HYPERCOMPETITION

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Reference this article

Abstract / Definition
Hypercompetition is created by the acceleration of competitive moves in an industry where firms must react quickly to develop their competitive advantage and to erode the advantages of competitors. The objective of hypercompetitive firms is to thrive in dynamic markets by unsettling existing standards and norms of operation, and by generating a constant flow of short-term advantages. In hypercompetitive environments, profits and competitive advantages are temporary and will soon be challenged by the next wave of disruptors. The strategic framework for hypercompetition adopts a dynamic approach that is in tune with the intensity of change in turbulent industries. Three sets of strategy-building tools are proposed for the analysis of competitive markets by D’Aveni. The ‘four arenas’ explores how competition builds up in the areas of cost and quality (C-Q), timing and know-how (T-K), strongholds (S), and deep pockets (D) referring to financial resources. The ‘four lenses’ analysis looks at how a single competitive action affects the four arenas of an industry. The ‘new 7-Ss’ framework proposes a set of hypercompetitive approaches to realign strategy. The objective is to develop strategies in three categories: vision for disruption, capabilities for disruption and tactics for disruption.

Keywords
Hypercompetition, competitive advantage, innovation, 7S model, capability analysis

Link to publication