

# Corporate Strategy vs Business Strategy: Meaning & Key Differences

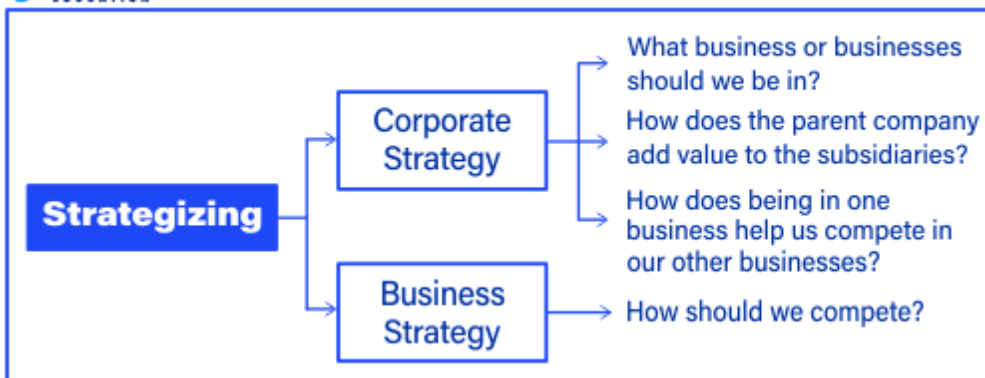
The debut of corporate strategy vs business strategy is common among professionals and students. The difference between corporate strategy and business strategy is the scope, orientation, and scope of implementation. Corporate strategy refers to a broad plan that sets the general direction of a firm, such as business growth, resource deployment, and diversification. Business strategy, in contrast, is about how specific business units compete within the market. Knowing the difference between the business and corporate levels, strategy enables businesses to make the right decisions for sustained success. Corporate strategy and business strategy, as well as the differences between them, are examined in this article.

## What is Corporate Strategy?

Corporate strategy is the most senior level of strategic [planning](#) within an organization. It outlines the overall vision, direction for growth, and long-term objectives of the company. This strategy is formulated to oversee several business units and determine how resources are distributed among them.

Corporate strategy is concerned with the long-term vision of the company and where it wants to be in 5 to 10 years. It helps distribute resources by determining how capital, labour, and technology should be deployed for the greatest growth. It also oversees the company's business portfolio, deciding which businesses to invest in or divest to boost profitability. [corporate strategy](#) is critical for growth and expansion as it will determine mergers, acquisitions, and market entry strategies to enhance the positioning of the company in the market. Only through strong corporate strategies can sustainable success and competitive advantage be achieved.

An example of this approach is the Tata Group which has a diversification strategy operating in different industries (Tata Motors- automobiles, TCS- software, and Tata Steel) This provides you long-lasting stability to your business.



## What is Business Strategy?

A business strategy is a plan that is concerned with how a single business unit competes in the marketplace. It outlines how a particular [product](#) or service will obtain a competitive edge, win customers, and become profitable.

The focus of business strategy is the market positioning, and how a company competes within its industry. It enables companies to enjoy competitive edges through pricing, unique offerings, or cost-leading. Customer targeting in your business strategy is crucial; who are you aiming your product at, and what are their pain points? For effective operations it helps in optimizing production, [promotions](#) and service provision while increasing profitability. Let us understand the importance of a good business strategy that keeps the companies ahead of the competition and guides them towards successful market growth.

For example, Nike's business strategy includes differentiation as they offer the highest quality of sportswear coupled with branding to develop customer loyalty, often through celebrity endorsements.

## Corporate Strategy vs Business Strategy

It is crucial for businesses to understand the difference between corporate strategy and business strategy if they are to develop and compete successfully. While corporate strategy addresses the organization as a whole, business strategy is concerned with individual markets and competitors. The differences between the two strategies are outlined below.

### Scope and Focus

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Corporate strategy guides the entire organization and multiple business units. It sets forth long-term goals, expansion plans and growth strategies. This is a strategy often used by large companies that operate different sorts of businesses within one corporate structure. One such example is Reliance Industries, which has a stake in Jio, Reliance Retail, and Reliance Petroleum, where each business is integrated into the larger vision.

Business strategy, by contrast, is concerned with competition in a given industry. So business units use it to develop strategies for beating their competition and growing their market share. For instance, in the telecom industry, Jio's business model is heavily focused on being price-competitive in the market which positions it well against rivals like Airtel and Vodafone Idea.

### Decision-Making Level

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Corporate strategy decisions are made by top executives such as the CEO and the Board of Directors. They establish company-wide goals, pursue new markets and scheme major investments. Such leaders guarantee that all of the business units contribute to the long-term success of the company. For example, Amazon's corporate strategy is to diversify its business into cloud computing, [e-commerce](#), and entertainment.

Middle managers and unit heads make business strategy decisions. They try to be more efficient, generate more revenue, and follow market trends. As an illustration, Amazon Web Services (AWS) has its own business model to compete against Microsoft Azure. The cloud computing market is particularly focused on [pricing](#), service innovation, and customer acquisition.

## Resource Allocation

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Corporate strategy allocates financial and human resources among various business units. It guarantees that every unit is adequately funded and supported to grow. As per recent data, companies like Mahindra Group invest in multiple sectors, namely in automobiles, IT services, and finance, to remain significant in the market.

Business strategy is the resource allocation and configuration for a particular unit to gain a competitive advantage. It ensures that the company has the capital, technology, and workforce it needs to move forward with its goals. Mahindra Automotive, for instance, has its budget for developing SUVs, investing and pursuing a leadership price in the auto-segment.

## Competitive Approach

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Corporate strategy involves business development, mergers, acquisitions, and global market penetration. This strategy is used by companies to enter different industries and grow their market share. Leveraging acquisitions to build global reach, an example of corporate strategy would be Coca-Cola's acquisition of beverage brands across the world to gain shares in various territories and to strengthen their product lines.

Business strategy deals with how you compete in a given market. It encompasses pricing strategies, [marketing](#) campaigns, and customer engagement. As an example, a Coca-Cola-owned beverage product named Thums Up has a business strategy to compete directly with Pepsi in Indian territories and thus has a unique proposition of being a strong and bold cola brand.

## Risk Management

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Corporate strategy enables companies to mitigate risk by diversification across different industries. This helps to reduce the effects of downturns in any one sector and provides financial stability overall. Alphabet, Google's parent company, diversifies its risk by investing in different businesses, like YouTube, Android and Google Cloud, so it is less exposed to a flop in one area.

Business strategy, on the other hand, is about how to mitigate risks in a particular industry. It is for tackling challenges such as competition, changes in regulation, and market [demand](#). YouTube's business strategy, for example, includes many small revenue sources, such as ads, premium subscriptions, and creator partnerships, reducing risk and enabling light growth, no matter the industry challenges that may arise.

## Success Measurement

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Corporate strategy thinks about success in the dispersion of a market, the profit it can make, and overall [shareholder](#) benefit. Companies monitor worldwide growth, financial results and investor sentiment. For example, Walmart focuses on corporate strategy to expand into emerging markets and increase revenue across different markets for a more global influence.

In business strategy, success is measured by market share, customer satisfaction, and revenue growth. It emphasizes a few performance measures in one industry. As an example, Walmart India's business strategy focuses on competing with regional retailers, enhancing customer experience, and boosting [sales](#) in the Indian market to better position itself.

Aspect	Corporate Strategy	Business Strategy
Scope	Manages multiple business units.	Competes in a specific industry.
Decision-Making	Made by top executives.	Made by unit managers.
Resource Allocation	Distributes funds across businesses.	Allocates resources within a unit.
Competitive Approach	Focuses on mergers, acquisitions, and expansion.	Focuses on pricing, marketing, and market share.
Risk Management	Reduces risk by diversification.	Manages risks within one industry.
Success Measure	Growth, profitability, and shareholder value.	Market share, customer satisfaction, and sales.
Example	Reliance Industries, Amazon, Mahindra Group, Coca-Cola, Alphabet, Walmart.	Jio, AWS, Mahindra Automotive, Thums Up, YouTube, Walmart India.

Corporate strategy is high level and oversees multiple business units while growing the overall business. However, business strategy relates to industry competition, customer interaction, and market positioning.

## Corporate Strategy vs Business Strategy FAQs

### What is the difference between business strategy and corporate strategy?

Corporate strategy concerns the company as a whole and its long-term development, while business strategy concerns how different business units compete within the marketplace.

### In what way does corporate strategy affect business strategy?

Corporate strategy dictates the overall company direction, and business strategy dovetails into this to secure competitive advantage within target industries.

### Can a firm have more than one business strategy?

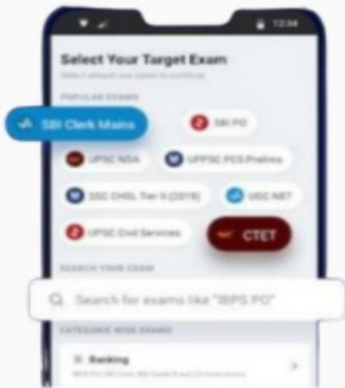
Yes, big firms such as Tata, Reliance, and Google have various business strategies for every business unit under one corporate strategy.

### What is an example of a successful corporate strategy?

Amazon's corporate strategy consists of e-commerce, cloud computing, and streaming services, whereas AWS (Amazon Web Services) has a distinct business strategy to dominate cloud computing.

**Why is business level vs corporate level strategy significant?**

It enables businesses to match overall business development with competitive positioning within specific markets, resulting in improved decision-making and resource usage.



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