

Industrial Structure vs Participants

- Some overlap
- Structure:
 - fragmented or consolidated
 - Five features of attractiveness (like barriers to entry)
- Participants:
 - More about how firms meet customer's needs, how different firms within that industry specialize toward certain audiences
 - This overlaps somewhat into how consolidated an industry is

Content

- Competitive Analysis Overview
- Step 1 - Identify & Describe Competitors- primary secondary..
- Step 2 –Analyze Competitive Information by Applying the Methods/Framework
 - i. **Competitive Grid** – Gaps, Strategy and Differentiation
 - ii. **ANSOFF**- Product & Market Growth
 - iii. **Perceptual Map & Position**- revisited
 - iv. **SWOT** – revisited but with product
- Step 3 - Determine Sustainable Competitive Advantage

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Competitive Analysis: overview



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Competitive Analysis: Objective

- To become familiar with competitors and structure
- Find and focus on a gap or niche
- Allows you to avoid a very competitive industry
- Reveals the competitive position of firms in the market
- Review competitive advantage (unique selling proposition) of firms – yours and others

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Competitive Analysis Steps

- Step 1 - Identify & Describe Competitors- primary secondary..
- Step 2 –Analyze Competitive Information by Applying the Methods/Framework
 - i. **Competitive Grid** – Gaps, Strategy and Differentiation
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Step 1 - Identify & Describe the Competitors



Step 1 - Identify & Describe the Competitors

- Identify competition
- Start with the **Industry Definition**...
 - Focus on identifying major competitors that have or will have a major impact on your business over time.

PRIMARY	SECONDARY	FUTURE
Businesses offering identical or similar products	Businesses offering close substitute products	Businesses that are not yet direct or indirect competitors but could be at any time

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Step 1 - Identify & Describe the Competitors

- **Primary competitors** are businesses that are offering identical or similar products or services as your business.
 - Firms that customers can easily buy from instead of from you,
 - Represent your most intense competition
 - First-mover advantage fits here
 - Example: Cupcakes and Big City Cupcakes
- **Secondary competitors** are businesses that are offering products and services that are close substitutes.
 - Firms/Products offer same or similar value proposition, but deliver a different product
 - Example: netbook, laptop, tablet, e reader, cell phone, & camera

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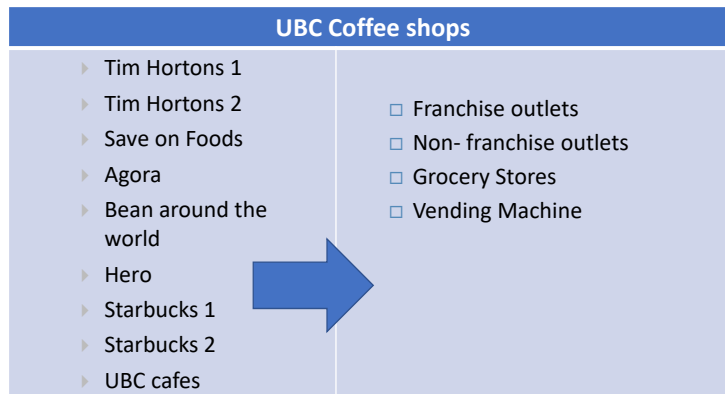
Step 1 - Identify & Describe the Competitors

- **Future competitors** are existing companies that are not yet competitors but could be soon
 - Who are the potential competitive entrants? What are their barriers to entry? Is there anything that can be done to discourage them?
 - Example: Netflix and iTunes and Blockbuster
- Focus on identifying major competitors that have or will have a major impact on your business over time.

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Step 1 - Identify & Describe the Competitors

- **Consider Grouping competition**
- Use groupings of competitors as opposed to names of competitors to reduce data collection and analysis – similar characteristics



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Step 1 - Identify & Describe the Competitors

- **Describe the Competitors**
- Outline the competitive nature and position of firms in the market
 - Who they are?
 - What they do ? Product lines/Additional products?
 - Unique Selling Proposition
 - Market power
 - Resources or Alliances

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Example: Produce Stores in Vancouver

- Primary ..Secondary ...Future ?
- Groups?



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Example: Transport services



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Next?

- Use the models to assist you to
- Organize data - > information
- Obtain a unique view
- Develop analysis/conclusions focusing on the models objectives
- Analysis/conclusions from the models and provide recommendations/highlights/concerns

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Step 2 –Analyze Competitive Information by Applying the Methods/Framework Ansoff Product & Market Growth Framework



Ansoff Matrix

Purpose

An analytical tool that helps managers to devise their **product and market growth strategies**

- Two dimensions define the options: products and markets
- Most commonly used model for analysing the possible strategic direction that a business should take
- Not only identifies and analyses different growth opportunities, but also encourages planners to consider both expected returns and risks

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Ansoff Matrix

		Products	
		EXISTING	NEW
Markets	EXISTING	Market Penetration: more of the same to the same customers	Product Development: new products for existing customers
	NEW	Market Development: new customers for existing products	Diversification: new products and new customers

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Ansoff Matrix

3. Market Penetration:

sell more existing products to existing customers

- Low risk growth strategy
- Focus on selling more existing goods in existing markets
 - Increase usage by existing customers
 - Attract customers away from rivals
 - Encourage increase in frequency of use
 - Devise and encourage new applications

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Example

Examples:

- **Loyalty cards..** Target, shoppers drug mart, save on foods



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Example

<https://www.youtube.com/watch?v=zIElvi2MuEk>



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Example

Examples:



The service was implemented to appease **taxi** drivers who protested the increased competition from Uber. UberX provides a private ride in a standard car for up to 4 passengers. UberXL provides a ride in a large vehicle that can seat up to 6 passengers.

Subsidiaries: [Uber Eats](#); [Jump Bikes](#)

Products: Mobile app, website

Services: [Vehicle for hire](#); [Delivery \(commerce\)](#)

Net income: US\$ -4.5 billion (2017)

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Ansoff Matrix

2. Market Development: new customers for existing products

- Medium risk growth strategy
 - success of a product in one country does not necessarily guarantee success in another
- Selling existing products in new markets
 - New group of buyers for an existing product.
 - Focus on new segment or geographic
 - Using new distribution channels; changing the price; appealing packaging

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example

- With its shiny black can and polar opposite advertising campaigns, Coke Zero has successfully generated a more 'masculine' appeal.



Same sweeteners. Different flavour base. Different taste.

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Example

Examples:

Why Amazon Bought Whole Foods

The retailer's \$14 billion bet isn't just about the future of food. It's about the future of commerce—especially for rich urban consumers.

DEREK THOMPSON | JUN 16, 2017 | BUSINESS



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example

Tim Hortons Launches Bottled Iced Capps Because Everyone's Melting

The Huffington Post Canada | By Arti Patel



Posted: 07/13/2016 11:31 am EDT | Updated: 07/14/2016 11:59



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Ansoff Matrix

4. Product Development: new products for existing customers

- Medium risk strategy
- Selling new products in existing market
 - Apple iPhone and McDonalds are two companies (products) that use this method
- New products come in the form of:
 - New products to replace current products
 - New innovative products
 - Product improvements
 - Product line extensions
 - New products to complement existing products
 - Products at a different quality level to existing products

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Example



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example



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example

Shoppers Drug Mart signs third cannabis supply deal

The latest deal is with B.C.-based licensed marijuana producer Tilray Canada Ltd. to supply branded medical cannabis products and is conditional upon Health Canada's approval of Shoppers' application to dispense medical marijuana.



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Ansoff Matrix

1. **Diversification:**

new products for new customers

- High risk growth strategy that involves marketing new products in new markets
- Business is usually not familiar with the product's success in different markets



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Example

Uber tests dockless bike-sharing option

by RACHEL HASER — 4 days ago in CARS



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Example

Ikea has bought TaskRabbit

The Swedish home goods giant is looking for some digital help from the contract labor marketplace.

By Kara Swisher and Theodore Schleifer | Sep 28, 2017, 11:35am EDT

f t SHARE



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Ansoff Matrix

Limits

- Real world examples do not always fit neatly into the four cells of the Ansoff's Matrix

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Step 2 –Analyze Competitive Information
by Applying the Methods/Framework
Competitive Analysis Grid



Continue here – repeat first part



Competitive Analysis Grid

Purpose

- View for Gaps, Strategy and Differentiation
- Unique features & Unique Selling Proposition (USP)
- Ideas for markets to pursue, and identify its primary sources of USP
- Organized approach: tool for organizing the information a firm collects about its competitors
- Relative view of products/firms/brands that are in competition and what features they compete upon
- Strengths and weaknesses of each products/firms/brands in your industry
- Gaps in industry



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Competitive Analysis Grid

Feature Comparison Matrix

- Provides a top-level look at products offered by you and your competitors. It uses rows of features and columns of competitors to contrast the product mix available from each player.
- Supports
- Features that are unique to the firm/product
- Features that are missing – in the industry



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Competitive Analysis Grid

Grid development steps:

1. Define Factors Of Comparison:

- **Relevant and meaningful to the firm, sector, product/service and analysis**
- e.g., price, customer service, packaging, access, location, flavours, trend, target, hours of operation, or product freshness

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Competitive Analysis Grid

Examples of Features

- | | |
|---------------|----------------------|
| • Price | • Ease of Use |
| • Benefits | • # of features |
| • Quality | • Type of features |
| • Durability | • Wow factor |
| • Image/style | • Location(s) |
| • Service | • Distribution/Sales |
| • Warranties | • Certifications |
| • Convenience | • Endorsements |

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Competitive Analysis Grid

Grid development steps:

2. **Attach rank or weights to the factors to define their relative importance**
 - e.g., service may be two times as important than freshness

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Competitive Analysis Grid

Grid Development steps:

3. **Define Relevant Competitors or Group of Competitors to Include in the Grid**

Use competitor names, relevant grouping of competitors or categories of direct, indirect, future

Ensure that you are comparing a wide range of firms but in a value-added manner grouping of competitors to ensure that you are comparing a wide range of competition- primary, secondary and future

4. **Place competition groups/companies in table**

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Competitive Analysis Grid

Grid development steps:

5. Develop and apply a rating system to each competitor and your firm on each of the factors

Qualitative analysis (High, Quite High, Very Low, Low)

OR

Quantitative analysis (1 to 10, where 1 is low and 10 is high)

Weight score of factors

6. Review the grid and review what it is really tells you

- Review the grid to see what it really tells you in terms of relative strength, power/resources, competitive advantage, gap in the market and competitive level in the industry by various firms

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example

Three different method of completing grid:

Compare, Rank and combo

	LOCATION	PRICE	TASTE
My Coffee Shop (compare method)	Denver, stand alone building	\$2.75 to \$4.5 coffee to latte	rich, good, perfect
Competitive Shop 1 (compare & rank method)	Downtown, Larimer Street 10	\$2.50 to \$4 coffee to latte 7	too watered down 2
Competitive Shop 2 (rank method)	9	7	6

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example

Table 2. Vacation options using a weighted decision matrix. To calculate the weighted score, multiply the weight by the score for each option. For example, Hershey Park's affordability is scored as a 5, and affordability is weighted as a 3, so the weighted score for Hershey Park's affordability is 15.

Weight	3	2	1	
Vacation Options	Affordability	Fun	Ease of Travel	Weighted Score
New York City	1	9	7	28
Disney Land	3	7	3	26
Hershey Park	5	5	5	30

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example

Competitive Profile Matrix (CPM) Example							
		Your Company		Competitor 1		Competitor 2	
Critical Success Factor	Weight	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Marketing	0.25	4	1.00	4	1.00	1	0.25
Brand Reputation	0.25	3	0.75	4	1.00	4	1
Location	0.05	2	0.10	1	0.05	1	0.05
Product Quality	0.1	1	0.10	4	0.40	3	0.3
Customer Service	0.2	1	0.20	4	0.80	1	0.2
Customer Loyalty	0.05	1	0.05	3	0.15	1	0.05
Product Range	0.1	3	0.30	1	0.10	3	0.3
TOTAL Score	1		2.50		3.50		2.15

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example

	Starbucks	McDonald's	Dunkin Donuts	Tim Hortons
Price	2	5	3	4
Demographic:				
Students (12-25)	5	3	4	5
Working Adults (26-45)	4	2	3	4
Senior (46+)	1	3	2	2
Product Range:				
Coffee	5	2	3	3
Other Beverages	2	4	3	3
Food:				
Breakfast	4	5	4	4
Lunch	3	5	3	4
Dinner	1	5	3	4
Service	5	3	3	3
Environment	5	2	3	3
Loyalty rewards	5	1	1	1

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Comparison with Similar Evaluation Method for Options Analysis

	Cost	Laughs	Exercise	Inconvenience	Score
Watch TV	None (3)	Low 2x(1)	Zero (0)	None (3)	(8)
Dinner & movie	Medium (1)	High 2x(3)	Low (1)	Medium (1)	(9)
Skiing	Low (2)	Low 2x(1)	High (3)	Medium (1)	(8)
Dancing	High (0)	Medium 2x(2)	High (3)	High (0)	(7)

- Points assigned. Not science-based: value-based.
- Weightings assigned. Also value-based.

Example: Inglorious Fruits & Vegetables

- It turns out, consumers will buy ugly fruits and vegetables when they're 30 percent less expensive than the perfect-looking ones that are right next to them. Not only are they buying them, they're clearing the produce section of them. There is absolutely nothing wrong with the produce. It tastes the same. It has the same nutrition value. And, once it's peeled or cut up, no one can notice it's former ingloriousness.
- <https://vimeo.com/98441820>



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Step 2 –Analyze Competitive Information by Applying the Methods/Framework Product Position & Perceptual Map



Product Position & Perceptual Map

What is a product position?

- Positioning (or product positioning) is how the product is designed to be perceived in the marketplace relative to its main competitors.
 - how consumers understand the product offering and how it differs from similar competitive offerings.
 - Determine specific positioning based on a certain quality or benefit of your product, such as ease of use, durability, reliability, safety, convenience, etc.

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Product Position & Perceptual Map

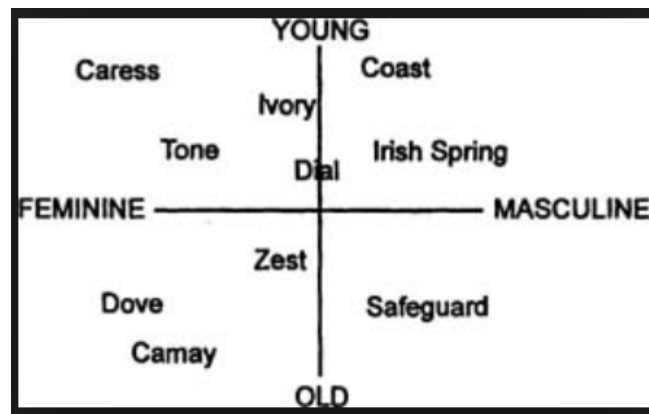
Perceptual mapping

- Graphics technique used by marketers that attempts to visually display the perceptions of customers or potential customers.
- Typically the position of a product, product line, brand, or company is displayed relative to their competition.
- Defining the axis (2 to 4) are important in defining competition.
- Objective is to gain :
 - Better understanding of market structure
 - Stakeholder perception
 - Direction for R&D efforts to satisfy customers better

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Product Position & Perceptual Map

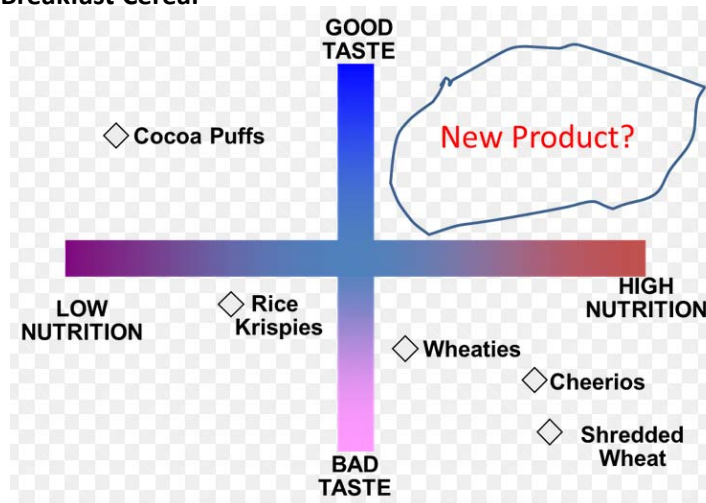
• Soap



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Product Position & Perceptual Map

► Breakfast Cereal



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Example



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Example

- Watch these and see if you can define their position
- Natures Path
- <https://www.youtube.com/watch?v=vd19AaO9Cg4>
- Chipotle
- <https://www.youtube.com/user/chipotle>
- The Guardian
- <https://www.youtube.com/watch?v=vDGrfhJH1P4>

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Limits

- Limited axis or parameters for comparison
- Complex ideas do not work well in the model
- Very unidimensional - one product and 2 to 3 comparison values
- Not firm oriented or market oriented: product only

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Step 2 –Analyze Competitive Information
by Applying the Methods/Framework
SWOT
For the Product & /or Firm



SWOT Analysis

- A SWOT analysis guides you to identify the positives and negatives inside your product (Strength & Weakness) and outside of it, in the external environment (Opportunity & Threat).
- Use it to:
 - Identify and prioritize issues or problems or opportunities
 - Develop strategies to mitigate weaknesses and threats & leverage opportunities and strength.
 - Set or reaffirm goals.
 - Create an action plan.

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Reminder of SWOT

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> • Things your company does well • Qualities that separate you from your competitors • Internal resources such as skilled, knowledgeable staff • Tangible assets such as intellectual property, capital, proprietary technologies etc. 	<ul style="list-style-type: none"> • Things your company lacks • Things your competitors do better than you • Resource limitations • Unclear unique selling proposition 	<ul style="list-style-type: none"> • Underserved markets for specific products • Few competitors in your area • Emerging need for your products or services • Press/media coverage of your company 	<ul style="list-style-type: none"> • Emerging competitors • Changing regulatory environment • Negative press/media coverage • Changing customer attitudes toward your company

WordStream

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SWOT Example 1: Cheesy Toast Food Truck



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SWOT Example 1: Cheesy Toast Food Truck

- **Strengths:**
 - Strong, experienced food truck staff
 - High brand recognition
 - Prices are cheaper than competitors'
 - Pride in putting forth innovative food with the freshest ingredients
- **Weaknesses:**
 - Limited funds available
 - Costs rising due to increases in food costs
- **Opportunities:**
 - In a new, emerging food truck market
 - A main brick-and-mortar competitor has closed
 - Collaboration with a local bar to start a dinner and a drink package
- **Threats:**
 - A main competitor has lowered its prices
 - Municipality reexamining current legislation and may add further restrictions on food trucks

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SWOT Example 2: Beyond Meat

<https://ruonanmandyzhao.files.wordpress.com/2020/04/swot-analysis-beyond-meat-ruonan-zhao-1.pdf>

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Step 3: Define the Sustainable Competitive Advantage/s



Sustainable Competitive Advantages

- Defined:
 - Sustainable competitive advantages are company assets, attributes, or abilities that are difficult to duplicate or exceed; and provide a superior or favorable long term position over competitors.

Why ?

- A competitive advantage distinguishes a company from its competitors. It contributes to higher prices, more customers, and brand loyalty. Establishing such an advantage is one of the most important goals of any company.

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Sustainable Competitive Advantages

Type of Sustainable Advantages – can be combinations

- Low Cost Provider/ Low pricing
- Market or Pricing Power
- Powerful Brands
- Strategic assets/Location/Leases/Trademarks/Contracts/
- Barriers To Entry/Access to Markets
- Adapting Product Line- extensions of successful product line
 - Apple
- Product Differentiation/Loyalty
- Strong Balance Sheet / Cash /Resources
- Outstanding Management / People

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Sustainable Competitive Advantages

How to define competitive advantage?

1. **Benefit:** A company must be clear what benefit(s) their product or service provides. It must offer real value and generate interest. **Value Proposition**
2. **Target Market:** Establish who is purchasing from the company and how it can cater to their target market & What they want.
3. **Competitors:** Understand other competitors in the competitive landscape.
4. **SWOT of firm and product:** Understand strengths and core competencies and how these can use these in innovative ways to provide value to your chosen market. SWOT
Leverage/Mitigate

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- End of slides

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