Competitor Analysis

Competitor Analysis

Definition:

Competitor analysis takes an in-depth look at competitors to understand their motivation and predict what actions they may take in the future. The analysis compares the competitors to other participants in the same industry and your company.

- **What it is:** The competitor analysis tries to define a competitor, their capabilities and weaknesse
- **What it does:** The competitor analysis will help you understand their historical actions, what the
  1. Understand your business's competitive advantages and disadvantages in your industry.
  2. Gain an understanding of your competitors' business strategies.
  3. Discover an informed basis to develop strategies to achieve competitive advantage in the ful
  4. Forecast returns that may be made from future investments (i.e., How will competitors respo

     Doing a competitor analysis holds several benefits for the growing enterprise:

Uses:

- **How it is used:** Knowing your competitor's size, capabilities, products, services, and objectives
- **Where:** In competitor analysis, you need to decide both who and what you will analyze.
  - Obviously, you want to look at the largest competitor in the market, the one with the largest r
  - Consider the competitor with the highest profitability and highest-priced products. You must p
  - Look for the competitor with the lowest cost position and monitor their profitability and the so
  - Look for the competitor who is experiencing the greatest market share growth. Even if they a
  - Look for the most aggressive competitor. Why are they trying to grow, and how will they retai
  - Look at any competitor that has recently changed its strategy and is trying to change its posi
  - Consider competitors that are closest to your customers geographically, in the products they
  - Consider competitors that sell substitute products: different from what you and others in the i
  - Consider potential entrants that may try and enter your industry through acquisition, building
  - Competitor overview and profile: Who are they? How long have they been in your industry? I
  - Competitive advantage: What are the sources of their competitive advantage? How unique is
  - Financial resources: What debt to equity position, available cash, resources for financial dec
  - Staff: What resources does the company have to help it grow, meet its current demands, and
  - Products and services: What products do they have? How do they compete? What advantag
  - Service: How do customers respond to their service? How consistent are they in providing s
  - Target markets: Which markets do they target and focus on? How successful are they in thei
  - Market share: What is their market share? Is it growing or shrinking? Is it more concentrated
  - Pricing: Do they price for profit or market share? Do they use penetration pricing, skimming,
  - Cost position: Do they have an advantaged raw material position? Do they have scale advar
  - Customers: Where, geographically, are their customers? Are they concentrated by end use c
  - Financial data: Provide income statements and balance sheets. If available, show multi-year
  - Brand recognition: How is their brand viewed in the market place? How sustainable is their b
  - Location: Where are their corporate headquarters? Where are manufacturing plants, distribu
  - Distribution Channels: How do they distribute their products? Do they have any advantaged

    - Marketing strategies and tactics: How do they attract customers? How do they convert them
    - Logistics: How do they move their products and deliver them? Where are they stored? Are th
    - Overall strengths: What are their strengths? What are they based upon? How sustainable ar
    - Overall weaknesses: What are their weaknesses? What are they based upon? How difficult
    - Available opportunities: Is there something happening in the market or industry that could giv
    - Threats: Is there something happening in the market or industry that could give them a uniqu
    - Selecting which competitors to analyze can be a very important task:
    - Competitor analysis can cover many topics that can vary in importance from industry to indu
- **Why:** If we do not know what our competitors are doing and what they are capable of, we may le

Limitations:

- **Where it shouldn't be used:** There is little or no risk in doing a competitive analysis when you a
- **Any restrictions:** Be careful not to believe everything you hear or find. There can be significant
- **Warnings:** Evidence has indicated that people in a company misjudge the level of their own com

Demonstrations:

- How to Conduct a Competitive Analysis
- How to Conduct a Competitive Analysis with Template
- 8 competitor analysis
- Analyzing Sales Competitors
- Competitive analysis
- Competitive intelligence - Social Media

Step-by-Step Process:

- **Identify** your customers and determine which to analyze: See the topic “Selecting which compet
- **Gather data** on the competitors you selected:
    - Visit websites and social media pages.
    - Look for annual reports and federal filings, including financial, environmental, sustainability, e
    - Review company publications and press releases.
    - Look in local papers for tax abatements offered to encourage business start-up, construction
    - Talk to customers through salesmen, focus groups, surveys, etc.
    - Look for published reports about the competitor.
    - Talk to industry experts and people familiar with the company.
    - Talk to former employees of the competitors.
    - Buy their products, visit their sites and stores, order their product information, etc.
- Determine which types of data you will collect (consider topics from the list above under "Compe
- Collect data from many of the sources outlined in the demonstration videos and additional resou
- **Analyze the data**:
    - Utilize one of the templates or examples on this page to lay out the comparative information
    - Avoid using emotion; base the analysis on evidence and facts.
    - Whereever possible, calculate differences in cost, price, assets, revenue, etc. to compare th
    - When you can not compare quantitative data directly, use a prioritization table like the one fo
- **Interpret the results**
    - Find each competitor’s strengths and opportunities related to specific market segments and
    - Find each competitor’s weaknesses and threats related to specific market segments and app
    - Identify where each competitor currently wins and where they will lose (use a SWOT analysi
    - Use industry analysis and Porter's Five Forces analysis to understand the impact of different
    - Determine the sustainability of each competitor's advantages and disadvantages.
    - Predict what strategic initiatives each competitor may initiate in the near future based on the
    - Determine what defensive actions you should take based on the analysis.
    - Determine what offensive actions you could take based on the analysis.
- **Present results**
    - PowerPoint presentations are a common choice to show all topics of the competitive analysi
    - The templates in this document are also good presentation formats.

Template for Capturing Data:

- Competitor Analysis Template: Competitive Analysis

Output Representation and Recommendations:

There are many ways to show a competitor analysis. You can show the template you used to gather the data, but that may be too cumbersome and difficult to read. The template included here is an example of how you could build a competitor analysis presentation: MECLABS: Competitive Analysis Template

Examples:

- A Competitive Analysis Example to Give You a Running Start

Additional Resources:

- Add competitive analysis to your marketing plan
- How to Write a Great Business Plan: Competitive Analysis
- Competitor Analysis NYU Professor: NYU Competitive Analysis



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