Competitor Analysis

- In highly concentrated industries, the dominant feature of a company's competitive environment is likely to be the behavior of its closest rivals.
- In household detergents, Unilever's industry environment is dominated by the strategy of Procter & Gamble.
- The same is true in soft drinks (Coca-Cola and Pepsi), jet engines (GE, United Technologies, and Rolls-Royce)

Competitive Intelligence

- The systematic collection and analysis of public information about rivals for informing decision making.
- 3 main purposes:
- To forecast competitors' future strategies and decisions;
- To predict competitors' likely reactions to a firm's strategic initiatives;
- **To determine** how competitors' behavior can be influenced to make it more favorable.

- The boundary between legitimate competitive intelligence and illegal industrial espionage is not always clear.
- The distinction between public and private information can be uncertain.
- Trade secrets law does not offer clear guidance

A Framework for Competitive Analysis

STRATEGY

How is the firm competing?

OBJECTIVES

What are competitor's current goals? Is performance meeting these goals? How are its goals likely to change?

ASSUMPTIONS

What assumptions does the competitor hold about the industry and itself?

RESOURCES AND CAPABILITIES

What are the competitor's key strengths and weaknesses?

PREDICTIONS

- What strategy changes will the competitor initiate?
- How will the competitor respond to our strategic initiatives?

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- Competitor's current strategy
- Competitor's objectives
- Competitor's assumptions about the industry
- Competitor's resources and capabilities

Segmentation analysis

- The process of disaggregating industries into specific markets we call segmentation.
- Segmentation is particularly important if competition varies across the different submarkets within an industry such that some are more attractive than others.

Stages in Segmentation Analysis

- Identify Key Segmentation Variables: Which customers to serve and what to offer them
- Construct a Segmentation Matrix
- Analyse Segment Attractiveness
- Identify the Segment's Key Success Factors (KSFs)
- Select Segment Scope

The Basis for Segmentation: Customer and Product Characteristics

