

Competitor Analysis Outline

Start your competitive analysis by preparing a list of the criteria that will identify your primary competitors. Which factors are most important? Market share will certainly be one criterion. Others may include price, quality, turnaround time, service, advertising, and training. (As you might expect, the list will vary from industry to industry and from company to company.) Take a few minutes to consider what the list should be for your organization. How should you assess the competition? Criteria may include the following:

- ✓ products
- ✓ literature
- ✓ pricing
- ✓ sales processes
- ✓ effectiveness of the sales force
- ✓ advertising
- ✓ distribution systems
- ✓ human resources and training
- ✓ market share
- ✓ financial picture
- ✓ experience within the industry
- ✓ skill and expertise of sales force
- ✓ service
- ✓ packaging
- ✓ delivery
- ✓ quality
- ✓ size of company
- ✓ “proximity” to customer base.

Once you have determined your list of criteria, assign a relative importance to each based on the customer’s perspective. Rate each criterion on a scale of 1 through 10 (10 being extremely important to customers, 1 being relatively unimportant to customers).

Identifying and Rating Competitors

Once you have identified the principal criteria upon which to assess your competitors, it's time to analyze and rate them based on their relative performance. Use a performance rating scale of 1 to 10 (where 10 is the best performance and 1 the worst).

Before you rate each of your competitors, however, gather as much information as possible on each one. Some of the strategies you might employ to collect competitive information include

- ✓ reading annual reports, trade magazines, or industry publications;
- ✓ networking with the competition;
- ✓ mystery shopping the competition;
- ✓ asking customers about the competition; and
- ✓ visiting competitors' booths at trade shows.

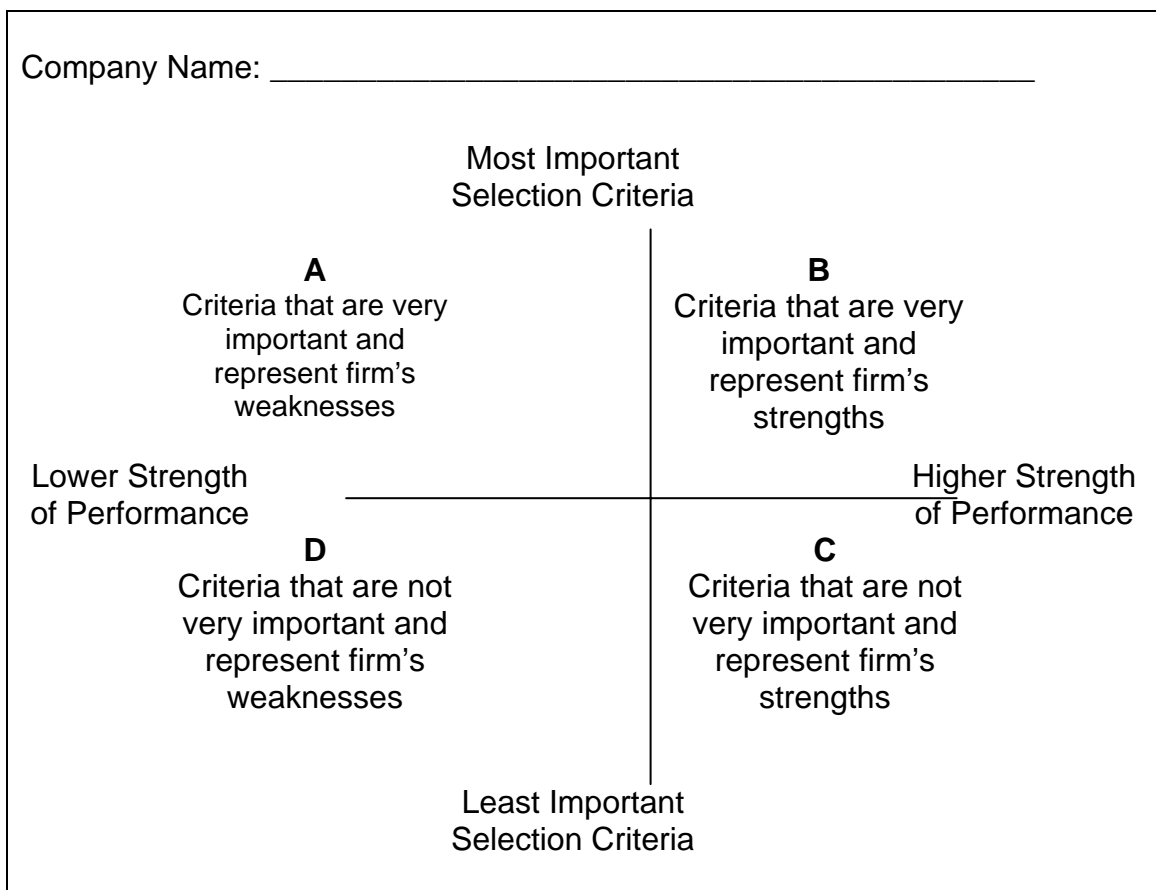
Competitor Scoring Chart

| Criterion | Relative Importance | My Company | Competitor | | | |
|-----------|---------------------|------------|------------|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| 7. | | | | | | |
| 8. | | | | | | |
| 9. | | | | | | |
| 10. | | | | | | |

Completing Your Analysis

When all of your competitors have been rated, the results can be analyzed. Use a four-quadrant chart like the one below to analyze each competitor—use one chart per organization. Record the criteria for measuring each competitor in the appropriate quadrants. The quadrant where you enter each criterion will depend on how the organization scored in the rating chart previously discussed. Don't forget to complete an analysis chart for your own organization for comparison against the others. Once a chart has been completed for each competitor (and your company), use the scoring key on this and the following page to assess the results.

Competitive Analysis Scoring Key



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Cell A: “Serious Problems”

For your organization, any criteria that are in this cell represent serious weaknesses. You must work to improve these factors if you are going to have a competitive offering in the marketplace. If any of your competitors' criteria fall in this cell, it represents an opportunity for you to attack and capitalize upon.

Cell B: “Keep Up the Good Work”

For both your organization and the competition, this cell represents a match between a firm's strengths and those criteria very important to customers. Any firm (yours or the competition's) that can't list any criteria in this cell really has no true competitive advantage (and can't readily meet the needs of the marketplace).

Cell C: “Why Bother?”

The marketplace does not value these criteria even though they represent strengths to these firms. Unless the importance of these criteria can be increased or there are other markets that value these things, they are phantom strengths. They do not create a differential advantage and may turn off clients if you try to sell them. Moreover, they usually require resources to maintain. Have you ever been approached by a seller who kept talking about features or benefits that were of little interest to you?

Cell D: “Needs Watching”

This cell is important only to the extent that you should not be spending time or resources to improve these factors. They may be a part of the total offering that has some value but they by no means create the differential. Make sure that your competitors are not educating customers to increase the importance of these criteria. You should continue to monitor changes to keep abreast of this possibility.

Scoring key adapted from *Be Your Own Sales Manager* by Tony Alessandra, Jim Cathcart, and John Monoky, Prentice Hall (1990).