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Rethinking Competitive Strategy in Mature Industries

An externally-focused in-depth study into how companies in mature industries can rethink their competitive strategies.

By Auður Sigvaldadóttir and Alexandra Taylor
MSc Management, Lund University
Supervisor: Anna Thomasson

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Abstract

Today's rapidly changing environment amplifies the need for companies no matter the industry, to stay on top of their game and not lose market share to competing firms. This is particularly true of companies in mature industries, and therefore, is a worthy area of study and the focus of this thesis.

Rethinking Competitive Strategy in Mature Industries is an in-depth, exploratory study, with an empirical focus on a single case study, Business Unit Building (BUB). Qualitative data was collected from thirteen interviews based on semi-structured questions. Published reports were additionally considered. Although it is advisable not to generalize, the single case study acts as inspiration for other companies in similar positions seeking to rethink their strategies.

The theoretical framework includes Porter's five forces, Porter's generic strategies, as well as other more general competitive strategy theories. These are rendezvoused into one model that shows the theories in sequence, which can be implemented when developing competitive strategies.

The conclusions show that the stage of the industry life cycle is a defining factor of the competitive strategies that firms must take. A key take-away is that companies should not be afraid of *proactive* strategic change, which may be the only way to maintain or re-gain a competitive position amongst multiple competitors, who oftentimes follow similar strategies and provide customers with similar product offerings. Thus regardless of the generic strategy that companies decide to pursue, they must adopt a proactive competitive strategy in then deciding which generic strategy(ies) would be most useful.

Key Words: mature industry, strategic renewal, change, Porter, competitive strategy, reactive, proactive, industry life cycle

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1. Introduction

1.1. Background

Today's environment is characterized by dynamic, cutting-edge change, ranging from technological development to globalization, and the game of competition is played more fiercely than ever (Alvesson & Svenningsson, 2015). The core focus of companies is thus to remain and increase profitability, through meeting financial goals in order to survive (Venkatraman & Ramanujam, 1986). As argued by Hamel and Prahalad (1994 cited in Bukszar, 1999, p. 111), "unpredictable and turbulent change can come to any industry today". Unless organizations adapt to such omnipresent change, by addressing the changes directly impacting their environment and the associated challenges (Craig & Douglas, 1996), there is a large risk of ultimate failure (Alvesson & Svenningsson, 2015; Thompson & Strickland, 1999).

Due to the desire for profitability, companies most often aim to obtain a favorable, thus competitive, industry position (Porter, 1985). To obtain such a position, companies follow competitive strategies, which can protect them from the "forces that determine industry competition" (Porter, 1985, p. 1). Further, this position is a company's competitive advantage, which can be defined in more detail as the way in which companies are better in comparison to their competitors (with respect to what it does or what it has) (David, 2011; Murray, 1998). Competitive advantage and profitability can actually be influenced and created by external environmental conditions (e.g. competitors, pace of market growth), as well as internal conditions (e.g. resources, capabilities) (Betz, 2011; David, 2011; Porter & Kramer, 2011). In this thesis however, the external conditions will be the focus.

Establishing long-lasting competitive advantage is particularly important for companies in mature industries. This phase of maturity is similar to the mature phase of the product life cycle (PLC), only for industries rather than certain products. This life cycle is naturally coined the industry life cycle (ILC). In the mature phase, competition for market share is high due to the slowing down of growth and minimal product change (Levitt, 1965) when compared to in the growing stage (Porter, 1980). This competitive environment, that generally lacks innovation and newness (Porter, 1980), furthermore sees a threat of losing out to other companies offering similar products, as consumers have the luxury to ponder which brand product to buy (Levitt, 1965; Porter, 1998).

Understandably, the mature period or the transition to maturity can be confusing and challenging for companies (Porter, 1980; Peltola, 2012). Indeed, many fail to acknowledge the necessity to rethink their position and find appropriate competitive strategies to take (Porter, 1980). A common problem for companies in mature industries is dominant logic, where companies may often encounter challenges in reaching growth-objectives due to the continuation of strategies that have been successful in the past (Govindarajan, 2012a; Govindarajan, 2012b). Thus, although dominant logic may maintain an organization on its current path, it can prevent companies from changing and keeping their strategies in line with their competitive environment. It can decrease the likelihood of peripheral vision too, since "the company's past success … becomes the lens through which managers see all emerging opportunities" (Prahalad, 2004, p. 172). A pervasive success bias will further enhance this dominant logic, as organizations will derive conclusions from a sample, omitting evidence of negative outcomes that may occur (March et al., 1991 cited in Barnett & Pontikes, 2008). The confirmation bias further augments this phenomenon of success bias, where information that both confirms previous expectations and justifies exceptions is usually retrieved (Barnett & Pontikes, 2008).

Organizational inertia is also a bi-product of previous success, and it means being unable to invest in "internal change in the face of significant external change" (Geiger & Antonacopoulou, 2009, p. 430). The roots of such organizational inertia, disabling companies from changing their strategies too much (Porter, 1980), often stem from organizational blind spots (Geiger & Antonacopoulou, 2009). Through carrying out dominant, current practices, blind spots and resistance to new practices, learning and organizational change can arise (Geiger & Antonacopoulou, 2009). Ultimately, if a strategy has been successful, firms tend to stick to it and fail to re-evaluate even though the industry may be changing.

Companies must however overcome these inclinations and biases through challenging the dominant logic. By doing so, they may realize new strategies and opportunities to create value (Pralahad, 2004), and overcome the period of stagnation in the mature phase (Levitt, 1965). Performing a competitive/industry position analysis for example, develops an understanding of the industry (Zahra & Chaples, 1993; Porter, 1985). Such an analysis also allows preparation for a potential, foreseeable decline phase and enables appropriate, cost-efficient actions to minimize an unfavorable condition (Porter, 1980). Ultimately, tackling the most suitable competitors, and competing "aggressively but not indiscriminately" is likely to deliver a successful result (Porter, 1985, p. 228). Once a competitive advantage is "identif[ied], create[d] and communicat[ed]", it will further enable the company to overcome the other players in the industry (Zimmerman, 2011, n.p.). If a firm can then pair its strategies to the industry structure, it can be successful (Porter, 1980). This will contribute to creating and perhaps more importantly maintaining a competitive advantage, which is coined as a sustainable competitive advantage (David, 2011; Alvesson & Svenningsson, 2015; Ilinitch, D'Aveni, & Lewin, 1996). This is in fact "the only way to achieve superior performance" according to Porter (1985, p. 228) - only *existing* in a profitable industry will not necessarily render the company as profitable (Hill & Jones, 2009).

In determining which competitive strategy to take, Porter's (1985) generic strategies are a common place to start. Companies can further choose to either be reactive (adapting to the competition at hand and re-positioning themselves around it) or proactive (actively creating their own competitive landscape). Thus, this thesis will look at competitive strategies most applicable in mature industries, which is of considerable significance due to the plethora of companies *in* and *approaching* such industries, requiring a competitive edge. Ultimately, there is a focus on the external environment influencing competitive strategies, which provides value for companies in mature markets, who need to understand how to most optimally react to when "external events … intrude on internal rhythms" (Turner, Mitchell, & Bettis, 2010, p. 855).

1.2. Purpose

The general purpose of this study is to comprehend how companies can create competitive strategic renewal in mature industries. More specifically, the purpose is to understand what a mature industry looks like, and thereafter, understand how companies in such industries can re-think their competitive strategies to enable them to compete, and therefore, fare better.

Within the larger purpose of understanding how to compete in mature industries, the empirical focus will be on creating a competitive analysis, as well as forging recommendations for an improved strategy for a company with respect to one of its core products. Due to requests for anonymity, the company name(s), as well as details about its operations, are withheld. Henceforth, the company will be referred to as Company X, and the specific business segment that is the focus of this thesis as Business Unit Building (BUB).

To fulfill its purpose, this thesis will focus only on the external industry perspective, and thus, omits any analysis from an internal perspective. Also, since the focus is on mature industries, other phases of the ILC will not be analyzed.

1.3. Research Question

From an external industry perspective, how should companies in mature industries rethink their competitive strategies?

1.4. Research Limitations

It must be noted that this thesis, and the depth of research and interviews is limited by a time constraint of eight weeks. At the same time however, this can be seen as an opportunity with respect to implications for further research.

2. Methodology

2.1. Research Approach

This thesis has taken numerous approaches in tackling the research question. Firstly, a deductive approach was taken, by critically focusing on literature regarding mature industries and competitive strategy approaches. Such a literature review shed light on potential pitfalls and opportunities within mature industries, and acted as a basis for data collection and analysis. Thereafter, a case study on a company in a mature industry was investigated. The theories found in the literature were applied to the case and, deductively gave rise to certain findings, but new methods for rethinking strategy were also revealed in the process. Thus, there is naturally an inductive element as well, of deriving generalizations from the findings back to the theories (Bryman & Bell, 2015). Overall, the process of bouncing back and forth from the data derived from the real-life case to the theory and literature, results in a tight knit connection between the deductive and inductive approaches. This approach is dubbed as abductive reasoning (Bryman & Bell, 2015).

Moreover, this was an exploratory study, which typically explore new problems in depth, using both primary and secondary sources (Singh, 2007; Brown, 2006). Indeed, this thesis primarily utilized interview data conducted in April 2016, but published documents were also used as support. Although exploratory research does not point to conclusive answers, it can provide deep insight into a situation at hand (Singh, 2007). Due to the nature of this study then, the research approach included mainly a qualitative method. Although a combination of qualitative and quantitative research (mixed-methods approach) can provide more complementarity, there are a few problems associated with this sort of research design including epistemological differences and technical challenges (Morgan, 1998). In addition, such a mixed-methods approach may have required more time that was not available due to the time constraint of this thesis. Qualitative research generally has a naturalistic approach to it rather than a positivist approach that quantitative research has (Golafshani, 2003). Also, qualitative data analysis was more applicable in this thesis because the purpose is to explore, and arrive at themes that will shed light on the subject matter of companies in mature industries (Creswell, 2003; Hoepfl, 1997 cited in Golafshani, 2003) - the significant variables were not known (Creswell, 2003). That being so, the focus was solely on qualitative research. Criticism of such qualitative research must however be noted. This includes the nature of the research being rooted in personal opinions, as well as its non-scientific nature with respect to the methods used (Noble & Smith, 2015; Bryman & Bell, 2015).

2.1.1. Literature Review Introduction

To understand the field of strategic renewal in mature industries and therefore fulfill the purpose of this thesis, literature in the field of strategy, more specifically concepts adhering to the *external* industry perspective, was reviewed. The theories were analyzed and contrasted, and moreover provided a basis and focus to the direction of the empirical case study. Literature on the internal strategic perspective was not scrutinized due to the externally oriented purpose of this thesis.

The external perspective of strategy involves analyzing the industry, and includes but is not limited to Porter’s five force analysis. This is a tool that provides a simple yet concise view of companies with respect to the industry environment they are working in (Dobbs, 2014). Furthermore, Porter's generic competitive strategies as well as reactive and proactive competitive approaches were consulted to gain information on how companies behave in their respective industries. Competitive advantage was a common theme throughout. This thesis ensured to use the theories in the context of mature industries as tools to obtain an understanding of a firm’s strategies and how it could compete more successfully. An overview of mature industries is also introduced in the literature review.

Online academic search engines provided broad, and sufficient information. The limitation that the researchers encountered here was that there was an abundance of information to choose from. At the same time, setting a too narrow focus when using online search engines may have meant crucial information would have been neglected (Easterby-Smith, Thorpe, Jackson, & Lowe, 2008).

2.1.2. Case Study Introduction

BUB is one division of Company X, a multi-industry oriented firm, currently operating worldwide. BUB competes in the building industry within the Nordics and the Baltics with one of its core products, Product B. The product has been produced in the region since the seventies, accounting for its positioning in a very traditional industry. Today, the sales of Product B have stagnated. In fact, when Company X employees, working within BUB were asked to describe the characteristics of the industry that Product B is in, the majority confirmed it was in a mature industry with high competition. Indeed, there are many existing rivals and other substitutes within the geographic scope. Accordingly, Company X recognized a need to investigate the problem. More specifically, BUB wanted to understand why this is happening and further develop better competitive strategies for future growth, which is what this thesis explored.

BUB is relevant to the purpose because it provided a real-life example of how companies in mature industries, facing stagnating sales, are in need of changing their strategies to become competitive. The case study acted to further provide support and focus to the purpose, since case studies provide empirical data from current-day cases with real-life implications (Yin, 1994). When choosing to only focus on a single case study, it is important to choose one that corresponds to the purpose and theory at hand (Yin, 1994), as well as one that provides a chance for fruitful learning (Bryman & Bell, 2015). Using BUB as a point of departure for analyzing the context in which companies in mature industries operate showed how the theories regarding competitive strategies outlined in the literature review can be applied in a real-life instance (whether it is possible). Thereafter, the purpose was to provide information and advice for other companies in mature industries. Nonetheless, as argued by Thomas (2013), a case study aims to provide a detailed example and knowledge of intricacy (i.e. "particularization"; Lee et al. cited in Bryman & Bell, 2015, p. 69) that may not necessarily be generalizable. This was taken into account when formulating conclusions, while also bearing in mind that such case studies can give rise to *theoretical* generalizability (Bryman & Bell, 2015).

2.2. Data Collection

2.2.1. Interviews

Formal interviews were carried out with relevant Company X employees (Appendix A). Although the employees' field of work concerns the whole of Europe, they behold in-depth knowledge of: the building industry in the Nordic and Baltics, and BUB's strategies. In fact, most have worked for Company X for over twenty years, providing valuable longitudinal insight considering the importance of processes and changes over time that impact organizations' current operations (Bryman & Bell, 2015). However, to avoid the elite bias when interviewing solely employees of high status (Myers & Newman, 2007), employees that do not hold managerial positions were also interviewed. BUB's distributors were additionally formally interviewed (Appendix B), since they have an indirect interest in the company's performance, through naturally benefitting by selling more Product B. They were contacted to provide supplementary information about the building industry in general. More specifically, to give insight regarding the general building market, Product B sales, and how BUB is doing as a partner. This information overall helped shed light on what BUB can do to improve their performance with respect to rethinking competitive strategy. The questions were more oriented to gauging detailed knowledge concerning the competitive landscape, rather than the actual strategies BUB follows (which they would be unaware of). Thus, to help overcome some of the bias from solely relying on the internal perspective from Company X employees of where BUB stands with their Product B, this external perspective was also taken. Published documents (see p. 13) further aided with this matter.

Overall, the semi-structured questions for internal (Appendix C) and external individuals (Appendix D) enabled the interviewees to respond with a topic in mind, but the freedom to answer in any way. This is important since every individual's understanding, and thus, response, is unique. Arguably, the most beneficial method of gaining insight into a person’s experiences is to ask them to disclose of it freely through talking (Nunkoosing, 2005). Interviews today are an active, two-way, interview format, which is rather a “meaning making conversation” (Silverman, 2004, p. 143). Thus, the benefits of this type of interview, that provide very rich and meaningful knowledge, lie in the interaction of what is being asked/told and how this interaction creates the knowledge (Silverman, 2004). Furthermore, the semi-structured interview meant the researcher who acted as the interviewer could ask the respondent to elaborate on points that for example, seemed particularly relevant or unclear (Bryman & Bell, 2015). Throughout the interviews, the interviewer kept any interruptions at a minimum, so that the interviewees could express themselves to the extent they wished, without feeling time-pressured. The information from the interviews provided qualitative primary knowledge, and acted as a powerful tool to come up with theories, conclusions and ideas for further research (Nunkoosing, 2005).

In terms of interview introduction, Company X employees were told what the thesis was about and thus, what the interview would focus on. When the employees asked for further details about the project, they were given answers to their questions (no information was withheld). Furthermore, when conducting these interviews, questions following the theories in the literature review were given. A definition of important concepts (e.g. mature industries) was provided before the interviews to minimize the potential mis-understanding of terms. Grundy (2006) specifically underlines that Porter’s five forces, for example, will not be understood by the common manager. The distributors were given an overview of the project as well and were informed that their responses would benefit Company X sales, and thus too, positively impact the distributors’ success.

The main interview medium for the formal interviews was web-calling (only audio, no video) and landline telephone, since none of the desired interview respondents were located within close proximity. Such non-face-to-face interviews are practical because they are less costly due to: lack of transport, standardized administration across the interviews, and reduced time to carry out (Holbrook, Green & Krosnick, 2003; Bryman & Bell, 2015). In addition, the risk of any element of the interviewer's personal traits or personality being seen, and thus, affecting the interviewee's responses is diminished (Bryman & Bell, 2015). These formal interviews were voice recorded.

2.2.2. Published Documents

Published documents recommended by BUB, were used to gather information about the industry for the contextual analysis. These were primarily produced by external consulting sources (though not exclusively for BUB), concerning the building industry, as well as the total building market in the Nordics and the Baltics. BUB sales reports, regarding Product B, were also considered.

2.3. Analysis of Empirical Data

The data from the empirical case, which included information from interviews (internal Company X employees and external distributors) and published documents (consulting/sales reports), were analyzed together to support triangulation (further discussed in 2.4). Moreover, the theories and approaches to strategic rethinking in mature industries described in the literature review were used to analyze the case to develop conclusions. This approach is just one of the ways to analyze a case study, but an overall important one because it retained the focus on the purpose of the research. It further enabled deeper exploration of the phenomena (also, offering other possible theories), and brought more credence to the conclusion due to the consideration of a variety of data (Yin, 2003 cited in Baxter & Jack, 2008).

In terms of analyzing the data, the interview was a form of qualitative data, which rather than numbers, provides a synthesized meaning of something (Chambliss & Schutt, 2015). The interview responses were interpreted and compared to the other interview answers to find similarities and differences in the information provided. In order to make a valuable qualitative analysis, the interrelations between the person at hand and their relation to the case was considered. This is necessary, because a complete understanding of the situation (e.g. context: actions, thoughts, events) is more useful than the sum of the answers only (Chambliss & Schutt, 2015). Moreover, to further complete this goal, although the researchers made sure to perceive the situation at hand from the point of view of the employees studied, they also made sure to not lose the valuable insight, they, as outsiders, may bring (Bryman & Bell, 2015).

The reports were also analyzed in accordance with the theories. How these compared and contrasted to the data obtained through the interviews was also useful in verifying their reliability (Baxter & Jack, 2008).

2.3.1. Case Study Limitations

One cannot ignore the limitations associated with case studies, particularly the usage of a single case study, which includes poor reportage due to a lack of structure and as aforementioned, the lack of ability to generalize to other populations (Yin, 1994; George & Bennett, 2005). Thus, caution was required for interpreting the results to a general population, due to external validity being compromised (Singh, 2007; Bryman & Bell, 2015). However, given the time limit, it was not possible to compare Company X with another company. Notwithstanding, this allowed the researchers to investigate this single case in more depth. Although, the process of collating evidence from several sources into one coherent conclusion was to an extent challenging, this challenge was overcome by critically weighing out the evidence (Rowley, 2002). With case studies, there is also the issue of case-selection, where other cases may have been more appropriate (George & Bennett, 2005). However, as clarified earlier, it was made sure the case was extremely explicable to the purpose of the study. In addition to these general limitations to using single case studies, there are limitations to each type of data source (see 2.3.2-3).

2.3.2. Interview Limitations

Although the interviews provided sufficient information for analyzing the case study, data obtained from interviews may in general be limited (Bryman & Bell, 2015). Brink (1993) underlines four general causes of error: the researcher, the subjects participating in the project, the situation or social context, and lastly the methods of data collection and analysis. Particularly, the participation of the interviewee is something that certainly cannot be disregarded (Golafshani, 2003). Interpretation of the responses by the interviewee can be construed, which accounts for potential biases. There may also have been an unintended bias with respect to the way questions were asked, swaying respondents in one direction or another. Further, language may have impacted the interpretation of the individuals being interviewed. Thus, the responses may not communicate a clear answer, as information needed to be interpreted (especially with semi-structured questions) (Creswell, 2003).

Another point to acknowledge is that when interviews are held via telephone/web-calling, as opposed to face-to-face, individuals are more likely to present themselves in a more socially desirable way (Holbrook, Green, & Krosnick, 2003; Nunkoosing, 2005), be it consciously or unconsciously (Bryman & Bell, 2015). They are also more likely to fall into the habit of “survey satisficing”, exerting less cognitive effort than when interviewed face-to-face and answering in such a way that pleases the interviewer (Holbrook, Green, & Krosnick, 2003, p. 82). However, one of the factors this depends on is respondents' motivation (Holbrook, Green, & Krosnick, 2003), and in the interviews that were carried out, to the best of the researchers' knowledge, all had considerable interest in the project at hand.

Additionally, in telephone, as opposed to face-to-face, interviews, the interviewer cannot take note of or respond to any non-verbal cues such as confusion or uncertainty (Holbrook, Green, & Krosnick, 2003; Bryman & Bell, 2015). Furthermore, pressure may exist to move on to the next question as rapidly as possible, and silences may be experienced as more awkward than face-to-face (Holbrook, Green, & Krosnick, 2003).

2.3.3. Published Documents Limitations

The internal reports, such as the sales reports, may have fallen into social desirability bias whereby the information is skewed for positive results (Bryman & Bell, 2015). The consulting reports less so, therefore providing an external perspective and accounting for more objectivity. However, these published documents were created with a different, and broader purpose (Saunders, Lewis, & Thornhill, 2009) than the current thesis, which may act as a further limitation

2.4. Validity and Reliability

Discussion on reliability and validity in qualitative research appears to be ongoing with arguments coming from all corners. In fact, the discussion is worthy of another thesis all together. Thus, the weight given to it here is limited although its importance should not go unacknowledged.

In any research, it is important to have some way of measuring whether one's research method is "good" (Golafshani, 2003, p. 602). Patton (2001 cited in Golafshani, 2003) underlines that reliability and validity should be used in all research studies to assess quality. Although the ideas of reliability and validity are mainly associated with quantitative research and a positivist approach to research, they are being used as important criteria to apply to qualitative research too (Golafshani, 2003). However, according to Golafshani (2003, p. 600), reliability and validity can also be viewed in qualitative research through the words: "credibility, transferability, and trustworthiness". This is in line with Lincoln and Guba (2005)'s argument to test a qualitative research's accurateness through looking at credibility, transferability, dependability, and confirmability, since the criteria of reliability and validity are to an extent too simplistic (Bryman & Bell, 2015).

In order to assess the research, Patton (2001 cited in Golafshani, 2003), proposes triangulation - a concept which helps avoid bias, and results in higher validity and reliability, through using multiple methods when it comes to data collection or gaining it from various origins (Bryman & Bell, 2015). This thesis included triangulation, specifically in its method of including data collection from more than one data source (Company X and distributor interviews plus published documents). This process can lead to stronger results.

2.4.1. Validity

With respect to data collection through internal (Company X employees) and external (distributor) interviews, high validity was ensured. Firstly, the information provided through these interviews was relied upon significantly when performing the analysis, so the conclusions did not arise from either of the researcher's personal opinions. Secondly, the chosen sample of internal employees composed of employees with different information and interest in the company. This accounted for broader knowledge about the business. Thirdly, rather than solely interviewing Company X employees, distributors, external to Company X, were consulted. Fourthly, validity was further increased through allowing the interviewees the opportunity to read and correct the answers they provided. In fact, giving participants a chance to verify what they said was what they meant to say and not misunderstood or misheard by the researchers, is one of the most crucial methods to improve validity, as argued by Lincoln and Guba (1985). However, it can also lead to interviewees modifying their answers to be socially or politically correct, which can change the original meaning of the response.

2.4.2. Reliability

To ensure high reliability, voice recordings were made of interviews with internal Company X employees. This allowed the researchers to later listen to parts that were unclear, enabling a more detailed account of what the respondents said and providing proof of documentation (Bryman & Bell, 2015). The recordings were thereafter deleted. Secondly, consistency was maintained with respect to which researcher acted as the interviewer throughout the whole process. The main reason being that having a second interviewer may only compromise standardization (Bryman & Bell, 2015). Consequently, if the interviews were to be conducted again following this study (e.g. over the medium they were originally asked, web-call/telephone call), the interviewees would probably respond in the same way as the first time around.

Due to awareness of the aforementioned potential limitations of interviews, the researcher took special attention to avoid any deterioration in the respondents' quality of responses, especially by giving the respondents time to think of high quality responses, without feeling under social pressure. This increased reliability and validity (Holbrook, Green, & Krosnick, 2003), and avoided any misdirecting conclusions (Podsakoff PM, MacKenzie, Lee, & Podsakoff NP, 2003). In this thesis, these were controlled individually, specifically, by observing the biases and accounting for them, as well as making sure the data was collected systematically.

3. Literature Review

The following chapter is a review of literature regarding mature industries, Porter's five forces, Porter's generic strategies as well as additional competitive strategies that focus on a company's proactive and reactive approaches. The question of whether companies in mature industries should even change strategies will also be considered. The section will culminate in a theoretical framework, tying all these elements together, to not only form the basis for analyzing the data in Chapter 4 but also to facilitate practical application for companies.

3.1. Characterizing the Mature Industry

As aforementioned, industries often pass into a mature phase of the ILC, where growth and profits begin to stagnate (Porter, 1998; Kotler, 2002). Lower priced products/services are also a common characteristic (Rangan, Moriarty, & Swartz, 1992). The drop in prices can be argued as firstly being due to "customer learning" in the earlier phases of the ILC, where because of familiarity with the industry, customers no longer request information about the details of the product/service (e.g. quality) (Rangan, Moriarty, & Schwartz, 1992, p. 73). Secondly, the price drop occurs because of the competitive landscape, where competitors produce the same products/services but at equivalent, or lower prices (Rangan, Moriarty, & Schwartz, 1992). Although, this mature stage in the ILC can vary in length (Levitt, 1965), it normally endures longer than the stages preceding or following it (Kotler, 2002).

With more and more knowledgeable consumers, and little technological growth, companies begin to fiercely compete on price and quality of the service (Porter, 1980), as the possibility of competing on the basis of better technology is implausible (Betz, 2011). The main reason for this being innovation, "the system of changes in products, processes and business practices" (Drayse, 2011, p. 301), slows down in the mature stage (Thomasson, 2016). This is despite innovation having been argued as a crucial element of remaining competitive in today's economy (Drayse, 2011). While innovation is important to mention, it is associated more with the internal perspective of strategy and will not be delved into in the main analysis.

Overall, companies in mature industries must at all times ensure that they update their strategies to keep up with the industry changes in order to avoid losing out, and to remain competitive (Porter, 1998).

Note: Difficulties may however arise in determining exactly at what stage of the ILC an industry is in. Therefore, using the ILC, like the PLC, is argued to be limited in terms of shape and duration, since they suppose there is one route for all industries (Kotler, 2002), yet the stages can actually vary from industry to industry (Hill & Jones, 2009; Boundless, 2015). At the same time however, attempting to pre-estimate an industry's life cycle, when analyzing the progress through the identified stages (introduction, growth, maturity, decline), can give companies valuable time to come up with "strategic and tactical" moves and point companies in a direction of suitable strategic change (Levitt, 1965, n.p).

3.2. Porter's Five Forces

High competition amongst the other aforementioned characteristics already shed light on the nature of the five force analysis one would expect of a mature industry. Porter's five force analysis is a simple tool that assists in deriving a more thorough understanding of the industry one is dealing with, particularly with respect to competitors (Makos, 2015) (see Figure 1, p. 19). Also, acknowledging and being aware of the five forces is, according to Porter (2008), the starting point to any attempts to create strategy. Rather than a SWOT analysis, also a tool to analyze a firm's external environment, the five force model can provide more support for decisions with future-oriented implications (Makos, 2015). If thorough, it can highlight how companies can impact their competitors in order to gain competitive advantage and change the structure of industries for the better (Porter, 1985). Moreover, a competitor analysis will contribute to overall decision-making concerning "the firm's capabilities, market position, and the competition" (Zahra and Chaples, 1993, p. 8). It additionally underlines what the benefits are in the industry that can also recommend whether entry or exit strategies are more appropriate. The following figure (see Figure 1, p. 19) outlines the five forces, which will later be applied to the BUB case study (Porter, 2008):

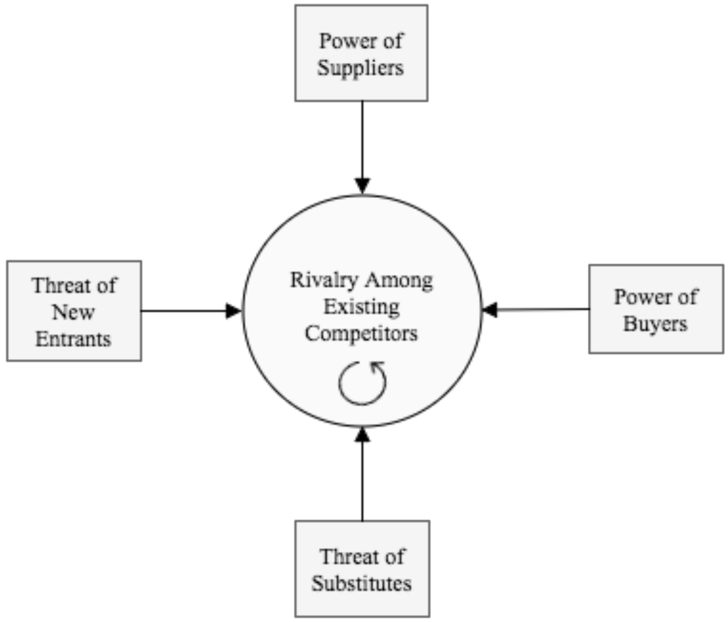

Figure 1: Porter's five forces (adapted from Porter, 1980, p. 4)

I. *Rivalry among existing competitors*

When there is high competition, profitability is restricted (Porter, 2008). In a mature industry particularly, rivalry among existing competitors is notably high (Hill & Jones, 2009). In more depth, profitability is affected by two factors: basis/dimensions (e.g. price) and intensity (e.g. lagging growth, high exit barriers, little knowledge of industry). In regard to the former factor, zero-sum consumption accompanies if the basis/dimensions competitors are competing on are the same. This means that one company's loss is another one's gain. Overall, the more similar the dimensions or the higher the intensity, the less profit generated (Porter, 2008, p. 85).

II. *Power of suppliers*

Suppliers that have a lot of power can offer services or products for higher prices. A supplier will be more powerful given certain criteria, including: if it does not require the industry for revenues, if it has the power to enter the market, and if there are high switching costs for industry to change supplier. In addition, factors such as if there is a differentiated product supply, or a lack of substitutes also play roles in the power suppliers have (Porter, 2008, p. 82).

III. *Power of buyers*

Buyers that have a lot of power require more value in the products, whether that may be through service or quality. Also, if the consumer is price-sensitive (because e.g. quality is not important or product is large part of budget), this will exert even more force on the industry. Furthermore, if the product is similar to competing products regardless of brand and if there are low switching costs, it will increase buyer power as well. Commonly, producers of a product and distributors or retailers may create agreements to "diminish channel clout" (Porter, 2008, p. 84). An example of this is DuPont, who marketed its Stainmaster carpet fibre brand to the final user rather than just the carpet producers, initiating customer demand for carpet products made of DuPont material (Porter, 2008).

IV. Threat of substitutes

A substitute is a product that provides the same task but in a different way. Such products may be challenging to identify because they may be very unrelated and sometimes in a different business. This warrants the need to be aware of other businesses and technological changes occurring elsewhere. Substitute threat is high if the substitute provides more value for its performance than the industry product and if switching costs are low. When the threat is high, profitability is affected, thus, necessitating higher product quality (Porter, 2008, p. 84).

V. Threat of new entrants

New entrants will ultimately affect prices since they have an inclination for the market share. Particularly, if the learning curve is not very steep, competitors will have an easier time entering the industry, as the first mover's cost advantage due to learning effects would quickly fall (Murray, 1998). Imitation can in almost all cases be guaranteed (Murray, 1998). The threat is higher if barriers to entry are low. Such barriers to entry include factors such as high switching costs for customers, high costs to entry, technology/knowledge of the business that existing customers already have, and governmental regulations (Porter, 2008, p. 80).

Additional to the five forces that describe the forces of competitiveness at a given time, industry structure can change, affecting the forces accordingly. Particularly "new bases of rivalry", which is essentially intensification of rivalry will affect the structure (Porter, 2008, p. 88).

Hill and Jones (2009, p. 68) in fact criticize Porter's five forces as being too "static". This would imply that a "from - to" extended model of Porter's five force analysis is more effective when analyzing a mature industry, as one can discuss the shifts throughout the life cycle of an industry (Grundy, 2006, p. 226, see Table 1, p. 21).

Table 1:"From - to" model of Porter's five forces (adapted from Grundy, 2006, p. 226)

Forces	From	To (Now)	Because of
Rivalry Among Existing Competitors			
Power of Suppliers			
Power of Buyers			
Threat of Substitutes			
Threat of New Entrants			

Today, further modifications and extended versions of the forces have moreover been proposed due to the weaknesses in the basic model (Grundy, 2006; Hill & Jones, 2009). The general pitfalls to using the five forces include lack of depth, structured analysis, and strategic insight (Dobbs, 2014). Particularly, Dobbs (2014) argues it is hard to connect the five force analysis to any specific actual strategy, which is why further looking into both Porter's generic strategies *and* more general competitive strategies is so important and will form the focus of the next sections.

3.3. Porter's Generic Competitive Strategies

Companies should "tailor" their competitive strategies to fit the changing industry structure (Hill & Jones, 2009, p. 60). Indeed, the stages of the ILC impact the behavior firms should take, depending on the "threat levels" (i.e. mature industries would be urged to make a different strategic move because threat levels are higher than those in a introductory industry phase) (Dobbs, 2014, p. 34). Nonetheless, regardless of the life cycle stage, companies need to ultimately provide consumers with "superior value" of the product or service they are purchasing, which, they can achieve through choosing a generic competitive strategy (Thompson & Strickland, 2003, p. 102).

According to Porter, three main types of competitive advantage, or methods of providing this "superior value" to customers exist (Thompson & Strickland, 2003, p.102); cost leadership, differentiation and focus (Porter, 1985; David, 2011) (see Figure 2, p. 22). In mature industries, because of the high competition, customers can usually choose between products/services easily. Having said that, in such a knowledgeable market, packed with consumer information, the relationship between price and amount of service given holds strongly (Rangan, Moriarty, & Swartz, 1992). Ultimately, if companies have a successful generic strategy, they usually surpass their competitors (Murray, 1998).

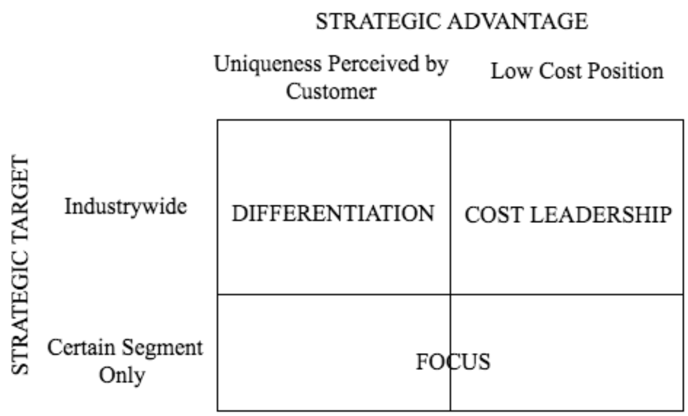

Figure 2: Porter's generic strategies (adapted from Porter, 1980, p. *39)*

I. Cost Leadership

Cost leadership is a strategy where a product/service is offered at a low price compared to that of competitors, without any extra amenities (Levitt, 1980; Rangan, Moriarty, & Swartz, 1992; Dess & Davis, 1984). Competitors will be exceeded with respect to efficient production as opposed to quality or high service (Tansey, Spillane, & Meng, 2014). Porter (1980) argues that in pursuing such a strategy, companies need to uphold major cutbacks on cost, tightly control cost and overheads and reduce spending on research and development, sales teams and advertising (Tansey, Spillane, & Meng, 2014).

II. Differentiation

Differentiation is when firms sell products/services at a higher than average price due to an augmented product/service offering that is unique (Levitt, 1980; Rangan, Moriarty, & Swartz, 1992; Dess & Davis, 1984). To carry out this uniqueness, some sort of investment is frequently needed (as opposed to reducing costs as seen above) (Tansey, Spillane, & Meng, 2014).

Interestingly, there is much discussion between these two aforementioned generic strategies. In mature industries, the difference in product prices given by competitors are generally very small, since all can provide customers with roughly the same product offering (Rangan, Moriarty, & Swartz, 1992). Any differences in price would be down to the services surrounding the product (Rangan, Moriarty, & Swartz, 1992). When there is a lack of ways to differentiate a product, being a low-cost product/service producer can be favorable, and a means to push competitors out of the market (David, 2011). In fact, competitors who put forward a successful cost leadership strategy, usually outcompete their rivals (Murray, 1998). Having said that, with maturity, “the rewards for consistently producing quality products” generally increase (Murray, 1998, p. 397). However, in essence, a firm’s success in implementing a differentiation strategy will depend largely on the maintenance of differences in its products/services, brand image, and presentation of the products/services and the services around them when other competitors arrive at the scene (Murray, 1998).

III. Focus

The focus strategy is one where companies exert their resources on a set customer group, geographic area, or market segment (Dess & Davis, 1984; Tansey, Spillane, & Meng, 2014). Therefore, the focus is on a smaller customer group (David, 2011), particularly in comparison to the competitors, who would be targeting the broad industry as a whole (Porter, 1980). It is oftentimes not profitable to pursue such a focus strategy when the market is large and more profit could lie in either providing low cost or differentiated products/services through economies of scale (David, 2011). Nonetheless, firms that are either mid-sized or large *can* effectively carry out a focus strategy in combination with a cost leadership one (low-cost focus) or differentiation (best-value focus) (David, 2011). Low-cost focus provides products/services to a niche customer group at a low price (David, 2011), by carrying out cost leadership through marketing or efficient operations (Tansey, Spillane, & Meng, 2014). Best-value focus strategy offers products/services to a niche customer group at the most optimal price-value (David, 2011). The best-value focus products/services therefore come with a range of features making it seem as if it is the best value (David, 2011).

According to Porter (1985), companies should compete in only one of the strategies, because trying to pursue all (cost leadership, differentiation, focus) simultaneously will account for lower performance and lower profitability (Dess & Davis, 1984). Thus, companies will as a result, be stuck between them, which most likely may only work temporarily (Porter, 1985). Although this is a common strategic position to be in, such firms will ultimately not have a competitive advantage, which constitutes a “recipe for below-average performance” (Porter, 1985, p. 16). Within mature industries especially, the gap in performance between those with clear, unmixed generic strategies, and those without one enlarges, since the sub-optimal generic strategy becomes progressively visible with multiple players on the market (Porter, 1985). Porter highlights the example of Laker Airways, which originally operated as a budget airline (no extra amenities), focusing on customers highly concerned with price. Laker Airways however later confused its customers as it started adding additional services, culminating in bankruptcy (Porter, 1985).

Nonetheless, Porter has been inconsistent with this argument, putting forward that these three main strategies *can* in fact be "used singly *or* in combination" (Porter, 1980, p. 34 cited in Tansey, Spillane, & Meng, 2014). Recently more and more proponents push forward the idea that combining generic strategies may prove to be successful (Bordean, Borza, & Glaser-Segura, 2011), as they create "synergies that overcome any tradeoffs that may be associated with the combination" (Parnell, 2006, p. 1141). Furthermore, it may be hard to separate cost leadership and differentiation for instance because they are not mutually exclusive, suggesting companies should try to work to improve both (Parnell, 2006). For example, focusing on low cost can be seen as a differentiation strategy (Parnell, 2006). Bowman and Faulkner (1997) are additional proponents of this combination strategy, and argue that because buyers look at both price and quality, one cannot be separated entirely from the other (Parnell, 2006). Moreover, a general concern of choosing one of the generic strategies is bringing about "disservice to practicing managers" *forcing* them to choose one, which may not be optimal (Murray, 1988, p. 398).

This "reconceptualization" away from Porter's generic strategies comes from the increased continuous change within the business world (Parnell, 2006, p. 1139), where responding to the ever-changing environment is a key competitive advantage (Tansey, Spillane, & Meng, 2014). Therefore, the traditional generic strategies, as outlined by Porter may be too simplistic and fixed (Parnell, 2006).

3.4. Strategic Reactivity or Strategic Proactivity

It is important to also look at competitive strategy in more depth from a more general perspective than Porter's generic strategies. In theory, companies can aim to focus more on the short term by simply reacting to the industry and changes that come about, but they can also anticipate them and rather be the change developers, engaging in a more long-term thinking process (David, 2011). Thus, companies can choose to be reactive or proactive respectively.

3.4.1. Reactive

In being reactive, companies simply respond to the competitive landscape and rather passively re-strategize in order to stay competitive (Schneider & De Meyer, 2002). Reactive companies will only change when it is of utmost necessity (Mack, n.d). Typically, a reactive approach would follow Lewin's change model of unfreezing, changing and refreezing; a very static one-change oriented approach (David, 2011).

Nonetheless, while reactivity may have worked in the past and may work in some cases today, the process is risky because it is slower, and other companies will be quick to overtake (Mack, n.d). In the absence of thinking about strategy and planning ahead to possible industry changes, important signals may be disregarded and current problems affecting profitability may amplify (Mack, n.d). A company that undoubtedly experienced realization of the necessity of competitive analysis was Xerox, who was taken over by Canon due to insufficient planning for the changing printing industry, particular the competitor movements (Collins & Montgomery, 2008).

Overall, reactivity is not enough in today's fast-moving environment. Companies need to be ready in advance and if possible, lead the game. Therefore, fewer methods for reactivity have been outlined than will be in the following proactive section. As will become clear, a proactive approach should rather be recommended for companies in mature industries.

3.4.2. Proactive

In being proactive, companies actively change and create their own competitive landscape, without a necessity or specific trigger that coerces them to do so (Schneider & De Meyer, 2002). Rather than a traditional management view of Lewin's change model, proactivity is "continuous organizational change" (David, 2011, p. 235).

Indeed, there is ample literature today that points to the necessity of proactivity rather than reactivity. The concept of strategic management itself can be argued to enable proactive decision making (David, 2011). Birshan, Gibbs and Strovink (2014) moreover emphasize that continuously rethinking strategy is a key factor to effective organizations, and specifically, in maintaining competitive advantage. Porter (1998) concurs with this and underlines that a maturing industry in particular, calls for companies to update their strategies to changes to avoid losing out on sales. Schneider and De Meyer (2002) underline that the likelihood of companies being proactive, as opposed to reactive, in dealing with what can be perceived as a potential threat, is greater.

A simple understanding of the industry and ILC can enable companies to see and perceive the future of important industrial changes, so that they can create change (Hill & Jones, 2009). Further methods to break out of the dominant logic include experimenting beyond current successful strategies and looking beyond industry and geographic borders (Prahalad, 2004). To analyze the competitive landscape, one could analyze the industry, which traditionally, and as aforementioned, can be done through Porter's five force model (David, 2011). Additionally, in order to be proactive in rethinking strategy, firms need to continuously have strong peripheral vision, to be able to understand surrounding threats and predict opportunities to be able to act on them in advance (Day & Schoemaker, 2005). Such peripheral vision and competitor analysis is particularly important in mature industries, where competitors offer similar products at similar prices (Porter, 1998). An insight into product placement in relation to competitors, can be gained from product-positioning maps, which map a company's product with respect to two variables (e.g. price and quality) on an axis along with its competitors' position (Kotler, 2002).

While learning from the past can identify company and industry inefficiencies, analyzing the present can help companies notice and avoid missing warning signals in relation to competitor/customer information. In addition, envisioning the future can improve reactions to potential surprises (e.g. through thinking of "unthinkable" scenarios) (Day & Schoemaker, 2005, p. 146). Indeed, Porter (1990, p. 7) outlines that competitive advantage most usually arises through "insight into important needs, environmental forces and trends that others have not noticed". Through this optimal insight, companies can gain competitive advantage before other competitors are able to respond (Porter, 1990). This therefore, calls for an in-depth understanding of the organization and its perceived environment (Schneider & De Meyer, 2002). Overall, according to David (2011), in today's constantly changing climate, organizational change should be an ongoing phenomenon, mirroring the popular "continuous quality improvement philosophy" (David, 2011, p. 235).

Considering the fact that being proactive would seem more favorable than reactive, it is important to outline further methods of exactly how a company can carry this out. These methods are divided into offensive and defensive strategies. As argued by Fornell and Wernerfelt (1988), to optimize success, there should be a mix of these two. A potential onset of a new competitor "may invite retaliation or efforts to counter the[ir] move" (Porter, 1980 cited in Yannopoulos, 2011, p. 1) and in this sense, fighting for market share is comparable to war whereby the side with the strongest strategy triumphs (Collins cited in Thompson & Strickland, 2003).

Defensive Strategies

Defensive strategies can be divided into pre- and post-entry strategies, which focus on maneuvering with respect to competitors and their actions (Hauser & Shugan, 2008). The aim of a company should initially be to avoid the entrance of new competitors (pre-entry) (Yannopoulos, 2011), because they will decrease the profit of the firm (Hauser & Shugan, 2008). These pre-entry strategies can for example include focusing on improving the value created for the customer on an ongoing basis. Another example of such a pre-entry strategy was in the 1990s, when an Australian telecommunication company, Telstra, faced competition from a new entrant, Optus (Roberts, 2005). Through initiating a defensive strategy, it "blunted Optus's initial momentum" and was thus able to decrease the market share lost to Optus and keep its most important customers (Roberts, 2005, p. 157).

However, in a mature industry, an already crowded market, the industrial conditions are unlikely to attract new entrants (Fornell & Wernerfelt, 1988). Thus, if there is no necessity for these pre-entry strategies, a different post-entry strategy is needed that keeps the initial company's position more competitive (Yannopoulos, 2011). Post-entry strategies can include defending one's position before the entrant becomes established, while the competition is still small and weak; or introducing fighter brands, which are often the same version of the company's main brand yet priced lower and maintained at high quality (Yannopoulos, 2011). Fighter brands are particularly suitable when a company's market share is progressively going to those producing a substitute product at a lower price (Ritson, 2009).

Offensive Strategies

Offensive strategies involve reducing the competitor's market share by taking it away from them (Yannopoulos, 2011). This can either be in the form of direct or indirect attacks, depending on a company's available resources, or firms can move themselves into novel markets to ward off imminent competitors (Yannopoulos, 2011). If the resources are greater than those of its competitor, direct attacks may be suitable, yet if the competing firm sees it as a large threat, they may execute counter-strikes (Porter, 1985 cited in Yannopoulos, 2011). Meanwhile, indirect threats, usually focusing on "non-core segments or products", are unlikely to give rise to such a response, since they may be elusive to recognize (Yannopoulos, 2011, p. 6).

Such offensive strategies may include frontal attacks, which involve attacking the competitor "head-on", though only successful if the firm carrying out the act has a clear competitive advantage (Yannopoulos, 2011, p. 6). Companies can also seek undefended markets by moving into markets where the product or service is not currently competing in or creating new markets to skip the competition entirely (Yannopoulos, 2011). A third example of such offensive strategies are flanking attacks, when firms take advantage of the competitor's weakness and attack areas where they are most weak to minimize the possibility of defending themselves (Yannopoulos, 2011). The Achilles' heel, a militant-like strategy, focusing on the competition's "weakest link" is an example of such a flanking attack (Kollenscher, Ronen, & Coman, 2014, p. 651). Through doing so, the aim is to decrease the competitor's strength, and "create a shock [to] throw the entire company off balance and disrupt its operational ability to meet its strategic goals" (Kollenscher, Ronen, & Coman, 2014, p. 652).

3.5. Other Considerations

However, not all companies should endeavor to rethink their strategies in line with the aforementioned strategies entirely (Porter, 1980). Firms can also make small changes that render their survival in the maturing industry. Doing so does not always necessitate new strategy development or even old strategy desertion, because such "corrective actions" (e.g. changing or adding crucial managers/sales people, developing new policies) can contribute to improving competitive strategy (David, 2011, p. 294).

In order to consider strategic change, a company must also have (Porter, 1980), and be successively able to allocate resources and skills to be able to create the change (Birshan, Gibbs, & Strovink, 2014). Here, the importance of considering the competitor's actions also comes into play, where firms need to have enough resources to fight back if necessary (Ries & Trout, 1997), or otherwise assume it is not a project worth embarking upon. Accordingly, some companies should choose to not invest but rather disinvest, and focus on strategies that reduce costs (Porter, 1980). Nonetheless, this issue of sufficient resources is again, more concerned with the internal perspective of strategy and hence, not heavily emphasized in the analysis.

Moreover if there is low possibility to gain a superior position in the overall mature industry, which has potential to head to a decline, Porter recommends an exit (Porter, 2008). As aforementioned, the natural next stage after maturity in the ILC is decline where there is even more competitive rivalry, and growth truly stagnates. Primarily, the profit one could gain from the industry plunges (Porter, 2008). In reality, progression from maturity to decline occurs commonly in all industries.

3.6. Theoretical Framework

The above literature analysis introduces a number of important theories that form the framework for the empirical case study. More specifically, the devised model (see Figure 3, p. 29) illustrates how these come together, and how they will be used to firstly, collate the data and secondly, analyze the case in depth. The 'Context' refers to the environment or industry a company is in, analyzed through the "from - to" model, a further developed Porter's five forces (Grundy, 2006). Since this thesis focuses on mature industries, this will be the main focus of the analysis, and the findings will reflect this context. The second part of the model is 'Behavior Analysis', which refers to the players within the industry, and how they act as a result of their context (influence of context on behavior is shown through arrow pointing downwards from 'Porter's Five Forces' umbrella to 'Competitive Strategy' box).

As can be seen in Figure 3 (p. 29), the competitive strategies are linked; how a company pushes for a cost leadership, differentiation or focus strategy, will either be through reactive (left path as shown through larger arrow culminating at 'Generic Strategies' box) or proactive methods (right path as shown through larger arrow culminating at 'Generic Strategies' box). If companies are pursuing a proactive competitive strategy, they can also influence their industry forces (as shown by the bent dotted arrow from 'Proactive' box upwards towards 'Porter's Five Forces' umbrella). By pursuing this approach, there will be active monitoring of the generic strategy through proactive methods (as shown by the double arrow from the 'Generic Strategies' box upwards to 'Proactive' box). The arrows pointing from the 'Generic Strategies' box towards each possible generic strategy (cost leadership, differentiation, focus), suggests companies can pursue them, either individually or in combination (stuck in the middle). Throughout the next chapters, information from the BUB case will be presented that will complete the theoretical framework, and therefore, will allow for crucial points of adjustments to a company's strategies, appropriate to the industry to be extracted.

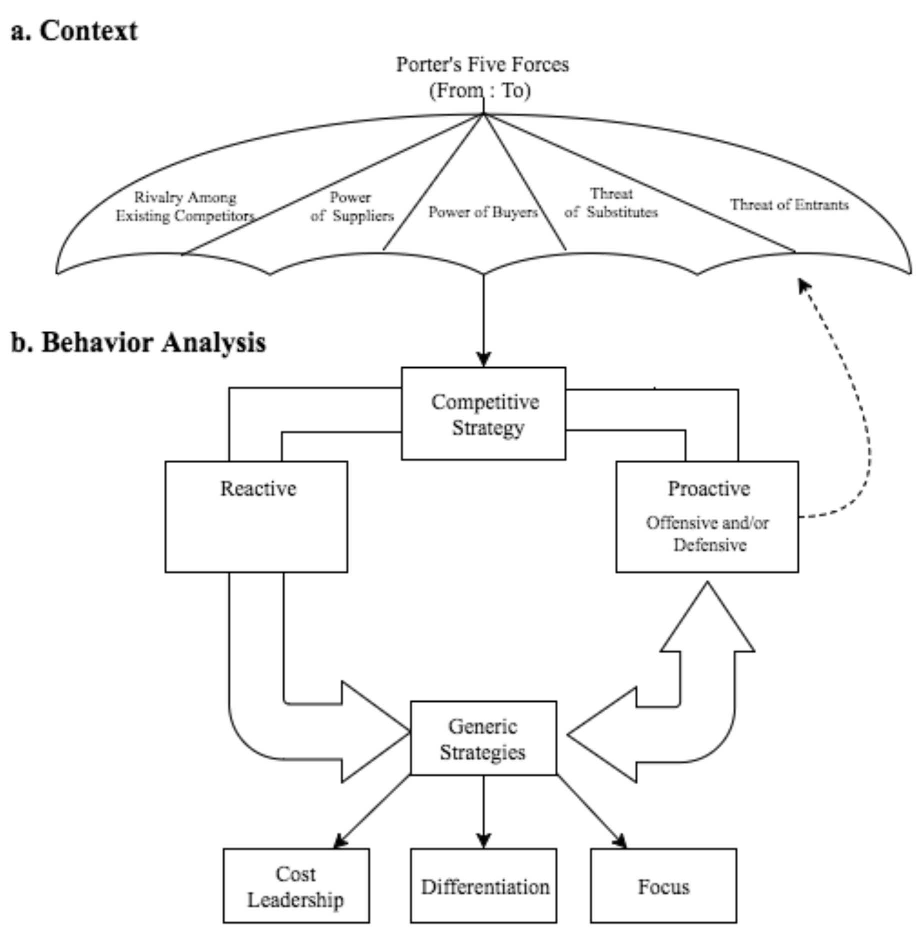

Figure 3: Theoretical framework

4. Empirical Findings: Context

This chapter will analyze the context that mature industries create, and will view BUB and its industry in more depth through Porter's five force analysis. This is an important tool to use to gain an understanding of the competitive environment, especially in a mature industry, and to initiate behavioral action accordingly to how most optimally compete.

4.1. Porter's Five Forces

Considering the study's focus on mature industries, a Porter's five force analysis was applied to the industry that BUB is in. The analysis was based on the interview data and the published documents.

I. Rivalry among existing competitors

The data undoubtedly points to extremely high rivalry among existing competitors today (six in total including BUB, Company A-E) (see Figure 4, p. 36). All interview respondents confirmed high competition (with a mention of intense competition from local/family owned companies). In fact, Korkmaz and Messner (2008) underline that generally, the building industry faces high competition. Reports also show that there are indeed a number of competitors with a similar product offering, as Product B, in the industry. This supports Rangan, Moriarty and Swartz' (1992) argument, that all competitors in a mature industry can offer more or less the same product. The main challenges with the identified crowded market is that as BUB has lost market share, and finding additional volume to sell when there is so much supply is proving hard. Over the years, competition has also become stronger due to the ease of access to the technology that BUB was initially first to produce. Indeed, in the years following the invention of the product by BUB, there were very few competitors within the industry and BUB thus had a much higher, if not the only share of profitability. To evaluate the rivalry among existing competitors further, it is important to analyze BUB in light of the basis/dimensions and intensity:

Basis/Dimensions

The data indicates that BUB is competing with other competitors on fairly similar dimensions. This would suppose that the competitors in the industry are in the same strategic group (Hill & Jones, 2009). However, in the past, BUB attempted to differentiate itself (thereby Product B), from other competitors in terms of quality and providing that value to its customers in the form of an augmented product offering. This justified their high prices and in theory, should not have had a strong negative impact on profitability. Having said that, the product offering has become similar to other competitor products and the switching costs for customers do not appear to be extremely high. Therefore, price has become an important consideration for BUB, as the customers do not see the value that should justify Product B's higher prices. Throughout the years, the dimensions that BUB and the other players are competing on have converged. Today, they are more or less similar however narrowly avoid zero-sum competition.

Intensity

Intensity is high. The results confirm that growth is slowing (or stagnating). They further show that competitors are of similar, if not stronger power and size (e.g. other family-owned, smaller, private companies have the ability to change faster than the rather conservative, public company at hand). The players in the industry appear to be equally dedicated to the overall business and not solely concentrated on achieving economically. For example, the family-owned competitors aim for family prestige *on top of* profitability. Meanwhile, BUB aims to add more to their Company X brand through a good reputation by dedicating itself to acquiring certifications for Product B to ensure quality and safety. In regard to exit barriers, they are fairly high since Company X and thereby BUB, are established and is highly invested within the industry. Hence, intensity is high, impacting profitability negatively for BUB and thus Company X.

Thus, the rivalry among existing competitors is high.

II. Power of suppliers

The power of suppliers appears to have a limited impact on the industry. However, it came to light that BUB uses an external supplier for producing Product B, despite having a raw material manufacturing plant of their own. Because of this, BUB has obtained bargaining power and leverage, warning to switch suppliers (to their self-owned factory) if low prices are not reached or maintained. Ultimately, having such superior access to raw materials and distribution channels is a large advantage for BUB.

Thus, the power of suppliers is low.

III. Power of buyers

The power of buyers is extremely high in the industry. The end-consumer has become increasingly more price-sensitive. Porter (1980) underlines that customers tend to therefore, switch quality for cheaper products, and here because there are low barriers, this is easily done. Company X employees claim that their Product B surpasses other products' quality, though distributors showed slightly contrasting perceptions (e.g. External 3 argued that there is little difference in quality). In actuality, the product compares very closely with other competing products', and whether the customer values the slight difference, is not clear. Interestingly, the data further showed that the majority of intermediary and end-customers place more emphasis on price rather than quality.

Thus, power of buyers is high.

IV. Threat of substitutes

Compared to the past, Product B is part of a larger range of building material products that can all be used for the same applications (confirmed by Company X and distributor interviews). Particularly, there is one other substitute product made available to customers (though not currently being produced by BUB), that although may not be as strong when it comes to quality and durability, is effective enough and cheaper. When looking at a wider perspective, there are also other more innovative products that may create disruptive technological shifts, and trends such as the desire for more eco-friendly products will undoubtedly continue (stated by Internal 6). Notwithstanding, depending on the customer, the performance value of BUB's Product B is sometimes perceived to be better than substitutes.

Thus, the threat of substitutes is high.

V. Threat of new entrants

New entrants have easy access to the industry because technology is available, and, at least in Sweden, the government initiatives to increase the trade and import of foreign products is clear. However, BUB has valuable access to the market through distributors and an established production line, which are barriers to new entrants. Like aforementioned though, switching costs are low, so if a new entrant were to enter with an alternative that proves to be valuable to the customer in one way or another (price or quality), then the profitability of BUB and thus, Company X would decrease.

Thus, the threat of new entrants is medium.

Through this Porter's five force analysis of the case study, it can be said that the industry forces today are strong. This is particularly true with regards to the sheer number of competitors, power of buyers and threat of new entrants and substitutes. This means that BUB long-term profitability may be at stake. The company's Product B sales numbers in the Nordics and the Baltics in the past couple of years confirm this. However, having a sound supplier (and thus, overall low power of suppliers) does give the company some edge. Whether this edge is sustainable is questionable, and would need to be analyzed through an internal perspective.

Furthermore, when comparing the forces today from what they were like prior to the industry growing stage (see Table 2, p. 33), there is a clear indication that the forces have become stronger and hence, have had a larger effect on BUB's profitability.

Table 2: "From - to" model of Porter's five forces applied to BUB (adapted from Grundy, 2006, p. 226)

Forces	From	To (Now)	Because of
Rivalry Among Existing Competitors	Low	High	BUB's Product B did not uphold its unique, product offering, causing BUB to lose its position as market leader when competitors entered the market. Increase in entrants (particularly family-owned that have more flexible organizational structures) over the years, resulting in price cutting.
Power of Suppliers	Medium	Low	BUB formerly relied on only one supplier (their own) but now they are supplied by an external firm. However, they still own a plant as well, resulting in more leverage. Also, by now, the supplier depends on BUB sales.
Power of Buyers	Medium	High	Buyers have become more price-sensitive due to ample supply of the building material and ability to choose a quality product that is also very cheap.
Threat of Substitutes	Medium	High	Technology has advanced, and eco-friendly trends have undeniably impacted and emphasized the use of "more eco-friendly" products. Likelihood of this trend increasing in the future is high.
Threat of New Entrants	High	Medium	During the growth stage, many companies entered because as aforementioned, imitation can in almost all cases be guaranteed once someone has brought a new product to the market (Murray, 1998). However, today it is harder to establish oneself in the rooted business and industry.

The change in forces, as seen in the "from - to" model, is characteristic of mature industries (Grundy, 2006, p. 226; Guide to Business Planning, n.d). Moving from the growing to the mature phase is a natural next step in the ILC, but may also be a cause for concern. It not only indicates that the industry has matured, but is also perhaps en route to decline. On the other hand, Hopf and Welter (2010) argue that a mature industry can be seen as an opportunity for companies, and this was confirmed through the interview process. When asked, the main opportunities identified are to leverage on their quality including their certification, as well as their Company X brand.

For these reasons, it is important to further analyze the behavior of BUB to observe what their competitive strategies are.

5. Empirical Analysis: Behavior Analysis

As displayed in Porter's five forces, the industry features describe the competitive environment, particularly that of BUB. In this chapter, the way the industry influences behavior and thus, competitive strategies will further be analyzed. Through still using the case of BUB as an example of a company in a mature industry, this section will allude to how companies actually compete. While Porter's generic strategies provide companies with a fixed strategic direction (cost leadership, differentiation, focus), the more general competitive strategies (reactive or proactive) are more the nature of the methods through which companies achieve their strategies (e.g. Porter's generic strategies).

5.1. Porter's Generic Strategies

As aforementioned, according to Porter (1985), companies should choose between the main generic strategies: cost leadership, differentiation or focus, in order to have a competitive advantage.

Prior to the arrival of competitors, BUB pursued differentiation, focusing *only* on producing Product B as a high quality product. The majority of the interview respondents however claimed that currently BUB is pursuing *both* cost leadership and differentiation strategies. They argued BUB focuses on their cost-structure, while simultaneously selling a high quality product. Their argument was that it is necessary to fight competition with such a balanced strategy because only focusing on cost efficiency would not be sustainable in the long run, while only differentiating by providing the best quality at a high price would not fare well amongst the current competitors.

Consequently, BUB is rather stuck in the middle when it comes to their generic strategy. In fact, to adhere to the increasing pressure to compete on price in the ever-maturing industry, BUB made attempts to lower the price of Product B (and follow a cost leadership strategy). Nonetheless, Product B is far from being *the* lowest priced in the market, because, as the interview data unveiled, BUB is not in the position to produce and distribute as cheaply as its competitors (due to product quality and freight cost) (see Price-Quality Positioning Map, Figure 4, p. 36). On the contrary, the main differentiating factor appears to be quality (e.g. technical assistance), resulting in long-lasting products. Additionally, Product B is certified with voluntary certifications and remains continuously up to date with environmental regulations. Despite this augmented product offering, as aforestated, the quality may perhaps be too high for what customers value and demand - as one respondent argued, "*you do not need a Ferrari to drive"* (Internal 5). This is in line with one of the general pitfalls companies in mature industries face - they often do not acknowledge that their quality is too high for what the customer requires (Porter, 1980). Meanwhile, BUB's competitors seem to be uniformly pursuing more of a cost leadership approach.

Through observing its resilience in the present mature industry, BUB's current stuck in the middle strategy is not sustainable. This strategy may have worked in the short-term during the early stages of the mature industry when the industry forces were less strong. However, companies are fast to undercut each other in terms of price. This lends support to Porter's argument that pursuing both cost leadership and differentiation strategies will at best only work temporarily, and as this example showed, perhaps only prior to entering the mature stage (Dess & Davies, 1984). However, BUB's stagnating sales of Product B in the face of the fierce competitive landscape with multiple competitors, suggests a need to re-focus. This is important considering that in mature industries, the performance gap of those that have a defined strategy compared to those without one becomes progressively larger (Porter, 1985).

5.2. More General Competitive Strategies

In analyzing the general competitive strategies that BUB follows, more specifically whether they currently follow a more reactive or proactive strategy, it is clear that there is evidence of both; however, more evidence exists for a reactive strategy.

When asked about whether BUB proactively analyzes the competition, most employees said that they do not actively analyze their competitive landscape to foresee future conditions and change their strategy correspondingly. As one respondent argued, *"BUB is following a soft process with no major changes"* (Internal 1). The lack of proactivity, and a greater tendency towards reactivity overall is clear. BUB has half-heartedly followed a proactive strategy, which is not enough. According to one respondent, the approaches to better understanding the industry are "*something [they] need to evaluate"* (Internal 1). Also, another respondent contended that BUB "*is not enough aware"* (Internal 4). Having said that, as argued by employees, it is challenging to obtain resources to devote time in scanning the landscape, since a bulletproof business case, proving valuable returns is needed.

In addition, BUB's stuck in the middle generic strategy is an example of being reactive, since following the single differentiation strategy they pursued during the growth stage of the ILC, they reacted to the influx of competitors and naturally adopted a price leadership strategy too. As was noted however, this reaction was only beneficial in the short-term. Furthermore, the fact that BUB had the first mover advantage and were the market leaders for a substantial period of years, could account for their dormant or absence of proactivity to monitor the landscape following this, to make important strategic alterations.

Indeed, one could further assume that because BUB is not the market leader in the building industry and in combination has stagnated sales levels, they have been following a more reactive competitive strategy. If these are any indications of how well a company's chosen strategy has worked, their reactive approach then was to no avail in maintaining a competitive advantage and overall profitability.

Even something like a product-positioning map (see Figure 4, p. 36) (adapted from Kotler, 2002), which is not challenging for companies to create, would constitute a proactive approach. Such a map enables a company to roughly see itself in relation to other competitors in the field.

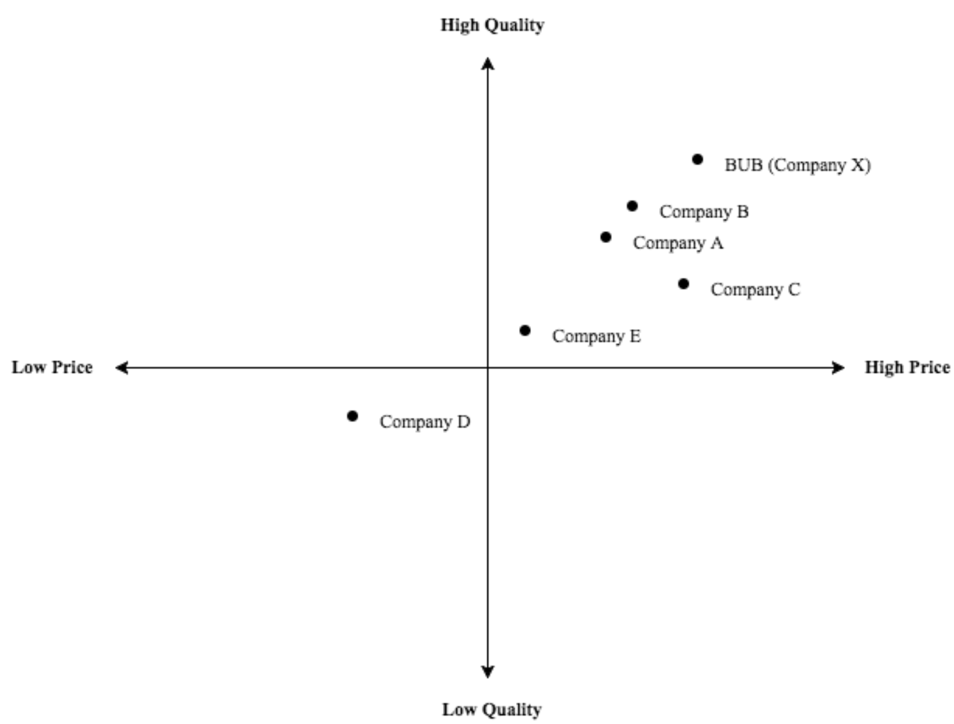

Figure 4: Price-quality positioning map for BUB

Although it appears that BUB has generally acted more reactively than proactively when it comes to thinking and staying ahead of the game, as indicated above, there is some evidence of proactive methods.

BUB, even though not explicitly alluded to in the interviews, has defensive strategies in place with respect to Product B. They have committed themselves to making their product as certified as possible, going beyond mandatory certifications, which gives them competitive advantage and acts as a mild post-entry barrier. As well as providing more value in their product offering, these certifications create higher pre-entry barriers for new entrants too because it would require new entrants having resources to obtain certain product/industry standards. Having said that, it should be questioned whether customers actually value the additional certifications that set BUB apart from competition. Also, other than certifications, there are few other noticeable defensive strategies, safeguarding BUB's position from the increasingly strong competitive forces in the industry (Yannopoulos, 2011).

On the other hand, in terms of offensive strategy, BUB has not taken part in any, and thus, avoided taking market share away from its competitors (Yannopoulos, 2011). BUB does not appear to have been aggressive in their strategies, which would have decreased competitor strength and increased profitability (Kollenscher, Ronen, & Coman, 2014).

5.3. Theoretical Framework

The theoretical model, introduced in the literature review, is now complete with information from the empirical findings (Porter's five forces) and the empirical analysis (competitive strategies) for BUB (see Figure 5, p. 38). As the red thread running through the left part of the diagram shows, BUB is currently pursuing a reactive competitive strategy, and is thus, approaching its generic strategies of cost leadership *and* differentiation through this manner. This will be examined more thoroughly in the Discussion.

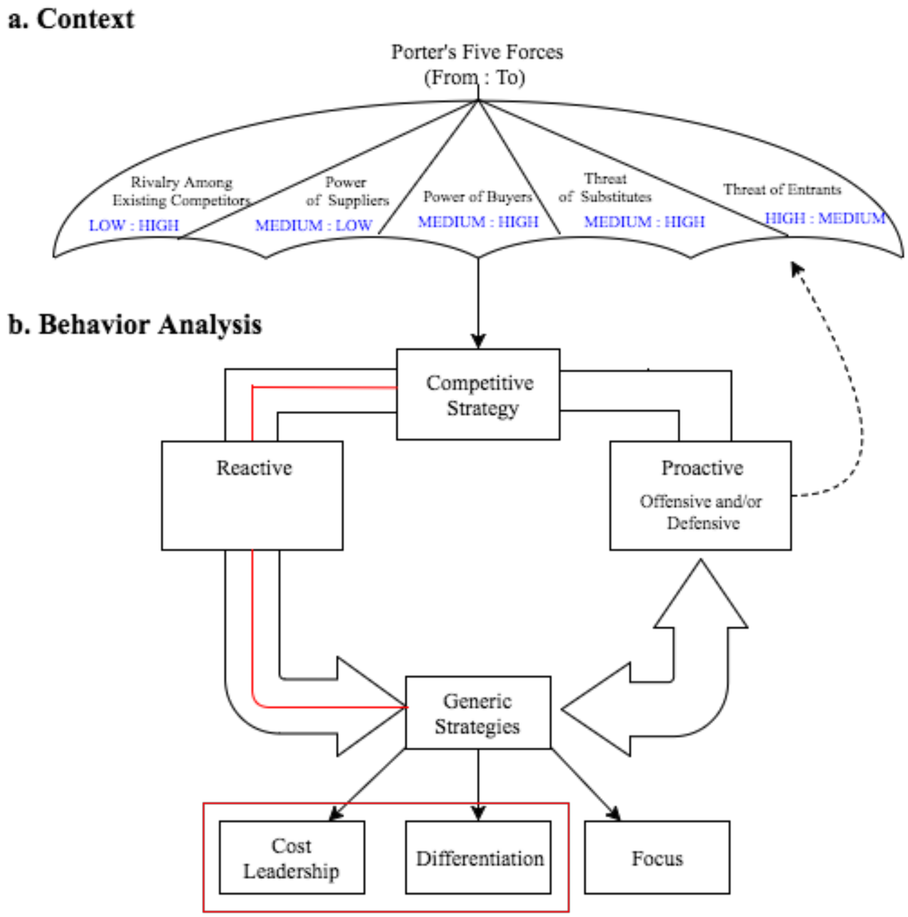

Figure 5: BUB's current path within applied theoretical framework

Another important consideration, absent from the theoretical model (see Figure 3, 5, p. 29 & 38) as well the main analysis above due to its more internal perspective orientation, is access to resources. The majority interviewed, underlined that BUB *has had* the resources to make necessary changes, but there needs to be a strong business case convincing Company X that investing in BUB will result in greater profitability than if investing in other segments. Creating a business case not only takes time but requires resources itself, therefore overall contributing to the slow and static nature of BUB. As argued by one respondent, BUB is "*missing the competitive advantage of competitors, of being able to test lots of strategies and changes, like in the olden days*" (Internal 5). Thus, this could have acted as a further barrier in not making changes to competitive strategy.

6. Discussion

As shown diagrammatically, one can either reactively or proactively alter one's generic competitive strategy. However, as was found, a proactive approach, which involves constantly changing one's behavior to fit the context, is more optimal in terms of long-term competitive success/competitive advantage. By being proactive, the focus is on keeping the generic strategy up to date, providing one with a better position vis-à-vis one's competitors. Indeed, in changing or renewing generic strategy, one is already being proactive, but ideally to have the greatest chance of profitability would mean also using offensive and defensive elements. Accordingly, it can be argued, that only reactively pushing for a generic strategy is not sufficient as a long-term solution to regain profitability in a mature industry.

6.1. Recommendations for BUB Strategy Renewal

Furthermore, as the above analysis has exhibited, BUB, a company stuck in the mature industry, is struggling with a case of dominant logic in not detecting any reason to change their competitive strategy. This supports the argument that dominant logic often occurs in companies found in mature industries (Govindarajan, 2012a; Govindarajan, 2012b). More specifically, BUB, possibly like other medium-to-large sized companies in mature industries, has been more reactive than proactive to change. Perhaps BUB was simply too blinded by earlier successes before hitting the mature phase of the ILC (Prahalad, 2004), that they did not see potential in the competitors that later stole their market share. Ultimately this viewpoint, combined with dominant logic, and thus, only seeing the need to change and look beyond their blind spots until today (at a later point in the mature industry), culminated in organizational inertia (Porter, 1980).

Like aforementioned, BUB has been stuck in the middle with its strategy for Product B, pushing for elements of both differentiation and cost leadership in a reactive way (though with minor elements of a proactive, defensive strategy through product certifications) (see Figure 5, p. 38). This has dampened BUB's (and Company X) profitability, suggesting perhaps they should rather pursue a more devoted proactive approach to gain back lost market-share (see Figure 6, p. 41). In being more proactive in the Nordics and the Baltics, BUB should switch to a best-value focus strategy for Product B, offering the product at the most optimal price-value possible (David, 2011). This would mean keeping the product specifications the same (high quality and high price compared to competitors) (Tansey, Spillane, & Meng, 2014), but focusing on a target customer group or market segment that would be smaller than the entire market it is currently selling its products to (Dess & Davis, 1984). This market segment would include customers that desire and appreciate Product B's higher quality and aforementioned performance value, and who would thus, not be tempted by competitors' cheaper offerings or substitute products.

Such a best-value focus strategy for Product B would presumably equate to higher returns than selling to the broad industry it is selling to now and would avoid confusing its customers, which can happen when drastically switching strategies (Porter, 1985). As put forward in the literature review, this is a feasible strategy for a large company like BUB (Company X) to carry out that can lend itself to considerable profitability (David, 2011). This best-value focus strategy is also more suitable than the other generic strategies, because with Product B's current product specifications, it is non-viable to become the cost leader (cost leadership), but at the same time consumers are unwilling to pay the higher prices (differentiation). In fact, the current product offering includes the range of features to be best value, including its certifications and eco-friendly nature, which are also becoming increasingly more desirable to customers (David, 2011). The specific details with regards to how to go about undertaking such a best-value focus strategy will not be discussed, as this lends itself to another research paper. Nonetheless, at least the clarity about the product offering needs to be increased.

Further, this alteration to Product B's generic strategy is an example of how BUB can become more offensive and thereby, proactive in their strategy. As aforementioned, an offensive strategy can minimize rivalry among current competitors and threat of new entrants (Yannopoulos, 2011). BUB would be attacking its competitors indirectly, since a best-value focus strategy means moving into a 'new' market to fight competitors away (in this case, one that, to the best of the researchers' knowledge, is not currently the focus of competitors' strategy) (Yannopoulos, 2011). In pursuing an offensive strategy with Product B, BUB must acknowledge the possibility of counter attacks, where one of the many current competitors (especially Company B, who is most similar in price and quality), may launch a product targeting the same market. Then BUB must have strong peripheral vision to be able to foresee and respond to the competitor's movements, before it is too late (Day & Schoemaker, 2005).

An additional option with regards to Product B's strategy, either in combination with the recommended offensive strategy, or standing alone, could be to introduce a defensive strategy such as a fighter brand. It should though be acknowledged that there is a slight risk of destroying the sales of the main brand, if there is not a clear enough distinction in customers' perception between the two (Ritson, 2009). Therefore, although BUB can be recommended to first start with an offensive strategy, they could also invest in defensive methods, since a combination of both can optimize success (Fornell & Wernerfelt, 1988). In fact, this synergy is viable for BUB, considering the resources that would be available to them if they put forward a solid business case.

These future steps BUB should pursue (see Figure 6, p. 41), as unveiled, are outlined by the green thread running through the right side of the diagram, ending at the focus strategy in the bottom right corner. Needless to say, by taking this proactive approach, BUB could even impact its industry (e.g. making the barriers to entry *even* higher than already are).

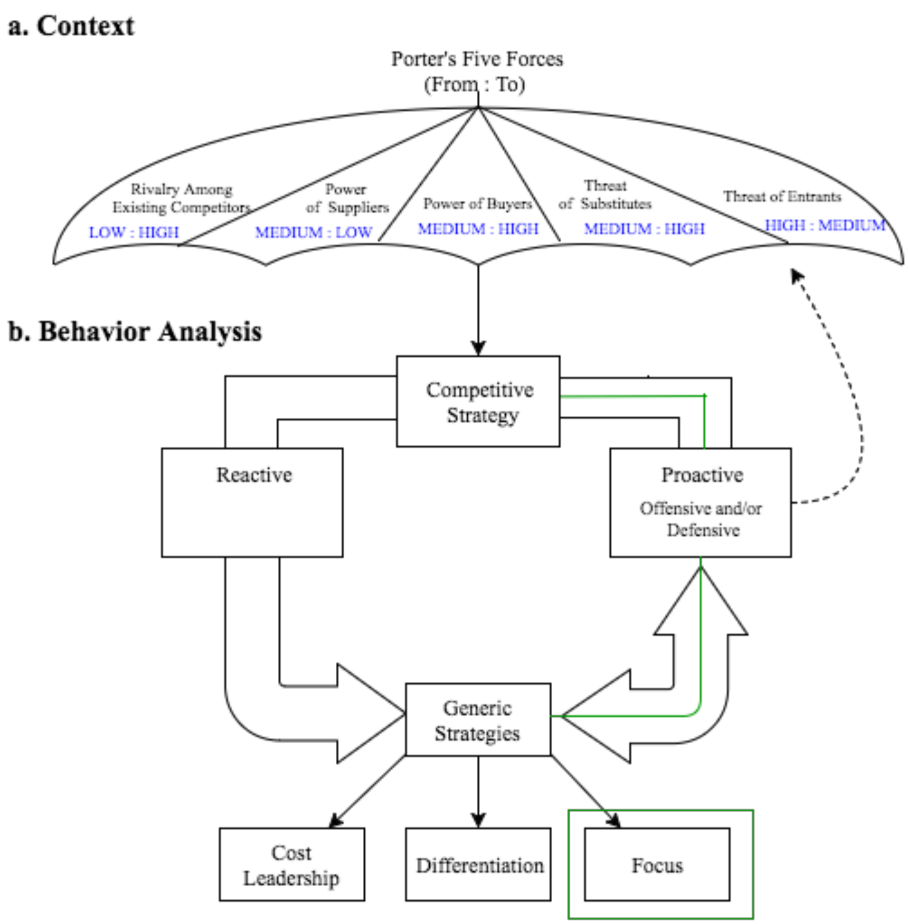

Figure 6: BUB's recommended path within applied theoretical framework

Although an exit is also something BUB could consider for Product B in the Nordics and the Baltics to avoid any further costs incurred during the stagnation of sales (e.g. wasted resources), BUB should first attempt to pursue the aforementioned proactive strategy. In order to this, they must of course make a business case to obtain the necessary resources. If BUB observes no change, and sales of Product B do not improve, exiting may be the most viable option to avoid its decreasing sales spilling over negatively to other business divisions.

6.2. Recommendations for Companies in General in Mature Industries

Therefore, a general consideration for companies is to be proactive! If a company is carrying out a reactive strategy, like the current path BUB is pursuing with respect to Product B (see Figure 5, p. 38), it should re-consider switching to a proactive one (see Figure 6, p. 41). In today's rapidly changing environment, competitive strategies are not to be left static (Alvesson & Svenningsson, 2015; David, 2011): companies simply reacting to changes happening around them is not enough. Despite the fact this thesis did not set out to investigate the nature of change as companies approach mature industries, it has become clear, that as within any industry, although one day, one company may be the market leader, the next it may be a small, family owned firm. Hence, companies should also consider to what extent they are being proactive, and whether it suffices, or whether it requires enhancing for the industry forces they face.

Fundamentally, the question of a competitive strategy's sustainability may rather be in *the way strategy is implemented*, as opposed to *the specific generic strategy chosen*. A company should first become more proactive than reactive, and then subsequently develop the generic strategy that is most appropriate with respect to its competitive landscape (as highlighted by paths to the "Generic Strategies" box, see Figure 3, 5, 6, p. 29, 38 & 41). Apropos Porter's generic strategies, this thesis lends support to those who argue that his original argument, of needing to choose one, is perhaps outdated (Bordean, Borza, & Glaser-Segura, 2011; Bowman & Faulkner, 1997), and also to those, arguing that the strategies may be mutually exclusive (Parnell, 2006). Although in this case, BUB needs to switch from being stuck in the middle to a more focused strategy, it may not be necessary to choose *one* strategy to compete with after all. The most important element lies in the implementation through a reactive or proactive way. Consequently, there is ample truth in continuing to develop and add to Porter's five forces as well as generic strategies, especially in today's environment, which is not as simple as in past times.

Ultimately, there is not one recipe that works for all, and, as aforementioned, the conclusions cannot be generalized to all companies in mature industries. Nonetheless, as long as companies do not stay static and adapt their behavior to the environment they are in, they have large potential to remain competitive in an industry shared with multiple competitors. Having said that, organizations must have the resources to do so, or otherwise may by default have to resort to being reactive (David, 2011).

7. Conclusion

This qualitative study aimed to describe what a mature industry really is and how companies in mature industries are able to create competitive strategic renewal. In toto, the researchers *did* fulfill this purpose and answer the research question. It was found that being in a mature industry is a challenging phase to be in when it comes to creating, but especially selling "superior value" to customers (Thompson & Strickland, 2003, p. 102). However, when acknowledged and conscious changes to competitive strategy are made, it may be possible to fare better in the mature and perhaps then also the decline phase that the ILC destines companies to eventually arrive at.

The results show that the context the industry creates largely influences the behavior a firm will take. Further, the analysis supports the premise that performing a five force analysis assists companies in identifying which type of industry they are in, and thereafter in selecting the appropriate competitive strategy to create renewal in mature industries.

In terms of generic strategies, it is important to have one that enables a firm to remain competitive and have competitive advantage (despite strong industry forces shown in the five force analysis) - whether this is by choosing one of the strategies (cost leadership, differentiation or focus) or a multiple-strategy approach. Although literature exists suggesting that both approaches can work, the BUB case is an example of how a multiple-strategy is in fact not sustainable in a mature industry. Nonetheless, it is possible that this is only unsustainable because of BUB's overall reactive approach.

Additionally, other more general strategies underpin the process of selecting a generic strategy (as shown diagrammatically, see Figure 5, 6, p. 38 & 41). Indeed, being proactive as opposed to behaving in a reactive way was shown in the results to be more beneficial because it enables companies to think long term and stay ahead of the game. Defensive and offensive strategies within a proactive strategy were also found to be important to optimally compete in a mature industry, yet the suitability of these two strategies would depend on the individual case. For example, if a company has ample financial resources, an expensive offensive strategy would be more apt due to its aggressive nature lending itself to higher returns. As well as this, the results also underscore the fact that resources are important for any company in need of strategic renewal, although this would need to be confirmed from an internal perspective approach.

In terms of making recommendations for a more profitable BUB in the Nordics and Baltics, and therefore, a more profitable Company X, the results following a thorough industry analysis show that they require a proactive approach to achieve a best-value focus strategy.

To the knowledge of the researchers, there are few other studies that have focused on mature industries and specifically how to create strategic renewal. Therefore, there is little to compare to. However, in terms of relevance, today there are naturally many companies who are transitioning, have transitioned or have arrived at a mature industry stage. Thus, the options provided in this thesis for companies facing a need for new competitive edge can be used.

7.1. Implications and Modifications

7.1.1. Theoretical

The findings in this thesis contribute to current literature within the field of strategy, particularly knowledge concerning mature industries, and the competitive strategies companies should take within such industries. Although ample literature exists on mature industries in general, less so exists on competitive strategies companies in this stage can be recommended to pursue, particularly in comparison to other stages of the industry. In addition to confirming previous literature, the findings supplement academic research by looking at reactive and proactive strategies that are rarely associated with Porter's generic strategies. Furthermore, the theoretical framework (see Figure 3, p. 29) demonstrates the interrelatedness between all the various theoretical assumptions (Porter's five force analysis and generic strategies, as well as reactive and proactive strategies), which are commonly used in mutually exclusivity. Yet, as shown, they complement each other well.

7.1.2. Practical

Overall, this thesis partly aimed to provide a detailed account of BUB as a company in a mature industry in need of strategic renewal. Although at the stage of publication of this thesis it is unknown whether BUB will carry out the recommended solutions, it may be tested in the future. Although it would have been advantageous to develop conclusions for all companies, the amount of generalizability, as aforementioned, is limited. Thus, the recommendations may not be word-for-word applicable to other companies in mature industries but may provide inspiration. The findings should at least give some guidance about what companies can consider when in mature industries with respect to competitive strategies.

7.2. Future Research

This thesis is only an introduction to how companies in mature industries should rethink competitive strategy to ensure long-term profitability. More research is required. To do this, companies, different in size and age and in other industries, should be analyzed. This would allow for comparison, and confirmation that the findings expressed in this thesis are not solely applicable for BUB, and its Product B. It would also be fruitful to compare the case with companies at other stages of the ILC. Particularly, the theoretical framework has been designed to suit and be utilized by any company in any industry stage though whether it actually is a universally applicable model can only be confirmed through further research. Moreover, the theoretical framework could be developed by looking at other theories instead of Porter's five force analysis to examine the context (or the industry), such as the SWOT analysis, which in fact incorporates both the internal and external perspectives of strategy (Makos, 2015). Future research could also consider other competitive strategy approaches in more depth, such as the blue ocean strategy (Kim & Mauborgne, 2004). This strategy argues companies should pursue an undiscovered segment of the market (i.e. blue ocean), and thereby *create* demand, instead of battling over demand in a highly competitive market (red ocean) (Kim & Mauborgne, 2004).

Moreover the researchers understand that an internal perspective would be beneficial to understanding competitive strategy in more depth and assist in critically analyzing its strategic potential. As well as looking at the external factors, such an internal perspective could shed light on whether the BUB's existing strategy is sustainable, for example with respect to the VRIS framework (Barney, 1991). According to some studies, a firm's capabilities and resources are even more significant in determining profitability than the external industry (Hill & Jones, 2009). A firm's capabilities and opportunities to rejuvenate and re-innovate products can in fact enable companies to take a step back in the ILC, and even enter the growth stage again. Interestingly, innovation can steer the ILC (Porter, 1980), especially creating punctuated equilibriums and thus, industry change (Hill & Jones, 2009). Companies in mature industries that are able to recover growth may possibly pass the maturity phase numerous times (Porter, 1980). Many Company X employees even highlighted innovation as being an important factor to consider when rethinking strategy in a mature industry. Crucially though, for entrepreneurial (innovative) activity, proactivity is necessary (Peltola, 2012). Overall, a holistic approach with both external and internal perspectives may be valuable and provide greater understanding of rethinking strategy in mature industries.

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9. Appendix

9.1. Appendix A: Company X Interview Schedule

Internal	**Position**	**Location**	**Interview Length**	**Date**
1	European Commercial/Business Director	Europe	45 minutes	11.04.2016
2	Sales Director Europe	Europe	56 minutes	19.04.2016
3	Supply Chain / Commercial Excellence	Europe	40 minutes	15.04.2016
4	Marketing Manager Europe	Europe	1 hour 26 minutes	12.04.2016
5	Sales and Marketing Nordic & Baltic	Europe	1 hour 20 minutes	11.04.2016
6	European Environment, Health & Safety Manager	Europe	1 hour 20 minutes	12.04.2016
7	Research & Development	Europe	1 hour 13 minutes	13.04.2016

9.2. Appendix B: External Distributor Interview Schedule

External	Position	Location	Interview Length	Data
1	Chief Regional Sales Manager	Norway	15 minutes	21.04.2016
2	Chief Regional Sales Manager	Sweden	8 minutes	20.04.2016
3	Chief Regional Sales Manager	Finland	17 minutes	18.04.2016
4	Chief Regional Sales Manager	Estonia	9 minutes	18.04.2016
5	Chief Regional Sales Manager	Latvia	11 minutes	19.04.2016
6	Chief Regional Sales Manager	Lithuania	7 minutes	20.04.2016

9.3. Appendix C: Interview Questions for Internal - Company X Employees

- **Mature Industry**
  - Have Product B sales stagnated or what is the recent sales trend?
  - What characterizes the building industry you are in?
  - What are some of the challenges you currently face in your mature industry?
  - And what are some of the opportunities you face in your mature industry?

- **Competitive Landscape**
  - What is your competitive advantage or, in other words, what do you do that sets you apart from your competitors?
  - Do you continue to monitor the competitive landscape to identify, focus and communicate your competitive advantage?
  - How is BUB (specifically with regard to Product B) affected by a.) existing competitors b.) suppliers c.) buyers d.) substitutes e.) new entrants?

- **Competitive Strategies**
  - What kind of strategy do you follow with regard to Product B? E.g. differentiation (greater value justifying higher prices), cost leadership (low prices), niche (providing products/services for specific market segment), etc.?
  - To the best of your knowledge have you been following the same strategy for the past 30 years? Or has BUB made any major changes with respect to its position in the past?
  - Do you think the changes happening in today's environment (e.g. technology, innovation) impact Company X and BUB's strategy?
  - Do you acknowledge/consider that there is perhaps a necessity to rethink (change your competitive strategy)?
  - Does Company X have the resources to change competitive strategy?

- **Other:**
  - Is there anything else you would like to add concerning the topic of competitive strategies in mature industries?

9.4. Appendix D: Interview Questions for External - Distributors

- Are customers more interested in price or quality?
- Is Product B a “luxury item” compared to other competing products?

- What have Product B sales been like in the past? (Any change, and if so, why?)
- Is there a building material that can replace Product B?
- How does Product B rate to other products? What company do you think is the leader for Product B?
- What do you think of the future of Product B?

- What do you think of Company X as a partner?
- What, if anything, could Company X do help to improve sales of Product B?