

Differentiation: The Quintessence of Strategy

Uditha Liyanage

Abstract

The discourse on differentiation in the wake of increasing competition and competitive convergence must be placed within the context of the strategy making process. Strategy is often mistakenly equated with the formulation of a vision and a mission, and on occasion with programmes of action. They are all associated with strategy but are not strategy per se. Strategy, in essence, is taking a unique stand in a strategically selected market or industry. In taking a strategic position an organization does not attempt to be better than competition, but rather be different to competition. Doing different things and doing things differently constitute the twin sources of differentiation. They call for the adoption of business models and strategic initiatives that are markedly different to those of competition.

Selection of new and unoccupied market spaces, and corresponding cognitive spaces or categories in the minds of consumers is the first way in which an organization can become uniquely different, and not merely superior to competition. Finding distinctive and valued points of difference vis a vis competition in an existing market space and mental category is the second way in which a market offering can become different.

A brand is a differentiated entity which is a construct that exists in the consumer's mind in the form of identifiers (names and marks) and signifiers (propositions and metaphors). The brand which provides "value for" and "value of" customers through a synergistic value delivery system becomes unique and, indeed, strategic.

Dr. Uditha Liyanage is Director, Postgraduate Institute of Management (PIM). He is also a leading consultant and developer of managers, and sits on the boards of a number of leading companies.