

Bases of Firm Competitive Advantage: Assessment and New Insights

Abhi Bhattacharya
University of Alabama
Valerie Good
Grand Valley State University
Neil Morgan
University of Wisconsin, Madison
Lopo Rego
Indiana University

Cite as:

Bhattacharya Abhi, Good Valerie, Morgan Neil, Rego Lopo (2024), Bases of Firm Competitive Advantage: Assessment and New Insights. *Proceedings of the European Marketing Academy*, 53rd, (118000)

Paper from the 53rd Annual EMAC Conference, Bucharest, Romania, May 28-31, 2024



Bases of Firm Competitive Advantage: Assessment and New Insights

Abstract

While Porter's typology of the bases for firm competitive advantage (cost leadership vs. differentiation) continues to dominate both business practice and pedagogy, empirical research using this typology has dwindled over time and many fundamental managerial questions remain unanswered. For example, which basis for advantage is most profitable? How can a firm leverage its choice of strategy into greater firm performance via complementary capabilities or synergies? Do firms change strategy over time and, if so, why and with what consequences? Employing a novel text analytic approach, we develop and validate a measure of business strategy (competitive advantage) that is dynamic (over years) and fluid (i.e., allows firms to have a mix of strategies concurrently). Using this new measure, we provide practical managerial insights into which strategy is most profitable and how firms can leverage internal competencies and structural factors that may enable greater leverage of one strategy over the other. Finally, our investigation offers a greater understanding of what may cause changes in strategic emphases over time. By empirically demonstrating that strategy is indeed dynamic, our findings have important theoretical contributions and managerial implications.

Subject Areas: *Marketing Planning and Implementation, Marketing Strategy*

Track: Marketing Strategy & Theory