

CONTENTS

**SOURCES OF SUSTAINABLE COMPETITIVE  
ADVANTAGE  
FOR BUSINESSES OPERATING IN A GLOBAL  
MARKETPLACE**

by

**ROUXELLE DE VILLIERS**

**Submitted in fulfillment of the requirements for the degree**

**MAGISTER COMERCII**

**in the**

**DEPARTMENT OF MARKETING AND COMMUNICATION MANAGEMENT**

**FACULTY OF ECONOMIC AND MANAGEMENT SERVICES**

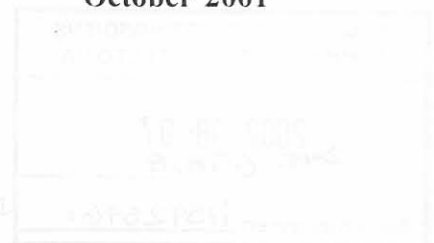
**at the**

**UNIVERSITY OF PRETORIA**

**SUPERVISOR: PROFESSOR A.N. SCHREUDER**

Pretoria

October 2001



## CONTENTS

<b>ACKNOWLEDGEMENTS</b>	<b>i</b>
<b>SYNOPSIS</b>	<b>ii</b>
<b>SINOPSIS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>iv</b>
<b>LIST OF FIGURES</b>	<b>v</b>
<b>CHAPTER 1</b>	
<b>BACKGROUND AND EXPOSITION OF THE STUDY</b>	
<b>1. EXECUTIVE SUMMARY</b>	<b>1</b>
<b>2. INTRODUCTION</b>	<b>2</b>
<b>3. BACKGROUND TO THE STUDY</b>	<b>3</b>
<b>4. PROBLEM STATEMENT</b>	<b>4</b>
<b>5. THE RESEARCH</b>	<b>5</b>
5.1 Research Objectives	5
5.2 Research Design	6
5.3 Data Analysis	7
5.4 Control of Variables	8
5.5 Nature and Form of the Results	8
5.6 Limitations of the Study	8
<b>6. LITERATURE REVIEW</b>	<b>9</b>
6.1 Positioning	9
6.2 Operational Vocabulary and Explanations	10
<b>7. BENEFITS OF THE STUDY</b>	<b>17</b>

## CHAPTER 2

### THEORETICAL BASIS AND LITERATURE REVIEW

1.1	Phase I: Comprehensive Literature Review	79
1.	<b>INTRODUCTION</b>	<b>18</b>
2.	<b>POTENTIAL CONDITIONS FOR AND SOURCES OF SCA</b>	<b>19</b>
2.1	Conditions for SCA	19
2.2	Sources of SCA	19
2.3	Benefits of Competitive Advantages	21
2.4	Advantages from the Customer's Perspective	24
2.5	Durability of Competitive Advantages	26
3.	<b>INTRODUCTION TO THE DISCUSSION OF THE MODEL</b>	<b>32</b>
3.1	Preferred Positioning	32
3.2	Distinctive or Superior Competencies and Capabilities	32
3.3	Superior Resources	51
4.	<b>CONCLUSION</b>	<b>74</b>

## CHAPTER 3

### RESEARCH METHODOLOGY

1.	<b>INTRODUCTION</b>	<b>76</b>
2.	<b>RESEARCH GOALS</b>	<b>76</b>
2.1	Investigative Research	77
2.2	Descriptive Studies	77
2.3	Research Goals for this Study	78
3.	<b>UNIT OF ANALYSIS</b>	<b>77</b>

CHAPTER 3

<b>4. RESEARCH METHODOLOGY</b>	<b>79</b>
4.1 Phase 1: Comprehensive Literature Review	80
4.2 Phase 2: Questionnaire Development	80
4.3 Phase 3: Distribution of the Questionnaire and Statistical Sample Size Analysis	83
<b>5. RESEARCH ANALYSIS</b>	<b>84</b>
5.1 Descriptive Statistics	85
<b>6. SUMMARY AND CONCLUSIONS</b>	<b>86</b>

CHAPTER 4

DISCUSSION OF THE RESEARCH RESULTS

<b>1. INTRODUCTION</b>	<b>87</b>
<b>2. DESCRIPTIVE ANALYSIS</b>	<b>87</b>
2.1 Composition of the Sample	87
2.2 Experience and Industry Categories	89
2.3 Concepts, Constructs and Domains	93
<b>3. QUESTIONNAIRE ANALYSIS</b>	<b>95</b>
3.1 Arguments in the consideration of different analysis methodologies	96
3.2 Section A1 and A2: Unprompted Responses	100
3.3 Sections B and C: Prompted Responses	106
3.4 Section D: Prompted Responses	119
3.5 Section E: Prompted Responses for the 4 Domains	121
3.6 Comparison of Unprompted and Prompted Concepts	126
<b>4. CONCLUSION</b>	<b>128</b>

**CHAPTER 5**

**RECOMMENDATIONS AND OPPORTUNITIES FOR FUTURE RESEARCH**

<b>1.</b>	<b>INTRODUCTION</b>	<b>129</b>
<b>2.</b>	<b>SHORTCOMINGS OF THE RESEARCH</b>	<b>131</b>
2.1	Sample Size	132
2.2	Selection of the Respondents	132
2.3	Alternative Interpretations of Terminology	132
<b>3.</b>	<b>FINDINGS AND CONCLUSIONS</b>	<b>133</b>
3.1	Phase 1: Literature Review	133
3.2	Phase 2: Empirical Research	133
<b>4.</b>	<b>RECOMMENDATIONS FOR FUTURE RESEARCH</b>	<b>135</b>
4.1	In-depth analysis of concepts and constructs	135
4.2	Expansion of the SCA Model	142
<b>5.</b>	<b>IMPLICATIONS FOR MANAGEMENT</b>	<b>137</b>
<b>6.</b>	<b>CONCLUSION</b>	<b>138</b>

<b>BIBLIOGRAPHY</b>	<b>139</b>
---------------------	------------

**APPENDIX A**

**APPENDIX B**

**APPENDIX C**

**APPENDIX D**

**APPENDIX E**

**APPENDIX F**

## ACKNOWLEDGEMENTS

*"Praise the Lord. Oh, give thanks to the Lord, for He is good!"*

*Ps 106 :1*

This thesis would not have been completed without the help and encouragement of the following *people*:

Professor A.N. Schreuder, of the Marketing and Communication Department, University of Pretoria, for his help and guidance during the study. A sincere word of thanks for his friendly patience and support – even over the long-distance while I was in America.

Professor V. Mahajan, at the Marketing Department of the University of Texas, for his guidance and shared insights during the planning phases of the research questionnaire.

Professor C.J.de Villiers, visiting faculty at the Redge McComb Business School, University of Texas, for his support in piloting the research with the MBA class and surveying the executive MBA class of 2001.

The lecturers and staff of the departments of Marketing and Communication at the University of Pretoria, for their continuous help and encouragement, especially during the initial phases of senate and dean approval.

Me. Christel Kirchner at the Merensky library of the University of Pretoria who acted as my research assistant in a professional manner.

Me. Maurine Fischer, Ms. Alet Carstens and Mr. Francois le Roux for their unrelenting help and friendliness with regards to all administrative matters.

Me. Phyllis King for her commitment and dedication. Without her support I would not have jumped the final obstacles and language barriers and would therefore never have completed this project. *A friend in need is a friend indeed!*

Me. Ingrid Viljoen for helping to add all the finishing touches and making the final document legible and user-friendly.

And significantly, my husband for his unwavering support and his never-ending motivation. Many thanks to my daughters Jeanne and Marina for their patience and their love which will continue to motivate me to be the best I can be.

## SYNOPSIS

Managers and marketing practitioners are spending more time and limited resources on finding new ways to acquire and retain customers. This study pursues the goal, to assist marketing practitioners, with a model of constructs and concepts, encapsulating all relevant sources of sustainable competitive advantages (SCA(s)) they should consider when conceptualizing, planning and implementing strategies to achieve a sustainable competitive edge for his/her SBU or firm in the global marketplace.

Qualitative research is employed to establish the terminology currently in use, as well as to expand the list of possible sources of SCA, already identified by academics and practitioners in a wide variety of business disciplines.

Quantitative research is employed to rate and rank these sources and to categorize all sources in 4 domains.

The resulting SCA model is a circular model with 4 domains and 20 sources of SCA(s).

The 4 domains are:

*Preferred Positioning; Superior Finite Resources; Superior Infinite Resources and Superior Competencies and Capabilities.*

According to the quantitative research results, the majority of respondents rate all four domains as able and important contributors in planning for a SCA for a SBU or firm. The 20 sources of SCA receive very different ratings and rankings from respondents in different subgroups of the sample group. Marketing and business experience of the respondents, as well as the industry which the respondents consider to be their learning ground, has a noticeable impact on the evaluation of the sources.

## SINOPSIS

Besigheidsbestuurders en bemarkingspesialiste spandeer deesdae meer tyd en beperkte hupbronne aan die verkryging van nuwe maniere om kliënte te kry en te behou. Hierdie navorsingstudie poog om besige bemarkingspesialiste te ondersteun, deur middel van 'n model wat die moontlike bronne van instandhoubare markvoordeel, uiteensit. Hierdie model poog om alle relevante bronne wat die bestuurder moet oorweeg in die strategiese beplanning vir instandhoubare markvoordeel, vir sy/haar besigheidseenheid of firma, uiteen te sit.

Kwalitatiewe navorsing is gebruik om die terminologie wat huidiglik in die markplek gebruik word, en reeds deur akademiëci en praktisyns in 'n verkeidenheid van besigheidsdissiplines geïdentifiseer is, te bepaal. Verder is dit gebruik om die lys van bronne sover moontlik uit te brei.

Kwantiatiewe navorsing word gebruik om die bronne te rangskik en in 4 kategorië te verdeel.

Die model wat sodoende ontwikkel is, is 'n sirkel-model wat uit 4 kategorië en 20 bronne bestaan. Hierdie 4 kategorië is:

*“Preferred Positioning; Superior Finite Resources; Superior Infinite Resources and Superior Competencies and Capabilities.”* Volgens die kwantitatiewe

navorsingsresultate, word al vier hierdie katagorië van bronne, deur die oorgrote meerderheid van die respondente, as uiters belangrik beskou. Die 20 bronne, word egter dramaties verskillend bejeën deur verskillend respondent-subgroepe. Bemarkings- en bestuurservaring, sowel as die industrie waarin die respondent ondervinding opgebou het, speel 'n waarneembare rol in die evaluering van die bronne.



**LIST OF TABLES**

Table 4.1	Composition of the Sample	89
Table 4.2	Factors to create a SCA	94
Table 4.3	Analysis methodologies based on inferred ranking	97
Table 4.4	Impact of the relative ranking due to the two analysis	98
Table 4.5	Factors to create a SCA and their priority ranking	101
Table 4.6	Factors receiving the highest sample mean	103
Table 4.7	Frequency of mention of unprompted sources of SCA	104
Table 4.8	Factors with a ranking of 1	105
Table 4.9	Shifts in ranking of the concepts of section C	108
Table 4.10	Number of respondents per industry category	111
Table 4.11	Concepts with an industry mean of 10	112
Table 4.12	Subgroups of the respondent group	114
Table 4.13	Priority rating of the 4 domains in prompted questions	115
Table 4.14	Priority rating of the 4 domains in prompted questions by the total sample group	121
Table 4.15	Priority rating of the 4 domains in prompted questions by different experience level subgroups	122
Table 4.16	Priority rating of the 4 domains in prompted questions by different industry category subgroups	125
Table 4.17	Ranking of the four domains	126

**LIST OF FIGURES**

Figure 4.1	Respondents by Industry Category	91
Figure 4.2	SCA Wheel and its Constructs	92
Figure 4.3	Priority rating of prompted concepts by total respondent group	106
Figure 4.4	Average rating of all concepts by total experience subgroups	110
Figure 4.5	Prompted responses by industry subgroups	112
Figure 4.6	Average priority rating of the 4 domains by respondents from different industry categories	116
Figure 4.7	Average priority rating of the 4 domains by respondents from different experience level subgroups	117
Figure 4.8	Average priority rating of the 4 domains by respondents from different marketing experience level subgroups	118
Figure 4.9	Average ability rating by industry subgroups	119
Figure 4.10	Rating of the ability of a domain to contribute to SCA, cross tabulated by experience level	120
Figure 4.11	Priority rating of the domain Preferred Positioning, cross-tabulated by experience level subgroups	123
Figure 4.12	Priority rating of the domain Finite Resources, cross-tabulated by experience level subgroups	123
Figure 4.13	Priority rating of the domain Infinite Resources, cross-tabulated by experience level subgroups	124
Figure 4.14	Priority rating of the domain Capabilities and Competencies, cross-tabulated by experience level subgroups	124