

Porter's Generic Strategies

WORKSHEET

Porter's argument that sustainable advantage comes from one deliberate choice: compete on lower cost or on differentiation, across a broad market or a narrow one. Firms that refuse to choose end up stuck in the middle, and the middle is where margins go to die.

PREPARED BY _____ DATE _____

COST LEADERSHIP

Become the lowest-cost producer serving a broad market, then win either by pricing below rivals or by matching their prices at superior margin. It demands relentless cost discipline across the whole value chain, and there is room for only one winner per industry.

DIFFERENTIATION

Be unique, across a broad market, on dimensions buyers genuinely value, and charge a premium that exceeds the cost of being unique. The advantage holds only while the uniqueness is real, valued and hard to imitate.

COST FOCUS

Serve a narrow segment at lower cost than broadly targeted competitors can achieve there. The strategy exploits segments that industry-wide players overserve or price above what a tailored, leaner model requires.

DIFFERENTIATION FOCUS

Serve a narrow segment with an offer tailored to its distinctive needs, better than broadly targeted rivals who must compromise to serve everyone. The premium comes from specialisation the mainstream cannot match.