Animation 12.5

In order to understand how firms can use different bundles of order winners in order to compete, this figure uses the motor industry to illustrate this. More specifically let us consider the market for a standard family saloon car. For this market, Car Makers have three main order winners – cost, quality and dependability.

Within this market and these order winners, all car makers can select to compete on a number of specific aspects. As far as cost is concerned they might compete on manufacturing cost, keep prices down, and provide value added, as well as assure customers that running costs and service cost will be low.

This might be demonstrated by offering a seven year warranty, which will also reinforce the second order winner of quality. More specifically car makers may choose to have the specific quality order winners of aesthetics, features, reliability, performance, and serviceability.

Finally most car makers will also want to demonstrate dependability by delivering on time, delivering to standard, and pricing as promised.

But actually competing on all these order winners is extremely challenging. So, different manufacturers may focus on excelling in a smaller number of order winners. For instance, car maker A might focus on manufacturing cost and service cost, emphasising the quality order winners of performance, reliability and serviceability, as well as the three aspects of dependability.

An example of this might be Swedish car manufacturers. For instance, in the comedy film Crazy People, Dudley Moore's character of an advertising executive described Volvo as 'boxy but good'.

On the other hand, another car manufacturer might be much more concerned about the look and design of cars. Some French and Italian car firms have a reputation for this. So car maker B might also be dependable, but they would focus on costs of manufacturing and value added, and the quality order winners of aesthetics and features.

This bundle is very different to that of car maker A.

Finally car maker C might bundle together order winners based around cost. Their cars would therefore be basic and reliable, they too would be dependable, but they are mainly competing on price.

This used to be the way that car manufacturers in Eastern Europe competed, although investment in the automobile industry in these countries now means that they are less likely to compete on this basis.

f you think about this, you will see that there are hundreds of different ways in which firms might bundle order winners together so as to create competitive advantage. The three examples given above simplify greatly how car manufacturers actually compete. But they do give you a good introduction as to how a strategy may be devised.