The Bottom Line: Marketing and Firm Performance


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The Bottom Line: Marketing and Firm Performance
Introduction
Ups and Downs of measuring competitive advantage
Strategy - Business Models
Match the Business model
Questions of the case
Conclusion and Questions
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COMPETITIVE ADVANTAGE
Competitive advantages are conditions or circumstances that allow a company or country to produce a good or service at a lower price or in a more desirable fashion for customers.
Accounting Profitability
Shareholder Value Creation
Economic Value Creation
Strategy in action
Business model - how the firm intends to make money.
The business model itself can gain competitive advantage and this implies that business model innovation is also an important factor in gaining CA.
NETFLIX AND CHILL
But mostly just Netflix
Some popular business models
Agency
Bundling
Freemium
Wholesale
Subscription
Pay-as-you-go
Razor - Razorblades
Turnaround
Conclusion and Questions

Introduction

Ups and Downs of measuring competitive advantage

Strategy - Business Models

Match the Business model

Questions of the LEGO *case*

Conclusion and Questions

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nomic Value
Creation

ept for determining competitive advantage
ween consumer and producer.

rmine value of a good from consumer

ood shifts overtime for a consumer based
actors
omic value created by complex with
ctures is difficult.

ue

it creates more

C of producing good A

Cost: 50cent
Price: 1Euro
Profit: 50c
Sale: 80c
Sale P: 30c

uro
: 2Euro

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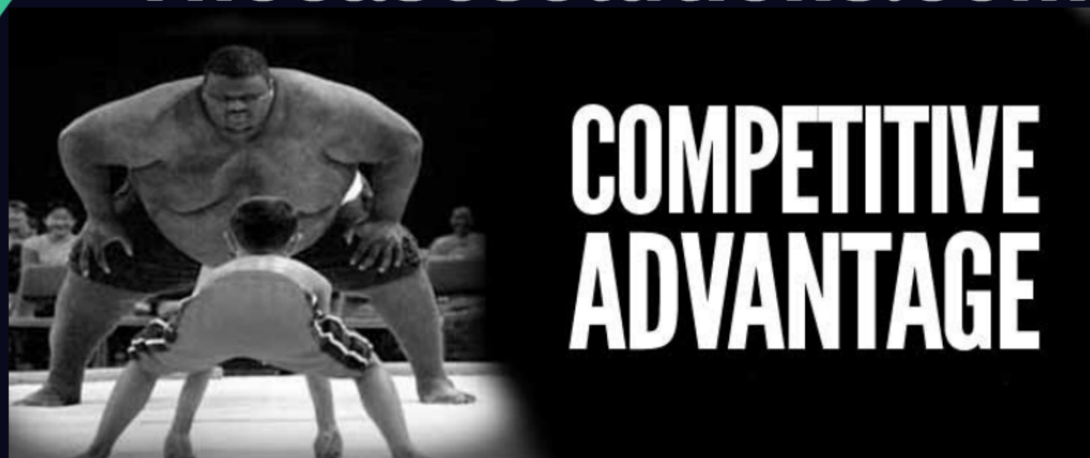

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Accounting Profitability
Shareholder Value Creation
Economic Value Creation

Shareholder Value Creation

Ups:

-Strategy outcomes usually reflected in stock price
-Stock market valuations can provide a good base for analysis

Accounting Profitability

Enables us to conduct direct comp
between companies

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Some commonly used ratios: Return on A
Return on R
Return on I
Return on E

Accounting Profitability

Enables us to conduct direct comparison between companies

Some commonly used ratios:

- *Return on Assets*
- *Return on Revenue*
- *Return on Invested Capital*
- *Return on Equity*

$$ROA = \frac{\text{net income}}{\text{total assets}}$$

$$ROE = \frac{\text{net income}}{\text{SH's equity}}$$

$$ROR = \frac{\text{net income}}{\text{revenue}}$$

$$ROIC = \frac{\text{net income}}{\text{invested capital}}$$

$$ROA = \frac{\text{net income}}{\text{total assets}}$$

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Accounting Profitability

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Ups:

-Guidelines such as GAAP
-10K- report
-Good information for comparison between firms

Downs:

-Historical and backward looking.
-Does not consider:
  -Intangibles
  -Off balance sheet items
  -Intellectual property

Shareholder Value Creation

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Shareholders

Risk Capital

Market Capitalization

Total return to shareholders

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Answers in here

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Individuals or organisations who own one or more share of a company, they are the legal owners of said company.

The amount of money an investor provides for an equity share. Money that is risked to be lost in order to gain profits.

Share price x Number of outstanding shares at a given moment. (in dollars)

The returns on a risk capital in the form of price appreciation and / or dividends over a specific period of time.