

Market Segmentation Meets Competition Analysis – A New Approach to Measure and Compare Competitive Advantages

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Abstract

With this research, we introduce, explain and empirically evaluate a new approach of combining competition analysis and market segmentation. To illustrate when and why this combined approach is advantageous, we exemplarily investigate the impact of the share of national brand price promotions on retailers' market share in four different segments. For this purpose, we use extensive household panel data from German grocery stores including four product groups from 2016 to 2022. Based on our findings, we detail how to calculate and compare relative competitive advantage metrics between two retail chains. We illustrate competitive advantages and disadvantages by comparing two retail chains and the market average. Our new approach can be used by researchers and practitioners to uncover competitive advantages with respect to both entire markets and specific market segments.

Keywords: *competition analysis, market segmentation, market share*