

## COMPETITOR ANALYSIS

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Competition is **healthy** and as long as you have competition, the marketplace still wants your product or service!

Don't assume that because you're in the same industry, they are automatically your competitor. Your competition lies within the same industry targeting the same target market prospects which you're wanting to acquire.

**Ensure that you find out who your competitors are, where they are based and what they're up to.**

Information from the community and their own marketing materials and websites may be good resources to identify these factors and the performance of each competitor.

In this module, we'll be covering ...

- Who they are?
- What Market Share they occupy?
- Which Market they are targeting?
- What Products they are offering?
- What Marketing Methods they are using?
- What are Their Strengths & Weaknesses?
- What are They Doing Right or Wrong?

**Ensure that you find out as much as you can about your competitors because when you know them intimately, you will know where their weaknesses and strengths lie and then be able to take them on in any situation because you no longer fear them!**

You need to consider ...

- How much do they impact on or influence your revenue?
- What are they doing right or wrong?
- What threats and opportunities do they represent?
- What are you doing better?

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Include how your service offering compares to the others. What benefits do you offer, to whom and how does your mix compare to others. Think about specific kinds of benefits, features and market groups, comparing where you think you can show the difference.

Don't confuse competitive advantage with "what you're good at." Building on strength is a good thing, but when it comes to strategy, companies are too often inward looking and therefore likely to overestimate their strengths. You might perceive customer service as a strong area. So that becomes the "strength" on which you attempt to build a strategy.

***But a real strength for strategy purposes has to be something the company can do better than any of its rivals.*** And "better" because you are choosing to meet different needs and performing different activities than they perform, because you've chosen a different configuration for your value chain than they have.

So, **where** are they? Do they cover the world, or nationally, or regionally or locally? Remember that the more area to be covered, the more resources are needed which would include financial, people, operations, management, infrastructure, systems, etc.

Now for **market share**. Your resources will only allow you to service a portion of the market. If your capacity can't compete with the 'big' players with loads of resources, then they are really not your competitor because you are servicing a different level of customers in the marketplace. You always need to be growing, so plan your growth every year to extend your reach in the market, continually capturing more market share which you are able to service.

Then who are they **targeting**? Are you targeting the same market? Is the market saturated with the same products only allowing you to operate in a conversion market i.e taking customers away from your competitor. Your customer analysis identifies your A/B customer. This is the profile to work with, when you compare the target market you are competing for. You may even find that the competitors you are most fearful of, aren't your competitors because their target market doesn't match your A/B customer profile!

Comparing **Products** is also essential. By keeping on track of similar or the same products entering the marketplace will keep you ahead of your competitors. You'll be able to develop new products or tweak your own to deliver market demands. You'll also find out what you don't have that the market wants.

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Pricing will always play a role and there'll be a need to continually source new suppliers to remain competitive without compromising quality.

Other items to compare are product quality, availability, delivery times, delivery methods, guarantees, after sales service, warehouse capacity, hidden costs in terms of switching to your competitor, and are there any start-up or continuation costs?

Their **marketing** strategy to attract more customers will certainly impact on how they are perceived in the marketplace. Their awareness campaigns, branding, positioning, reputation and customer loyalty will always remain a challenge. However, knowing where their strengths and weaknesses lie will hopefully, put you in the driving seat. Copy what they are doing right and never do what they are doing wrong!

Next, create comparative **competitor** and **product** analysis spreadsheets. These spreadsheets were a tool I found very useful in my selling pitch. Naturally, I'd focus on my strengths when going up against a competitor, without ever having to criticise them.

Use these spreadsheets for a general comparison of your offering as one of several choices a potential target market can make.

**Competitor Analysis Spreadsheet:** Describe your major competitors in terms of factors that most influence **revenue**, in order of who you are most scared of?

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Competitor	Rate: 1 = excellent; 2 = good; 3 = average; 4 = poor and 5 = bad		
	Me	1st	2nd
Available Financial Resources			
Available Human Resources			
Growth Capacity			
Size			
Location			
Technology			
Branding /Image			
Advertising			
Positioning			
Reputation			
Customer Loyalty			
Product Range			
Product Quality			
Pricing			
Guarantees			
Product Availability			
Product Delivery Time			
Delivery Methods			
Service Delivery			
After Sales Service			
Warehouse Capacity			
<b>Products</b>			
	Me	1st	2nd
A			
B			
C			
D			
E			
What products do they offer that you don't?			
What are they doing right?			
What are they doing wrong?			
What's their USP?			

Information from the community and their own marketing materials and websites may be good resources to identify these factors and "rate" the performance of each competitor.

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**Products Analysis Spreadsheet:** Now list your most profitable and popular products from your products analysis and compare these with your competitors similar or same products. Also add the products which your competitor offers and which you don't.

I use a tick and cross system, so that I can see at a glance where my strengths and weaknesses lie. Naturally, I'll promote those products my competitor doesn't offer or where my products are superior.

You may want to take this step further by doing in-depth studies on each product or product category where you compare everything about the product - all their strengths and weaknesses.

But, be careful of offering too many products because you need enough resources to have focus with a specific direction to promote them. Generalists never make money. The more niched or specialised products you offer, the more money you'll make.

Finally, summarize the general nature of your competition and how the people in your target market might choose one provider over another. You may want to consider using one topic for each competitor.

You may want to ask the following questions?

- Does the market really need what the competitors offer?
- Is it really an advantage?
- Will the market really use it or is there a down side?
- What will it cost your prospect either financially or in terms of learning, time, energy?
- What will the market have to give up in order to gain that?
- What are the start-up and continuation costs?
- What does your package of benefits and features have to offer over others?

Once you have this exercise done, you'll now know your competitors so well that you'll no longer fear them because you'll know exactly how you'll play them in the marketplace.

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This analysis needs to be done every 6 months to keep your pulse on what your competitors are up to.

**Check out your successful competitors – physically!**

**Find out why they are successful.**

- Is it the relationships they have with their customers?
- Same interests?
- Excellent service?

**... Then copy them!**