Ecole des Hautes Etudes Commerciales

END OF STUDY THESIS

FOR OBTAINING MASTER'S DEGREE (MSC)

Specialty: MARKETING

UNIVERSITY YEAR 2019/2020

Theme

The impact of benchmarking on the competitive advantage of the company

Case study

JUMIA ALGERIA

Student: BOUCHRA CHIEB

Supervised by: HICHEM BABA AHMED; Maître assistant at EHEC Alger

September 2020

Abstract

Market-based organizational learning has been identified as an important source of sustainable competitive advantage. One particular learning mechanism, benchmarking, is a widely used management tool that has been recognized as appropriate for identifying and enhancing valuable marketing capabilities. However, despite widespread admonitions to managers, the benchmarking of marketing capabilities as a route to sustainable competitive advantage has received scant empirical attention.

In this research we try to examine the potential business performance benefits available from benchmarking the marketing capabilities of top-performing firms. The results suggest that benchmarking has the potential to become a key learning mechanism for identifying, building, and enhancing marketing capabilities to deliver sustainable competitive advantage.

Key words:

Benchmarking, competitive advantage, information technology, operational benchmarking

Table of tables

List of figures

Summary

General introduction

In the face of rapid change and in an economy where information is the key to successful business, more and more companies are recognizing the impact that has information technology on their competitiveness in the marketplace.

Our research aims to explore the impact of benchmarking on competitive advantage. Specifically, in the E-commerce industry.

We address the question: **how acquiring information from the market can help the company be different in the market place?**

In order to be able to answer this central question, we must answer the following sub questions:

- What is the impact of Information technology on competitive advantage?
- How does the operational benchmarking impact the competitive advantage?

Therefore, in order for us to respond to these questions the following hypothesis:

- H1: Information technology has a positive impact on competitive advantage
- H2: Operational benchmarking has a positive impact on competitive advantage

The research is undertaken into 2 parts:

- The theory part which includes the first three chapters
- The case study which includes the fourth chapter

We start off by clarifying the concept of benchmarking and that of competitive advantage. In the first chapter we go into the definition and elements of each.

We then tackle the impact of Information technology on competitive advantage in the second chapter. It's actually where we clarify the concepts of information technology and value chain and where we understand how companies compete in the age of information.

Afterwards, we tackle the impact of operational benchmarking on competitive advantage. In the third chapter, we talk Operational benchmarking, key

Performance Indicators and companies use benchmarking as a tool to improve their competitive advantage and therefore their performance in the marketplace.

Finally, in chapter four, we study the case of JUMIA; the leader of E-commerce in Algeria. We present the company as well as the questionnaire respondent and we try to understand how does JUMIA use benchmarking in order to be unique and different in the marketplace.

In the course of our research, we use different research methods:

- The descriptive method: description of the theory developed by past research papers
- The analytic method: analysis of the results of the questionnaire which is a qualitative study based on in-depth interviews, direct observations and written documents and which was conducted at JUMIA; an E-commerce marketplace.

This research project is part of worldwide efforts and scientific papers for example;

- GONCHARUK A.G., LAZAREVA N.O., ALSHARF I.A.M. "Benchmarking as a performance management method". Polish journal of management studies_2015
- Prof. KRUME NIKOLOSKI "The Role of Information Technology in the Business Sector" 2012
- SRIVIDYA, A., & METRI, B. A. "*IT-Driven Quality Benchmarking for Competitive Advantage".* IETE Technical Review (2001).

This scientific paper will help managers and executives at understanding the impact of knowledge about the marketplace on the uniqueness and distinctiveness of their companies.

Chapter 1: literature review

Introduction of chapter 1

This chapter aims at understanding the concept of benchmarking and that of competitive advantage.

Section one is all about the concept of benchmarking; its origins and history, its emergence and popularization, its definition and types. As well as why and how benchmarking is undertaken within a company.

Section two is about the concept of competitive advantage. First, we define it. Then, we talk about the Five Forces of Porter (customers, suppliers, existing competitors, new entrants and substitutes products and services). Afterwards, we tackle the sources of competitive advantage and how can the company create elements of differentiation and uniqueness? Finally, we talk about the types of competitive strategies which according to Michael Porter, there are two cost leadership and differentiation.

Section 1: Benchmarking: the concept

1.1 Origins and history of benchmarking:

1.1.1 Emergence:

Although benchmarking did not become a buzzword until the late 1980s and 1990s, the practice of benchmarking has been around for a long time. In prior research it has been noted that embryonic forms of benchmarking can be found as far back as the nineteenth century[1]. The origins of "modern benchmarking" have been traced back to the 1940s. Since its inception, benchmarking has evolved considerably in several generations or phases[2]

In the benchmarking literature there is a general consensus that benchmarking got its "big break" in the 1970s when Xerox Corporation pioneered the usage of benchmarking and this firm is often closely associated with the term[3]

1.1.2 Popularization:

During the 1990s, benchmarking rose to prominence in the management community and became something of a buzzword. The interest in and popularity of benchmarking took off, and around this time several commentators referred to benchmarking as a "management fad"[4]

There was much activity in relation to benchmarking during the 1990s, which has continued in the period 2000-2016. In response to the ubiquity of benchmarking, several commentators started asking the question of whether benchmarking was yet another "management fashion"[5]

---

[1] Kyrö, P. and Kulmala, J. (2004), "*The roots and the content of benchmarking*". Page: 210

[2] Ahmed, P.K. and Rafiq, M. (1998), "*Integrated benchmarking: a holistic examination of select techniques for benchmarking analysis*". Page: 225

[3] Camp, R.C. (1989) "Benchmarking: the search for industry best practices that lead to superior performance". Page: 204

[4] Bernowski, K. (1991), "*The benchmarking bandwagon*", Quality Progress. Page: 24

[5] Bowerman, M., Francis, G., Ball, A. and Fry, J. (2002), "*The evolution of benchmarking in UK local authorities*". Page: 429.

The benchmarking industry Based on the historical background described and outlined above, it is reasonable to argue that benchmarking started as a practice among organizations and managers in the private business sector[1]

In the early phase, benchmarking was not clearly associated with typical suppliers of management fashions (e.g. consultants, trainers, book authors). However, during the 1980s and 1990s benchmarking became a very popular management tool among practitioners and was "in demand"[2]

Not surprisingly, suppliers of management fashions "sensed" the demand for benchmarking and created a whole array of products and services related to benchmarking. As benchmarking grew in popularity, various suppliers rushed into fight for a slice of the increasingly lucrative and sizeable benchmarking market. In much the same way seen in the context of other management concepts such as business process reengineering (BPR), total quality management and knowledge management[3]

Over time, a number of different actors such as academics, consultants and trainers have thrown their hats into the ring and published numerous books, articles, training manuals, etc. about benchmarking. Hence, the benchmarking market has expanded considerably in size and scope over time. Today the benchmarking industry comprises a wide range of supply side actors offering products and services aimed at assisting organizations and managers with benchmarking processes, e.g. consultants, gurus and trainers[4]

---

[1]Yasin, M.M. (2002), "*The theory and practice of benchmarking: then and now*", Benchmarking: An International Journal. Page: 217

[2]Hong, P., Dobrzykowski, D., Won Park, Y., Hong, P., Hong, S.W., Jungbae Roh, J. and Park, K. (2012), "*Evolving benchmarking practices: a review for research perspectives*", Benchmarking: An International Journal. Page: 444-462

[3] David, R.J. and Strang, D. (2006), "*When fashion is fleeting: transitory collective beliefs and the dynamics of TQM consulting*". Page: 233.

[4] Francis, G. and Holloway, J. (2007), "*What have we learned? Themes from the literature on best-practice benchmarking*". Page: 171.

1.2 Definition:

In literature; benchmarking is: "the act of measuring the quality of something by comparing it with something else of an accepted standard"[1]

"Benchmarking is the process of continuously measuring and comparing one's business processes against comparable processes in leading organizations to obtain information that will help the organization identify and implement improvements"[2]

"Benchmarking is a method of measuring and improving the organization's performance by comparing its situation to that of its competition"[3]

A processes of industrial research that enables managers to perform company to company comparisons of processes and practices to identify the best of the best and attain a level of superiority or competitive advantage that will lead to the superior performance of the company" [4]

"Benchmarking is an independent efficiency raising process based on: analysis of the existing performance levels of the company unit or object under examination and comparison with other organizational levels; and identification of the causes for performance ``gaps'' as the basis for optimum reconfiguration of corporate activities"[5]

---

[1] https://dictionary.cambridge.org/dictionary/english/benchmarking visited on 03/19/2020

[2] B. Andersen, Bjorn Andersen and P. -G PETTERSEN "*the benchmarking handbook step-by-step instructions*" page: 4. Edition: 1996

[3] Tim STAPENHURST "*the Benchmarking book; a How-To-Guide to best practice for managers and practitioners"*. Page: 6. Edition: 2009

[4] Scott Cheney, *American society for training and development: benchmarking; research and development*. Page 8. January 1998 Issue

[5] Per V. Freytag and SVEND HOLLENSEN. *The process of benchmarking, BENCHLEARNING and BENCHACTION.* Edition 2014. Page 5

1.3 Types of benchmarking:

Comparison can be made at the company, process, function, or product levels. The types of benchmarking can be defined as based on what is compared and what the comparison is being made against.

- Performance benchmarking:
  It is the comparison of performance measures for the purpose of determining how good the company is as compared to others
- Process benchmarking:
  Methods and processes are compared in an effort to improve the processes in our own company
- Strategic benchmarking:
  The study is undertaken when an attempt is being made to change the strategic direction of the company and the comparison with one's competition in terms of strategy is made
- Internal benchmarking:
  When comparisons are made between departments/divisions of the same company or organization
- Competitive benchmarking:
  Is performed against ``best'' competition to compare performance and results
- Functional benchmarking:
  A benchmarking study to compare the technology/process in one's own industry or technological area. The purpose of this type of benchmarking to become the best in that technology/ process
- Generic benchmarking:
  Comparison of processes against best process operators regardless of industry[1]

[1] Khurrum S. Bhutta and Faizul Huq: *Benchmarking - best practices: an integrated approach*

A second method of categorization considers the practices or processes which are benchmarked. This results in three types of benchmarking:

1. process benchmarking: which focuses on discrete work processes and operating practices;
2. performance benchmarking: which compares products and services; and
3. strategic benchmarking – which examines how companies compete[1]

[1] BOGAN, C.E. & ENGLISH, M.J "*Benchmarking for Best Practices: Winning Through Innovative Adaption*". New York: McGraw-Hill. (1994).

1.4 Reasons and perceived benefits of benchmarking:

- **Increasing productivity and individual design**:

By simply looking outside itself, a company can identify breakthroughs in thinking. A similar process used in a different way can shed light on new opportunities to use the original process[1]

- **Strategic tool**:

It would be possible to get a jump on competitors by using new-found strategies. This opens up an opportunity for growth that the competitors may not be aware of[2]

- **Continuous improvement tool**:

Benchmarking is commonly seen as a formalized and disciplined application of searching for better performance through operational improvement. It aims to enable a firm to close the gap between how it is currently performing and a superior performance. The distance between these two points is established through comparison with the better performer, as a direct result of lessons learned from the other company[3]

- **Enhance learning**:

Another reason to benchmark is overcoming disbelief and enhancing learning. For example, selling or hearing about another company's processes and how they are working will help employees to believe that there may be a better way to compete[4]

---

[1]Dean Elmuti and Yunus Kathawala: *An overview of benchmarking process: a tool for continuous improvement and competitive advantage.*

[2] Goncharuk A.G., Lazareva N.O., Alsharf I.A.M: *benchmarking as a performance management method*

[3] Carlos A. S. Passos & Rosana B. B. Haddad: *Benchmarking: A tool for the improvement of production management*

[4]Dean Elmuti and Yunus Kathawala: *An overview of benchmarking process: a tool for continuous improvement and competitive advantage*

- **Assessment of performance tool**:

By identifying the "best" practices, organizations know where they stand in relation to other companies. The other companies can be used as evidence of problem areas, and provide possible solutions for each area. When companies benchmark, they use partners to share information with and learn from each other. Benchmarking allows organizations to understand their own administrative operations better, and marks target areas for improvement. It is an ideal way to learn from other companies who are more successful in certain areas. Additionally, benchmarking can eliminate waste and help to improve a company's market share[1]

- **Growth potential:**

Benchmarking may cause a necessary change in the culture of an organization. After a period of time in the industry, an organization may become too practiced at searching inside the company for growth. The company would be better off looking outside its walls for potential areas of growth. An outward looking company tends also to be a future oriented company. This often leads to a more enhanced organization and increased profits[2]

---

[1]Dean Elmuti and Yunus Kathawala: *An overview of benchmarking process: a tool for continuous improvement and competitive advantage*

[2]idem

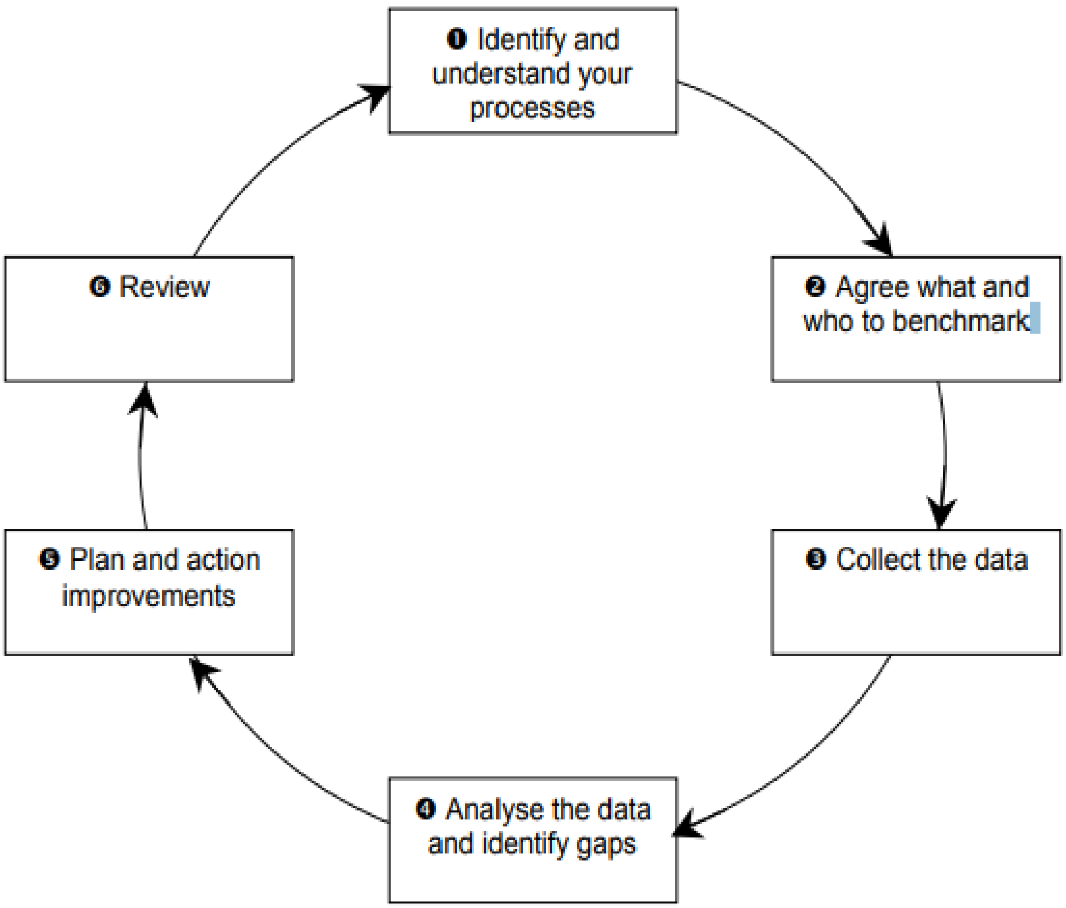
1.5 Process of benchmarking:

In today's business environment, there are so many companies that use benchmarking as a tool of boosting their performance and although every company has its own method (adapted to its culture, activity …), benchmarking has the same main steps.

According to Omachonu and Ross; there are three main steps:

1. Measure the performance of the best-in-class relative to critical performance variables such as cost, productivity, and quality
2. Determine how the levels of performance are achieved
3. Use the information to develop and implement a plan for improvement[1]

Figure 1: the process of benchmarking



Source: André Knipe "*benchmarking for competitive advantage – striving for world class project management practices*"

According to The Nuts and Bolts of Benchmarking, written by Margaret Matters and Anne Evans[2]; there are five stages of the benchmarking process;

1. Planning the exercise:
    - Identify the main purpose of the benchmarking
    - Identify which processes are to be benchmarked
    - Identify the customer expectations
    - Identify critical success factors

2. Form the benchmarking team:
    - Select overall team members from various areas of the organization:
        - The lead team: responsible for maintaining commitment to the process
        - The preparation team: responsible for carrying out detailed analysis
        - the visit team: responsible for carrying out the benchmarking

3. Collect the data:
    - Gathering information on best practice companies and their performances
    - Site visits

4. Analyze data for gaps:
    - Identify the performance gaps and their possible causes

5. Take action:
    - Determine what needs to be done in order to match the best practice for the process and implement improvements.

---

[1] Omachonu, V.K. and Ross, J.R. (1994), *Principles of Total Quality*, St. Lucie Press, Delray Beach, FL. Page: 137

[2] Matters, M. and Evans, A. (1997), "*The nuts and bolts of benchmarking*". Page: 105

Section 2: Competitive advantage: the concept

2.1 Definition:

In literature competitive advantage is:

"The delivering of superior value to customers and, in doing so, earning an above average return for the company and its stakeholders"[1]

According to Michael porter:

"Competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it the value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price" There are two basic types of competitive advantage) cost leadership and differentiation"[2]

Competitive advantage is a statement of positioning in the market and consists of the following elements:

- A statement of competitive intent
- Outward evidence of advantage to the customer
- Some combination of:
- Superior delivered cost position;
- a differentiated product;
- protected niches
- Evidence of direct benefits, which are:
  - perceived by a sizable customer group;
  - these customers value and are willing to pay for;
  - cannot be readily obtained elsewhere, both now and in the foreseeable relevant future[3]

---

[1] Wiley Encyclopedia of Management 2014 John Wiley & Sons, Ltd

[2] Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance.* Page: 43. 1985 Edition

[3] John McGee: *competitive advantage*. Page 2. The University of Warwick - Warwick Business School (WBS)_2015

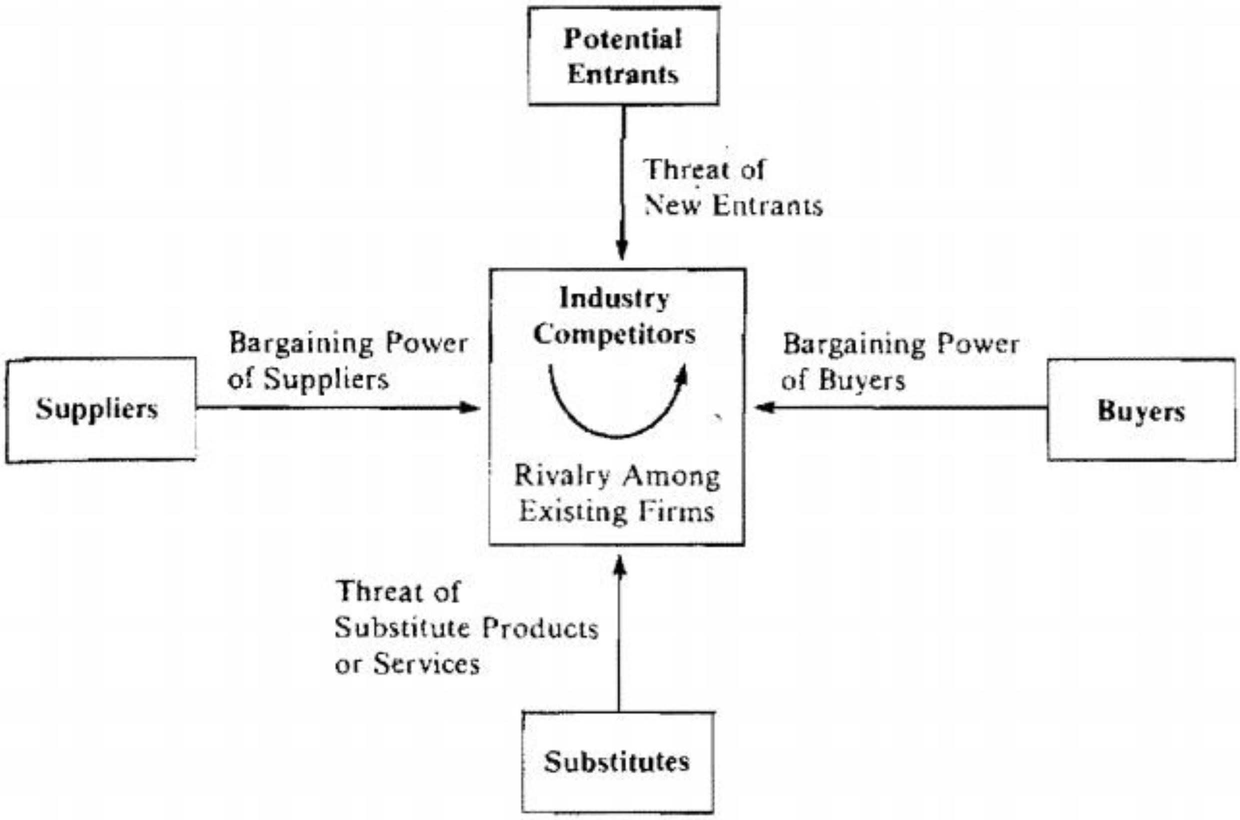
According to Barney. J; “A firm is said to have a competitive advantage when it’s implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when those other firms are unable to duplicate the benefits of this strategy”[1]

1 Barney. J *“Firm Resources and Sustained Competitive Advantage. Journal of Management”* (1991)

2.2 Five forces of Porter:

The Porter Five Forces framework provides a useful basis for categorizing and understanding the industry economics that lie behind competitive advantage.

Figure 2 : the Five forces of Porter



Source: Michael E. Porter: COMPETITIVE ADVANTAGE Creating and Sustaining Superior

According to Michael E. Porter; these five forces can have a positive or negative impact on the profitability of the industry.

a. Threat of new entrants:

The number of companies operating in a certain industry can affect how profitable the firms are. Therefore, the number of new entrants is dependent on how severe or easy are the entry barriers of the industry which include but are not limited to:

- Economics of Scale
- Proprietary product differences
- Brand identity
- Capital requirements
- Access to distribution

- Absolute cost advantages
- Government policy [1]

b. Threat of substitute products or services:

Substitutes are products or services that fulfill the same needs (ex: Pepsi and bottled water, butter and margarine …). A firm need to limit the threat of substitutes in order to maintain or increase its level of profitability. According to Michael E. Porter; the elements that influence the threat of substitutes are mainly:

- Relative price performance of substitutes
- Switching costs
- Buyer propensity to substitute[2]

c. Bargaining power of suppliers:

Suppliers provide the company with inputs weather it's about raw materials, components, labor, and services (such as expertise) …

According to Michael E. Porter; the influence that has suppliers on the competitiveness of the company includes these elements:

- Differentiation of input
- Switching costs of suppliers and firms in the industry
- Presence of substitute inputs
- Supplier concentration
- Importance of volume to supplier
- Impact of inputs on cost or differentiation[3]

---

[1] Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance.* Page: 31. 1985 Edition

[2] idem

[3] idem

d. <u>Bargaining power of customers (buyers)</u>:

The customers influence the relationship with firms by demanding higher quality goods, lower prices and switching to substitute and competitor products.

According to Michael E. Porter; the power of buyers constitutes of main elements:

1. Bargaining leverage which includes:
    - Buyer concentration versus firm concentration
    - Buyer volume
    - Buyer information
    - Substitute products
2. Price sensitivity:
    - Price/total purchases
    - Product differences
    - Brand identity
    - Buyer profits
    - Decision making incentives[1]

e. <u>Intensity of Rivalry Among Existing Competitors</u>:

Actions like extensive advertising and price cutting increase the rivalry among competitors. The intensity of this rivalry depends on the number of firms in the industry. It's mainly determined by the following elements:

- Industry growth
- Brand identity
- Informational complexity
- Diversity of competitors
- Exit barriers[2]

---

[1] Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance.* Page: 31. 1985 Edition

2 idem

2.3 Sources of competitive advantage:

According to Hansen and Wernerfelt; there are three main elements that explain superior performance of firms; resources, business network, country/ industry and finally the combination of the three elements: Interaction effects.

a. Resources:

Today's firms focus on their knowledge of a few highly developed core competencies (know how) rather than the product or the market. This means that the competitive advantage of firms is knowledge based rather than product/market based. This knowledge consists on unique ways of combining and applying innovation resources (product development capabilities), human resources, brand label capital or functional experience[1]

b. Business Network:

This approach states that the firm's target environment or market context (long-lasting relationships with certain customers, suppliers and other specific counterparts) defines its competitive advantage. This is not just a matter of buying and selling; on the contrary, it's about information exchange concerning the firms' needs, capabilities and strategies with regard to production, logistics and quality[2]

c. Country/ industry:

The performance of the firm depends greatly on the structure of its industry and the national economy. The localization of the firm affects factors, that are directly related to its level of performance, such as the national endowment of production factors (labor costs, capital costs, etc.), the level of competition in a certain industry …[3]

---

[1] Hansen, G. C. & Wernerfelt, B. (1989). *Determinants of firm performance: The relative importance of economic and organizational factors, Strategic Management Journal 10*. Page: 399

[2] idem

[3] idem

d. The combined view of competitive advantages: Interaction effects:

According to Hansen and Wernerfelt; it is very difficult to make a sharp distinction between the three sources of competitive advantage in real life. the internal resources and capabilities, external sources in terms of localization factors and the business network factors all reinforce each other in an interacting way[1]

[1] Hansen, G. C. & Wernerfelt, B. (1989). *Determinants of firm performance: The relative importance of economic and organizational factors, Strategic Management Journal 10*. Page: 402

2.4 Types of competitive strategies:

2.4.1 Cost leadership:

Cost leadership is one of 2 types of competitive advantage; according to Michael. E porter the basic principle of cost leadership is to reduce the costs of all actions performed by the company. By this way, the gap between the prices at the market and costs will be longer and a firm will get a competitive advantage by gaining a high income and profit. The behavior of a firm's costs and its relative cost position stem from the value activities the firm performs in competing in an industry. Cost advantage results if the firm achieves a lower cumulative cost of performing value activities than its competitors[1]

In business literature, Cost leadership strategy is expressed as cost advantage reflecting selling the goods and services at a lower cost than competitors in terms of design and production[1]. Its aim is to gain competitive advantage by reducing the costs of R&D, service, sales and marketing activities[3].

Companies can get competitive advantage in scale of economics by using effective systems to reduce the cost of human resources and minimizing the costs with cheaper raw material, mass production and distribution[4]

Cost leadership provides competitive advantage in the markets in which the consumers are sensitive to the prices. Firms conducting this strategy aim to reduce all cost in the value chain[5]

---

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 88

[2] Wheelen T. L & Hunger D. J. "*Strategic management and business policy*" Massachusetts (2002)

[3] Rugman, A. & Hodgetts, R. "*International business: A strategic management approach*" 2000.

[4] Eraslan, İ. H. "*The effects of competitive strategies on firm performance: A study in Turkish textile and apparel industry considering the mediating role of value chain activities*" (2008)

[5] ALI KURT, CEMAL ZEHIR "*the relationship between cost leadership strategy, total quality management applications and financial performance*" 2016

2.4.2 Differentiation:

Another strategy that aims to build the competitive advantage of the company is differentiation.

Michael. E porter states that "a firm differentiates itself from its competitors if it can be unique at something that is valuable to buyers beyond offering simply a low price". He argues that differentiation grows out of the firm's value chain and that the element of differentiation can arise from every activity of the value chain. Furthermore, a firm's differentiation may appeal to a broad group of buyers in an industry or only to a subset of buyers with particular needs[1]

John McGee defines differentiation as "the act of making products different from one another. This might involve tangible differences such as quality, reliability, performance, or design. Alternatively, (or in addition), it might be based on intangible elements such as reputation and branding"[2]

The idea of offering a unique product or service may require the company to raise its budget. In fact, differentiation requires the investment of resources – typically time, capital cost, and higher variable costs – in a risky bet that the customer will respond to the differentiated product by buying it at a premium price and/or more frequently. The bet is risky because the attempt to differentiate might fail[3].Differentiation leads to superior performance if the price premium achieved exceeds any added costs of being unique[4]

Differentiation may be achieved in a number of ways. The product may incorporate a more innovative design, may be produced using advanced materials or quality processes, or may be sold and serviced in some special way. Often, customers will pay a higher price if the product or service offers a distinctive or special value or "feel" to it[5]

---

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 145

[2] John McGee « *differentiation strategies* » 2015

[3] Wiley Encyclopedia of Management, edited by Professor Sir Cary L Cooper 2014

[4] Michael. E porter. idem. Page: 146

[5]Jeff Bordes "*Strategic Management Assignment BUILDING AND SUSTAINING COMPETITIVE ADVANTAGE".* Atlantic International University 2009

Conclusion of chapter 1

In one hand, benchmarking is the process of measuring and comparing one's business processes against those of leading organizations. Benchmarking may be internal, strategic or even competitive but it aims to Growth, better performance and increased profits. We can summarize its benefit as providing knowledge about the marketplace that helps managers and executives make better decisions.

In the other hand, competitive advantage (whether it's about cost leadership or differentiation) is all about the elements that make the company unique and different. It's the company's statement of positioning in the market. And in order to understand the concept, we must look at the Porter Five Forces (the bargaining power of new entrants, Substitutes, suppliers, customers, Existing Competitors). Moreover, the company can gain its competitive advantage from resources, Business Network, Country and industry or even the combination of the three.

Chapter 2: the impact of Information technology on competitive advantage

Introduction to chapter 2

In this chapter, we tackle the question: how does Information technology impact competitive advantage?

First of all, in section one, we define Information technology and the management Information System. Digging deeper we bring up the strategic significance of information technology and its importance nowadays within the company.

Afterwards, in section two, we define the concept of value chain. We talk about its categories. As well as the concept of linkages. We then bring up the concept of competitive advantage and we discover that in order for us to understand the sources of the competitive advantage we have to catalog all the activities that the company is engaged in. And this catalog is the value chain.

Moreover, in section number three, we talk about the role of Information Technology in the competitiveness of the company. Here, we respond to the following questions:

- What is the impact of Information Technology on innovation?
- How does Information Technology impacts costs and performance?
- What is the impact of Information Technology on strategic differentiation?
- What is the impact of Information Technology on competitive advantage?

Finally, in sections four and five, we talk about Information technology changing the nature of competition and about competing in the age of information.

Section 1: Information technology

1.1 What is information technology?

In 1995, Thong & Yap defined Information technology as:

"computer software and hardware solutions that provide support of management, operations and strategists in organizations its goal is increasing productively of a cooperation"[1]

"Those technologies engaged in the operation, collection, transport, retrieving, storage, access presentation, and transformation of information in all its forms"[2]

"Capabilities offered to organizations by computers, software applications, and telecommunications to deliver data, information, and knowledge to individuals and processes"[3]

"Information technology describes any technology used to create, process and disseminate information that is critical to business performance"[4]

"Information technology is an umbrella term that covers a vast array of computer disciplines that permit organizations to manage their information resources. Ultimately, information technology serves as a fundamental force in reshaping organizations by applying investment in computing and communications to promote competitive advantage, customer service and other strategic benefits"[5]

---

[1]Thong, J. Y. L. and C. S. Yap "*CEO characteristics, organizational characteristics and information technology adoption in small businesses*" (1995). Page:429-430.

[2] Boar "*Strategic thinking for information technology: How to build the IT organization for the information age*" John Wiley & Sons edition (1997). Page: 103

[3] Attaran "*Information technology and business-process redesign*." Business Process Management Journal (2003). Page:440-458.

[4] Prof. Krume Nikoloski "*The Role of Information Technology in the Business Sector"* 2012

[5]Valerie'Bryan « *Information Technology Management* » Florida Atlantic University 2008

1.2 Management information system:

The encyclopedia Britannica defines the Management Information System (MIS) as: “an integrated set of components for collecting, storing and processing data and for delivering information, cards, and digital products. Business firms and Other Organizations rely on information systems to carry out and manage their operations, interact with their customers and suppliers, and compete in the marketplace” [1]

Another definition of MSI says that: “Management information system is an arrangement of groups, data, processes and technology that act together to accumulate, process, store and provide information output needed to enhance and speed up the process of decision making”[2]

Another source says that: “the term of management information systems consists of three parts, to understand the meaning of this term we must understand the meaning of management, information, and systems:

1. Management: is to achieve organizational goals efficiently and effectively through planning, organizing, directing and controlling organizational resources
2. Data and Information :
   - Data: is raw unprocessed facts and figures that have no context or purposeful meaning
   - Information: is processed data that has meaning and is presented in a context
3. System: is a set of interrelated components, with a clearly defined boundary, working together to achieve a common set of objectives by accepting inputs and producing outputs in an organized transformation process[3]

---

[1] http://www.britannica.com/EBchecked/topic/287895/information-system visited on 27th March 2020 at 5:31 PM

[2] Akram Jalal Karim “*the significance of management information systems for enhancing strategic and tactical planning”* Ahlia University 2011

[3] YASER HASAN AL-MAMARY, ALINA SHAMSUDDIN, NOR AZIATI “*The Meaning of Management Information Systems and its Role in Telecommunication Companies in Yemen*” Faculty of Technology Management and Business, Malaysia 2014

The understanding of management, information, and systems produces the following definition of the Management Information System (MIS);

"management information system is kind of organizational information computer systems, that take internal information from operating processing system and summaries them to Meaningful and useful forms as management reports to use in performing management duties"[1]

[1] Asemi, A., & Safari, A., & Zavareh. "*The Role of Management Information System (MIS) and Decision Support System (DSS) for Manager's Decision Making Process*" International Journal of Business and Management (2011). Page:164

1.3 The strategic significance of information technology:

Information systems are mainly built to resolve problems and detect and take advantage of opportunities.

Information technology provides support to three key strategic elements in an organization:

- Business processes and operations
- Decision making by employees and managers
- Strategies for competitive advantage[1]

The role of information technology can be divided into three levels[2]:

1. **Strategic management**:
   Information technology helps in strategic decision making and long term planning via:
   - Strategic analysis
   - Strategic choice
   - Strategic implementation

2. **Strategic planning**:
   Information technology helps managers turn the strategic vision into achievable plans through measuring the gap between the objectives and resources

3. **Strategic operations**:
   Information technology helps measuring the efficiency and performance of the day-to-day activities via tools and systems such as: Benchmarking, gap analysis ...

---

[1] https://www.academia.edu/9464635/Strategic_Roles_of_information_Systems_Introduction visited on 27th March 2020 at 8:00 pm

[2] https://www.slideshare.net/Libcorpio/strategic-role-of-information-systems visited on 27th March 2020 at 8:37 pm

Section 2: Value chain

According to Michael. E porter; competitive advantage cannot be well understood by looking at a firm as a whole because each activity performed by the company can be the source of it; each activity contributes to a firm's relative cost position and create a basis of differentiation.

So in order to understand the source of competitive advantage, a systematic examination of the activities performed by the company is needed.

2.1 Value chain definition:

Michael. E porter defines value as "the amount buyers are willing to pay for what a firm provides them and it is measured by the total revenue"

"The value chain displays total value and consists of 2 elements:

- **Value activities**:
  The physically and technologically distinct activities a firm performs. These are the building blocks by which a firm creates a product valuable to its buyers.
- **Margin**:
  The difference between total value and the collective cost of performing the value activities"[1]

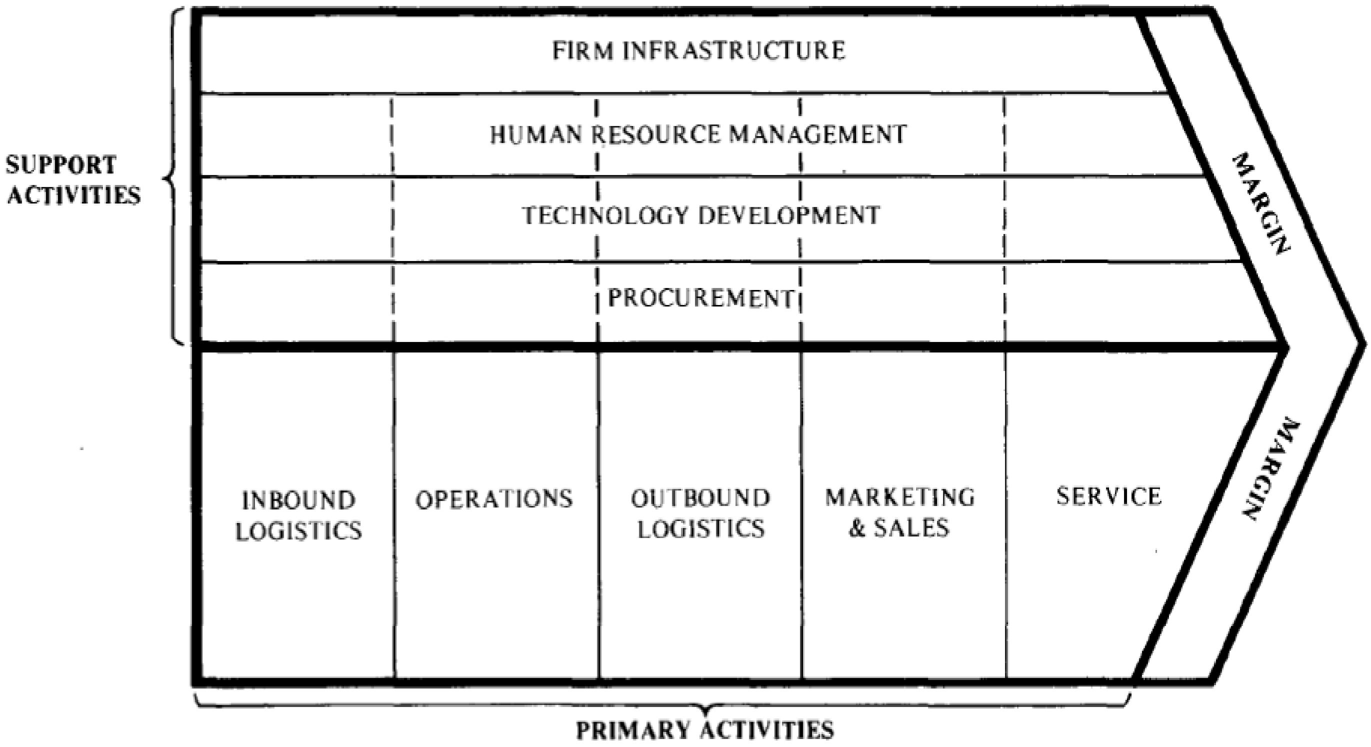
"The value chain is a generic framework that permits a range of applications and analyses. It permits the analyst to divide the firm's activities into broad categories and increasingly into more specific categories. Thus, operations might be refined into subcomponents and assembly: marketing and sales into market research, product development, sales force, and so on. The usefulness of this is to be able to identify those activities that are the source of the competitive advantage and to be able to locate them within the value chain"[2]

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 39

[2]John McGee « *value chain* » January 2014

2.2 Categories of value activities:

Figure 3: value chain



Source: Michael. E porter "*Competitive advantage_ creating and sustaining superior*

i. Primary activities:

- Inbound Logistics:

Activities associated with receiving, storing, and disseminating inputs to the product, such as material handling, warehousing, inventory control, vehicle scheduling, and returns to suppliers.

- Operations:

Activities associated with transforming inputs into the final product form, such as machining, packaging, assembly, equipment maintenance, testing, printing, and facility operations.

- Outbound Logistics:

Activities associated with collecting, storing, and physically distributing the product to buyers, such as finished goods warehousing, material handling, delivery vehicle operation, order processing, and scheduling.

- Marketing and Sales:

Activities associated with providing a means by which buyers can purchase the product and inducing them to do so, such as advertising, promotion, sales force, quoting, channel selection, channel relations, and pricing.

- Service:

Activities associated with providing service to enhance or maintain the value of the product, such as installation, repair, training, parts supply, and product adjustment.

ii. **Support Activities:**

- Procurement:

The function of purchasing inputs used in the firm's value chain. It includes raw materials, supplies, and other consumable items as well as assets such as machinery, laboratory equipment, office equipment, and buildings. These inputs are present in every value activity including support activities.

- Technology Development:

Every value activity embodies technology which is the know-how, procedures, or technology embodied in process equipment. it rages from those technologies used in preparing documents and transporting goods to those technologies embodied in the product itself.

- Human Resource Management:

Activities that are involved in the recruiting, hiring, training, development, and compensation of all types of personnel. Human resource management supports both individual primary and support activities (e.g., hiring of engineers) and the entire value chain (e.g., labor negotiations).

- Firm Infrastructure:

Activities including general management, planning, finance, accounting, legal, government affairs, and quality management. [1]

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 61

2.2 Linkages:

The activities of the value chain are not independent. They are related by linkages within the value chain.

"Linkages are relationships between the way one value activity is performed and the cost or performance of another"[1]

According to Siggelkow a Professor at Warton Business School "The activities of the value chain are mutually reinforcing if they are starting to form a system that makes the company efficient and effective. This system is coordinated by interrelationships formed between the activities of the company"[2]

The activity of the company depends on the decisions made by the management of the company. These decisions are reflected on the operational level within each activity of the value chain. The choices related to each activity often have an impact on the realization of the others (in terms of cost or performance or both) and so analyzing the links between the activities is essential in understanding the source of competitive advantage. "In the real world value chains are very complex. And the most important implication of applying the value chain approach is the fact that all decisions made at one step in the process have consequences for the following steps, and often such decisions may be irreversible"[3]

---

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 72

[2] https://d37djvu3ytnwxt.cloudfront.net/assets/courseware/v1/c696acd0849497d5aec6e8ec48431490/asset-v1:Wharton+StrategyX+2T2017+type@asset+block/Module_1_slides.pdf visited on 28th March 2020 at 12:26 pm

[3] https://shodhganga.inflibnet.ac.in/bitstream/10603/92155/10/10_chapter%204.pdf visited on 28th March 2020 at 12:47 pm

2.4 Value chain and competitive advantage:

The company can create a competitive advantage by optimizing each of its activities and the links between them. According to Michael. E porter, the competitive advantage is a function of the company's value chain. First, a company's cost position reflects the collective cost of performing all its value activities relative to rivals; each value activity has cost drivers that determine the potential sources of a cost advantage. On the other hand, each activity within the value chain can contribute to the ability of the company to offer a different product or service.

Furthermore, Michael. E porter considers the nine categories of the value chain activities as "building blocks of competitive advantage"[1] with each activity contributing to the competitive advantage of the company.

As a means for understanding competitive advantage, the value chain identifies all of the activities an organization performs and which "contribute to a firm's relative cost position and create a basis for differentiation". In order to have a clearer perspective of the activity of the company; the value chain divides it into its strategically relevant activities and thus the improved performance of these activities leads to competitive advantage[2]

According to Barney, J; firms compete on the basis of 'unique' corporate resources that are valuable, rare, difficult to imitate, and non-substitutable by other resources[3]. And thus the source of competitive advantage is defined by Barney, J as a unique skill or asset possessed by a firm that enables them to outperform their rivals. Consequently; competitive advantage can result from either implementing a value-added strategy not simultaneously being employed by competitors or through the superior execution of the same strategy as competitors. Further, a competitive advantage needs to be sustainable. And sustainability is achieved when the advantages resist imitation in the wider market [4]

---

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 82

[2] idem Page: 83

[3] Barney. J "*Firm Resources and Sustained Competitive Advantage. Journal of Management"* (1991)

4 idem

Section 3: The role of Information Technology in the competitiveness of the company

3.1 The impact of Information Technology on innovative:

Innovation is a significant indicator of the company's ability to survive, grow and compete in the marketplace and that's because the reason behind innovating is for the company to achieve competitive advantage and improve its performance. Information technology has been shown to positively influence innovation through improvements in communication, sharing of information and knowledge, inter-organizational exchange and processes of organizational learning, concepts which underlie innovation. Furthermore, through the use of IT, customer feedback can be solicited, with such data serving as input into the innovation process, thereby resulting in improved or new products or services[1]

Firms pursue innovation to build or maintain competitiveness. This is accomplished through the creation of productivity-improving value chain activities (process innovations) or through the extraction of rents generated by the sale of new products or services (product innovations)[2]

3.1.1 IT and process innovation

The application of IT contributes to the innovation process through three primary mechanisms.

- Information technology contributes to the management of knowledge used in innovation production.
- information technology enables critical elements of the innovation production process, including opportunity identification, concept development, and innovation design.
- information technology enables the inter-organizational coordination between the focal firm and its external innovation partners[3]

---

[1] KMIECIAK, R., A. MICHNA, AND A. MECZYNSKA. "*Innovativeness, Empowerment and IT Capability: Evidence from SMEs*." Industrial Management & Data Systems 2012. Page: 708

[2] KLEIS, L., CHWELOS, P., RAMIREZ, R. V., & COCKBURN, I. "*Information Technology and Intangible Output: The Impact of IT Investment on Innovation Productivity. Information Systems Research*" (2012).

[3] ZEESHAN ASIM, SHAHRYAR SOROOSHIAN: "*Exploring the Role of Knowledge, Innovation and Technology Management (KNIT) Capabilities that Influence Research and Development*" (2019)

3.1.2 IT and product innovation:

Information technology contributes to innovation production in multiple stages.

In the idea stage, customer relationship management (CRM) systems act as an information input to innovation production. The information flowing from CRM systems enables a firm to analyze its customers and identify needs that are not being met by current products and services[1]

Information technology also enables efficient design capabilities. Technology such as computer-based design applications help to digitize a new product's design and make it available throughout the innovation production process. This allows team members to integrate their design efforts, whether located in local or distant R&D centers, from product conception through final assembly[2]

Finally, IT is being used to integrate design and production systems, which enables greater precision and overall product introduction efficiency. This serves to minimize manufacturing costs as well as improve the efficiency of production throughput for the new innovation[3]

---

[1] KLEIS, L., CHWELOS, P., RAMIREZ, R. V., & COCKBURN, I. "*Information Technology and Intangible Output: The Impact of IT Investment on Innovation Productivity. Information Systems Research"* (2012).

[2]Sudarsan, R., S. J. Fenves, R. D. SRIRAM, F. Wang. "*A product information modeling framework for product lifecycle management*". 2005

[3] Hatch, N. W., D. C. Mowery. "*Process innovation and learning by doing in semiconductor manufacturing*". Management SCI 1998

3.2 The impact of Information Technology on costs and performance:

It is known that the use of information technologies contributes significantly to improving the business performance and reducing the costs.

Organizations based on IT use information systems to improve communication, make fast circulation and accessibility of information, ease processes, analyze information, secure information, and finally connect to the environment out of the organization. This provides a rational solution for managers so that costs could be reduced and all affairs would be controlled by a center point[1]

3.3 The impact of Information Technology on strategic differentiation:

Information technology is considered as the building block of the company's decision making. It helps the company take facts-based decisions and deliver the best offer for its customers. And thus, Information Technology is instrumental in creating a distinct element of differentiation for an organization and improve its position among its competitors[2]

Furthermore, information technologies help the company offer a different product or service through price, product innovation, reduced time to market and enhanced customer service. Organizations can benefit from customized products & services and enhanced customer interactivity through Internet offering sustained competitive differentiation[3]

Also, information technologies offer the company the opportunity to establish its brand image and positioning; since organizations use multiple media (online) and databases to reinforce brand identities and generate loyalty by demonstrating higher differentiation and ultimately increasing the market share[4]

---

[1]https://www.academia.edu/9001527/The_role_of_information_technology_in_reducing_quality_costs_of_organizations_and_companies visited on 29th March 2020 at 5:51 pm

[2]DEHNING, B., & STRATOPOULOS, T. *"Determinants of a Sustainable Competitive Advantage due to an IT-Enable Strategy. Journal of Strategic Information Systems*" (2003).

[3]FRUHLING, A. I., & DIGMAN, LA. "*The impact of electronic commerce on business-level strategies*". Journal of Electronic Commerce-Research (2000).

[4]Smith, E. R. "*E-Loyalty: How to Keep Customers Coming Back to your Website"*. Harper Business, New York (2000).

3.4 The impact of IT on competitive advantage:

According to Michael E. Porter; the role of Information Technology was elevated to planning and strategic roles in strategic information systems era. The capabilities of Information Technology were used to increase the competitiveness of the organizations by changing the ways they conducted business. Information Technology was entrusted with the job to understand and facilitate implementation of strategies and in turn achieving the objectives for organizations. Information Technology looked at the strengths and weaknesses of the organizations and also at the external opportunities and threats present in the competitive environment. The organizations using Information Technology for strategic information coupled with intellectual knowledge were identifying early opportunities and preventing possible threats[1]

Competitive intelligence is aided by IT when IT is used collecting and analyzing information about products, markets, competitors, and environmental changes[2]

Prescott and Gibbons (1996) define competitive intelligence as a formalized continuous evolving process by which a management team access evolution of its industry, capabilities and behavior of its current competitors to assist in maintaining or developing competitive advantage. A study by Prescott & Bhardwaj (1995) shows that Competitive intelligence programs provide benefits such as Influencing actions of decision-makers, improving early warning signals, identifying new opportunities, exploiting competitor vulnerabilities, sharing of ideas and Better serving the company's customers[3]

---

[1] Michael. E porter "*Competitive advantage_ creating and sustaining superior performance _ with a new introduction*". 1985 edition. Page: 204

[2] Guimaraes, & Armstrong. "*Exploring the Relationships Between Competitive Intelligence, IS Support, and Business Change"*. Competitive Intelligence Review (1997).

[3] SAMUEL SHAKE RIGHA. « *information technology and competitive advantage in internet service providers in KENYA*". 2014

Section 4: Information technology changing the nature of competition

According to Michael E. Porter[1]; the information technology is changing the rules of competition in three ways:

a. It is changing the industry structure
b. It is giving companies new ways of creating competitive advantage
c. It is creating completely new businesses

a. changing the industry structure

the attractiveness and profitability of an industry is impacted by 5 forces:

- the power of buyers
- the power of suppliers
- the threat of new entrants
- the threat of substitute products
- the rivalry among existing competitors

Information technology can impact each one of these forces and thus change the attractiveness and profitability of an industry

b. Creating competitive advantage:

i. lowering cost:

Information technology can impact the company's cost in any part of the value chain. All the activities of the company (even those with an important physical component like assembly) have an increasingly important information-processing component.

Information technology also affects cost drivers that can impact the company's cost position

ii. Enhancing differentiation:

Information technology makes it possible to customize products and thus best meet the buyer's needs

c. Changing the competitive scope and creating completely new businesses:

The technology increases a company's ability to coordinate its activities regionally, nationally, and globally. It can unlock the power of broader geographic scope to create competitive advantage. It is also creating interrelationships among industries that were previously separate and thus it is changing many industries' landscapes.

The information revolution is giving birth to completely new industries in three distinct ways:

1. it makes new businesses technologically feasible
2. it creates derived demand for new products
3. it creates new businesses within old ones

[1] https://hbr.org/1985/07/how-information-gives-you-competitive-advantage visited on March 29, 2020 at 8:23 pm

Section 5: Competing in the age of information

According to Michael E. Porter[1]; there are five steps that the company must follow in order to take advantage of information technology:

a. **Assess information intensity:**
   evaluate the existing and potential information intensity of the products and processes of its business units.
   This may help identify priority business units for investment in information technology.
b. **Determine the role of information technology in industry structure:**
   examine how information technology might affect each of the five competitive forces.
c. **Identify and rank the ways in which information technology might create competitive advantage:**
   identify the value activities that are likely to be most affected in terms of cost and differentiation (activities that represent a large proportion of cost or that are critical to differentiation)
   also; a company should consider how information technology might allow a change in competitive scope; Can information technology help the company serve new segments?
d. **Investigate how information technology might spawn new businesses:**
   Managers should consider opportunities to create new businesses from existing ones.
e. **Develop a plan for taking advantage of information technology:**
   This action plan should rank the strategic investments necessary in hardware and software, and in new product development activities that reflect the increasing information content in products. Organizational changes that reflect the role that the technology plays in linking activities inside and outside the company are likely to be necessary

[1] https://hbr.org/1985/07/how-information-gives-you-competitive-advantage visited on March 29, 2020 at 8:50 pm

Conclusion of chapter 2

First, Information technology are computer solutions whose goal is to increase productively and cooperation. Management Information Systems however take internal information from operating processing systems and summaries them to Meaningful and useful forms as management reports to use in performing management duties. In this chapter, we learn that Information technology is a strategic tool that is instrumental to facts-based decision making.

In another hand, one concept that is fundamental in revealing the source of the company's competitive advantage is the Value Chain. Which is basically a systematic examination of the activities performed by the company. In fact, the company creates a competitive advantage by optimizing each of its activities and the links between them. These activities contribute to a firm's relative cost position and create a basis for differentiation.

Consequently, Information technology is considered as the building block of the company's decision making regarding all the activities of the value chain. Since Information technology contributes significantly improving the performance, reducing the costs and nurturing the innovation efforts. In fact, the capabilities of Information Technology are used to increase the competitiveness of the organization by changing the ways they conduct business.

Chapter 3: the impact of operational benchmarking on competitive advantage

Introduction of chapter 3

In this chapter, we tackle the question: how does operational benchmarking impact competitive advantage?

First of all, in section one, we define operational benchmarking. And we clarify the difference between operational and strategic benchmarking.

Afterwards, in section two, we define the concept of key Performance Indicators (KPI). And we talk about their types of metrics.

Moreover, in section number three, we ask the question what to benchmark? We try to clarify which key Performance Indicators (KPI) are to benchmark? And why are they selected?

Then, in the fourth section, we identify the impact of operational benchmarking on performance.

Finally, in section number five, we identify the impact of operational benchmarking on competitive advantage.

Section 1: Operational benchmarking: the concept:

According to *Benchmarking for Best Practices: Winning Through Innovative Adaption*[1]; there are 2 types of benchmarking: operational and strategic.

1.1 What is operational benchmarking?

"Operational benchmarking focuses on assessing competitive positions through comparing the products and services of other competitors. When dealing with operational benchmarking, organizations want to look at where their product or services are in relation to competitors on the basis of things such as reliability, quality, speed, and other product or service characteristics"[2]

Operational benchmarking is about focusing on relative cost position or ways to increase product differentiation. The functional areas to be benchmarked depends on the function analyzed. For engineering functions, analysis may concern design efficiency. Manufacturing, distribution and sales operation may focus on cost effectiveness. Nevertheless, operational benchmarking generally involves one or both of two variables: competitive cost and competitive differentiation[3]

So we can say that operational benchmarking is about analyzing elements such as price, cost, quality relative to the company and those of the competitors.

---

[1] BOGAN, C.E. & ENGLISH, M.J "*Benchmarking for Best Practices: Winning Through Innovative Adaption*". New York: McGraw-Hill. (1994).

[2] William M. Lankford. "*Benchmarking: understanding the basics*" State University of West Georgia 2000

[3] Shetty, Y. K. *Aiming high: Competitive benchmarking for superior performance. Long Range Planning (*1993).

1.2 The difference between operational and strategic benchmarking:

According to G.H. Watson[1]; the difference resides in the following:

Table 1: the difference between operational and strategic benchmarking

	Strategic benchmarking	Operational benchmarking
scope	Broad	Small
Objective	fundamentally change the business	improving work processes or business processes which are not core processes
Why use it?	shift the entire focus of an organization: - restructure it - realign its goals - re-engineer its core business processes - redesign its product line - or renew its competitive commitment	- Studies of specific manufacturing practices (printed circuit board loading, computer-aided machining, or bar-code applications) - business support processes (contract approval process, accounts receivable process, or recruiting process for new employees)

Source: A Perspective on Benchmarking. (1994). *Benchmarking for Quality Management & Technology*

1 A Perspective on Benchmarking. (1994). *Benchmarking for Quality Management & Technology*

Section 2: key Performance Indicators (KPI):

1.4 Definition:

"Performance indicators is the term given to the measurement of performance. An analytical application of measurements that allows comparison of performance standards"[1]

According to Eric T. Peterson; "Key performance indicators are numbers designed to succinctly convey as much information as possible; they are always rates, ratios, averages or percentages. KPIs are designed to summarize meaningfully compared data; they take technical data and present it using business-relevant language. Good key performance indicators are well defined, well presented, create expectations and drive actions"[2]

"KPI is the general designation for the systems, which track the performance of businesses using the so-called key indicators. These indicators are the extract of information from the operational systems of the company KPIs can be divided into categories of applications used for the collection, processing and analysis of data to support decision-making processes of the company"[3]

The function of performance indicators is to identify the principal characteristics or components of successful performance, expressed either in terms which can be quantified or as reliable estimates of relative achievement. Thus they provide a profile of performance levels attained by a particular organization at a particular time; this enables a comparison with other organizations or with the same organization at different times[4]

---

[1] http://www.nigp.org/eweb/docs/education/OnlineDict/DictM.htm visited on March 30, 2020 at 9:12 pm

[2] Eric T. Peterson. "*The Big Book of Key Performance Indicators*". First Edition_2006

[3] LUCIE SYCHROVA, IVETA ŠIMBEROVA. "*Key performance indicators as a basic element for a marketing efficiency measurement*". 7th International Scientific Conference "Business and Management 2012"

[4]Philip H Meade "*A GUIDE TO BENCHMARKING*". Curtin University of Technology 2007

1.5 Types of metrics[1]:

- Input Metric:
  Resources used. They include labor, materials, equipment, and supplies.

- Output Metric:
  The recording of activity or effort that can be expressed in a quantitative or qualitative manner (e.g. total number of new contracts, total number of employees who obtained professional certification, total spend).

- Outcome Metric:
  an assessment of the results of an activity and show whether expected results were achieved. (e.g. customer service, improved performance of supplier, employee retention).

- Efficiency Metric:
  Efficiency measures are a ratio representing inputs to outputs or outcomes (e.g. turnaround time per purchase order processed, average administrative cost per contract, percentage of small business contracts as a percentage of total contracts issued).

- Explanatory Information: Explanatory information should identify internal or external variables that affect performance. (e.g. staff workload, vendor performance).

[1] https://cdn.ymaws.com/www.cappo.org/resource/collection/FBBFC7BF-369D-43DE-B609-3D41BA05D10E/Performance%20Metrics.pdf visited on March 30, 2020 at 9:20 pm

Section 3: What to benchmark?

Each key performance indicator used in benchmarking should be exploitable for the DATA analysis of the company, they should align with the goals and objectives of the company and they should be concrete and focused.

According to ARASH SHAHIN, M. ALI MAHBOD[1]; the selected Key Performance Indicators must be SMART (Specific, Measurable, Attainable, Realistic and Time-sensitive).

- Specific: Goals should be detailed and as specific as possible. Loose, broad or vague goals are not desirable. When goals are specific, it is much easier to hold someone to account for their achievement.
- Measurable: In order to clearly determine if objectives have been achieved, goals should not be ambiguous, rather they should be clear and concrete. Each goal should be measurable. The measure may be quantitative or qualitative, but measurement should be against a standard of performance and a standard of expectation.
- Attainable: Success or failure is only fairly attributed against practical goals. Goals should not be out of reach. They should be reasonable and attainable. However, setting goals is a balance between this degree of "attainability" and challenge and aspiration.
- Realistic and result-oriented: Extending the concept of attainability, a goal should be realistic. It is possible that a goal could be set that is attainable, but not realistic in the particular working environment. Being realistic in the choice of goals is helpful in examining the availability of resources and selecting KPIs.
- Time-sensitive: Goals should have a time frame for completion. Having a time frame will provide a structure and allows the analyst to monitor progress. A timeline or completion date should be a part of a goal. Being time sensitive is helpful in measuring success along the path of reaching the goal. It also assists in developing a realistic action plan, including setting intermediate objectives and strategies for reaching the goals

[1] ARASH SHAHIN, M. ALI MAHBOD: *"Prioritization of key performance indicators: An integration of analytical hierarchy process and goal setting"*. University of Isfahan 2006

According to Philip H Meade[1]; when selecting performance indicators for the purpose of a benchmarking study, a number of factors need to be taken into consideration. The most important are the need for:

- both quantitative and qualitative measures of performance
- Indicators that are relevant to the selected topic for benchmarking
- Indicators which exhibit sufficient precision to accommodate meaningful comparison
- ‘contextualizing’ of benchmarking data
- measures of performance that can be reproduced, to enable comparison with the benchmarking partner and evaluation of one's own performance after initiatives arising from benchmarking have been implemented

Furthermore; priority should be given to benchmarking performance areas that result in the organization’s success. an organization’s success should be defined by its mission, and ambitions stated there should be benchmarked. In profit-seeking organizations competitive advantage can be achieved either by cost leadership or differentiation[2]

- <u>Cost leadership</u>: If cost leadership is the generic strategy adopted by the company, then the following might be worth benchmarking against competitors:
  • Turnover/employment costs
  • Shop rent/m2
  • Inventory turnover
  • Inventory costs
  • Wastage
  • Number of inventory lines stocked (keep low to minimize costs)
  • Gross profit percentage

- <u>Differentiation:</u> If the company attempted to compete through differentiation and presented itself as an upmarket brand, then the following might be particularly worth benchmarking:
  • Number of inventory lines stocked (keep high to offer choice)
  • Number of new products brought to market
  • Number of unique products
  • Gross profit percentage
  • Check-out queuing times
  • Customers’ impressions of quality.

And that's because a cost leader lives or dies by keeping costs very low while a differentiator depends on high levels of service, innovation, uniqueness, style and quality.

Another approach that can indicate where benchmarking would be particularly useful is to examine an organization's value chain[3]

[1] Philip H Meade "*A GUIDE TO BENCHMARKING*". Curtin University of Technology 2007

[2] http://upload.news.esnai.com/2013/0328/1364451214137.pdf visited on March 30, 2020 at 5:31 pm

[3] https://cdn.ymaws.com/www.cappo.org/resource/collection/FBBFC7BF-369D-43DE-B609-3D41BA05D10E/Performance%20Metrics.pdf visited on March 31, 2020 at 3:16 pm

Section 4: The impact of operational benchmarking on performance:

In order to understand the impact of operational benchmarking on the company's performance, we should first define what we mean by operational performance. In this research we mean by performance all the measurable aspects of the outcomes of an organization's processes, such as reliability, production cycle time, and inventory turns. Operational performance in turn affects business performance measures such as market share and customer satisfaction[1]

There are so many authors, scholars and researchers who studied the relationship between operational benchmarking and performance.

First of all, according to Salem (2003)[2], benchmarking is a continuous process that can be utilized to measure and improve organizational performance[1]. Also, according to the research conducted by HASHIM (2012) [3], to examine the relationship between operational benchmarking process and organizational performance. The results confirmed that benchmarking process and organizational performance are significantly correlated. In addition, according to Saunders (2016) [4], benchmarking can be described as a tool utilized by organizations to determine practices required to boost organizational performance. Furthermore, the results of the research conducted by RIAD AHMAD and MOHAMMED ABAZEED (2017)[5] confirm that all dimensions of operational benchmarking are significantly as well as positively associated with operational performance.

---

[1] https://www.coursera.org/learn/wharton-operations visited on March 31, 2020 at 6:30 pm

[2] Salem, H. (2003). "*Organizational performance management and measurement: The Lebanese experience*". Economic and Social Commission for Western Asia, Meeting on the Innovation of Public Administration in the Euro-Mediterranean Region (UNDESA), Beirut

[3] HASHIM, R., YUSOFF, R. AND MAT, R. *"Benchmarking process and its relationship with organizational performance"*. The Asian Journal of Technology Management (2012).

[4] SAUNDERS, L., MCCOY, A., KLEINER, B., LINGARD, H., COOKE, T., MILLS, T., BLISMAS, N. AND WAKEFIELD, R. "*International benchmarking for performance improvement in construction safety and health*". Benchmarking: An International Journal (2016).

[5] RIAD AHMAD MOHAMMED ABAZEED. "*Benchmarking Culture and Its Impact on Operational Performance: A Field Study on Industrial Companies in Jordan*". International Journal of Academic Research in Economics and Management Sciences (2017)

In fact, operational benchmarking is mainly a tool that enables decision-makers in the firm to understand how much improvement they will need to bring about in order to achieve greater performance. Operational benchmarking helps the firm generate explicit and quantifiable short-term information that is the source of plans that are based on present reality instead of past performance, and which can sustain step-by-step expansion in performance over time which is very beneficial in the company. The purpose is to overhaul the top performers, turning a performance discrepancy into performance leadership. Successful operational benchmarking results in improvements to excellence and efficiency as well as positive monetary outcomes; benchmarking promotes a "learning culture", which is key to unvarying long-term quality improvement and competitiveness[1]

Some researchers consider operational benchmarking as the engine of the performance management effort[2]. As it is an essential component of continuous improvement. In today's competitive market place, in order to maintain a continuous and effective pace, efforts need to be made to show efficient results. in real world this means that benchmarking produces the expected results, while consuming the least amount of resources. The information generated from the operational benchmarking procedures (which must be timely and efficient) is very essential in the decision making.

Various authors stated the following advantages of benchmarking[3]:

---

[1] BALA KRISHNAMOORTHY, CHRISTINE D'LIMA. "*Benchmarking as a measure of competitiveness".* NARSEE MONJEE Institute of Management Studies (2017)

[2]CARLOS F. GOMES, MAHMOUD M. YASIN. "*A Systematic Benchmarking Perspective on Performance Management of Global Small to Medium-sized Organizations: An Implementation-based Approach".* Benchmarking: an international journal_2011

[3] GONCHARUK A.G., LAZAREVA N.O., ALSHARF I.A.M. "*Benchmarking as a performance management method"*. Polish journal of management studies_2015

- It helps the enterprise to define its strength and weaknesses, depending on changes of the supply, demand and market conditions
- it helps to satisfy better consumer inquiries on a quality, price, goods and services by establishment of new standards and purposes
- it stimulates workers to achievement of new standards and aspiration to new development in the connected fields of activity, improves motivation of the personnel
- it allows the enterprise to realize what level of efficiency is really achievable and how is possible to reach improvements
- it documents the reasons of existing distinctions
- it helps the enterprises to raise their competitiveness by stimulation of constant perfection for a maintenance of the international level of efficiency and an increase of competition level
- it promotes changes and provides improvement of quality, productivity and efficiency, which in turn bring innovations and competitiveness
- it is fast and inexpensive way of creation of a pool of innovative ideas, which can be used in the decision of the majority of nascent practical problems

Although most researchers agree that operational benchmarking and organizational performance are positively correlated, this correlation varies depending on the industry. Comparisons of benchmarking in two sectors-manufacturing and financial services-revealed differences in the effectiveness of operational benchmarking. In fact, benchmarking meets with differing degrees of success depending upon approach, industry and market. Furthermore, Researchers[1] have concluded that If you analyze the relative frequency and perceived success of operational benchmarking as opposed to that of strategic benchmarking, operational benchmarking probably scores most highly because it is usually easier to conduct studies of products or services in the marketplace than to gain access to information about internal business processes or business strategies. Similarly, strategic benchmarking is likely to be used least frequently because the results take much longer to appear. In the real world, Operational benchmarking is conducted very frequently (in certain companies a benchmarking report is conducted every week).

---

[1] Drew, S. A. W. "*From knowledge to action: the impact of benchmarking on organizational performance*". Long Range Planning (1997).

Section 5: The impact of operational benchmarking on competitive advantage:

In strategy, it's known that an organization's strategic positioning (element of differentiation or cost leadership) is first assessed externally from the perspectives of the customers, the best competitor, and finally in regard to its core competencies. All three viewpoints are simultaneously considered to give a three-dimensional perspective to potential strategic actions[1].Therefore, operational benchmarking is a strategic tool in the hands of decision makers in the organization; that's because it provides them with rich context and tradeoff information to guide decisions[2]

Operational benchmarking helps the company:

- Take decisions that can help executives chart a more advantageous course for the company
- help it attain strategically critical results.
- direct bold action toward important customer needs,
- outdistance competitors
- build previously unavailable core competencies.
- Produce world-class product and service practices that sustain clear competitive advantages[3]

Furthermore, operational benchmarking is an external activity that involves the investigation of a direct competitor, it requires the location of, and comparison to, another's products, services, or processes. There are many advantages to operational benchmarking.

- it can play a critical part in identifying a company's position compared to market or industry standards.
- It may provide a means for understanding how others (customers, suppliers, or shareholders) perceive the organization, and the products and/or services it delivers[4]

---

[1]Williams, J. R. *"How Sustainable is Your Competitive Advantage?"* California Management Review (1992).

[2]SRIVIDYA, A., & METRI, B. A. "*IT-Driven Quality Benchmarking for Competitive Advantage".* IETE Technical Review (2001).

[3] Jennings, K., & Westfall, F. "*Benchmarking for Strategic Action".* Journal of Business Strategy, (1992).

[4]ANDREW J. ZUCHRY, MAHMOUD M. ASINT AND JEFFREY J. ORSCH. "*A review of benchmarking literature: a proposed model for implementation*". Tennessee State University 1995

Conclusion of chapter 3

In one hand, Operational benchmarking is an activity that focuses on assessing competitive positions through comparing the products and services of other competitors. The aim being to look at where the company's product is in relation to competitors on the basis of measurable metrics. The core objective of operational benchmarking is improving work and business processes.

In the other hand, Performance indicators are analytical measurements of performance; they allow comparison of performance standards. They range from materials and equipment to customer service and vendor performance and from Output Metrics (like number of new contracts) to Efficiency Metrics (like turnaround time per purchase order processed).

In fact, Key Performance Indicators that are used in operational benchmarking must be SMART (Specific, Measurable, Attainable, Realistic and Time-sensitive). They should be exploitable for the DATA analysis. And they must align with the goals and objectives of the company.

Consequently, Operational benchmarking helps the firm generate explicit and quantifiable short-term information that is the source of plans that are based on present reality. It helps the company define its strength and weaknesses based on concrete, focused and measurable metrics. Also, it helps satisfy better consumer inquiries on quality and price.

Moreover, Operational benchmarking has a direct impact on competitive advantage. In fact, it's a tool that helps the company Produce world-class products that sustain a clear and distinctive competitive advantage. It also plays a critical part in identifying a company's position compared to market or industry standards.

Chapter 4: the impact of benchmarking on the competitive advantage (case study JUMIA Algeria)

Introduction to chapter 4

First of all, we start off by present the subject of our case study and that is JUMIA; a marketplace (e-commerce site) where sellers ''share'' in the space to make profits, it brings together all types of independent sellers into a one-stop shop that is convenient for consumers to not only check prices for the best deals, but do so all under one electronic roof. When consumers visit JUMIA online market, they can purchase all types of goods directly from JUMIA and they can find - and buy - products from sellers from all over Algeria.

Then, in section number two, we present the Quantitative research method. Which relies on three types of data: in-depth interviews, direct observations and written documents.

Afterwards, we present the questionnaire respondent. MORDJANE CHERCHALI; Head of commercial planning & performance at JUMIA Group.

In the fourth section, we present the questionnaire. Which is divided in five parts:

- Value chain analysis
- Mapping the activity system
- Analyzing the industry attractiveness
- Positioning evaluation
- Benchmarking processes

Finally, in section number five, we interpret the results of the questionnaire in light of the insights that we got from the theory study done previously.

Section 1: Company presentation

1.1 General presentation:

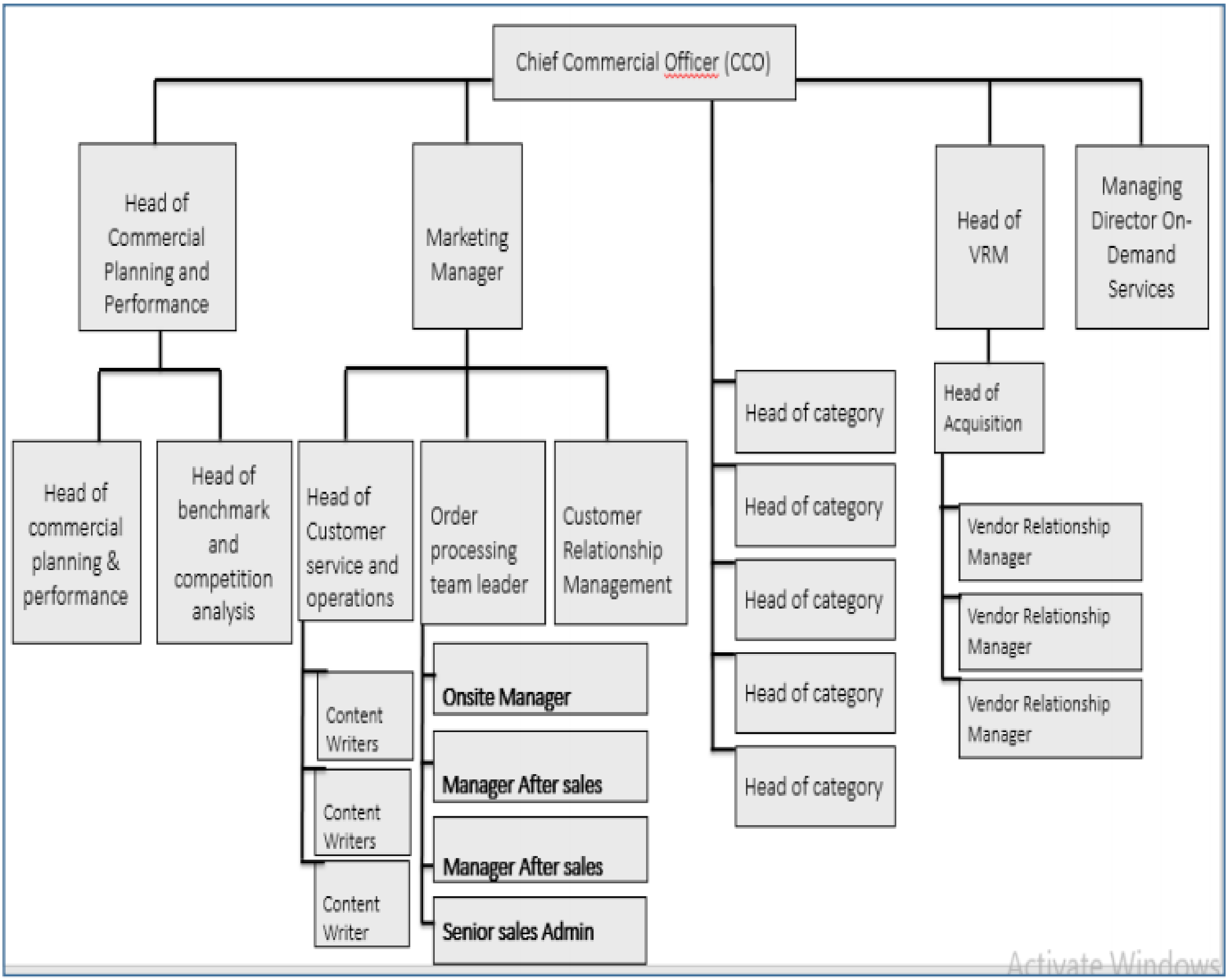
JUMIA is a marketplace (e-commerce site) where sellers ''share'' in the space to make profits, it brings together all types of independent sellers into a one-stop shop that is convenient for consumers to not only check prices for the best deals, but do so all under one electronic roof. When consumers visit JUMIA online market, they can purchase books and other goods directly from JUMIA and they can find - and buy - products from sellers from all over Algeria.

Once the consumer buys a product from the JUMIA website, the product will be delivered to his address where the payment is made in cash on delivery.

- Date of creation: Mai 2012
- Created by:
  - JÉRÉMY HODARA
  - SACHA POIGNONNEC
- Address: 203 Rue Ahmed OUAKED, DELY Ibrahim
- Sector: consumer services
- Industry: retail
- Number of employees: 65 employees
- Activity: E- commerce, product delivery
- Country of origin: France

1.2 Organigram:

Figure 4: JUMIA's Organigram



Source: commercial department at JUMIA

1.3 The organization of the marketing activities

1.3.1 **Internal elements**:

1.3.1.1 Mission and vision of the company:

- Mission statement:

"The company is founded with a very strong belief: Internet can improve people's lives in Africa, we aim to build a digital Africa, connecting Africans with each other, bringing consumer goods and services to all"

- The company's vision:

"Expand your horizons"

1.3.1.2 SWOT:

■ **Strengths**:

• The young and motivated team (the majority under 30 years old)

• The style of management (participative) which cultivates the creativity of the team (ex: organizing daily stand up meetings where the members of the team are updated about the advancement of the ongoing projects.

• The technological infrastructure (the website, the seller center, the DATA generator…)

• The salary of employees is variable depending on the performance.

• The low start-up costs: it's a business that does not necessitate too much investment (Personal computers and internet connection required necessities)

■ **Weaknesses**:

• the capacity of delivery with its own means is limited which implies the dependence towards the delivery companies

• the difficulty to control the abuses of the deliverymen (to break a product, or to ask for a superior amount than agreed...)

- **Opportunities**:

• Algeria has an active population of about 12 million, Due to their preoccupation throughout the week this category of people welcomes the idea of shopping online

• cheap Facebook's CPM on Algeria (about 0.7dollars) Which means low advertising costs

• 18 million connected people on Facebook in Algeria that can easily be targeted

- **Threats**:

• due to the low barriers of entry of this market, we notice a continuous appearance of new competitors

• the absence of e-payment and the Dependence on "cash on delivery" as the sole means of payment can increase the return rate

• the absence of a law that protects both online seller's buyers

• Logistic weakness and difficulty of delivering the products to 48 WILAYAS especially those of south

• the low internet speed can affect advertising campaigns

1.3.1.3 4P:

- **Product**:

The JUMIA platform offers all that people need; local sellers with JUMIA Market, hotel booking with JUMIA Travel and JUMIA flights, food delivery with JUMIA Food, and lastly logistics services with JUMIA Express

Principal features of the services: JUMIA offers a wide range of categories from computing, appliances, phones to fashion and house utensils. Also, it offers different brands and different models in each brand. And the price is an important part of the offer since JUMIA always tries to offer competitive prices (best market price)

- **Price**:

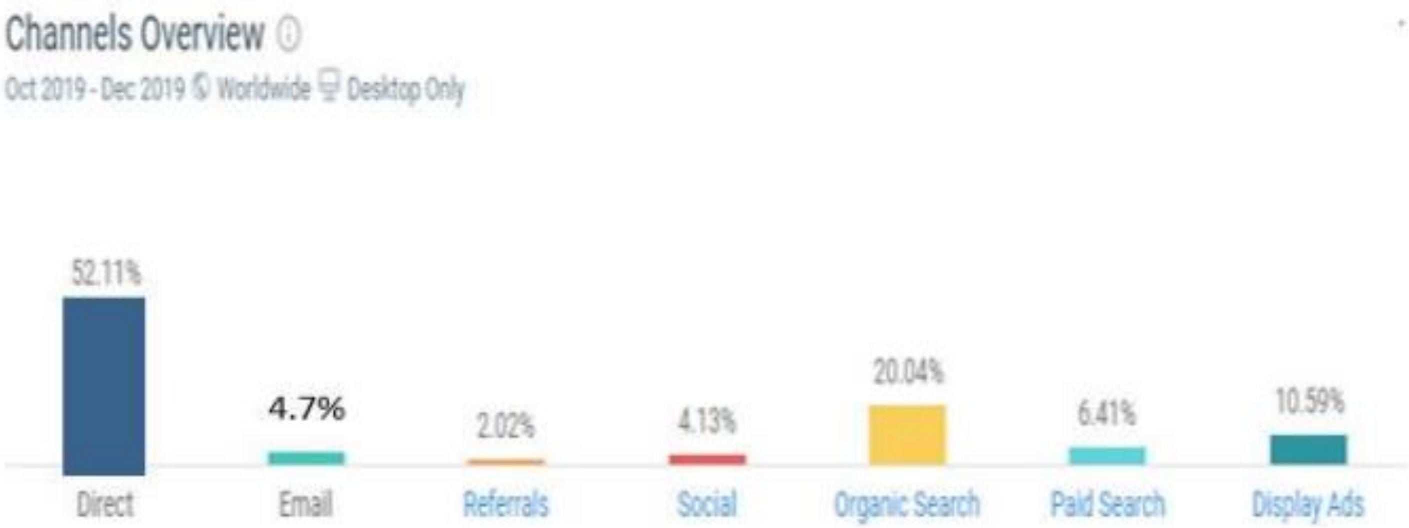
JUMIA always tries to offer the best market price (the lowest in the market) which is actually part of the positioning of JUMIA in the market.

And regarding the pricing techniques JUMIA uses the following tactics mix: discount, price lining competitive,

- **Promotion**:

JUMIA's audience mainly comes directly from its website (52.11%). The marketing channels of JUMIA are displayed in the following diagram:

Figure 5: channels overview



Source: excel software

The most used promotion techniques are:

Design Direct response (including E-mail), Distribution, Gifts, Interactive marketing, Newsletters, Sponsorships.

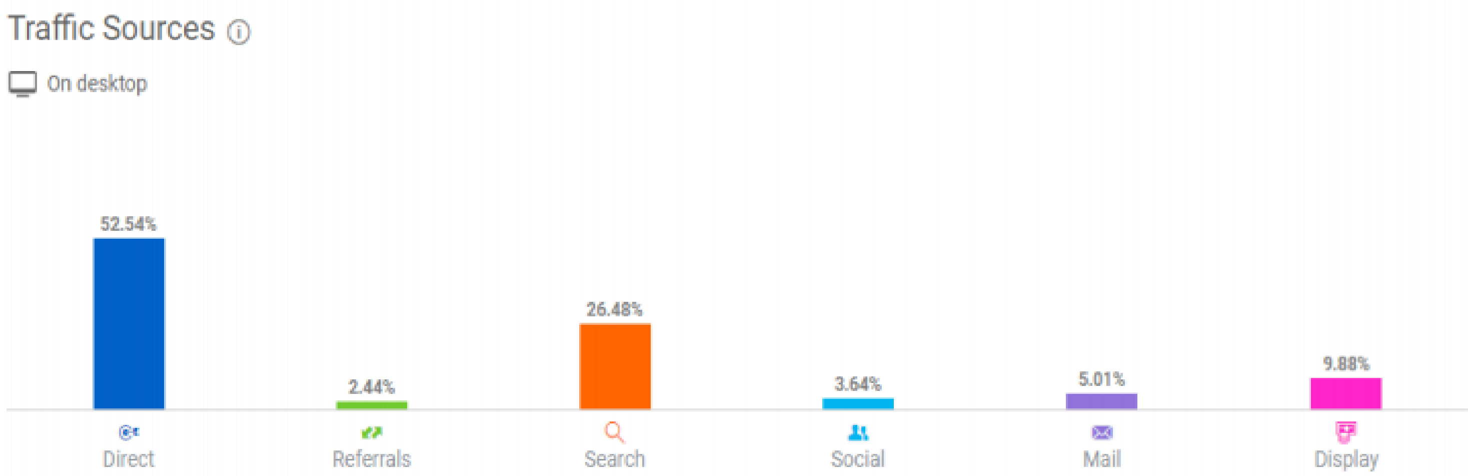
A traffic overview of the website is displayed in the following diagram:

Figure 6: traffic overview of the website

Source: excel software

The website traffic sources are displayed on the following diagram:

Figure 7: website traffic sources



Source: excel software

The effectiveness of the promotion efforts is clear considering the target and actual active customers, net orders and net margins as is displayed on the following table:

Table 2: measurement of the effectiveness of the promotion

KPI	Actual	Target
Active customers	12 162	16174
Net orders	19,257	19,470
Net margin (profit)	€833,000	€844,000

Source: elaborated by us

Regarding the marketing messages that JUMIA uses, in order to understand their concept let's take the example of JUMIA Anniversary that took place on the period between 24 June - 7 July.

Table 3: marketing messages at JUMIA Anniversary June 2019

Customers	
Customer Type 1 - New (Sex, age, income level, city tiering)	Male and female (60/50) - Urban - 24 to 30, A & B, young professionals T1 & T2. Willing to buy high value items: goes from shoes, parfums to phones. Salary from 25K to 50K DA
Customer Type 2 - New (Sex, age, income level, city tiering)	Female - Household decision maker - bellow 50 - Urban - T1 & T2. Willing to buy home items: appliances & beauty products along with clothes
Customer Type 3 - Returning (Sex, age, income level, city tiering)	Male below 40 Urban A & B, T1 & T2. Experienced worker. Never buys outside T1 campaigns of Jumia, always waiting for MW, JA, BF. Willing to buy high value during FS, and with 50% off

Source: commercial department at JUMIA

Table 4: marketing messages at JUMIA Anniversary June 2019

WHY SHOULD I CARE?	
Concept/Value proposition	
Number of Deals	5000
USP	**Anniversaire Jumia: Daymen rabhine** **C'est l'anniversaire de Jumia: Toujours gagnants!**
Messaging #1 (Tag line)	Plus de xx% de réductions!
Messaging #2 (Tag Line)	25K produits en un click
Messaging #3 (Tag Line)	Célébrez l'anniversaire de Jumia et tentez de gagner un voyage

Source: commercial department at JUMIA

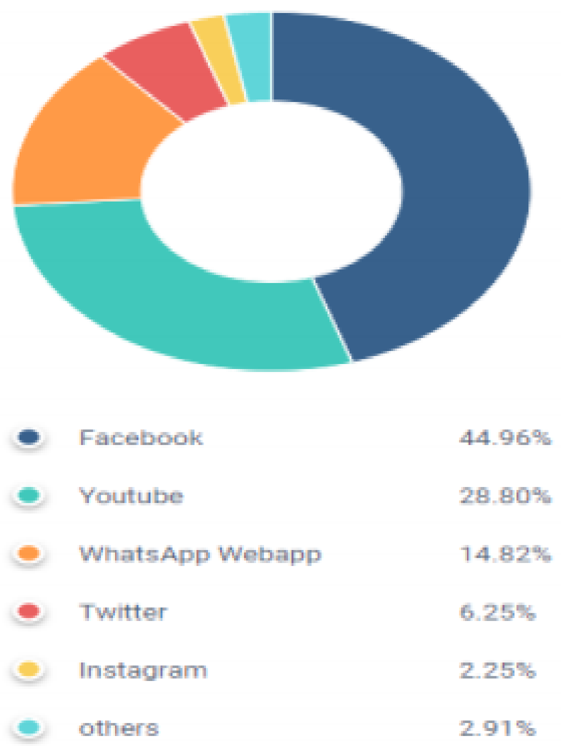
Table 5: marketing messages at JUMIA Anniversary June 2019

HOW DO I PARTICIPATE	
Big Marketing Initiatives	
Initiative #1 --> New Customer Acquisition	TV & Radio
Initiative #2 --> New Customer Acquisition	Billets pour assister à la CAN en Egypte
Initiative #3 --> New Customer Acquisition	Influencers
Initiative #4 --> Ecosystem	Flyering avec Jumia Food avec les riders pour chaque commande Food/Now

Source: commercial department at JUMIA

Regarding the social networks. JUMIA id present on Facebook the most, because it's where its audience is, but also JUMIA cannot neglect YouTube and Instagram since a part of its audience prefers theses social media platforms.

Figure 8: JUMIA's social networks



Source: commercial department at JUMIA

1.3.2 External elements:

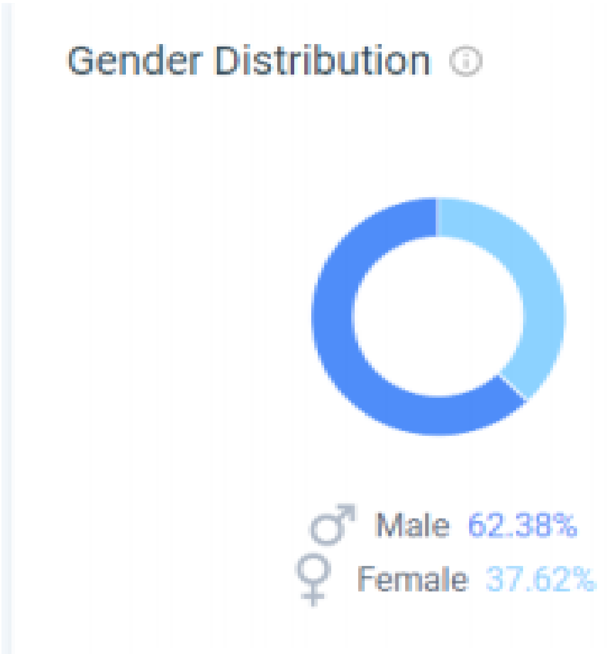
1.3.2.1 Clients:

In terms of demographics, JUMIA's clients are: are mostly young people between 25 and 34 and mostly male with a percentage of 62.38%

Figure 9: Age distribution of JUMIA's clients

Source: commercial department at JUMIA

Figure 10: gender distribution of JUMIA's clients



Source: commercial department at JUMIA

Regarding the clients' interests, JUMIA's clients are young people interested in technology (phones, PC…) and fashion. And because part of them live alone they tend to be interested in appliances.

Table 6: clients' interests by category of products

Computer electronics and technologies	22%
Fashion	13%
Appliances	10%
others	55%

Source: commercial department at JUMIA

1.3.2.2 Competitive landscape:

Mainly, JUMIA hast wo types of competitors:

- Offline market:

The physical boutiques, traditional markets and malls BABEZZOUAR commercial center, ARDIS…

- Online market:

Similar online platforms and advertisement websites like ouedkniss.com

With the companies that provide directly competitive services being

- Ouedkniss.com
- webstarelectro.com
- websites like talabastore.com

And the companies that provide indirect competitive services being:

- The offline market is mainly composed of commercial centers; BABEZZOUAR and ARDIS.
- el HAMIZ and Belfort (wholesalers) as competitors

In order to understand the overview on the competitive landscape of the company we present the following table; based on which we can see that ouedkniss.com is the number one competitor especially when we talk about PCs and computer accessories in general. Also, webstarelectro.com is a strong competitor especially for TVs. As for appliances, the biggest competitor is batolis.com"

Table 7: JUMIA's competitor websites ranked

website	rank
ouedkniss.com	#1
webstar-electro.com	#2
darluxe.com	#3
www.talabastore.dz	#4

Source: commercial department at JUMIA

1.4 the unique value proposition:

We asked the Chief Operating Officer at JUMIA Algeria Suzanne PONÇON, what she thinks is the element that makes JUMIA unique and different and here is what she responded: "People connect to our platform to access services and products in an environment that we have designed for them, addressing their needs and expectations on quality, choice, price, trust and convenience." "Furthermore, sellers also benefit from our services, by getting access to more traffic and to a greater world of opportunities. Every day, JUMIA helps and encourages restaurants, hotels, local sellers, brands, real estate agents, large companies and logistic companies to become better, bigger, more performant, thus creating positive impact"

The unique value proposition of JUMIA:

"Provide the Algerian customer with a wide variety of products from different brands and in different categories all in one online platform, offer him the best market price and deliver the products of his choice to his exact address"

Section 2: Presentation of the Quantitative research:

Marketing research approach might be accomplished in different ways. In the practical view, we can say that treating it as quantitative and qualitative is more pragmatic and operational.

The qualitative investigations typically begin with detailed narrative descriptions, then constructing in-depth case studies of the question under study, and, finally, moving to comparisons and the interpretive search for patterns that cut across cases.

Qualitative research involves three kinds of data collection:

i. in-depth interviews
ii. direct observations
iii. written documents

2.1 Interviews:

Yield direct quotations from people about their experiences, opinions, feelings, and knowledge.

There are many kinds of interviews:

- Individual in-depth interviews or intensive, that last at the most an hour
- Group discussions that last usually 1-2 hours. However, in some situations (e.g. when it is useful to apply "brainstorming" technique) the duration of these group discussions might last at the most seven hours.
- Semi-structured interviews and shorter interviews (20-30 minutes), being "pulling up" from the customer's type of information
- Customers' decisions protocols interviews;

2.2 Direct observation:

The data from observations consist of detailed descriptions of people's activities, behaviors, actions, and the full range of interpersonal interactions and organizational processes that are part of observable human experience.

2.3 Written documents:

Document analysis includes studying excerpts, quotations or entire passages from the internal documents of the company, official publications and reports; and open-ended written responses to questionnaires and surveys.

In another hand, questionnaires are a very pragmatic and effective way of conducting the qualitative approach of research. Actually, questionnaires are of the highest importance for obtaining the expected results in a field study. The function of the questionnaire can be presented as follows:

- To assure respondents' cooperation and involvement
- To accurately communicate to respondents what is desired from them
- To help the respondents to express their responses at questions
- To facilitate tasks accomplishment by the interview operators
- To assure the necessary base for processing the collected data

In our particular case study, we used a questionnaire that has five segments:

- Value chain
- Activity system
- Industry attractiveness
- Positioning evaluation
- Benchmarking

Due to the disturbance created by the coronavirus pandemic, we only had the chance to interview one person in JUMIA and that is Mordjane Cherchali; Head of commercial planning & performance.

NICOLAE TEODORESCU, LAURENTIU-DAN V. ANGHEL, AURELIA-FELICIA STANCIOIU, DIANA MARIA VRANCEANU: "*Qualitative versus quantitative marketing research*". Research Gate _ January 2007

MICHAEL QUINN PATTON "*Qualitative Research. Encyclopedia of Statistics in Behavioral"* Encyclopedia of Statistics in Behavioral Science _ 2005

Section 3: Presentation of questionnaire respondent:

3.1 General information:

Full name: MORDJANE CHERCHALI

Current position: Head of commercial planning & performance at JUMIA Group

LinkedIn profile: linkedin.com/in/mordjane-cherchali-55023310a

Email: mordjane.cherchali@jumia.com

3.2 Responsabilités :

- Taking the lead on the category strategic orientation and the full responsibility of the category's P&L

- Bring an exceptional growth for the sales volume, the margin and the conversion rate

- Manage a team of 3 to 5 Commercial Planners

- Managing and getting the best out of your team

- Delivering growth on your PNL, leveraging on the power of the marketplace, bringing orientations, feedback and support to the commercial team.

- Leading the commercial plan, taking an active part in the definition and execution of JUMIA's commercial strategy

- Ensuring JUMIA always has for the customer, the right products at the best price, at the right place.

- Being within our teams, an early adopter, a leading ambassador and a relentless missionary of JUMIA's strategic commercial orientation.

- Understanding all your markets, vendors and customers, bringing valuable insights and convictions to support your data driven commercial recommendations.

- Building analysis, flying high and diving deep, to ensure smart reporting on the performance across all categories, leading to action oriented recommendations.

- Owning the merchandising of our website, optimizing the placement of our products to deliver on every levels of JUMIA's strategy.

- Working seamlessly with all departments (Commercial, Marketing, Onsite, Operations...), enabling decision making, problem solving and ensuring laser focus execution.

- Leading massive and complex commercial operations and project management initiatives, coordinating effectively cross functions initiatives.

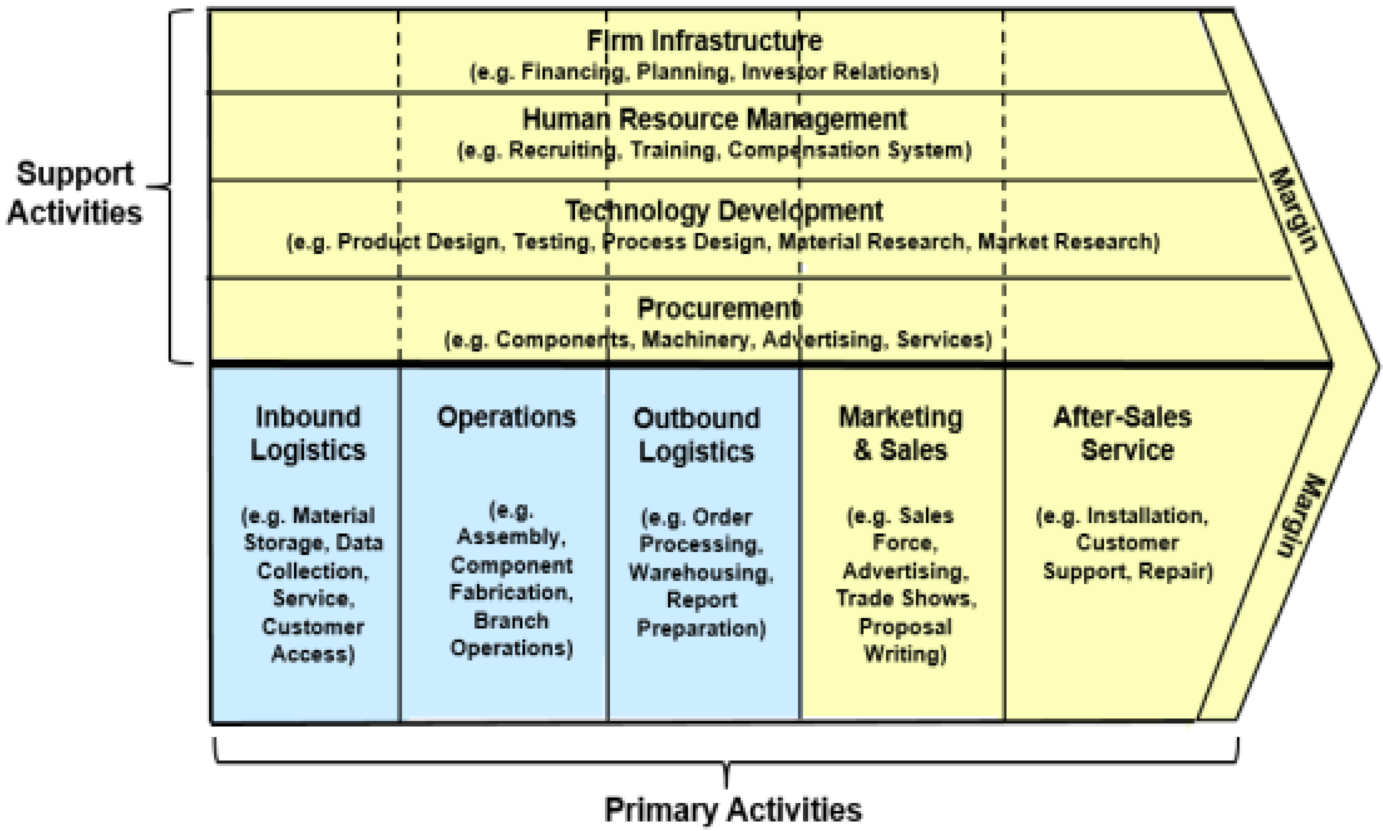
- Constantly working toward improving and simplifying our tools, process

Section 4: questionnaire

4.1 Value chain analysis

Use the following value chain model to create the value chain of JUMIA.

Figure 11: value chain



Source: Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance.* Page: 43.

1. For each stage of the value chain, list the key activities that JUMIA is engaged in.

Table 8 : JUMIA's value chain

<u>What are the company departments?</u> Commercial / Operations / Services (logistics) / Marketing / Finances / Human Resources
<u>What are some of the Human resources activities that JUMIA does?</u> Selective Recruiting Frequent and selective Employee training
<u>What are the main technologies used by JUMIA?</u> For human resources > PeopleHR which is a Platform which contains all the data about employees For commercial and Ops > SellerCenter for seller management / PowerBi for data collection / OMS for order management
<u>What are the material resources?</u> Real estate (Office and warehouse) Computers and office equipment

<u>What are the inbound logistics?</u>	<u>How is the service produced?</u>	<u>How is the storage and delivery process executed?</u>	<u>How is the service presented and marketed?</u>	**<u>What are the After-Sales Services?</u>**
Data collection Customer service	Provide an online platform that contains sellers and buyers Order processing	Order Processing Warehousing Delivery system	As the first e-commerce Platform in Algeria and Africa and first African Tech company listed in the NYSE (The New York Stock Exchange) <u>Where is the Advertising done?</u> Instagram Facebook	Returns after 7 days and after 15 days for official stores Refund by voucher or Transfer after 7 days of the return Call for customer to have feedback about the delivery and the order

Source: elaborated by us

2. <u>Which activities are particularly distinct (different from those of your main competitor)?</u>

- JUMIA Warehouse: Consignation of products in the warehouse of JUMIA
- JUMIA Mall: Website dedicated for official stores/brands with a 15 days' return
- Senior key accounts dedicated for each category and for the top sellers/brands
- A service dedicated to the sellers and another one to the customers (customer experience service / Seller experience service)

4.2 Mapping the activity system:

1. Identify some of the overarching positioning choices (things that JUMIA does and that make it unique and different in the marketplace)

- JUMIA has more than 40000 products available in its website which makes her the biggest online shopping website in Algeria
- Brand Universe: JUMIA is the only online shopping website that has a universe dedicated to official brand like Unilever, P&G, Braun, Asics
- JUMIA is the first African tech company listed on a major global exchange in the NYSE (The New York Stock Exchange)

2. Identify activities within the value chain that make JUMIA distinct and different

- Order Management:

  - Warehousing: JUMIA has a warehouse where sellers can stock their merchandise and in which the delivery promise changes from 2 to 4 days in Algiers to 1 to 2 days; This is because warehousing reduce one stop in the value chain where the seller has to prepare an order after receiving it than drop it in JUMIA

- Seller Management:

  - Payment management: JUMIA pays its sellers every week which allows sellers to have liquidity and buy more products to sell in the platform

- Customer Satisfaction

  - Change of opinion: After receiving the order, the customer have 7 days for checking the product and return it if he wants, this step is very important in ecommerce because the customer is generally puzzled about the idea of buying a product without testing it and seeing its details. With this process the customer will be comfortable and more confident.

3. <u>Identify which of the activities mentioned above are more important than the others</u>

    - Change of opinion is the most important activity because it helps making the customer more confident about the company and its services which is the most important, because the strategy of JUMIA is increasing the number of active users which can't be done without customer satisfaction. (CNPS: Customer net promoter score > Allows measuring customer satisfaction; at 95% during March2020)

    - Warehousing is also an important activity, it also increases the customer satisfaction by delivering the order as quickly as possible.

    - In 3rd position we have Seller management: The sellers are at the same time partners and customers of JUMIA, it is important for the company to give them all the necessary support and by making their payment regular every week it increases seller's satisfaction

4. <u>Which of the above mentioned activities depend on each other or reinforce each other</u>

    - The warehousing reinforces the payment management because the seller is paid only on what is delivered

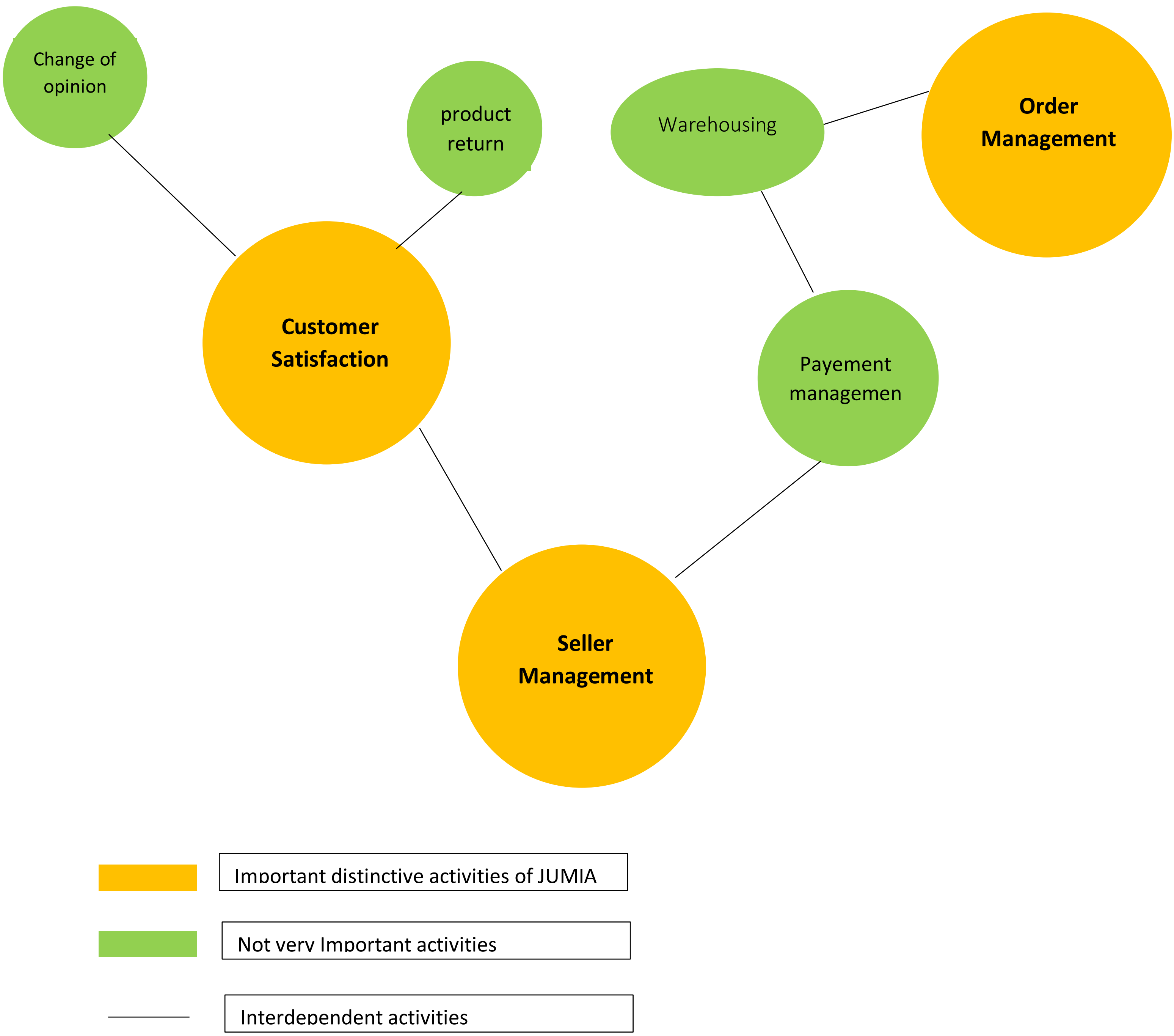
NB:

*CNPS: Customer net promoter score > Allows measuring customer satisfaction

*VNPS: Vendor net promoter score

5. <u>Use the information above to map the activity system of the company</u>:

Figure 12: JUMIA's activity system map



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

4.3 Analyzing industry attractiveness:

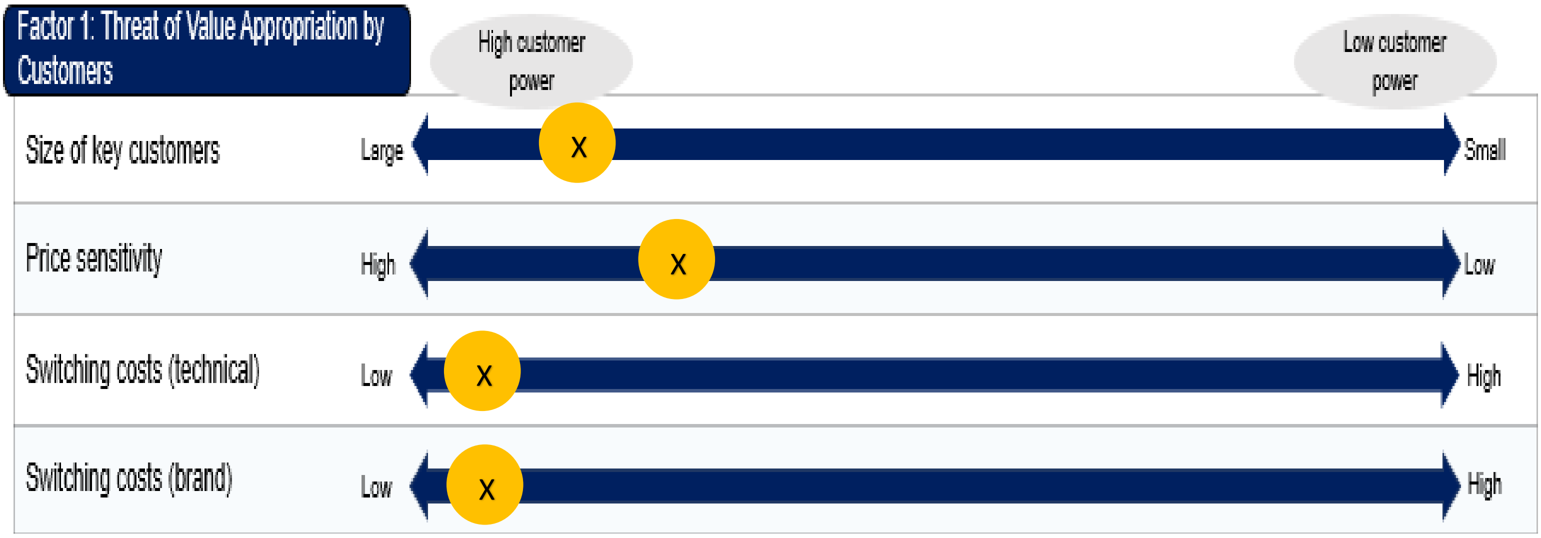
The method is based on thinking about the various factors that affect industry attractiveness (customers, suppliers, direct competitors, new entrants and substitutes).

Under each factor, sub-factors which make this particular industry factor attractive or unattractive are identified.

1. Move the X to the appropriate place in the arrow

   i. Customers:

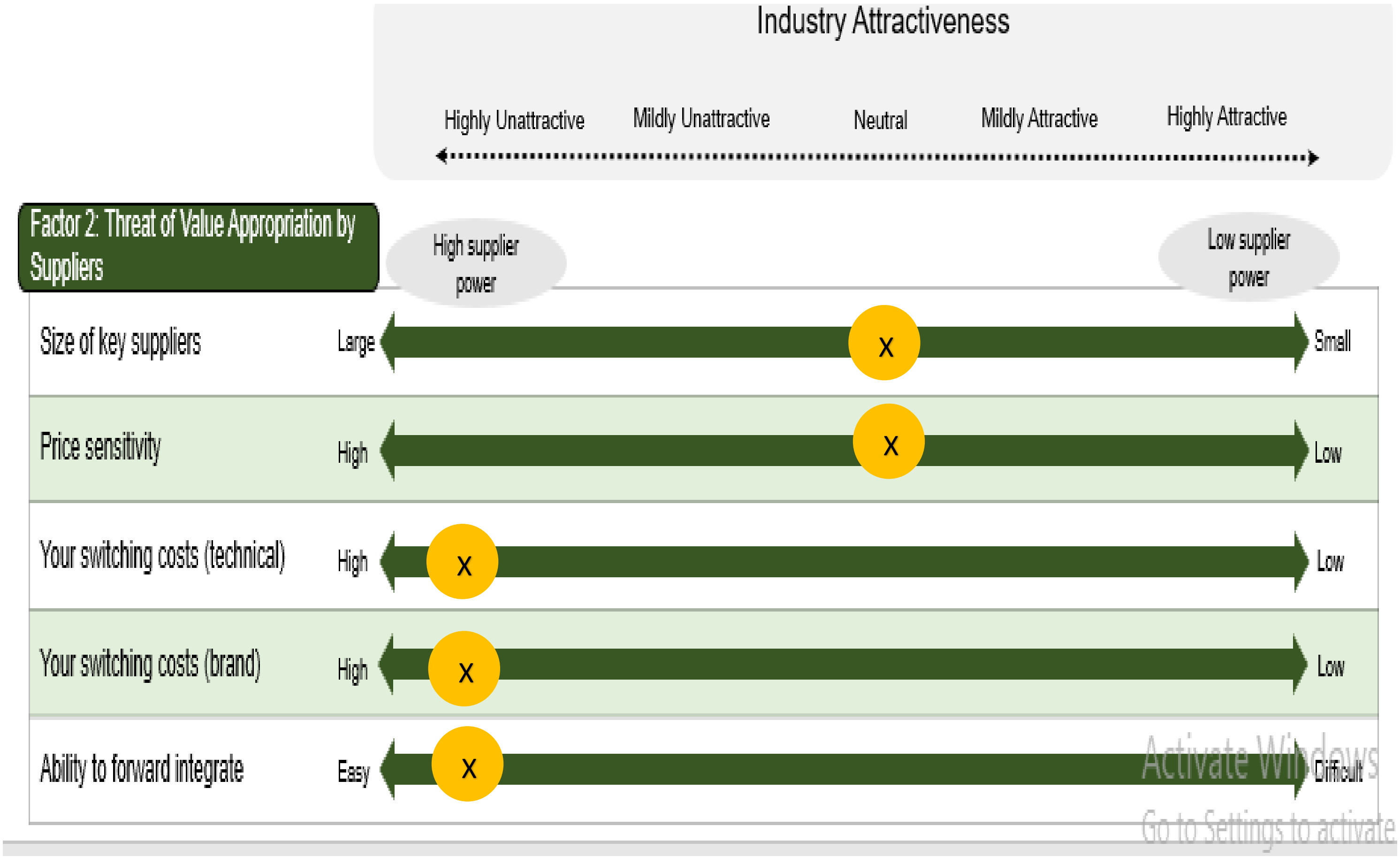
Figure 13: evaluation of the bargaining power of customers



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

ii. Suppliers:

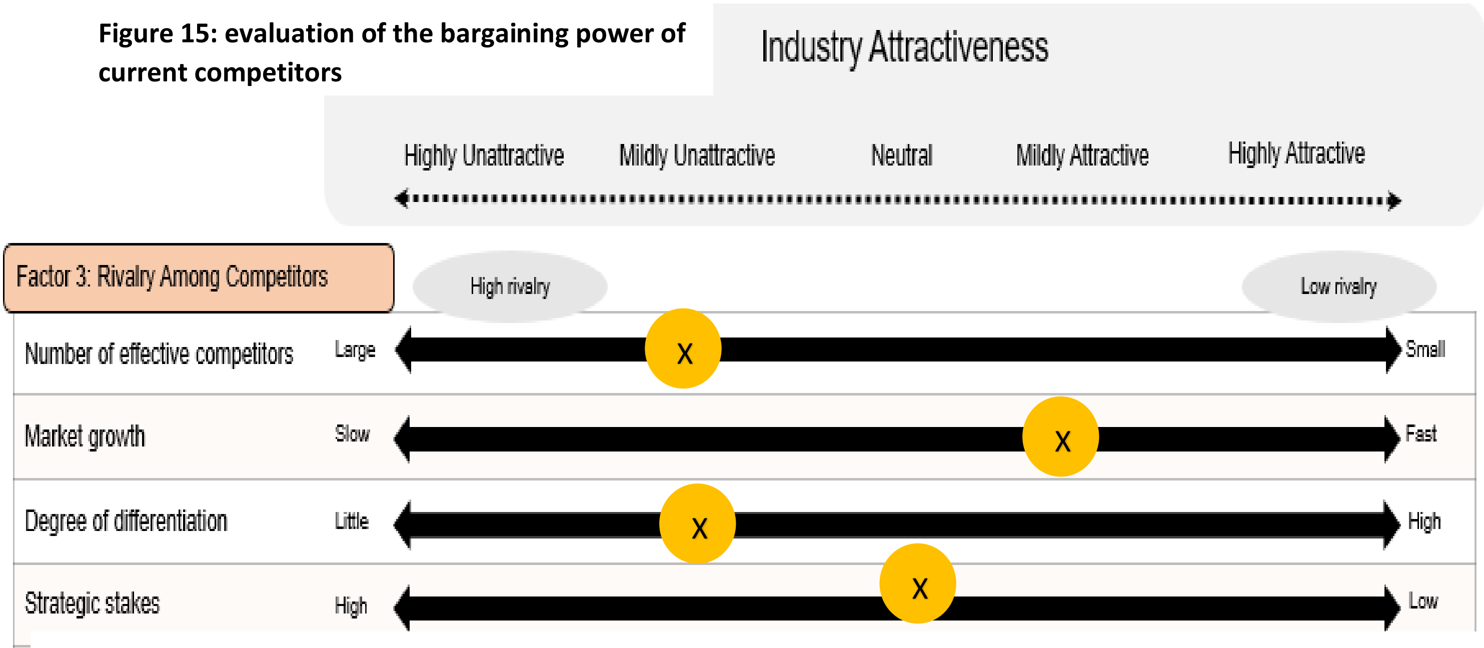
Figure 14: evaluation of the bargaining power of suppliers



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

iii. Rivalry among competitors

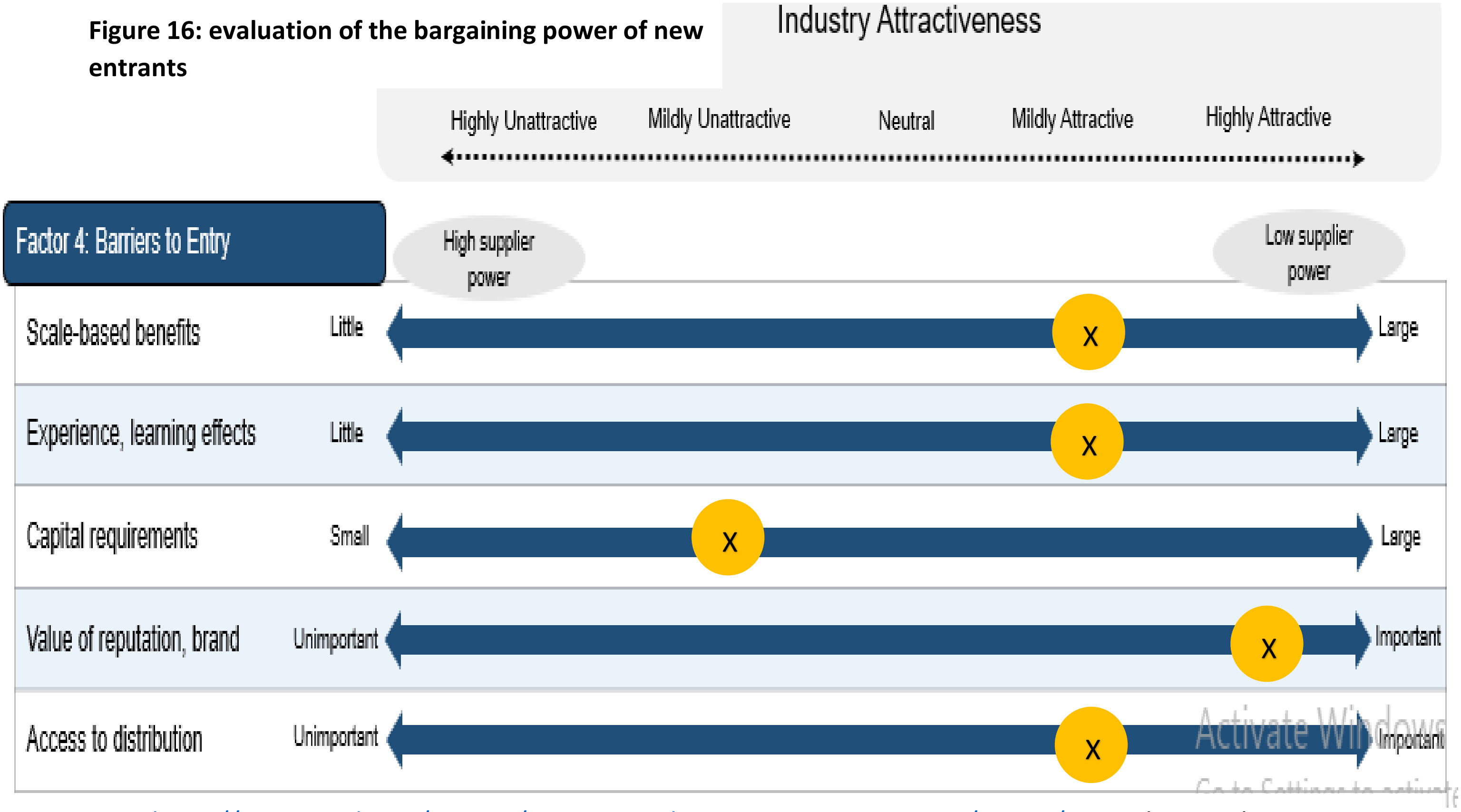
Figure 15: evaluation of the bargaining power of current competitors



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

vi. New entrants:

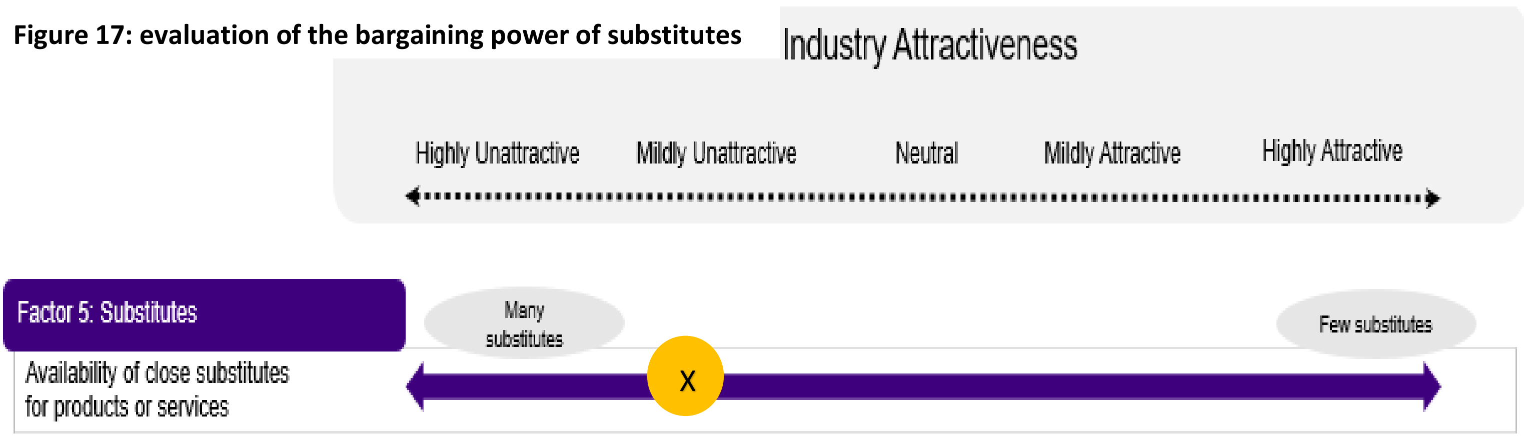
Figure 16: evaluation of the bargaining power of new entrants



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

v. Substitutes:

Figure 17: evaluation of the bargaining power of substitutes



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

2. <u>Using the above information, we can summarize using the following figure:</u>

Table 9: current state of industry attractiveness

Factors:	Current state of the industry: Un-attractive	Neutral	Attractive
Factor 1: Power of customers (makes this industry…)	X		
Factor 2: Power of suppliers (makes this industry…)	X		
Factor 3: Rivalry among competitors (makes this industry…)	X		
Factor 4: Barriers to entry (make this industry…)			X
Factor 5: Availability of substitutes (makes this industry…)	X		

Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

4.4 Positioning Evaluation:

1. Choose one category of products available on JUMIA:

- Appliances

2. Identify your main competitor relative to this category:

- Batolis: https://batolis.com/

3. List 5 wiliness to pay drivers (the elements that increase the willingness to pay):

- On-time delivery
- Product quality
- Product availability
- The navigation of the online platform
- Availability and clarity of product information

4. Rate JUMIA's customers' willingness to pay (relative to the chosen product category):

Willingness to pay is: the maximum amount a customer is willing to pay for your product or service.

Willingness to pay drivers: the elements that increase the willingness to pay.

Table 10: evaluation of willingness to pay drivers

	Worst in industry		Average		Best in industry
Willingness-to-pay drivers:	**1**	**2**	**3**	**4**	**5**
On-time delivery			Comp	JUMIA	
Product quality			Comp	JUMIA	
Product availability		JUMIA			Comp
navigation of the online-platform		Comp			JUMIA
Availability and clarity of product information			Comp		JUMIA

Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49 am

5. what are the key cost drivers of the product category that you've selected? (ex: advertising, distribution…)

- Cost per Active users
- Cost per New Customer
- Number of Orders
- Number of Items per Order

6. Rate your key cost drivers

7. Rate your competitor's key cost drivers (Don't have the costs of other competitors)

Table 11: evaluation of cost drivers

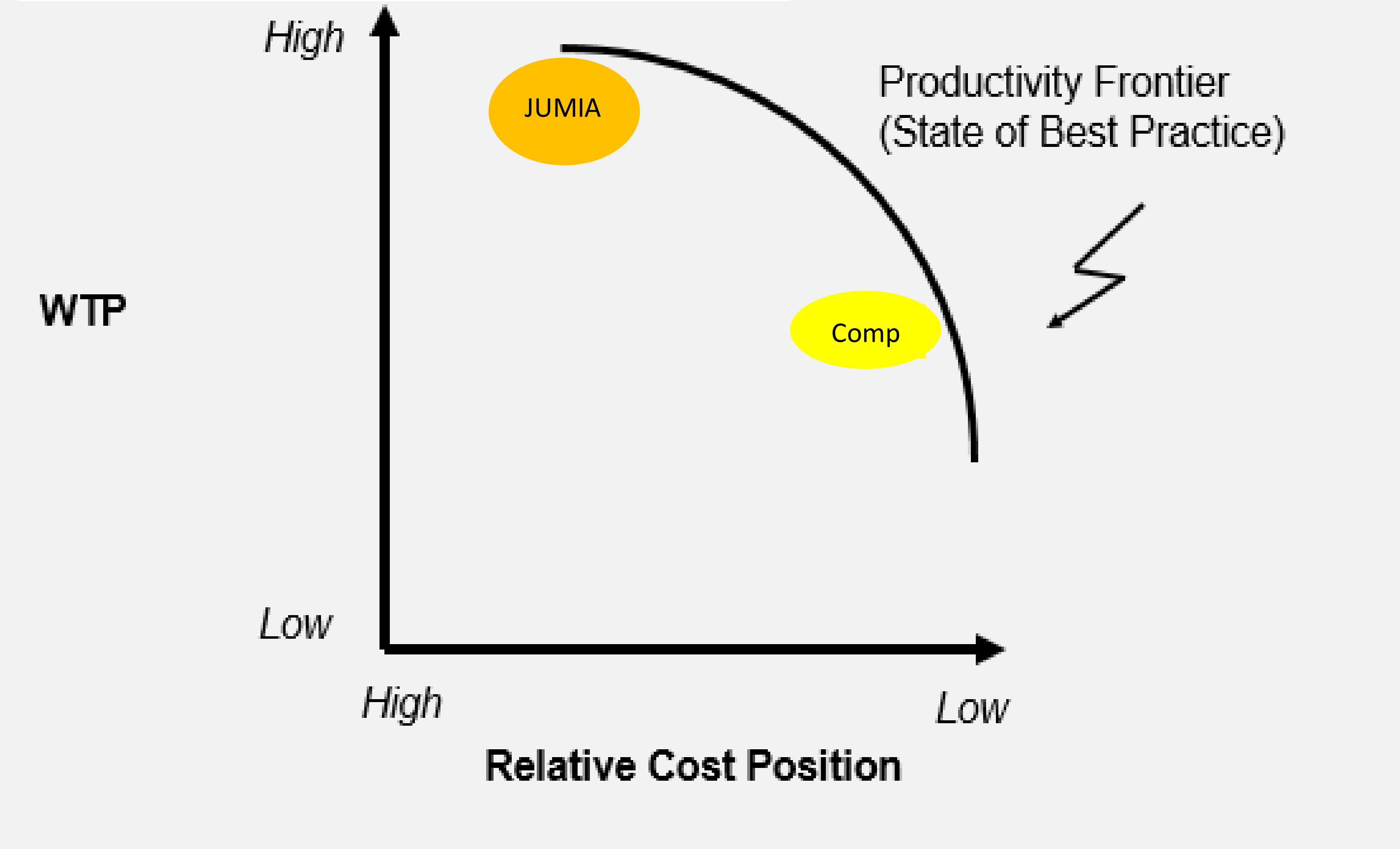
Worst in industry → Average → Best in industry

Cost drivers:	1	2	3	4	5
Cost per Active users			JUMIA	Comp	
Cost per New Customer				Comp	JUMIA
Number of Orders			Comp	JUMIA	
Number of Items per Order			Comp	JUMIA	

Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

8. Using the above information position your firm and your competitor:

Figure 18: positioning of JUMIA and its main competitor on the productivity frontier



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

The method used in this questionnaire has been introduced by NICOLAJ SIGGERLKOW a Professor at Wharton university of Pennsylvania

https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 6:21 am

4.5 Benchmarking processes

4.5.1 Benchmarking processes and the most important benchmarking step

5 Was the company faced with difficulties while conducting the benchmarking?

- Very difficult
- Difficult
- ✓ Neutral
- Easy
- Very easy

6 Which benchmarking step impacted the effectiveness of benchmarking?

- Set benchmarking goals
- Identify best practice
- Data collection
- Implementing findings
- ✓ All steps have impact but clarity of purpose and goal has greatest impact

7 What were the reasons for initiation of benchmarking in your organization in the past two years?

- Increased profitability
- Maintain competitive advantage
- ✓ Increase competitive advantage
- Learn other processes

8 What item best characterizes the basic thrust of your business as a result of benchmarking in the past 2 years?

- Increase profitability
- Maintained competitive advantage
- ✓ Increased competitive advantage (From 40% to 75%)
- Still in process

4.5.2 The most effective type of benchmarking

1. Which type of benchmarking has your organization ever practiced until now?

- ✓ Product benchmarking
- Function/process
- Best practice
- Strategic

2. Which type of benchmarking do you think is the most effective one?

- Product Function/process
- Best practice
- Strategic
- ✓ It depends (ie: It depends on the goal of the company)

4.5.3 The influential factors to the effectiveness of benchmarking:

1. Who understands the benchmarking goal(s) in your organization?

- Top management only
- Top and most middle management
- Every manager and supervisor
- ✓ Every manager, supervisor and associate

2. Why were your benchmarking practices not as effective or successful as you expected?

- Relevant organizational culture change
- Ineffective communication of benchmarking findings
- Unclear benchmarking goal(s)
- Lack of implementation of benchmarking findings
- ✓ Others

3. What do you think is the main detriment on the effectiveness of benchmarking from your best benchmarking experience?

- Organizational culture Clarity of benchmarking goal(s)
- Effective communication of benchmarking findings
- Innovative adaptation of findings
- ✓ Management commitment
- It depends

4.5.4 Measuring the effectiveness of benchmarking:

1. How successful were your benchmarking activities?

- Completely successful
- Very Successful
- Moderat Successful
- Still in the process of benchmarking

2. How does your organization measure the effectiveness of benchmarking?

- Profitability
- Increased competitive advantage
- Improved customer satisfaction
- Better/best practices identified and improved process performance
- Depends on the type of benchmarking

3. How do you perceive benchmarking as a management tool?

- Very effective, but will be obsolete sooner or later
- Very effective, should be used continuously
- Somewhat effective
- Not effective at all

4.5.5 Frequency of conducting benchmarking activities:

1. How often does your organization conduct benchmarking?

- Weekly
- Monthly
- Quarterly
- Every six months
- Yearly
- By projects
- It depends

Kumar, S., & Chandra, C *"Enhancing the effectiveness of benchmarking in manufacturing organizations. Industrial Management & Data Systems"* Pages: 80 – 101 (2001).

Section 5: questionnaire interpretation

5.1 Questionnaire thought process:

When we think about a company's strategy, it's really helpful to think about two broad questions:

- **The internal fit**:
  Here we considered the choices that the company is engaged in:
  - are they internally consistent?
  - do they align with the company's positioning?

- **External fit**:
  Here we considered the place of the company its environment (two elements are important: industry and customers)
  - Is the company engaged in the right set of choices given its environment?

5.2 Internal fit analysis:

5.2.1 Value chain:

One tool we used in thinking about internal fit is the value chain.

Because first we have to catalog all the activities that the company is engaged in.

We asked the following questions:

- what are the various activity buckets that JUMIA is engaged in?
- what are the various activities that JUMIA is engaged in each of these activity brackets?
- What are the activities that are distinct and different from JUMIA's competitors?

According to the responses on the questionnaire, we can see that JUMIA does a distinctive effort in recruiting selectively and in training the employees.

In another hand, JUMIA uses advanced technology tools such as:

- PeopleHR: which is a Platform that contains and organizes all the data about employees
- SellerCenter for: which the relationship between JUMIA and the sellers
- PowerBi: for data collection
- OrderManagementSysytem: for order management

Digging deeply, we can see the elements that are particularly distinct to JUMIA:

- JUMIA Warehouse: Consignation of products in the warehouse of JUMIA
- JUMIA Mall: Website dedicated for official stores/brands with a 15 days' return
- Senior key accounts dedicated for each category and for the top sellers/brands
- A service dedicated to the sellers and another one to the customers (customer experience service / Seller experience service)
- Advanced DATA collection and treatment techniques.
- Smooth and fast Order processing

5.2.2 **Activity system**:

In the next step, we tried to understand more the activities that we've identified.

- How do they interact with each other?
- are they reinforcing?

To achieve that we used a tool called the activity system; a map of the system of interconnected choices.

So we mainly asked the following questions:

- what are JUMIA's core activities?
- what are some elements that support those core choices?
- And how do these elements cluster and interact with each other?

We considered the core choices, as being central and important activities. If changes happen to these activities a lot of other choices would have to be changed.

So understanding these core activities and how they interact with each other is very important for us to understand the sources of JUMIA's competitive advantage and the company's distinctiveness.

After asking the questions mentioned above we ended up with the following activity system

Figure 19: JUMIA's activity system map

Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

So the three main core activities are:

i. Order management: which includes
   - Warehousing
   - Inventory management
ii. Seller management: which includes
   - Payment management
iii. Customer satisfaction: which includes
   - Product return
   - Change of opinion

When a client orders a product at the JUMIA website, the product enters the Order processing phase which starts at the warehouse (rows of neatly managed shelves stocked with similar products arranged methodically by SKUs) and which requires a robust and comprehensive inventory management system. The order processing element is a unique activity because it's fulfilled using the inventory management system. In fact, Spreadsheets are prone to produce inaccurate records due to basic human error and cause slower lead/fulfillment times, out-of-stocks, miss-ships, and inefficient use of storage space. However, thanks to the capabilities of inventory management software, JUMIA's warehouse managers and staff know exactly where every item is shelved throughout the warehouse. And that helps JUMIA to fulfill multiple orders in the shortest amount of time.

The inventory management system also helps with the seller management system because it helps in organizing the payment of the sellers (which happens on a weekly basis). It also helps with ranking the sellers on the website as well as on the data platforms of JUMIA (this helps JUMIA identify the bestsellers in each category who get to work directly with the category managers in creating deals and promotion offers)

Last but not least, payment management has a direct effect on the customer satisfaction. As we know, JUMIA is a platform where sellers meet customers in a digital space where products of different categories are offered. This means that happy and satisfied sellers equals happy and satisfied customers. The fact that the customer has 7 days for checking the product and returning it if he wants, is part of the seller management policies of JUMIA and that directly effects the customer satisfaction important because, in ecommerce, the customer is generally puzzled about the idea of buying a product without testing it and seeing its details. With this process the customer will be comfortable and more confident.

Each of these three core activities is a part of the activity system map, and each of them is complementarity to one another (two elements A and B are complementary if doing more of A increases the value of doing more of B).

So there are three conclusions that we can extract out of this map of these interconnected activities.

- We can see that the three activities are mutually enforcing and consistent. And together they form the base of the positioning of JUMIA.
- The mix of these three core activities is the root of the competitive advantage. And even though each element isn't unique in itself, the mix of the three of them is actually what gives the service its uniqueness.
- If JUMIA decides to change the workings of one of these core activities, it has to change the other two.

5.3 External fit analysis:

5.3.1 Analyzing industry attractiveness:

In this step, we considered industry analysis in a more systematic way. And we identified the various players in JUMIA's industry (competitors, buyers, suppliers, new entrants, potential substitutes). We considered how strong are these various players in their ability to extract value.

From the responses on the questionnaire we extracted the following insights.

First, regarding the customers.

- The customers have a high bargaining power. Which means that customers can exert a high pressure on JUMIA to get them to provide higher quality products, better customer service, and lower prices.
- Customers have a high price sensitivity. Which means that the price of a product affects strongly consumers' purchasing behaviors.
- Low switching costs level. Switching costs refers to the costs associated with a customer switching from one service to another. In the case of JUMIA, it is easy for its clients to not buy from JUMIA if they want. Because switching to another option doesn't cost anything.

Second, regarding the suppliers.

- The size of hey suppliers is medium. Key supplier are the providers of resources, processes and measures that JUMIA needs and that are needed to provide the service. The fact that their size is medium means that their impact on the industry attractiveness is neutral.
- The suppliers have a high price sensitivity. Which means that the price of a product affects strongly the supplier's purchasing behaviors.
- Low switching costs level. Switching costs refers to the costs associated with a supplier switching from one partnership to another. In the case of JUMIA, it is easy for its suppliers to not work with JUMIA if they want. Because switching to another option doesn’t cost much.

Third, regarding current competitors.

- The number of effective competitors is high.
- The market growth is fast. Which means that the demand for ecommerce services is growing fast. This is because consumers find the ecommerce services useful for the price level. As the price of the technology decreases and its usefulness in everyday life increases, more consumers could increase demand.
- The degree of differentiation isn’t that high. JUMIA’s offers are not very different and unique. It’s positioning in the market isn’t very strong.
- Strategic stakes are high because JUMIA has potential for great gains. This intensifies rivalry. And makes the industry mildly unattractive.

Forth, regarding to the new entrants.

- Scale-based benefits are large. That makes the supplier power low and improves the industry attractiveness.
- Experience and learning effects are high. That makes the supplier power low and improves the industry attractiveness.
- Capital requirements are medium. That makes the supplier power higher and lowers the industry attractiveness.
- The value of reputation and brand is important. That makes the supplier power low and improves the industry attractiveness.

- Access to distribution is important. That makes the supplier power low and improves the industry attractiveness.

Fifth, regarding substitutes.

- There are many substitutes for the service of JUMIA. That makes the industry mildly unattractive.

All in all, we can see that:

1. The customers have a high bargaining power; the customers are able to put the company under considerable pressure and that affects their sensitivity to price changes. Moreover, in the current marketplace customers have many alternatives to buy from and it's easy for them to switch from one option to another. Furthermore, the internet has allowed customers to become more informed and therefore more empowered; Customers can easily compare prices online, get information about a wide variety of products and get access to offers from other companies instantly. That obliges JUMIA to implement loyalty programs and to differentiate its offers.
2. The suppliers have a high bargaining power; the pressure that suppliers can exert on JUMIA by raising prices, lowering quality, or reducing availability of their products (which represent costs to JUMIA) is very high. This affects the competitive environment for JUMIA and influences JUMIA's ability to achieve profitability.
3. The current competitors have a high bargaining power; the current competition is intense in the marketplace. There are a lot of competitors that are roughly equal in size and power (offline market: physical shops … online market: similar websites like ouedkniss. Com …). Consumers can easily switch to a competitors offering a better price. In fact, JUMIA's competitors are actively engaging in advertising and price wars.
4. New entrants have a low bargaining power; The threat that new competitors pose to current players within an industry is low. That's because the barriers to enter the industry are high.
5. The threat of substitute services is high. The existence of services outside of the realm of the common service boundaries increases the propensity of customers to switch to alternatives. There are many services that serve a similar need for customers and that should be taken into account. This

will ultimately affect an industry's profitability and should therefore also be taken into account when evaluating the industry's attractiveness.

5.3.2 Positioning Evaluation:

In this step we tried to position JUMIA relatively to its competitor in a given category of products. The respondent to the questionnaire chose the category appliance in which JUMIA's main competitor is Batolis (https://batolis.com/).

In order to position JUMIA relatively to Batolis, we considered two variables:

- **Willingness to pay which is** the maximum amount a customer is willing to pay for JUMIA's service. With the Willingness to pay drivers being the elements that increase the willingness to pay.
- **The service's cost** with the key cost drivers being the elements that increase the cost of the service.

We asked the questionnaire's respondent to rate JUMIA's customers' willingness to pay and that of Batolis.

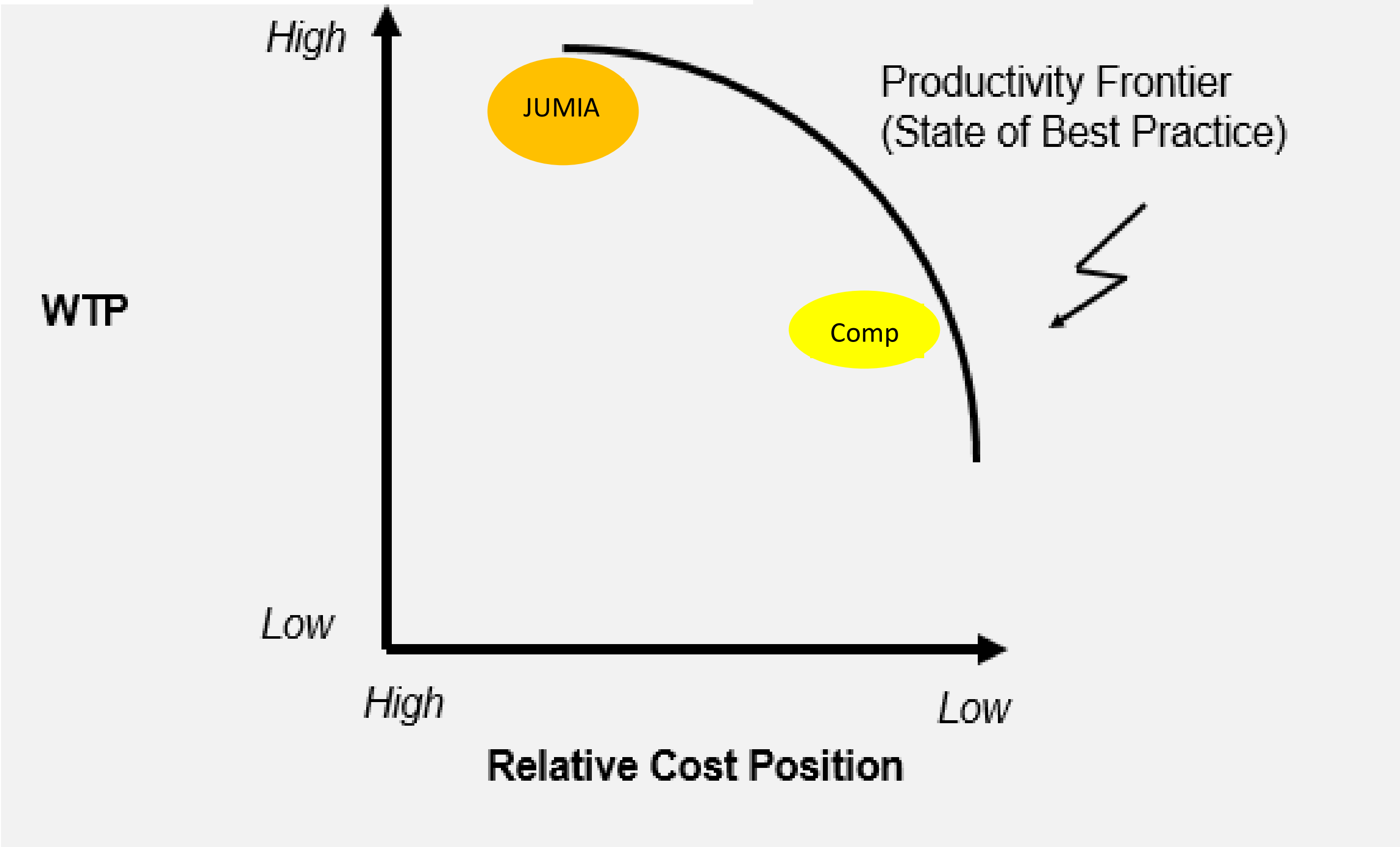
- JUMIA is better at On-time delivery than is Batolis.
- The product quality is better at JUMIA than it is at Batolis.
- The product availability at JUMIA is worse than that of Batolis which is the best in the industry.
- JUMIA is the best in the industry regarding the navigation of the online-platform and so it is better than Batolis
- JUMIA is the best in the industry regarding the availability and clarity of product information and so it is better than Batolis

We than askes the respondent to rate JUMIA's key cost drivers and those of Batolis.

- Regarding the Cost Per Active users, Batolis is better than JUMIA.
- Regarding the Cost Per New Customer, JUMIA is better than Batolis and is the best in the industry
- Regarding the Number of Orders, JUMIA is better than Batolis
- Regarding the Number of Items per Order, JUMIA is better than Batolis

The above information allowed us to position JUMIA relatively to Batolis as is shown on the following graph.

Figure 20: positioning of JUMIA and its main competitor on the productivity frontier



Source: https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/ visited on April 4, 2020 at 4:49

In the above graph, the productivity frontier is the sum of all existing best practices at any given time or the maximum value that a company can create at a given cost, using the best available technologies, skills, management techniques, and purchased inputs. The frontier is constantly shifting outward as new technologies and management approaches are developed and as new inputs become available.

This graph allows us to draw three conclusions:

1. Plotting out where JUMIA is relative to its competitor gives us an idea of how tight is the space where JUMIA and its competitor are in. Are both of them clustered around the same spot?
   And the answer is no; JUMIA and Batolis are on very different spots with JUMIA having a better grasp on the willingness to pay drivers and a better level of costs.
2. Also, this graph gives us an idea about where is JUMIA trying to move next?

It's clear that JUMIA is trying to lower its cost by getting better deals with the sellers and partnering with whole sellers because they have better prices (first hand)
On the other hand, JUMIA is trying to increase the willingness to pay by working on its brand and by improving its service.

3. the other aspect of this frontier is the idea of tradeoffs. On this frontier, JUMIA really has to make choices of whether it wants to increase willingness to pay or lower its cost.
And the choice that JUMIA made is apparent. And that is of focusing on lowering its costs. With the Algerian customer's high price sensitivity, JUMIA's goal is offer a large variety of products with the best market price.

5.4 Benchmarking processes:

JUMIA conducts a weekly benchmarking that takes into consideration both the offline and online markets. The goal of the benchmarking is to know the best market price so that JUMIA can choose one of the following options:

1. Renegotiate the price with the seller: if the price offered by JUMIA is above the best market price
2. Boost the product on the website: if the price offered by JUMIA is below the best market price

All the steps of benchmarking (from the Set benchmarking goals and Identifying best practice to the Data collection and the Implementing findings) have impacted the effectiveness of benchmarking but the clarity of purpose and goal has greatest impact.

The reasons for initiation of benchmarking in JUMIA in the past two years is to Increase competitive advantage. In fact, JUMIA measures the effectiveness of benchmarking by the Increased competitive advantage and as a result of the effort put into benchmarking in the past 2 years the competitive advantage Increased from 40% to 75%.

Furthermore, the types of benchmarking that JUMIA has ever practiced until now are Product and Price benchmarking. And both types align with the goal of JUMIA which is to offer a variety of products on the best market price.

In the other hand, regarding influential factors to the effectiveness of benchmarking. We can say that the main detriments on the effectiveness of benchmarking are:

- The fact that every manager, supervisor and associate understands the benchmarking goal(s) in JUMIA
- and that Management commitment is very clear

Finally, even though JUMIA's benchmarking activities were Moderately Successful, the respondent of our questionnaire admits that benchmarking is very effective as a management tool and that it should be used continuously.

5.5 Conclusion:

Through the analysis of the questionnaire and the information that we gathered during our internship at JUMIA, we can see that the continuous and weekly gathering of information about prices and products in the market has considerably helped JUMIA to acquire a strong competitive advantage (which is not about just one activity but about a set of interconnected activities that give JUMIA its uniqueness in the marketplace).

Conclusion of chapter 4

From the analysis of the case study, we are able to make a number of conclusions;

First, JUMIA's competitive advantage relies on three main core activities; Order management (Warehousing, Inventory management), Seller management (Payment management) and Customer satisfaction (Product return, Change of opinion). These three activities are mutually enforcing and consistent. And together they form the base of the positioning, uniqueness and competitive advantage of JUMIA.

Secondly, speaking of the industry attractiveness, we can conclude that the E-commerce industry is not that attractive. The customers, suppliers, current competitors and substitutes all have a high bargaining power. Nevertheless, JUMIA has a very clear positioning in the market. JUMIA's unique value proposition ("Provide the Algerian customer with a wide variety of products from different brands and in different categories all in one online platform, offer him the best market price and deliver the products of his choice to his exact address") is very clear and distinct by the company's effort to lower its cost by getting better deals with the sellers and partnering with whole sellers because they have better prices (first hand). Which aligns with JUMIA's goal to offer a large variety of products with the best market price.

On another note, the activity of benchmarking in JUMIA is continuous, weekly and focused on measurable and concrete Key Performance Indicators (mainly price and product availability). Also, the reasons for initiation of benchmarking in JUMIA in the past two years is to Increase competitive advantage. In fact, JUMIA measures the effectiveness of benchmarking by the Increased competitive advantage and as a result of the effort put into benchmarking in the past 2 years the competitive advantage Increased from 40% to 75%.

Consequently, through the analysis of the questionnaire and the information that we gathered during our internship at JUMIA, we can see that the continuous and weekly gathering of information about prices and products in the market has considerably helped JUMIA to acquire a strong competitive advantage (which is not about just one activity but about a set of interconnected activities that give JUMIA its uniqueness in the marketplace).

General conclusion

Today, benchmarking is widely recognized as a critical source of insight and knowledge that help decision-makers assess best practices, understand the market and respond more efficiently to its change. Moreover, benchmarking is considered as a managerial technique that helps identify performance gaps and detect ways to improve the performance and efficiency of the company.

In another hand, one of the main challenges that a company faces nowadays is to develop and acquire a set of attributes that allow it to outperform its competitors; It's about being different and unique in a global, competitive marketplace.

The primary purpose of this research was to investigate the tool of benchmarking and its impact on competitive advantage. Specifically, we asked the question: how acquiring information from the market can help the company be different in the market place?

In the process of addressing this questions, we tackled the concepts of information technology, operational benchmarking and the two types of competitive advantage (differentiation and cost leadership). Finally, we study the case of JUMIA; the leader of E-commerce in Algeria. We mainly try to understand how does JUMIA use benchmarking in order to be unique and different in the marketplace.

After undertaking the theory and practice of this study, the results allow us to confirm both of the hypothesis;

- Hypothesis one is confirmed; Information technology has a positive impact on competitive advantage. Information technology is considered the building block of the company's decision making regarding all the activities of the value chain. In fact, the capabilities of Information Technology are used to increase the competitiveness of the organization by providing knowledge and insights that are essential in fact-based decision making.
- Hypothesis two is confirmed; Operational benchmarking has a positive impact on competitive advantage. Operational benchmarking helps the firm generate explicit and quantifiable short-term information that is the source of plans that are based on present reality. Which makes it a tool that helps the company Produce world-class products that sustain a clear and distinctive competitive advantage.

Consequently, the results answer the main question and conclude that benchmarking has a positive impact on competitive advantage.

Therefore, based on the results, we make the following recommendations:

- Broaden the scope of benchmarking; select more Key Performance indicators (KPI) in order to have more insight about the market
- Inform all the employees of the company about the goals of the activity of benchmarking
- In order to increase the clients' willingness to pay. Conduct in-depth studies about the factors that make the client willing to pay more.

Finally, we sincerely hope that our study can be completed in the context of further work. It is in fact only a first step which presents avenues that must be developed over time and above all adapted to the context of the company in question and its environment.

Bibliography

Books and thesis:

1) ATTARAN "*Information technology and business-process redesign*." Business Process Management Journal (2003). Page:440-458.
2) ANDREW J. ZUCHRY, MAHMOUD M. ASINT AND JEFFREY J. ORSCH. "*A review of benchmarking literature: a proposed model for implementation*". Tennessee State University 1995
3) Ahmed, P.K. and RAFIQ, M. (1998), "*Integrated benchmarking: a holistic examination of select techniques for benchmarking analysis*".
4) ALI KURT, CEMAL ZEHIR "*the relationship between cost leadership strategy, total quality management applications and financial performance*" 2016
5) AKRAM Jalal Karim "*the significance of management information systems for enhancing strategic and tactical planning*" AHLIA University 2011
6) Asemi, A., & Safari, A., & Zavareh. "*The Role of Management Information System (MIS) and Decision Support System (DSS) for Manager's Decision Making Process*" International Journal of Business and Management (2011).
7) André KNIPE "*benchmarking for competitive advantage – striving for world class project management practices*"
8) ARASH SHAHIN, M. ALI MAHBOD: "*Prioritization of key performance indicators: An integration of analytical hierarchy process and goal setting*". University of Isfahan 2006
9) BALA KRISHNAMOORTHY, CHRISTINE D'LIMA. "*Benchmarking as a measure of competitiveness*". NARSEE MONJEE Institute of Management Studies (2017)
10) BOWERMAN, M., Francis, G., Ball, A. and Fry, J. (2002), "*The evolution of benchmarking in UK local authorities*". Page: 429.
11) B. Andersen, Bjorn Andersen and P. -G PETTERSEN "*the benchmarking handbook step-by-step instructions*" page: 4. Edition: 1996
12) BOGAN, C.E. & ENGLISH, M.J "*Benchmarking for Best Practices: Winning Through Innovative Adaption*". New York: McGraw-Hill. (1994).
13) Barney. J "*Firm Resources and Sustained Competitive Advantage. Journal of Management*" (1991)
14) Boar "*Strategic thinking for information technology: How to build the IT organization for the information age*" John Wiley & +Sons edition (1997). Page: 103
15) BERNOWSKI, K. (1991), "*The benchmarking bandwagon*", Quality Progress.

16) Carlos A. S. PASSOS & ROSANA B. B. Haddad: *Benchmarking: A tool for the improvement of production management*
17) Camp, R.C. (1989) "Benchmarking: the search for industry best practices that lead to superior performance".
18) CARLOS F. GOMES, MAHMOUD M. YASIN. *"A Systematic Benchmarking Perspective on Performance Management of Global Small to Medium-sized Organizations: An Implementation-based Approach".* Benchmarking: an international journal_2011
19) Dean ELMUTI and YUNUS KATHAWALA: *An overview of benchmarking process: a tool for continuous improvement and competitive advantage*
20) David, R.J. and STRANG, D. (2006), "*When fashion is fleeting: transitory collective beliefs and the dynamics of TQM consulting*".
21) DEHNING, B., & STRATOPOULOS, T. *"Determinants of a Sustainable Competitive Advantage due to an IT-Enable Strategy. Journal of Strategic Information Systems*" (2003).
22) Drew, S. A. W. "*From knowledge to action: the impact of benchmarking on organizational performance".* Long Range Planning (1997).
23) Eric T. Peterson. "*The Big Book of Key Performance Indicators*". First Edition_2006
24) ERASLAN, İ. H. "*The effects of competitive strategies on firm performance: A study in Turkish textile and apparel industry considering the mediating role of value chain activities*" (2008)
25) Francis, G. and Holloway, J. (2007), "*What have we learned? Themes from the literature on best-practice benchmarking*".
26) FRUHLING, A. I., & DIGMAN, LA. "*The impact of electronic commerce on business-level strategies*". Journal of Electronic Commerce-Research (2000).
27) GONCHARUK A.G., LAZAREVA N.O., ALSHARF I.A.M. "*Benchmarking as a performance management method"*. Polish journal of management studies_2015
28) GONCHARUK A.G., LAZAREVA N.O., ALSHARF I.A.M: *benchmarking as a performance management method*
29) GUIMARAES, & Armstrong. "*Exploring the Relationships Between Competitive Intelligence, IS Support, and Business Change"*. Competitive Intelligence Review (1997).

30) Gregory H. Watson A Perspective on Benchmarking. (1994). *Benchmarking for Quality Management & Technology*

31) Hansen, G. C. & WERNERFELT, B. (1989). *Determinants of firm performance: The relative importance of economic and organizational factors, Strategic Management Journal 10*.

32) HASHIM, R., YUSOFF, R. AND MAT, R. *"Benchmarking process and its relationship with organizational performance"*. The Asian Journal of Technology Management (2012).

33) Hong, P., DOBRZYKOWSKI, D., Won Park, Y., Hong, P., Hong, S.W., JUNGBAE ROH, J. and Park, K. (2012), "*Evolving benchmarking practices: a review for research perspectives*", Benchmarking: An International Journal. Page: 444-462

34) Hatch, N. W., D. C. Mowery. "*Process innovation and learning by doing in semiconductor manufacturing*". Management SCI 1998

35) Jeff BORDES "*Strategic Management Assignment BUILDING AND SUSTAINING COMPETITIVE ADVANTAGE".* Atlantic International University 2009

36) John McGee « *differentiation strategies* » 2015

37) John McGee « *value chain* » January 2014

38) John McGee: *competitive advantage*. Page 2. The University of Warwick - Warwick Business School (WBS)_2015

39) Jennings, K., & Westfall, F. "*Benchmarking for Strategic Action".* Journal of Business Strategy, (1992).

40) KLEIS, L., CHWELOS, P., RAMIREZ, R. V., & COCKBURN, I. "*Information Technology and Intangible Output: The Impact of IT Investment on Innovation Productivity. Information Systems Research"* (2012).

41) KYRÖ, P. and KULMALA, J. (2004), "*The roots and the content of benchmarking*". Page: 210

42) KHURRUM S. BHUTTA and FAIZUL HUQ: *Benchmarking - best practices: an integrated approach*

43) Kumar, S., & Chandra, C (2001). "Enhancing the effectiveness of benchmarking in manufacturing organizations. Industrial Management & Data Systems" Pages: 80 – 101

44) KMIECIAK, R., A. MICHNA, AND A. MECZYNSKA. "*Innovativeness, Empowerment and IT Capability: Evidence from SMEs*." Industrial Management & Data Systems 2012. Page: 708

45) LUCIE SYCHROVA, IVETA ŠIMBEROVA. "*Key performance indicators as a basic element for a marketing efficiency measurement"*. 7th International Scientific Conference "Business and Management 2012"

46) Matters, M. and Evans, A. (1997), "*The nuts and bolts of benchmarking*".

47) Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance*. 1985 Edition

48) MICHAEL QUINN PATTON (2005) "Qualitative Research. Encyclopedia of Statistics in Behavioral" Encyclopedia of Statistics in Behavioral Science

49) NICOLAE TEODORESCU, LAURENTIU-DAN V. ANGHEL, AURELIA-FELICIA STANCIOIU, DIANA MARIA VRANCEANU (January 2007) "Qualitative versus quantitative marketing research". Research Gate

50) OMACHONU, V.K. and Ross, J.R. (1994), *Principles of Total Quality*, St. Lucie Press, Delray Beach, FL.

51) Per V. Freytag and SVEND HOLLENSEN. *The process of benchmarking, bench-learning and bench-action.* Edition 2014.

52) Prof. KRUME NIKOLOSKI "*The Role of Information Technology in the Business Sector"* 2012

53) Philip H Meade "*A GUIDE TO BENCHMARKING*". Curtin University of Technology 2007

54) RIAD AHMAD MOHAMMED ABAZEED. "*Benchmarking Culture and Its Impact on Operational Performance: A Field Study on Industrial Companies in Jordan*". International Journal of Academic Research in Economics and Management Sciences (2017)

55) Rugman, A. & Hodgetts, R. "*International business: A strategic management approach*" 2000.

56) Scott Cheney, *American society for training and development: benchmarking; research and development*. Page 8. January 1998 Issue

57) SUDARSAN, R., S. J. Fenves, R. D. SRIRAM, F. Wang. "*A product information modeling framework for product lifecycle management*". 2005

58) Smith, E. R. "*E-Loyalty: How to Keep Customers Coming Back to your Website"*. Harper Business, New York (2000).

59) SAMUEL SHAKE RIGHA. « *information technology and competitive advantage in internet service providers in KENYA*". 2014

60) Shetty, Y. K. *Aiming high: Competitive benchmarking for superior performance. Long Range Planning (*1993).

61) Salem, H. (2003). "*Organizational performance management and measurement: The Lebanese experience*". Economic and Social Commission for Western Asia, Meeting on the Innovation of Public Administration in the Euro-Mediterranean Region (UNDESA), Beirut

62) SRIVIDYA, A., & METRI, B. A. "*IT-Driven Quality Benchmarking for Competitive Advantage".* IETE Technical Review (2001).

63) SAUNDERS, L., MCCOY, A., KLEINER, B., LINGARD, H., COOKE, T., MILLS, T., BLISMAS, N. AND WAKEFIELD, R. "*International benchmarking for performance improvement in construction safety and health*". Benchmarking: An International Journal (2016).

64) Thong, J. Y. L. and C. S. Yap "*CEO characteristics, organizational characteristics and information technology adoption in small businesses*" (1995).

65) Tim STAPENHURST "*the Benchmarking book; a How-To-Guide to best practice for managers and practitioners"*. Page: 6. Edition: 2009

66) VALERIE'BRYAN « *Information Technology Management* » Florida Atlantic University 2008

67) Wiley Encyclopedia of Management 2014 John Wiley & Sons, Ltd

68) William M. Lankford. "*Benchmarking: understanding the basics*" State University of West Georgia 2000

69) Williams, J. R. *"How Sustainable is Your Competitive Advantage?"* California Management Review (1992).

70) WHEELEN T. L & Hunger D. J. "*Strategic management and business policy*" Massachusetts (2002)

71) Wiley Encyclopedia of Management, edited by Professor Sir Cary L Cooper 2014

72) YASIN, M.M. (2002), "*The theory and practice of benchmarking: then and now*", Benchmarking: An International Journal. Page: 217

73) YASER HASAN AL-MAMARY, ALINA SHAMSUDDIN, NOR AZIATI "*The Meaning of Management Information Systems and its Role in Telecommunication Companies in Yemen*" Faculty of Technology Management and Business, Malaysia 2014

74) ZEESHAN ASIM, SHAHRYAR SOROOSHIAN: "*Exploring the Role of Knowledge, Innovation and Technology Management (KNIT) Capabilities that Influence Research and Development*" (2019)

Websites:

1. https://hbr.org/1985/07/how-information-gives-you-competitive-advantage

2. http://www.nigp.org/eweb/docs/education/OnlineDict/DictM.htm

3. https://www.academia.edu/9001527/The_role_of_information_technology_in_reducing_quality_costs_of_organizations_and_companies

4. https://dictionary.cambridge.org/dictionary/english/benchmarking

5. http://www.britannica.com/EBchecked/topic/287895/information-system

6. https://cdn.ymaws.com/www.cappo.org/resource/collection/FBBFC7BF-369D-43DE-B609-3D41BA05D10E/Performance%20Metrics.pdf

7. http://upload.news.esnai.com/2013/0328/1364451214137.pdf

8. https://cdn.ymaws.com/www.cappo.org/resource/collection/FBBFC7BF-369D-43DE-B609-3D41BA05D10E/Performance%20Metrics.pdf visited on March 31, 2020 at 3:16 pm

9. https://www.coursera.org/learn/wharton-operations

10. https://www.academia.edu/9464635/Strategic_Roles_of_information_Systems_Introduction

11. https://www.slideshare.net/Libcorpio/strategic-role-of-information-systems

13. https://shodhganga.inflibnet.ac.in/bitstream/10603/92155/10/10_chapter%204.pdf

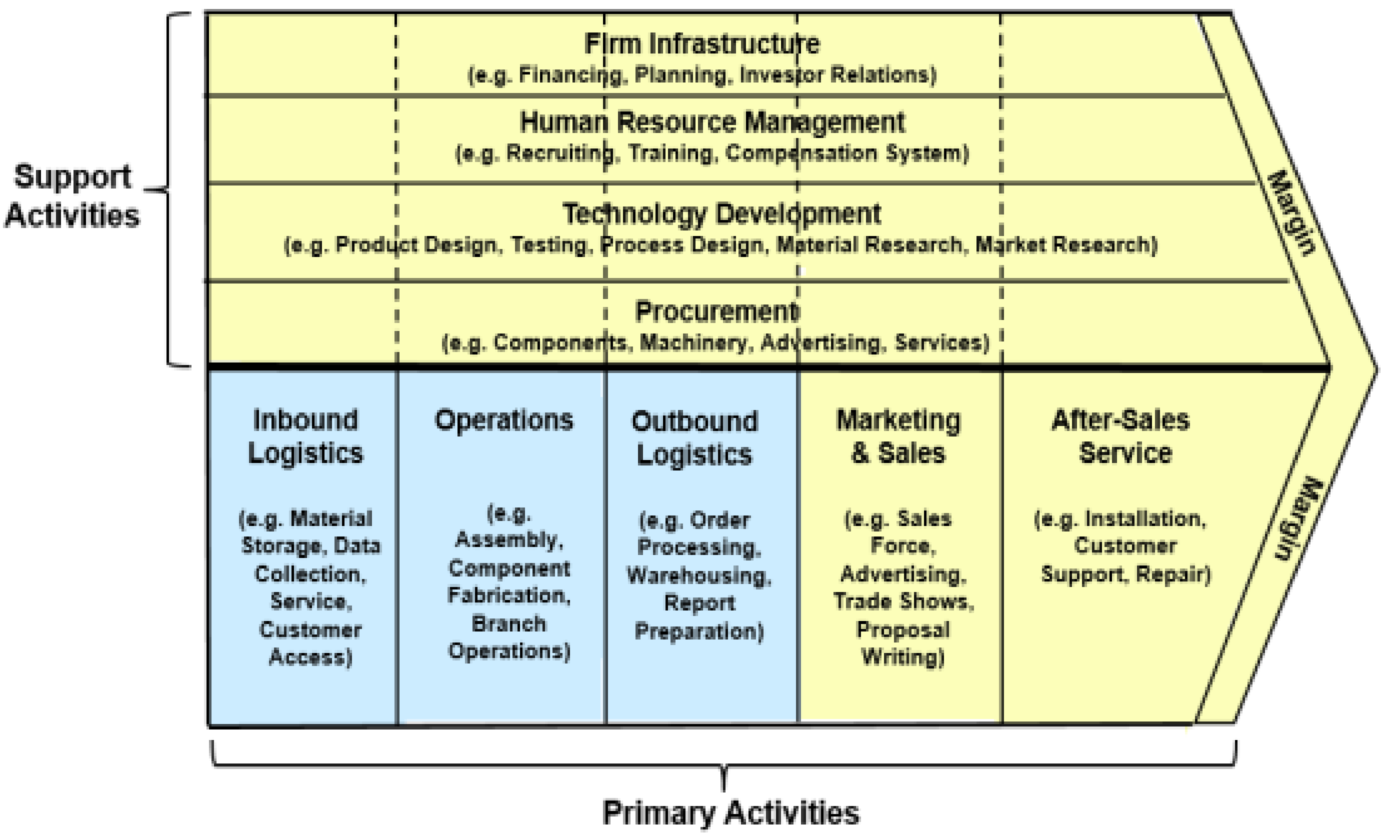
14. https://courses.edx.org/courses/course-v1:Wharton+StrategyX+1T2020/course/

Appendices

Appendices N° 1: questionnaire

I. Value chain analysis

Use the following value chain model to create the value chain of JUMIA.



Michael E. Porter: *COMPETITIVE ADVANTAGE Creating and Sustaining Superior Performance.* Page: 43. 1985 Edition

3. For each stage of the value chain, list the key activities that JUMIA is engaged in.

What are the company departments?
Selective Recruiting Frequent and selective Employee training
What are the main technologies used by JUMIA?
What are the material resources?

Data collection	**How is the service produced?**	**The Storage and delivery process?**	**How is the service presented and marketed?** **Where is the Advertising done?**	**What are the After-Sales Services?**

4. <u>Which activities are particularly distinct</u>; different from those of your main competitor?
   - ...
   - ...
   - ...
   - ...

II. Mapping JUMIA's activity system

6. Identify some of the overarching positioning choices (things that JUMIA does and that make it unique and different in the marketplace)
    - …
    - …
    - …
7. Identify activities within the value chain that make JUMIA distinct and different
    - …
    - …
    - …
8. Identify which of the activities mentioned above are more important than the others
    - …
    - …
    - …
9. Which of the above mentioned activities depend on each other or reinforce each other
    - … and …
    - … and …
    - … and …


Important distinctive activities of JUMIA
Not very Important activities
Interdependent activities

III. Analyzing industry attractiveness

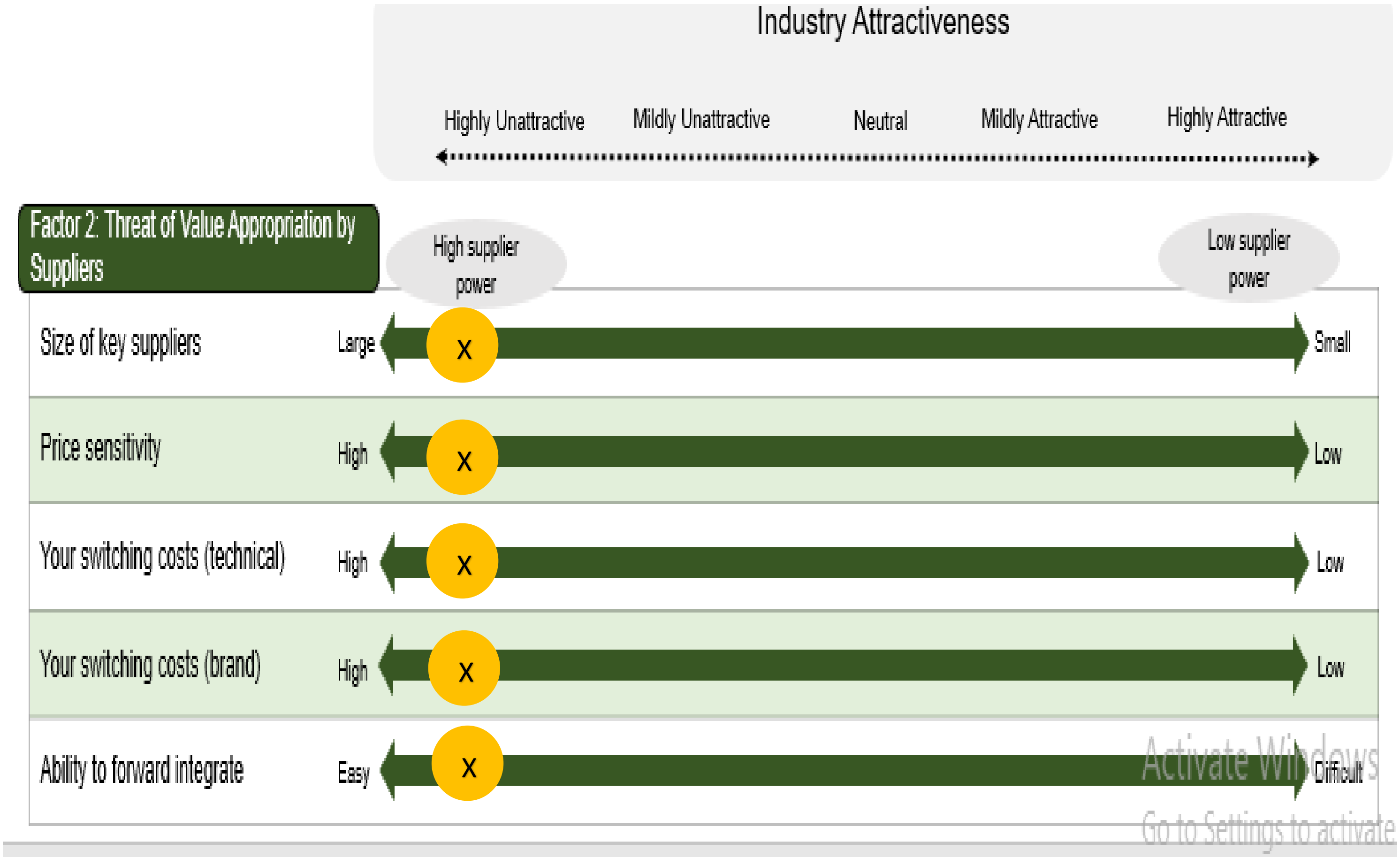
The method is based on thinking about the various factors that affect industry attractiveness (customers, suppliers, direct competitors, new entrants and substitutes).

Under each factor, sub-factors which make this particular industry factor attractive or unattractive are identified.

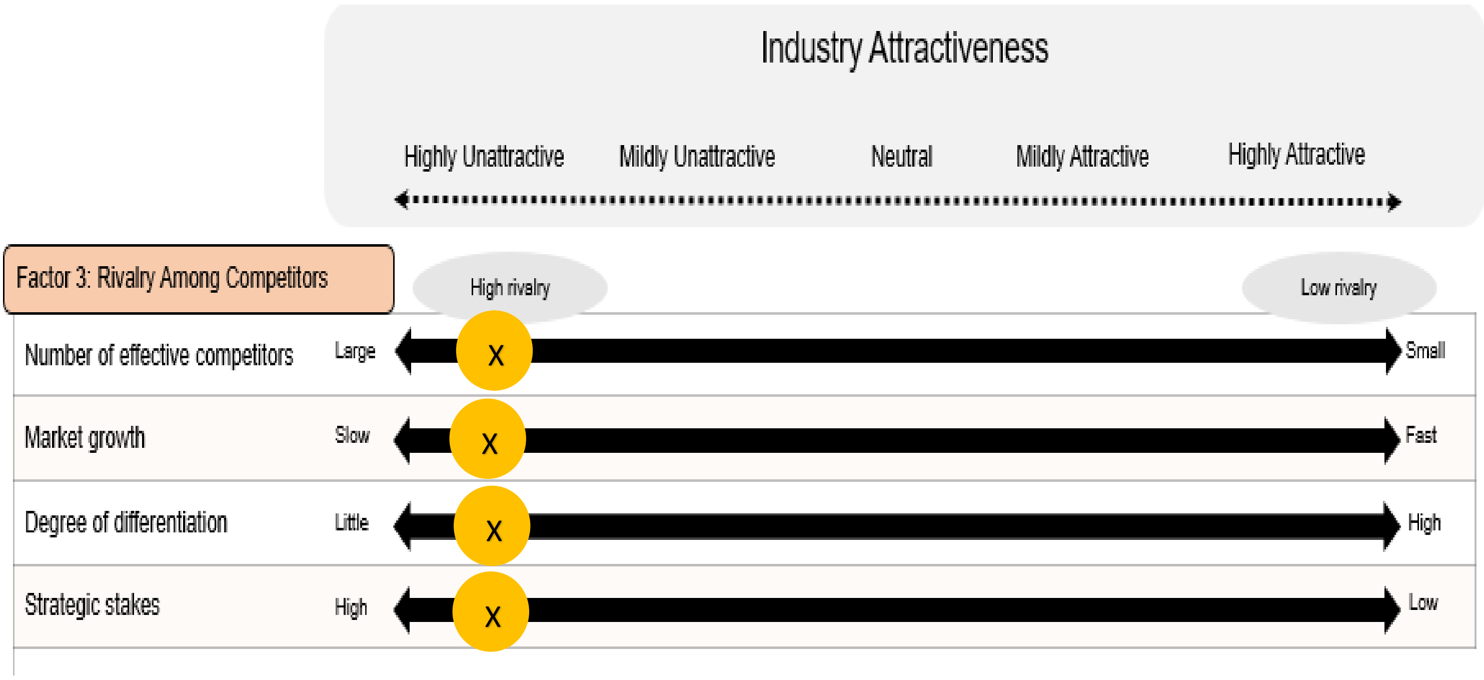
Move the X to the appropriate place in the arrow

1. Customers:

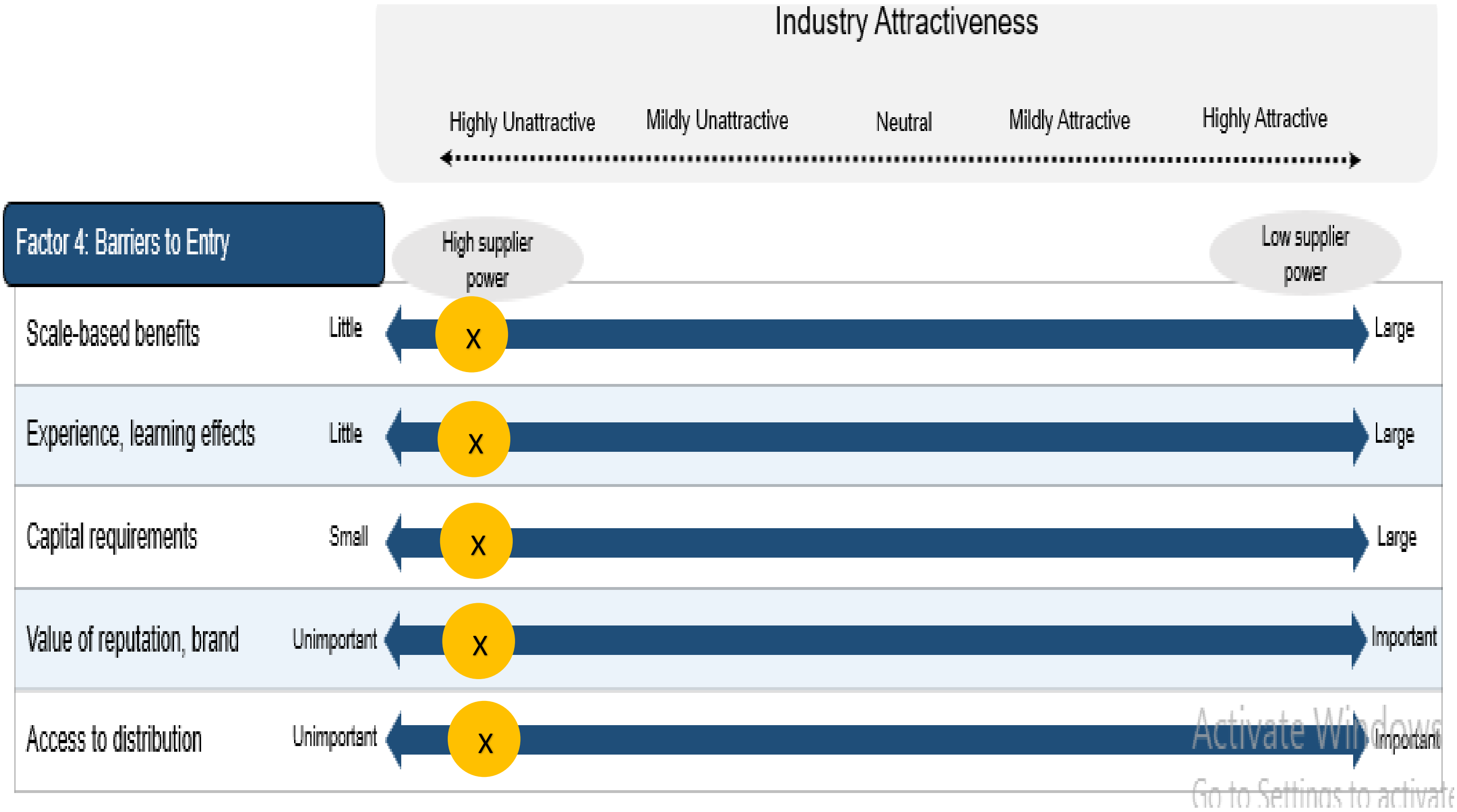
2. Suppliers:



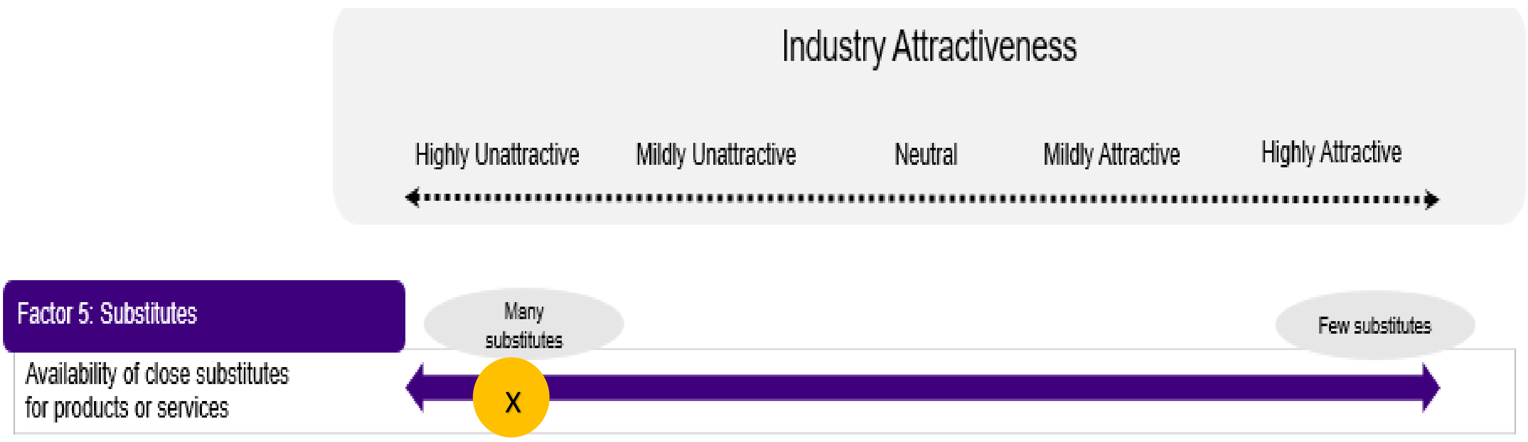
3. Rivalry among competitors:



4. New entrants:



5. Substitutes:



Using the above information, we can summarize using the following figure:

		Current state of the industry		
	Factors:	Un-attractive	Neutral	Attractive
X	Factor 1: Power of customers (makes this industry…)			
X	Factor 2: Power of suppliers (makes this industry…)			
X	Factor 3: Rivalry among competitors (makes this industry…)			
X	Factor 4: Barriers to entry (make this industry…)			
X	Factor 5: Availability of substitutes (makes this industry…)			

IV. Positioning Evaluation

1. Choose one category of products available on JUMIA:

- …

2. Identify your main competitor relative to this category:

- …

3. List 5 wiliness to pay drivers (the elements that increase the willingness to pay):

- On-time delivery
- Product quality
- Product availability
- The navigation of the online platform
- Availability and clarity of product information

4. Rate JUMIA's customers' willingness to pay (relative to the chosen product category):

Willingness to pay is: the maximum amount a customer is willing to pay for your product or service.

Willingness to pay drivers: the elements that increase the willingness to pay.

	Worst in industry		Average		Best in industry
Willingness-to-pay drivers:	1	2	3	4	5
On-time delivery	JUMIA	Comp			
Product quality	JUMIA	Comp			
Product availability	JUMIA	Comp			
navigation of the online-platform	JUMIA	Comp			
Availability and clarity of product information	JUMIA	Comp			

5. what are the key cost drivers of the product category that you've selected? (ex: advertising, distribution…)

- …
- …
- …
- …
- …

6. Rate your key cost drivers
7. Rate your competitor's key cost drivers

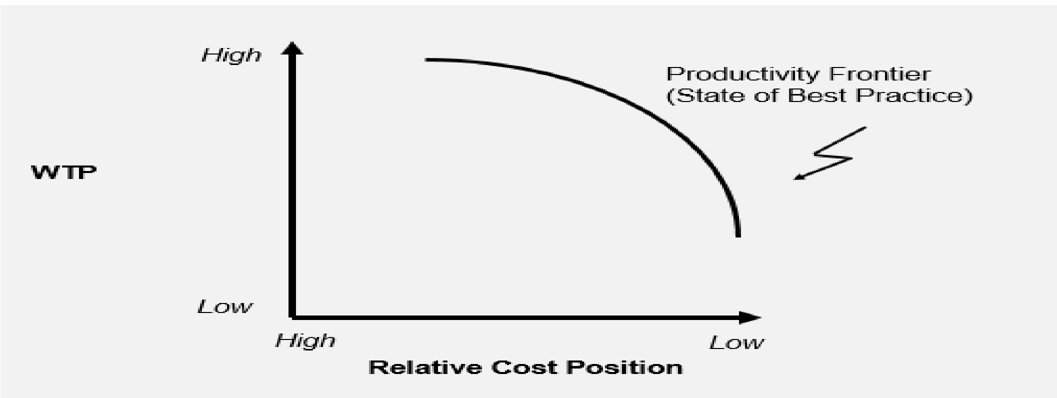
Worst in industry → Average → Best in industry

Cost drivers:	1	2	3	4	5
	JUMIA	Comp			
	JUMIA	Comp			
	JUMIA	Comp			
	JUMIA	Comp			
	JUMIA	Comp			

8. Using the above information position your firm and your competitor:

JUMIA

Comp



<u>Benchmarking processes and the most important benchmarking step</u>:

1. Was the company faced with difficulties while conducting the benchmarking?
    - Very difficult
    - Difficult
    - Neutral
    - Easy
    - Very easy
2. Which benchmarking step impacted the effectiveness of benchmarking?
    - Set benchmarking goals
    - Identify best practice
    - Data collection
    - Implementing findings
    - All steps have impact but clarity of purpose and goal has greatest impact
3. What were the reasons for initiation of benchmarking in your organization in the past two years?
    - Increased profitability
    - Maintain competitive advantage
    - Increase competitive advantage
    - Learn other processes
4. What item best characterizes the basic thrust of your business as a result of benchmarking in the past 2 years?
    - Increase profitability
    - Maintained competitive advantage
    - Increased competitive advantage
    - Still in process

<u>The most effective type of benchmarking</u>:

3. Which type of benchmarking has your organization ever practiced until now?
    - Product benchmarking
    - Function/process
    - Best practice
    - Strategic
4. Which type of benchmarking do you think is the most effective one?
    - Product Function/process
    - Best practice
    - Strategic
    - It depends

<u>The influential factors to the effectiveness of benchmarking</u>:

4. Who understands the benchmarking goal(s) in your organization?
    - Top management only
    - Top and most middle management
    - Every manager and supervisor
    - Every manager, supervisor and associate
5. Why were your benchmarking practices not as effective or successful as you expected?
    - Relevant organizational culture change
    - Ineffective communication of benchmarking findings
    - Unclear benchmarking goal(s)
    - Lack of implementation of benchmarking findings
    - Others
6. What do you think is the main detriment on the effectiveness of benchmarking from your best benchmarking experience?
    - Organizational culture Clarity of benchmarking goal(s)
    - Effective communication of benchmarking findings
    - Innovative adaptation of findings
    - Management commitment
    - It depends

Measuring the effectiveness of benchmarking:

4. How successful were your benchmarking activities?
    - Completely successful
    - Very Successful
    - Moderately Successful
    - Still in the process of benchmarking
5. How does your organization measure the effectiveness of benchmarking?

    - Profitability
    - Increased competitive advantage
    - Improved customer satisfaction
    - Better/best practices identified and improved process performance
    - Depends on the type of benchmarking
6. How do you perceive benchmarking as a management tool?
    - Very effective, but will be obsolete sooner or later
    - Very effective, should be used continuously
    - Somewhat effective
    - Not effective at all

Frequency of conducting benchmarking activities:

2. How often does your organization conduct benchmarking?
    - Weekly
    - Monthly
    - Quarterly
    - Every six months
    - Yearly
    - By projects
    - It depends

NB: the method used in this questionnaire has been introduced by NICOLAJ SIGGERLKOW a Professor at Wharton university of Pennsylvania https://courses.edx.org/courses/coursev1:Wharton+StrategyX+1T2020/coure/ visited on April 4, 2020 at 8:44 am

Appendices 02: interview guide

Subject:

The impact of benchmarking on competitive advantage at JUMIA Algeria

- What is your mission and occupation within JUMIA? And how long have you been in this position?

Competitive advantage:

- What are the product/ service ranges offered by JUMIA?
- What are the principal features of your services?
- Do your prices support your positioning policy?
- What delivery methods are you currently using?
- who are the competitors of JUMIA?
- Which companies provide directly competitive services?
- Which firms provide indirect competitive services?
- What competitive advantages do your direct and indirect competitors have or claim?
- What makes you different than competitors?
- What is the company's unique value proposition?

Benchmarking:

- How does your organization measure the effectiveness of benchmarking?
- Who understands the benchmarking goal(s) in your organization?
- How often does your organization conduct benchmarking?

The impact of benchmarking on competitive advantage

- In your decision making process do you take into account the information related to your competitors and if so how do you do that?
- How do you describe the impact of the information gathered from the market on the company's competitive advantage?

Thank you for taking the time to conduct this interview.

<u>Table of contents</u>