model, the idea and the recommendations could be expanded on through additional research. Such research could also be used to further validate the contents of the guide and the resources manual.

Many of the findings of this study and, hence, the ideas and recommendations offered in the guide and the resources manual are vague because of the type of data gathered and the breadth and depth of data used. Specifically, all the data gathered was qualitative and based on a relatively small sample. Therefore, it was impossible to make definitive suggestions regarding the possible outcome of certain actions. For example, it was found that smaller companies tend to be more offensive in the competitive actions they execute and larger companies tend to be more defensive but, based on the type of research and the sample size, this finding cannot be generalised.

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Appendix 1: Competitive actions guide & resources manual version 1

Appendix 2: Competitive actions guide & resources manual version 2

Appendix 3: Competitive actions guide & resources manual version 3

Appendix 4: Competitive actions guide version 4

Appendix 5: Resources manual version 4

Appendix 6: Competitive actions guide version 5

Appendix 7: Resources manual version 5

Appendix 8: Previous consulting assignments & businesses

- Ecomarine – Corporate restructuring and strategy development for a distressed port operator and shipping business in Nigeria.
- Constelor – Research and development of a business strategy for Constelor, a start-up West African asset management and corporate finance boutique in a highly competitive market.
- Re-Action Group - Restructuring assignment for a multi-national health care company with businesses in the United Kingdom, South Africa and Tanzania to position the business for growth, both organically and through acquisitions.
- BGL Limited - Internationalisation strategy research and development assignment for a prominent Nigerian investment bank considering new markets and their competitive environments.
- Investec Bank - Internationalisation feasibility study and strategy development assignment for a division of Investec to ascertain the viability of expanding into the Australian market, with a particular focus on the Australian competitive environment.
- Paul Smith franchise and Loom – South African fashion retailer that I co-founded in 2007 and that owned the Paul Smith franchise, with stores in Johannesburg and Cape Town, as well as its own brand, Loom, that comprise a store in Johannesburg and an on-line store.
- Ensemble Technology – A technology company in South Africa that developed, implemented and supported financial technology solutions for investment managers and banks I co-founded in 1998.
- Millennium Financial – A futures broker and hedge fund in South Africa that I co-founded in 1994.

Appendix 9: Quality appraisal criteria applied to articles

Quality appraisal criteria (Likert scale)	1	2	3	4	5
Theories and assumptions					
How important are the basic arguments presented in the paper in relation to management cognition in the context of competition and competitive strategy?					
How thoroughly are important premises and assumptions identified?					
Description and evaluation methods					
How well is the data collection methods described?					
How well are the sampling strategy and sample set explained?					
How well are questionnaires or other instrument items identified and described?					
Results					
How accurately are the findings described?					
How well are the results related back to original propositions, hypothesis, research questions and data analysis?					
How well has the author considered alternative explanations for the results?					

Table 1: Likert quality appraisal criteria

Quality appraisal criteria (binary scoring)	Yes	No
Theories and assumptions		
Does the study have a proper theoretical framework?		
Does the study present a clear hypothesis or hypotheses?		
Are the key terms defined?		
Description and evaluation methods		
Is the methodology used in the paper clearly defined?		
Is the operationalisation of the constructs plausible?		
Have adequate steps been taken to avoid data collection errors?		
Results		
Does the presentation of results provide sufficient and accurate data to allow the reader to reach independent conclusions?		
Is implied causality always justified?		

Table 2: Binary quality appraisal criteria

Appendix 10: Data extraction form

Citation/Description	
Title	
Author/s	
Journal	
Year	
Keywords	
Research objective/question	
Methodology	
Sample selection, size and characteristics	
Data sources and data collection methods	
Methods of analysis	
Theme	
Context	
Intervention/strategy	
Mechanism implied by theory	
Outcome	
Results	
Key findings	
Limitations and suggestions for future research	
Contribution to review question	
Positive performance/negative performance/no impact	
Policy influence success/failure	

Table 1: Data extraction form

Appendix 11: Summary of Key Findings from Literature

The table below lists the significant findings from the key studies found in the SLR.

Article	Key findings
Abell, D. (1978), “Strategic Windows”, Journal of Marketing, July, p 21-26	Abell asserts that, short of entry into and exit from new and existing markets, investments in markets should be timed to coincide with the period when the fit between the firm and the market is at its optimum.
Bailey, Johnson, Daniels (2000), Validation of a Multi-Dimensional Measure of Strategy Development Processes”, British Journal of Management, Vol. 11, p151-162	Six discrete dimensions of strategy development are identified in this study and are labelled: Command, Planning, Incrementalism, Political, Cultural and Enforced Choice. A large number of managers were given questionnaires to answer, with several questions related to each dimension. It was found that the Command and the Planning dimensions were most prolific, being the dimensions in which an individual or small group of individuals have a large amount of institutional control and influence and the dimension in which formal strategy planning processes are employed respectively.
Bigné, J.E, and López, N.V. (2002), **“**Competitive groups in the automobile industry: a compared supply–demand approach”, Journal of Strategic Marketing, March 2002, Vol. 10 Issue 1, p21-45	The competitive group concept was tested in this framework and it was found that the way managers defined their industries was not the classical economic definition based on competitors with similar technological production characteristics or easily substitutable products or materials but are, instead, grouped according to market trends. It was also found that there is far great homogeneity between managers’ mental maps of competitors than there is between consumers’ mental maps of competitors.
Bloodgood, Turnley and Bauerschmidt (2007), “Intra-industry shared cognitions and organizational competitiveness”, John Wiley & Sons, Strategic Change, Sept-Oct 2007	The results of this study suggests that deviations from shared cognitions within industry groups can negatively impact firm performance, while conformity to shared cognitions can positively impact it.

Article	Key findings
Bogner, W.C. and Barr, P.S. (2000), “Making Sense in Hypercompetitive Environments: A Cognitive Explanation for the Persistence of High Velocity Competition”, Organization Science, Vol. 11, No. 2, March-April 2000	The authors argue that conventional cognitive frameworks employed to make sense of industrial competitive environments don’t work in hypercompetitive industries. They describe the cognitive frameworks employed in hypercompetitive industries as "adaptive sense-making" and refer to the practices established in the literature for dealing with temporary turbulence. They suggest that in hypercompetition those processes continue indefinitely as members of the industry continually seek to disrupt it. Further, they argue that these processes can become institutionalised as standard operating procedures within firms and as shared recipes within industries, which in tum perpetuates hyper-turbulent conditions.
Bowman, C. and Daniels, K. (1995), “The Influence of Functional Experience on Perceptions of Strategic Priorities”, British Journal of Management, September 1995, Vol. 6 Issue 3, p157	The study concludes that there appear to be slight functional biases in the strategic priorities that managers set, which may indicate that managerial perceptions of strategic priorities are most strongly influenced by the organisations’ strategy or that other variables, such as national, industry or strategic group influences. The study also suggests that when managers are faced with an unfamiliar case situation they tend to perceive problems that cannot be simplistically associated with their functional backgrounds.
Bowman, C. and Faulkner, D. (1994) “Measuring Product Advantage”, Long Range Planning, Vol. 27, No. 1, p 110-132	The article proposes the use of a ‘Customer Matrix’ to measure product advantage, which is premised on the notion that “competition is acted out through the purchasing behaviour of individual customers” and, therefore, the basic unit of analysis should be the individual customer, not the company or industry. The matrix comprises ‘Perceived Use Value’ along the one axis and ‘Perceived Price’ along the other. The most desirable quadrant is the one with the highest perceived use value and the lowest perceived price. The matrix is designed to be used as a tool to understand a product’s or brand’s position in relation to its competitors through the lens of the individual customer. Constructing the matrix is an iterative process that starts with the application of hard information that is then supplemented by experience and perceptions and refined further as more data is gathered. The authors have also applied their matrix to the producer view and the relationship between ‘innovation’ and ‘cost’, which allows producers to marry their internal dynamics with their customers’ perceptions regarding price and use value.

Article	Key findings
Calori, R.; Johnson, G. and Sarnin, P. (1992) "French and British Top Managers' Understanding of the Structure and the Dynamics of Their Industries: a Cognitive Analysis and Comparison", British Journal of Management. Jun92, Vol. 3 Issue 2, p61	The study explores the mental frames of reference of 33 managers in the U.K. and France and concludes that: • Cognitive analysis models and techniques can be usefully applied to gain a managerial understanding of industries • Industry structure is an important contributor to managerial thinking • Political and macro-economic environments influence managerial thinking National culture plays a significant role in the formation of managers' mental models and the formulation of business strategy.
Carlsson, C. and Walden (1997), "Cognitive Maps and a Hyperknowledge Support System in Strategic Management", Group Decision & Negotiation, January 1997, Vol. 6 Issue 1, p7-36	The authors provide a strategic management system called 'Woodstrat' that aims to support strategic actions at the corporate, divisional and business unit levels and covers market position, competitive position, production position, profitability, investment and financing positions. The system was tested on two corporations in the Finnish forestry industry with positive results.
Collis, D.J. and Montgomery, C. (2008) "Competing on Resources", Harvard Business Review, July-August 2008, p 140-150	The article provides a framework that firms can use to differentiate themselves from rivals, which is premised on the Resource Based View (RBV) concept. Accordingly, the framework combines the internal analysis of phenomena within the firm and the external analysis of the industry and the competitive environment. Specifically, to develop competitive strategies the framework suggests firms' focus on defining their strategically valuable resources that enable them to perform activities better or more cheaply than their rivals. The article lists five key characteristics that strategically valuable resources should have, including: • They're difficult to copy • They depreciate slowly • The company, not its employees, suppliers, or customers, control its value • They can't be easily substituted • They're superior to similar competitors' resources

Article	Key findings
Collis, D.J. and Rukstad, M.G. (2008), “Can you say what your strategy is?”, Harvard Business Review, April 2008, p 82-90	The study provides a methodology for competitive positioning, which is termed ‘finding the firms strategic sweet spot’. Considerable emphasis is placed on competitive advantage, which is the third step in Collis’ and Rukstad’s three step strategy statement, which encompasses objective, scope and advantage. The notion of the ‘strategic sweet spot’ is very valuable in the conceptualisation of the competitive position and largely consistent with the Resource Based View of the firm.
Daniels, Johnson, de Chernatony (2002), “Task and Institutional Influences on Managers' Mental Models of Competition”, Organization Studies, Vol. 23 Issue 1, 2002 p 31-62	Managers have a tendency towards mental models similar to others at the same management level across the industry. This is particularly true for middle-managers. There is greater homogeneity amongst the mental maps of divisional level managers than amongst the mental maps of senior managers. The authors argue that this is because senior managers are more concerned with strategy and, therefore, differentiating their product or brand offerings, while divisional managers are more function oriented and, therefore, influenced by the task environment to a greater extent. The study shows that there is no evidence that the strategic group of large national firms influences the cognitive similarity of managers within such firms. There is greater similarity between the mental maps of managers within the same organisation than between managers of different organisations, reflecting the influence of the task environment. There is no evidence of functional foci – influences of functional focus on mental models are subordinate to institutional influences.
D’Aveni, R. (2007), “Mapping Your Competitive Position”, Harvard Business Review, November 2007, p 110-120	A tool is proposed to predict future competitive environments by focusing on how customers determine the value of perceived benefits. This involves using a technique to pre-empt rivals’ competitive actions through the use of price-benefit maps that are extrapolated to predict competitors’ strategic intent. Regression analysis is used to examine the relationship between a dependent variable (price in this case) and several independent variables (product benefits) and to create a price-benefit model.

Article	Key findings
D'Aveni, R.A. (1995), "Coping with hypercompetition utilizing the new 7S's framework", Academy of Management Executive, Vol. 9, No. 3, p 45-57	The 'New 7Ss' tool was developed to account for "companies that actively work to disrupt their own advantages and the advantages of their competitors". D'Aveni's research reveals seven key elements of a dynamic approach to strategy. Unlike the original 7Ss, the new tool is based on finding and building temporary advantages through market disruption, rather than sustaining advantage and perpetuating equilibrium. The new 7Ss are: • Superior stakeholder satisfaction • Strategic soothsaying • Positioning for speed • Positioning for surprise • Shifting the rules of the game • Signalling strategic intent • Simultaneous and sequential strategic thrusts
De Chernatony, L. ; Daniels, K.; Johnson, G. (1993), "A Cognitive Perspective on Managers' Perceptions of Competition", Journal of Marketing Management, October 1993, Vol. 9 Issue 4, p373-381	The study found that managers don't view their industries in the classical economic sense, based on firms with similar technological production characteristics or easily substitutable products or material processes. They are not attentive to these details and, instead, to cope with their finite cognitive capabilities, they only mentally map a small number of competitors. Furthermore, managers tend to have differing perspectives regarding the competitive structures of their industries
Dohyeon, K. (2013), "Cognitive communities and legitimacy based groups: the role of external categorisation on cognitive similarity", Academy of Strategic Management Journal, 2013, Vol. 12 Issue 2, p1-29	The study suggests industrial organisations or strategic groups are cognitive communities formed by strong outside authority (legitimacy-based groups) in which managers share similar mental models of their competitive environments. The study also suggests that managers of relatively new entrants show an apparent cognitive similarity to managers of firms within their legitimacy-based group and that legitimacy providers exert a strong influence of on the formation of competitive cognition. The authors suggest that the number of legitimacy-based groups may predict the number of cognitive communities.

Article	Key findings
González, J.M.H.; Calderón, M.Á.; González, J.L.G. (2012), “The alignment of managers' mental models with the balanced scorecard strategy map”, Total Quality Management & Business Excellence, June 2012 Vol. 23 Issue 5/6, p 613-623	The study shows that individual manager’s mental models are strongly correlated with the mental models associated with Kaplan & Norton’s balanced scorecard strategy map. Thus, the balanced scorecard’s strategy map can be used as a reference point for the convergence of mental models. The study concludes that implementing the balanced scorecard strategy map can help reduce managers’ causal ambiguity with regard to the objectives they need to pursue in order to improve a firm's competitive position.
Giaglis, G.M.; Fouskas, K.G. (2011), “The impact of managerial perceptions on competitive response variety”, Management Decision, Vol. 49 No. 8, 2011, p1257-1275	The study explores the relationship between management perceptions of their competitive environments and their responses to rivalry and finds management perceptions of the intensity of competition, substitution threats and increased buyer power are correlated with broader and more innovative competitive reactions
Hodgkinson, G.P., Johnson, G. (1994),“Exploiting the mental models of competitive strategists: the case for a processual approach”, Journal of Management Stu dies, July 1994, Vol. 31 Issue 4, p525-551	The study explores the nature of individual differences and similarities in managers' mental models of competitive structures, how they might be explained and how such differences in perception are resolved. It revealed considerable diversity amongst the research participants' organisations in terms of the overall structure and contents of their mental models of competitive environments. The study also revealed considerable intra-organisational agreement regarding the categories that describe the self-identity of the research participants' organisations and their major competitors. The study demonstrates that there is considerable variation in the contents and structural complexity of the cognitive taxonomies of individual managers, both within and between organisations, in the same industry sector.

Article	Key findings
Hodgkinson, G.P. (2002), “Comparing Managers' Mental Models of Competition: Why Self-report Measures of Belief Similarity Won't Do”, Organization Studies, 2002 Vol. 23 Issue 1, p63-72	The article provides a critical assessment of Daniels, Johnson, de Chernatony (2002) article, “Task and Institutional Influences on Managers' Mental Models of Competition” and identifies a number of methodological limitations with their study. Hodgkinson asserts that the elicitation procedures employed, namely a card naming exercise and a repertory grid, necessitate extensive interactions between researcher and participant and that, during the course of these interactions, there is ample opportunity for a range of factors associated with the dynamics of the interview to influence the extent to which more or less cognitive maps are elicited. Hodgkinson suggests that, taking account of the limitations of the nomothetic approaches to cognitive mapping employed by Daniels et al., hybrid approaches that capitalize on the strengths of ideographic and nomothetic procedures, whilst minimizing the limitations of each, should be used.
Hopkins, W.E.; Mallette, P. and Hopkins, S.A. (2013), “Proposed factors influencing strategic inertia/strategic renewal in organisations”, Academy of Strategic Management Journal, Volume 12, Number 2, p77-94	The authors propose a framework to facilitate strategic inertia and strategic renewal in organisations. They suggest there are several factors that influence strategic inertia/strategic renewal, including the top management mind-set, middle management empowerment, middle management commitment and competitive intensity. They suggest middle management’s commitment plays a role in overcoming strategic inertia and promoting strategic renewal and that this depends on the perceived balance of reward utilities over input utilities. Self-determination is argued to form the theoretical foundation for empowerment. The authors postulate that an entrepreneurial mind-set is required by top-management, rather than a management mind-set. They argue that competitive intensity is a primary driving force behind successful strategic renewal and diminished strategic inertia.
Krieger, A.M. and Green, P.E. (2001), “A decision support model for selecting product/service benefit positioning’s”, European Journal of Operational Research, Vol. 142, p187-202	The authors describe their tool for competitive positioning, named VOICE, that they have created to provide an approach to developing message bundles and targeting potential-buyer segments. The tool is based on the use of a quadrant chart to map the relative performance and the relative importance of various product attributes. The tool’s inputs include survey data on respondents’ judged attribute importance ratings and perceived performance levels of the different competitors for each attribute.

Article	Key findings
Kim, W.C. and Mauborgne, R. (1999), “Creating New Market Space”, Harvard Business Review, January-February, p 83-93	The article provides a fresh approach to competitive positioning that is premised on establishing what they refer to as ‘new value curves’. The authors promote a ‘systematic approach to value innovation’ as a way of avoiding head-to-head competition, which they state “can be cutthroat, especially when markets are flat or growing slowly”. The pretext of their research is that most companies focus on matching and beating their rivals and, as a result, their strategies tend to converge along the same basic dimensions of competition. The authors contend that firms can position their products or brands in new market spaces by employing different patterns of strategic thinking. This approach to competitive positioning is premised primarily on considering substitute industries to establish new value curves. The key to discovering a new value curve lies in four basic questions: 1. What factors should be reduced well below the industry standard? 2. What factors should be eliminated that the industry has taken for granted? 3. What factors should be created that the industry has never been offered before? 4. What factors should be raised well beyond the industry standard? New value curves attempt to transform enormous latent demand into real demand. Strategic groups can generally be ranked in a rough hierarchical order built on two dimensions; price and performance. The key to creating new market space across existing strategic groups is to understand what factors determine buyers’ decisions to trade up or down from one group to another. This requires that firms’ challenge the functional-emotional orientation of their industries.
McGrath, R.G. and MacMillan, I.C. (1995), “Defining and developing competence: A strategic process paradigm” Strategic Management Journal. May 1995, Vol. 16 Issue 4, p251-275	The article identifies two antecedents to competence, which, the article asserts, results in competitive advantage. These include the ‘comprehension’ of the management team and the ‘deftness’ of their task execution. A dynamic, process-oriented framework is provided. that takes ‘comprehension’ and ‘deftness’ as inputs to ‘emerging competence’, which is used to develop ‘competitive advantage’ that results in rent, or abnormal profits.

Article	Key findings
Lamberg, J-A. and Tikkanen, H. (2006), “Changing sources of competitive advantage: cognition and path dependence in Finnish retail industry 1945-1995”, Industrial & Corporate Change, October 2006, Vol. 15 Issue 5, p811-846	The authors provide a framework that integrates the potential analytical levels, being society, technology, firm/industry and individuals, offered by management researched concerned with how and why firms and industries change and how strategies evolve over time. The framework regards ‘structure’, ‘technical and systematic properties’ and ‘ideology’ and the key factors that inform management cognition and then lead to firm level actions, which are dependent on outcomes of the paths of previous outcomes.
Mintzberg, H. and Lampel, J. (1999), “Reflecting on the Strategy Process”, Sloan Management Review, Spring 1999	The study is the review of 10 different schools of business strategy that concludes that, while the 10 different schools to represent different perspectives, they are also all part of the same strategy formulation process. The authors assert that each of these approaches represents neither a discrete set of processes or different parts of the same process but that, instead, some schools clearly are at different stages or aspects of the strategy formation process. Specifically, the 10 schools reviewed include: 1. Design School: A process of conception. Strategy is viewed as achieving the essential fit between internal strengths and weaknesses and external threats and opportunities. Senior management is tasked with formulating clear, simple and unique strategies in a deliberate process of conscious thought. 2. Planning school: A formal process. The authors claim that this process is cerebral and formal, decomposable into distinct steps, delineated by checklists and supported by techniques, with regard to objectives, budgets, programmes and operating plans. This means that staff planners replaced senior managers as the key players in the process. 3. Positioning school: an analytical process. In this view strategy reduces to generic positions selected through formalised analyses of industry situations. Hence, planners become analysts. This literature grew in all directions to include strategic groups, value chains, game theories and other ideas. 4. Entrepreneurial school: A visionary process. This school roots process in the mysteries of intuition. That shifted strategies from precise designs, plans or

	positions to vague visions or broad perspectives. 5. Cognitive school: A mental process. 6. Learning School: An emergent process. Strategies are viewed as being emergent and strategists can be found throughout the organisation and that formulation and implementation of strategy intertwine. 7. Power School: A process of negotiation. Two separate orientations seem to exist in this literature. Firstly, micro power sees the development of strategies within the organisation as essentially political – a process involving bargaining, persuasion and confrontation among actors who divide the power. Macro power views the organisation as an entity that uses its power over others and among its partners in alliances, joint ventures and other network relationships to negotiate collective strategies in its interest. 8. Cultural school: A social process. Mintzberg and Lampel (1999) describe the Cultural school and the mirror image of the Power school. While the Power school focuses on self-interest and fragmentation, the Cultural school focuses on common interest and integration. 9. Environmental school: A reactive process. The Environmental school includes the 'contingent theory' that considers which responses are expected of organisations facing particular environmental conditions and 'population ecology' writings that claim severe limits to strategic choice. Mintzberg and Lampel (1999) postulate hat Institutional theory, which is concerned with the institutional pressures faced by organisations, is perhaps a hybrid of the Power and Cognitive schools. 10. Configuration school: A process of transformation. The Configuration school sees organisations as configurations – coherent clusters of characteristics and behaviour. Planning prevails in machine-type organisations while entrepreneurship can be found in more dynamic configurations, such as start-ups or turnarounds. Mintzberg and Lampel (1999) postulate that, if organisations can be described as 'states', change must be described as rather dramatic 'transformation' – a leap from state to another.

Article	Key findings
Porac, J.F., Thomas, H. (1994), “Cognitive Categorization and Subjective Rivalry Among Retailers in a Small City”, Journal of Applied Psychology, Vol. 79, No.1, p 54-66, 1994	The study found that managers focus on a narrow band of rival firms that they regard as being similar to their own organisations and use the term ‘cognitive oligopolies’ to define these groupings. It suggests manager’s focus on competitors that pose the most serious competition for scarce resources and that focusing on a small number of very similar organisations. It also suggests that the perceived competitive space is structured by the geographical placement of competitors throughout the local community.
Porac, J.F., Thomas, H. and Baden-Fuller, C. (1989), “Competitive Groups as Cognitive Communities: The Case of Scottish Knitwear Manufacturers Revisited”, Journal of Management Studies, Vol. 48 Issue 3, p646-664	Managers view their firms as belonging to strategic groups, or ‘primary competitive groups’, that comprise groups of close competitors that are protected from competitors outside their strategic group. Using the Scottish knitwear industry as an example, the Porac et al. establish that oligopolists are competitors because they have defined each other as such.
Porter, M.E. (1980), “Competitive Strategy: Techniques for Analysing Industries and Competitors”, The Free Press, 1980	A number of models for competitive positioning within the industrial organisation are provided and the assertion is made that industry structure shifts over time and, therefore, understanding it must be the starting point for strategic analysis. The ‘Five Forces’ model is provided for assessing a number of important economic and technical characteristics of an industrial organisation and the book suggests that, once the industry structure has been analysed, offensive or defensive actions can be taken to reposition the brand or product to compete optimally.
Porter, M.E. (1981), “The Contributions of Industrial Organisation to Strategic Management”, Academy of Management Review, Vol. 6., No. 4, p 609-620	The study debates the applicability of Industrial Organisation (IO) theory versus Business Policy (BP) theory and suggests that IO theory views the firm as a single decision-making unit that makes choices based on economic objectives while BP theory places great emphasis on the personality of the leader and the political processes of the firm. Performance loops back to influence firm conduct, which loops back to influence the structure of the industry.

Article	Key findings
Reger, R.K. and Huff, A.S. (1993) “Strategic Groups: A Cognitive Perspective”, Strategic Management Journal, 1993, Vol. 14, p103-124	The study shows that perceptions about strategic commonalities are common amongst managers at firms within strategic groups and they map their competitors in subtle ways that are often not based on economical or other material measurements. It also shows that strategic groups are the way that strategists organise and make sense of their competitive environments and that they only consider a sub-set of their universe of competitors from a cognitive perspective. Participant firms in strategic groups are broken in ‘core’, ‘secondary’ and ‘transient’ firms and this categorisation approach provides an explanation for the way in which strategists view competitors and provides a basis from which to analyse the competitive actions of strategists.
Reger, R.K. and Palmer, T.B. (1996), “Managerial Categorization of Competitors: Using Old Maps to Navigate New Environments”, Organization Science, Jan/Feb, Vol. 7 Issue 1, p22-39	The authors seek to understand how cognitive interpretations of competitive environments differ between stable and turbulent environments. The study shows that as competitive environments become more dynamic or turbulent, managers rely more on existing mental maps and that their cognitions shift from ‘controlled’ to ‘automatic’ processing. In other words, cognitive inertia sets in as the environment becomes unfamiliar or unpredictable.
Rigby, D. (2001), “Management Tools and Techniques”, California Management Review, Vol. 43, No. 2, Winter 2001	The study found no consistent correlation between satisfactions with financial results and the number or type of management tools and techniques being used. For many tools, however, user satisfaction was found to be significantly higher at successful companies than at less-successful ones. It concludes by stating that: • Their successful implementation required that the tools selected be used in a major effort and not in a limited initiative • For every single tool surveyed, satisfaction scores were higher when the tool was used as part of a major initiative Management tools require top-down support to succeed. In other words, their use needs to be sanctioned and motivated by top management.

Article	Key findings
Schwenk, C.R. (1988), "The Cognitive Perspective on Strategic Decision Making", **The Journal of Management Studies, Vol.** 25 Issue 1, January 1988 p41-55	A model is provided to explain the role of heuristics and biases in the development of strategic assumptions and cognitive maps that affect the development of strategic schemas. The model also includes the application of 'analogy and metaphor', which represents previously developed schemas, to new strategic schemas. Lastly, the assumptions and cognitive maps developed through the application of 'heuristics and biases' and 'analogy and metaphor' are applied to strategic problems.
Sanchez and Heene (1997), "Reinventing Strategic Management - New theory and practice for competence based competition", European Management Journal Vol. 15, No. 3, pp. 303-331	The authors integrate the strategic management theories of industrial organisation economics with general management and game theories to offer a framework for strategy development that integrates several theories provided by researchers with the logic employed by managers.
Wiggins, R., Ruefli, T. (2005), "Schumpeter's Ghost: Is hypercompetition making the best of times shorter?", Strategic Management Journal, Vol. 26, p 887–911	The authors assert that no one except the innovator makes a genuine 'profit' and that the innovator's profit is always quite short-lived. The study finds that: • Periods of persistent superior economic performance have decreased in duration over time • Hypercompetition is not limited to high-technology industries, but occurs throughout most industries but that superior economic performance decreases in duration over time in both 'high-tech' and 'low-tech' industries but at a slower rate in 'low-tech' industries Over time firms increasingly have sought to sustain competitive advantage by concatenating a series of short-term competitive advantages.

Table 1: Summary of literature review

Appendix 12: CIMO Maps

Competitive action 1 - Luxury car 'It's closer than you think' campaign

Context

- There is a misalignment between the market perception of the cars' prices and what they actually cost. The market perceives them to be a lot more expensive than they actually are.
- The manager defines his competition as "any reward for business success, which could include an expensive holiday, a yacht, an investment or a luxury motorcar". He was trying to think beyond the conventional definition of competitors but is probably broadening the definition too much.
- The company interviewed are cost sensitive when it comes to market research and, therefore, don't use survey and rely primarily on feedback received directly from their customers through their salesmen and through a Customer Relationship Management (CRM) system, in which all customer interactions are logged, to gather market intelligence.
- The manager interviewed is the General Manager of the national distributor and is self-trained, doesn't have a formal marketing

Intervention

- The manager acted on feedback received from customers
- The manager doesn't use any frameworks or techniques to formulate their competitive actions.
- They respond directly to interactions with customers and prospective customers so the relationship between their knowledge of the market and the competitive actions they take are very direct.
- The feedback from customers led me to embark on a campaign to

Mechanism

They came up with the tag line 'It's closer than you think', which encapsulates the message they were trying to send prospective customers regarding the actual price of their cars without saying 'they are actually cheaper than the market perceives them to be'

Outcomes

- They wanted to let their target market know that their cars are more affordable than they are perceived to be but without detracted from the value of the brand.
- The manager had very direct and short-term expectations (i.e. execute a campaign and achieve an immediate performance in sales) and was disappointed by the outcome of the campaign using the tag line because less additional cars were sold after the campaign.

Competitive action 2 - 'It's closer than you think' media selection and placement

Context

According to the manager interviewed, the brands they compete with directly include C1, C2, C3, C4, C5's top products the top end C6 and C7 products. The manager is, therefore, aware of his immediate group of competitors, which would be referred to us a 'strategic group' in Industrial Organisation literature.

Intervention

- The tag line, 'It's closer than you think', which tells customers that owning one of the cars is more attainable than is generally perceived while, at the same time, not diminishing the value of the brand by using words such as 'affordable' or 'cheaper' was used.
- The manager was very aware of the lifestyle habits of his target audience, as well as who his closest competitors were and the media selection and placement was developed around this knowledge.

Mechanism

A campaign that used multiple types of media and bombarded the target audience with messages was used, including a direct e-mail shot targeting existing and prospective customers, printed adverts, billboards placed in areas with target market demographics, including shopping malls and A1-sized billboards placed along dual carriageway islands on posts in close proximity to the distributors two closest competitors

Outcomes

- The selection and placement of media was highly focused in reaching the target audience and the manager wanted to achieve direct sales results from the campaign.
- The selection of media was effective insofar as it was highly visible to anyone considering one of the two main competitors' products and insofar as multiple channels were used to ensure the message was received by the target audience, often on multiple occasions.

Competitive action 3 - Used car warranty programme

Context

- The manager believed that simply sending a message to prospective customers that their cars are more affordable than they might have though was not enough, and the cars had to be made more affordable too.
- The manager had the idea of combining the advertising campaign with competitive actions that actually made the cars more affordable and combined it with a cost-effective finance plan and a warranty on used cars.

Intervention

- The manager had the idea that used cars could compete with other new cars, such as C7's convertible sports car, but this would mean making the purchase of one of their used cars more comparable to the purchase of a competing new car.
- The warranty is the most important variable distinguishing a new car from a used one and if the same warranty provided with a new car could be extended to a used one, the used one would be perceived to be a more comparable offering to a new car by prospective customers.

Mechanism

All used cars were sold with a 12-month warranty package that mimicked the warranty package that new motorcars were sold with. The warranty on new cars had a 36-months term.

Outcomes

The used car warranty programme made the purchase of a used car more comparable with the purchase of a new car, of either the same or other brands, in the minds of prospective customers.

Context

- The business is an IT company that, amongst other things, produces loyalty cards with very specific business applications
- The manager uses a tool called the Competitive Compass. According to the tool, the business is in the middle with higher perceived value but higher than average perceived prices, rather than a total niche, which would have high prices, higher perceived value and, potentially, low volume.
- The manager associates high-volume, low-margin businesses with relatively small budgets for R&D, which results in them not being as innovative as their low-volume, high-margin industry peers.
- The business has to focus on a 'low volume, high value' niche in order to compete effectively because its cost base is higher. Applying the Resource Based View, they employ comparatively talented people, which result in relatively high costs
- The manager's approach has been to look beyond what is currently being done, to focus on issues and challenges their clients are faced with and to develop solutions to satisfy them.

Competitive action 4 - Product development by a UK IT services company

Intervention

- Part of the business produces smart cards, which is highly commoditised market to be in. According to the manager, if that was all the business did, and if it operated solely in the smart card producing environment, it would be challenging, as they would be under pressure to act responsively to changes in market conditions.
- The development life cycles for such service offerings are long. However, a number of development-related processes were run in parallel, resulting in reduced lifecycle time.
- To develop the intervention, the manager read white papers regarding developments in the transport sector and developments in government, as well as looking at businesses and why they're going out business.
- To gather market-data the company surveyed people telling them what they were thinking of doing and asked "what do you think about it?"

Mechanism

A new loyalty card was launched that rewards users for using public services such as schools and public transport with points that can be redeemed at supermarket partners.

Outcomes

- The new loyalty card was used as a vehicle to deliver a unique and innovative service with high margins.
- The manager intends to develop 'You Can Do It' as a business in its own right and to get it to a point where it has sufficient traction, in terms of the number of businesses participating in the programme, and then sell it as a stand-alone business

Context

- The company develops software for the institutional asset management industry, which is a very stable one. Therefore, buyer bargaining power is high and opportunities exist to decrease operating costs through outsourcing, shared services, 'software as a service' etc.
- A new, small competitor, C1 with slightly disruptive compliance technology appeared and the manager didn't see them as a threat at first but began to when they introduced a new product to the market.
- C1 sold their software on a one-year service contract basis to get around the customers' procurement policies, which allowed them to compete with the larger incumbent players by selling to large blue chip organisations that they would not otherwise have been able to.
- Internal development is an alternative option to buying software for investment managers and, therefore, the product offering had to be compelling enough for prospective customers not to want to go the internal development route.
- The company did quite a bit of work to understand C1 pricing model and it became apparent that they didn't really follow a model because they were so small and, therefore, priced the software on a deal by deal basis.

Intervention

- The incumbent's software can be run as a service (SaaS), which C1 can't do and they have a much border product set than C1. They are a listed firm with over 1,000 employees, whereas C1 employs 10.
- The incumbent had spoken with a few clients who told them they were performing the processes that the new system would automated manually and it wasn't worth the trouble automating it on their own.
- Given the incumbent's clients' interest in automating the process, they formed a partnership with a large law firm and they started specifying the functionality of the new product.
- The company mocked up a few web pages to show what the new functionality would look like and their clients were enthusiastic.

Mechanism

- A new product was launched to compete with C1's system. Development of the new product had started around two years prior to this.
- The company started developing the functionality and selling it at the same time. They piloted it with two clients that are about to start paying for it. The product is in a semi-finished state. The early adopter clients have the advantage of being able to influence the direction of the product.

Outcomes

The company thought they had better respond to the threat of the new rival in order to maintain an investment management system with a comprehensive set of functionality and to minimise the impact the new rival could have on their business.

Competitive action 5 – Action to fend off threat from smaller competitor

Competitive action 6 - New mortgage product developed by a bank

Context

- The company operates in an oligopolistic industry in which it is very hard for participants to differentiate themselves from each other or to create barriers to entry.
- A customer satisfaction survey is carried out every year but the results don't seem to change much. The company also uses mystery shoppers who ask randomly selected customers questions to understand their needs as a way of gathering data about the appeal and the suitability of its products to customers and prospective customers.
- Before the intervention the company had a relatively small share of the mortgage market and the interest rate cycle was changing.

Intervention

- The process started at the ALCO (Asset/Liability Committee). The market was liquid, particularly at the short end, and rates were coming down.
- The company initially thought of offering a rate of 5.5% for the first two years but thought this would incite retaliation from competitors. Their Asset/Liability committee went for 4.5% because they thought they would have first mover advantage.
- Goals are discussed in the product development forum, which is a multi-functional meeting in which all goals are discussed across various functions in the bank.
- The market is analysed and priorities are set where the bank wants to focus its growth and targets are set. This is done annually.

Mechanism

- The existing mortgage loan product was updated. All banks in the market offer mortgage loan products with interest rates of around 8% per annum. The company's new product only costs 4.5% for the first two years. The terms of the product include not being able to cancel it within 5 years. This period allows the product to become profitable for the company.
- Billboards and posters in the branches were used, as well as radio advertising, to promote the updated mortgage product.

Outcomes

- Increasing the mortgage loan book has been a goal since the company's last annual planning cycle.
- The product has been a huge success and we have moved from the no. 2 to the no. 1 spot for mortgage lending in our market.

Context

- The company operates in an industry that distributes and retails carpets and textiles in a developing market
- Information on competitors is hard to gather. Most of it is obtained from customers who speak about the company's competitors, as well as from employees that used to work for their competitors, who tell them about their competitors' prices and their sales volumes.
- The company is the largest player in their industry in the country they operate in. They have four or five competitors and the second largest is only around 50-60% of their size.
- This business has incredible economies of scale and a strong supplier bargaining position relative to the other flooring businesses in their country.
- The company are the sole agents for all carpets manufactured in a particular country that is the only carpet-manufacturing nation in the

Intervention

- The manager observed and copied the number two telco's strategy and dropped his rates to below theirs.
- The company measures churn rate. That is, how many users switch mobile networks every month.
- Most of the company's competitive actions are copied from their counterparts in other countries.

Mechanism

- BCF was identified for the price sensitive consumer and to compete with the cheap carpets, as well as PVC flooring, being sold by competitors. BCF is scrap carpets that have been recycled and used to make cheap ones
- A product set was identified for the 'Style aware' consumer group that included a variety of styles, quality and designs, including shag pile and dense pile carpets.
- Based on his findings, the manager decided to re-price the BCF product - because customers in this country feel they have to haggle the company introduced a 'base' price, which is the lowest price at which the sales team can sell products, and a 'list' price, which is the starting price that is adjusted downwards so as not to scare away price sensitive customers.
- Different media were used to target the two different segments.
- Every week the company updates their pricelists based on how their competitors' are pricing their products

Outcomes

- The actions helped the company fend off competitive pressure from C1.
- The 4G launch was a great success and the company experienced strong sales increases but the number of units sold were slightly below their expectations.

Competitive action 7 – Market segmentation by flooring business

Context

- The company has a mobile business that has an LTE license.
- Only one competitor, C2, also has an LTE license too.
- The advantage the company has is their scale. They're able to implement countrywide projects, across all 16 regions, which no other competitors can.

Competitive action 8 – 4G service with voice & data in an emerging market

Intervention

- The manager spent a month in the store observing customer interactions and customer comments.
- Once we had decided what they wanted to do, they set about categorising the carpets their competitors sell and split them into two categories, including 'price sensitive' and 'style aware'.
- To determine the 'list' prices they gathered data on competitors' price lists.
- Porter's 5 forces was used to map substitutes, customers, rivals and suppliers. There are a few suppliers in the industry and a lot of customers. Therefore, the power is vested with the suppliers.
- Every week they review their competitors' price lists and adjust their own prices to ensure they are below their competitors

Mechanism

- The company introduced a 4G service with both voice and data.
- They dropped their rates to below C1's
- The company used a billboard campaign and placed the billboards in the vicinities of C1's existing billboards and made reference to their lower priced and faster data

Outcomes

- The company wanted to change its strategy to being in the flooring business, rather than the carpeting business. They wanted to include other forms of flooring in their product offering, including wooden floors, PVC and tiled flooring.
- They wanted to widen range of competitors we have.
- The businesses turnover has more than doubled since the manager over in June 2013, from around $3.5M/annum to around $9M/annum. Part of the increase is due to the market segmentation strategy and part of it is due to the introduction of curtain materials.
- Before the competitive action we used to import 1 container of BCF product every month. Thereafter this increased to 2 containers every month.

Competitive action 9 – Sales to fellow state institutions in the last fiscal quarter

Context

- The company's systems integration business has a number of competitors, who are sometimes partners (e.g. a large ERP supplier, 'ERP1').
- There are two to three companies included in the company's competitive set that can implement large-scale projects in the tens of millions of US Dollars, including the company itself.
- In terms of competitors that are purely IT companies, the company has between 5 and 10. The uncertainty with respect to the exact number indicates that the manager doesn't pay that much attention to the definition of their competitor set.
- National companies must consider other national companies before private sector companies for the products and services they procure.
- Competitors are able to offer irregular payments to customers and, therefore, many customers are shut out to the incumbent.
- National companies that have unspent budget and don't have the time for tender processes, are able to buy directly from other

Intervention

- The competitive advantage that the manager's company had over private sector competitors becomes increasingly relevant as the year end approaches and state-owned companies have unused budget.
- The company's management understand that they are inefficient and will have to transform the business in the next 3-5 years, which is their grand strategy that overarches both the revenue and the expense side of the income statement.

Mechanism

- The company decided to target state-owned companies with unused budgets at the end of the fiscal year yielded a result.
- One of the other state-owned companies signed a deal with us in 2013. The deal was signed right at the end of the year.

Outcomes

The company positioned itself to capture the business of state institutions that could only use their remaining budget in the last quarter of a fiscal year because of the tender process required of them if they wanted to procure products or services from the private sector.

Competitive action 10 – Bundling of mobile and fixed-line services

Context

- The company is the only mobile telephony company that also has a fixed-line business and this is a competitive advantage
- The businesses closest competitor, C1, is at a disadvantage in not being to offer a landline service or 4G/LTE data.
- The manager has defined his three closest mobile telephony competitors and they include C1, C2 and C3
- Customer usage of the company's services is below the industry benchmark and there is, therefore, room to improve this metric. Average Revenue per User (ARU) is the specific metric used for this purpose in this industry.

Intervention

- The company used consultants to help to draft the marketing strategy for the wireless and fixed line business. Many of them have international experience but they are local.
- Speaking to customers was the second or third wave of intelligence gathering and they are only used to measure the quality of service
- Beeline has a fibre optics business and can, therefore, offer VOIP.
- Direct relationships between specific product features and their value to customers aren't measured. However, only sales volume and value are measured.

Mechanism

The company used the competitive advantage it has in being able to offer both fixed-line and mobile numbers on single SIMs to compete more effectively.

Outcomes

The action assisted the company in fending off competitive threats presented by their closest competitor.

Context

- Customers are continually evaluating the total cost of ownership and looking for ways to reduce it.
- The company competes with different competitors in different areas but none of them are able to offer the same turnkey solutions.
- Traditional competitors \ were cheaper and offer rental arrangements. They also offer broking services bundled with their software
- The company was perceived to be expensive and, therefore, targeted larger customers, incl. large corporations and government agencies.
- The manager stated "As you move down to the smaller customers, they are less sophisticated and don't have their own IT departments. They use simple software packages, often provided by their banks. As they grow, they become multi-banked and out-grow the software packages provided by their banks. The market was moving up to where the company was positioned and they starting seeing their emerging competitors in bidding processes."
- The company had to compete but didn't want to cannibalise their existing clients.
- Bundling services is a way of segmenting the market. Managed services allow the company to add more functionality very easily and to circumvent the bidding process in doing so. It also makes control over the technical environment easier.

Intervention

- The company looked at parallel industries for ideas
- Questionnaires were sent to targeted customers with 5 key questions to assimilate customer perceptions and requirements.
- To test the market, low-level noise about possible new solutions was created through product presentations, sales calls, proposals etc.
- Due to its expansive customer base it has an extended breadth of products and services relative to competitors, and is able to bundle them in a standardised manner.
- The offering included all upgrades, which can have a very large impact of customers' operations.

Mechanism

- Started providing managed services, whereby it hosted the software. This resulted in customers being able to account for the software as an expense, and not on-balance sheet
- Multiple customers were managed using the same technical infrastructure, reducing costs.
- The customer proposition was 'spend more with us and the overall cost will be reduced'.

Outcomes

- The action allowed the company to target smaller customers that didn't have the budgets to buy their software
- The company were first to market with their managed services and have since always had a dominant position.

Competitive action 11 – Bundling of services by large financial software vendor

Competitive action 12 – Product repricing by credit default swaps underwriter

Context

- The company issued credit default swaps (CDSs) using ISDA agreements and insuring against the default of baskets of corporations.
- The company was capitalised with US$350M and, at its height, had issued CDSs with a total exposure of US$12B.
- The company started trading in July 2007. The CDS market crises started in mid-2007 and resulted in a dramatic re-pricing of risk.
- In 2008 regulators became involved and the view was that CDSs were the problem and their policies changed.
- Banks started saying "we can't deal at these levels". This started happening more and more and led to the defining moment when the company's management realised they could not continue with 'business as usual'.
- At this point there was an inflexibility of the company to evolve due to the rigidity of the rating agencies.

Intervention

- To start with the company had 8 direct competitors spread across New York, London and Paris. Most of them stopped trading in 2007 but two continued a little beyond 2007. The company was the last to continue trading and was able to do so because of the quality of their portfolio. During this period different opinions within the team about pricing theories and where to price their CDSs were offered and applied. The differences in opinions were due to experiences and the range of long-term views (i.e. those that had been in the market for a long time had different expectations of what the market and CDS prices would do than those who had only been in the market for a short period).
- The company monitored what competitors were doing and were they were pricing their CDSs. This was done through hiring from competitors, being friendly with competitors and being able to talk with them about their pricing strategies, as well as talking to the banks that also bought competitors' products about how they were being priced.
- An insurance specialist was brought in to consider restructuring the company to become an insurance company. The conclusion was that it would be easier to start an insurance company from scratch. Another option that was considered was to sell the entire portfolio and two possible buyers were identified in July 2013.

Mechanism

The entire portfolio was sold to one of the prospective buyers and the investment was thereby monetised with a decent return to shareholders.

Outcome

The company needed to either re-price or sell its portfolio of CDSs and had to find the right method to either continue trading or to change the scope and structure of the business and its

Context

- The size of the new car market for their flagship saloon in this emerging market is only around 300-350 vehicles/annum, whereas it's around 1,000 vehicles/annum for the entry-level priced saloon.
- The manager states that C1 and C2 have greater margins but it doesn't really make a difference because "people buy brands". He says, "I can't go and shout value, I have to shout brand".
- They will also be launching an SUV (Sports Utility Vehicle) that will compete with the C1's very popular SUV and C2's very popular SUV and will be priced in line with these two competitive models. C3, which is one of the closest competitors, will also be launching an SUV

Competitive action 13 – Re-launch of a luxury motorcar brand

Intervention

- They decided to try to emulate what C4, one of their closest competitors, had done in this emerging market, but on a smaller scale.
- The distributor will start by focusing exclusively on retail and developing the brand through their own showrooms. They've hired a Distribution Manager but he will be used in the retail business to start with.
- The client they're targeting is global and well-travelled and is familiar with the brand. Therefore, marketing campaigns are consistent across the globe and they will use the same creative content that is used globally for their advertising campaign.

Mechanism

- The company invested in a large flagship showroom in the main commercial city of this emerging market.
- They embarked on an above-the-line advertising campaign using different media to appeal to they're target markets, including TV, print, social media and radio.

Outcomes

- The company plans to capture 10% of the total market for their new entry-level priced saloon (i.e. 100 vehicles/annum)
- Once all their new vehicles have been launched, their aim will be to sell 250-350 vehicles/annum.

Competitive action 14 – Strategic acquisition by media group

Context

- The company's closest competitor is C1, who have four daily titles, while the company has a single national newspaper that is very similar in reach and in readership numbers to all four.
- The company was acutely aware of the competitive threat posed by C1 particularly and was keen to distinguish its product set form theirs as a way of competing more effectively and becoming relatively more profitable.

Intervention

- The company considered strategic acquisitions and identified a marketing and events management business that could be acquired and their newspaper and other media could be used as a marketing platform for the new business, as well as an events company that could host events for the newspapers client base.
- Management thought that by making the acquisition they would be able to make events more profitable by exposing them to a wider prospective customer base and providing a cost effective advertising platform.
- The company have given the business they acquired the benefit of working with big brands and the ability to lever the benefits of working within a large media group.

Mechanism

A company with two businesses was acquired, a marketing business and an events management business, to provide value added services and to extend relationships that make advertising spend stickier while creating opportunities further monetise existing advertising relationships

Outcomes

- The action allowed the company to move beyond just packaging and selling content as way of becoming more competitive.
- Adding complimentary services to their existing offering allows the company to deepen relationships with their existing client base and distinguish themselves from their competitors

Competitive action 15 – Bundling of value added services by a media group

Context

- The manager defines his competitive set by including four competitors in total, including C1, C2, C3 and C4.
- Through ownership structures, the company has sales rights to two television stations and two radio stations

Mechanism

- The company started selling integrated advertising campaigns comprised of print media, TV, radio
- The company entered into a partnership with a business that owns a number of different FMCG brands, which almost immediately gave them ownership of FMCG silo in terms of advertising media, as well as the opportunity to generate additional revenue.

Intervention

- The manager and the company's management researched international trends to develop their competitive strategy.
- They set about finding ways in which advertising campaigns could be packaged that comprised the use of different media in an integrated manner, such as print combined with radio.

Outcome

- The action allowed the company to provide integrated marketing solutions.
- The action allowed the company to move beyond just developing and selling content as a way of becoming more competitive.

Competitive action 16 – Product discontinuation by drinks manufacturer

Context

- The company had two brands: Brand A, a carbonated fruit juice brand, and Brand B, a non-carbonated fruit juice brand.
- Brand A had a market share of around 2% and Brand B had a similar market share.
- The company didn't have adequate funds to compete in the market place with two competing brands and needed to find a solution to the problem of supporting two competing brands while their market share for both was diminishing.
- The fruit juice market was saturated (there were too many brands relative to the size of the market)
- For the non-carbonated drink there were two main competitors, including Competitor 1 (100% fruit juice) and Competitor 2 (fruit nectar drink) and for the carbonated drink there is one main competitor, Competitor 3

Intervention

- The trigger to this competitive action was the company's low market share in both segments, as well as their respective shares of the overall fruit juice market
- Analysing income and costs, the company's management questioned the business rationale for supporting two brands and reached the conclusion that there was little point in doing so.
- A survey was used to gather data concerning market perception of Brand A and Brand B and the market research tool was used to predict uplift of each brand assuming investments in redeveloping the brands as well as the uplift in the event of the two brands being collapsed into one.
- The company considered merging the two existing products into one, with the names 'Brand A Still' and 'Brand A Sparkling' but, after the seeing the outcome of the research, abandoned this idea.

Mechanism

- The management decided to focus on just one market on the basis of them not generating the income to justify being able to dedicate sufficient budget to be able to compete effectively in two.
- Brand B was discontinued
- They kept Brand A but decided to promote it to make up for year of under-investment in the brand.

Outcomes

- By discontinuing Brand B, the company was able to commit more investment focused on Brand A
- The company was able to regain market share and improve their profitability in this market.

Competitive action 17 – Product line expansion by a confectionary manufacturer

Context

- Sales at this confectionary manufacturer were flattening out. Growth prospects in confectionary goods were limited.
- The market was consolidating and there was a lot of M&A activity at the time. Specifically, strategic acquisitions with the objective of acquiring new products to extend product lines were taking place.
- The company had been growing but growth had stagnated and they were looking to reposition the business for growth.

Intervention

Research was carried out to establish why people bought confectionary products and it was established that the number one reason was for snacking in between meals.

Mechanism

The product line was expanded to include other snacking products, including savoury snacks and drinks

Outcomes

- As a result of the expanded snacking product line, the company was able to improve its revenue and profitability
- The company was acquired soon thereafter by a larger foods company.

Competitive action 18 – Product development by FMCG manufacturer

Context

- The manager interviewed was responsible for managing under-arm deodorant products at a large FMCG manufacturer
- The trend in the industry was away from aerosol cans and towards deodorant sticks
- The company were experiencing a sagging market share in their under-arm deodorant products and wanted to regain market share.

Intervention

One million consumers were surveyed to establish how the company could make an impact in changing their personal hygiene products. An agency was used to survey people randomly in public spaces. Apart from gathering consumer data, this process was also used to create brand awareness and to change people's personal hygiene habits.

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Mechanism

A new stick deodorant product was launched to replace the aerosol can product and the survey was used to promote the forthcoming product, as well as gathering information about consumer perceptions

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Outcomes

The company's aim was to have a market share of 10% in year 1 of the new product's life cycle and they achieved around 15%.

Competitive action 19 – Product development by drinks manufacturer

Context

An existing global soft drinks manufacturer with success in the manager's market. They wanted to extend their product line.

Intervention

- They started by evaluating the market needs and then looking internally within the group to see had to satisfy the need.
- Through surveys they established that there was unsatisfied demand for drinks for toddlers and were able to adopt key learning's for this product form the Latin American market.
- Seven different flavours were introduced and each flavour was associated with a particular animal.

Mechanism

- A new kids drink that was sold in a pouch and sold at single-coin denomination prices was launched.
- The brand activation programme involved distributing samples at many different venues using 7 life-sized characters (Jack Orange, Pete Pineapple etc.)

Outcome

The company was able to grow revenue by producing and marketing new products

Competitive action 20 – Product line extension by a FMCG manufacturer

Context

- The manufacturer has produced fabric softener for many years
- Brand stickiness is dependent on quality and quantity of interactions with the brand

Intervention

- They started by considering how they could grow the business by responding to consumer needs and attitudes.
- Researched carried out by a marketing agency showed that their consumers were very price sensitive.
- Given the price sensitive nature of their consumers, the company's management thought that if they introduced refills that had lower packaging requirements and, therefore, costs, they'd be able to offer this new product category at a reduced cost to any comparable 'full-packaged' fabric softener.

Mechanism

- Refills were launched. They were sold in the form of sachets that each produced two litres of fabric softener.
- The refills were launched through awareness clinics in which use of the new product was demonstrated.

Outcomes

- The company was able to grow the category and gain a larger share of the fabric softener market.
- The introduction of refills was a great success.

Context

- The company and its competitors have been developing and manufacturing brake pads for large mining tracks, which was the application behind this competitive action.
- Traditionally, brake pads are made using formaldehyde resin, which is toxic and bad for the environment.
- Two trucks recently caught fire at a mine in an emerging market, caused by their brake pads. This raised global awareness regarding the use of sub-standard brakes that aren't able to endure long periods of intense use, as those used by the mines are subjected to.
- Car brake pads margins are low (a few pence each). Mining truck brake pads sell for ca. GBP35 each and cost ca. GBP15 to manufacture.
- The big players are untouchable. M1, an Australian manufacturer, use steel for their brake pads and, because they buy it in such large quantities, they buy it at a price that makes competing with them prohibitive to any other business. The big players also have very sophisticated market intelligence.

Competitive action 21 – Product development by brake pad manufacturer

Intervention

- A mine asked the company to develop a highly durable truck brake pad
- The company looked at aircraft brakes that are subjected to very intense use and, therefore, very high heat, to see how they were constructed and the materials that were being used.
- The mine that the brakes were developed for use K1 trucks and K1 insist on using their own brake pads, which are manufactured by C2 who also produce the callipers. C2 bundle the pads with the callipers making it very hard for independent brake manufacturers to compete. The company thinks the mine will put enough pressure on K1 for them to force C2 to separate the sale of callipers from the sale of brake pads.
- Distributors weren't keen to stock the new brake pad because it lasts four times as long as more traditional brake pads and they would, therefore, sell four times fewer. This meant the company had to go after a 'high-quality' niche and sell directly to mines.

Mechanism

A brake pad was developed using carbon and steel.

Outcomes

- The company was able to produce a brake pad for the mining industry that was unique and they could, therefore, realise good margins.
- A product was developed that met very high environmental standards.
- The new brake pad has been very well received by the market and the sponsoring customer plan to fit this product to every one of their mining trucks

Context

- The company was a banking institution with a strong brand in its home market but not elsewhere.
- The company's balance sheet was concentrated in long-term assets, and wanted to grow its book of shorter-term assets.
- The auto-finance market is incredibly price sensitive and customers tend to go with the cheapest financing deal, as it is an oligopolistic industry and it's very hard to distinguish one financing deal from another on metrics other than price.
- In credit scoring customers, the company could see which competitors they were competing with by viewing credit report requests.

Intervention

- The manager consulted with his colleagues who were more mature and had more experience. They thought the company had to be consistent in new markets and provide a superior service if it wanted to compete effectively
- They commissioned surveys that showed their pricing was competitive.
  - They knew that transacting quickly was an important differentiator.
  - Their approach was to setup subsidiaries in the state and hire locals who understood local nuances. A local would to be hired as the manager's number two with limits that allowed them to approve 50% of the deals.
  - They attended car shows at the weekends and when most of their competitors left on Saturday afternoon they would stay on.
- The subsidiaries books were at least as good as the parent's, in terms of losses. Apart from the high quality of the subsidiary's book, having a subsidiary also gave the parent a credit diversification benefit and because the subsidiary's region wasn't correlated with the home market there was a portfolio effect.

Mechanism

- A new subsidiary was established to provide auto-finance indirectly through auto-dealers, offering a consistent service with fast turn-around times but without discounting their pricing to 'buy' market share.
- Banks were prohibited from establishing branches in other states so they had to establish a subsidiary whenever they expanded into a new state.

Outcomes

- The company was able to grow its footprint in auto-financing by expanding geographically.
- The company had done well in its home market and it was able to replicate the success in other markets.
- By expanding geographically, the company was able to be very selective in the deals they originated and, thereby, maintain their existing quality of loans.

Competitive action 22 – Geographical expansion of an auto-financing company

Context

- The products went into the Chinese market at the wrong price. Stores were opened in the best malls in China and the mall owners had set their own standards in terms of how the price level of their tenants, and in few cases how the tenants should price their merchandise. These pricing guidelines were stated in the lease agreements and, therefore, tenants had to follow them or they would be in breach of their lease agreements and would risk having their agreements cancelled.
- A product that cost GBP79 on Jermyn Street would cost GBP189 in China and Hong Kong's prices were around half of China's. Competitor 1 had a much narrower price differential between Hong Kong and the Chinese mainland than the company. The reason for the price inflation was that the brand needed to be in these particular malls and therefore had to be within the same price banding.
- When the Hong Kong market opened to the Mainland Chinese market, Hong Kong sales doubled and Chinese sales dropped by around 60%.
- The anti-corruption law also had an effect on Chinese sales. Watch brands' sale's dropped by around 80% as a result.

Competitive action 23 – Re-positioning in the Chinese market by fashion brand

Intervention

- As soon as the company's CEO decided to address this issue, the manager that was interviewed went to China for a week and walked around looking at competitors stores, their product mixes and the pricing of their products.
- The company didn't want to reduce their prices as that would imply having to break their leases, leave the top malls and re-establish themselves in less premium locations through extensive marketing.
- No external or formal research was carried out and tools weren't used to analyse the market or to come up with possible

Mechanism

- A new label was developed exclusively for the Chinese market. It was manufactured in Hong Kong and the UK and prices were kept constant. Because the label was unique prices couldn't be compared to the same products sold elsewhere.
- The company started selling more UK manufactured products in China, which are perceived to be superior with the objective of establishing the brand as a premium British brand.

Outcomes

- The company was able to arrest the flow of consumers from the Chinese Mainland to Hong Kong.
- The company was able to establish China as a market in its own right with products relative to its own consumer's tastes and requirements, rather than China being a subset of the Hong Kong market.

Competitive action 24 – Geographic expansion of alcoholic drink

Context

- The product is produced by the company, one of the largest distillers in the world, and is seen by the London-based company as a faster-growing addition in Nigeria to its flagship stout.
- Since its introduction in Nigeria in 2013, the new product has captured more than 50% of the non-beer bottled drinks with a similar alcoholic strength.
- A 40% slump in oil prices is expected to curb growth of the Nigerian economy to 4.8% in 2015 from 6.3% in 2014, which has had an impact on disposable incomes in the country.
- The drink competes primarily with locally produced beers, ciders and lagers. Competitors in Nigeria were starting to introduce their own herbal drinks to compete with the drink's popularity. These competitors included the local unit of a major European alcoholic drinks manufacturer, who started selling Competitive product 1. Competitive product 2 followed later this year.

Intervention

- The company spoke with the management of its subsidiaries around Africa and, based on these discussions, shortlisted Ghana and Kenya as countries in which it wanted to launch the new drink.
- Based on the local distiller's readiness and willingness, it was decided that the drink would be launched in Kenya first.

Mechanism

The Kenyan unit of the business introduced the drink in March in anticipation of the same success it had experienced with the drink in Nigeria.

Outcomes

- The company was able to replicate the drink's success in Nigeria in Kenya
- Apart from increasing revenue across Africa, this also helped diversify income from this particular drink away from Nigeria, which has a vulnerable economy and where competitors were starting to erode the success of the drink.

Competitive action 25 – Product customisation for USA market

Context

- The British fashion brand has had a presence in the U.S.A. since the 1990s, through both company-owned stores as well as prominent retailers such as Department store 1 ('DP1').
- Sell-through figures (the portion of the collection sold in season and that doesn't go on sale) at DP1 were initially averaging around 15%.
- Most designers were happy with 30%+ sell-through rates at DP1 because they valued being promoted there and saw the retailer as a marketing tool that could be used to position them in the U.S.A. market along with other luxury fashion brands.

Intervention

- The company started by interviewing the management and the floor staff of DP1 to establish why the sell-through rates for their collections was so low. The overwhelming response was that the sizes and cuts weren't right for the American consumer.
- One of the collections, the men's' business wear collection, which is a good seller and a money spinner for the company, was redesigned for the U.S.A. market This intervention was driven by the brand, rather than the retailer, as it was the brand that questioned the low sell-through figures and wanted come up with a solution to the problem.
- The American market is susceptible to fads and, therefore, the company had to work fast to implement changes to the collection before the market gave up on them and moved on.

Mechanism

The cuts and sizes of suits for the U.S.A. market were increased to accommodate the American consumers, who had larger thighs, arms and waists. This moved the collection from being fashionable but inaccessible to most Americans to being a more accessible collection.

Outcomes

- The company's Commercial Director wanted to address the problem of low sell-through rates, starting with their men's business wear collection and wanted to see an increase in sell through rates. Competitors had sell-through rates of around 30% and the manager wanted his men's business wear collection, which sold in large quantities around the world and made the company money, to exceed this.
- The intervention resulted in an increase in sell-through rates from around 15% to around 60%.

Competitive action 26 – New fruit juice brand in an emerging market

Context

- There are four sectors within the fruit juice market. Including 100% fruit juice, nectars, carbonated fruit juices and juice drinks.
- The company was experiencing diminishing market share in its non-carbonated fruit juice sector.
- There were two main competitors, including Competitor 1 (100% fruit juice) and Competitor 2 (fruit nectar drink). For the carbonated drinks, there was one main competitor, Competitor 3.
- Non-carbonated fruit juices represented the most attractive market with the least competition.

Intervention

- The company's local management looked to see what products the group had in the global innovation pipeline that could be introduced to their market to compete more effectively in the segment. They found a suitable new product to introduce to the market. Had this product not been available, they would have had to invest R&D in developing one. They also looked to see how the product was performing in other markets and found that it had become the no. 1 fruit juice brand in the Middle-East.
- Quantitative research was carried out to ascertain market acceptability. Specifically, a survey was used and questions were asked concerning taste, packaging, the feel of drinking it etc. The quantitative research established whether or not the product would be priced correctly, if the packaging was right for the market and if the branding resonated with the target audience.
- A research tool is used to predict uplift based on the results of the survey. The tool is also used to establish what the marketing budget should be and what the market conditions (e.g. market size and whether the market is growing or contracting) are.
- The research is needed to sell new products to the bottlers/distributors.
- The new proposition will be to compete in the 'fruit juice' segment with a drink that has 5%-25% fruit juice content, as there weren't any competitors in this segment and that meant the company would have a first mover advantage.

Mechanism

The company launched a new non-carbonated product, Brand 1, which was in the company's global innovation pipeline at the time of developing the competitive action.

Outcome

The company expanded its juice portfolio and its share of the market

Appendix 13: Internal & external factors relevant to competitive actions

The following table lists factors that may have had an influence on how each of the competitive actions being analysed were developed and executed. They include factors relevant to both the external and the internal environments of each manager and each company associated with the competitive actions that were taken.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of company (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
1 - Luxury car 'It's closer than you think' campaign	Marketing campaign	Customer/ prospective customer perception that products' are more expensive than they actually are	Change customer/prospective customer perceptions about the affordability of the products without compromising the value of the brand.	40	Automotive	Very distinct strategic groups with high levels of rivalry	4	No formal business education. Father owned a luxury car distributor and dealership and the manager started out as a salesman and worked his way up	Emerging	Intuition, no formal research, direct feedback from customers is relied on very heavily and a CRM system is used.	Defines his competitive set as any luxury purchase but is very clear about who his competitors are when selecting advertising media
2 - 'It's closer than you think' media selection and placement	Marketing campaign	Communicate the 'It's closer than you think' message to the target audience.	Effectively communicate the message to the target audience and achieve direct sales results.	40	Automotive	Very distinct strategic groups with high levels of rivalry	4	No formal business education. Father owned a luxury car distributor and dealership and the manager started out as a salesman and worked his way up	Emerging	Tacit knowledge about target audiences lifestyle habits and choices, use of an advertising agency.	Multiple types of media were used to ensure the target audience so the adverts at least once and, in most cases, several times. Billboards were placed directly outside competitors' showrooms.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
3 - Used car warranty programme	Update or repackaging of an existing product or service offering	Make used vehicles more comparable to other manufacturers new vehicles in the context of customer purchasing decisions.	Improve the quality perception and, therefore, the prices of used vehicles and sell more by taking from other manufacturers new vehicle sales.	40	Automotive	Very distinct strategic groups with high levels of rivalry	4	No formal business education. Father owned a luxury car distributor and dealership and the manager started out as a salesman and worked his way up	Emerging	Intuition, no formal research, direct feedback from customers is relied on very heavily and a CRM system is used.	Changing the product's attributes and/or packaging can alter the competitive set of a specific product.
4 - 'You can do it' campaign launched by a UK IT services company	Development/launch of a new product	Use their existing resources to extend the product range.	Improve income and profitability by introducing a niche product with high margins.	70	IT	Evolving and loosely organised industry structure with a lot of scope for innovation	8	Entrepreneur with no formal business qualification who attended the Business Growth Programme of the Cranfield Centre for Executive Development (CCED).	Developed	Industry specific literature, government/regulatory communications, interviews, surveys, R&D, beta testing	The company produces smart cards but the manager realises that the margins associated with simply producing smart cards are very low because there are many competitors. So, her approach was to use the smart card as a vehicle to create a service offering.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
5 – Software product development to fend off a threat from a much smaller competitor	Development/launch of a new product	A new, much smaller competitor appeared offering new functionality.	To fend of the competitive threat from the new, small competitor and to maintain a comprehensive suite of software products.	1,000+	IT	Distinct strategic group with intense rivalry and constant jostling for position within it	6	Technology background, completed a five year Master's programme that was both a general engineering degree and an MBA in one on a scholarship from IBM and after university he went to work for an investment bank, Solomon Brothers, in their IT department.	Developed	Direct interactions with customers, partnership with a law firm to develop the business rules.	The manager regards the companies size and its comprehensive set of resources as a providing a strong competitive advantage yet a much smaller competitor can come from nowhere and challenge them, using innovative business methods, such as providing the service on a 1-year renewable basis.
6 – Development of a new mortgage product by a bank in an developing market	Update or repackaging of an existing product or service offering	Relatively low mortgage loan market penetration	Improve their share of the mortgage loan market	1,000+	Retail banking	Oligopoly with distinct strategic groups, stable industry and little room to distinguish brand or product offerings	2	BSc in Economics from the LSE and an MSc in Finance & Economics from the LSE.	Developing	Macro-economic analysis, customer surveys, market analysis, ALCO committee discussions	The company used their anticipation of a downward shift in interest rates to offer a reduced rate on mortgage loans for the first two years - they initially thought of setting this at 5.5% (from 8%) by ended up setting it at 4.5%.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
7 – Market segmentation and re-pricing products by a flooring business in Kenya	Market segmentation	Manager new to business and looking at ways to improve its profitability	Increase turnover by broadening the service offering and thereby competing with more companies.	50	Retail – home-ware	Industry with few competitors , incl. one giant, one semi-giant and around 4 smaller competitors	3	BSc in Accounting & Finance from the LSE and an MBA from Warwick. The manager says he uses three of the MBA modules have really helped him, including 'Marketing', 'Service Management' and 'Supply Chain Management'.	Developing	Porter's 5-forces, ethnography (observing consumer behaviour), interviewing consumers and employees who used to work for competitors	The firm was repositioned from a 'carpet' supplier to a 'flooring' supplier.
8 – Introduction of 4G service with voice and data by a mobile telecoms company in an emerging market	Development/ launch of a new product	Acquisition of an LTE license - a new unique resource	Fend off intense rivalry from their nearest competitor	1,000+	Telecoms	Oligopoly with a few players and fierce competition	7	Studied electrical engineering in St Petersburg between 1988 and 1994, attended Ohio State university in 1997 where he completed a 2-year MBA programme specialising in Finance and Management Information Systems.	Emerging	Observed and copied counterparts in other countries. They copied their nearest rivals pricing structure.	Their nearest competitor ('C1') has much better voice coverage but doesn't have an LTE license. The company used a billboard campaign and placed the billboards in the vicinities of C1's existing billboards and made reference to their lower prices for data and faster.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
9 – Sales to fellow state institutions in the last fiscal quarter in an emerging market	Marketing campaign	Flagging sales	To make sales to other state-owned enterprises that had unspent budget in their last quarters and couldn't buy from privately held companies because of time constraints and bureaucratic processes.	1,000+	IT	5-10 competitors , depending on how they are defined, with distinguished solution offerings. Procurement normally through bidding/tender processes.	6	Studied electrical engineering in St Petersburg between 1988 and 1994, attended Ohio State university in 1997 where he completed a 2-year MBA programme specialising in Finance and Management Information Systems.	Emerging	Discussions with other state-owned enterprises	The competitive advantage that the manager's company had over private sector competitors becomes increasingly relevant as the year end approaches and state-owned companies have unused budget.
10 – Bundling of mobile and fixed-line services in an emerging market	Update or repackaging of an existing product or service offering	Search for innovative was to fend off the threat from their closest rival.	Fend off competitive threat from closest competitor.	1,000+	Telecoms	Oligopoly with a few players and fierce competition	7	Studied electrical engineering in St Petersburg between 1988 and 1994, attended Ohio State university in 1997 where he completed a 2-year MBA programme specialising in Finance and Management Information Systems.	Emerging	Consultants were used to develop the marketing strategy. Customers were also interviewed but only to measure the company's quality of service.	The company used the competitive advantage it has in being able to offer both fixed-line and mobile numbers on single SIMs to compete more effectively.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
11 – Bundling of software and services by a large financial software vendor	Update or repackaging of an existing product or service offering	Search for ways to increase their prospective customer base.	They wanted to be able to target smaller customers that didn't have the budgets to make large software procurements.	1,000+	IT	5-10 competitors , depending on how they are defined, with distinguished solution offerings. Procurement normally through bidding/tender processes.	7	Qualified accountant that then moved into financial software sales and then management.	Emerging	Questionnaires were sent to targeted customers with 5 key questions to assimilate customer perceptions and requirements. Low-level noise was created about possible new solutions through product presentations, sales calls, proposals and interviews	The manager thought that by combining resources, including both internal resources and those made available to them by partners at preferential rates because of their size, they would have a competitive advantage over smaller competitors in price and in the functional breadth of their solution offerings.
12 – Product re-pricing by a credit default swaps underwriter	Product re-pricing	Dramatic change in market conditions	To be able to sell the credit default swap agreements they had underwritten with a decent return to their shareholders	15	Financial services	8 competitors that were all price takers and were all very aware of what the others were doing and how they were pricing their products. Therefore, this could be regarded as an oligopoly.	9	MBA in finance and currently busy with a Doctorate researching corporate governance issues. Always worked in financial services, in many different roles and, therefore, has a very good knowledge of the industry.	Developed	Monitored competitors very closely by hiring from them, being friendly and talk with them and talking with common customers. Hired an insurance specialist to evaluate the businesses assets and make recommend options.	When the company started they dealt with the world's largest banks at very profitable levels but there came a point where they started saying "we can't deal with you at these levels", leading the company to realise it wasn't 'business as usual'.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
13 – Re-launch of a luxury motorcar brand in an emerging market	Update or repackaging of an existing product or service offering	Acquisition of the business by a new owner.	Increase sales to between 250 and 350 units/annum and capture a larger slice of the total market	35	Automotive	Very clear strategic group within a broader established industry with well-defined borders.	4	No formal business education. Father owned a luxury car distributor and dealership and the manager started out as a salesman and worked his way up	Emerging	Followed their closest competitor, who are very successful and much larger, as well as deploying the brands global marketing campaigns and business strategies.	The manager is focused on promoting the visceral elements of the brand to develop the business. E.g. he stated, "I can't go and shout value, I have to shout brand".
14 – Strategic acquisition by a media group in an emerging market	Corporate action	Acquisition of the business by a private equity fund looking to grow it through corporate action.	Package complimentary service offerings together to raise mobility barriers by providing solutions that competitors cant.	1,000+	Media	Very clear sets of competitors for different product offerings.	6	Worked in the media industry for a long time, as an entrepreneur and executive for around the last 20 years. No formal, relevant post-graduate education.	Emerging	Scanned the market for companies with complimentary products/services that could be bundled with their existing product offerings.	The company was trying to blur the lines between different product offerings and, therefore, different competitor sets, by packaging different products with different competitors together.
15 – Bundling of value added services by a media group in an emerging market	Update or repackaging of an existing product or service offering	Private equity firm that owns the business wants to raise mobility barriers.	Wanted to started providing integrated marketing solutions as a way of competing more effectively.	1,000+	Media	Very clear sets of competitors for different product offerings.	6	Worked in the media industry \ as an entrepreneur and executive for around the last 20 years. No formal, relevant post-graduate education.	Emerging	Researched international trends, looked at what they had that they could bundle together to create marketing campaigns using several different types of media.	The company formed a partnership with a company that owns a number of leading FMCG brands in an attempt to 'own' advertising in that industry.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
16 – Merging of two brands into one by a large drinks manufacturer	Development /launch of a new product	Flagging sales and low market share	Cost rationalisation and to regain lost market share	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	5	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with multinational.	Emerging	Analysed both products' incomes and costs and used surveys to establish the market appeal of the existing products.	The research is needed to motivate changes in product range and marketing strategies to distributors and bottlers.
17 – Product line expansion by a confectionary manufacturer	Development /launch of a new product	Flagging sales in the industry sector that the company operated in.	Reposition the business for growth	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	3	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with major international groups.	Emerging	Surveys to establish why consumers bought their products.	Through the surveys it was established that people buy confectionary products to snack between meals and, as a result, the company decided to expand its snacking product line.
18 – New product development and launch by an FMCG manufacturer	Development /launch of a new product	The existing product was being replaced by new product with the same application.	Gain a market share of at least 10% in one year by introducing a new substitute product.	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	5	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with major international groups.	Emerging	One million consumers were surveyed to establish how they could make an impact in changing personal hygiene products.	A new stick deodorant product was launched, replacing the aerosol can product. The survey was used to promote the forthcoming product, and to understand consumer perceptions

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
19 – New product development and launch by a drinks manufacturer	Development /launch of a new product	Global group looking to grow their business in this territory.	Grow revenue by introducing a new product.	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	5	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with major international groups.	Emerging	Surveys were used to understand the market needs and what was available within the global group to satisfy the needs.	Through surveys they established that there was unsatisfied demand for drinks for toddlers and were able to adopt key learning's for this product form the Latin American market.
20 – Product line extension by a FMCG manufacturer	Development /launch of a new product	Group wanted to grow their business in this category.	To gain a larger share of the fabric softener market.	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	5	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with multinationals.	Emerging	Marketing agency was used to establish consumer needs and attitudes.	Given consumer price sensitivity, refills that had lower packaging requirements were introduced at a lower price to any comparable 'full-packaged' fabric softener.
21 – Development of a competitive product by a niche brake pad manufacturer	Development /launch of a new product	Looking for opportunities to develop niche products.	Produce a highly specialised product that would produce good margins for the business.	15	Automotive	Industry with few competitors, incl. giants that are part of integrated automotive businesses and small, niche competitors.	7	Worked in the brake pad industry as an entrepreneur and an executive for around the last 20 years. No formal, relevant post-graduate education.	Emerging	No formal marketing methods or tools were used. The new product was development was driven by a customer requirement. Borrowed from other industries to develop the product itself.	Produced a high-quality product for a very specific market segment, competing with much larger manufacturers that bundle brake pads with callipers.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
22 – Geographical expansion of an auto-financing company in the U.S.A.	Geographical expansion	Too many long-term assets on the bank's balance sheet and they wanted to grow their short-term assets, therefore, they wanted to expand their auto financing business.	Maintain the quality of loans they had on their books in new territories	1,000+	Financial services	Oligopoly with a few players and fierce competition	4	MBA in finance and currently busy with a Doctorate researching corporate governance issues. Always worked in financial services, in many different roles and, therefore, has a very good knowledge of the industry.	Developed	Survey's to establish the suitability of their pricing strategy.	The auto-finance market is incredibly price sensitive and customers tend to go with the cheapest financing deal, as it is an oligopolistic industry and it's very hard to distinguish one financing deal from another on metrics other than price. Auto-finance was sold indirectly through auto-dealers, offering a consistent service with fast turn-around times but without discounting their pricing to 'buy' market share.
23 – Product re-positioning in the Chinese market by a British luxury-clothing brand	Update or repackaging of an existing product or service offering	Hong Kong market opened up to Chinese visitors, causing a sharp drop in sales due to relatively high prices.	Arrest the flow of customers from mainland China to Hong Kong	500	Fashion	Very clear strategic group within a broader established industry.	5	Worked in the fashion industry for a long time, as salesman and an executive for around the last 30 years. No formal, relevant post-graduate education.	Emerging	The manager spent around a week looking at competitors product mixes, their pricing and the products they were offering in China.	A new label was developed exclusively for the Chinese market. Because the label was unique prices couldn't be compared with prices elsewhere. Introduced more UK manufactured products, which are perceived to be superior.

Competitive action	Type of competitive action (see key 'key' worksheet)	Trigger for competitive action	Objective of competitive action	Size of organisation (approx. employees)	Industry sector	Industry structure	Innovation & dynamism score for sector (1-10)	Managers' backgrounds	Developed/ emerging/ developing market	Methods used to develop the competitive action	Noteworthy manager's statements/ perceptions
24 – Geographic expansion of a new product by an international alcoholic drinks company	Geographical expansion	Diversification away from the first market for the product, where sales had stagnated.	Successfully launch the product in another African market and emulate the success they had achieved in Nigeria.	1,000+	Alcoholic beverages	Very clear strategic group within a broader established industry with well-defined borders.	4	BSc and an MBA. Strong formal and very extensive marketing management career history in the alcoholic beverages industry.	Developing	Discussions with managers of subsidiaries around Africa	The drink is in a new category but competes primarily with locally produced beers, ciders and lagers. The group was hoping to use its 'first mover' advantage to attack existing markets.
25 – Product re-pricing in the U.S.A. market by a British luxury-clothing brand	Update or repackaging of an existing product or service offering	Low sell-through figures in the U.S.A.	Improve sell-through rates for their men's' business line at a major retailer in the U.S.A.	1,000+	Fashion	Very clear strategic group within a broader established industry.	6	Worked in the fashion industry for a long time, as salesman and an executive for around the last 30 years. No formal, relevant post-graduate education.	Developed	Interviewed the management and floor staff at the retailer.	The men's' business collection was redesigned for the U.S.A. market. The brand, rather than the retailer drove this intervention, as it was the brand that questioned the low sell-through figures.
26 – Launch of a new fruit juice drink by a large drinks manufacturer	Development /launch of a new product	Flagging sales and low market share in a particular sector of the market	Regain lost market share	1,000+	FMCG	Very clear strategic group within a broader established industry with well-defined borders.	5	BSc and an MBA. Strong formal and very extensive marketing management career history in the FMCG industry with major international groups.	Emerging	Analysed the performance of potential new products in other markets and used surveys to establish their market appeal and a tool to estimate sales volumes.	The company created a new segment by introducing the new product to the market and, therefore, didn't have any competitors and would have a 'first mover' advantage.

Appendix 14: Points to be covered in the semi-structured interviews

The following points were used as a checklist of factors to be captured and questions to be asked when carrying out interviews with each of the managers.

Company and environmental factors

- Industry sector
- Territory (region or sub-continent) where the competitive action was formulated and where it was executed
- Size of company, defined in terms of annual revenue and the number of employees
- The organisational structure of the manager's company
- The structure of the industry in which the manager's company operates
- The maturity of the industry in which the manager's company operates
- The rate of change and the rate of innovation in the industry in which the manager's company operates

Factors concerning the background of the manager

- Nationality and cultural background
- Education
- Age
- Current and previous function/s within the company
- Exposure to, and training in the use of, specific tools and techniques for formulating and executing competitive strategy

Execution of the competitive action

- Please describe the competitive action that was taken?
- Why did your organisation choose this particular action?
- Please describe the process followed in executing the competitive action?
- Please identify and describe the genesis of this action (e.g. one of the actions listed in our competitive strategy, a competitive action by a rival company, a drop in sales of a particular product line)?

- Please list and describe the internal inputs to deciding on the details related to the execution of this particular action (e.g., the findings of an industry report, research by consultants, research by employees, a survey or scan of the market)?
- What was achieved through this action?
- Did the outcome of this action meet your personal expectations, as well as the performance targets set at an organisational level?

Setting performance targets

- Are performance targets and measurement mechanisms attached to strategies formulated by your organisation and, if so, please describe them?
- Was a performance target, as well as a method for measuring its achievement, set for this action and, if so, please describe it?

Competitive action formulation

- Was a formal process followed in formulating the competitive strategy that gave rise to this action and, if so, please describe it?
- Who were the role players in the formulation of the competitive strategy, both internal (e.g. managers and analysts employed by your organisation) as well as external (e.g. consultants)?
- What external inputs (e.g. reports, business plans, surveys) were used to formulate the competitive action?
- Were any tools or techniques (e.g. Michael Porter's five force, Igor Ansoff's matrix) used in formulating the competitive action and, if so, which ones and how are they used?
- Were any academic theories used in formulating the competitive action and, if so, which ones?

Mental maps of competitors and the industrial structure

- List your competitors?
- Describe the structure of the industry you operate in?
- Describe the intensity of rivalry from your competitors, both existing and that anticipated in the future?
- Describe the competitive dynamics of the market in which you operate?
- Describe the rate of change and the level and rate of innovation in your industry?

Competitive intelligence

- Is a formal competitive intelligence gathering process in place?
- Is there a dedicated function within the organisation for the gathering of competitive intelligence?
- What are the sources of competitive intelligence?
- How is competitive intelligence collated and disseminated within the organisation, both formally and informally?

Appendix 15: Example of CIMO-based coding system

Following is an example of the coding of an interview using the CIMO (Context, Intervention, Mechanism and Outcome) framework (Danyer et al. 2008).

Themes (CIMO)	Action 4 - 'You can do it' campaign launched by a UK IT services company	Action 4 - subtext	Action 4 - codes level 1	Action 4 - codes level 2
Context	A1 and A2 have been with us in this country for a long time but they've just quietly come along and made the big boys hop.	Two smaller competitors disrupted the established industrial organisation	New market entrants, Market disruption	Competition
	While those big boys [A3, A4, A5, et al.] where fighting among themselves in a cage protecting what they had, they'd forgotten about the smaller competitors.	Same as above	Manager's views of competitors	Competition
	We tend to think differently about competitiveness in that not only when you're competing in a race, but competitiveness can also be changes of circumstances, which would see us losing the competitive race if you like, in that we wouldn't fare very well in selling high volume, low price.	Changes in the external environment can impact the competitiveness of a business and result in a niche (low-volume, high-value) player having to become a high-volume-low-value player to compete.	Environmental changes, Changes in competitive forces	Competition
	A3 grew so massively before the economy burst. Now, some years later, they're in a very bad position. Here we see A1 and A2 who really were nowhere in the UK and all of a sudden they're motoring like Billy to the top. They're becoming likeable.	Very successful market players can be unseated by much smaller rivals that come out of the leftfield when there is a change in the external environment.	Environmental changes, Adaption to market conditions	Performance
	[A1 and A2] have a great product range – the biggest range in the country and they're selling it cheaply while still demonstrating that it's good quality.	Smaller competitors are able to compete with larger ones if they are able to offer products of the same quality but cheaper.	Product differentiation, Pricing, Customer perceptions	Pricing
	A3 has just changed its management and said they've got champions. It'll take a while though.	Tesco have made changes to their management in order to be more appealing to their target market.	Company image, Customer perceptions	Resource management

Themes (CIMO)	Action 4 - 'You can do it' campaign launched by a UK IT services company	Action 4 - subtext	Action 4 - codes level 1	Action 4 - codes level 2
Context	[A1 and A2] are not arrogant and don't come across like egotistical maniacs as potentially the way Tesco does.	It is important for a company's target market to be able to relate to the company's values	Company image, Customer perceptions	Market positioning
	A1 and A2 are doing 'A5' type advertising. They have the same kind of feel to them but then they go 'but it's A2' These products are really nice but just cheaper.	The manager thinks it's possible to take on the incumbent operators in a market through a combination of imitation and differentiation.	Advertising, Brand positioning, Product positioning, Pricing	Pricing
	From the outset it was reading things like white papers. A lot of reading things like what's happened in terms of transport. What will happen in government – so I flew through the party material. So looking at businesses and why they're going out business.	Using published data and information to identify market trends and business opportunities.	Identifying market trends, Business opportunities in changes in legislation	Regulation
	[To gather market data] we went out and started speaking with people and saying "this is what we're thinking of doing and what do you think about it?"	A good way to test the market is to engage people and ask them what they think.	Gauging the market, Public perceptions, Validating business concepts	Market intelligence
Intervention	You want it as cheap as possible, you're paying this much to that much, let's look at what we can do for you to make that more valuable to your organisation to be a revenue generator.	The company is involved in developing innovative solutions using smart cards that seek to provide value added services, customer stickiness and revenue opportunities in order to sell their services.	Response to customer needs, Product innovation, Value added services	Innovation
	My personal focus is headlights on the future and I've been working on a programme called 'You can do it'. It was developed in response to a sagging economy and public sector cost pressures and it encourages the use of public transport and hospital beds.	The development of the programme was a response to economic conditions and the effect they were having on the public sector.	Management focus, Changing environmental circumstances, Economic conditions	Innovation

Themes (CIMO)	Action 4 - 'You can do it' campaign launched by a UK IT services company	Action 4 - subtext	Action 4 - codes level 1	Action 4 - codes level 2
Intervention	I would say [conceptualisation] was about three months and the research is still on-going but I would say 18 months to two years but, while we were doing that, we had also started developing our remote loading device. So, there was something that we continued doing as part of the research while we started producing the prototype etc.	While the development life-cycle is long, a number of processes where run in parallel to reduce the lifecycle time.	Product development, Development life cycle	Innovation
	We're about to acquire a company that has a product that will satisfy a change in legislation. We're working with P1 and bringing together different products and markets to support them.	They are interested in acquiring a company because of a product that it and, because of that product, such an acquisition would be value-accretive.	Company acquisition, Product acquisition, Expanding product portfolio	Investment, Regulation
	What we have done in [the high-volume, low-margin] environment is looked at lean manufacturing so we've learned everything up and, as a result of doing that, it's a much simpler operation, much more cost-effective and we have been able to make our prices more appropriate.	For specific opportunities where they had to compete in high-volume, low-margin environments, they adapted their business models accordingly.	Competitive pressure, lean manufacturing, Adapting business models	Innovation, Competition
	It wasn't really a response to competitive pressure, it was a response to a gap in the market.	The genesis of the action was a perceived gap in the market, rather than anything any competitor was doing.	Responding to market opportunities, latent demand	Innovation
Mechanism	If we're looking for real talent you can't really get it if you're selling a 'high volume, low price' product because why do you need that talent if it's mainly an automated process that isn't different from anything else.	The business has to focus on a 'low volume, high value' niche in order to compete effectively because its cost base is higher. Applying the Resource Based View, they recruit talent, which results in relatively high costs	Cost of talent, Adapting business models	Market positioning
	So, we're looking to be not really expensive but providing higher value at an above average price so I would put us in the Samsung type environment, as opposed to Phillips or Bang & Olufsen televisions that are very expensive, appeal to a certain type of person.	They are trying to position themselves as a mid-priced brand with above-average value.	Brand positioning, Value vs. price	Market positioning

Themes (CIMO)	Action 4 - 'You can do it' campaign launched by a UK IT services company	Action 4 - subtext	Action 4 - codes level 1	Action 4 - codes level 2
Mechanism	[Philips and Bang & Olufsen are lovely products but are being left behind in a way to some people, in terms of market coverage, whereas Samsung are putting a lot into innovation and are coming up with lots of new products.	The manager thinks trying to appeal to a broader market by proving innovative products to a mid-upper market is more desirable than trying to appeal to the very niche upper end of the market.	Product innovation, Brand positioning, Product positioning, Market coverage	Innovation, market positioning
	We had a part of the business producing smart cards for instance, which is commoditised if you're only doing that, and the challenge, if I only operated in that environment, would be that I'd have to act now and if you have to act now to do something it's challenging.	The manager seeks to avoid commoditised businesses because she links them with having to respond to changing market dynamics immediately, which she views as challenging.	Product differentiation, Pricing, Value-add	Innovation
	If you operate on a very narrow margin then you probably don't have the luxury of being able to say let's invest, invest, invest for the future because you need those funds for now and I think that's another reason why I prefer to keep away from 'high volume, low cost' type environments	The manager associates high-volume, low-margin businesses with relatively small budgets for R&D, which results in them not being as innovative as their low-volume, high-margin industry peers.	Product innovation, Research & Development	Investment
	If I was doing the Competitive Compass for instance, we're in the middle. You've got perceived value and perceived price, in the niche up here you see people like Apple, and Blackberry were in there, and the danger to me if you're over there it's very easy to fall down here and it's suicide because your prices drop off.	1. The manager uses a tool called the competitive compass. 2. She fears being in the high-price, high-perceived value quadrant makes businesses vulnerable to being disrupted and unseated.	Competitive positioning tools, Brand positioning, Product positioning	Market positioning
	[using the Competitive Compass, we're] in the middle – higher perceived value but higher than average perceived price, rather than a total niche, which is more about high price and higher perceived value and, potentially, low volume.	Using the Competitive Compass, the manager sees her business as offering above avg perceived value at above avg prices.	Product positioning, Market niches	Market positioning
	[In trying to forecast market trends] what happens in the future is determined by what happened in our pasts	The evolution of markets is cyclical and past events can be used to extrapolate future events.	Business projections	Forecasting

Themes (CIMO)	Action 4 - 'You can do it' campaign launched by a UK IT services company	Action 4 - subtext	Action 4 - codes level 1	Action 4 - codes level 2
Mechanism	[In trying to forecast market trends] what happens in the future is determined by what happened in our pasts	The evolution of markets is cyclical and past events can be used to extrapolate future events.	Business projections	Forecasting
	The brilliant thing about these exploratory discussions [with stakeholders and prospective customers] is that you find out stuff and the clarity and education coming out of that are massive opportunities for us that we've moved into, and are moving into very quickly.	Customer/stakeholder interactions spawn ideas for new business opportunities.	Discussions with stakeholders, Information gathering, development of new business ideas	Market intelligence
	So everyone has been spec'ed up and configured [for beta testing] and we'll start to see the fruits of that labour next year.	Once beta testing has been concluded, the new business will become profitable.	Product development, Investment pay-off	Investment
Objective	My approach has been to look beyond what is currently being done. So, we focus on issues and challenges that our clients have and on developing a suite of product offerings to satisfy them.	The business development focus is on responding to emerging customer requirements.	Looking beyond current offerings, Satisfying latent customer requirements	Forecasting
	You Can Do It' is a business in its own right and my mission there was to get it to a point where we've got traction, in terms of the number of businesses working with us, and then it'll be an attractive business to sell.	the goal was to use the manager's business to incubate this new business idea and then to spin it off as a separate business.	Company disposal plan, Company development	Corporate action
	What we do know, of course, is that we're setting a path for other people to follow and that's fine. We have to keep moving, we have to be way up the track.	The barriers to entry are low and the ability for competitors to replicate competitive actions is high.	Business imitation, barriers to entry, Porduct innovation	Innovation

Appendix 16: Example of a manager interview

UK IT services company

Competitive action: Launched a new loyalty card

Introduction

The CEO of an Information Technology services company in the United Kingdom (the ‘interviewee’) was interviewed and asked specific questions about a new service they developed for government that will be cost-neutral to them.

The interviewee is the founder and CEO of a company that provides IT services centred on the provision of loyalty cards. Their clients include local governments, P1 and national government agencies. They also provide services related to businesses corporate social responsibility programmes.

Interview

Interviewer: To start with, could you tell me about the competitive environment you operate in and how you think about competition?

Interviewee: When you think about competitors you tend to move away from looking into the future. My approach has been to look beyond what is currently being done. So, we focus on issues and challenges that our clients have and on developing a suite of product offerings to satisfy them.

Interviewer: Could you give me an example?

Interviewee: We’re about to acquire a company that has a product that will satisfy a change in legislation. We’re working with P1 and bringing together different products and markets to support them. This is currently in due diligence. My personal focus is headlights on the future and I’ve been working on a programme called ‘You can do it’. It was developed in response to a sagging economy and public sector cost pressures and it encourages the use of public transport and hospital beds.

Interviewer: You say the card is cost-neutral to government. I guess the rationale behind the product then is to offer something where Novacroft are able to make money but there’s a cost neutral business case to present to government?

Interviewee: From our point of view it satisfies the needs of Public Transport because, in the world we now live in, it's really good to see that things such as Corporate Social Responsibility, which were seen as a bit fluffy, are now starting to find their way into tenders. So in Rail, for instance, there is an element of 5% in evaluation criteria for meeting Corporate Social Responsibility needs and what they don't have is measurability. And in fact what I've learnt through the research we've been doing over the last three years is that corporate social responsibility is a little bit like marketing was, which is some stuff that you do and you have no idea of how effective it is where now we can say actually, if you want to do these things, we can measure it. We can provide meaningful information on behavioural change.

Interviewer: I guess in this case that would be the use of public transport. That would be the yardstick?

Interviewee: Yes. It might be that you've got to demonstrate that people are using public transport but you also have to demonstrate that you're having a positive effect on public community and that's a big issue now. You need to demonstrate that you care about the community so, rather than just buying a plot of land and plonking something on it so no one else can buy it, you're actually thinking about the needs of the community because if you do that, actually leads to greater profitability. And it's the bit in the boardroom I think that people say yes, yes, yes to but it doesn't really matter because we've got to go to the city and produce the results but actually if they think more about that, if a consumer likes you or respects you, they're more likely to shop with you.

Interviewer: If your values resonate with them that counts for something.

Interviewee: Yes, and you can see that with A4 and what's happened to them. They grew so massively before the economy burst. And now, some years later, they're in a very bad position. Here we see A2 and A1 who really were nowhere in the UK and all of a sudden they're motoring like Billy to the top. They're becoming likeable. They have a great product range – the biggest range in the country and they're selling it cheaply while still demonstrating that it's good quality and they're not arrogant and don't come across like egotistical maniacs as potentially the way A4 does. A4 has just changed it and said they've got champions. It'll take a while though.

Interviewer: So you're talking about the public perception of the brand and the ethos of the brand that customers relate to, which is what A1 and A2 have. Product for product they probably are cheaper than A4.

Interviewee: They are. And what they're doing is 'A5' type advertising. They have the same kind of feel to them but then they go 'but it's A2' These products are really nice but just cheaper.

Interviewer: I think what they probably lack is the brashness that A4 have.

Interviewee: Exactly. They've been with us in this country for a long time but they've just quietly come along and made the big boys hop. While those big boys were fighting among themselves in a cage protecting what they had, they'd forgotten about the smaller competitors.

Interviewer: Going back to the programme for public transport, what do you call it?
Interviewee: You can do it.

Interviewer: It wasn't really a response to competitive pressure; it was a response to a gap in the market?

Interviewee: It's interesting because how we tend to think differently about competitiveness in that it's not only when you're competing in a race, whatever that is, but competitiveness can also be changes of circumstances. So it's a response to a potential change in a circumstance, which would see us losing the competitive race if you like, in that we wouldn't fare very well in selling high volume, low price. Because what we do is technology based and we pay upper-quartile for our salaries so we aim to get what we call 'super heros'. So, if we're looking for real talent you can't really get it if you're selling a 'high volume, low price' product because why do you need that talent if it's mainly an automated process that isn't different from anything else.

Interviewer: Could you perhaps go into the thinking? You'd realised and conceptualised the opportunity, what sort of processes, cognitive and material, to you go through to conceptualise the product? In other words, how it should be priced, what the product features should be, which retailers you should involve, how you should approach government you should involve, right done to the hardware – the card and the processes you needed internally to support this programme?

Interviewee: From the outset it was reading things like white papers. A lot of reading things like what's happened in terms of transport. What will happen in government – so I flew through the party material. So looking at businesses and why they're going out business. Looking back, I do have thing – what happens in the future is determined by what happened in our pasts. So, reflecting on 1980 something, one of the biggest economic changes. Sir John Harvey Jones said that the businesses that were successful were the ones that got fit for business. So, looking at things that worked then and things that didn't work and looking at completely different things like TV programmes, looking at different markets, what have they done, how do they operate, what has made them successful and then collaborating. We've had lots and lots of collaboration sessions internally with statements about "what would you do if…" kind of scenarios, coming up with ideas and then going out. So coming up with "these are the key areas we want to focus on: people, UK GDP and collaborating with retailers". From that sort of analysis we went out and started speaking with people and saying "this is what we're thinking of doing and what do you think about it?"

Interviewer: When you say “speaking to people”, do you mean prospective consumers or do you mean stakeholders, such as government and the retailers?

Interviewee: Yes, stakeholders and also speaking to organisations like Business in the community to understand their take on it and then, through them, to open up to the consumers. And, actually found quite early on is that developing partnerships with organisations like Business in the community has been phenomenally useful because they’ve opened doors that potentially we wouldn’t have been able to open as easily or at all. So, putting the ideas to Ministers, putting the ideas to retailers at CEO level, and other organisations like BA Academies and getting their views on it and their views have helped shape what it should like and then take their views back and understanding what it means for the Novacroft business case and then going to the Knowledge Transfer Partnership to get partial funding for the Remote loading device.

Interviewer: Sorry, who would provide the funding?

Interviewee: The Knowledge Transfer Partnership, which is part of the Business Skills and Innovation Department.

Interviewer: I guess when all of that was in place and you knew what your proposition would be and you had had all these discussions with government ministers, the CEO’s of the retailers and so on, and you had funding for the loading devices you were able to print the Metro cards and roll out the plan.

Interviewee: One thing we found in going through the research and going out and talking to people is that we could impact on self-esteem, we could raise awareness and individuals could have an impact on society, apart from these three things, what we found through the research is that there are two tranches of opportunities that we hadn’t seen until we started speaking with people. So, for instance, charities’ in the UK spend quite a bit of money in the Pound on administration. So, if we can impact on three things there, which is reducing the amount of money they spend on administration outside of generating income for themselves, if we can increase membership and if we can provide richer data for them to be able to get better sponsorship then we’re doing them a great service. So we’ve adapted ‘You Can Do It’, it’s the same thing but we’re also using ‘You Can Do It’ to do that and we’ve won British Legion on the programme. So, but looking at the problem public transport faced and coming up with ‘You Can Do It’, and through the discussions, has led us to new market opportunities and that is something that our competitors in the market would not be doing because of our thought processes and what we’re doing, or they’re not doing.

Interviewer: I guess the barriers to entry are significantly high to deter anyone else from trying to do what you’re doing. The next question I was going to ask you is about timeframes but I imagine for someone else to introduce a scheme like this would probably have a year lead time and you’d find the stakeholders would be saying “but we're already doing this with Novacroft and why would we want a second Metro card".

Interviewee: Yes, exactly, exactly. So, the great thing is if you take this to British Legion it's such rich pickings for us because we can put in a card and they have a very archaic, laminated thing at the moment. We can put the card in, we can recognise people when they go to an event, which they can't currently do. They say they can do it but they have no idea of what their members are doing. We can make it easier for them to join, that's the easy peazy stuff, and then we can create profiles for everything they do with data which means that when they go out to get sponsorship it makes it much easier and that uses everything in our smorgasbord of products and services – we're just using it in a different way. But, it still fits into 'You Can Do It' because A3's, who are one of the sponsors of British Legion, benefit from members of British Legion using their spanking new membership cards going into A3's and spending their rewards using their membership cards and that increases the value of the brand to individuals and also increases foot-fall to A3's.

Interviewer: And I'm sure in time you'll probably come up with many more applications for exactly the same concept.

Interviewee: 'You Can Do It' is a business in its own right and my mission there was to get it to a point where we've got traction, in terms of the number of businesses working with us, and then it'll be an attractive business to sell.

Interviewer: As a stand-alone piece?

Interviewee: Yes

Interviewer: You'll spin it out of Novacroft. It has all the hallmarks of a PPP, a Public Private Partnership?

Interviewee: Yes, it has.

Interviewer: I was going to ask you about timeframes. So, you've got, very broadly, if you were to compartmentalise this into a number of steps, the first one would be 'conceptualisation', a number of discussions and reading about changes to the legislature that is about to take place. I would say the next step is 'research', so more depth – what do people really think, what can really be done. I would think the third step would then be 'solution design', then 'prototyping' and then 'roll out'. What would the timeframes for each step be?

Interviewee: I would say the first one was about three months and the research is still on-going but I would say 18 months to two years but, while we were doing that, we has also started developing our remote loading device. So, there was something that we continued doing as part of the research while we started producing the prototype etc. The remote loading device has taken two and a half, nearly three years, to develop, which is too long.

Interviewer: A lot longer than you would have liked. So where are you with the programme now?

Interviewee: So the programme now is we have a number of organisations about to start using it. So everyone has been spec'ed up and configured and we'll start to see the fruits of that labour next year.

Interviewer: But that'll be for a prototype with beta testing customers for lack of a better description?

Interviewee: Yes

Interviewer: And that's probably a year away?

Interviewee: Yes, our mission for You Can Do It with British Rail has been to have it fully functioning by 2017. In the meantime, in charity and education we can get it moving a lot quicker.

Interviewer: I must really commend o your long-term vision. It's often hard to see beyond a year. It's not like manufacturing, where everything is sequenced. Whereas when you think of something like this where you know there is this much to do and the pay-off is that far down the line it really is commendable.

Interviewee: It's challenging because people say "It's massive, it's too big, you can't do this much with so many people" but actually we're making it very specific really in what it's trying to achieve and part of the research shows that it's going to take a long time. The brilliant thing about these exploratory discussions is that you find out stuff and the charity and education coming out of that are massive opportunities for us that we've moved into, and are moving into very quickly. So I think it's interesting because when I look at, if you operate on a very narrow margin then you probably don't have the luxury of being able to say let's invest, invest, invest for the future because you need those funds for now and I think that's another reason why I prefer to keep away from 'high volume, low cost' type environments. If I operated in that environment, we had a part of the business producing smart cards for instance, which is commoditised if you're only doing that, and the challenge if I only operated in that environment would be that I'd have to act now and if you have to act now to do something it's challenging. What we have done in that environment is looked at lean manufacturing so we've leaned everything up and, as a result of doing that, it's a much simpler operation, much more cost-effective and we have been able to make our prices more appropriate. Once we've done that we've said "okay, let's take you metros card, you want it as cheap as possible" – not that we said that to them – "you want it as cheap as possible, you're paying this much to that much, let's look at what we can do for you to make that more valuable to your organisation to be a revenue generator. What we do know, of course, is that we're setting a path for other people to follow and that's fine. We have to keep moving, we have to be way up the track because in tenders it will say "this is a tender for X, demonstrate how you will generate us income".

Interviewer: Have you come across Porter's 'gap in the middle theory"? He said you can either be a big company, have critical scale and do things very cost-effectively and, therefore, enjoy high margins, or you can be a small company that fills niches and is highly specialised and, because it fills niches, it can charge more and, because it charges more, it also enjoys high margins but in the middle there's a gap because companies that move beyond being specialists and expand face the prospect of having to compete with large companies but without having the scale that the large companies do. You've obviously made a conscious decision to remain a specialist. What a lot of companies suffer from in their growth is moving towards the larger companies and then, all of a sudden, they have to compete with them but they haven't got the scale to do so.

Interviewee: If I was doing the competitive compass for instance, we're in the middle. You've got perceived value and perceived price, in the niche up here you see people like Apple, and Blackberry were in there, and the danger to me if you're over there it's very easy to fall down here and its suicide because your prices drop off. So, we're looking to be not really expensive but providing higher value at an above average price so I would put us in the Samsung type environment, as opposed to Phillips or Bang & Olufsen televisions that are very expensive, appeal to a certain type of person, lovely products but are being left behind in a way to some people, in terms of market coverage, whereas Samsung are putting a lot into innovation and are coming up with lots of new products. Some of them are gimmicky, their screens aren't very good, but they are there in terms of perceived value. So, it's in the middle – higher perceived value but higher than average perceived price, rather than a total niche, which is more about high price and higher perceived value and, potentially, low volume.

Interviewer: Where I've come across a 2 x 2, like the one you've just spoken about, is in Cliff Bowman's, a Professor here at Cranfield, four quadrants and with price along the one axis and perceived value along the other. Where would you sit?

Interviewee: High value but mid-price

Appendix 17: Summary of iterations of the guide

Initial guide development – Version 1

The initial guide was developed by grouping actions or mechanisms into a number of broad categories, including:

- Communication to change consumer perception or to create awareness
- Updating, re-packaging, extending or re-pricing an existing product or service
- Development or launch of a new product or service
- Discontinuation of a product or service
- Acquisition of a complimentary product or service
- Establishment of a presence in a new market

The initial approach to developing the guide was to treat stimuli to the competitive actions and their context as variables in relation to actions that could be taken. The guide was structured around how these variables shape the action and, therefore, what managers should consider doing based on these variables. For examples, the actions that managers formulate are likely to vary based on factors such as:

- The life cycle stage of the brand, product or service
- The user sector (e.g. consumer or industrial)
- The differentiability of the product or service

Therefore, the appropriateness of different types of actions was dependent on the competitive settings of the business and its environment. Michael Porter (1980) identified three crucial variables in this regard:

1. The degree of industry concentration
2. The stage of the product life cycle
3. Exposure to international competition

In the initial guide, approaches to the formulation of competitive actions, including the use of tools and techniques, were recommending based on the conditions precedent, the stimuli and the objectives. To achieve this the guide was initially organised according to 21 different variables in five separate categories, including:

Category 1 - Stimuli

- Consumer misperceptions
- Threats from new market entrants
- Changes in market conditions, including regulatory, economic or consumer behaviour changes
- Shareholder pressure to improve performance
- The emergence of new technologies
- Poor sales performance
- Customer requests
- Top management pressure to diversify businesses

Category 2 - Objectives

- Increase share of existing market
- Maintain market position and profit levels
- Expand business through new unit, product or service
- Generate or increase sales in a new market

Category 3 - Competitive environment

- Industry maturity
- Degree of turbulence in the industry
- Industry fragmentation

Category 4 - Company-level variables

- Company size relative to competitors
- Company profitability relative to competitors

Category 5 - Manager-level variables

- Manager's age
- Level of formal training of manager
- Manager's location relative to home market
- Broadness of functional background of manager

Second iteration – Version 2

All four research participants were interviewed. The table below lists the salient points from their feedback, as well as the corresponding updates made to the guide.

Points raised by interviewees	Updates made to the guide
The approach of using 21 variables to shape the relevant competitive action employed in version 1, was hard to understand and appeared to be cumbersome to use.	The variable approach was dismantled in version 2 of the guide and replaced with a processual flow-chart and sections relating to each step and each option in the flow chart.
In relation to the guide, interviewee 2 noted it was important to be able to decide which services they should continue with and which services they should discard in the future and that the guide prompted her to think about which services to re-hash or update, which services to throw out and which ones to keep ‘as-is’.	The processual flow-chart implemented in version 2 was designed to prompt the reader to think about the competitive environment and the relative relevance of the brands, products or services that they were formulating competitive actions for. The discontinuation of uncompetitive products or services is one possible competitive action
Interviewee 3 noted the guide would help them “look through the looking glass”.	Version 2 of the guide was designed to prompt as much thought about the future state of competitive environments as possible. References to the D’Aveni (2007) tool for predicting future product attributes were maintained in version 2.
In relation to the guide, interviewee 2 commented that “whenever sales wane, my approach is to find a new market that can act as a substitute for the loss of sales or market share.”	It was ensured that the option of evaluating new markets when sales wane was included in version 2 of the guide and Kim and Mauborgne’s (2005) ‘Blue ocean strategy’ approach was maintained.
Interviewees 1,2 and 3 commented that the diagram linking stimuli to objectives and to mechanisms was too complex and too hard to understand and that the recommendations and ideas related to the icons in the diagram were too hard to find and required the reader to do a lot of jumping around the guide.	To make the guide more useable and to de-emphasise the dependence on selecting variables in formulating competitive actions, the processual flow-chart was developed to be used with ideas listed in a table at every stage of the formulation process. A graphic designer was hired to improve the visual appeal and usability of the guide.

Table 1: Updates to version 2 of the guide

Third iteration – Version 3

All four research participants were interviewed. The table below lists the salient points from their feedback, as well as the corresponding updates made to the guide.

Points raised by interviewees	Updates made to the guide
Interviewees 1 and 4 noted that they still found the guide too complex and too "academic".	The guide was split in two to simplify it. Firstly, a guide with three A4 and three A3 pages of content, consisting mainly of diagrams and tables, was produced. Secondly, a 22-pages resources manual names 'Resources for competitive actions' was produced with the intention that a wide range of managers could use the guide on a day-to-day basis while a more focused group of managers would use the resources manual as a reference document on a less regular basis. More colour was added to the guide to make it easier to use.
Interviewee 1 mentioned that it still wasn't clear how and by who the guide should be used.	The 'Introduction to the guide' section was renamed 'How to use this guide'. It was simplified through the use of a table to describe the competitive action formulation steps and expanded by explaining the dichotomy between the guide and the resources manual. In order to make the guide easier to understand, in terms of being able to remember and pin-point each of the steps in the competitive action formulation process, and being able to navigating around the guide and between the different steps, they were renamed and abbreviated 'SOLAR', an acronym for: • Stimulus • Objectives • Levers • Actions • Refinement

Points raised by interviewees	Updates made to the guide
Interviewee 1 commented that using the guide still required to much "jumping around" by the reader.	As much of the content for regular use as possible was brought into the tables in the guide, resulting in the reader having to follow references to other parts of the guide a lot less than before.
Interviewee 1 distinguished actions that are borne out of a strategy and are, therefore, planned from those that are stimulated by unplanned events and are, therefore, emergent.	The stimuli related to 'declining or compromised performance' or 'external of environmental change' were labelled 'Emergent' and the stimuli related to 'shareholder of management plans' were labelled 'Planned'.
The panel chair noted that the cover image of the Concord, which was chosen for its 'high flying' connotation, represented a heavily subsidised and uncompetitive product and was, therefore, not an appropriate image for the guide.	The cover image was replaced by one of a Bombardier CS-100, as it is a highly innovative product developed to compete in a dynamic and highly competitive segment of the aircraft industry. Its competitors include the Embraer E-jet family and the Sukhoi SU-jet family.

Table 2: Updates to version 3 of the guide

Fourth iteration – Version 4

Several meetings and a lot of time was spent with the CEO of the advertising agency in South Africa between versions 3 and 4 of the guide. He made several points, which were dealt with in version 4. The table below lists the salient points from their feedback, as well as the corresponding updates made to the guide.

Points raised by interviewees	Updates made to the guide
Interviewee 1 noted that companies, or divisions within companies, moving into new competitive sets or groupings was discussed with an interviewee	A new planned stimulus, 'expand by moving into a new competitive set', was introduced to the guide
Interviewee 1 noted that products or services not being properly costed or priced or brands, product or service offerings that are not clearly defined could also stimulate competitive actions.	Two new emergent stimuli were added to the guide including 'Product or service offering not costed or priced correctly' and 'Brand, product or service not clearly defined in the product or brand statement'.

Points raised by interviewees	Updates made to the guide
Interviewees 1 and 4 commented that using the guide still required to much “jumping around” by the reader.	As much of the content for regular use as possible was brought into the tables in the guide, resulting in the reader having to follow references to other parts of the guide a lot less than before.
It was noted in a discussion with Interviewee 1 that managers seek to either recover their previous competitive positions, to maintain what they have or to expand in the case of every competitive action.	The three objectives in the guide were simplified as either ‘Recover’, ‘Maintain’ or ‘Grow’.
The refinement process was discussed with Interviewee 1 at length and several points were noted, including ‘fail quickly’ approaches, in which managers spend relatively little time, money and effort on new ideas before launching them and then refining them based on market acceptance and feedback.	The ‘Refinement’ section was further bolster by incorporating examples and ideas that were discussed, including the ‘fail quickly’ approaches.
The interviewee noted that working closely with suppliers and customers to improve the process of prototyping new products or services can be highly effective.	A recommendation of tighter working relationships with suppliers and customers during prototyping of new products or services was incorporated into version 4 of the guide.
Interviewee 4 commented that the links between the guide and the resources manual were often hard to see or follow. Interviewee 4 also noted “I like the guide a lot and think that it's clear and to the point with lots of real stimuli. It's the resources where I lose the plot.” He indicated that other managers in his organisation would derive value form the resources manual and commented “I can relate to it all but get lost in all the theories. I'm obviously not an academic and always had little patience for study.”	Some of the resources manual’s content was moved to the guide and two new tables were created, including ‘Objective setting’ and ‘How to select levers’. Sign-posting using the six icons form the resources manual was implemented in the guide, helping to connect the resources with the objectives, levers and actions. Some of the content from the guide was moved to the resources manual, including the practical example used in the ‘Refinement’ section to make it lighter.

Table 3: Updates to version 4 of the guide

Fifth iteration – Version 5

Meetings were held and discussions were had with the interviewees to update and improve version 4 of the guide and create the final version, version 5. The table below lists the salient points from their feedback, as well as the corresponding updates made to version 4.

Points raised by interviewees	Updates made to the guide
Panel members noted that there was a fair amount of inconsistency in the use of terms to describe the processual competitive actions formulation process, including SOLAR amongst others.	The SOLAR flow-chart was implemented as the sole labelling approach and way of describing the processual competitive actions model.
Interviewee 4 and a panel member noted that the circular flow-chart in the 'Refinement' section of the guide appeared to be a second iteration of the processual model, that could be re-labelled for the sake of consistency and could appear in the beginning of the guide. The flow-chart on page 3 of the guide appears to be too focused on the 'Stimuli' section of competitive actions.	The circular flow-chart was updated to reflect the SOLAR model and was moved to the 'How to use the guide' section, providing readers with an explanation of the SOLAR model and explaining how it should be used in the context of the guide. The table in the 'How to use this guide' section was also removed, as the circular flow-chart provided the same information and was easier to understand. Given that a 'SOLAR' flow-chart was implemented before it in the guide, the flow-chart of page 3 was left as it is
A panel member commented that the arrows leading from the 'refine the action' box in the flow-chart on page 3 should feed back into the competitive action formulation process at the 'Objective' level, and not the 'Stimuli' level as the refinement of a competitive action wouldn't be triggered by a stimulus.	The arrows were updated to feed from the 'Refine the action' box back into the competitive action at the 'Objective' level.
Interviewee 1 noted that the 'Stimulus', 'Objectives', 'Levers', 'Actions' and 'Refine' labels were too small and obscure and didn't effectively indicate which parts of the SOLAR process they relate to.	The 'Stimulus', 'Objectives', 'Levers', 'Actions' and 'Refine' labels were made larger and bolder with lines that indicate which parts of the SOLAR process they relate to.

Points raised by interviewees	Updates made to the guide
Interviewee 1 noted that the ‘Stimuli’ label was positioned in such a way that it appeared to only apply to the three summary circles.	The Stimulus label was moved to the middle of the section to encompass all possible stimuli.
The panel members noted that the six ‘resources’ icons weren’t clear and it was hard to follow them.	The six ‘resources’ icons were colour coded.
Interviewee 1 noted that while the references to the use of resources are all contained in the guide, the key to the six sets of resources was contained in the ‘Resources manual’, making it very hard for the reader to refer to the key whenever he or she wanted more information on any of the six sets of resources.	The three objectives in the guide were simplified as either ‘Recover’, ‘Maintain’ or ‘Grow’.
The refinement process was discussed with Interviewees 1 and 4 at length and several points were noted, including ‘fail quickly’ approaches, in which managers spend relatively little time, money and effort on new ideas before launching them and then refining them based on market acceptance and feedback.	The ‘Resources’ key was moved to the ‘How to use the guide’ section of the guide.
A panel member noted that using figures from articles and books in the guide could infringe on intellectual property rights and pose ethical issues.	Figures in the guide that were copied or adapted from those in books and articles were removed.

Table 4: Updates to version 5 of the guide