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Business Strategies and Gaps in Porter'S Typology: A Literature Review

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Abstract

The purpose of this study is to examine the literature on the typologies and taxonomies of business strategies in order to find generic business strategies that a company can follow and to assess whether Porter's typology shares characteristics with previous studies. For this purpose, we analyze 21 typologies and eight taxonomies in journals and strategic textbooks. This analysis allows us to identify four generic strategies that are commonly accepted in the literature. These generic strategies are differentiation strategies, which consist of three sub-strategies (market, general and innovation differentiation), cost strategies, which consist of the cash flow maximizing and cost leadership sub-strategies, focus strategies which contain the focus cost, focus differentiation, general focus sub-strategies and hybrid strategy. Furthermore, we observe another category in which firms follow no specific strategy. In the second part of this paper, we compare our findings with Porter's typology. This comparison shows that Porter's typology is insufficient for explaining other typologies and taxonomies of business strategies.

Keywords: Competition, Business strategy, Strategic management

1. Introduction

Business strategy has been discussed in many studies since the 1970s. The interest in this topic has even increased, especially after the typology Porter propounded in 1980.

Porter defined business strategy as proceeding by aggressive and defensive actions in order to gain a tenable position in the sector, to successfully cope with the five competitive forces and, thus, for the firm to procure a major return on investment. For this purpose, firms have invented many different approaches.

A number of typologies and taxonomies have been developed in the strategic management literature to categorize the strategies that an organization can pursue at the business level. This situation has brought about the need to manifest the relations between these typologies and taxonomies. Referring to the literature, no studies have been carried out in this respect. Moreover, although many scholars disagree with Porter's typology, they have not shown the shortcomings of Porter's classification compared with other studies in the literature. This study aims to fill the two gaps in the literature considered above.

Previous studies of business strategy are thus analyzed in this study. By the end of the literature review, 21 typologies and eight taxonomies are determined. After, analyzing the relations between these studies, interrelated strategies are classified in the same group. Porter's typology is then compared with the established strategic groups and the gaps in it are shown. Finally, we present the main contributions on the theory of business strategy and suggest directions for further research.

2. Typologies and Taxonomies of Business Strategy

In this part, we analyze the current research on business strategy configurations. The business strategy classifications based on various variables are presented in Table 1. In these tables, the models are divided into 21 typologies and eight taxonomies.

Ansoff (1965) develops a matrix that helps businesses identify growth opportunities in the market. The product/market growth matrix describes a combination of a firm's activities in current and new markets with existing and new products. It outlines four types of growth strategies, namely market penetration, product development, market development, and diversification. In market penetration, a firm tries to grow with existing products in its current market. Firms that follow a market development strategy try to sell existing products in new market segments. Under product development strategy, a firm develops a new product for existing markets. Finally in diversification, a firm tries to enter a new market with new products.

Buzzell, Gale and Sultan (1975) classify business strategies into three broad groups: building, holding and harvesting. Building strategies are based on active efforts to increase market share by new product introductions, new marketing programs and so on. Holding strategies are focused on maintaining the existing level of market share. Harvesting strategies are designed to gain short-term earnings by allowing market share to decline.

Table 1. Typologies and taxonomies of business level strategies

Typologies	Strategies proposed	Classification variables
Ansoff (1965)	Market Penetration Product Development Market Development Diversification	Growth according to existing and new products, as well as existing and new markets
Buzzell et al. (1975)	Building Holding Harvesting	Market share goals
Utterback and Abernathy (1975)	Performance Maximizing Sales Maximizing Cost Minimizing	Product and process innovation
Miles and Snow (1978)	Prospector Analyzer Defender Reactor	Patterns of adaptation
Hofer and Schendel (1978)	Share Increasing Growth Profit Market Concentration and Asset Reduction Turnaround Liquidation	Stage of the product/market evolution of the industry, competitive position
Patel and Younger (1978)	All out push for share Hold position Grow with industry Harvest Selectively push for position Phased out withdrawal Turnaround Find niche and protect it Abandon	Industry maturity and competitive position
Vesper (1979)	Multiplication Monopolizing Specialization Liquidation Abandon	Strategic postures based on superiority and flexibility in adapting to the environment.
Porter (1980)	Cost Leadership Differentiation Focus Stuck In the Middle	Strategic scope and strategic strength
Wissema et al.(1980)	Explosion Expansion Continuous Growth Slip Consolidation Contraction	Situation of the market and situation of the company (possible routes to the desired strategic position.)
Miles and Cameron (1982)	Domain Defence Domain Offense Domain Creation	Organizational adaptation

Table 1 (continued). Typologies and taxonomies of business level strategies

Typologies	Strategies proposed	Classification variables
Miller (1988)	Innovators	Business focus, Asset parsimony, Asset intensity
	Marketers	
	Cost Leaders	
	Niche Marketers	
Schuler and Jackson (1987)	Innovation	Dimensions of competitive advantage
	Quality Enhancement	
	Cost Reduction	
Herbert and Deresky (1987)	Develop	Product/market evolution
	Stabilize	
	Turnaround	
	Harvest	
Mintzberg (1988)	Price Differentiation	Differentiation and scope
	Image Differentiation	
	Support Differentiation	
	Quality Differentiation	
	Design Differentiation	
	Undifferentiation	
Venkatraman (1989)	Aggressiveness	Strategic orientation
	Analysis	
	Defensiveness	
	Futurity	
	Proactiveness	
	Riskiness	
Wright et al. (1992)	Low cost	Firm size, scope and strength
	Differentiation	
	Low cost Differentiation	
	Mixed	
	Focus Low Cost	
	Focus Differentiation	
	Focus low cost-Differentiation	
Ward et al. (1996)	Niche Differentiation	Emphasis on quality and price, asset parsimony, innovation -R&D, narrow product - market scope
	Broad Market Differentiation	
	Cost Leadership	
	Lean Competitiveness	
Thompson and Strickland (1999)	Cost Leadership	Strategic scope and strategic strength
	Differentiation	
	Focus	
	Best Cost Provider	
Kim and Mauborgne (1999)	Value Innovation	Competitive advantage
Chang et al. (2002)	Pre-emptive/First mover	Dimensions of competitive advantage, timing of entry into the marketplace
	Low Cost/ Follower	
	Differentiation/Follower	
Hitt et al. (2007)	Cost leadership	Strategic scope and strategic strength
	Differentiation	
	Focus	
	Integrated Cost Leadership and Differentiation	

Table 1 (continued). Typologies and taxonomies of business level strategies

Taxonomies	Strategies Proposed	Classification Variables
Galbraith and Schendel (1983)	Harvest	Strategy posture and strategy direction (Total 26 variables) For the consumer goods industry
	Builder	
	Continuity	
	Climber	
	Niche	
	Cashout	
	Low Commitment	Strategy posture and strategy direction (26 variables) For the industrial product industry
	Maintenance	
	Growth	
	Niche	
Hambrick (1983)	Cost Leadership	Strategic choice and strategic position attributes For disciplined capital goods makers
	Asset Conscious Followers	
	High Quality Gendarme	
	Broad Based Differentiation	Strategic choice and strategic position attributes For aggressive makers of complex capital goods
	Prospectors	
	Asset Conscious Focusers	
Robinson and Pearce (1988)	Efficiency and Service	27 competitive methods
	No Clear Strategy	
	Service/high-price markets and Brand Channel Influence	
	Product Innovation and Development	
	Brand Identification/Channel Influence and Efficiency	
Kim and Lim (1988)	Product Differentiators	15 strategy variables
	Market Differentiators	
	Overall Cost Leaders	
	Stuck In the Middle	
Douglas and Rhee (1989)	Broad Liner	Marketing tactics, market scope, business synergy (17 strategy variables)
	Innovator	
	Integrated Marketer	
	Low Quality	
	Nicher	
	Synergist	
Huang (2001)	Innovation	Eight statements about strategy
	Cost leadership	
	Stuck in the Middle	
Lillo and Lajara (2002)	Differentiation	Nineteen variables describing a firm's competitive strategy
	Innovation	
	Product Offering	
	Aggressive growth with narrow special product	
Powers and Hahn (2004)	General Differentiation	26 competitive methods
	Focus	
	Stuck In the Middle	
	Cost Leadership	
	Customer Service Diff.	

Utterback and Abernathy (1975) theoretically describe three competitive strategies associated with the innovative patterns of firms: performance maximizing, sales maximizing and cost minimizing. A performance maximizing strategy, in which firms emphasize unique products and performances, is seen in the early stages of the product life cycle. Sales maximizing firms tend to define needs based on their visibility to the customer. As the product life cycle evolves, the product becomes standardized and price competition begins, and thus firms follow a cost minimizing strategy during the late stages of product life cycle.

Miles, Snow, Meyer and Coleman (1978) propose that firms develop relatively stable patterns of strategic behavior that is compatible with perceived environmental conditions. Their typology consists of four strategic types: defenders, prospectors, analyzers and reactors. Defenders focus on improving the efficiency of their existing operations. Prospectors always search for new market opportunities. Analyzers show some characteristics of both prospectors and defenders. They try to achieve efficient production for current lines and, at the same time, they emphasize the creative development of new product lines. Reactors have no systematic, proactive strategy. They react to events as they occur.

Hofer and Schendel (1978) define six strategies using the product/market evolution of the industry in which the firm competes and its competitive position in the industry. These six strategies are share increasing, growth, profit, turnaround, market concentration and asset reduction and liquidation. Under share increasing, a firm significantly increases its market share by investing greater than the norm of the industry. A growth strategy is designed to maintain a firm's position in rapidly expanding markets by investing equal to the industry average. The aim of the profit strategy is to maximize the utilization of resources and skills in order to increase cash flow. A turnaround strategy is a form of retrenchment strategy that focuses on operational efficiency. The market concentration and asset reduction strategy requires a realignment of resources to focused, smaller segments. A liquidation strategy is for firms that want to generate cash while withdrawing from market.

Vesper (1979) describes the optimal behavior of a firm for a spectrum of strategic attitudes based on superiority and flexibility in adapting to the environment. He identifies four types of business strategies. In the first type, the aim of the multiplication strategy is to expand market share by increasing present market structures. The second type, namely monopolizing, focuses on destroying competition by creating barriers for entry. The third group is specialization, under which firms specialize in products or in the production process. The fourth group is liquidation. Firms, that follow this strategy give up on their businesses and market positions.

Patel and Younger (1978) use the stages of the product life curve and competitiveness of the industry in order to determine strategic alternatives for firms. They develop a matrix that consists of 20 blocks and nine different strategies, namely all out push for share, hold position, grow with industry, harvest, selectively push for position, phased out withdrawal, turnaround, find niche and protect it, and abandon.

Porter (1980) suggests that differentiation, cost leadership and focus are the strategies that provide firms with the ability to attain a competitive advantage and outperform rivals in an

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industry. A cost leadership strategy aims for a firm to be a low-cost producer in the industry. Companies following this strategy place emphasis on cost reductions in every activity of the value chain. Differentiation consists of offering unique products and services in various forms, such as design, brand image, customer service and technology. A focus strategy is aimed at a segment of a market within which a firm develops uniquely low-cost or well-specified products for the market. Porter (1980) claims that organizations that follow one of these three generic strategies can show above average performances in the long-term, while firms that are stuck in the middle perform less well. He defines stuck in the middle as a firm's unwillingness to make strategic choices and its attempts to compete by every means.

Wissema, Van Der Pol and Messer (1980) specify a typology based on the market situation (external potential) and the situation of the company in the market (internal potential). Based on life cycle theory, six strategies are identified: explosion, expansion, continuous growth, slip, consolidation and contraction. An explosive strategy suggests an improved competitive position in the short-term, whereas an expansion strategy suggests an improved competitive position in the long-term. The slip strategy emphasizes only cost reductions in growing markets. A consolidation strategy is only applicable in saturated or diminishing markets and when the only aim is to reduce costs. A continuous growth strategy aims to maintain a firm's position in an expanding market. In the case of a contraction strategy, firms liquidate assets and leave the market.

Miles and Cameron (1982) examine the range of strategic options used by six large tobacco firms. They introduce organizational adaptation as a concept, along with its goals and patterns. These patterns are domain defense, domain offense and domain creation. The domain defense strategy's concept is the protection of existing businesses whereas the main concept of domain offence is the expansion of existing businesses. Different from these strategies, domain creation is entering into new businesses.

Miller (1988) suggests four broad categories of dimensions that reflect competitive strategies. These dimensions are differentiation, cost leadership, focus and asset parsimony. The differentiation dimension tries to determine the degree of producing unique products. The cost leadership dimension measures if firms are producing products cheaper than their competitors. The focus dimension measures the degree of a firm's attention on a specific type of customer, product or geographic locale. The last dimension, asset parsimony, refers to the fewness of assets per unit output. In light of the above, four strategy types are presented: niche marketers, innovators, marketers and cost leaders.

Schuler and Jackson (1987), based on Porter's typology, identify three competitive strategies that firms can use to gain competitive advantage: innovation, quality enhancement and cost reduction. The innovation strategy is used to produce goods different from competitors. Increasing the quality level of the product is the focus of the quality enhancement strategy. Under the cost reduction strategy, a firm tries to be lowest cost producer in the industry.

Herbert and Deresky (1987), review the strategic classifications in the literature. After a synthesis and categorization of the literature, they find four generic strategies associated with the stages of product/market evolution: develop, stabilize, turnaround and harvest. The main aim of the develop category is long-term growth through finding new market opportunities and developing new products. Under a stabilize strategy, the most used method to maintain both competitive position and earnings is the cost leadership approach, using efficient manufacturing processes. The turnaround strategy requires cost and efficiency controls as in the stabilize strategy. The harvest strategy emphasizes pruning expenditures and increasing operational efficiency in the short run.

Mintzberg (1988) proposes a typology of generic strategies based on differentiation by price, image, support, design and quality. Differentiation by image refers to creating a distinctive image for a product using marketing. In contrast, differentiation by design requires offering products with unique features and design configurations. The strategy of differentiation by quality is offering a superior quality based on reliability, durability and performance. Support differentiation implies providing a distinctive service during the sale or after the sale of the product. For Mintzberg, Porter's cost leadership is another form of differentiation so he includes price differentiation as a fifth business strategy. The last category in Mintzberg's typology is undifferentiation in which a firm emphasizes none of the five differentiation dimesions.

Venkatraman (1989) identifies six important dimensions of strategic orientation in his study: "aggressiveness", which means to allocate resources faster than competitors in order to increase market share; "analysis", which is about the problem solving posture of the firm and also refers to the consistency between resource allocation and a firm's objectives; "defensiveness" in which firms concentrate on cost efficiency and narrow the market domain; "futurity", where the balance between effectiveness/efficiency and acting by considering all future results is important; "proactiveness", which requires continuous research for market opportunities, the introduction of new products and foreseeing the future of the industry environment in order to shape it from today; and "riskiness", which refers to decisions on resource allocation.

Wright, Pringle and Kroll (1992), based on Porter's typology, develop strategies that can be followed according to the size of the company. They suggest low cost, differentiation, low cost differentiation and a mixed strategy for large firms. For small firms, they suggest focus low cost, focus differentiation and focus low cost differentiation. In summary, focus strategies can be followed only by small companies.

Ward, Bickford and Leong (1996) propose four basic strategic configurations: niche differentiator, broad differentiator, cost leader and lean competitor. Niche differentiators offer specialized products or services for a market segment that is not served by large firms in the industry. Broad differentiators try to increase their market shares using new product development. They offer a wide range of products to various markets. Cost leaders attempt to offer products at a lower price than competitors. In order to do this, they have to develop efficient systems in all stages of the value chain. The last group, lean competitors, aims for the simultaneous pursuit of cost leadership and differentiation.

In addition to Porter's generic competitive strategies, some strategy textbooks offer a fifth strategic choice, namely best cost provider strategy (Thompson & Strickland, 1999) and integrated low cost differentiation strategy (Hitt, Hoskisson & Ireland, 2007). These strategies imply that a firm can gain advantages by offering products with unique features at a lower price compared with its competitors. Moreover, Kim and Mauborgne (1999) describe the value innovation model in their *Harvard Business Review* article. Later, they introduce their ideas in a book titled *Blue Ocean Strategy* (2004). According to the blue ocean strategy, a firm can outperform its competitors by creating demand in an uncontested market. Value innovation is the base of the blue ocean strategy. This implies the simultaneous pursuit of differentiation and low cost.

Chang, Lin, Wea and Sheu (2002) develop a typology that considers the dimensions of competitive advantages and timing of entry into the market. Three strategy categories are classified: pre-emptive/first mover, low cost/follower and differentiation/follower. The pre-emptive/first mover enters to a new market or adopts a new technology earlier than its competitors in order to achieve competitive advantage. The low cost/follower firm enters the market late or has a late adoption of new technology. These firms try to achieve competitive advantage by strict cost control policies. Finally, the differentiation/follower watches the market attentively and achieves competitive advantage by redesigning existing products or offering unique services.

Galbraith and Schendel (1983) carry out a study of 99 consumer products and 100 industrial product companies. Six strategy types are identified for consumer products: harvest, builder, cash out, niche or specialization, climber and continuity. Under a harvest strategy, firms are not interested in investments, whereas the builder strategy is used by firms that want to increase market share and sales rapidly. Firms competing with the cash out strategy attempt to utilize advertising and promotion activities in order to increase perceived quality. A niche strategy emphasizes high-quality products and services. A climber strategy focuses on a narrow product line and low prices. A continuity strategy implies reacting in a like manner to competitor strategies. For industrial products, four strategy types are identified: low commitment, which is similar to the harvest strategy; growth, in which firms make investments in order to expand their market shares; maintenance, which is the union of the continuity strategy and cost reduction; and the niche and specialization strategy, in which quality is the most important criteria for beating the competition.

Hambrick (1983) assesses whether the primary strategies pursued by high-performers in the two industry settings closely resemble Porter's three strategic types. He identifies three strategies for disciplined capital goods makers. Two of these strategies, namely cost leadership and high quality gendarme, are similar to Porter’s cost leadership and differentiation strategy. The third strategy, asset conscious focusers, seems to include low-share operators that carefully manage their asset bases. He also determines three strategies for aggressive makers of complex capital goods: broad based differentiators, prospectors and asset conscious focusers. Broad based differentiators have superior quality and technology. Prospectors, different from the first group, have very high product innovation. Finally, asset conscious focusers offer products to narrow segments while reducing assets and innovation.

Robinson and Pearce (1988), from data on 97 manufacturing firms belonging to 60 different industries, identify five groups of strategic behavior: efficiency and service (a high emphasis on low cost and customer service), no clear strategic orientation (no distinct pattern), service/high-priced markets and brand/channel influence (high emphasis on customer service and innovation in marketing), product innovation/development (emphasis on specialty products), brand identification/channel influence and efficiency (marketing innovation and low cost).

Kim and Lim (1988) divide a sample of 54 firms in the high-growth electronics industry in Korea into four strategic groups: overall cost leaders, product differentiators, market differentiators and stuck in the middle. The characteristics of these four strategic groups are generally consistent with those of the generic strategies identified by Porter.

Douglas and Rhee (1989) identify six strategy types in two samples namely European and U.S businesses. Broad liners are characterized by a broad market scope and high product quality. Innovators have a high proportion of new products in their product lines and emphasize innovativeness over marketing effort. Integrated marketers show some characteristics of broad liners. Additionally, they have a high customer concentration and a high degree of vertical integration. The low quality group has a narrow market scope and low quality. Nichers target a small number of highly concentrated customers with a relatively narrow product line. Lastly, the synergist group has a narrow market scope, low product quality and a low percentage of new products but they have a high level of shared marketing expenditure.

Huang (2001), based on the analysis of 315 local firms in Taiwan, identifies three groups. Cost leadership businesses give high priority to cost reduction. Innovation businesses place a major emphasis on innovation and a secondary emphasis on quality but they ignore cost reductions. The third group resembles Porter's "stuck in the middle" and Miles and Snow's "reactor" groups.

Lillo and Lajara (2002) define a taxonomy of business strategies from data on 75 owner-managed companies in Spain. Four strategic groups are found. The differentiation group places a high emphasis on superior quality and a high level of customer service. The innovation group always develops new products and provides its products at a competitive price. This group also sells its products to various market segments using numerous distribution channels. The product offering group offers a broad range of tried and tested products to a large market segment. Moreover, brand identification and a high level of advertising and promotion are key functions in this group. Finally the group that targets aggressive growth offers narrow range of products to a small number of customers. These firms produce in large scales in order to be cost leaders in the industry.

Powers and Hahn (2004), using data on 98 companies in the banking industry, specify a taxonomy that corresponds to Porter's generic strategy types. They identify five groups of competitive strategies: general differentiation, cost leadership, stuck in the middle, focus and customer service differentiation.

3. Generic business strategies

After analyzing 29 works on business strategy in the literature, we notice that many authors give different names to what can be regarded as the same strategy. Five generic strategies can thus be identified, although their names are different. These strategies are

- Cost Strategies
    - Cash Flow Maximizing
    - Cost Leadership
- Differentiation Strategies
    - Market Differentiation
    - Innovation Differentiation
    - General Differentiation
- Focus Strategies
    - Focus-Differentiation
    - Focus-Low Cost
    - General Focus
- Hybrid (Combination) Strategy
- No Definite Strategy

3.1 Cost strategies

These strategies are about cost reduction. Such strategies were observed in 72% of the studies analyzed. By referring to the literature, it is possible to divide cost strategies into two groups.

The first group is cost leadership. Porter (1980) broadly propounded this strategy for the first time. Cost leadership aims at reducing costs throughout the value chain and reaching the lowest cost structure possible. A cost leader enterprise puts products with an acceptable quality and limited standard features on the market in order to gain competitive advantage and to maximize its market share. Such kinds of enterprises appeal to a wide group of customers. Cost leadership necessitates a reduction of costs in fields such as R&D and advertising. Besides economies of scale, cost reduction efforts through the experience curve, strict control over costs and overhead costs are important in this strategy. This group has various denominations: cost minimizing (Utterback and Abernathy, 1975), cost leadership (Porter, 1980; Hambrick, 1983; Huang, 2001; Hitt et al., 2007), maintenance (Galbraith & Schendel, 1983), cost leaders (Miller, 1988; Kim & Lim, 1988; Ward et al., 1996), cost reduction (Schuler & Jackson, 1987), price differentiation (Mintzberg, 1988), efficiency and service (Robinson & Pearce, 1988), low cost (Wright et al., 1992), low cost provider (Thompson & Strickland, 1999), low-cost/follower (Chang, 2002).

The second group follows a cash flow maximization strategy. Although observed in a limited number of studies, it should be isolated from cost leadership. The main goal in this strategy is not maximizing market share. Firms rather aim to extract provide maximum revenue out of the product in the maturity or decline stages of the product-life cycle. Mostly, enterprises operating in low growth-rate sectors, with high market shares or with low market shares and which are considering ending their operations in the present business soon, follow this strategy. In this strategy, investments are kept at the lowest level and, at the same time, high cash flow is maintained by reducing costs. We find the following denominations to refer to this group: harvesting (Buzzell et al., 1975), profit (Hofer & Schendel, 1978), turnaround (Patel & Younger, 1978), slip and consolidation (Wissema et al., 1980), stabilize turnaround and harvest (Herbert & Deresky, 1987).

3.2 Differentiation strategies

A differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. It is possible to observe one sort of differentiation strategy in all the studies analyzed. Because differentiation is a broad concept, this strategy should be discussed with various dimensions. We can list the strategies in the literature related to differentiation under three groups.

The first group is market differentiation. In this strategy, innovations are carried out in marketing activities rather than the product. In order to have a positive enterprise and product image, intense advertisement and promotion activities are emphasized. This aims to make a difference in issues such as post-production service and customer service. Moreover, it aims to maximize the sales by analyzing, planning, implementing and controlling salesforce activities. This group is variously denominated: market penetration and market development (Ansoff, 1965), sales maximizing (Utterback and Abernathy, 1975), cash out (Galbraith & Schendel, 1983), marketers (Miller, 1988), image differentiation and support differentiation (Mintzberg, 1988), service/high-price markets and brand/channel influence (Robinson & Pearce, 1988), market differentiators (Kim & Lim, 1988), differentiation/follower (Chang et al., 2002), product offering (Lillo & Lajara, 2002), customer service differentiation (Powers & Hahn, 2004).

The second group is innovation differentiation. This strategy aims to enhance product quality, performance and design. In this strategy, enterprises attempt to operate above the sector average by producing a product regarded as unprecedented in the industry and, in return, charging a higher price that the customer would agree to pay. This group has various denominations: product development and diversification (Ansoff, 1965), performance maximizing (Utterback & Abernathy, 1975), prospector (Miles & Snow, 1978; Hambrick, 1983), high quality gendarme (Hambrick, 1983), innovators (Miller, 1988), innovation (Schuler & Jackson, 1987; Huang, 2001; Lillo & Lajara, 2002), quality enhancement (Schuler & Jackson, 1987), quality differentiation and design differentiation (Mintzberg, 1988), product innovation and development (Robinson & Pearce, 1988), product differentiators (Kim & Lim, 1988), innovator and broad liner (Douglas & Rhee, 1989), preemptive/first Mover (Chang et al., 2002).

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The third group is general differentiation. We can define this group as approaching the market and innovation differentiation strategies together. Some writers have not considered abstracting the concept of differentiation in different dimensions as necessary and have preferred to approach it holistically. This group is variously denominated: building (Buzzell et al., 1975), share increasing and growth (Hofer & Schendel, 1978), all out push for share (Patel & Younger, 1978), Multiplication (Vesper, 1979), Differentiation (Porter, 1980; Wright et al., 1992; Thompson & Strickland, 2002; Hitt et al., 2007), explosion and expansion (Wissema et al., 1980), domain offense and domain creation (Miles & Cameron, 1982), growth and builder (Galbraith & Schendel, 1983), broad base differentiation (Hambrick, 1983), develop (Herbert & Deresky, 1987), aggressiveness (Venkatraman, 1987), integrated marketer (Douglas & Rhee, 1989), broad differentiator (Ward et al., 1996), general differentiation (Powers & Hahn, 2004).

3.3 Focus strategies

Porter (1980) and Miles et al. (1978) propounded this strategy in the literature for the first time. The defender strategy propounded by Miles focuses on efficient and effective production in a small market segment rather than maximizing the product quality. Porter (1985) discusses the focus strategy in more detail.

The focus strategy differs from the other strategies in one aspect. While in the differentiation and cost strategies wide fractions of customers are being appealed to, the firms that follow a focus strategy prefer to appeal to a certain geographical area or a certain fraction of customers. In 62% of the studies analyzed, one sort of focus strategy was observed. When we analyze the studies carried out in later years, we can divide the focus strategies into three groups.

The first group's focus on a low-cost strategy is based on competing in a small segment of the market with low costs and prices. We find the following denominations to refer to this group: defender (Miles & Snow, 1978), focus-cost (Porter, 1980; Wright et al., 1999; Thompson & Strickland, 1999; Hitt et al., 2007), domain defense (Miles & Cameron, 1982), climber (Galbraith & Schendel, 1983), asset conscious focusers (Hambrick, 1983), defensiveness (Venkatraman, 1989), aggressive growth with narrow special product (Lillo & Lajara, 2002).

In the second group that focuses on differentiation, firms produce products and provide services suitable to the needs and tastes of a narrow customer population. This group is variously denominated: focus differentiation (Porter, 1980; Wright et al., 1992; Thompson & Strickland, 1999; Hitt et al., 2007), niche marketers (Miller, 1988), niche differentiator (Ward et al., 1996), niche (Galbraith & Schendel, 1983), nicher (Douglas & Rhee, 1989), differentiation (Lillo & Lajara, 2002), and focus (Powers & Hahn, 2004).

A limited number of studies in the literature approach the focus strategy merely as focusing on a small fraction of customers; thus they do not make such a distinction between cost and differentiation. We find three denominations: market concentration and asset reduction (Hofer & Schendel, 1978), find niche and protect it (Patel & Younger, 1978), specialization (Vesper, 1979).

3.4 Hybrid (Combination) Strategy

This strategy implies the implementation of cost leadership and differentiation strategies. Although it is not a part of Porter's typology, it is regarded as the fourth generic strategy. As a result of the literature review, a hybrid strategy was observed in 24% of the studies analyzed. Although the opinion that differentiation and cost leadership could not be implemented concomitantly because they were antonymous concepts was dominant in the 1980s, the number of those who object to this view has increased since the 1990s.

A hybrid strategy aims at supplying much more monetary value to customers by combining low costs and high rates differentiation (Thompson & Strickland, 1999). The aim of this strategy is to satisfy the customer in terms of the quality/performance/service/property of products and fulfill price expectations of the customer. We find the following denominations to refer to this strategy: analyzer (Miles & Snow, 1978), brand identification/channel influence and efficiency (Robinson & Pearce, 1988), mixed (Wright et al., 1992), lean competitor (Ward et al., 1996), best cost provider (Thompson & Strickland, 1999), value innovation (Kim & Mauborgne, 1999), integrated cost leadership and differentiation (Hitt et al., 2007).

3.5 No Definite Strategy

Firms in this group do not follow a certain strategy. For this reason, they unstably adapt to changes in the business environment. Some of them chase their successful rivals. Such strategies can be considered as counterfeiting (Mintzberg, 1988). Generally, these kinds of enterprises cannot develop a compatible strategy with the structure and processes of the organization (Miles et al., 1978).

The three business strategies Porter (1980) propounded (cost leadership, differentiation and focus) specify the basic approaches that could be implemented in a competitive environment. According to Porter, it is impossible to succeed if a firm does not prefer one of these three strategies or implement two of them simultaneously. Porter defines this situation as being "stuck in the middle".

Because strategies that offer competitive advantage are usually included in the typologies and taxonomies and because the non-pursuit of strategy approach does not bring any competitive advantage, this group is observed only in 24% of the studies analyzed.

Thus, we can say that an enterprise does not have an accurate strategy if it does not place emphasis on a strategic element that would bring about a competitive advantage. This strategy is variously denominated: reactor (Miles and Snow, 1978), stuck in the middle (Porter, 1980; Kim & Lim, 1988; Huang, 2001; Powers & Hahn, 2004), low commitment (Galbraith & Schendel, 1983), undifferentiation (Mintzberg, 1988), no clear strategy (Robinson & Pearce, 1988).

4. Gaps in Porter's Typology

The most widely used business strategy types are those developed by Miles and Snow and Porter (Douglas & Rhee, 1989). Porter's (1980) typology of the generic strategies of cost leadership, differentiation and focus seems to be most popular paradigm in the literature (Kumar, Subramanian & Strandholm, 2001). It has received more research attention than any other typologies.

However, although it is widely acknowledged and used, Porter's typology falls short of explaining all the studies in the literature. In Table 2, the differences and similarities between the studies in the literature and Porter's typology are presented.

Table 2. Comparison of Porter's typology and proposed strategies in literature

<table>
<tr><th colspan="2">Proposed Strategies in Literature</th><th>Porter's Typology</th></tr>
<tr><td rowspan="2">Cost Strategies</td><td>Cash Flow Maximizing</td><td>-</td></tr>
<tr><td>Cost Leadership</td><td>Cost Leadership</td></tr>
<tr><td rowspan="3">Differentiation Strategies</td><td>Market Differentiation</td><td>-</td></tr>
<tr><td>Innovation Differentiation</td><td>-</td></tr>
<tr><td>General Differentiation</td><td>Differentiation</td></tr>
<tr><td rowspan="2">Focus Strategies</td><td>Focus-Cost</td><td>Focus-Cost</td></tr>
<tr><td>Focus-Differentiation</td><td>Focus-Differentiation</td></tr>
<tr><td colspan="2">Hybrid (Combination)</td><td>-</td></tr>
<tr><td colspan="2">No Definite Strategy</td><td>Stuck In the Middle</td></tr>
</table>

First, it is possible to observe Porter's cost leadership strategy under different titles. Some of these are Maintenance (Galbraith & Schendel, 1983), Cost Reduction (Schuler & Jackson, 1987), Price Differentiation (Mintzberg, 1988) and Low Cost Provider (Thompson & Strickland, 1999). However, enterprises might reduce their costs for other reasons as well. For example, if an enterprise is considering ending the activities of a product it manufactures soon, if the manufactured product is in the maturity or recession stages of the product-life cycle and it is supposed that it will not be preferred by the customer, or if demand for the product has declined, costs might be reduced in order to obtain the maximum return from the product and to increase cash flow. We call this approach cash flow maximizing. While leading the market is the main goal in cost leadership, cash flow maximizing aims to maximize the yield in the short-term by reducing the costs. Thus, these two situations should be considered separately since they serve different purposes.

Second, the differentiation strategy of Porter appears in the literature under different names such as building (Buzzell et al., 1975), develop (Herbert & Deresky, 1987), prospector (Miles et al., 1978), multiplication (Vesper, 1989) and integrated marketer (Douglas & Rhee, 1989). Yet, Porter discusses the differentiation strategy from a broad perspective. However, firms today can make a difference without changing their product qualities and performance by developing their marketing techniques or focusing only on issues such as product quality and performance. When previous studies are analyzed, the need to evaluate the two dimensions separately comes forward. Miller (1988) analyzes the concept of differentiation under two dimensions (market and innovation) for the first time.

Porter (1980) divides the focus strategy into two. However, because of ambiguities and debates, Porter further divided this strategy into two five years later. In our study, we see that the strategies of focus-low cost and focus-differentiation are observed in other typologies and taxonomies in the literature as well.

The strategies propounded by Porter are those that enterprises could prefer in order to realize their goals. Porter argues that enterprises that prefer any one of these strategic orientations would gain competitive advantage and perform better than their rivals. In addition, he indicates that those who do not prefer one of these strategic orientations would be stuck in the middle and that their profitability would decrease. Moreover, Porter claims that in order for an enterprise to gain high profits and to surpass its rivals, it has to prefer either cost leadership or differentiation. According to Porter, cost leadership and differentiation are two conflicting strategies. He argues that if an enterprise implements these two strategies simultaneously, it cannot be successful (Acquaah & Ardekani, 2008). However, this perception has been losing its legitimacy. Applications such as quality management systems, flexible production systems and networks enable cost leadership and differentiation to be implemented together (Hitt et al, 2007). Further, many scholars indicate that high quality increases the demand for products which give the firm the chance to reduce the costs (Prajogo, 2007). In recent years, many thinkers of strategic management have included this approach under different titles in their studies: lean competitor (Ward et al., 1996), best cost provider (Thompson & Strickland, 1999), value innovation (Kim & Mauborgne, 1999), analyzer (Miles et al., 1978), and integrated cost leadership and differentiation (Hitt et al., 2007).

5. Conclusion

The purpose of this work was to examine the latest research on business (competitive) strategy typologies and taxonomies in order to assess if Porter's typology still exists. For this purpose, the typologies and taxonomies found in the literature were reviewed and analyzed. We found that many authors give different names to what can be considered to be the same strategy. We synthesized presented findings into the following series of generic business strategies that are commonly accepted in the literature:

- Cost strategies: Reducing cost is the main purpose of this strategy. We find two kinds of cost strategies. First is cost leadership, in which a firm tries to be the lowest cost producer in the industry. The second group, namely cash flow maximizing, is generally seen in mature or declining industries. This group tries to generate cash in the short-term by reducing costs.

- Differentiation strategies: This strategy is divided into two. The first one is market differentiation where innovations are carried out in marketing techniques, and sales and advertorial activities are emphasized, whereas the second is innovation differentiation which is based on manufacturing an unprecedented product in terms of features, performance and quality.

- Focus strategies: These operate in a narrow segment of the market. A limited number of customers are addressed. The focus strategy is divided into two. The main goal in focus-low cost is to manufacture a limited number of products at a lower cost than the rivals in a narrow segment of customers and offer them at lower prices. By contrast, focus-differentiation targets manufacturing unique products that meet the needs of a small segment of customers in the market.

- Hybrid strategy: This refers to the concurrent pursuit of cost leadership and differentiation. High-quality products are manufactured at low costs and offered at low prices; thus, much more value is created for the customer.

We also observe another type of business strategy namely "no definite strategy" in which companies do not emphasize strategic factors such as quality and cost. They do not have a specific and consistent strategy.

Thus, we find that the business strategies propounded by Porter remain insufficient for explaining the business strategies put forward by previous studies. While Porter exclusively refers to cost leadership, he does not mention the issue of cost reduction in order to increase cash flow. Porter does not classify in terms of differentiation. Yet, the innovations made in the field of marketing techniques and products should be evaluated differently. One of them covers the work performed on firm image, while the other covers elements such as the performance and quality of the product. Even when a firm sells its products at a low price, it can carry out market differentiation at the same time. However, it may not be able to make any difference in terms of innovation.

Finally, Porter suggests that cost leadership and differentiation cannot be applied together; yet, a number of recent studies have refuted this view. Porter's view may be accepted as true until the late 1980s when the business environments were constant (Kim, Nam & Stimpert, 2004). However, constantly changing customer demands and a dynamic competitive environment have necessitated firms be flexible and apply the two strategies together. Mass customization has enabled the application of a hybrid strategy (Anderson, 1997). Moreover, the Internet has altered the traditional value chain and led to the emergence of new competitive obligations (Evans & Wurster, 1999). In addition, it has facilitated access to information. Internet has necessitated a revision of business strategy (Afuha & Tucci, 2001).

This literature review has aimed to help readers and researchers to update their understanding on the present status of the knowledge on business strategy. Moreover generic business strategies may help managers to find the way of being successful in intense competition. As demonstrated by this study, major progress has been made in terms of business strategy within the strategic orientation literature. However, there are still some unsolved problems. For instance, the number of empirical studies of business strategy is insufficient. Researchers studying this issue usually base their work on Porter's typology. Yet, this typology falls short of explaining business strategies in the current competitive environment. Future empirical studies should investigate whether the business strategies presented in this study are still being applied in various sectors. Moreover, the generic strategies presented in the literature are usually directed towards the production sector. Studies could be carried out on the issue of determining the business strategies followed in the service sector.

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