

Our Strategy Race: Leg 2 - From Lisbon to Cape Town. Segmentation

Strategic Group Analysis



Professor Robert M. Grant.

“Strategic group analysis is very useful in identifying strategic niches within an industry and the strategic positioning of different firms; it is less useful as a tool for analyzing inter-firm profitability differences”.

Professor Robert Grant.





Leg 2. From Lisbon to Cape Town. Segmentation Road Map

THEME 2. Intra-Industry Segmentation Analysis and Business-Government Segmentation





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**Strategic Group
Industry Analysis**



Strategic Group Analysis

Strategic Group analysis utilizes the characteristics of firms as the basis for division.

- Strategic Group Analysis looks at industry players' positions in the competitive environment and the underlying factors that determine a company's profitability, as well as the competitive dynamics of an industry.
- It attempts to characterize the strategies of all significant competitors along broad strategic dimensions.
- These dimensions differentiating players into strategic groups must be chosen with respect to industry structure, profitability factors, and the project issues being addressed.

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Strategic groups can be created based on many dimensions. These are some examples of variables:



**Geographical
Scope.**



Price Policy



Product Range



Specialization



**Technological
Position**



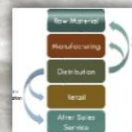
**Brand
Identification**



Cost Position



**Choice of
Distribution
Channel**



**Degree of
Vertical
Integration**



Product Quality



**Rate of Digital
Evolution**



Degree of Service



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**Example 1 of Strategic
Group Analysis Utilization:**
Countries building digital
capacity differently

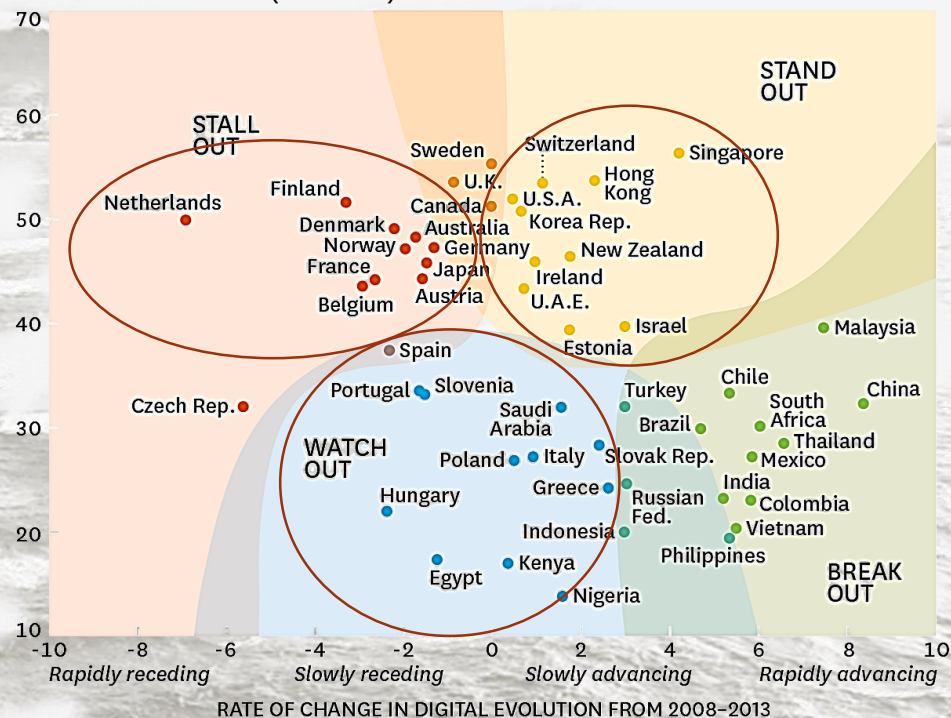


Strategic Group Analysis

COUNTRIES ARE BUILDING DIGITAL CAPACITY AT UNEVEN RATES

A group of 50 countries reveals four main areas of digital readiness.

HOW COUNTRIES SCORED ACROSS FOUR FACTORS ON THE
DIGITAL EVOLUTION INDEX (OUT OF 100)



SOURCE DIGITAL EVOLUTION INDEX, THE FLETCHER SCHOOL AT TUFTS UNIVERSITY

HBR.ORG

Source: A twitter post by Gates from HBR.org in his twitter 3 days ago

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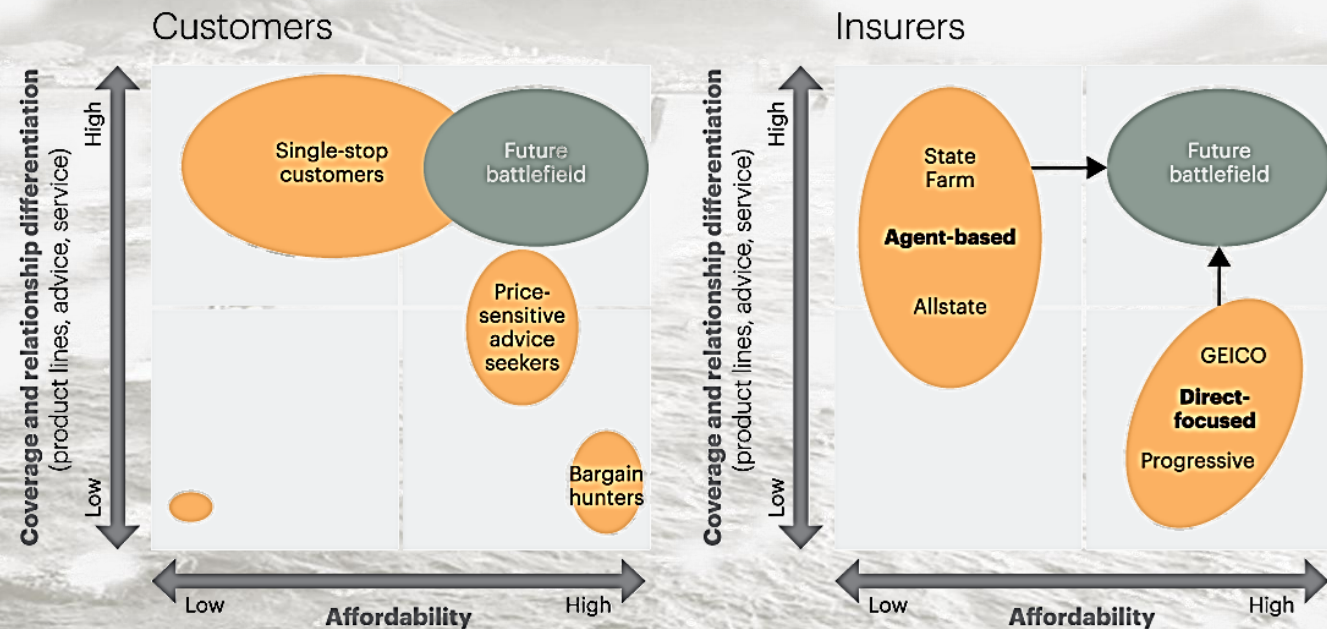


**Example 2 of Strategic
Group Analysis Utilization:**
Insurance Industry Strategic
Groups by AT Kearney.

Strategic Group Analysis

Figure

On the future industry battlefield, buyers will seek the best combination of affordability and service



Source: A.T. Kearney analysis

Source: Reifel, Pei and Hales. Winning the Insurance Battle.
AT Kearney Article.

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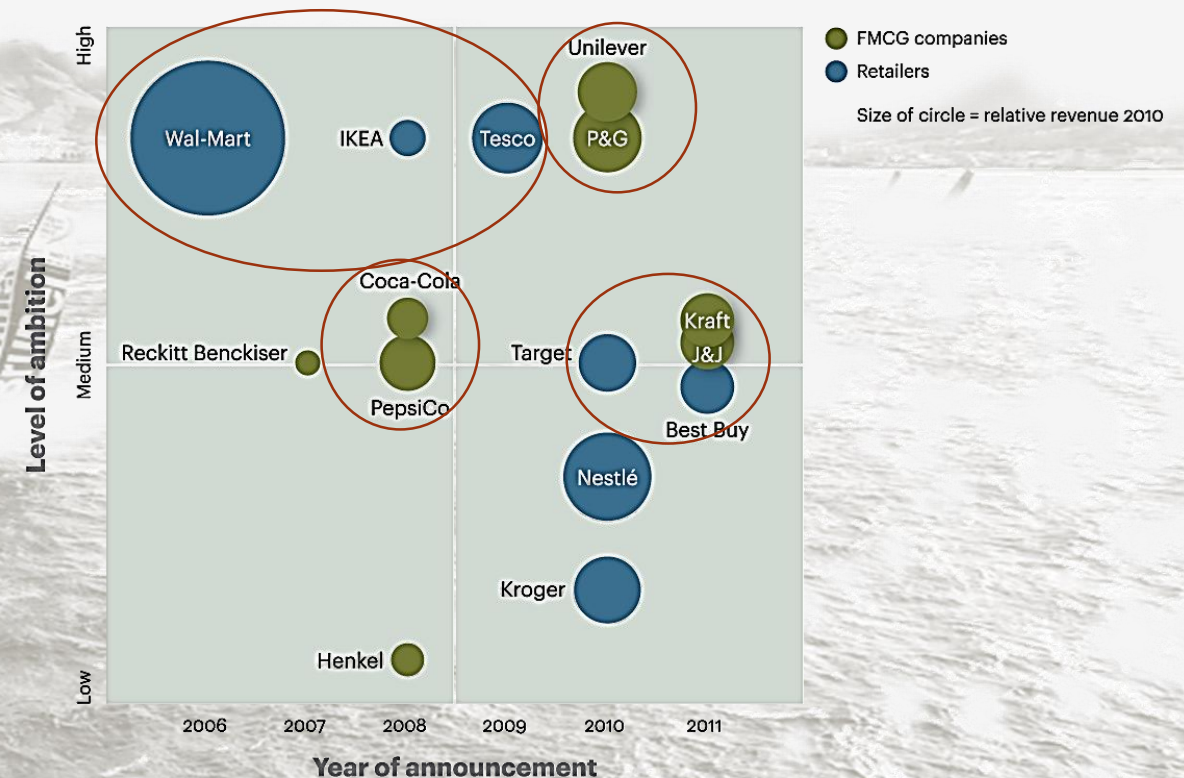


**Example 3 of Strategic
Group Analysis Utilization:**
Sustainability Goals of
Consumer Goods Companies
and Retailers by AT Kearney.

Strategic Group Analysis

Figure 1

Sustainability goals of consumer goods companies and retailers



Note: FMCG is fast-moving consumer goods.

Sources: Company reports and websites; A.T. Kearney analysis

Source: Khemani, Findley, Wiecher and Hauff, "A Profitable Shift for Green Energy". Article from AT Kearney.com



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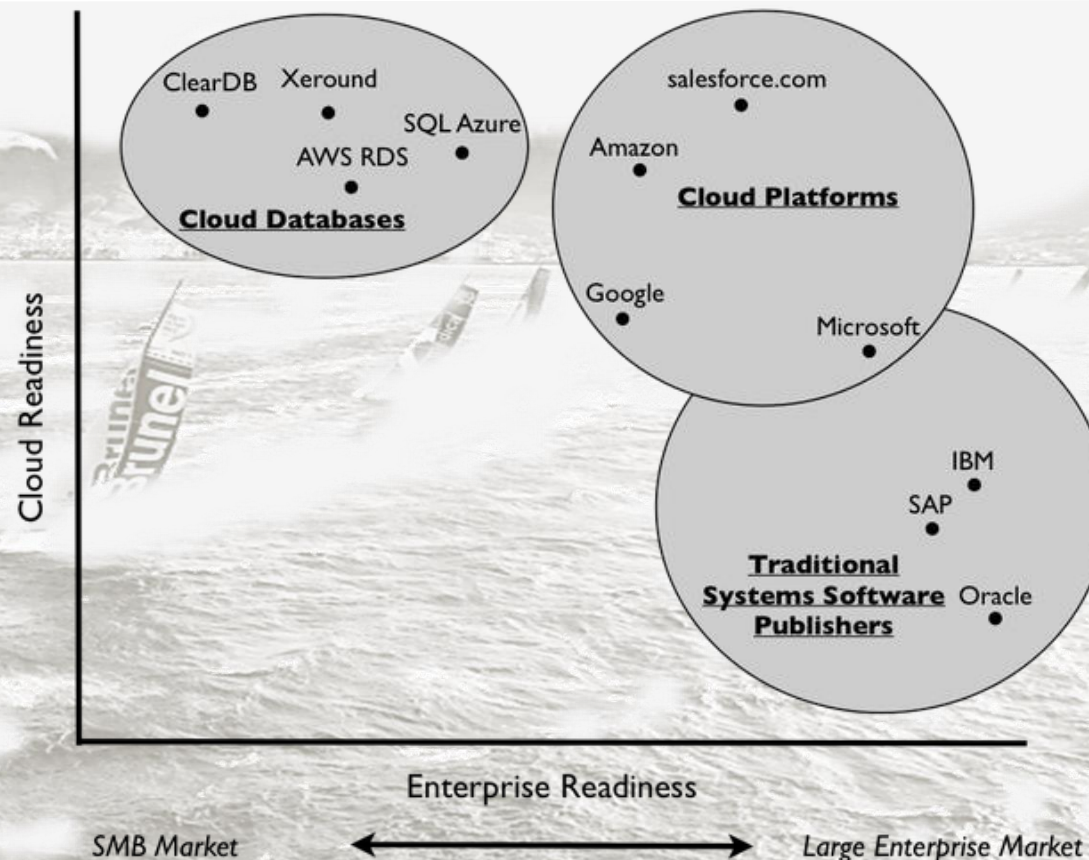
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**Example 4 of Strategic
Group Analysis Utilization:**
The Systems Software
industry is comprised of three
key strategic groups.

Strategic Group Analysis



Source: [PaaS the Cloud](#)
A blog about Cloud Platforms and IT industry disruption.
Theme: Industry Structure and Strategic Groups.



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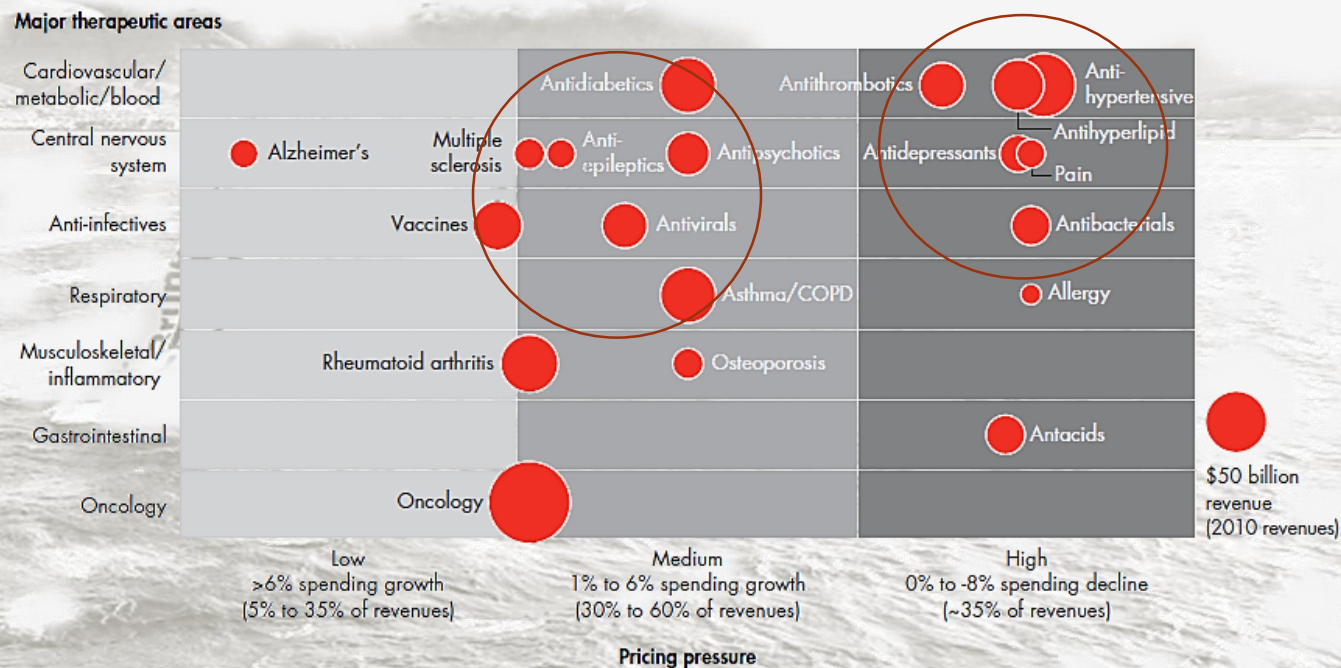


Example 5 of Strategic Group Analysis Utilization:

Bain & Co. utilizes this tool to map the situation of price pressure in big pharma

Strategic Group Analysis

Figure 1: Pricing pressure in major pharma therapeutic classes



Note: Classes above add up to 60% of 2010 pharma revenues from global Rx and OTC sales
Sources: EvaluatePharma (revenues); synthesis of secondary sources and payer interviews; IMS Health (spending forecasts)

Andy Pasternak, Maria Gordian and Paul Cichocki.
Bridging the shareholder return gap in big pharma
January 04, 2013 Bain Brief

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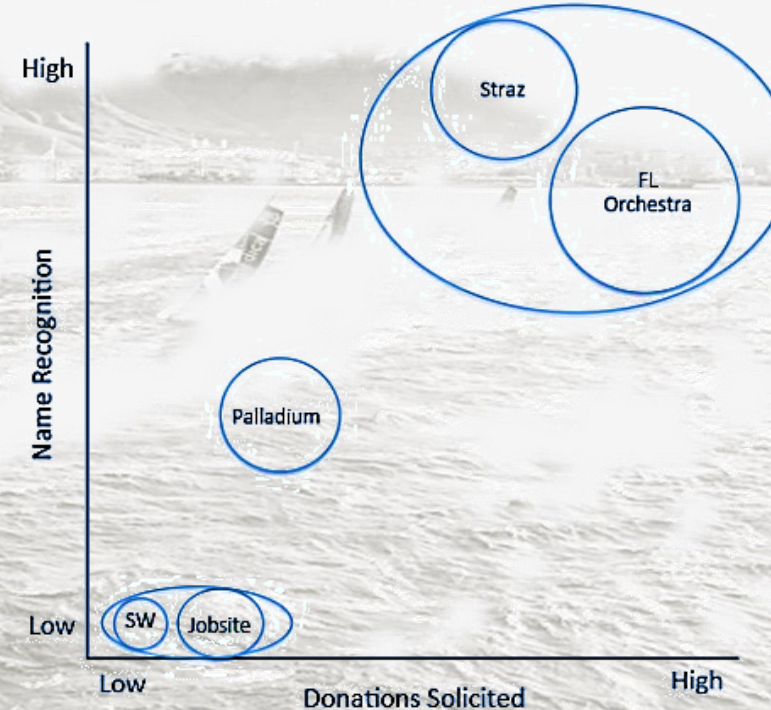
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Example 6 of Strategic Group Analysis Utilization:

A consulting company helps
an arts company in the
Tampa Bay Area

Strategic Group Map



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Source: McNay, Brian: "A Strategic Analysis of Stageworks Theatre with recommendations for improvement"



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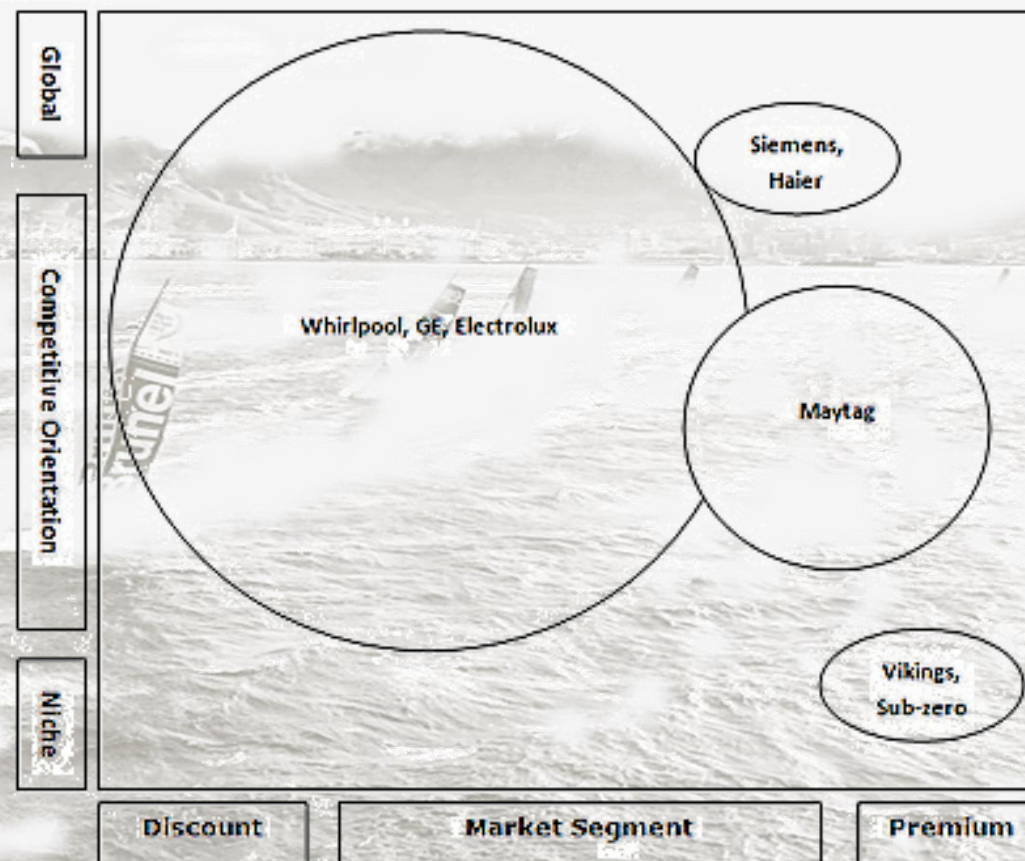
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**Example 7 of Strategic
Group Analysis Utilization:**
Strategic Groups in US Major
Home Appliance Industry

Strategic Group Analysis



Source: Strategic Groups in US Major Home Appliance industry. Knowledge for All blog.



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