


Techniques for Identifying Local and International Competitors

GEPP Phase Two Course

Planning for Exports

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1

Session Objectives



By the end of this session, participants will be able to:

-  Understand the strategic importance of competitor analysis for export success
-  Apply Porter's Five Forces framework to analyze industry structure and competitive intensity
-  Master Market Mapping techniques to visually represent competitor positioning
-  Identify practical tools and resources for conducting competitor research in African markets
-  Develop actionable insights to refine their export strategies

2

Agenda



This session will cover the following key areas:



The Competitive Landscape for Exporters

Understanding why competitor analysis is crucial for export success



Framework 1: Porter's Five Forces

Analyzing industry structure and competitive intensity



Applying Porter's Forces in African Markets

Adapting the model to the unique African context



Framework 2: Market Mapping

Visual representation of competitor positioning



Case Studies in African Markets

Real-world examples from Ethiopian floriculture and Nigerian FinTech



Synthesis and Practical Tools

Integrating frameworks and building competitor profiles



Conclusion and Next Steps

Key takeaways and actionable insights

3

The Competitive Landscape for Exporters



Before delving into specific techniques, it is crucial to understand why competitor analysis forms the cornerstone of a successful export strategy, particularly within the dynamic and diverse African context.



Strategic Foresight

Competitor analysis provides essential insights that enable businesses to anticipate market dynamics and competitor moves before entering African markets.



Adaptation & Innovation

Analyzing competitors' strengths and weaknesses in African markets provides valuable lessons for adaptation and innovation to gain competitive advantage.



Market Navigation

The African market presents unique challenges and opportunities. Understanding the competitive landscape helps navigate regulatory environments, cultural differences, and varying consumer behaviors.



Risk Mitigation

Competitor analysis helps identify potential challenges and risks associated with market entry, allowing businesses to develop contingency plans and reduce uncertainties.

"Understanding the competitive landscape is not just advantageous—it's essential for emerging exporters looking to establish a foothold in African markets."

4

Why Analyze Competitors?



Analyzing competitors offers several strategic benefits for exporters:



Identifying Market Gaps

Pinpointing underserved customer segments or unmet needs that your business can address



Anticipating Competitive Moves

Predicting how rivals might react to new market entries or product launches, allowing for proactive planning



Understanding Pricing

Gaining insights into prevailing price points and value propositions to position your offerings competitively



Improving Value Proposition

Refining your products, services, and marketing messages to differentiate from competitors



Mitigating Risks

Reducing uncertainties associated with market entry by understanding existing competitive pressures and potential challenges

5

Local vs. International Competition



Local Competitors



Market Knowledge

Deep understanding of local preferences, cultural nuances, and consumer behavior



Regulatory Familiarity

Better navigate local regulations, customs, and bureaucratic processes



Established Networks

Stronger local supplier relationships and distribution channels



Pricing Power

Greater ability to absorb short-term price pressures



International Competitors



Global Standards

Access to international quality certifications and standards



Advanced Technology

Often benefit from more sophisticated equipment and processes



Resource Endowment

Access to larger capital pools and diverse financial resources



Cross-Border Experience

Proven track record in multiple markets and regulatory environments

Implications for Export Strategies

Understanding these differences is crucial for developing effective export strategies. Emerging exporters should leverage their local knowledge while addressing the resource and technology advantages of international competitors.

6

Porter's Five Forces: Introduction



Strategic Analysis Tool

A framework developed by Michael Porter to analyze an industry's competitive intensity and attractiveness, helping businesses understand the level of competition and potential profitability within a specific market.

Purpose

Examines five key forces that shape long-term profitability potential, providing strategic insights for exporters entering new markets.

Value for Exporters

Helps identify opportunities and threats in target markets, understand competitive advantages, and develop strategies for sustainable success.



7

Porter's Five Forces: Model Overview



8

Threat of New Entrants



This force assesses how easily new competitors can enter the market. A high threat can force existing players to keep prices down and spend more to retain customers.

Example:

In the automotive manufacturing industry, the immense capital investment required for factories, research and development, and distribution networks acts as a significant barrier to new entrants.

Impact on Industry:

- Forces existing players to maintain competitive pricing
- Increases spending on customer retention
- Can limit long-term profitability

Barriers to Entry:



Economies of Scale

Cost advantages due to large-scale production



Capital Requirements

Financial investment needed to start a business



Government Policy

Regulations or licensing requirements



Brand Identity

Strong customer loyalty to existing brands



Distribution Channels

Difficulty for new entrants to secure shelf space



Switching Costs

Costs buyers face when changing suppliers

9

Bargaining Power of Buyers



Buyers' power refers to their ability to force down prices, demand higher quality, or play competitors against each other.

When Buyers Have More Power:

- There are few buyers and many sellers
- Buyers purchase in large volumes
- Products are undifferentiated or standard
- Buyers face low switching costs
- Buyers could potentially integrate backward and produce the product themselves

Example:

Large retail chains buying from numerous small apparel manufacturers often have high bargaining power, dictating prices and delivery terms due to their volume purchases.

Key Factors Influencing Buyer Power



Buyer Concentration

Few buyers = more power



Purchase Volume

Large volumes = more power



Product Differentiation

Undifferentiated products = more power



Switching Costs

Low switching costs = more power



Backward Integration Potential

Buyers can produce themselves = more power

10


Bargaining Power of Suppliers



Suppliers' power refers to their ability to raise prices or reduce quality. Key determinants:

-  **Supplier Concentration**
Few suppliers of critical inputs increase their collective power
-  **Input Uniqueness**
Unique or differentiated inputs give suppliers more leverage
-  **Switching Costs**
High costs for buyers to change suppliers increase supplier power
-  **Supplier Dependency**
Suppliers not dependent on the industry for revenues gain power
-  **Forward Integration**
Suppliers becoming competitors creates potential threats

Example

-  A pharmaceutical company relying on a single supplier for a patented active ingredient faces high supplier bargaining power, allowing the supplier to command higher prices.

Key Insight

Identify critical inputs and assess supplier power to negotiate better terms

11

Threat of Substitutes



What are Substitutes?

Products or services that perform the same or similar function as an industry's product by a different means.

Industry Impact

This force limits the potential returns of an industry by placing a ceiling on the prices firms can profitably charge.



Threat Level Factors

- Substitutes offering attractive price-performance trade-offs
- Low switching costs for buyers to move to substitutes

Price Ceiling Effect

Substitutes create a natural ceiling on industry prices

Real-World Example

-  **Video Conferencing Services**
Zoom, Microsoft Teams as substitutes for business travel
-  **Impact**
Reduced demand for airline and hotel services

12

Intensity of Rivalry



This force describes the extent to which firms within an industry compete with each other. High rivalry can drive down prices, increase marketing costs, and reduce profitability.

Factors Driving Rivalry:



Many Competitors of Similar Size

When numerous firms compete on similar terms, the market becomes more crowded and competitive.



Slow Industry Growth

When growth is sluggish, companies fight for market share, leading to intensified competition.



Undifferentiated Products

When products are similar, competition often centers on price, leading to price wars.



High Fixed Costs

Firms with high fixed costs pressure to operate at full capacity, leading to overcapacity and price competition.



High Exit Barriers

Specialized assets and emotional attachments make it difficult for firms to leave the industry.

"I" Example: Telecommunications Industry

The telecommunications industry experiences intense rivalry due to:

- ✓ Multiple providers offering similar services
- ✓ Frequent price wars to attract customers
- ✓ Aggressive marketing campaigns to retain market share

💡 *This intense rivalry can reduce industry profitability and create challenges for new entrants.*

13

Applying Porter's Forces in African Markets



The true utility of Porter's Five Forces emerges when adapted to Africa's unique market realities and challenges.

Why Adaptation is Necessary

- ✓ Digital platforms reducing entry barriers in sectors like FinTech
- ✓ Infrastructure deficits creating logistical hurdles
- ✓ Fragmented supply chains increasing supplier power
- ✓ Growing middle class empowering buyers

How Five Forces Adapt to African Context:



Threat of New Entrants

Lowered in digital sectors; raised due to infrastructure deficits



Bargaining Power of Buyers

Growing due to price-conscious middle class



Bargaining Power of Suppliers

Increased due to fragmented supply chains and imported inputs



Threat of Substitutes

High due to robust informal markets



Intensity of Rivalry

Diverse competitors: local SMEs, regional players, and international corporations

14

African Market Context: Entry Barriers & Supplier Power



Entry Barriers

↓ Lowered Barriers

- 📱 Digital platforms and increasing internet penetration (expected 70% by 2030 in Nigeria)
- 💻 Reduced initial capital requirements, especially in sectors like FinTech

↑ Raised Barriers

- 🛣️ Significant infrastructure deficits (roads, rail networks, port capacity)
- 📋 Complex regulatory environments and non-tariff barriers (NTBs)



Supplier Power

Increased Power Factors

- 🚚 Fragmented supply chains and reliance on imported inputs
- 🌐 Cross-border trade agreements with associated risks:
 - 💵 Payment uncertainties
 - 🔄 Currency volatility

⚠️ Logistical Challenges

- 🚚 High transportation costs due to poor infrastructure
- 👤 Limited access to capital for efficient supply chains

15

African Market Context: Buyer Power, Substitutes & Rivalry



Bargaining Power of Buyers

- ✓ Growing middle class in many African economies
- ✓ Increasing access to information via mobile technology
- ✓ Empowerment of buyers to demand better value
- ✓ Local solutions favored over international offerings

This increases buyer power against international players who may not fully understand local nuances.



Threat of Substitutes

- ✓ Robust informal markets providing readily available substitutes
- ✓ Informal markets often offer cheaper alternatives to formal sector products
- ✓ Strong local production capabilities in certain sectors
- ✓ Cultural preferences leading to high threat from locally produced alternatives

The prevalence of informal markets across Africa provides a significant challenge to formal sector businesses.



Intensity of Rivalry

- ✓ Diverse competitors: local SMEs, regional players, and international corporations
- ✓ Local startups creating solutions tailored to local markets
- ✓ Competition remains low in many sectors (opportunity for new entrants)
- ✓ Potential for intense rivalry in lucrative segments

African markets feature a unique competitive landscape that differs from traditional markets.

16

Porter's Five Forces: Model Overview



17

Market Mapping: Introduction

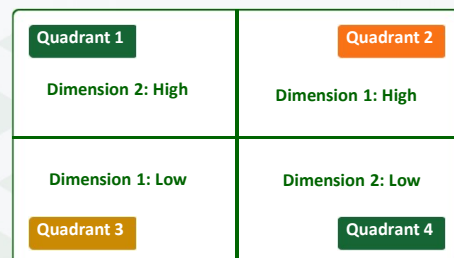


What is Market Mapping?

A strategic process that uses visual aids to organize competitive information, allowing businesses to define, segment, and size their target market.

Key Purposes

- Understand your competitive landscape and identify where your business stands
- Uncover unserved market segments or strategic opportunities
- Inform strategic pivots or direction for your business



Example of a 2x2 Market Map Grid

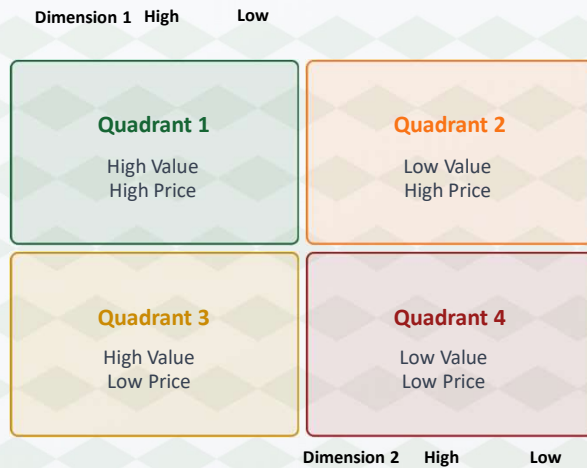
- Market mapping involves plotting competitors on a graph based on two key variables to visually represent their positions within the market.

18

Market Mapping: Structure & Process



2x2 Grid Structure



Creating an Effective Market Map

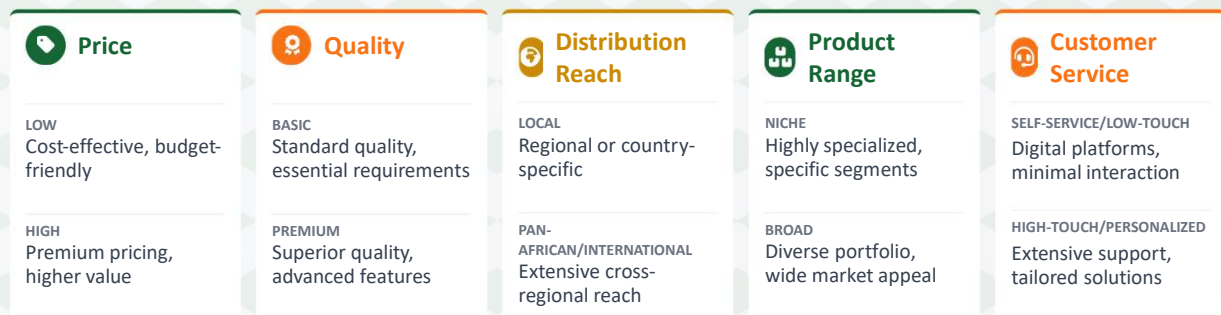
- 1 Identify Your Target Market**
Define the specific market segment or geographical area you are analyzing
- 2 List All Potential Competitors**
Compile direct and indirect competitors in your target market
- 3 Select Two Key Dimensions**
Choose variables that differentiate competitors and matter to customers
- 4 Plot Competitors on the Map**
Position competitors based on their standing on the two dimensions
- 5 Plot Your Own Business**
Visualize your positioning relative to competitors
- 6 Analyze the Map**
Identify gaps, assess crowding, evaluate positioning, and inform strategy

19

Key Dimensions for Mapping



When creating a market map, selecting the right dimensions is crucial. These key factors help differentiate competitors and influence customer perception:



Key insight: Choose dimensions that are most relevant to your specific market and customers. The right dimensions reveal strategic insights and identify competitive advantages.

20

Creating an Effective Market Map



Follow these steps to create a comprehensive market map:

- 1 Identify Your Target Market**
Define the specific market segment or geographical area you are analyzing
- 2 Brainstorm Potential Competitors**
List all direct and indirect competitors in your target market
- 3 Select Key Dimensions**
Choose two critical variables that differentiate competitors and matter to customers
- 4 Plot Competitors**
Position competitors on the 2x2 grid based on their standing on the two dimensions
- 5 Plot Your Business**
Place your business on the same map to visualize your positioning
- 6 Analyze the Map**
Identify gaps, assess crowding, evaluate positioning, and inform strategy



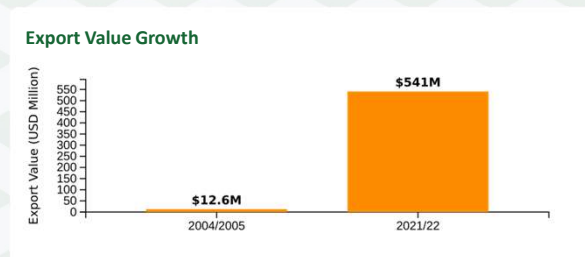
A well-executed market map reveals opportunities and informs strategic decisions

21

Case Study: Ethiopian Floriculture



Ethiopia's flower industry has transformed from a small exporter to a major player, increasing exports by over 40x in value.



2004/2005
83M stems
\$12.6M USD



2021/22
Billions of stems
\$541M USD

Key Success Strategies

- Government Support**
Active promotion through supportive policies and incentives
- Quality Standards**
Meeting international standards with EHPEA training programs
- Efficient Logistics**
Developing air freight logistics for perishable products
- Market Segmentation**
Targeting specific segments, particularly European retailers

22

Case Study: Nigerian FinTech



Nigerian FinTech startups have demonstrated remarkable innovation and growth, successfully competing against both traditional local banks and large global technology companies.

Key Success Strategies:



Creating Solutions for the Unbanked

Developed tailored solutions for Nigeria's unbanked population, including mobile money services and micro-lending platforms.



Leveraging Mobile-First Technology

Capitalized on high mobile penetration (90 subscriptions per 100 people) to deliver services directly to users.



Building Trust Through Local Agents

Utilized networks of local agents to facilitate cash-in and cash-out services, building trust in communities with limited banking infrastructure.

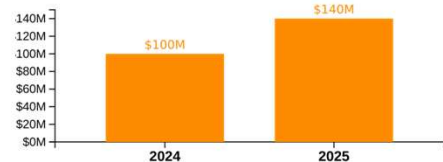


Navigating Complex Local Regulations

Adapted to the evolving regulatory landscape, working with regulators to ensure compliance while fostering innovation.

FinTech Funding Growth

African startups raised over \$1 billion in funding (Jan-May 2025)



40% increase compared to same period in 2024



Key Insight

Nigerian FinTechs have successfully leveraged local knowledge and technology to create solutions that global competitors often overlook.

23

Integrating the Frameworks



Porter's Five Forces

Analyzes industry structure & competitive pressures



Market Mapping

Visualizes strategic positioning & competitive landscape

How They Complement Each Other

- ✓ Porter's Five Forces provides context for selecting relevant dimensions for Market Mapping
- ✓ Market Mapping visualizes the competitive landscape based on key attributes
- ✓ Five Forces insights inform the choice of axes for Market Mapping

Benefits of Integration

- ★ Holistic view of competitive landscape
- ★ Identifies strategic positioning relative to competitors
- ★ Reveals opportunities and threats based on market positioning

Analyze Industry

Identify Dimensions

Create Map

Position Business

Identify Gaps

Refine Strategy

24

Building a Competitor Profile



A structured approach to compiling detailed profiles for each significant competitor, serving as a **living document** that evolves with market conditions.

Key Benefits

- ✓ Ensures all relevant information is captured and organized
- ✓ Facilitates easy comparison between competitors
- ✓ Provides comprehensive view of competitive landscape

Pro Tip: Update profiles regularly to reflect changing competitive strategies and market conditions.

Essential Profile Components



Company Info

Name, founding, ownership, size, location



Strategies

Business model, competitive positioning



Market Presence

Market share, distribution, reach



Operations

Supply chain, production, logistics

25

Key Takeaways & Next Steps



Key Takeaways

- ✓ Competitor analysis is not optional; it's essential for export success
- ✓ Use Porter's Five Forces to deconstruct industry profitability and risk
- ✓ Use Market Mapping to find your unique strategic position
- ✓ Always adapt your analysis to the specific local context of your target market



Porter's Five Forces

Analyzes industry structure & competitive pressures



Market Mapping

Visualizes strategic positioning & competitive landscape

26

Key Takeaways & Next Steps



Next Steps

-  **Apply Immediately**
Start using these techniques today to analyze your competitive landscape
-  **Build Competitor Profiles**
Create detailed profiles for your top three competitors within the next week
-  **Refine Your Strategy**
Use the insights gained to adjust your export strategy and gain competitive advantage

27

Q&A



We encourage you to ask questions about competitor analysis techniques and their application in African export contexts.



Porter's Five Forces

Questions about applying the Five Forces framework in specific African markets



Competitor Identification

Questions about identifying local and international competitors



Market Mapping

Questions about creating effective market maps for competitor positioning



Practical Application

Questions about adapting analysis to specific industries or countries

Formative Activity



28