

Competitive analysis

Developing a long-term competitive advantage for our products is one of the pillars of our work as product managers.

Competitive advantage is not something theoretical, not something just floating in the air, it's something very concrete – we need to be better than all competing alternatives at meeting our customers' needs.

To develop this competitive advantage, we need to monitor and analyze our competitors. We can do this by answering four questions.

1 ***How important is this competitor, now and in the future?*** What is their revenue, market share vs. ours, and what are the trends? We may be able to buy market reports that answer this question, or – for smaller niche markets – we may need to estimate this ourselves. We check with our sales teams, distributors, and industry experts. A low-fidelity estimate is much better than no estimate. We can revise this over time. Stacked area charts work well to show this data.

2 ***How does this competitor approach the market today and in the future?*** Think about target market, strategic direction, strengths and core competencies, weaknesses and gaps, their go-to-market approach (how they are selling their products), and pricing. Cast a wide net to gather this information – public announcements from our competitors, interviews with their CEOs, employee comments on sites like Glassdoor, funding rounds from Crunchbase, what we are hearing from our customers and distributors.

3 ***How do their products stack up?*** Think in terms of features and benefits and do side-by-side comparisons with our own product. Make sure to be as unbiased as possible.

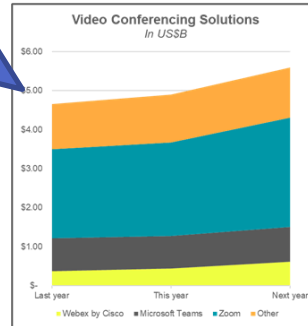
4 ***How are we differentiated from this competitor?*** A competitive positioning matrix works well for this. For the axes, pick two areas – important to our customers – that separate the products in this space.

If we can put this all together, we'll have a strong set of data and insights to guide our strategy, guide our pricing, and guide our search for growth. And with this analysis, we can start to identify hard-to-copy competitive advantages - and amplify them.

Competitive analysis

1. How important is this competitor now and in the future?
Revenue, market share, and trends

Example: You are a product manager for Cisco WebEx, with Zoom and Microsoft Teams as competitors.



	webex	Microsoft Teams	zoom
Target market	Enterprise	Enterprise	SMB and individuals
Strategic direction	Strategic direction 1	Strategic direction 2	Strategic direction 3
Strengths & core competencies	Strengths 1, 2, 3 Core competency A	Strengths 1, 2, 3 Core competency A	Strengths 1, 2, 3 Core competency A
Weaknesses & gaps	Weaknesses and gaps 1, 2, 3	Weaknesses and gaps 1, 2, 3	Weaknesses and gaps 1, 2, 3
Go-to-market approach	Corporate sales force	Corporate sales (part of MS 365 subscriptions)	Free trials, grounds up infiltration of companies
Pricing	Free Starter \$13.50 Business \$26.95	Free version Basic and standard part of Microsoft 365	Basic: Free Pro: \$14.99 Enterprise \$19.99

2. How does this competitor approach the market today and in the future?
Target market, strategic direction, strengths, weaknesses, go-to-market, pricing

3. How do their products stack up?
Side-by-side comparison with our own product

	webex	Microsoft Teams	zoom
Features & benefits			
Security & privacy protections	+++	+++	+
Office 365 integration	++	+++	++
Calendar integrations	+++	+++	+++
Simplicity	++	++	+++
Reliability	++	++	+++
Virtual assistant (AI)	+++	-	-
Backgrounds and appearance touch-ups	+	+	+++



4. How are we differentiated from this competitor?
Competitive positioning matrix