

Competitor analysis and Market Sizing

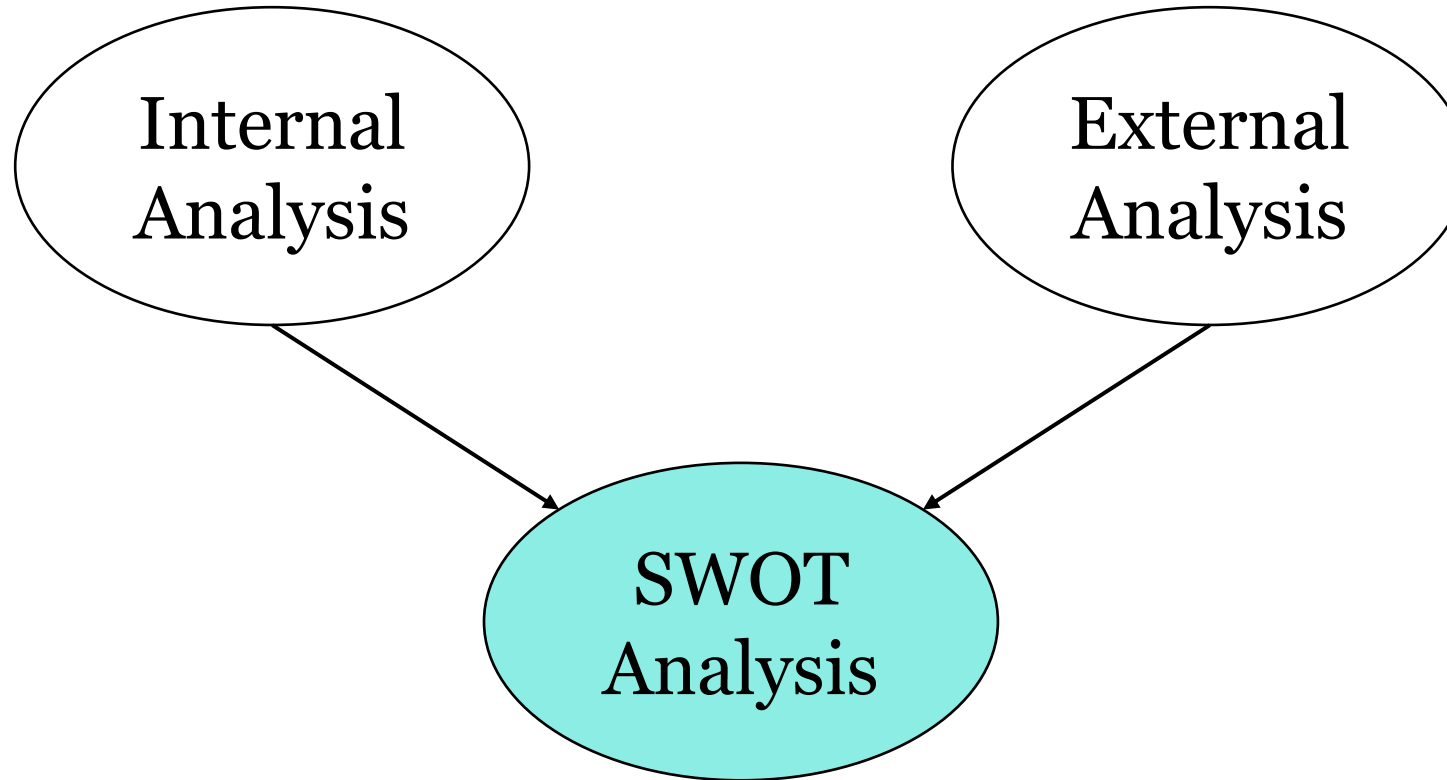
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Learning Journey

- **SWOT Analysis**
- **Competitors (*Competitive intelligence*)**
- **Systematic collection of information**
- **Steps in analysing competitors**
- **Market Sizing**

The Strategy Analysis



- Help us in challenging our Business Model
- Assists us to identify and understand the main issues

The SWOT analysis

		Positive +	Negative -
Enterprise <i>(internal)</i>	<div>S</div> <div>Strengths</div>	<div>W</div> <div>Weaknesses</div>	
Environment <i>(external)</i>	<div>O</div> <div>Opportunities</div>	<div>T</div> <div>Threats</div>	

SWOT – Strengths

- Creative leader
- Strong entrepreneurial team
- Skills and expertise in key areas
- Ample financial resources
- Strong brand
- Economies of scale / economies of learning
- Cost advantage
- Superior technological skills, patents
- Range of products and services provided
- Product innovation skills
- Sophisticated use of e-commerce technologies
- Good customer services
- Better product quality relative to rivals
- Alliances with other firms that provide access to valuable technologies, competencies
- Localization
- ...



SWOT – Weaknesses



- No clear strategic direction
- Higher overall unit costs than the key competitors
- Lack of managers for key roles
- Missing some key skills / competencies
- Too much debt
- Shortage of financial resources to fund new opportunities
- Weak brand image / reputation / visibility
- Cost disadvantage
- Weak technological skills
- Weaker dealer network than key rivals
- Weak innovation skills
- Behind on product quality
- No e-commerce competencies
- Lots of underutilized plant capacity
- ...

SWOT – Opportunities

- Increasing demand
- Favorable changes in customer's demand
- Serving additional customer groups
- Opportunities in new geographic areas
- Using the Internet to pursue new sales growth opportunities
- Falling trade barriers in serving foreign markets
- Opportunity to create alliances to expand in new markets or boost competitive capability
- Exploit emerging technologies
- New regulations and norms
- ...



SWOT – Threats

- Slowdown in market growth
- Shift in buyer needs away from the industry's product
- Adverse demographic changes
- Likely entry of strong new competitors
- Launch of substitute products
- Competition from new Internet start-up companies
- Increasing intensity of competition among industry rivals
- Radical technological innovations from other companies
- Fall of trade barriers in the domestic market
- Adverse shifts in foreign exchange
- Adverse introduction of new regulations and norms
- Collapse of the industry's reputation
- ...



SWOT – An example

		Positive +	Negative -
Enterprise <i>(internal)</i>	Strengths	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...
	Weaknesses		
Environment <i>(external)</i>	Opportunities	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...
	Threats		



SWOT ANALYSIS FOR VEGETABLE CULTIVATION BUSINESS

SWOT ANALYSIS

STRENGTH

- Present employment:
Self: 1, Family: 1
Others (beyond family): 0
Future employment: 0
- Trade License in his own name
- Skilled and working experiences (10 Years)

WEAKNESS

- Electricity problem;
- Lack of manpower;

OPPORTUNITIES

- Increasing demand;
- Investors money will be payback in three years.;

THREATS

- Disease;
- Virus Disease;

SWOT ANALYSIS OF

Coca-Cola

STRENGTHS

- Strong brand identity
- Good brand association and customer loyalty
- Dominant market share

WEAKNESSES

- Over-reliance on sales of soft drinks
- Promotion of unhealthy products
- Water management

OPPORTUNITIES

- Increase its presence in developing nations
- Expand on packaged drinking water- healthier options
- Market better the lower selling products

THREATS

- Water controversy
- Government regulations
- Reduction in demand for soft drinks



SWOT ANALYSIS OF Uber

S



Strengths

- Its Ride-Sharing Platform Is the Largest in the Industry
- First-Mover Advantage
- The Company Enjoys Strong Brand Recognition
- Unique Pricing System
- It Offers Cheaper Prices Than Its Competitors
- Advantageous Contractual Agreement With Drivers

W



Weaknesses

- Frequent Scandals
- The Company Has Failed to Achieve Consistent Profitability
- The Uber Business Model Is Easy to Imitate
- Unethical Employment Practices
- Low Customer Loyalty
- Privacy Concerns

O



Opportunities

- Improving Their Reputation Through Greater Accountability and Performance
- Investing in the Future
- Expand Its Operations
- Investing in Green Technology
- Strengthen and Diversify Their Products

T



Threats

- Drivers and Customer Switching Platforms
- Frequent Legal Battles
- Increasing Competition Is Leading to Thinner Profit Margins
- A Greater Degree of Regulation on the Industry
- Self-Driving Cars
- Fraudulent Activities By Drivers



Nestlé SWOT Analysis

Strengths: key resources, assets and values giving a competitive edge



Highly-diversified



Well-established



Strong R&D



Valuable
Global
Brand

Weaknesses: lacking resources, assets and values preventing further growth



Product
concentration



Contradictory
advertising

Opportunities: contextual opportunities that can speed up growth



Online
retailing



Emerging
markets



Emerging
consumer
trends

Threats: contextual threats that can seriously harm growth



Water availability
and misuse



Competition



Global
challenges

SWOT Analysis: WhatsApp

Strengths

- high awareness
- huge customer database
- ad free
- cross-platform support
- end-to-end encryption
- multimedia filesharing
- smooth performance
- chats for large groups
- "mark as unread" option

Weaknesses

- competitive market
- doesn't work offline
- lack of unique features

Opportunities

- constantly growing number of smartphone users
- technology advancement

Threats

- severe competition (Viber, WeChat, Line, Skype, Telegram, etc.)

Looking at competitors

To understand:

- The opportunity of launching the business
- Your position in the market
- The potential for a Competitive Advantage

you must know your competitors!



**Competitor
Analysis**

Competitive Analysis (or *Competitive intelligence*)

Competitive intelligence involves
the **systematic collection and analysis**
of **information** about rivals
for informing **decision making**

Main purposes:

1. To **position** your company
2. To forecast competitors' **future strategies and decisions**
3. To predict competitors' likely **reactions to your initiatives**

Premise

Competitors

- Are NOT at Company level
- But at **Business** level

So, let's choose the business you want to analyse during this session!

Systematic collection of information

1. Who

Which are your **main competitors**?

2. What

Which **characteristics** of competitors are relevant?

3. How

Which **sources of information** could be used?

4. When

When do you have to **repeat the process**?

1. WHO: Identify your main competitors

- In an industry, you can find **different categories of companies**:
 - Large vs. small companies
 - Local, national, international companies
 - Focused product portfolio – Large portfolio
 - ...

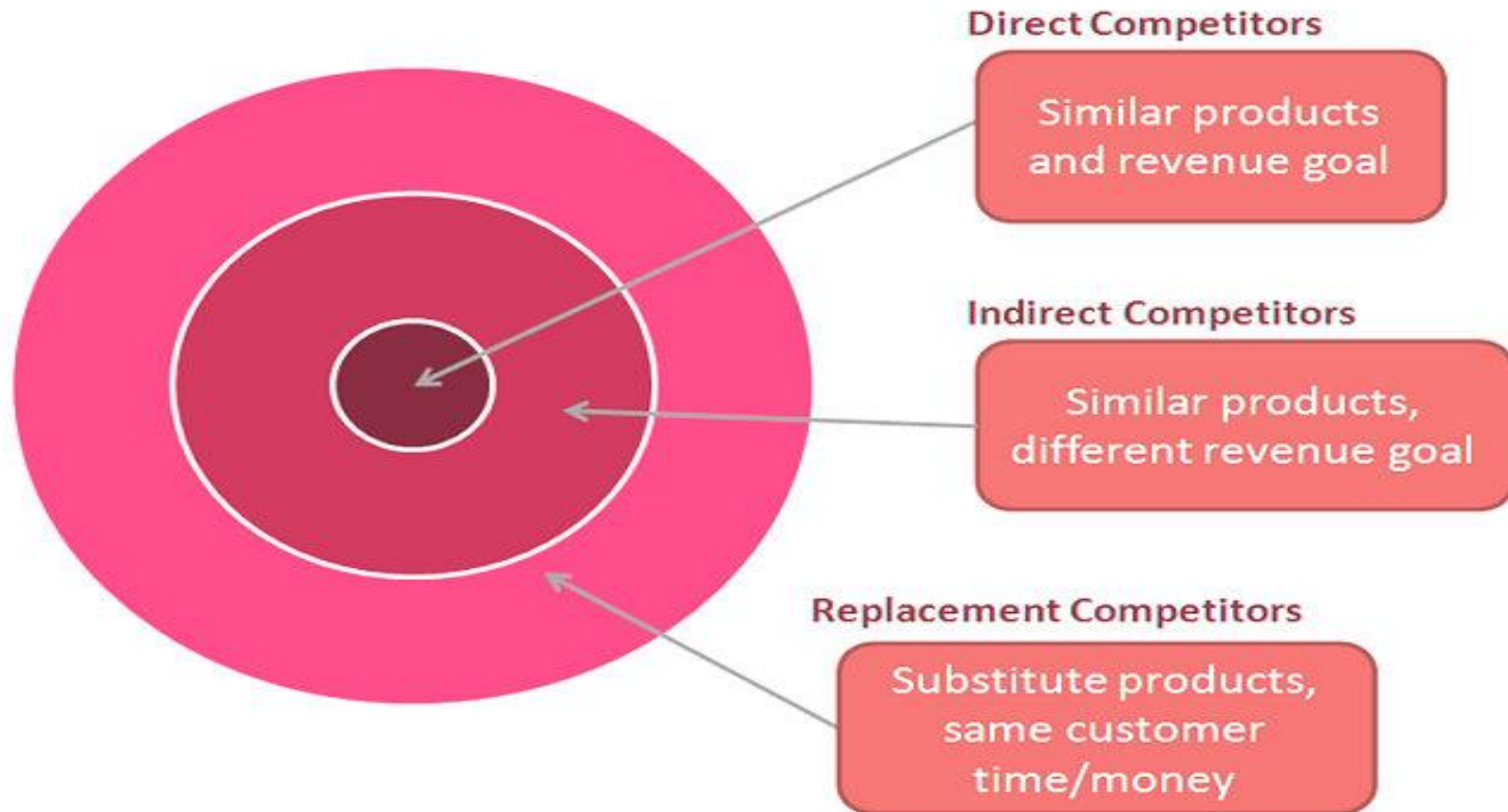
Identify principal strategic variables

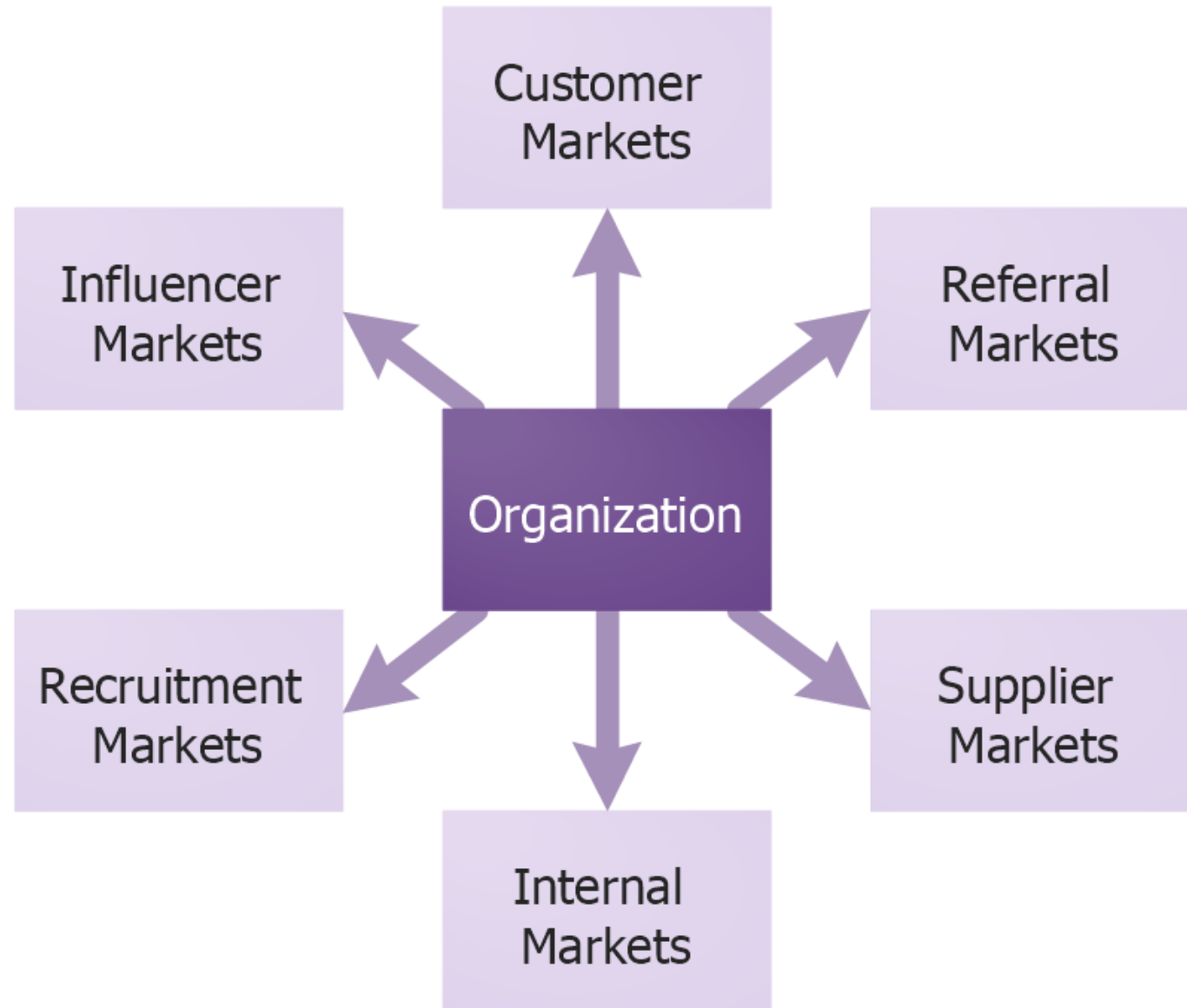
Identify strategic features of the firms e.g.:

- Product range & geographical coverage
- Technology
- Product quality
- Market segments covered
- Marketing
- Distribution channels used
- Cost
- Pricing
- Vertical integration
- Size
- Private/Public
- ...

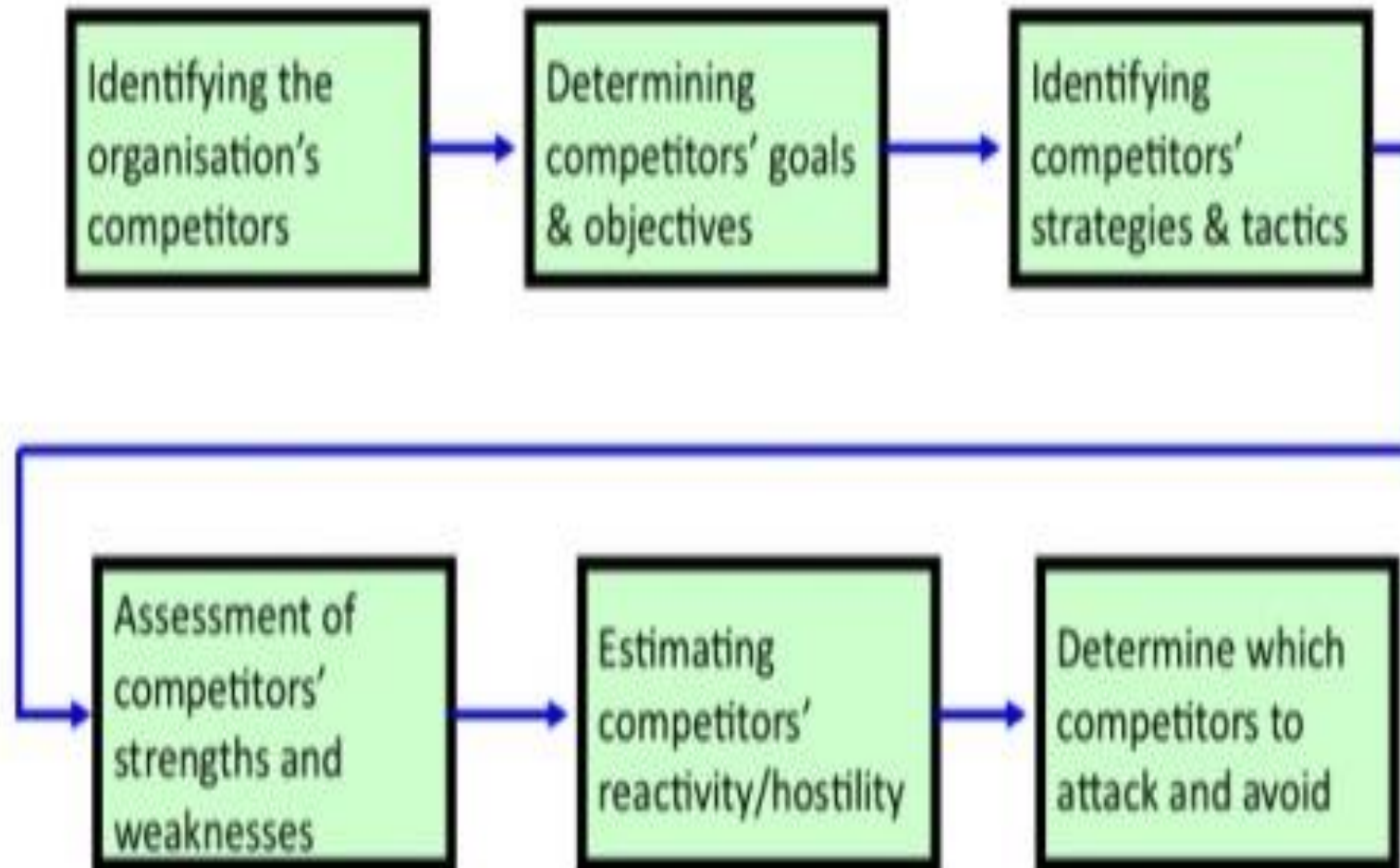
Choose the most important two

Define Your Competition





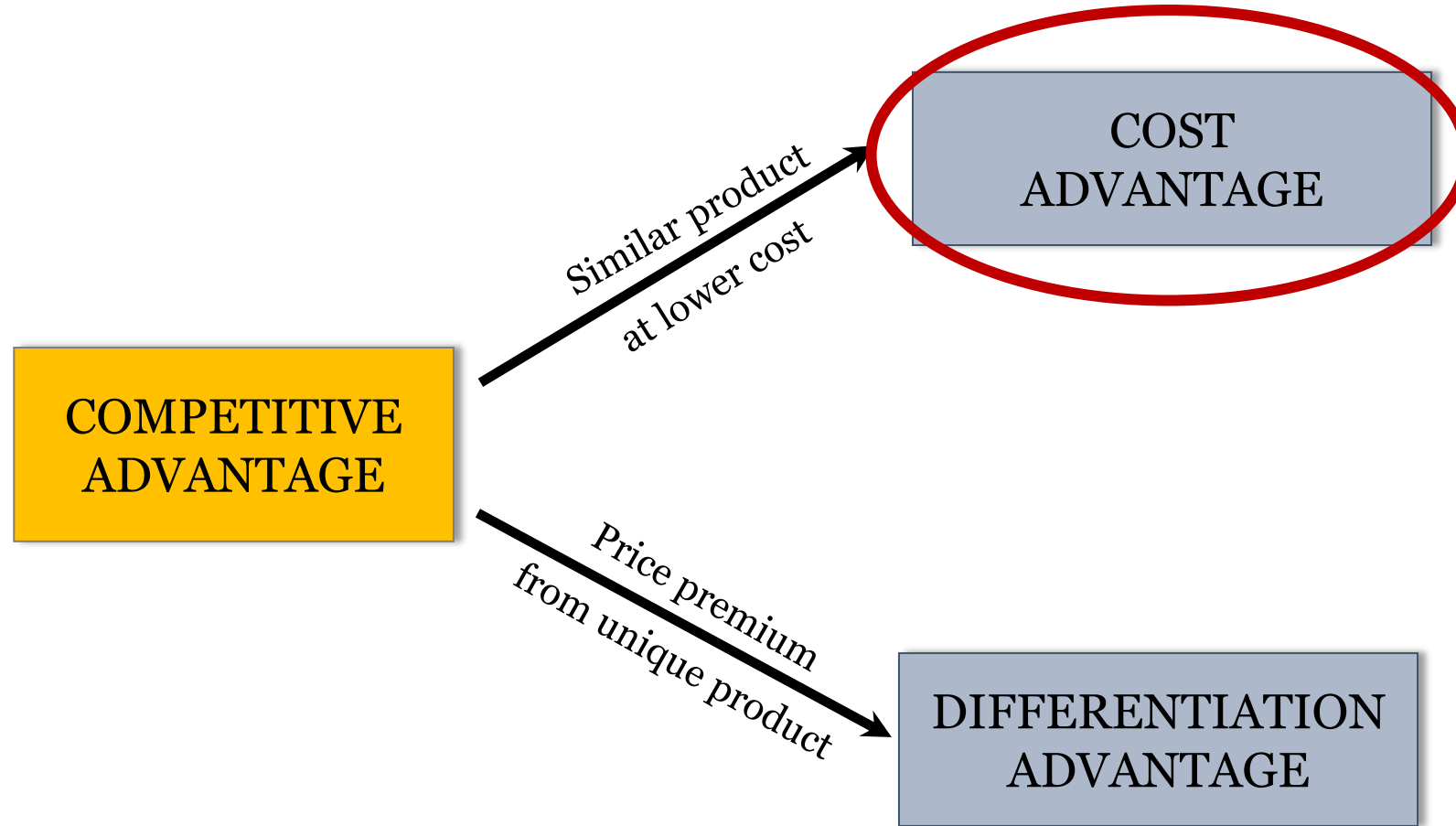
Steps in Analysing Competitors



Homework 1: Use this template

	Competitor 1	Competitor 2	Competitor 3
10 characteristics			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
2 main strengths	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...
2 main weaknesses	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...	<ul style="list-style-type: none">• ...• ...

Sources of Competitive Advantage



Costs are important for every strategy



Cost leader

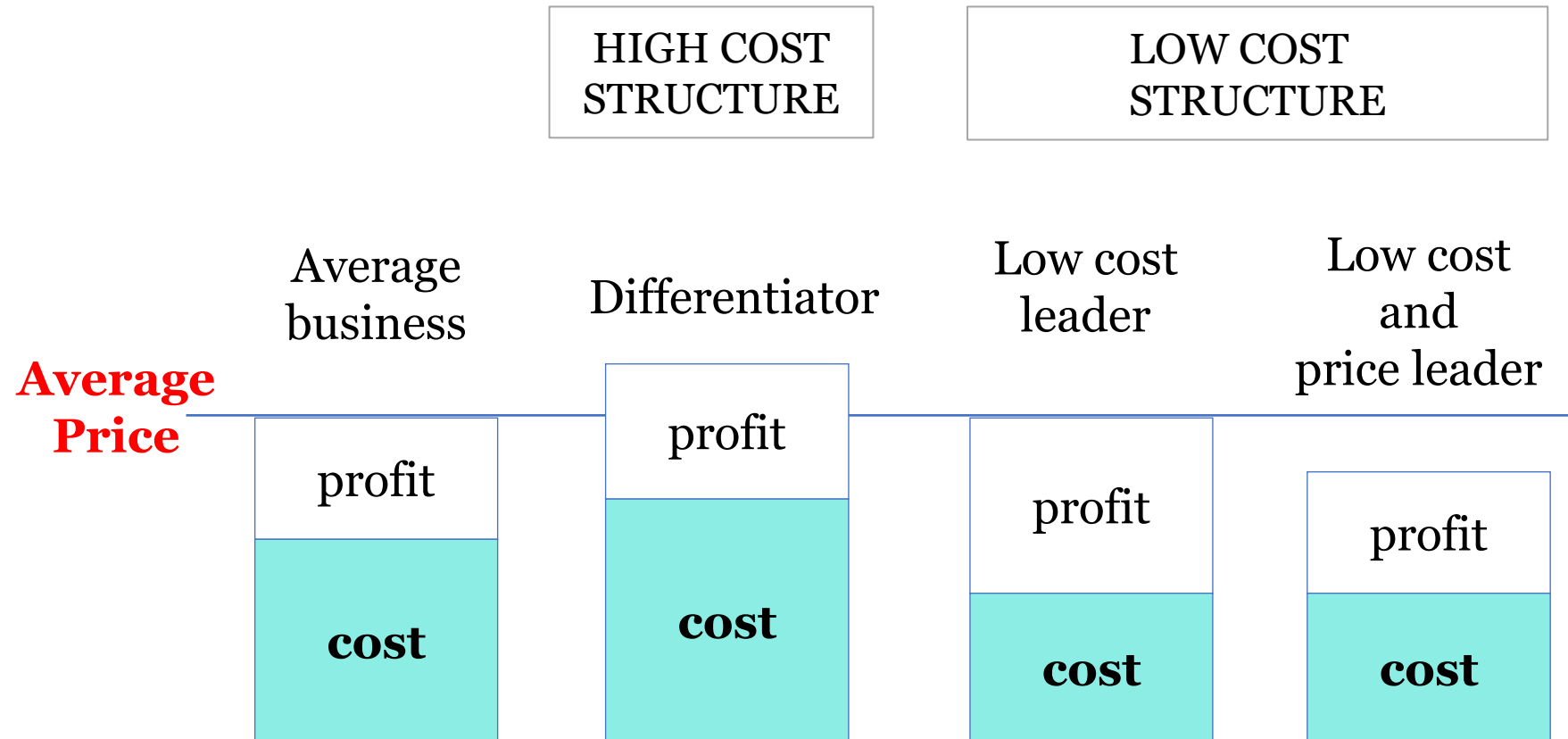
***Low costs
are at the core
of the strategy***



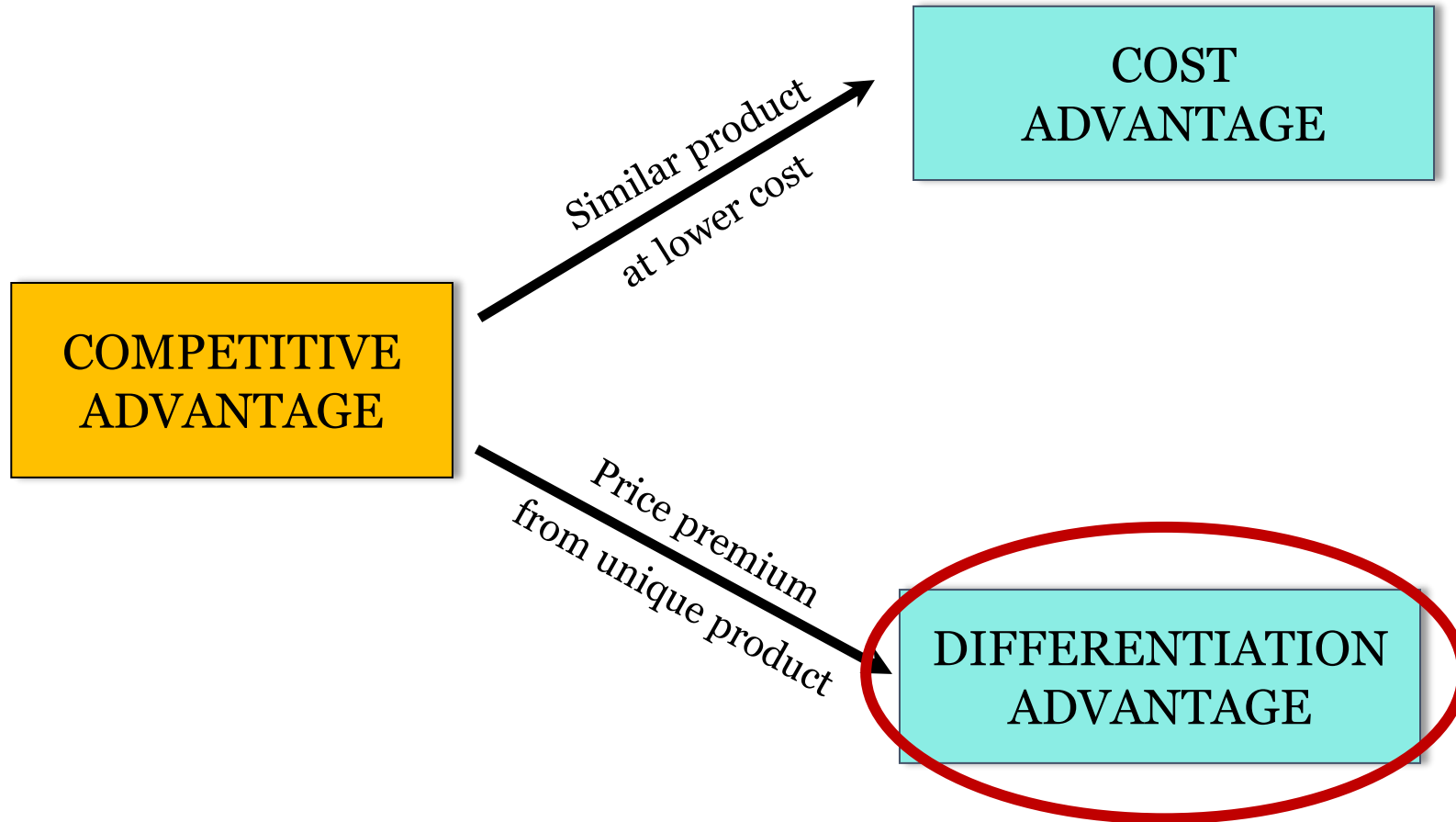
Differentiator

***Decreasing costs
is a driver for
economic success***

What does competing on costs mean?



Types of Competitive Advantage



The Nature of Differentiation

“Providing something **unique**
that is **valuable to the buyer**”

TANGIBLE *DIFFERENTIATION*

Observable product characteristics:

- size, color, materials...
- performance
- packaging
- complementary services



INTANGIBLE *DIFFERENTIATION*

Unobservable and subjective characteristics:

- image, status...
- exclusivity
- identity



Differentiation is not just about the *product*,
it embraces the whole *relationship* between the firm and the customer

The two types of Competitive Advantage

COST ADVANTAGE

- Lower costs than competitors' costs (from operating activities)
- Selling prices lower or aligned with those of competitors

DIFFERENTIATION ADVANTAGE

- Uniqueness of the product/service offered, perceived and appreciated by the customer
- Selling prices higher than competitors' prices
- Production costs aligned or not too higher than the competitors' costs

Switching costs

How easy or difficult is for customer
to switch to another company?

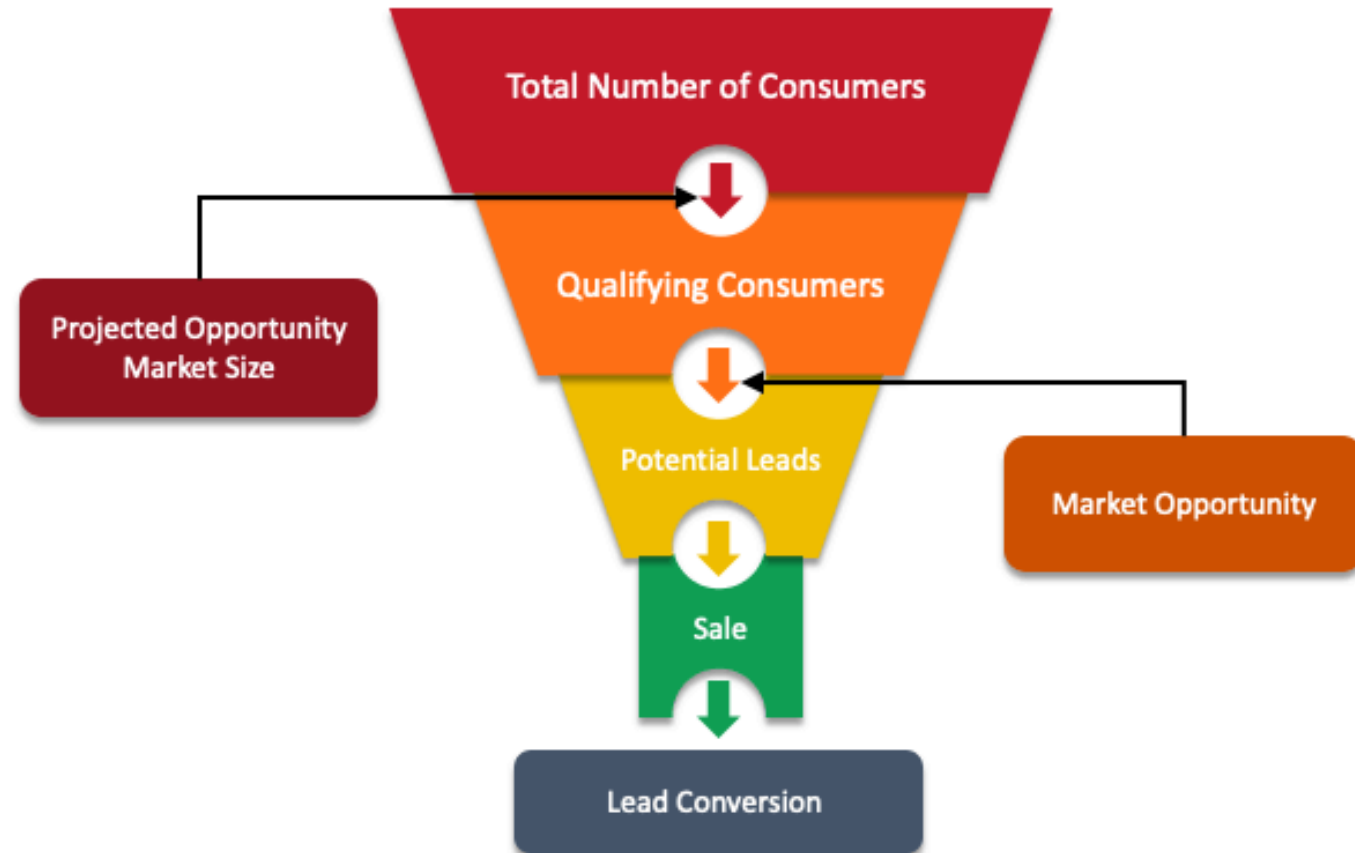
1	2	3	4	5	6	7	8	9	10
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Nothing holds
my customers back
from leaving me

My customers
are locked in
for several years

MARKET SIZING FUNNEL

Market and Consumer Opportunity Size Funnel



Two approaches to market sizing or estimation questions



Top-down

Start with a large number
and refine / break it down



Bottom-up

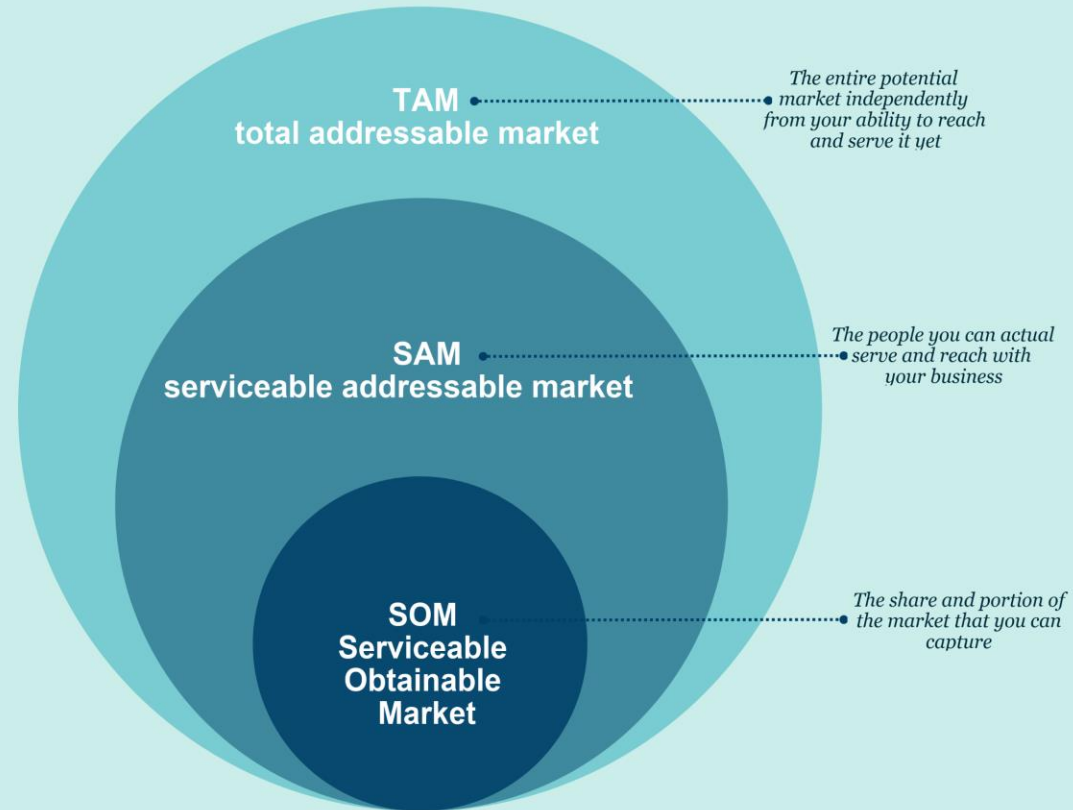
Start with a small number
and build / increase it up





Market Sizing In A Nutshell

Market sizing is the estimation of the potential of a market. Incorporating market research, market sizing is useful for businesses looking to introduce a new product or service to evaluate the business opportunity. Market sizing also helps investors to understand the value of the potential opportunity within the target company's business plan.





THANK YOU