Chapter XI

Competitive Force/Marketing Mix (CF/MM) Framework

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ABSTRACT

Information systems researchers continue to grapple with the development of frameworks to aid managers in the identification of opportunities for the strategic use of information technology. Many of the current frameworks have been proposed to guide the systems development process, but few have successfully dealt with the underlying business issues that drive the need to develop an information system in the first place. Because the difficulties that a particular business must cope with arise from the distinctive characteristics of the firm, its product and the particular niche in which the firm operates, this chapter presents a two-dimensional COMPETITIVE FORCE/MARKETING MIX (CF/MM) framework that can be used to recognize opportunities for strategic information systems within the firm’s niche. The CF/MM framework is based on a combination of Porter’s view of strategy as a response to the unique mix of the five competitive forces faced by a firm, and the firm’s marketing strategy. By using the CF/MM framework, managers and researchers can identify opportunities to use emerging information technologies as part of front-line competitive strategy. After presentation of the CF/MM framework, the chapter presents a summary of the results of a CF/MM-based analysis of 150 articles related to the competitive use of information technology that have been published in both the popular press and scholarly press. Organizations that are successful in creatively focusing the use of the expanding array of modern information technologies on their particular business niche will increase their ability to survive in the dynamic business environment of the year 2000 and beyond. The CF/MM framework can also be used by IS managers to orchestrate the mix of applications held by a firm in order to maximize the strategic impact of IT investments.
INTRODUCTION

“Knowledge is Power.” In the modern business environment, where “total information war” (Toffler, 1990, p. 153) rages across the world economy, the ultimate competitive edge is a result of better and wider access to information. Those organizations capable of developing better internal and/or external information systems flourish, while others fail. A strategic information system changes the basis of competition between firms; such systems either provide better support of typical organizational units (sales, purchasing, etc.) or provide new information-based services to customers. Some of the types of competitive advantage that can result from strategic information systems include short-term gains from being the market innovator, the ability to lock-in customers and/or suppliers, and the ability to change the basis of competition (Laudon and Laudon, 1991).

Many previous studies document the use of strategic information systems in large business organizations (Beath, 1986; Business Week, 1983; Canning, 1984; Cash and Konsynski, 1985; Computerworld, 1985; Copeland and McKenney, 1988; Cushman, 1989; Johnston and Vitale, 1988; McFarlan, 1984), but very few exist that offer a truly niche-driven approach to identifying opportunities for the strategic use of information technology. One of the better studies related to the strategic use of information systems offered a three-dimensional framework linking Porter’s (1980) generic competitive strategies with competitive targets and organizational activities (Bergeron and Raymond, 1992). However, many of the difficulties that businesses must cope with arise from the distinctive characteristics of the firm and the particular environment in which it operates. As a result of the uniqueness associated with each firm’s predicament, it may be quite difficult for managers to apply the generic strategies used in Bergeron and Raymond’s (1992) framework to the task of developing competitive strategies and strategic information systems. According to Porter (1980), competitive strategy can be thought of as:

...taking offensive or defensive actions to create a defendable position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return on investment for the firm. Firms have discovered many different approaches to this end, and the best strategy for a given firm is ultimately a unique construction reflecting its particular circumstances (1980, p.34; emphasis added).

Therefore, this chapter will present a two-dimensional framework that can be used to identify opportunities for strategic information systems based on (1) Porter’s view of strategy as a response to the unique mix of the five competitive forces faced by individual firms, and (2) marketing strategy. A firm’s marketing strategy is the particular mix of product, price, promotion, and place (distribution/delivery) used to respond to a specific target market. The next section of this chapter will review previous research on strategic information systems, competitive strategies, and marketing strategies. After the review, the chapter will present the Competitive Force/Marketing Mix (CF/MM) framework and a discussion of its use as an exploration and evaluation tool for identifying opportunities to use information technology in a strategic manner. After that, the chapter presents a summary of the results of a CF/MM-based analysis of published cases documenting the use of
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