

Summaries .Com

BUSINESS BOOK SUMMARIES -- READ LESS, DO MORE

BEATING THE COMMODITY TRAP

**How to Maximize Your Competitive
Position and Increase Your Pricing Power**

RICHARD A. D'AVENI

RICHARD D'AVENI is professor of strategic management at Dartmouth College. He has been described by the London *Times* and *CNN* as being among the world's top management thinkers. Dr. D'Aveni, a graduate of Columbia University and Cornell University, is the author of four books including *Hypercompetition*. Dr. D'Aveni has acted as an adviser to several Fortune 500 CEOs, the presidents of two G-7 countries and numerous other CEOs.

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

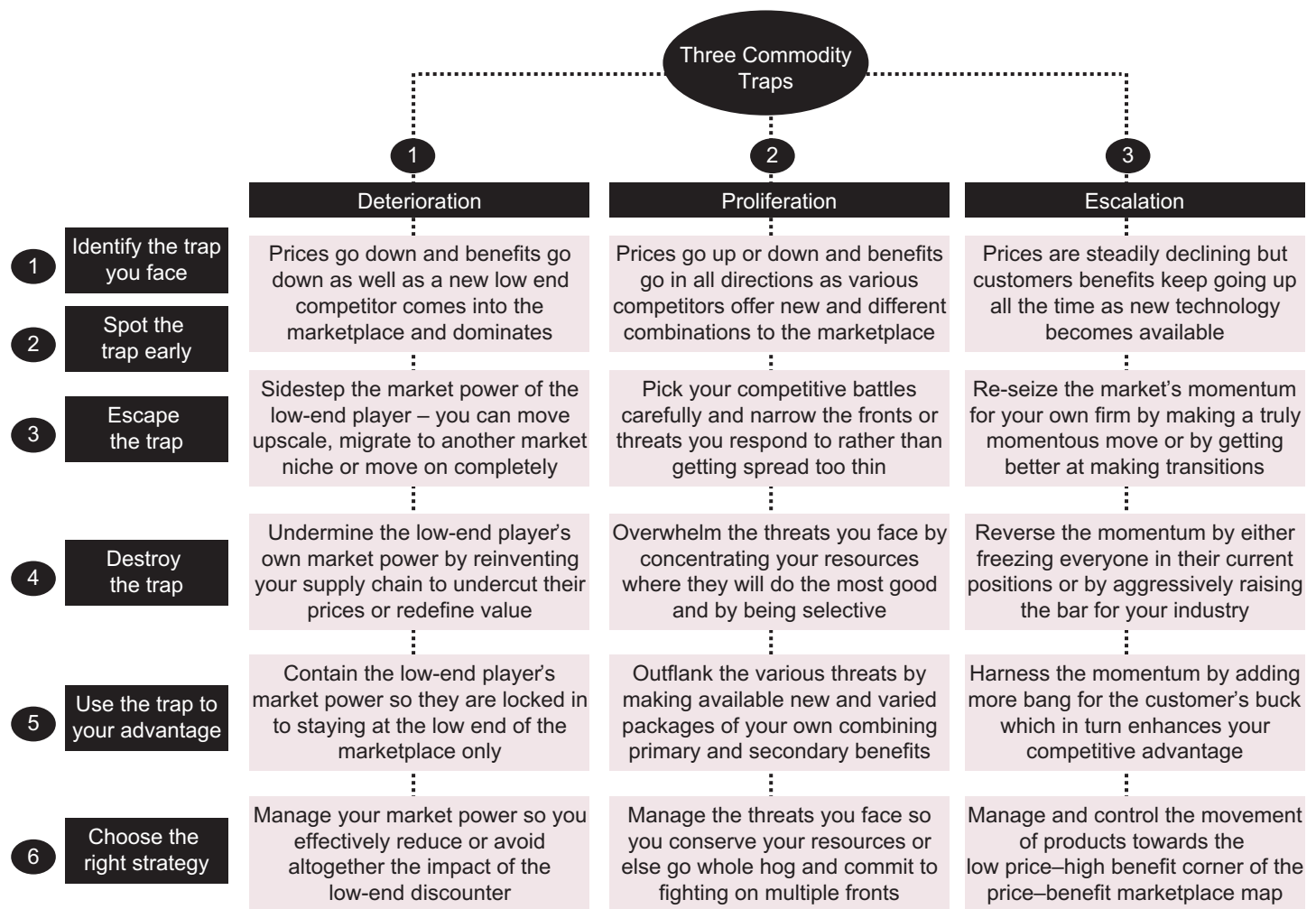
MAIN IDEA

Everyone in business today is facing hypercompetition on steroids. “Commoditization” – the process of making one product or service become completely interchangeable with that provided by others – is occurring everywhere. As soon as you improve the quality or other features of your offering, your actions will immediately be matched by others and generally at a lower price point as well. You will then get squeezed between the need to lower your own prices to stay competitive and the steadily rising costs of all your business inputs. Commoditization means you become unable to charge more for what you have to offer.

The conventional answer to commoditization is to differentiate, but before long everyone else has the same bells and whistles as well. A better approach is to get to understand what kind of commodity trap is arising in your industry – there are actually three types which crop up over and over – and then work to identify and resolve the dilemmas and challenges which are posed by each kind of trap. In fact, by coming up with a commodity trap specific business strategy, you can not only escape and destroy the trap but you can also position your firm to take advantage of the trap to grow even more in the future.

So how do you beat the commodity trap? There are six steps involved:

- | | | | |
|-----|---|-----|-------------------------------------|
| ▶ 1 | Identify the trap you face | ▶ 4 | Destroy the trap |
| ▶ 2 | Spot the trap early before it does damage | ▶ 5 | Turn the trap to your own advantage |
| ▶ 3 | Escape the trap | ▶ 6 | Choose the right strategy |



Commodity trap #1 – Deterioration Pages 2 - 3
 Commodity trap #2 – Proliferation Pages 4 - 5
 Commodity trap #3 – Escalation Pages 6 - 7
 How to keep finding your optimum competitive position. Page 8

Summaries.Com

The Ultimate Business Library



We condense **300+ page** business books into **8-page** summaries.

By reading summaries, you'll get the **key ideas** in **30 mins**, so you can spend more time turning your ideas into **dollars**.

Knowledge is Power — Invest in Your Future

For just **\$2 per week**, you will...

- Learn from the mistakes and success of the smartest people in business;
- Get fresh ideas, strategies & motivation that could be worth millions to you;
- Follow emerging trends, so you can catch the wave before your competitors do;
- Catch up on the classics you always wanted to read.

1,000 Top Business Book Summaries

Our catalog includes summaries on a range of topics for aspiring entrepreneurs, managers, and consultants.

BUSINESS PLANS

MANAGEMENT

PRESENTATIONS

SALES

LEADERSHIP

MOTIVATION

STRATEGY

AND MORE

