How to create a competitive analysis (with examples)

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Team Asana

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Summary

Competitive analysis involves identifying your direct and indirect competitors using research to reveal their strengths and weaknesses in relation to your own. In this guide, we'll outline how to do a competitive analysis and explain how you can use this marketing strategy to improve your business.

Whether you're running a business or playing in a football game, understanding your competition is crucial for success. While you may not be scoring touchdowns in the office, your goal is to score business deals with clients or win customers with your products. The method of preparation for athletes and business owners is similar—once you understand your strengths and weaknesses versus your competitors', you can level up.

In this guide, we'll outline the steps for a competitive analysis and explain how you can use this marketing strategy to improve your business. With our free competitor analysis template, you can identify who you're up against and create a more insightful business plan.

What is a competitive analysis?

Competitive analysis involves identifying your direct and indirect competitors using research to reveal their strengths and weaknesses in relation to your own.

Direct competitors market the same product to the same audience as you, while indirect competitors market the same product to a different audience. After identifying your competitors, you can use the information you gather to see where you stand in the market landscape.

Create a competitive analysis template

What to include in a competitive analysis

The purpose of this type of analysis is to get a competitive advantage in the market and improve your business strategy. Without a competitive analysis, it's difficult to know what others are doing to win clients or customers in your target market. A competitive analysis report may include:

- A description of your company's target market

- Details about your product or service versus the competitors'

- Current and projected market share, sales, and revenues

- Pricing comparison

- Marketing and social media strategy analysis

- Differences in customer ratings

You'll compare each detail of your product or service versus the competition to assess strategy efficacy. By comparing success metrics across companies, you can make data-driven decisions.

Read: What is a key performance indicator (KPI)? →

How to do a competitive analysis

Follow these five steps to create your competitive analysis report and get a broad view of where you fit in the market. This process can help you analyze a handful of competitors at one time and better approach your target customers.

1. Create a competitor overview

In step one, select between five and 10 competitors to compare against your company. The competitors you choose should have similar product or service offerings and a similar business model to you. You should also choose a mix of both direct and indirect competitors so you can see how new markets might affect your company. Choosing both startup and seasoned competitors will further diversify your analysis.

Tip: To find competitors in your industry, use Google or Amazon to search for your product or service. The top results that emerge are likely your competitors. If you're a startup or you serve a niche market, you may need to dive deeper into the rankings to find your direct competitors.

2. Conduct market research

Once you know the competitors you want to analyze, you'll begin in-depth market research. This will be a mixture of primary and secondary research. Primary research comes directly from customers or the product itself, while secondary research is information that's already compiled. One option for

this step in your competitive analysis is to use a research plan template to outline your goals, methods, and deadlines before you begin collecting data.

Then, keep track of the data you collect in a user research template. Additionally, to make your research more actionable, pair those findings with an ideal customer profile template, which helps you define the customers most worth targeting while you benchmark competitors.

Primary market research may include:

- Purchasing competitors' products or services

- Interviewing customers

- Conducting online surveys of customers

- Holding in-person focus groups

Secondary market research may include:

- Examining competitors' websites

- Assessing the current economic situation

- Identifying technological developments

- Reading company records

Search engine analysis tools like Ahrefs and SEMrush can help you examine competitors' websites and obtain crucial SEO information such as the keywords they're targeting, the number of backlinks they have, and the overall health of their website.

For a structured approach to reviewing these elements, you can use a website audit template or SEO audit template to assess technical SEO, content quality, and performance benchmarks in one place."

3. Compare product features

The next step in your analysis involves a comparison of your product to your competitors' products. This comparison should break down the products feature by feature. While every product has its own unique features, most products will likely include:

- Price

- Service offered

- Age of audience served

- Number of features

- Style and design

- Ease of use

- Type and number of warranties

- Customer support offered

- Product quality

Tip: If your features table gets too long, abbreviate this step by listing the features you believe are of most importance to your analysis. Important features may include cost, product benefits, and ease of use.

4. Compare product marketing

The next step in your analysis will look similar to the one before, except you'll compare the marketing efforts of your competitors instead of the product features. Unlike the product features matrix you created, you'll need to go deeper to unveil each company's marketing plan.

Areas you'll want to analyze include:

- Social media

- Website copy

- Paid ads

- Press releases

- Product copy

As you analyze the above, ask questions to dig deeper into each company's marketing strategies. The questions you should ask will vary by industry, but may include:

- What story are they trying to tell?

- What value do they bring to their customers?

- What's their company mission?

- What's their brand voice?

Tip: You can identify your competitors' target demographic in this step by referencing their customer base, either from their website or from testimonials. This information can help you build customer personas. When you can picture who your competitor actively targets, you can better understand their marketing tactics.

5. Use a SWOT analysis

Competitive intelligence will make up a significant part of your competitor analysis framework, but once you've gathered your information, you can turn the focus back to your company. A SWOT analysis helps you identify your company's strengths and weaknesses. It also helps turn weaknesses into opportunities and assess threats you face based on your competition.

During a SWOT analysis, ask yourself:

- What do we do well?

- What could we improve?

- Are there market gaps in our services?

- What new market trends are on the horizon?

Tip: Your research from the previous steps in the competitive analysis will help you answer these questions and fill in your SWOT analysis. You can visually present your findings in a SWOT matrix, which is a four-box chart divided by category.

6. Identify your place in the market landscape

The final step in your competitive analysis is to determine your position in the market landscape. To do this, you'll create a graph with an X and Y axis. The two axes should represent the most important factors for being competitive in your market.

For example, the X-axis may represent customer satisfaction, while the Y-axis may represent presence in the market. You'll then plot each competitor on the graph according to their (x,y) coordinates. You'll also plot your company on this chart, which will give you an idea of where you stand in relation to your competitors.

This graph is included for informational purposes and does not represent Asana's market landscape or any specific industry's market landscape.

Competitive landscape

● Your company   ● Competitors
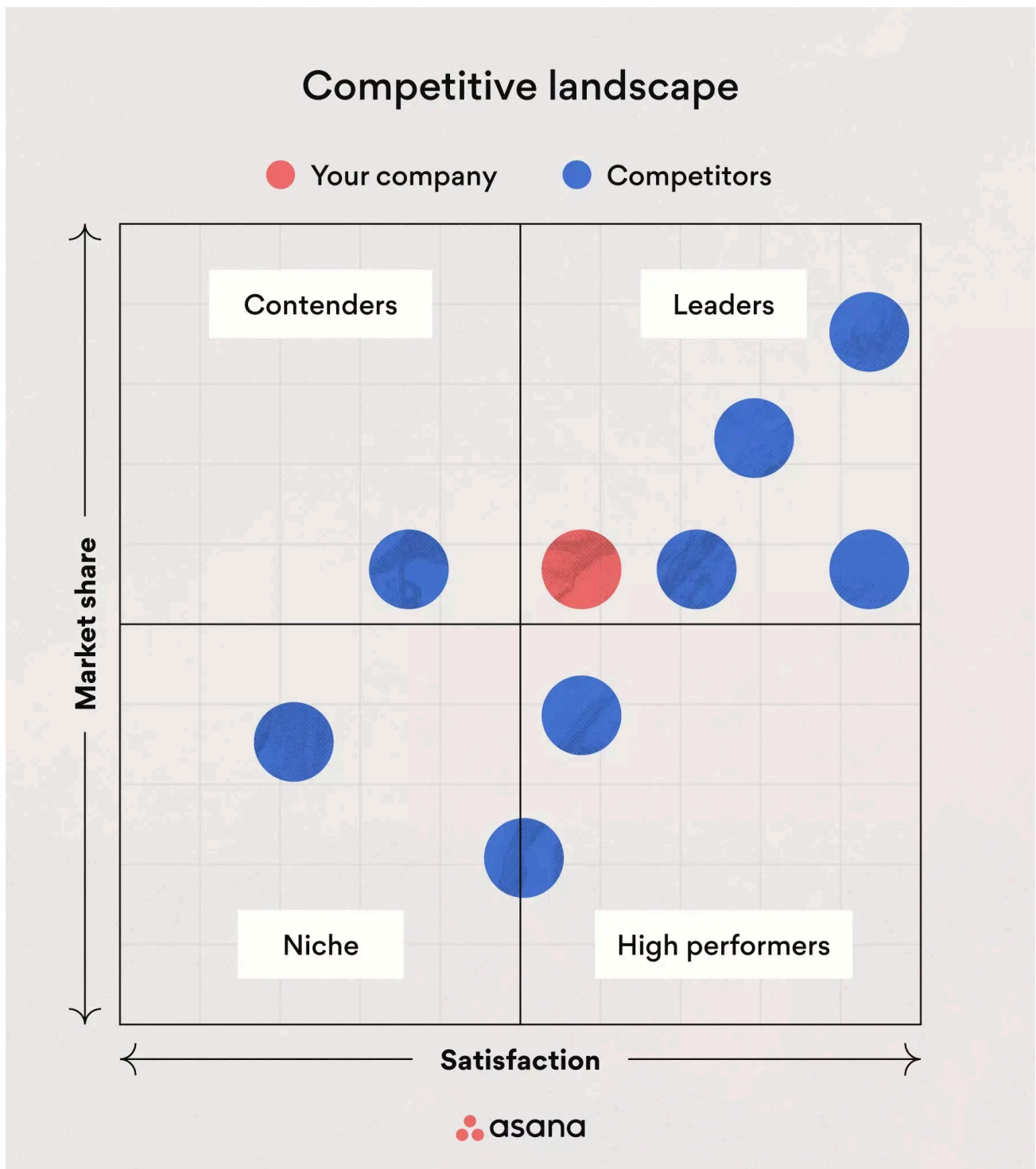
Tip: In this example, you'll see three companies that have a greater market presence and greater customer satisfaction than yours, while two companies have a similar market presence but higher customer satisfaction. This data should jumpstart the problem-solving process because you now know which competitors are the biggest threats, and you can see where you fall short.

Competitive analysis example

Imagine you work at a marketing startup that provides SEO for dentists, which is a niche industry and only has a few competitors. You decide to conduct a market analysis for your business. To do so, you would:

- **Step 1:** Use Google to compile a list of your competitors.

- **Steps 2, 3, and 4:** Use your competitors' websites, as well as SEO analysis tools like Ahrefs, to deep-dive into the service offerings and marketing strategies of each company.

- **Step 5:** Focusing back on your own company, you conduct a SWOT analysis to assess your own strategic goals and get a visual of your strengths and weaknesses.

- **Step 6:** Finally, you create a graph of the market landscape and conclude that there are two companies beating your company in customer satisfaction and market presence.

After compiling this information into a table like the one below, you consider a unique strategy. To beat out your competitors, you can use localization. Instead of marketing to dentists nationwide like your competitors are doing, you decide to focus your marketing strategy on one region, state, or city. Once you've become the known SEO company for dentists in that city, you'll branch out.