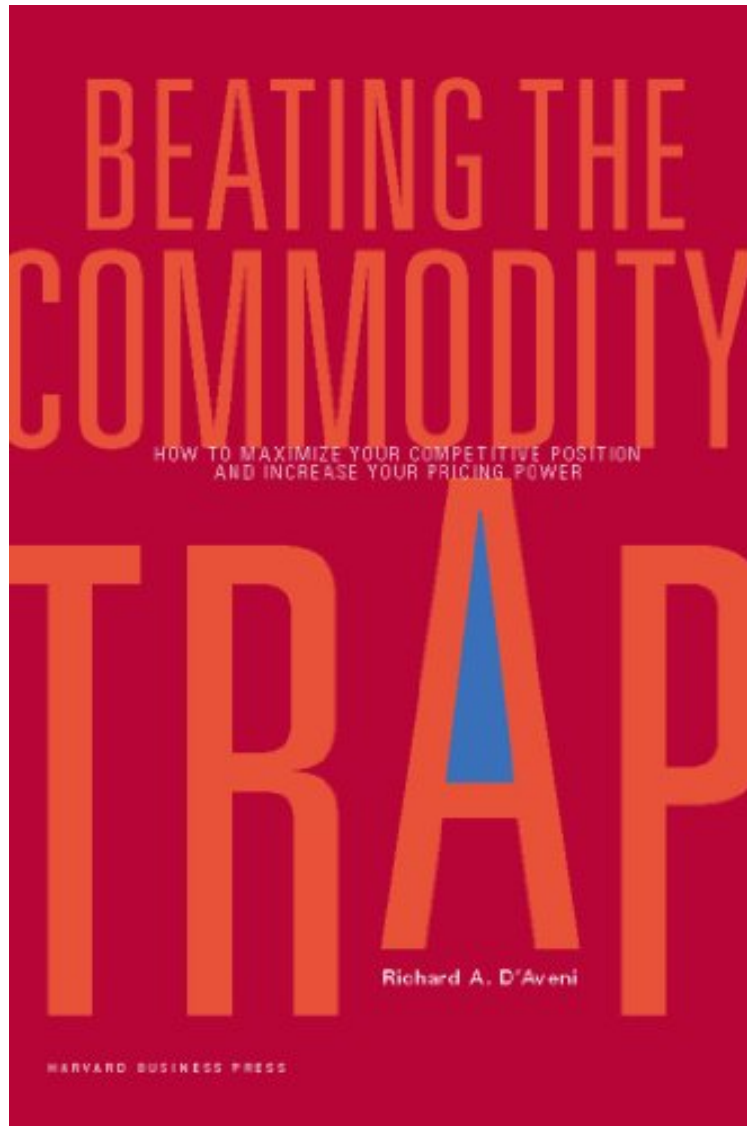


[Online library] Beating the Commodity Trap: How to Maximize Your Competitive Position and Increase Your Pricing Power

## Beating the Commodity Trap: How to Maximize Your Competitive Position and Increase Your Pricing Power

*Richard Anthony D'Aveni*

*\*Download PDF / ePub / DOC / audiobook / ebooks*



 Download

 Read Online

#1232624 in eBooks 2010-01-12 2010-01-12 File Name: B005DI8XOO | File size: 17.Mb

**Richard Anthony D'Aveni : Beating the Commodity Trap: How to Maximize Your Competitive Position and Increase Your Pricing Power** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Beating the Commodity Trap: How to Maximize Your Competitive Position and Increase Your Pricing Power:

5 of 6 people found the following review helpful. The people who read his book will have more market share...maybe yours By Customer D'Aveni states today's obvious truth "Commoditization can happen to any firm. Any product, any

time." What is not obvious is how to deal with this truth and the author does an excellent job of characterizing commoditization and provides good descriptions of strategies to combat it. The book does not (and should not) include specific plans of attack other than through example because the complexities of actually implementing the recommended analysis and selecting a response strategy require organizational and market context for your situation. Sometimes readers are looking for "the solution" or "the magic pill" for their specific problem and this book provides you the principles and basis of understanding to start down that path while avoiding fatal mistakes. The book does provide substantiated principles and a structure that can be used with your organizational and market context to beat the commodity trap. These principles are non-trivial, presented in an organized way and D'Aveni should be commended for providing this new framework. Here are some points/quotes I enjoyed from the book: a. "Once a company is caught in a commodity trap, differentiation is rarely enough to get it back out." b. In D'Aveni's experience "commoditization is usually the result of failure to act early enough" c. With regard to just discounting prices to battle the competition D'Aveni states "This has the unfortunate and unintended effect of increasing the depth and severity of the commodity trap." d. With regard to the organizational decision making process for dealing with commodity traps D'Aveni makes a statement that is tried and true for the price benefit analysis he is describing and any other kind of managerial decision process for that matter. "...it is important to get managerial buy-in for the selected definitions, sources, and measures of benefits and prices before...otherwise the decision making process can get deadlocked by those who refuse to accept the results due to denial, or the decision making process may be derailed by those who choose to play politics with the data to enhance their personal goals and power. If you are dealing with commoditization this book will provide a better understanding of your circumstances and better understanding creates better responses. Dr. James T. Brown PMP, PE, CSP Author, The Handbook of Program Management 0 of 0 people found the following review helpful. Good read By Venkatesh Srambikal Good research by the author, plenty of examples. I liked the explanation of different types of commoditizations and the strategies to tackle them. 2 of 3 people found the following review helpful. How are you afraid of the Commodity Trap? Richard D'Aveni explains how to beat it By Nicole Maria Racco I was amazed by Beating the Commodity Trap. I believe that this book is differentiated from most other strategy-based books through 3 main factors. The book takes a long term orientation, provides a big picture view of competitive strategy, and explains the book's sophisticated methodology so well that business people can use it. First, the book is not concerned with short-term marketing ploys that boost profits and volume for the next quarter. Beating the Commodity Trap focuses on looking into the future. It provides tools that help predict the market in a 2-3 year time range, and focuses on the long term positioning of a product within the market as well as changes in customers' willingness to pay for different product or service attributes. Second, providing tools that reveal the big picture is not an easy task. The book's price-benefit maps coupled with a deep understanding of the industry reveals the big picture by showing strategic groups, trajectories of products, and provides the data to discern the motives of rivals. One of the book's outstanding achievements is that it demonstrates how to use price-benefit mapping and analysis in a large number of industries, including the hotel, restaurant, retail, apparel, ship building, consumer electronics, and motorbike industries. Third, I really appreciate that the author devotes considerable emphasis to explaining the methodology he uses. I found it a concrete and practical tool that plays with two key dimensions of a company's competitive advantage: product positioning and competitive maneuvering. The author has very high credibility. He is a very respected professor and consultant who is able to simplify a complex challenge like commoditization and split it into 3 different types, bringing recognizable cases to solve the challenge of each scenario. I personally enjoyed the author's ability to take the perspective of several competitors simultaneously. In the Zara case, he not only explains Zara's well-known strategy, but he also reveals the less well known responses of its competitors, such as Hermes, Diesel and the Italian silk manufacturers. In the restaurant industry the author explains how and why restaurants change their price-benefit ratio to offer better value to customers based on how customers are willing to pay for different cuisines, locations, and different levels of service, decor and food quality. While most managers guess about how much customers are willing to pay for these attributes of restaurants, the author shows us how to quantify the dollar amounts they actually pay. I firmly believe that Beating the Commodity Trap enables executives to foresee and identify important marketing challenges that, when addressed using his suggested strategies, can earn significant price premiums for companies, in both manufacturing and service industries.

Commoditization—a virulent form of hypercompetition—is destroying markets, disrupting industries, and shuttering long-successful firms. Conventional wisdom says the best way to combat commoditization is differentiation. But differentiation is difficult and expensive to implement, and keeps you ahead of the pack only temporarily. In *Beating the Commodity Trap*, Richard D'Aveni provides a radical new framework for fighting back. Drawing on an in-depth study of more than thirty industries, he recommends first identifying the commoditization trap you're facing:—Deterioration: Low-end firms enter with low-cost/low-benefit offerings that attract the mass market—as Zara did to high-end fashion companies.—Proliferation: Companies develop new combinations of price paired with several unique benefits that attack part of an incumbents' market—as Japanese motorcycle makers did to Harley-Davidson.—Escalation: Players offer more benefits for the same or lower price, squeezing everyone's margins—as the iPhone did in mobile

devices. The author provides a tool for diagnosing your competitive position and shows how to strengthen it while also boosting your pricing power-by destroying the commoditization trap confronting you, escaping it, or turning it to your advantage. Illustrated with a wealth of examples, this concise, practical guide gives you the framework and tactics you need to battle commoditization.

About the Author Richard A. D'Aveni is Professor of Strategic Management at the Tuck School of Business at Dartmouth College. The Times of London named him one of the top fifty thinkers in management. He is the author of numerous books, including *Hypercompetition*, and articles for publications including *Harvard Business Journal*, *Wall Street Journal*, and *CNN.com*.