

The competitive landscape

- The fundamental nature of competition in many of the world's industries is changing. The reality is that financial capital is scarce and markets are increasingly volatile.
- Consider, for example, how advances in
- interactive computer networks and telecommunications have blurred the boundaries of the entertainment industry lines.
- Today, not only do cable companies and satellite networks
- compete for entertainment revenue from television, but telecommunication companies are moving into the entertainment business through significant improvements in fibre-optic
- Conventional sources of competitive advantage such as economies of scale and huge advertising budgets are not as effective as they once were in terms of helping firms earn above-average returns.
- Moreover, the traditional managerial mind-set is unlikely to lead
- a firm to strategic competitiveness. Managers must adopt a new mind-set that values flexibility, speed, innovation, integration, and the challenges that evolve from constantly changing conditions
- Effective use of the strategic management process reduces the likelihood of failure for firms as they encounter the conditions of today's competitive landscape

Hyper competition

- **Hypercompetition** is a term often used to capture the realities of the competitive landscape.
- Under conditions of hypercompetition, assumptions of market stability are replaced by notions of **inherent instability and change**.
- A condition when the competition is so intense, creating instability in the market
- where it is constantly changing, difficult to keep sustainable competitive advantage
- Hypercompetition results from the **dynamics of strategic manoeuvring** among global and innovative combatants. It is a condition of rapidly escalating competition based on price-quality positioning, competition to create new know-how and establish first-mover advantage, and competition to protect or invade established product or geographic markets.
- In a hypercompetitive market, firms often **aggressively challenge their competitors** in the hopes of improving their competitive position and ultimately their performance.

The global economy

- **A global economy** is one in which goods, services, people, skills, and ideas move freely across geographic borders.
- Relatively unfettered by artificial constraints, such as tariffs, the global economy significantly expands and complicates a firm's competitive environment.

The march of globalisation