

# Strategic Management – The Competitive Edge

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Module No. # 03

Lecture No. # 12


## Internal Corporate Analysis and Impact Matrix

Welcome to this class, in the last class we discussed how we can draw a matrix. A matrix for the opportunities and threats that an industry faces; what could be the different columns for this? How could we give weights to each of these factors? What will be the weighted score? How will it get reflected for a company?

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Strategic Factors	Weight	Company A Rating	Company A Weighted Score	Company B Rating	Company B Weighted Score
I	II	III	IV	V	VI
TOTAL	1.00				

- Column I lists the Strategic Factors. These can be 8-10 most important Opportunities and threats that the Industry faces.
- Column II assigns a weight to each of the factors, from "1", most important, to "0", not important, based on the probable impact of the factor on the Industry's success. The sum of the weights should be 1, regardless of their number.
- Column III examines a particular Company, say X. A Rating is assigned for each factor 1-5 (from Poor to Outstanding) based on the Company's current Response for each Factor.





We took a hypothetical company and the point that was made was the sum total of all these weights should add up to the sum total of all the factors; that is the weights of the factors that we took it should add up to 1

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Column IV gives a weighted score for each Factor times its Rating in Column III. This can result in weighted score 1-5 from Poor to Outstanding.



Column V and VI are identical to those of Columns III and IV, but examine a different Company Y. The total weighted Score for all the Factors given for X and Y indicate how well each firm is responding to the Industry Environment.



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### EXTERNAL FACTORS ANALYSIS SUMMARY

External Factors	Weight	Rating	Weighted Score	Comments
<b>OPPORTUNITIES</b>				
Emerging Trade Blocks	.15	3	.45	Acquisition of a Company
Trend is to have Quality Products	.10	2	.20	Quality Consciousness
Emerging New Markets	.10	1	.10	Low Presence
Trend Towards Super Stores	.05	4	.20	Company should Capitalize
World Moving Towards a WTO Regime	.20	2	.40	Improve Utilization for Market Result



We took a hypothetical company; we took factors which may be of interest to us in the present day scenario. The weights that are given are with reference to a hypothetical company, it may hold with respect to certain companies operating in certain context.


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External Factors	Weight	Rating	Weighted Score	Comments
<b>THREATS</b>				
Cheap Chinese Imports	.15	5	.75	High Quality of Products
Obsolescence of Product Technology	.10	2	.20	Has to Improve Technology
Opening Up of the Economy	.05	3	.15	Has to Brace itself for the Competition
Labour Laws	.05	4	.20	Good Labour
Attrition of Human Resources	.05	4	.20	Has to Image as Employer


When we looked at different factors for opportunities, different factors for threats, we have listed 8 to 10 important factors for opportunities and threats. Then we got the weighted score, we made a comment for each of these factors under opportunities and threats which we considered; that is the sub factors if you really look at it. Look at these cheap Chinese imports; how do you really compete in a market where you are flooded by cheap goods? It is only the quality of your company's product which should hold this way or which should carry the day for you; this is the way you should be working in this market.

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**Global Issues for the 21<sup>st</sup> Century**

- ⊙Increasing environmental uncertainty: environmental scanning will become important. To remain competitive companies will have to develop better methods of gathering, evaluating and disseminating intelligence to those who need it.
- ⊙To manage strategically, organisations have to become more attuned to the many stakeholders who are affected by the company's actions. Shareholders will form only one part of the equation
- ⊙Distinction between developed and developing nations will begin to fade as the developing nations take on a greater proportion of the world trade.

Now, we move a little further, what are the types of issues that you may be getting for the 21<sup>st</sup> century? Let us look at the type of global issues that you may have for the 21<sup>st</sup> century. If you really look at it, what is the type of scenario you are realizing? You may see that increasing environmental uncertainty is what is characterizing the global markets now.

Now, when this environment is uncertain then what becomes important? Environmental scanning will become important, so you have to keep on scanning this environment and this has to be a continuous process. This environmental scanning cannot be a static process, it has to be a continuous process and it becomes more and more important in the present competitive scenario. What is the implication of this for a company? To remain competitive, companies have to develop better method of gathering, evaluating and disseminating intelligence to those who need it. In other words, gathering intelligence in the present terminology, business intelligence becomes extremely important.

You should be able to gather business intelligence, sometimes you may crudely put it as market intelligence, but gathering this intelligence becomes extremely crucial for a company's operation in the present day context. So this is what the type of first issue that you are likely to have.

In this type of uncertain environment that is, when uncertainties are increasing, what is going to happen for organizations? To manage strategically, organizations have to become attuned to the many stakeholders who are affected by the companies' actions. Shareholders will form only one part of the equation; what does that mean? It means a company should be willing to look beyond the shareholders.

You may just wonder, what is going on in the present day context? Are we not giving the prime importance to the shareholder, you can say you are giving the importance to the shareholder, but there are also others who are stakeholders in the company. These can be the suppliers of raw materials for you and they may not be a shareholder; it can be also your end customer who is a stakeholder but may not be a shareholder; all these people are affected by the company's actions.

Suppose, let us say a company's product is priced higher, whom will it impinge at the end? It will impinge the consumer and he is the stakeholder for you at that point. Suppose, this consumer think that the price rise that you have effected is very high and he cannot afford it, then what is going to happen? It is very possible this will get reflected in the sales of the company; that is, your sales growth may take a dip.

Now, whether the company is willing to really face this type of a situation? This is a question which comes in. These are the issues that are likely to come in this competitive market scenario which companies are facing now. In other words, this strategic management becomes more and more important, and more and more vital for a company's survival itself in the present day market scenario. The next issue which a company might be facing due to the national interest, it may be the distinction between developed and developing nations will begin to fade as the developing nations take on a greater proportion of the world trade.

This is what is likely to happen, this we refer to a typical international marketing scenario. As the changes that brought due to the international product life cycle of a new product which is introduced; what do you mean by that? Normally, it is the developed country which invests lot of money in R and D, and comes out with a product. This product the company introduces it to the world market place or the international market place.

Then, who are the consumers for this product which is introduced by this developed country? Normally, this type of first mover advantage with respect to many of the products in the international scenario, it is enjoyed by companies from the United States. Because, they have put considerable money in the R and D, they have come out with new products, they are taking those new products first to the market and they are enjoying all that first mover advantage.

Now, the question that next comes is who are the people, who are the consumers for these types of products? They may not be just restricted to the developed countries they may also be from developing countries. That is first the consumers from U S A may take that product, then the consumers from other European nations may take that product, then the consumers from the developing countries that is the Asian regions may also like to take that product.

Now, what is likely to happen in a market scenario like this? Any product till it hits the market, all the attributes of the products will not be known till it comes out into the open. Once the product hits the market, what is likely to happen? There are number of competitors who are watching this product, how it performs. When they find that this is the attribute of the product and this can be imitated, it is very possible that your product that is, the product developed by the developing country is imitated by the developed country - is imitated by a company from the developing country.

So, you have a situation where a company from a developing country is able to imitate the product of a developed country - that is the company of a developed country. It possibly put it back to the developed country's market only at a lower price, when it could sit back at a lower price, what is going to happen? It is going to affect the market share of the original company's product that is the developed country's product. This is what is happening if you really see in the automobile industry with reference to the United States, where the Japanese car manufacturers have really taken the U S market by storm.

In fact, all most all the cars that is the major market share of automobiles in the U S market is really held by Japanese car manufacturers majorly the Toyota, the Honda is taking a large slice of the market share. In fact, really Corning Ford is supposed to be what do you call as the father of the automotive movement itself in the world, you find

that Ford itself is outstripped by the Japanese companies, now no longer they are the leader.

In fact, sometimes it is said Ford is off the screen, because of this invasion- in inverted commas by the Japanese companies. So, this is what is likely to happen in this type of a scenario. You have a scenario where the distinction between the developed and the developing nations will start fading. This is probably due to the developing nations taking on a greater proportion of the world trade, so these are the types of issues which you are going to see.

Now, what is going to happen? In order to protect the country's interest what has really taken place now, you see some trading bloc getting formed and this is what I was mentioning to you in the earlier classes. What is the effect of this trading bloc? The effect of the trading blocs is that trading between countries in the bloc is easy, but between different blocs is made difficult. This is the type of scenario which you are going to get.

Now, what is the fourth type of issue? As more industries become hyper competitive strategy will become increasingly short term in orientation and thus creating a paradox. Can strategic management exist with only a short time horizon? This is what I was trying to tell you in the first few classes; what we started as corporate planning, we said we look at the horizon for a company for the next 10 years, then you say you look at it at least for the next 5 to 10 years, then the changes in the business scenario; we said, the time horizon has shrunk, we are looking at a 3 year time horizon

We look at a 3 year time horizon, when we look at a 3 year time horizon we said corporate planning got replaced by the term strategic management. Now, what are you saying with respect to many of the hyper competitive industries especially in the I T field, you are looking at 1 year strategic management periods, then what is going to happen next year, this is the way it is. Sometimes, when you are looking at such a small period and trying to take strategic actions, then what is likely to happen?

All these types of actions that you are planning will have a short term orientation for the next quarter; what am I going to do? How am I going to be guided in the market place for the next quarter? Now, will that guidance hold for the next quarter also, suppose if it

is not holding I am have prepared to change. It means to say, in your strategic management the action planning is getting as strong to 1 quarter many times.

This is the type of scenario which you are seeing. We looked at the example of Microsoft which is trying to cannibalizing its own product. The reason given by the founder of Microsoft was suppose that I do not cannibalize this product and my competitor will do it for me; that is, he will cannibalize the product.

This is what likely to happen in this scenario, instead of he doing it I better do it myself. This is how all these Windows 95 types of cannibalizing of products which Microsoft did and it still remains as a leader in the operating system, even after this whole thing. So, this is the type of issues that you are seeing in the market place; this is something on the opportunities and threats side.

When we look at the scenarios, we look at the external environment and we look at the internal environment. What does the internal environment really mean? The internal environment refers to the strengths and weaknesses of a company, whereas the external environment refers to the opportunities and threats faced by a company. When you say competitive landscape, you are essentially looking at the external environment of the company, when you say you are looking at the external environment of the company what are you trying to do? You are looking at the analysis of opportunities and threats that a company faces

Now, you want to match these opportunities and threats with the existing strengths and weaknesses of the company. A company has got certain strengths, a company has got certain weaknesses; you want to find out how does this whole thing mesh, where do we really stand. This is called internal corporate analysis that is the analysis of the strengths and weaknesses of the company, it is also refers to as organizational audit, sometimes this term are used interchangeably. When you do a spot analysis of the S W, the two terms you are referring the strengths and the weaknesses, they refer to the internal environment scan, whereas the O and T refer to the external environment scan.


The internal environment scan and the external environment scan put together gives you this whole company scan that is both with respect to internal and external. Now, when



you do both these scannings, how will it help you? It will help you to formulate your strategic actions.

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Internal Corporate Analysis	(Organisational Audit)
Corporate Strength	Competitive & other distinct competencies in market place
Corporate Weakness	Constraints or obstacles which check movement in desired direction and may also inhibit organisation in gaining a distinctive competitive advantage
Criteria for Determination	
Historic	Past performance – Sales, Prof after Tax, Cap. Utilization, ... Before coming to conclusions should check replicability of 'PAST' in future
Normative	Judgement (What ought to be on level of performance (Expert opinion)
Competitive parity	Firm <u>must</u> at min. meet the actions of competitors – should Identify dimensions of uniqueness
Critical factor for success	KFS: EG: TV Manufacturer: advertising is a must – can't afford- may be considered as a v
One criterion seldom sufficient to evaluate a firm	
Measurement:	Attribute Measures Effectiveness Measures Efficiency Measures



What is this internal corporate analysis? We look at the corporate strength; how can you look at a corporate strength? Corporate strength stands for competitive and other distinct competencies in the market place, so kindly note this. Your product should not just be competitive, but the company should also have other distinct competencies. For example, if I used to quote the example of Hindustan Lever it is extremely competitive market network; very highly competitive, highly professional market network which really carries the day for a company like Hindustan Lever - that is its distinct competency.

Similarly, for a company like the Tata Steel - extremely competent technical professionalism carries the day for them. So that is their distinct competence, so extremely competent technically holds this way for them in the market place. Then, what is the corporate weakness? A corporate weakness can be constraints or obstacles which check movement in desired direction and may also inhibit organization in gaining distinct competitive advantage.


This is what you find many times in the environment of many public sector units in India. They are according to many of the persons who are heading these organizations. The environment does not allow that freedom which a private company might enjoy for

whatever reasons. You may say this is a public sector company, all those types of things. But now when you are in a market place; the most important thing when you are in the competitive market place is, you should create a level playing field. That is each one should be able to play with the same advantage or disadvantage.

For some reason, if you are making the private company or a private player to have more advantages compare to a public sector company, then it impinges on the efficiency of the public sector company and many time it may result in the demise of the company. That is what we are seeing or we have seen after this liberalization or in this L P G era. The most important thing is to get over this weakness, because this can be a killer in the market place so a company has to really get over this weakness.

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How do you go about the criteria for the determination of this strengths and weaknesses? The criteria can be looked at in different ways; one is historic, what do you mean by historic? You look at the past performance of the company, what do we mean by looking at the past performance of the company? You look at how the company has fared with reference to its sales in the last 2 to 3 years, what is the type of profits it has made? What about the capacity utilization it has achieved? Then the last 3 years, whether you can replicate it to the next 2 years or the 3 years? To what extent you can replicate? Whether the same environment is likely to hold? You see whether it is possible; So this is called replication of the past to the future.

The question or the caution is before coming to conclusion we should check replicability of past and future. You have to be very sure that the same environment is holding, the number of market players has not increased; all those types of things before coming to a conclusion on this historic criteria.

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Another criteria that you can make use of is what is called a normative criteria. This is based on judgment, what is judgment? You get the expert opinion in that field, let us say you are looking at a highly advanced technological product which is put out by a company, then experts will be able to tell you what ought to be on level of performance, whether the company is performing as per the expected performance level; only an expert can tell you this.

The other one, which you can think of doing that is the other criteria is, what is called competitive parity. What is competitive parity? Firm must at minimum meet the actions of competitors it should identify dimensions of uniqueness. What do we mean by this? Because, you are in a competitive market place, let us say your competitor is going through an ad blitzkrieg. You find that your competitor's products are really hitting the screens, whether it is the media or whether it is the newspapers, whatever you want to consider. They are able to come out with this ad blitzkrieg with reference to that product, which you may not be able to match for want of resources.

Now, what is going to happen in a competitive market scenario is likely to be treated as a weakness. At the least level, you must match these competitors' actions. This blitzkrieg is taking place every day, if you do not want to insert the ad every day, at least to counter this ad, introduce this ad may be at a certain frequency level so that this ad blitzkrieg by the competitor is taken on.

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Measurement:	Attribute Measures Effectiveness Measures Efficiency Measures



Now, we look at what is called the critical factors for success. These are called CFS, sometimes also refer to as KFS, I refer to this ad blitzkrieg. Nothing amplifies this than a product like the TV, so you should advertise a product; this is an electronic product- the TV and you are a good, let us say a reputed manufacturer. There is no way you can escape this ad - whether it is in a media, it can be on your TV screens or it can be in the press whatever you want to name them. So, you can never escape advertising this product.


Suppose, for some reason a particular TV manufacturer can afford this advertisement then it may be considered a weakness. This is what happened to some of the earlier private players, TV manufacturers. After this LPG era came into being, what really happened? I can recall a company like Solidaire operating from Madras- Chennai, so what really happened? This terrific competitive scenario made a company like Solidaire, though nothing wrong with the product Solidaire TV.

Similarly, nothing wrong with them, there was one more product like the Uptron coming from the one of the state electronic corporations, similarly the Keltron TV from the Kerala state electronic corporation. All these TVs, what really happened because of this competitive scenario? You found that these players were not able to take on this competition by other major players.

Now with respect to Solidaire what really happened? It found the going extremely tough; when it found the going extremely tough the existence of Solidaire itself got threatened, so it started supplying components to another major market player. So, the other major market players TV came with the components of Solidaire TV, but it was known by the other major TV player's market name that is his TV. So the name Solidaire itself went out of circulation, this is what happened. If you are not able to really adapt yourself to the competitive scenario, you may find yourself out of place. Not to mention these, the names Uptron, Carlton, you do not even hear them now.

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The most important thing that one should understand is that out of these four criteria that I have listed, no single criterion is enough to evaluate at a firm. In other words, you cannot just say, I will evaluate or I will determine the strengths and the weaknesses of this firm based on the historic criterion only.

You may have to go for a combination of this criterion; which is the best combination you have to decide. You may like to combine historic criterion with critical factors for success or you may like to combine critical factors for success with normative criterion, all the types of things. All these combinations are available to you that is to a company and the company has to take a decision, it also becomes an important strategic decision kindly note that.

How do you determine the criteria for making an organizational audit? What is the type of criteria that you are going to use? That also becomes an important strategic decision. How do you measure all these strengths and weaknesses in a company? What is the type of measurement that you can adopt? You cannot just make statement that the company is very strong.

The question will be asked, what do you mean by very strong? You have to justify that strength of the company in terms of values, in terms of quantitative measures may be the revenue that is earned by the company in the market place or whatever; all these has to be justified. In order to do these measurements, a company can adopt what is called attribute measures, what is an attribute? An attribute for a product could be the characteristic of a product, what do you mean by characteristic of a product?

A particular automotive company says my particular two wheeler is highly fuel efficient, because the fuel is transmitted to the engine through more than 1 jets; may be 2 jets or 3 jets things like that. So, the company claims this as an attribute, it says that multi fuel injection is the attribute of my particular product that is, particular model which has put out into the market. That is the type of attribute; that is the superiority of the attribute which it claims in the market place.

Now, when it says so, what does it mean? It means that; what do you mean by saying I am having this multi point fuel injection? This just means that the chances of the vehicle choking or your engine choking for non supply of fuel are minimized, may be if not 0 the chances are very less. Many times when you are looking at your old Ambassador, one of the most trustworthy vehicles on the Indian roads, if you are driving, the driver would try to tell you sir the engine is getting choked. Many times people would never understand, what do you mean by engine is getting choked?

In his language, he is trying to tell you, for you the vehicle is going to stop. What is the actual meaning in the technical sense? The meaning in the technical sense is that for some reason the fuel supply to the engine has got stopped, may be you had one port or whatever. That type of a situation you may be avoiding in many of the newer automobiles, so the question of the vehicles stopping for non supply of fuel; this can be one attribute.


The effectiveness of this attribute you can measure by saying; ok this is the vehicle, the model, where we have introduced this attribute? How many times in the sale of so many products, let us say 100 products; that is, 100 products, so this particular model have we received any complaints of this vehicle the engine getting chocked?

Suppose, we got 1 or 2 these things only, otherwise 98 times we ensured that there is no choking of the engine at all; the fuel injection is perfect to that extent. You can more or less claim that it has been very effective; this attribute has been very effective. So the other thing could be your efficiency, what is efficiency? In the normal parlance what is the efficiency?

The efficiency just means that what is the output that you are getting for a certain level of input. Suppose, you are putting 100 units of your input and you are able to get 80 units as your output, so you are really operating at a percentage of 80 percent, which is very good for a company. This can be your efficiency measure; it is dependent on so many things like the productivity components associated with respect to your labor, the production line, automation and all types of things which is coming in.



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Trends	Probability of Occurrences	Impact on Strategies			
		S1	S2	S3	S4
T1					
T2					
T3					
T4					



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So what is it that we are trying to list here? We are trying to list here the different criterion that you can make use for measuring the strengths and weaknesses of the company. The criteria could be historic, it could be normative, it could be competitive parity\ and it could be critical factors for success.

Kindly note, the type of mention that was made, one criteria seldom enough to evaluate a firm, so you may require a combination of criteria, you may say I will combine historic



with the KFS or I will combine CFS with normative criteria and all these types of things which are possible.

In order to do these evaluation criteria or in order to do these criteria, come out with the criteria, you adopt measure. These measures could be attribute, effectiveness or efficiency.

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Impact Matrix					
Trends	Probability of Occurrences	Impact on Strategies			
		S1	S2	S3	S4
T1					
T2					
T3					
T4					

Impact Scale	+2	+1	0	-1	-2
	Extremely Favorable	Moderately favorable	No impact	Moderately unfavorable	Extremely unfavorable

Competitive Analysis

- Need to study competition
- What is driving competition in specific industry?
- What actions competitors are likely to take in the wake of increased competition?



Now using all these, what are you trying to do? You create again 1 matrix that is called the impact matrix. So you try to look at all these different criteria's starting from historic down to KFS. Then you looked at the different measure that is the attribute, effectiveness, and the efficiency. Then you look at what is this impact matrix.

Now in the impact matrix you have to visualize certain trend that is, what is likely to happen? So this is what the IT companies are doing right now. A company like Infosys coined this term guidance. Most of the other IT players are also following, so they keep on saying that our guidance suggests that. What is this guidance? The guidance is nothing but the trend that they are visualizing for the next period. The next period, which they may be having in their mind, it can be the next quarter or the next year depending on all that.

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Impact Matrix					
Trends	Probability of Occurrences	Impact on Strategies			
		S1	S2	S3	S4
T1					
T2					
T3					
T4					

Impact Scale	+2	+1	0	-1	-2
	Extremely Favorable	Moderately favorable	No impact	Moderately unfavorable	Extremely unfavorable

Competitive Analysis

- Need to study competition
- What is driving competition in specific industry?
- What actions competitors are likely to take in the wake of increased competition?



Suppose you see there are these types of trends which you visualize are going from T1 to T4, what is the probability of occurrence of each of these trends? You start giving a probability for each of these trends, so that is T1. What is a probability that this trend T1 will occur in the next period? You may say 20 percent probability.

Suppose it is a 20 percent probability then what is the effect that it will have on the 4 strategic actions that the company visualize; that is, S1, S2, S3 and S4. For doing all these, you may make use of a scale, which can be the impact scale. This impact scale is a Likert scale, what is a Likert scale? A Likert scale is a 5 point scale. Here in this particular case, you are going from 0 to minus 2 on the negative side and then you are going to plus 2 on the positive side. So, when you are going on the negative side, let us say minus 1, it means impact is moderately unfavorable. Suppose it is minus 2, it is extremely unfavorable; suppose it is plus 1, it is moderately favorable; then it is plus 2, it is extremely favorable.

Suppose, it is a 0 that is you assess the impact as a 0 that means, it has no impact. That is the occurrence of this trend and the impact on the strategies that is the strategic actions that is S1 to S4. If you really see it has no impact, this particular; that is what you are likely to conclude.

So in other words, you are going to make - you are going to create a matrix and for each of that trends that you have analyzed or you have visualized. you are going to create, you are going to predict, what is the impact on the strategies that are possible? This is called the impact matrix and what is all these? In the modern terminology, we refer to this as scenario analysis, so we analyze the different scenarios.

The analysis of the different scenarios is dependent on the different types of trends that you can project. Now, this trend that you can project and the analysis help you in drawing the impact matrix. All this is required for a company to do a competitive analysis, so this is what i was trying to mention in the earlier classes, what you are seeing in the 21st century? What is the type of situation that you are seeing for a company?

So, a company has to do its own analysis; it has to do in an equal measure the analysis of the competitor also. You cannot just afford to do your own analysis and say i am having this strength, so I go into the market, because it is very probable that your competitor may be having better strength than you and you may be what do you call cornered in a marketplace or you may be jolted in a marketplace. This is extremely essential in this particular scenario to do - what is called the competitive analysis that is you should study competition.

What do we mean by saying we should study competition? We should study competition under different headings, what are the headings under which you should study competition? That is, what is driving competition in specific industry? That is, what are the factors that are driving competition? May be it is the acute price wars that is taking place with reference to a particular product. Now, when you say acute price wars what is the type of inference that you may be able to draw?

You may be able to draw the inference of that the products, they are more or less similar. Similar products in the marketplace, who is likely to enjoy higher market share? The person who is offering the product at a lower price than the competitor; you may say he is offering the product at a competitive price itself, so in effect he is offering at a lower price than the competitor. He is likely to enjoy higher market share. Sometime, the companies because of the brand name and other factors associated with the image of the company, it may not like to lower the price of a particular product, but may giving something like time offers.

That is, you take this particular product so you can get a certain price off on the purchase of some other product of the company. That is, you purchase the paste of this company; suppose, you take the paste of this company then this a tooth brush from the same company this much money off; on this tooth purchase of this tooth brush.

So, what is going to happen in essence? The company is able to sell both the tooth paste and the tooth brush. For the consumer what is going to happen? He is going to get an offer on the tooth brush, but he is saving on the tooth brush. Normally, if it was costing a certain, let us say some 30 rupees for a tooth brush the company might say you take this particular tooth paste this tooth brush will be made available to you at half the price that is rupees 15, so a consumer stands to gain there. By just taking the toothpaste he can combine it with the toothbrush and get it at 50 percent of the price of the toothbrush. So what is the gain for the company? The gain for the company is the company says, I have not lowered the price of the toothpaste, because one other player has come out with a similar toothpaste my price stands the same, still I am able to hold on to my market share (Refer Slide Time: 52:04).

This is just an example and then the other thing is what actions competitors are likely to take in the wake of increased competition. This is another important aspect which you have to look at in competitive analysis. So, we will look at this aspect in a greater detail in the next class .Thank you.