

Paper –Strategic Management

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Topic- Focus Business Strategy

Focus strategy is one of the most complicated generic business strategies. Focus business strategies rely on either cost leadership or differentiation but they cater to narrow segment of the total market. Therefore, focus strategies are also known as **the niche strategies**. They are more suitable where an organization can neither afford wide scope leadership nor a wide scope differentiation strategy. In such cases, the organizations focus on their efforts and resources on a narrow but defined segment of a market. The more commonly used bases for identifying customer groups are the demographic characteristics such as age, gender, income and occupation, geographic segmentation and lifestyles. For the identified market segment, a focussed organization uses either the low-cost or differentiation strategy Focus is essentially concerned with identifying a narrow target of markets and customers. The organization seeking to adopt a focus strategy has to create a niche in the market where the cost leaders and differentiators are not operating. The following are examples of organizations who adopted the focus strategies either on the basis of lower cost or differentiation:

Philips India Ltd launched the flat television with plasma technology featuring the distortion-free pictures and bright, accurate colours fitted with an integrated Dolby pro-logic sound system. The premium-priced TV with differentiation on technology basis was targeted at the niche market of a selective, sophisticated and technology-driven audience,

Harvest Gold Foods India Ltd differentiates its bread by the same brand name on the basis of geographical focus supported by competitive pricing, product attributes such as freshness and high quality, efficient distribution and transparent packaging.

A branded jewellery business of Titan Industries operates in highly skilled craftsmen in the jewellery trade. Designs of jewellery vary across regions. Tanishq, the jewellery brand of Titan, adopted a differentiation strategy that offered a range of gold, pearl and diamond jewellery for women and men. Designs were made on the basis of continual feedback from its extensive retail network of showrooms. New designs were introduced every quarter. The brand projects itself as a reputed organization, i.e. Tata group company with a guarantee of purity.

The competitive advantage is generated specifically for creating the niche. This strategy is most appropriate for the small organizations that have less ability or resources to engage in a nationwide marketing effort. It is also appropriate in the situations when organizations have enough resources to engage in a nationwide marketing effort but the target market is small. An organization may use either a cost focus or differentiation focus. With a cost focus, an organization aims at being the lowest cost producer in that niche or segment. Cost focus is unachievable with an industry depending on the economies of scale. With a differentiation focus, an organization creates competitive advantage through differentiation.