

Building a competitive advantage

A Bryant Homes case study

Introduction

5 A successful company understands the nature of the environment in which it operates, and manages to identify how best to gain a competitive advantage over rivals. This is established by firstly carrying out an audit of its existing position. It must then identify key changes needed to sustain a competitive position in the future, known as competitive strategies.

10 This case study outlines how Bryant Homes, one of the UK's leading home building companies, has developed a competitive strategy by:

- identifying areas of weakness and of strength
- identifying changes in its competitive environment
- building forward-thinking strategies to exceed the expectations of all its stakeholders.

15 A major difficulty facing homebuilders in recent years has been the government's insistence on a change in emphasis in local development plans. There is a move away from building on greenfield sites and a new emphasis on urban renewal and new housebuilding on brownfield sites. For Bryant Homes, this has created a fresh challenge: how best to make its higher density brownfield homes distinct from rival offerings so that it stays 'ahead of the game'.

Objectives

20 The market for new housing has improved steadily over the last few years. Consumers have benefited from these improvements; they are offered more attractive designs, better use of space through improved design and a higher specification.

25 However, the market is now very crowded, and any innovation by one company is soon copied. As a result, there is very little apparent differentiation. Bryant Homes has risen to the challenge of a situation in which consumers were talking about builders as 'much of a muchness'. The company has engaged in a positioning exercise designed to make clear to customers that Bryant Homes has a distinct market position that is different from, and superior to, that of rivals. Bryant has reviewed many aspects of its operations, and its customers can now see that Bryant Homes has a clear competitive advantage over rivals.

30 In any modern industry, the key to gaining competitive advantage is to exceed the expectations of all stakeholders: those groups and individuals who have an interest in the company's business. Bryant has many different stakeholder groupings, each of which is considered important. They include:

- the City of London, which provides financial backing
 - Government, with its concern to develop national housing policies
 - business partners seeking to develop links with reliable companies
 - shareholders seeking a healthy return on their investment
 - existing home owners wanting ongoing support from their home builder
 - potential customers and existing customers in the process of buying a home and many others
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Identifying the challenges

A SWOT analysis is a useful tool for identifying the challenges facing an organisation at a particular time. SWOT stands for:

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- Strengths of the organisation
 - Weaknesses of the organisation
 - Opportunities in the external environment
 - Threats in the external environment.

50 The strengths and weaknesses usually lie in the reputation and resources of an organisation. Opportunities tend to be found in changes in the market place. Threats arise from what competitors are doing, and also from external pressures such as government initiatives. A SWOT analysis is intended to convert identified weaknesses into strengths, and seeming threats into opportunities. This is what Bryant Homes is seeking to do through its new positioning strategy.

55 In carrying out a SWOT, it is important to be honest about both weaknesses and strengths. The SWOT is, in effect, an audit of where a company stands at a particular point in time. In 2000, Bryant Homes carried out a SWOT to identify ways of moving the company forward.

Strengths	Weaknesses
Reputation and brand image (easily recognised name and look)	Lack of a focused strategic plan to take the organisation forward
Size of company in the UK market	Public relations and advertising tended to be a bit dated and 'represented the company as it was five years ago'
High levels of advertising expenditure and consumer awareness of the brand	Perception that Bryant tended to dictate what the customer would have, rather than listening to what the customer wanted
Opportunities	Threats
Development of Internet marketing	Overcrowded market place
Emphasis in new housebuilding on brownfield sites	Competition with other companies which were catching up
	PPG3 – requiring urban renewal

The challenges

60 Bryant has become far more market focused. It now carries out extensive market research to discover what the market is looking for. As a result of this research, company planners have tried to differentiate Bryant in ways that improve its value to all stakeholders and which can stand the test of time. Durability and flexibility are both very important in a dynamic market place. For example, it is essential that The City and the company's shareholders continue to be

65 confident that Bryant is a sound investment for their funds. To sustain this confidence, it is important to be seen to have a competitive edge in the industry. To maintain customer loyalty and to win new customers, it is essential to be seen as the best provider of modern homes that exceed customer expectations. To gain excellent media coverage, Bryant needs to be regarded by interested parties as a well-managed company with a clear vision of where it is going and with the right products etc. In repositioning Bryant, there were three main challenges:

70 **Audience**

The challenge was to identify a compelling insight through which to reframe the way people think about new homes. All homebuilders tend to speak to potential customers in the same way, showing them exterior shots of dream homes and characterful designs. Bryant realised that, in order to excite its audience, the company would need to go beyond the standard methods of communicating with them.

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Market

While in recent years the industry has been moving towards the consumer ideal by providing homes with more character and greater individuality, new government requirements in the form of PPG3 pose a threat to these improvements. Bryant has therefore had to find ways of turning the potential negative of PPG3 into a positive benefit.

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Positioning

Over time, other builders have copied Bryant's ideas. This has reduced the differentiation that had previously given Bryant a premium in the market. Bryant needed to re-establish a position in the market that would enable it to restore its premium.

85 **The solution**

Bryant has been able to restore its premium position in a new environment of urban renewal and building on brownfield sites by adopting the following practices:

- Address the audience challenge with a simple universal recognisable truth (SURT). Research showed that there are differences between what people look for when buying a home and those factors that affect their long term quality of life. At a simple level, the main factors that people consider when buying a home are price, number and size of bedrooms and spaciousness. However, other factors that influence quality of life are also very important e.g. privacy, views, aspect, light and garden.
- Address the positioning challenge with a Company Purpose. The new strategy is based on providing a clear purpose for the company that enables Bryant to more than meet the expectations of stakeholders.

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The new Company Purpose is: 'Bryant creates total living environments'.

Conclusion

100 Bryant Homes operates in a highly competitive environment that has recently been reshaped by PPG3. The company has had to develop a new strategy to ensure its premium position in the market. It is not enough simply to provide the best product at a particular moment in time; it is

also vital to have a clear set of objectives and sense of purpose that enables the company to have clear and focused communication with all its stakeholders in a way that inspires confidence.

105 Recently, Bryant has improved its communications process by developing a sophisticated new website. It has also engaged in national advertising campaigns aimed at putting across the message using the strapline: ‘Anything else is just a house’. This conveys the message that the company is far more than a home builder: it is a creator of living environments based on communal areas, views, environmental layout, local sensitivity and neighbourliness as well as the traditional factors of price, availability and location.

110 Bryant is now communicating a much clearer message to stakeholders about how it is different from rivals and how the company has a clear understanding of the importance of creating homes that are not merely bricks and mortar; they are complete living environments.

Glossary

brownfield site – terreno/zona industrial abandonado

115 compelling – convincente

competitive edge – ventaja competitiva

financial backin – apoyo financiero

forward-thinking – con vision de futuro, que mira hacia adelante, progresivo

greenfield site – terreno sin edificar en ambiente rural

120 much of a muchness – más de lo mismo

PPGN3 (Planning Policy Guidance Note No.3: Housing) – Política de planificación sobre edificaciones.

sound investment – inversión sólida, segura

steadily - constantemente

125 strapline - titular

to put across - expresar

Questions

1.- Which is the competitive strategy developed by Bryant?

2.- Which is the key to gaining competitive advantage?

130 3.- Who are the stakeholders?

4.- How does Bryant identify the challenges? Which are the challenges?

5.- Which is the new strategy of repositioning?