

# Generic Strategies

Business & Management

Three viable positions, and the one that is not.

*Competitive advantage against competitive scope.*

| Strategy                     | Scope  | Basis                              |
|------------------------------|--------|------------------------------------|
| <b>Cost leadership</b>       | Broad  | Lowest cost in the industry        |
| <b>Differentiation</b>       | Broad  | Something buyers value and pay for |
| <b>Cost focus</b>            | Narrow | Low cost in a segment              |
| <b>Differentiation focus</b> | Narrow | Tailored to a segment              |
| <b>Stuck in the middle</b>   | —      | No advantage on either             |

Cost leadership means lowest cost, not lowest price. Only one firm per industry can genuinely hold it.