



## Competitive Analysis

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## Objectives

- At the end of class, you should be able to:
  - Identify factors that contribute to sustainable competitive advantage
  - Explain “big data”
  - Define the categories of competitors
  - Complete a competitive analysis grid

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## Competitor Analysis- Is the industry attractive?



- Competitive Analysis is part of the micro-level analysis of your industry.
- Micro Level industry assessment involves identifying and assessing the **sustainability of the proposed new firm's competitive advantage**
- Identifying and assessing the sustainability of the proposed new firm's competitive advantage is necessary to fill in the micro-level industry piece of the opportunity assessment puzzle
- Assessing the sustainability of the proposed venture's competitive advantage requires examining, in relationship to its competitors, the proposed venture itself.

## Making micro-level industry judgments



The goal is to determine whether certain factors are present that would enhance the ability of the venture to sustain any advantage that it might have at the outset. These factors are the following.

- ✓The **presence of proprietary elements** – patents, trade secrets and so on– that other firms are unable to duplicate or imitate.
- ✓The likely presence of **superior organizational processes**, capabilities or resources that others would have difficulty duplicating or imitating.
- ✓The presence of an **economically viable business model** – one that won't quickly run out of cash! This factor, in turn, involves a careful look at some more detailed issues: Revenue, customer acquisition and retention costs, operating cash cycle characteristics, contribution margins and their adequacy to cover the necessary fixed cost structure to operate the business

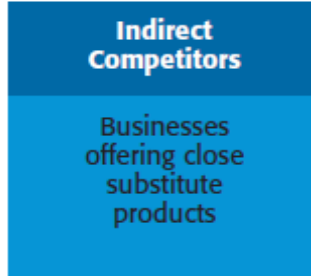
## COMPETITIVE ANALYSIS



- Identifying Competitors



Direct Competition = same customer + same problem + same/similar solution



Different Problem = same customer + different problem + same/similar solution  
 Different Solution = same customer + same problem + different solution  
 Different Customer = different customer + same/similar problem + same/similar solution



## COMPETITIVE ANALYSIS



- Sources of Competitive Intelligence
  - Collecting Competitive Intelligence
    - To complete a competitive analysis grid, a firm must first understand the strategies and behaviors of its competitors.
    - The information that is gathered by a firm to learn about its competitors is referred to as competitive intelligence.
    - A new venture should take care that it collects competitive intelligence in a professional and ethical manner
  - Ethical ways to obtain information about competitors
    - Attend conferences and trade shows.
    - Purchase competitors' products.
    - Study competitors' Web sites.
    - Read industry-related books, magazines, and Web sites.
    - Talk to customers about what motivated them to buy your product as opposed to your competitor's product.

## COMPETITIVE ANALYSIS



- Marketing information, also known as business intelligence, competitive intelligence, or marketing intelligence, is information about the market that helps to identify opportunities in the market. This information helps to determine a company's strengths and weaknesses while also evaluating the external environment's opportunities and threats. Ideas generated through analysis of marketing information support business decision-making from a long-term strategic approach to smaller issues at a tactical level.
- Big Data and the Marketing Information System (MIS) The amount of data currently available is not only vast but is growing at an exponential level every day, which describes the concept of big data. Big data is the countless number of records that continues in an increasing capacity and at a faster rate. Because of the constantly changing landscape of data, it's difficult for companies to develop an approach for analyzing it. Big data is often described through the use of the three Vs: volume, velocity, and variety. The amount of data, or volume, is more than we have ever witnessed
- In order to be able to utilize and make the most of the availability of business data, businesses use a **marketing information system** to collect, analyze, and report interesting findings from internal and external data of the company. T

## COMPETITIVE ANALYSIS



- Topics that are usually featured in a competitor intelligence-gathering exercise are:
- Selling methods:
  - The size and organization of the competitor's sales force;
  - the geographical coverage of the sales territory;
  - quality of the competitor's sales force
- Promotions:
  - the size of the competitor's promotional budget;
  - approximate breakdown of the promotional mix;

## COMPETITIVE ANALYSIS



- Topics that are usually featured in a competitor intelligence-gathering exercise are:
- Prices of the competitor:
  - the pricing policy of the competitors, including known discounts;
  - the timing of price increases and whether they are instigated independently or follow a lead.
- Products and turnover of the competitor:
  - the range of products sold by the competitor, their performance, specifications and prices.
- Customers of the competitor:
  - target customers, key customers;
  - share of wallet of the competitor at customers.
- Financial data on the competitor:
  - company revenue, number of employees, number of plants

## COMPETITIVE ANALYSIS



- Competitive Analysis Grid
  - A tool for organizing the information a firm collects about its competitors
  - A competitive analysis grid can help a firm see how it stacks up against its competitors, provide ideas for markets to pursue, and identify its primary sources of competitive advantage.
  - Both quality and quantity of competition needs to be assessed. Consider the number of competitors as well as the strength of each

## COMPETITIVE ANALYSIS GRID



Competitive Factors	A	B	Your Company
product			
quality			
price			
service			
Availability/convenience			
Reputation/image			
location			

- The competitive Factors you decide to use should be factors that influence customer decision making when it comes to purchasing your product.

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## Competitive Analysis



	VersaTables.com	IKEA	Herman Miller	Office DEPOT	Steelcase	HAWORTH
Lifetime Warranty	✓		SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Made in the USA	✓		✓	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Free Shipping	✓		SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Green Manufacturing	✓	✓	✓	SOME	✓	✓
Customer Service	EXCELLENT ★★★★★	BAD ☆☆☆☆☆	GOOD ★★★★★	OKAY ★★★★☆	GOOD ★★★★★	GOOD ★★★★★
Ease of Return	EXCELLENT ★★★★★	DIFFICULT ☆☆☆☆☆	OKAY ★★★★☆	BAD ☆☆☆☆☆	OKAY ★★★★☆	OKAY ★★★★☆
Product Recalls	✓ NONE	YES	✓ NONE	YES	YES	✓ NONE

Review the outcome & refine your competitive advantage statement.

What are the features of your offering (product/service)

What are the benefits the customer derives from your product.

Based on your competitive Analysis, what do you need to do to win in the marketplace? For example, positioning?

How best should you communicate your superior offering

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## Competitive Analysis



	VersaTables.com	IKEA	Herman Miller	Office DEPOT	Steelcase	HAWORTH
Lifetime Warranty	✓		SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Made in the USA	✓		✓	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Free Shipping	✓		SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS	SOME PRODUCTS
Green Manufacturing	✓	✓	✓	SOME	✓	✓
Customer Service	EXCELLENT ★★★★★	BAD ☆☆☆☆	GOOD ★★★★☆	OKAY ★★★★☆	GOOD ★★★★☆	GOOD ★★★★☆
Ease of Return	EXCELLENT ★★★★★	DIFFICULT ☆☆☆☆	OKAY ★★★★☆	BAD ☆☆☆☆	OKAY ★★★★☆	OKAY ★★★★☆
Product Recalls	✓ NONE	YES	✓ NONE	YES	YES	✓ NONE

Based on your competitive analysis, complete a SWOT analysis.