Using the Analytic Network Process in Business Strategy Selection: a Case Study

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Abstract: Grounded in the resource based viewed (RBV) of the firm to the competitive advantage, the current study attempts to identify specific resources and capabilities of an Iranian dairy products firm and to develop an evaluation framework of business strategy in a dairy production firm with its unique conditions using analytic network process (ANP). Using Delphi method, the resources and capabilities of this factory were identified as follows; speed of distribution channels, brand loyalty, skilled human resources, customer linking capabilities, and diversified & quality products. Then by employing the ANP method a conceptual model for pursuing sustainable competitive advantage is developed. The result revealed that differentiation strategy is the best strategy for the firm to pursue competitive advantage. Also customers linking capability, brand loyalty and skilled human resources criteria have the most effects upon gaining competitive advantage of the firm, with the priority weights of 0.273, 0.257, and 0.197 respectively, followed by Speed of distribution channels and diversified & quality products with the weights of 0.177 and 0.151.

Key words: Business Strategy, Resource Based View, Analytic network process, Delphi method, Iran

INTRODUCTION

Initially, the concept of strategy was meant to refer to the leading role of a general in command of an army as well as for military purpose (Greenly, 1989; and Mintzberg and Quinn, 1991). Modern organizations have mainly adopted and modified the principles of the military strategies to suit the specific business environment (Quinn, 1980). There appears to be much agreement in the strategies management literature on the important role of strategy in organizations. Rue and Holland (1989) noted that the management of organizations used strategies to outline the fundamental steps that they plan to follow in order to accomplish their objectives. Porter (1980) noted that a firm can gain its Competitive advantage by producing value to its customers. Porter emphasized that a firm can gain its competitive advantage by performing the chain of strategically important activities (such as production, marketing, sales, service, human resource management, technology development, procurement activities) cheaply and better than its competitors.

Further, Porter concluded that business strategies based on these activities are known as generic strategies. According to Porter, the three generic business strategies are low cost, differentiation and focus (niche). In a low cost strategy, increased profit as well as sales is pursued by using economies of scale, scope and technology. In a differentiation strategy, the firm emphasizes developing ways to make products appear unique and different. Finally, in a focus strategy, the firm focuses on product development and marketing efforts in a particular market segment that the firm has a cost or differentiation advantage.

The strategy of differentiation is based upon the creation of perceived value through some combination of broad product scope, brand image, advertising intensity, method of distribution, provision of ancillary services, exclusivity, high contact, sensory experience, novelty, fashion, convenience, time efficiency, and premium pricing (Chaganti et al., 1989). During several decades one of the main themes to dominate the business strategy literature has been the resource based view (RBV) of the firm (New-bert, 2007). Adopting this perspective, researchers tend to emphasize the value of firm’s resource possession by focusing on those resources that create and sustain competitive advantage (Wernerfelt, 1984; Barenyn, 1991; Ray, 2004). The RBV raises the importance of firm resources and capabilities in competition and the theoretical background was strengthened by the work done by many researchers (Wernerfelt, 1984; Barney, 1991; Grant, 1991; Peteraf

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In all these studies, the competitive advantage of a firm was viewed through the resource aspect where resources were defined as anything which could be thought of as a strength or weakness of a given firm (Wernerfelt, 1984). Researchers theorize that firms possessing resources that are valuable, rare, inimitable, and nonsubstitutable (i.e. resources with VRIN attributes) can achieve sustainable competitive advantage by implementing fresh value-creating strategies that are difficult for competitors to duplicate (Wu, 2010). Sadler (2003) differentiated between resources and capabilities and stated, resources are firm’s most fundamental characteristics: they are its tools and personality. By bringing its resources to bear, a firm displays its capabilities, its skills in performing productive activities. Day 1994; Zollo and Winter 2002) believe Capabilities are collective activities through which the firm develops, integrates, and deploys internal and external resources. By enhancing the firm’s ability to effectively configure resources to better respond in a changing environment (Eisenhardt and Martin 2000), capabilities contribute to a firm’s ability to build and sustain a competitive advantage (Day 1994; Teece et al. 1997).

In the past decade competition among the Iranian dairy products firms has reached a fierce point. From one hand the number of private factories have increased and on the other hand due to growing requirements and expectations of customers for various dairy products have forced the factories to increase the quality of their products from various points of view, for instance, taste and packaging. Therefore Iranian dairy products firms are struggling to increase the level of capabilities and resources of their own to meet the needs and expectations of their customers. The purpose of this paper is to emphasize the importance of allocating specific and limited resources and capabilities to evaluate and select appropriate business strategy using ANP technique so as to capture sustainable competitive advantage for an Iranian dairy firm. So the two main research questions of this study are as follows:

1. What are the main resources and capabilities of the surveyed firm?
2. Based on its resources and capabilities, what is the best business strategy for the firm to pursue competitive advantage?

Since the problems associated with business strategy selection are becoming more complex, it seemed to be difficult to handle the problems with a single set of guidelines or decision model comprehensively. This study, therefore, expanded the application of ANP by focusing on a dairy products firm as a case study. The remainder of the paper is organized as follows: section 2 provides a general overview of the literature on RBV and application of porter’s proposed generic strategic on various studies, section 3 presents an introduction to ANP as well as the development of the decision model of the study. Finally section 4 presents findings and managerial implications.

2. Literature Review of RBV:

Although the preliminary concept of RBV could be traced back to Selznick’s (1957) concept of organizational distinctive competence, the RBV emerged arguments as challengers against the excessive determinism of Porter’s (1980) view of competition (Wernerfelt, 1984), and the RBV emphasized the importance of key resources in achieving a competitive advantage (Sadler, 2003). Porter (1991) also stressed that core capabilities or resources of intangible assets could create exhilarating competitive for organization. Both within and across the marketing and RBV domains, Srivastava et al., (2001) pointed that the common emphasis upon leveraging resources to create and sustain value for the organization’s stakeholders should not be surprising, given the considerable goodness of fit between marketing realities and the assumption.

Deliberate the decision of how best to acquire sustainable competitive advantage (Fodness, 2005). Hamel and Prahalad argue that, for long-run competencies; it is vital that top management view their companies as a set of capabilities rather than a portfolio of products (Sadler, 2003). Tracey and Weirsema (1995) identified three paths: operational excellence, product leadership and customer intimacy. Aaker (2005) pointed out five common routes to sustainable competitive advantage, included quality, value, innovation, focus and global. In the boundaries of RBV, sustainability of competitive advantage would be accomplished heavily with the bundle of resources and capabilities possessed by the particular organization (Kaleka, 2002). Wernerfelt (1984) proposed the concept of “resource position barrier” which inspires scholars to consider differentiating firm resources as sources of sustainable competitive advantage.

In addition, Kaleka (2002) pointed out that different combinations of resources and capabilities would be identified as drivers of cost, service, and product advantage; nonetheless, the capability to build enduring relationships with customers emerged as essential in achieving all three types of competitive advantage for industrial exports. The cost advantage would be associated with cost of goods sold, product cost per unit, and selling price to customers; service advantage covered technical support and after-sales service, product accessibility, delivery speed and reliability; and product advantage would be designated by superior quality,
In terms of competitive strategy, Porter (1980) introduced a typology of three generic strategies for creating a defensible position and outperforming competitor in a given industry, included overall cost leadership, differentiation and focus. The aspect of cost strategy, organizations might be in a superior position to achieve cost decrément, when they could find the acquisition and development of the necessary resources forthwith.

In differentiation strategy, Boyt and Harvey (1997) stated that differentiation through offering superior customer service would be important especially, and Grant (1998) also pointed out that successful product/service differentiation could be achieved through innovations and improvements across different parts of the value chain. On the basis of focus strategy of porter, Wind (1987) pointed out that market segmentation should be esteemed as an essential to business success. The benefits of market segmentation could be widespread and range from understanding customer needs and delivering customer value to achieving competitive advantage and improved organizational performance (Dibb and Simkin, 2001).

Following the increased focus on RBV in competitive strategy research, Brewer and Hensher (2001) stated that strategic capacity defined as enduring resources and capabilities is potentially more sustainable than that based solely on product and market positioning. Resources and capabilities that would be valuable, rare, inimitable and non substitutable (Barney, 1991) made it possible for business to develop and maintain competitive advantage, to utilize these resources and competitive advantages for superior performance (Srivastava et al., 2001; Grant, 1991; Wernerfelt, 1984). In addition, the resources for competitive advantage would be viewed as those that possessed the combined traits of enabling the provision of competitively superior value to customer (Barney, 1991); being difficult to duplicate by competitors (Dierickx and Cool, 1989); and whose value could be appropriated by the organization (Collis and Montgomery, 1995). Sadler (2003) classified sources which would influence the competitive advantage as tangible and intangible. The resources could represent assets controlled by the firm that were used as inputs to organizational processes, include experiential resources, scale of operation, financial resources and physical resources. He, also, states capabilities could concern the organizational ability to combine, develop and use its resources in order to create competitive advantage, include information, customer relationship building, product development and supplier relationship building. Furthermore, Srivastava et al. (1998) stated that the market-based assets met both criteria of marketing specific and the desired RBV attributes (Srivastava et al., 2001). They divided marketing resources into relational market-based assets and intellectual market-based assets. The relational market-based resources associated with external organizations that would be not owned or fully controlled by the firm, included relationships with and perceptions held by external stakeholders of customers, channels, strategic partners, and eco-system. The intellectual market-based resources associated with internal and entrenched assets residing within the firm’s boundaries, included kinds and levels of knowledge about environment, know-how to leverage intra-organizational relationships and process-based capabilities (e.g., market innovation know-how or customer relationship management) (Srivastava et al., 2001). Besides, Stewart (1997) referred to the Scandia AFS intellectual mode and divided it into three types of intellectual capabilities, included human capital which referred to the employees’ knowledge, technology, capabilities and experience of the whole organization, structural capital which referred to the technology invention data, publication and process of the whole organization, and customer capital which referred to the relationship between organization and customer (Liu, 2005). From the above discussions of Srivastava et al. (1998, 2001) and Stewart (1997), it revealed that not all resources and capacities could be owned or fully controlled by organization.

The current study based on the perspective of RBV argues that organizations should inspect their own resources, and allocate their limited competitive resources in control of managerial implementation. Not all resources, however, would be of equal importance in creating competitive advantage (Barney, 1991). Organizations would have to re-check their organizational growth internally, and to face the critical problem of inferior competitive which would be due to the neglect of internal core resources and capabilities, really not the change of environment. As mentioned earlier, despite the importance of selecting an appropriate and competitive advantage to manufacturing industries, there were no empirical studies employing the ANP model in business strategy selection decisions. Therefore, the current study attempts to employ ANP to allocate a firm’s owned and specific resources and capabilities appropriately to make the practicable decision of business strategy for accomplishing this firm’s final goal of sustainable competitive advantage. In order to discover what are the main resources and capabilities of the firm surveyed, a Delphi method with the participation of managers of this factory was done. The Delphi method was created in the 1950s as the fruit of a study commissioned by the US Air Force from the Rand Corporation. In general, it structures and facilitates
communication within a group concerning a complex problem so that a consensus can be reached after several iterations (Loo, 2002). Unlike classical questionnaires, the Delphi method aims to establish a consensus of opinions, judgments or choices (Keeney et al., 2001). It must be able to exploit the advantages of group work without being affected by the inconveniences, in particular dominance and psychological influence (Rowe and Wright, 1999). The information is gathered from a panel of carefully chosen experts, who represent a wide spectrum of opinions concerning the topic (Loo, 2002; Windle, 2004). The process starts with a first “idea-generating” round. After these initial results are analyzed, they structure the rest of the survey. Then, as further rounds take place, the experts receive feedback to their responses and those of the other participants so that they can discuss everything and move towards a consensus (Keeney et al., 2001). Each round of the study had a very specific objective. In the first round, the managers assessed the resources and capabilities of the firm identified in the first part of the study: the literature review of RBV. For each resource and capability, after a very specific objective. In the first round, the managers assessed the resources and capabilities of the firm generating “round. After these initial results are analyzed, they structure the rest of the survey. Then, as further spectrum of opinions concerning the topic (Loo, 2002; Windle, 2004). The process starts with a first “idea-generating” round. After these initial results are analyzed, they structure the rest of the survey. Then, as further spectrum of opinions concerning the topic (Loo, 2002; Windle, 2004). The process starts with a first “idea-generating” round. After these initial results are analyzed, they structure the rest of the survey.

3. Introduction to ANP:

Multi-criteria decision-making (MCDM) methods are pointed to be helpful in reaching important decisions that cannot be determined straightforwardly. The underlying principle of MCDM is that decisions should be made by use of multiple criteria (Cheng et al., 2005). An initial study identified the multi-criteria decision technique, known as the AHP, to be the most appropriate for solving complicated problems (Lee and Kim, 2000). AHP was proposed by Saaty in 1980 as a method of solving socio-economic decision-making problems, and has been used to solve a wide range of decision-making problems (Yuksel and Dagdeviren, 2007). AHP is a comprehensive framework which is designed to cope with the intuitive, the rational, and the irrational when multi-objective, multi-criterion, and multi-actor decisions are made, with or without certainty, for any number of alternatives. The basic assumption of AHP is the condition of functional independence of the upper part, or cluster, of the hierarchy, from all its lower parts, and from the criteria or items in each level (Lee and Kim, 2000). Many decision-making problems cannot be structured hierarchically because they involve interaction of various factors, with high-level factors occasionally depending on low-level factors (Saaty and Takizawa, 1986; Saaty, 1996; Lee and Kim, 2000). Saaty suggested the use of AHP to solve the problem of independence among alternatives or criteria, and the use of ANP to solve the problem of dependence among alternatives or criteria (Lee and Kim, 2000). The ANP, also introduced by Saaty, is a generalization of the AHP (Chung et al., 2005). While AHP represents a framework with a uni-directional hierarchical AHP relationship, the ANP allows for complex interrelationships among decision levels and attributes. The ANP feedback approach replaces hierarchies with networks. ANP is used in many kind of decision making and priority setting problems. For instance, in the literature, examples to the application of ANP are; supplier selection (Min-Lang, et al., 2009), project selection (Mohanty & Agarwal, 2005), SWOT analysis (Yuksel and Dagdeviren, 2007).

3.1. Development of the Decision Model:

Prior to conducting data collection, it is to develop a conceptual model for decision problem at the very start. A hierarchy is a particular type of system, based on the assumption that the entities can be grouped into disjoint sets, with the entities of one group influencing the entities of other groups (Saaty, 1980). In order to pursue sustainable competitive advantage, it was attempted to build up hierarchy structure to evaluate the firm’s resources and capabilities for selecting the appropriate business strategy. This is the most important part in the qualitative component of ANP, as Figure 1 drives all criteria for the overall goal. The author used Delphi method by participation of all managers of the firm including the CEO of the organization to determine the key criteria of the firm to pursue sustainable competitive advantage.
The first level of evaluation framework is the ultimate goal of strategic decision i.e. to “pursue sustainable competitive advantage.” There are three business strategies in this selection model, which include cost leadership strategy, differentiation strategy and focus (niche) strategy. Which one is the best, has to depend on measurable criteria in the second level of evaluation framework, included speed of distribution channels, brand loyalty, skilled human resource, customer linking capabilities, and diversified & quality products. By determining the relative importance of each measurable criterion, we will be able to create evaluation indicators essential for achieving the overall goal. Finally, each business strategy in the third level of evaluation framework will be prioritized based on the importance for each measurable criterion.

3.2. Data Collection:
In ANP, the relative important values are determined similar to AHP using pairwise comparisons (Karsak, et al., 2002). AHP is a subjective method that does not require the involvement of a large number of experts. The use of small sample (ten or below) in AHP analysis has been adopted by numerous researchers (Chin, et al., 2008). Ten managers of the firm participated in this study. A questionnaire, then, was conducted for the managers. The questionnaire was designed in accordance with the associated criteria of the evaluation framework. Pair wise comparisons were carried out for a single decision maker for each node of the evaluation framework. Each rated score in the questionnaire corresponds to each matrix of criteria. Ratting of each pairwise comparison was based on the Saaty’s 9-point priority scale. The numerical scale used is a nine-point scale, where “1” is the equivalent importance, “3” is a “slightly” superior importance, “5” is “some” superiority, “7” is a “considerable” superiority and “9” is “outright” superiority, with the even numbers in between applied if necessary.

3.3. The Super- Matrix:
Saaty (1996) stated that the feedback approach, a generalization of the idea of a hierarchy, is used to derive priorities in a system with interdependent influences. And, Karsak et al. (2002) pointed that the ANP consists of two stages: the first one is the construction of the network, and the second one is the calculation of the priorities of the elements. All of the interactions among the elements should be evaluated by pair wise comparisons so as to construct the framework of the problem. In addition, a super matrix, a matrix of influences among the elements, should be obtained by these priority vectors. The super matrix is derived from limiting powers to calculate the overall priorities, so the cumulative influence of each element on every other element with which it interacts is obtained (Saaty and Vargas, 1998). The generalized super matrix of the hierarchy with three levels used in this paper is shown in Figure 2.

In Figure 2, where \( w_{ij} \) is a vector that represents the impact of the goal on resources and capabilities of the organization, \( w_{ij} \) is a matrix that represents the impact of resources and capabilities on each one business strategy, \( w_{ij} \) and \( I \) are identity matrices that represent the inner dependence of resources and capabilities and the inner dependence of business strategy. \( W \) is a partitioned matrix, because its entries are composed of the
Fig. 2: Generalized supermatrix vectors obtained from the pairwise comparisons. Since \( W \) is a column stochastic matrix, its limiting priorities depend on the reducibility and cyclicity of that matrix. If the matrix is irreducible and primitive, the limiting value is obtained by raising \( W \) to powers (Saaty and Vargas, 1998).

Based on comparison results in Table 1, the evaluation criterion that has the most effect upon competitive advantage is assigned to the customer linking capabilities, and its weight is calculated to be 0.273, followed by brand loyalty, skilled human resources, speed of distribution channels, and diversified & quality products which obtained priority weights of 0.257, 0.197, 0.177, and 0.151 respectively.

The consistency index (CI) was calculated to be 0.01, whereby the consistency ratio (CR) = 0.01/1.12 = 0.009 < 0.1. In all cases, the respondents remained within this constraint. Saaty (2000) set the acceptable levels of the CR to yield satisfactory results, included less than 0.1 for the matrix with \( n \leq 5 \). Given the key point to provide impartial and consistent values for the pairwise comparison, it is necessary to avoid inconsistency and biased comparison as far as possible.

Table 1: Comparison of the five criteria with respect to the overall goal

<table>
<thead>
<tr>
<th></th>
<th>BL</th>
<th>CLC</th>
<th>SHR</th>
<th>D&amp;QP</th>
<th>SDC</th>
<th>( w )</th>
</tr>
</thead>
<tbody>
<tr>
<td>BL</td>
<td>0.217</td>
<td>0.222</td>
<td>0.282</td>
<td>0.149</td>
<td>0.233</td>
<td>0.257</td>
</tr>
<tr>
<td>CLC</td>
<td>0.260</td>
<td>0.266</td>
<td>0.215</td>
<td>0.308</td>
<td>0.256</td>
<td>0.273</td>
</tr>
<tr>
<td>SHR</td>
<td>0.126</td>
<td>0.169</td>
<td>0.163</td>
<td>0.180</td>
<td>0.163</td>
<td>0.197</td>
</tr>
<tr>
<td>D&amp;QP</td>
<td>0.192</td>
<td>0.114</td>
<td>0.120</td>
<td>0.132</td>
<td>0.127</td>
<td>0.151</td>
</tr>
<tr>
<td>SDC</td>
<td>0.205</td>
<td>0.229</td>
<td>0.221</td>
<td>0.230</td>
<td>0.220</td>
<td>0.177</td>
</tr>
</tbody>
</table>

Note: BL = Brand Loyalty, CLC = customer linking capabilities, SHR = Skilled Human Resources, D&QP = Diversified & Quality Products, SDC = Speed of Distribution Channels, \( w \) = weight, and CR = consistency ratio.

The super matrix \( W \) was inserted with vectors and matrices, as \( w_2 \), \( w_3 \), \( w_4 \), and \( I \), respectively. Especially, the super matrix included the eigenvector of the matrix that compared the five resources and capabilities with respect to pursue sustainable competitive advantage. Other included eigenvectors are the matrices formed because of the interdependence among resources and capabilities and business strategies. Then, the initial completed super matrix show as Table 2.

Table 2: The initial completed super matrix, \( W^k \)

<table>
<thead>
<tr>
<th>Goal</th>
<th>BL</th>
<th>CLC</th>
<th>SHR</th>
<th>D&amp;QP</th>
<th>SDC</th>
<th>DS</th>
<th>FS</th>
<th>CLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>BL</td>
<td>0.222</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CLC</td>
<td>0.267</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SHR</td>
<td>0.163</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>D&amp;QP</td>
<td>0.141</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SDC</td>
<td>0.225</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>DS</td>
<td>0</td>
<td>0.307</td>
<td>0.439</td>
<td>0.345</td>
<td>0.414</td>
<td>0.482</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>FS</td>
<td>0</td>
<td>0.251</td>
<td>0.248</td>
<td>0.341</td>
<td>0.235</td>
<td>0.274</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>CLS</td>
<td>0</td>
<td>0.429</td>
<td>0.303</td>
<td>0.331</td>
<td>0.369</td>
<td>0.247</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: DS = differentiation strategy, FS = focus strategy, and CLS = cost leadership strategy.

After the super-matrix was assured of column stochastic, the super-matrix was raised to sufficient large power until convergence occurred (Saaty, 1996). That is, the super-matrix is then raised to limiting powers to be \( W^{k+1} \), where \( k \) is an arbitrarily large number to capture all the interactions and to obtain a steady-state outcome. In this study, convergence is stable at \( W^{k+1} \), with cyclical ratios, and the limit super-matrix, which shown the long-term stable values, is shown in Table 3.

For business strategy, the overall priorities are given by the bottom left corner of \( W^{k+1} \). For the goal of the decision problem, the alternative with the largest priority index should be selected. The differentiation strategy, with a relative importance value of 0.417, is the best business strategy for pursuing sustainable competitive advantage, followed by cost leadership strategy with a value of 0.342 and focus strategy with a value of 0.252.
4. Conclusion:
4.1. Findings and Managerial Implications:

In this study, it is proposed that the success of business strategy decision-making depends on firm’s resources and capabilities. ANP is a precious method to select business strategy for competitive advantage, adopting the owner-managers point of view as reflected by goal approach. The advantage of the ANP is not only appropriate for both qualitative and quantitative data, but it also overcomes problems of interdependence and feedback among all clusters. The emphasis has been on comparing the competitive advantage of a dairy products firm in terms of speed of distribution channels, brand loyalty, skilled human resource, customer linking capabilities, and diversified & quality products.

The results of this study point out that customer linking capabilities, brand loyalty, and skilled human resource of the firm play the most important roles in influencing the achievement of competitive advantage. This finding is consistent with existing evidence from the relationship marketing literature (Kaleka, 2002; Ganesan, 1994; Noordewier et al., 1990; Sharma and Sheth, 1997), emphasizing the importance of customer linking capabilities in capturing a superior competitive advantage in the market. In respect of customer linking capabilities, due to fierce competition in the market of dairy products among the Iranian firms the managers of the industry should precisely perceive the needs and expectations of their customers through various methods of communications and offer superior levels of products so as to enhance relationships with key target customers which could ultimately lead to customer retention and brand loyalty.

Moreover, the brand loyalty also plays an important role for competitive advantage. It could reduce the cognitive uncertainty and build the loyalty. Nijssen (1999) stated that brand is among one of the most important assets of a company and also Davis (2002) argued that the most powerful corporations in the world have all had success related to their strong brands. The differentiation strategy focuses on creating unique service and product by brand image, technology, characteristics, customer-tailed service, and service network. Differentiation has been shown to be the most successful strategy under all forms of competition except extreme price. Researchers have found that differentiation through quality image orientation and product scope were the most profitable differentiation strategies (Chaganti, et al., 1989). Successful differentiators can increase market share and achieve cost advantage from economies of scale and experience curve effects. In this case study, a comprehensive framework is offered that can help the surveyed firm to select the best business strategy to pursue competitive advantage. Considering the complicated competitive environment, managers should recognize their distinguishing characteristic of specific resources and capabilities in their firms. Specifically, it is important to increase the awareness of specific and limited resources and capabilities and their specific use in the manufacturing industries. It might increase their ability to concentrate on different aspects in their decision-making process so as to capture synergy. It is worth noting that as resources and capabilities of organizations are different, and also as porter (1985) argues firms competing in the same industry sector are likely to have a similarly configured value chain. However, the differences that exist in the value chain of the firms will determine the potential competitive advantage; therefore the proposed solution from the ANP is applicable only for the case situation discussed. It cannot be generalized for the remaining industries or other industrial sectors.

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