

# Brief Note on Strategic Group Analysis

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## Description

Strategic management is the process of setting goals, procedures and objectives to make a business or organization more competitive. Typically, strategic management seeks to deploy personnel and resources efficiently to achieve these goals. Typically, strategic management includes strategic assessment, internal organizational analysis, and implementation of the strategy throughout the enterprise.

Strategic management has two main goals.

- To gain a competitive advantage, get ahead of the competition and dominate the market and
- Serves as a guide for the organization to help in surviving changes in the business environment

## Performing Strategic Group Analysis

A strategic group is a collection of companies in an industry that follow similar competitive strategies. Strategic group analysis is used to look at the economic environment and struggle among competitors in an industry. It helps

- To determine the strategic direction of direct competitors in the industry. This will help shape the strategic movements of your organization.
- Identify strategies used by companies from other strategic groups. In some difficult situations, your organization can use these alternative paths to success as a solution.
- Discover untapped opportunities in the industry by disclosing susceptibilities (i.e. revealing areas where competition is limited or non-existent).

Organizations belonging to the same strategic group can be distinguished on the basis of several characteristics. These include aspects such as;

- Product quality and features
- Extent of product/service diversity
- Number of market segments served
- Distribution channels

- Brand image
- Degree of vertical integration
- Price policy
- Company size
- Cost position
- Capacity utilization

The strategic analysis of the group can be carried out on the basis of the following factors:

### Market scope

The breadth of the product range can be used as the basis for corporation's strategic analysis. Such as large market enterprises, narrow market enterprises, etc.

### Product or service quality

Strategic grouping analysis can be conducted on the basis of different companies' product or service quality such as high quality, medium quality, and poor quality.

### Pricing

Strategic grouping analysis can also be conducted on the basis of the prices set by different companies for their products or services. Such as high price, medium price, and low price, etc.

### Geographic scope

Strategic grouping analysis can also be done according to the geographical coverage of companies, i.e. local, regional, national, global, etc.

### Profit and non-profit

Strategic grouping analysis can be conducted on a for-profit basis, i.e. for profit/non-profit companies.

### Use of distribution channels

Strategic analysis of groups can also be done on the basis of distribution channels used by different companies.

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### Level of service provided

A strategic analysis of groups can also be performed according to the level of service the companies provide. Therefore, these are the different factors through which a strategic group analysis can be conducted.

Analyzing strategic groups within an industry can be helpful in 3 ways:

- Help to make strategic decisions by following the decisions of competitors
- Offer different options by getting ideas from other strategic groups
- Help to identify untapped markets

Strategic management is a continuous process that is essential to the success of the organization. Organizations are expected to ensure that they engage in strategic management as the success and survival of the organization depends on strategic management. Therefore, strategic management is significant for the survival of the organization. Strategic management in general enables an organization to achieve its goals in an efficient and effective manner.

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