



## 3 Warren Buffett Strategies That Can Help You Identify Great Businesses Right Now

### Description

The popularity of value investing has ebbed and flowed over recent decades. However, the performance of value investors such as Warren Buffett have remained strong, with the 'Sage of Omaha' delivering significant outperformance of the wider index during his investing career.

Following Buffett's investing strategies can be a useful means for any investor to gauge the appeal of a specific business. His focus on a company's economic moat and in buying unpopular stocks that he fully understands has boosted his returns over a long time period.

Adopting those same strategies could do likewise for your portfolio, with current market conditions suggesting that today is a good time to invest in the stock market.

### Economic moat

Buffett's focus on a company's economic moat is simple to understand, and can be applied to any business across a variety of sectors. Put simply, he seeks out stocks that have a competitive advantage over their sector peers.

An example of this is a consumer goods company which has a strong brand, and that benefits from a high degree of customer loyalty. This may enable it to produce resilient sales growth in a range of market conditions, and in doing so outperform its industry peers.

A further example of a company with an economic moat may be a technology company that is ahead of its rivals in a specific area of development. Or, a business that has a lower cost base than its rivals. All of these competitive advantages could lead to high and sustainable rates of growth in the long run.

### Understanding your stocks

Warren Buffett has openly admitted to missing out on a large number of investment opportunities that

went on to deliver sensational returns. However, at the time they were available to buy, he felt he did not fully understand their business models. This shows that Buffett is only willing to invest in companies that are within his sphere of knowledge.

This strategy is arguably overlooked by many investors. Although it can be time consuming to get to grips with a specific business or industry, doing so may provide greater insight into whether it offers a favourable investment opportunity. In the long run, this could have a significant impact on your overall returns.

## Buying unpopular stocks

One strategy employed by Buffett on a regular basis during his career has been to buy [unpopular stocks](#). This has often involved him buying during bear markets, or when a specific industry is experiencing a challenging period. In many cases, this has allowed him to purchase stocks that trade significantly below their intrinsic value.

At the present time, there are a range of companies that are relatively unpopular among investors. Fears surrounding the global economic outlook appear to be weighing on investor sentiment, which could make now a good time to buy stocks that offer appealing risk/reward ratios for the long term.

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