

Competitive Strategies

Low-cost/low price

Top-of-the-line quality and performance

More value for money

1. How does each make money?
2. How does each beat the competition?
3. What decisions do they make? In what areas?

Room 1

	Low-cost/low price	Top-of-the-line quality and performance	More value for money
How does each make money?	Sell a lot of cheap stuff	High profit margin on each item	Decent profit margin with medium quality
How does each beat the competition?	Sell stuff at cheaper prices than competition	Best quality and good company image	Sell medium quality items at average prices
What decisions do they make? In what areas?	Marketing, lowering the price of the product	Quality assurance, marketing	Marketing, meet industry average without losing quality, feature-oriented

Room 2

	Low-cost/low price	Top-of-the-line quality and performance	More value for money
How does each make money?	Selling large amount of goods, saving money on material and wages	Selling premium products for high price	Saving on marketing and lowering production cost without lowering quality
How does each beat the competition?	Find a way how to sell for even lower price, improved advertising	Improve the product even more (higher quality), customer care	Improve the product without affecting the price
What decisions do they make? In what areas?	Where they can save money, how to sell more (marketing)	Production quality, how to improve the product and customer care	How to improve product without raising the price

Room 3

Low-cost/low price

- Make money from quantity of sold products (focused more on quantity than quality)
- The cheapest product on the market
- Focused on marketing and availability of products

Top-of-the-line quality and performance

- High profit margin
- Doesn't focus on advertisement, customers come on they own
- Rely on company's image/reputation

More value for money

- Focused on advertisement (like low-cost), too;
- Focuses quality, not price of product
- Be exclusive but available

Room 4

1) Low-cost/low price

- Best quality for the lowest price, quantity oriented
- Focused on marketing and availability of products
- Be flexible and pay attention to the market

2) Top-of-the-line quality and performance

- Doesn't need marketing and ads
- Focused on image/brand - product for professionals/rich/connoisseur
- High price/margin for best product on the market

3) More value for money

- Find the best balance of quality at the lowest price
- Advertises good quality not a good price
- Accessible quality for broad public

Fixed Costs vs. Variable Costs

Fixed Costs

The costs associated with your business's product that must be paid regardless of how much you sell

Rent for office space or storefront



Weekly payroll



Equipment depreciation



Variable Costs

The costs directly related to the sales volume of your business

Delivery/shipping charges



Sales commissions



Advertising and publicity

