

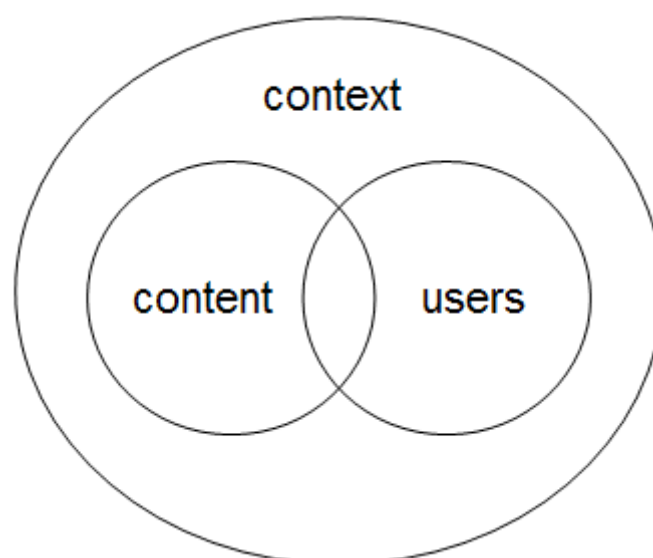
Competitive Analysis: Understanding the Market Context

“While user-centered design focuses on user needs/tasks, and information architecture focuses on content, these two aspects alone offer an incomplete picture.”

Effective web design, from the simplest brochure website to the most complex web application, needs to involve an understanding of context. While user-centered design focuses on user needs/tasks, and information architecture focuses on content, these two aspects alone offer an incomplete picture. What is missing is the context: the environment in which the website or web application is used as well as the market in which it exists.

Rosenfeld and Morville’s “Three Circles of Information

Architecture”:<http://semanticstudios.com/publications/semantics/000029.php> diagram offers a visual representation of these overlapping areas, although I propose a slightly different view:



Relationship of context to content and users

Exploring one aspect of this context, the business marketplace of competing companies/products/services, is the focus of this article. Our primary

tool in this exploration is competitive analysis, which is an examination of the websites/web applications of your competitors.

The role and benefits of competitive analysis

Competitive analysis, as the name implies, is an exploration of the companies in a given industry sector or market niche that are competing with your company's products or services for market share. The analysis may be an in-depth exploration of the top five competitors, or a larger number of competitors could be examined (typically with less depth in the analysis). In most cases, the client will have identified the target competitors for you.

While this article focuses on competitive analysis in the for-profit arena, it is worth noting that non-profit organizations can benefit equally from this analysis (which they might term a comparative analysis, if they viewed the other organizations as working toward a common goal with them).

Understand the competition

The primary benefits of any competitive analysis are a better understanding of what your competitors are doing, what they are offering to customers, and how to maintain your competitive advantage. The findings from this analysis are likely to factor strongly into your own company's strategic planning. However, this is definitely not the only take-away from the process of analyzing competitors.

Build domain knowledge

Another benefit of competitive analysis involves expanding the knowledge base of those working on your website or web application. The analysis offers information about content and functionality that they have probably not considered. This is especially true for newcomers to your industry and should be fairly common; not everyone will be a subject matter expert. Looking longer-term, this educational process benefits not only the current project, but also any future project in that same industry. My own experience speaks strongly to this, as I have been both an Information Architect –(IA) for a web design firm and a Business Analyst (BA) for a large hospital system. In the IA role, I would be working on six projects with little domain knowledge in any of those areas; competitive analyses definitely assisted in getting to

know those industries. As a BA, learning about competitors in the medical field on one project would enhance my performance for the next project.

Identify best practices

Exploring competitor websites offers the opportunity to discover what is working well for them, as well as what is commonly being offered via the Web. For example, if all the competitors are offering specific content and functionality, users will likely expect your site to offer similar content and functionality. If they are absent, users may go to the competitor site instead. It is important to note that user expectations often go beyond just giving the information or offering the functionality, and move into questions of information design and interaction design. In other words, what is the quality of the user experience? Poor implementations are unlikely to result in higher conversion rates.

Depending on the budget for the project and what questions we are trying to answer, I may conduct user testing of the competitor websites/web applications. My goals here are simple: Learn from their mistakes, avoid “reinventing the wheel” in my iterative design process, and find a better implementation from where they left off. If I am working on a design (or redesign) of a massive informational website with hundreds of pages, I might focus the testing on how they labeled and organized their content. Alternately, for a website with lots of transactional processes, I would focus on how they approached those tasks.

Expand the dialogue and the possibilities

The final benefit comes from expanded dialogue within the development team, and with other units in your company, about what competitive data means to your strategic direction. Such dialogue can open up new options that would not otherwise have been considered. Competitors may be taking various approaches to reaching the customer base, so multiple possibilities exist. In this situation, a completely novel approach might be best, since no standard is emerging.

The softer side: qualitative data

Data from the analysis will invariably be a mix of quantitative (numerical) and qualitative (non-numerical) information. Each serves a valuable role in a competitive analysis.

High-level inventories

One of the first things I create for most competitive analyses is a high-level inventory of content and functionality. Broadly speaking, content refers to informational pages while functionality is what users can do while they are at the website. A question of granularity always arises with these inventories, since multiple levels of analysis are possible. I would recommend against conducting a low-level content inventory of the competitor websites, in which you track all pages and record their URLs, names, metadata, evaluate them for being ROT (redundant, outdated, or trivial), etc. Such analyses are extremely time-consuming, and your goal is not to redesign the competitor website. Instead, I recommend a high-level inventory in which you record names of pages or functionality and provide a brief description or summary of key information (e.g., search is scoped by product category; search results display whether item is in stock). These high-level inventories produce charts that allow quick comparisons:

	Competitor 1	Competitor 2	Competitor 3	Competitor 4
Online Giving	Y	Y	Y	Y
- General Support	Y	Y	Y	Y
- Program-Specific Support	Y	Y	Y	
- In Memory of Another	Y	Y	Y	Y
- In Honor of Another	Y	Y	Y	Y
- For a Special Event ¹	Y	Y	Y	Y
- Gift Club (based on \$ amount)		Y		
Offline Giving (Mail/Fax/Phone)	Y	Y	Y	Y
- General Support	Y	Y	Y	Y
- Program-Specific Support	Y	Y	Y	
- In Memory of Another	Y	Y	Y	Y
- In Honor of Another	Y	Y	Y	Y
- For a Special Event ¹	Y	Y	Y	Y
- Corporate Sponsorship	Y	Y	Y ³	Y
- Planned Giving ²	Y	Y	Y	Y
- Major Gifts	Y	Y	Y	Y
- Employer Matching		Y	Y	Y
- Stock		Y	Y	Y
- Endowment		Y	Y	
- Gift Club (based on \$ amount)		Y		

Comparison of functionality across competitors

Labeling and taxonomies

For projects involving hundreds of pages, the focus would expand beyond the inventory to analyzing hierarchy and labeling. User testing can provide invaluable insights into how these labels are interpreted and whether the competitor's taxonomy is working for users. If user testing is not conducted, a confirmatory card sort can be conducted to determine if users would place content in the same areas as the competitor websites, given the same labels and organizational structure.

Visual style

The graphic design of the competitor websites/web applications sets an immediate tone for the user experience and communicates professionalism, credibility, and usability. Typically, I include screenshots of the home pages in the competitive analysis, noting information such as the appearance of horizontal scrollbars at certain resolutions as well as amount of vertical scrolling at common resolutions (e.g., 800x600). Additional screenshots, usually of notable (both good and bad) design practices, are also included as necessary.

Strengths and areas for improvement

A useful starting point for identifying strengths and areas for improvement can be user experience heuristics. While a competitive analysis is not intended to replace a heuristic evaluation, these heuristics can prove to be a helpful starting place and also offer a structure for presenting findings and recommendations. Various lists of heuristics are available, including a list of usability heuristics by Jakob Nielsen as well as interaction design principles from Bruce Tognazzini.

The heuristics that I typically use are:

- Efficient Navigation
- Organizational Clarity
- Clear Labeling
- Consistent Design
- Matching User Expectations
- Effective Visual Design
- Supporting Readability & Scannability

- Facilitating User Tasks
- Providing Help

The strengths become discussion points and possibilities for emulation and improvement. Areas for improvement put the focus on competitive advantage, as they represent competitor shortcomings as well as pitfalls to be avoided. Screen captures can be helpful in showcasing both the good and the bad aspects of competitor implementations.

Crunching the numbers: quantitative analysis

Rankings and ratings

One approach in the quantitative analysis is to rank and rate competitors. Competitors can be assigned a score for each of the heuristics, which then results in individual and aggregate measures of the user experience for comparison purposes. For redesigns, this data can prove to be valuable when ranking your existing site/application and then ranking the new site/application. How do they stack up to the competitors? Has the user experience score improved with the redesign?

User performance

If user testing is conducted, various metrics can be assessed. These include time on task, number of clicks to destination, path to destination, errors, and success rates. As with the rankings and ratings, if the project is a redesign, the comparisons to the existing version and the new version can prove quite useful.

Search engine positioning

A final area for analysis is ranking in major search engines, which could expand into an examination of marketing efforts by the competitors. There should be a set of common keywords for companies in the same market space, and top placement is a definite advantage in attracting new users.

Writing the competitive analysis

Competitive analyses can take a variety of forms and vary in their content, depending on the project, the questions you are trying to answer, and the resources available. Most will contain an executive summary, prioritized recommendations, lists and charts of findings, and appendices with raw data (e.g., if user testing occurred).

For a recent competitive analysis involving a website with nearly a thousand pages and limited functionality, the report focused on comparisons of content and functionality for the top four regional and national competitors, with the analysis revealing that competitors offered significantly greater functionality in the areas of search, online giving, forms to request services and information, and content enhancements such as print-friendly versions of pages and glossary entries integrated with the text content. The best way to convey this disparity in functionality was through charts that showed at a glance how much more was being offered by the competitors. Recommendations focused on expanding functionality to close this competitive gap.

Other competitive analyses have focused more on usability and interaction design, with visual design also factoring in strongly. These analyses tend to be for web applications, which often have the most to gain from exploring how competitors approached a design problem or a user task/process. In some cases, the analysis could become quite narrow if the goal was to isolate a specific user task and optimize the process for that task.

I encourage you to keep an open mind as you conduct a competitive analysis. Each project is unique and will benefit from asking different questions of the competitors. Determine what information will add value and then see if that can come from the analysis.

Sample Deliverables

(Added on 02/28) Thanks to our reader's comments, we've included deliverables for:

"Music Store":http://courses.wccnet.edu/~jwithrow/competitive-analysis/competitive_analysis1.pdf

"Medical Center":http://courses.wccnet.edu/~jwithrow/competitive-analysis/competitive_analysis2.pdf

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is a faculty member in the [Internet Professional department \(http://inp.wccnet.edu\)](http://inp.wccnet.edu) at [Washtenaw Community College \(http://www.wccnet.edu\)](http://www.wccnet.edu). He teaches a wide variety of web design classes, including classes on user experience, web coding, project management, and professional practices. He maintains an [instructional website \(http://courses.wccnet.edu/~jwithrow\)](http://courses.wccnet.edu/~jwithrow), although it is mainly for his students.

Prior to entering the teaching field, he worked in industry as an information architect at a web design firm in Ann Arbor, Michigan. In his spare time he works as a freelance information architect and web designer.

[View all posts by Jason Withrow →](#)

February 27, 2006 Jason Withrow Learning From Others, Process and Methods

10 thoughts on “Competitive Analysis: Understanding the Market Context”

**Austin Govella**

February 27, 2006 at 9:04 pm

Very nice explanation of how to conduct and use competitive landscape/analysis.

Could you amend the article by posting a sample document for others to see?

**Anonymous**

February 27, 2006 at 9:24 pm

I agree with Austin. I think the approach is great, but a sample deliverable would be very helpful. What would also be helpful is your thoughts on the number of users you feel are necessary (minimum) to test the effectiveness of the competitor sites.

**Anonymous**

February 28, 2006 at 2:29 am

Hi Austin and Dave, thank you for the feedback. I will look into posting a sample deliverable. For user testing I typically test 5-10 users for a within-subjects design, where each user completes the highest-priority tasks (e.g., purchasing/checkout) at every competitor site. For a between-subjects design, where each user is tested at a single competitor website, testing 3-4 users per competitor website will give plenty of detailed information with common issues already showing in the user experience for that given website.

**Livia Labate**

February 28, 2006 at 4:54 am

quoting the article: "Other competitive analyses have focused more on usability and interaction design, with visual design also factoring in strongly. These analyses tend to be for web applications, which often have the most to gain from exploring how competitors approached a design problem or a user task/process. In some cases, the analysis could become quite narrow if the goal was to isolate a specific user task and optimize the process for that task."

A large challenge in doing competitive analysis for content delivery sites is making a distinction between the criteria/heuristics to evaluate content and information organization, versus criteria/tasks to evaluate tasks/processes. Oftentimes large content-delivery sites have a number of built-in

‘features’ that are supportive of the main content (i.e.: the ability to set preferences or personalize a textual news site versus the textual news content itself).

Attempting to evaluate content and functionality under the same criteria or using similar heuristics can be drive you nuts. It also may force you to compromise on the specificity of the criteria/heuristic, which defeats the purpose of an evaluation of this sort, which is analysis, not synthesis.



Anonymous

February 28, 2006 at 6:11 pm

Thanks for writing this terrific article, Jason. It's very interesting and useful.



Patrick Stapleton

March 6, 2006 at 7:57 am

Yes a ripper article, I have just finished a couple of these types of papers and I wish had read this beforehand. Dying to get my hands on that sample so I can build a strawman from it.



Anonymous

March 6, 2006 at 7:17 pm

Just a quick note that two sample deliverables are linked at the end of the article.



Anonymous

January 24, 2007 at 6:53 pm

In addition to the great information Jason has provided, you may want to look at this article on IBM's site (it is not a techi article): <http://www-128.ibm.com/developerworks/webservices/library/us-analysis.html>

**Anonymous**

April 4, 2007 at 10:51 pm

I have just translated Jason Withrow's article, Competitive Analysis: Understanding the Market Context, for the Vietnamese. The result can now be located at Competitive Analysis là gì? Cách phân tích Cạnh tranh. As part of the work, I registered each and every phrase in the English article as well as its translation with the machine translator VietnamQA.com so that future VietnamQA users could carry out automated translation of similar articles without too many problems.

**Anonymous**

October 11, 2011 at 2:47 pm

Great article Jason. I definitely agree, there are tons of benefits gained when you perform a full website competitive analysis. The results make you think outside the box and show you how to improve and outrank the competition.

Thanks again!

Comments are closed.

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