



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



Threat of New Entrants
How easily new competitors can enter the market and challenge existing players

Threat of Substitutes
Availability of alternative products or services that can replace an industry's offerings

Bargaining Power of Buyers
Buyers' ability to force down prices, demand higher quality, or play competitors against each other

Intensity of Rivalry
Central Force

Bargaining Power of Suppliers
Suppliers' ability to raise prices or reduce quality of goods and services

Force Impact:
 High
 Medium
 Low

8

4

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		Capital Requirements
	Cost advantages due to large-scale production		Financial investment needed to start a business
	Government Policy		Brand Identity
	Regulations or licensing requirements		Strong customer loyalty to existing brands
	Distribution Channels		Switching Costs
	Difficulty for new entrants to secure shelf space		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

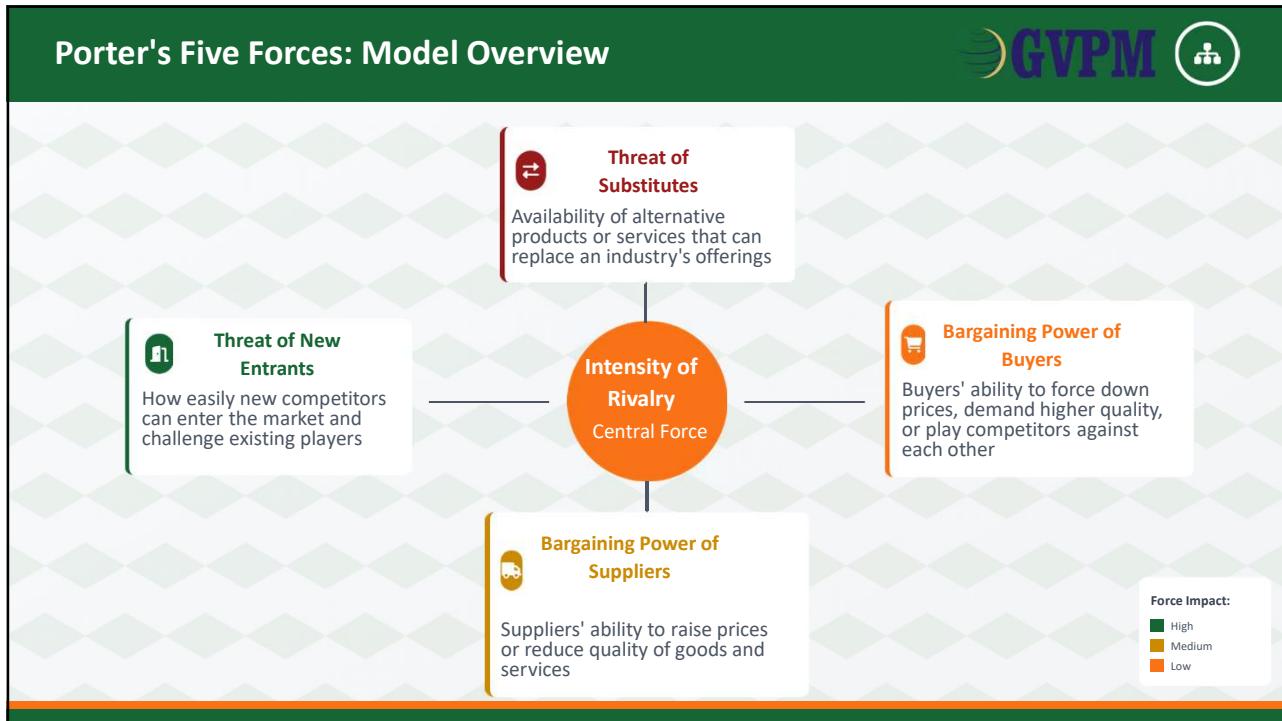
The prevalence of informal markets across Africa provides a significant challenge to formal sector businesses.

Intensity of Rivalry

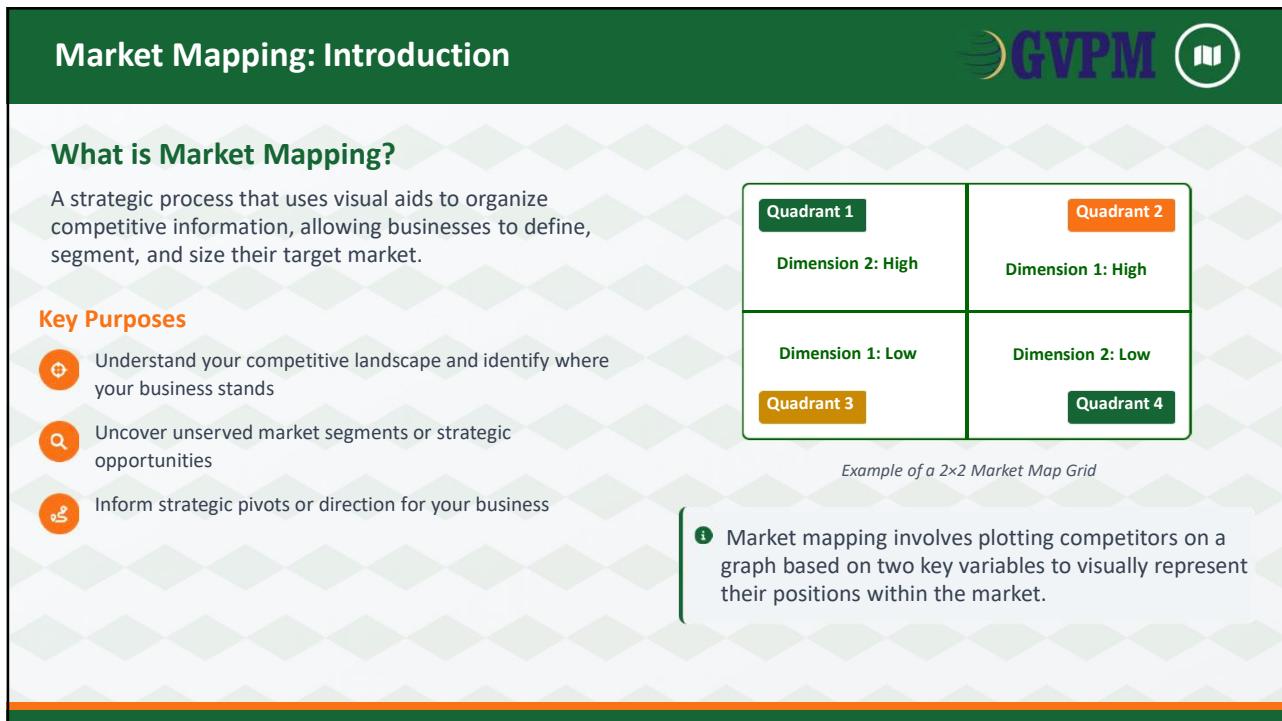
- ✓ Diverse competitors: local SMEs, regional players, and international corporations
- ✓ Local startups creating solutions tailored to local markets
- ✓ Competition remains low in many sectors (opportunity for new entrants)
- ✓ Potential for intense rivalry in lucrative segments

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

16



17



18

Market Mapping: Structure & Process



2x2 Grid Structure

Dimension 1 High Low



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:

Price	Quality	Distribution Reach	Product Range	Customer Service
LOW Cost-effective, budget-friendly	BASIC Standard quality, essential requirements	LOCAL Regional or country-specific	NICHE Highly specialized, specific segments	SELF-SERVICE/LOW-TOUCH Digital platforms, minimal interaction
HIGH Premium pricing, higher value	PREMIUM Superior quality, advanced features	PAN-AFRICAN/INTERNATIONAL Extensive cross-regional reach	BROAD Diverse portfolio, wide market appeal	HIGH-TOUCH/PERSONALIZED Extensive support, tailored solutions

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

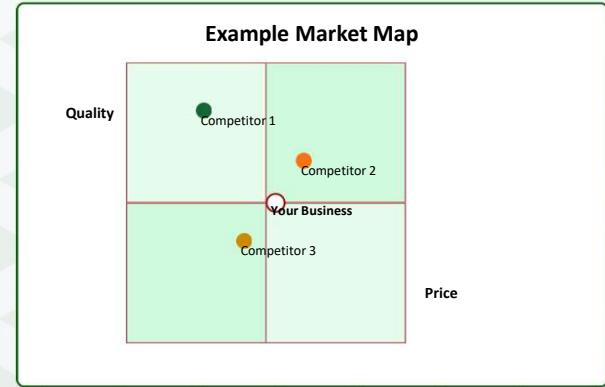
Position competitors on the 2x2 grid based on their standing on the two dimensions

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

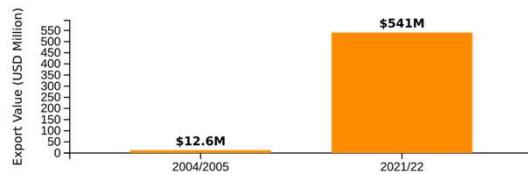
21

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.

Export Value Growth



2004/05
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.



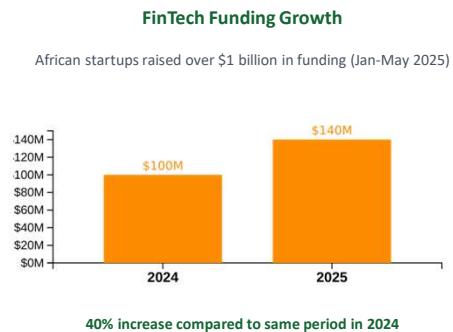
Building Trust Through Local Agents

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.



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

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

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

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



Formative Activity



Market Mapping

Questions about creating effective market maps for competitor positioning



Practical Application

Questions about adapting analysis to specific industries or countries

28