

# Competitor Analysis

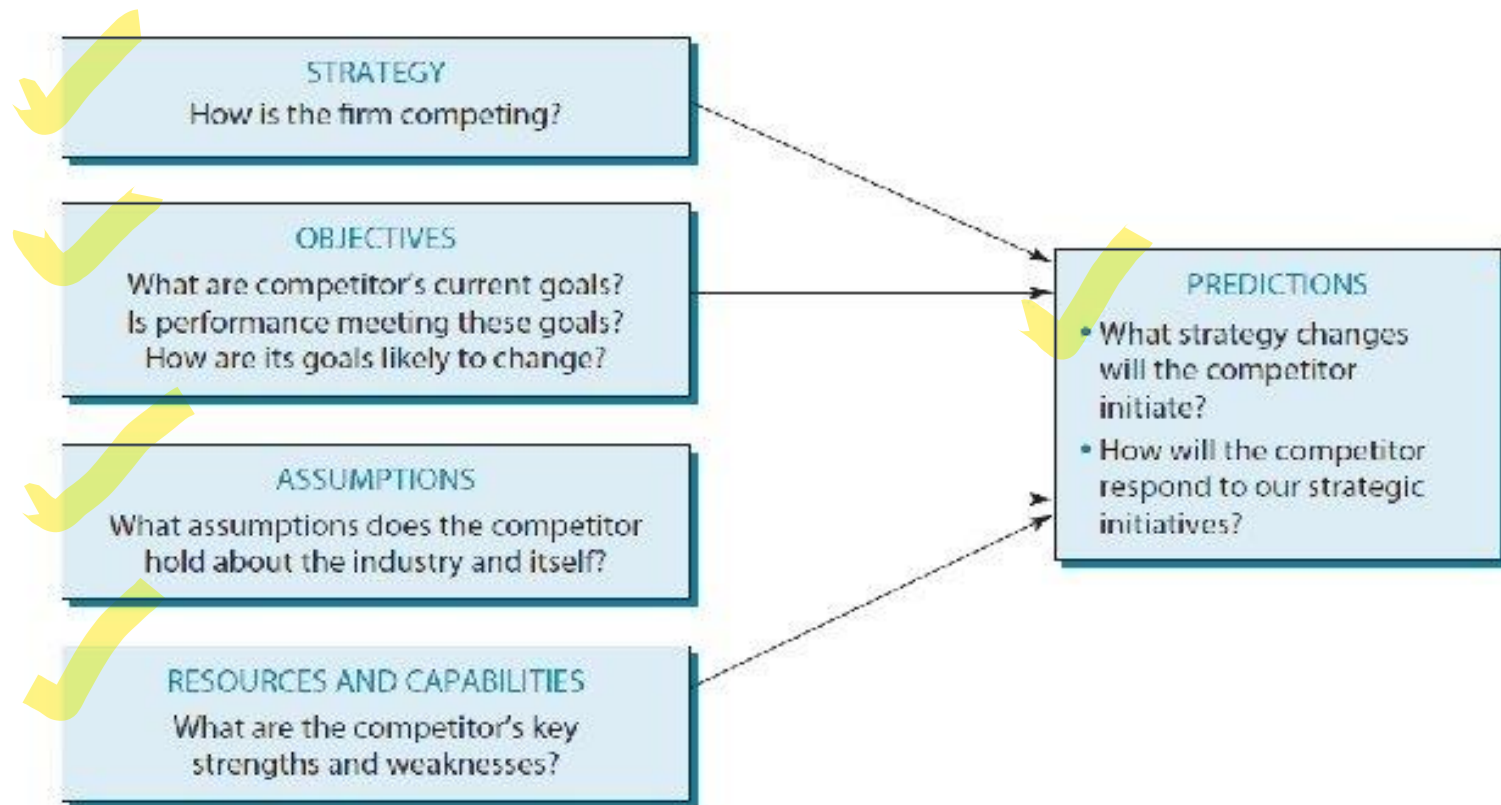
- In highly concentrated industries, the dominant feature of a company's competitive environment is likely to be the behavior of its closest rivals.
- In household detergents, Unilever's industry environment is dominated by the strategy of Procter & Gamble.
- The same is true in soft drinks (Coca-Cola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



- 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

