

Competitive Strategy Approaches
From
Blue Ocean
to
The Job To Be Done
and
Customer Experience Management

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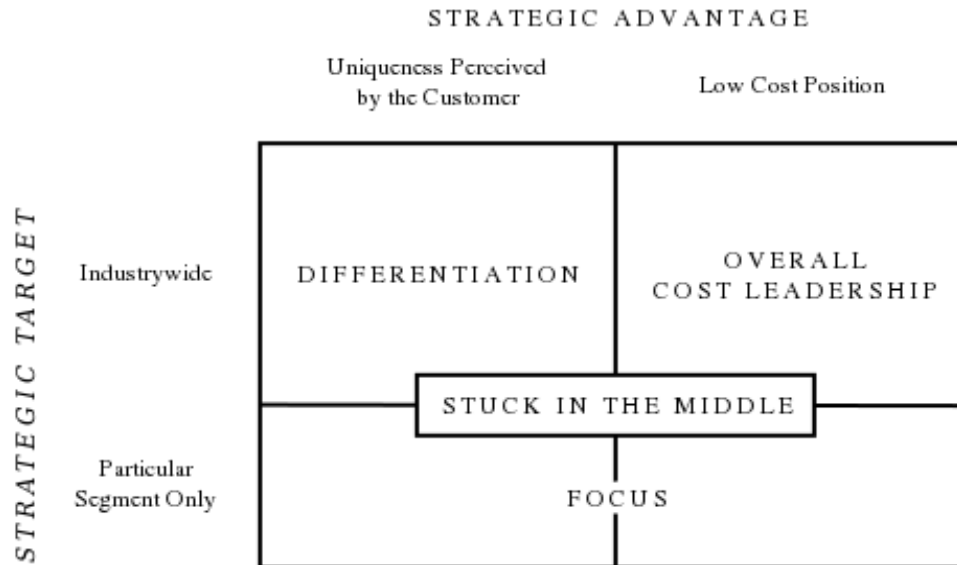
A Presentation to the Institute of Certified Public
Accountants of Kenya
During the Inauguration of ICPAK Australian Chapter
Sydney, Australia

22nd September 2017

The Competitive Strategy Matrix

A Product & Industry approach to Competitive Strategy

By
Michael Porter



1. Overall cost Leadership
2. Differentiation
3. Focus
 - I. Cost focus in a target segment only
 - II. Differentiation focus in target segment only

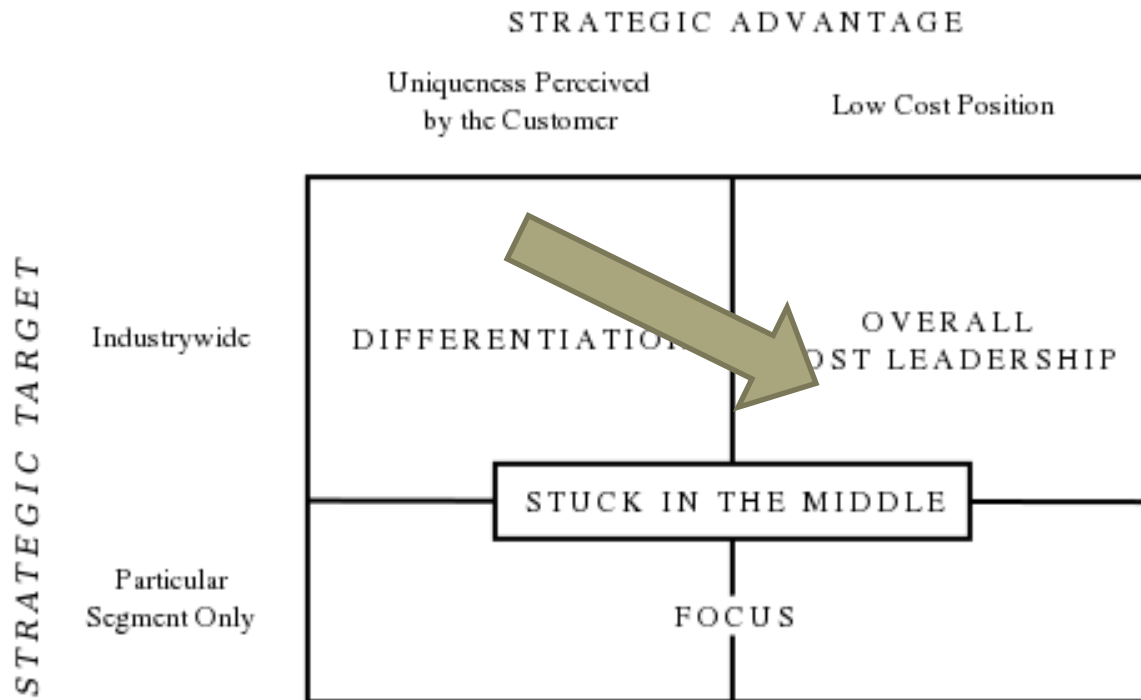
The Blue Ocean Strategy

A Product & Industry approach

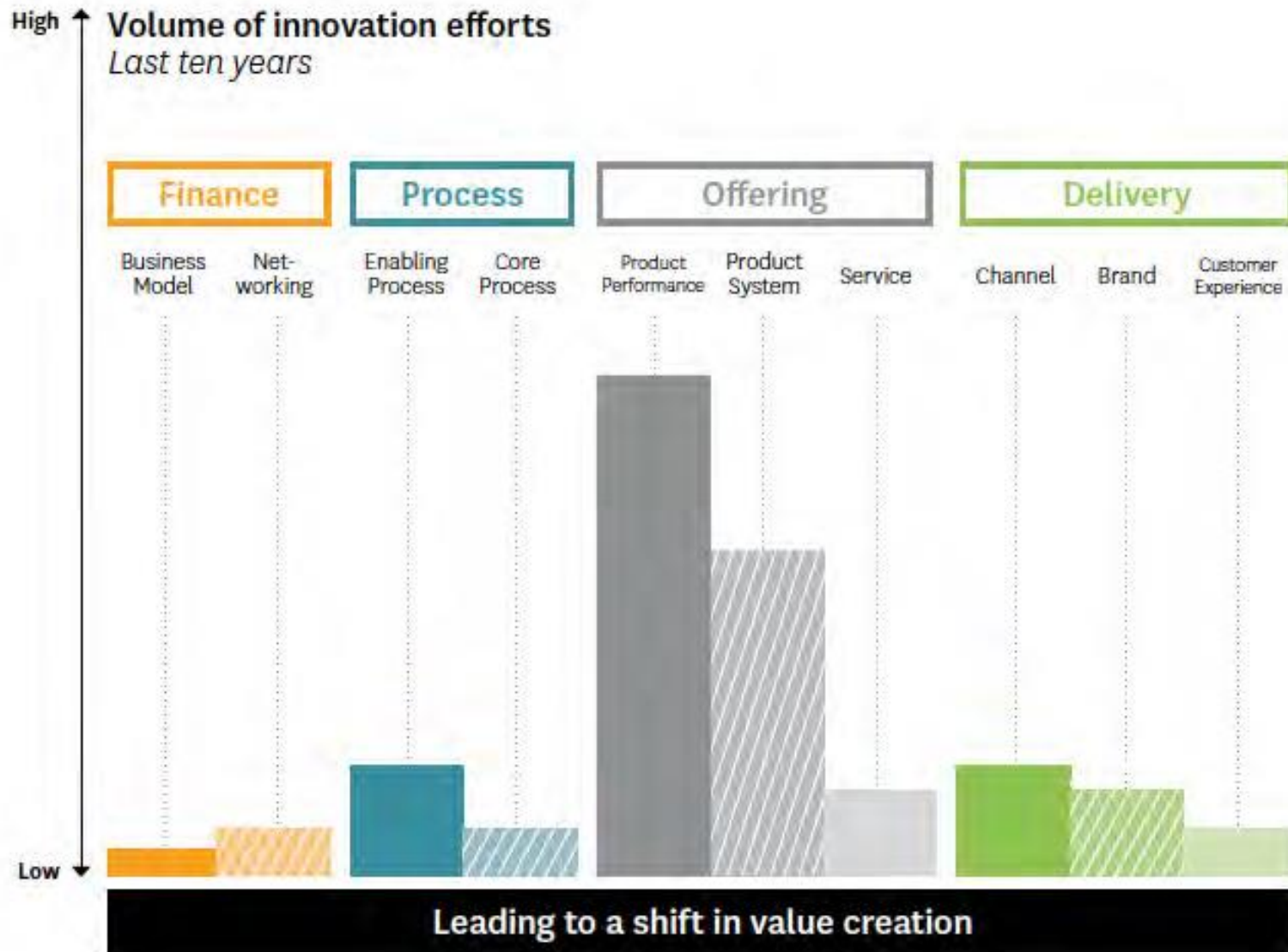
- “Blue Oceans” are the unknown market space, unexplored and untainted by competition, that is all the industries not in existence today.
- Like the blue ocean “Blue Oceans” are vast and deep in opportunity and profits compared to the “Red Ocean” where many companies already compete viciously for the existing demand.
- Key steps in Blue Ocean Strategy:
 - Identifying the new factors of a product or service that are yet to be created and that the industry has never offered
 - Identifying the factors of a product or service that should be raised well above the industry’s standard
 - Which of the factors that the industry takes for granted that should be eliminated
 - Which factors should be reduced well below the industry’s standard?

Blue Ocean Strategy

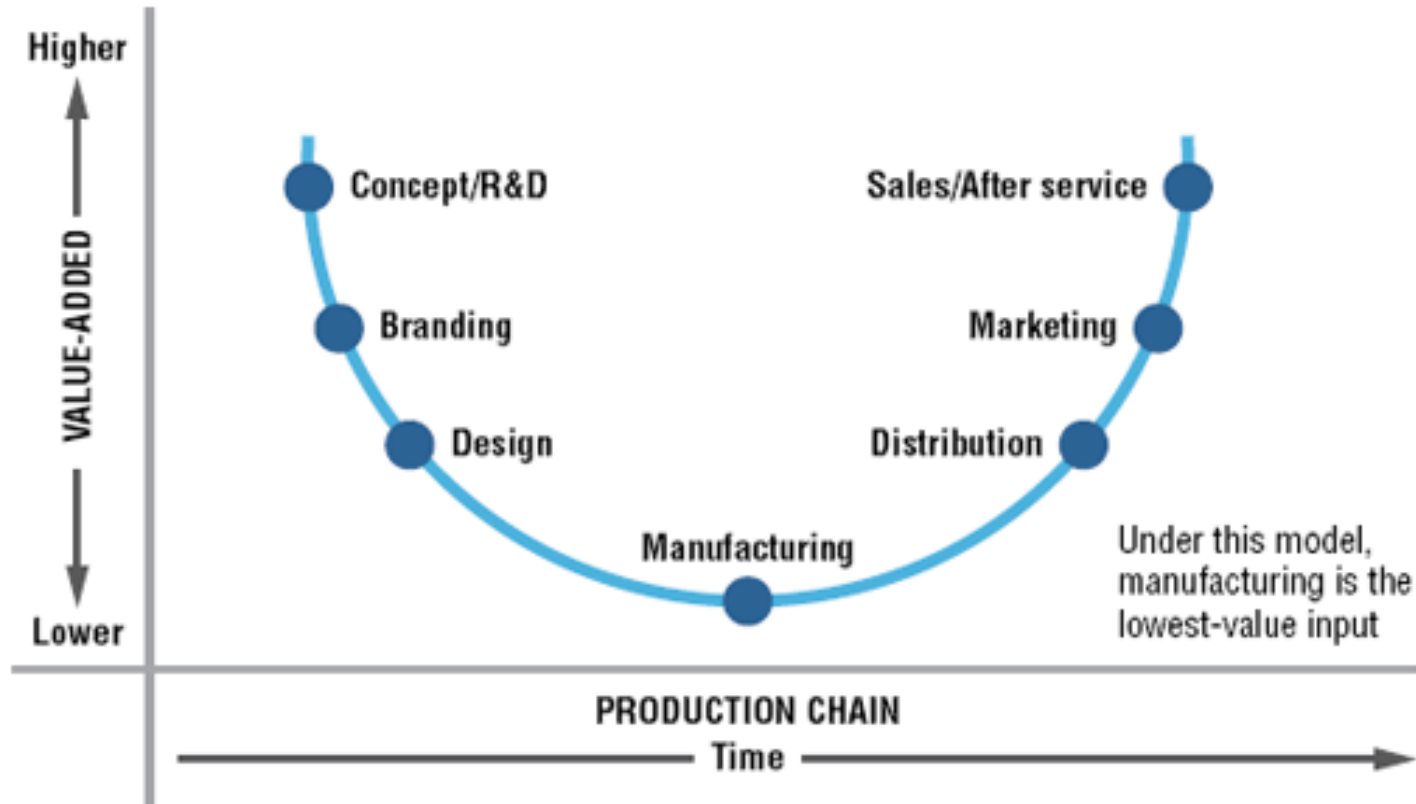
A Product & Industry approach



For many years the greatest innovation investment by business has been around product.



In the Product Value Chain, where is the most value to the customer added?



The Job To Be Done & Outcome Driven Innovation

Anthony W. Ulwick, Strategyn & Clay Christensen

A User-Centric product approach

- An innovation approach not focused on the customer or the product, but rather on the underlying process the customer is trying to execute.
- “People don’t want a ¼ inch drill, they want a ¼ inch hole” Theodore Levitt
- “Innovation can be far more predictable—and far more profitable—if you start by identifying the jobs that customers are struggling to get done”.
Strategyn
- Then a valuable next step is identifying and using customer-defined metrics for measuring the process the customer was trying to execute. This is Outcome-Driven Innovation.
- Success rates of traditional innovation processes is commonly around 5%, while the success rate of Outcome-Driven Innovation is as high as 86%. Strategyn
- The Job to Be Done is now understood to be the key pathway to Disruptive Innovation:

<https://www.youtube.com/watch?v=Kjcx87JmhvM>

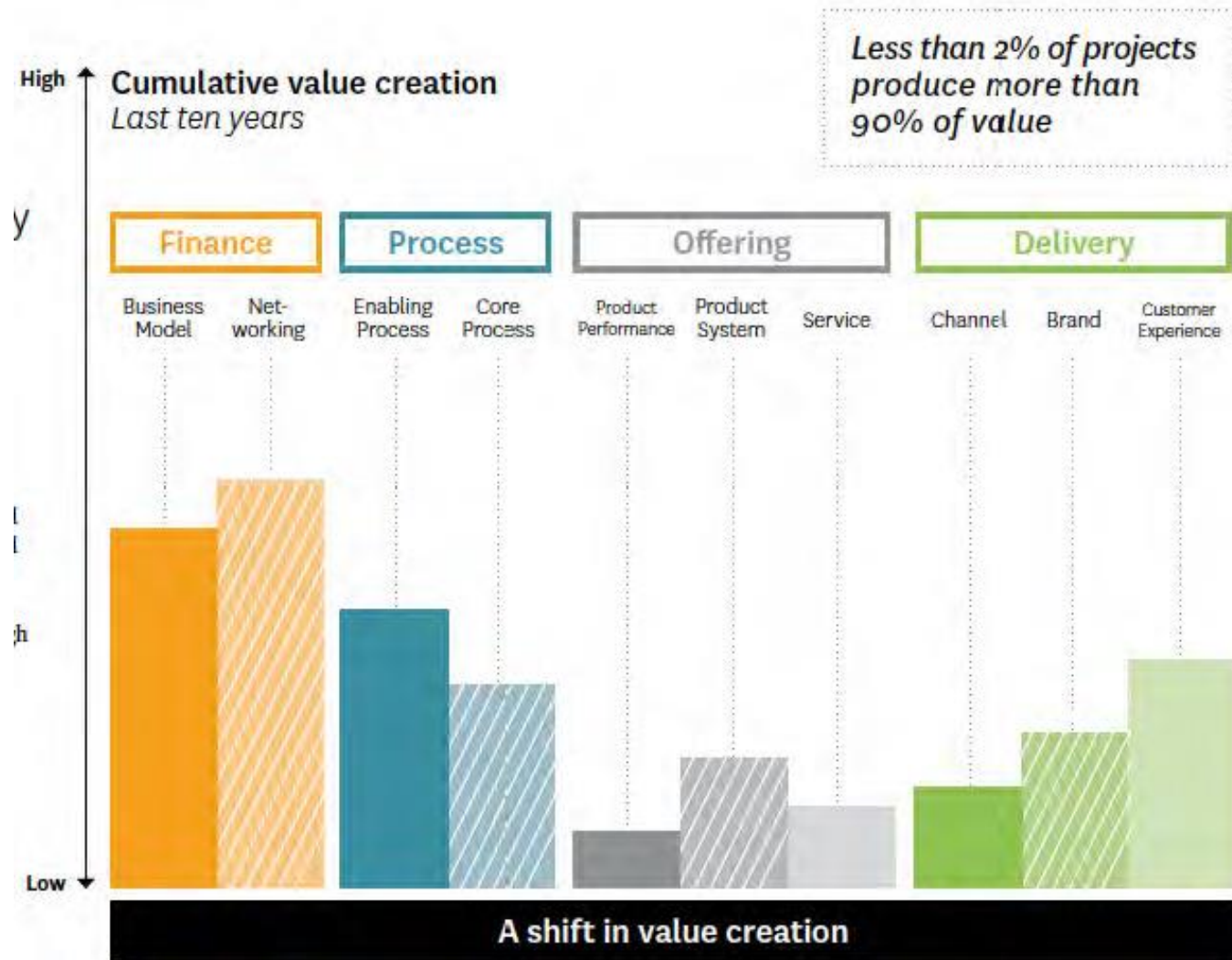
Customer Experience Management

A User Centric All Touch Point approach

(Also called CX, CXM or CEM)

- Customer experiences include emotional, social and functional needs. Good experiences grab customers.
- So innovation should not only be about form and function, but also process, systems, methods, approaches, thinking and experiences.
- ...It is possible for businesses to apply innovation strategies that ensure they compete on factors including business models, design, services and knowledge.. SA Manufacturing Green Paper, SA 2012

Strong value creation is achieved when investments are made in other areas of the business, including investing in customer experience. Source: Doblin Analysts.



Why is Customer Experience Management important?

- **78%** of consumers have bailed on a transaction because of a poor service experience.
- **5-20% vs. 60-70%:** Probability of selling to a new prospect vs. an existing customer.
- **6-7X:** Cost of acquiring a new customer compared to keeping an existing one.
- **70%** of buying experiences are based on how well customers feel they are being treated.
- **91%** of unhappy customers will never willingly do business with the offending company again.

Source: helpscout.net

An example of a Customer Experience Management tool

The Journey Map:

- A visual representation of the journey a customer has with your brand, products, services, and people.
- It's a good way to begin to understand what your customers are experiencing.
- You can review what's happening at multiple touchpoints, and from the customer's point of view e.g.:
 - Key moments and evaluation points in the process
 - Positive and negative components of the experience
 - Attitudes and emotions that may come into play.

<https://www.youtube.com/watch?v=3bdjeBDHdrM>