

Lecture 4
Strategic aspects of
Logistics



Agenda

- Strategy and competitiveness
- Cost leadership strategy
- Strategy of wide differentiation
- Cost Optimization Strategy
- Strategy of focusing

What is strategy and why it's important?





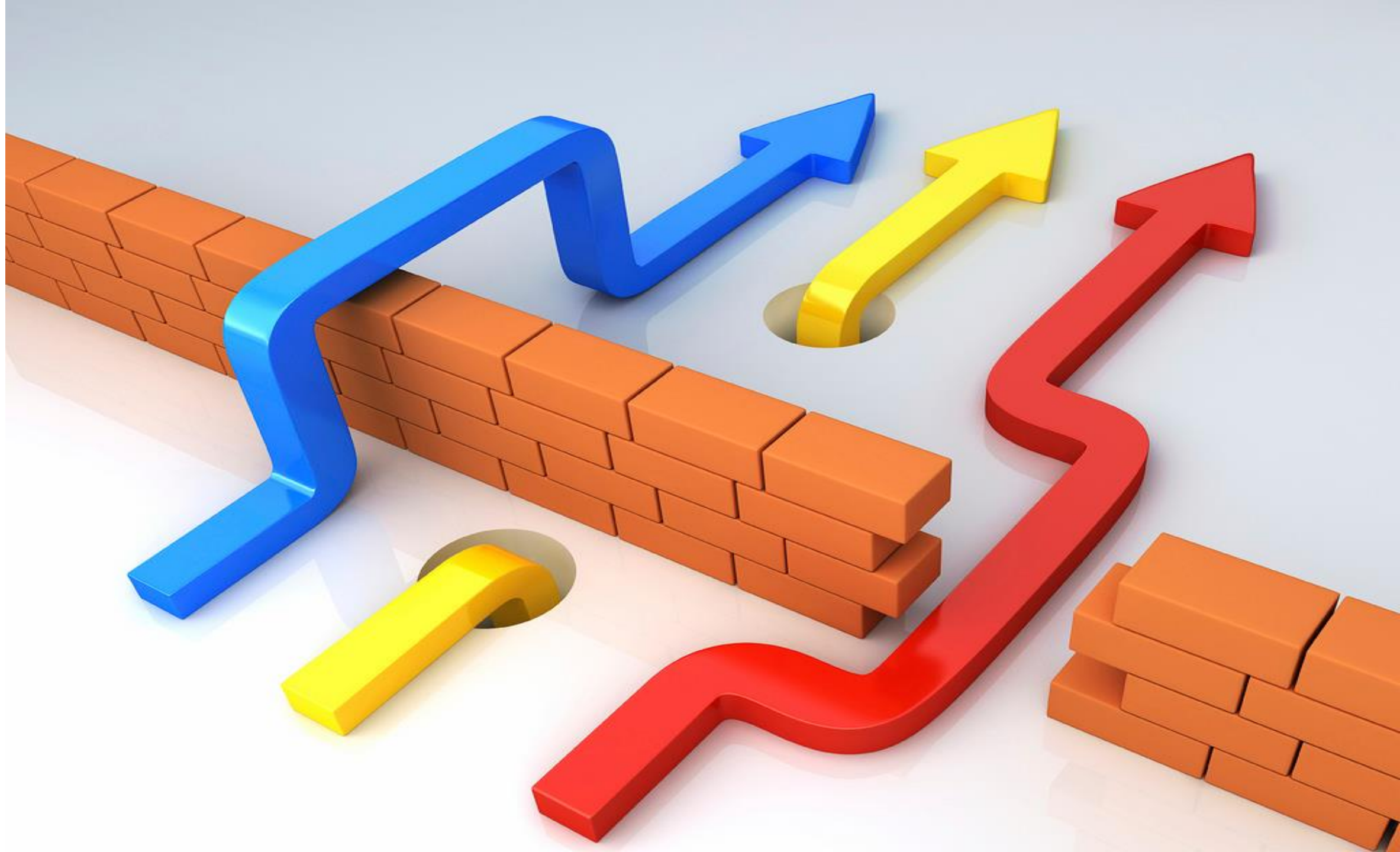
is a high-level plan to achieve one or more goals under conditions of uncertainty.

is the creation of a unique and valuable position, involving a different set of activities.

Business strategies win if their foundation is a sustainable competitive advantage.

A company has a competitive advantage if its level of work with clients is higher than that of competitors, and it is able to counteract the influence of competitive forces.







«Mad inventor»
«Toy computer»



There are many ways to achieve a competitive advantage:

- produce high quality products
- organize excellent customer service
- offer lower prices than competitors
- have convenient geographical location
- have own technology
- to ensure the development and introduction of a new product in a shorter time
- have a well-known trademark
- provide additional value for customers for their money



MADE IN JAPAN



The most significant reward for Akio Morita was thanks to his work, the phrase “Made in Japan” was perceived by buyers all over the world as a guarantee of the highest quality.

Companies around the world use a variety of ways to attract customers, gaining their trust in repeat sales, leading competitors and maintaining their place in the market.



“Brilliant idea”

“East and south doors”



“Bright room”

Cost leadership strategy

provides for the reduction of the total costs of production of a product or service, which attracts a large number of buyers



ZARA



The cost leadership strategy is strong in the following cases:

- Price competition among sellers is particularly strong
- Product produced in the industry is standard
- Price is the dominant factor determining consumer preferences, not the characteristics or quality of the product
- Differences between trademarks are not important for the buyer, but differences in price for the buyer are significant



How to reduce costs?

To do the job better than the competitors, effectively carrying out operations in the internal value chain.

At Toyota, overhead costs include:

- overproduction of products;
- defects;
- unnecessary movement;
- unnecessary movement of materials, parts;
- excess inventory;
- waiting time.



IKEA consumers looking for stylish interior solutions at low prices. The implementation of this strategy involves the use of **low-cost local sources of raw materials** in those countries where IKEA is present, **the minimum degree of their processing.**



