

Competitor analysis

Starting from knowledge about context identify the problem. When the problem is identified analyse it. One important aspects are the competitors and/or their products. This short text collects some methods for this analysis.

Analyze the solutions of competitors using design based criterias

- Context/environment/ assumed
- What problem does their application/service solve?
- Target group
- Functionality
- Usability
- Navigation, structure and type of interaction
- Graphical layout and elements, other medias used
- Technology sophistication
- How is technology applied to support user flexibility and culture support
- What makes this application better/worse than competitors?

SWOT-analys

The strength and weaknesses of the company/the solution are identified. The acronym SWOT means Strength, Weaknesses, Opportunities, Threats. Consider these factors from an internal perspective, as well as from the point of view of your customers and people in your market.

Strengths:

- What advantages does your solution have?
- What do you do better than anyone else?
- What unique or lowest-cost resources can you draw upon that others can't?
- What do people in your market see as your strengths?
- What factor(s) mean that you will win?
- What is your organization's Unique Selling Proposition (USP)?



Weaknesses:

- What could you improve?
- What should you avoid?
- What are people in your market likely to see as weaknesses?
- What factors lose you sales?

Opportunities:

- What good opportunities can you spot? For instance starting from your strengths.
- What interesting trends are you aware of?

Useful opportunities can come from such things as:

- Changes in technology and markets on both a broad and narrow scale.
- Changes in government policy related to your field.
- Changes in social patterns, population profiles, lifestyle changes, and so on.

Threats

- What obstacles do you face?
- What are your competitors doing?
- Are quality standards or specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?

- Could any of your weaknesses seriously threaten your business?

Competitor array (Wikipedia)

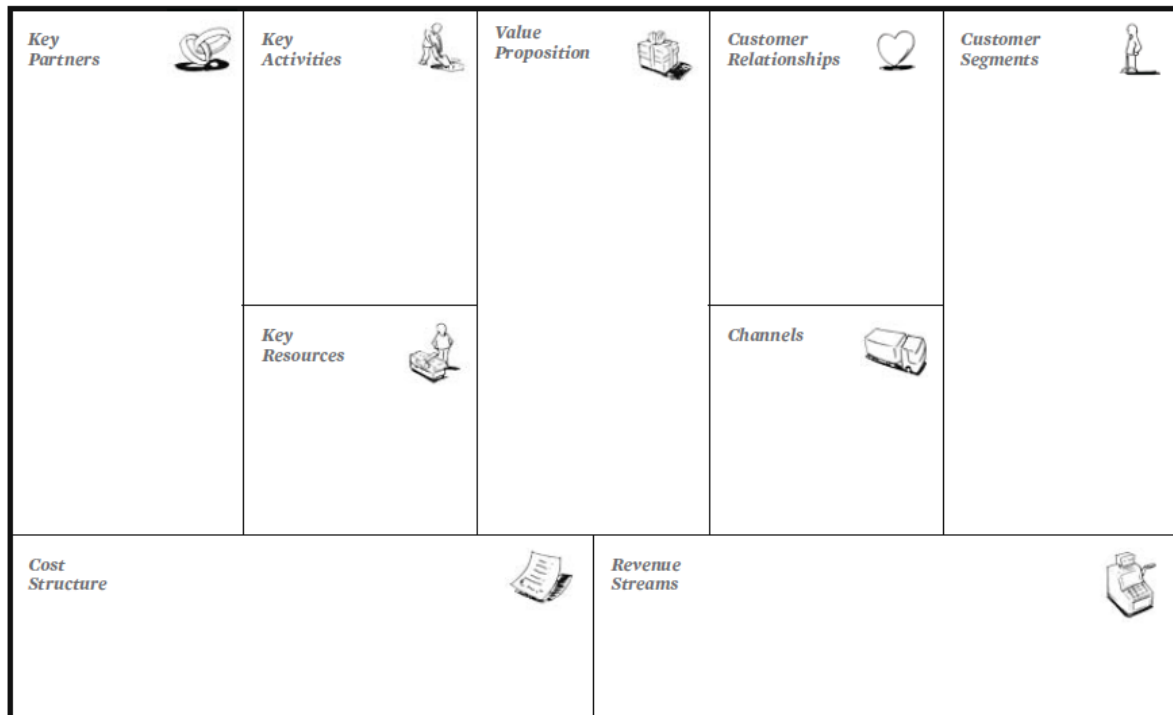
- Define your industry - scope and nature of the industry
- Determine who your competitors are
- Determine who your customers are and what benefits they expect
- Determine what the key success factors are in your industry
- Rank the key success factors by giving each one a weighting, adding up to one.
- Rate each competitor on each of the key success factors
- Multiply each cell in the matrix by the factor weighting.

| Key Industry Success Factors | Weighting | Competitor #1 rating | Competitor #1 weighted | My own solution | My own solution weighted |
|------------------------------|------------|----------------------|------------------------|-----------------|--------------------------|
| 1 - Extensive distribution | .4 | 6 | 2.4 | 3 | 1.2 |
| 2 - Customer focus | .3 | 4 | 1.2 | 5 | 1.5 |
| 3 - Economies of scale | .2 | 3 | .6 | 3 | .6 |
| 4 - Product innovation | .1 | 7 | .7 | 4 | .4 |
| Totals | 1.0 | 20 | 4.9 | 15 | 3.7 |

Business plan analysis

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The Business Model Canvas



The idea is to look at all the nine blocks of the business plan above and identify characteristics, strengths and weaknesses.

Competitor profiling (Wikipedia)

Background

- location of offices, plants, and online presences
- history - key personalities, dates, events, and trends
- ownership, corporate governance, and organizational structure

Financials

- P-E ratios, dividend policy, and profitability
- various financial ratios, liquidity, and cash flow
- profit growth profile; method of growth (organic or acquisitive)

Products

- products offered, depth and breadth of product line, and product portfolio balance
- new products developed, new product success rate, and R&D strengths

- brands, strength of brand portfolio, brand loyalty and brand awareness
- patents and licenses
- quality control conformance

Marketing

- segments served, market shares, customer base, growth rate, and customer loyalty
- promotional mix, promotional budgets, advertising themes, ad agency used, sales force

Success rate, online promotional strategy

- distribution channels, exclusivity agreements, alliances, and geographical coverage
- pricing, discounts, and allowances

Facilities

- plant capacity, capacity utilization rate, age of plant, plant efficiency, capital investment
- location, shipping logistics, and product mix by plant

Personnel

- number of employees, key employees, and skill sets
- strength of management, and management style
- compensation, benefits, and employee morale & retention rates

Corporate and marketing strategies

- objectives, mission statement, growth plans, acquisitions, and divestitures
- marketing strategies

Media scanning (Wikipedia)

Scanning competitor's ads, articles in media, trade shows, patent filings, mutual customers, annual reports, and trade associations can reveal much about what that competitor believes about marketing and their target market.

Changes can reveal all sorts of changes in the business model. New product offerings, new production processes, a new branding strategy, a new positioning strategy, a new segmentation strategy, line extensions and contractions, problems with previous positions, insights from recent marketing or product research, a new strategic direction, a new source of sustainable competitive advantage, or value migrations within the industry. It might also indicate a new pricing strategy such as penetration, price discrimination, price skimming, product bundling, joint product pricing, discounts, or loss leaders. It may also indicate a new promotion strategy such as push, pull, balanced, short term sales generation, long term image creation, informational, comparative, affective, reminder, new creative objectives, new unique selling proposition, new creative concepts, appeals, tone, and themes, or a new advertising agency. It might also indicate a new distribution strategy, new distribution partners, more extensive distribution, more intensive distribution, a change in

geographical focus, or exclusive distribution. Little of this intelligence is definitive: additional information is needed before conclusions should be drawn.

A competitor's media strategy reveals budget allocation, segmentation and targeting strategy, and selectivity and focus. From a tactical perspective, it can also be used to help a manager implement his own media plan. By knowing the competitor's media buy, media selection, frequency, reach, continuity, schedules, and flights, the manager can arrange his own media plan so that they do not coincide.

New competitors (Wikipedia)

Companies competing in a related product/market

Companies using related technologies

Companies already targeting your prime market segment but with unrelated products

Companies from other geographical areas and with similar products

New start-up companies organized by former employees and/or managers of existing companies

There is likely new competition soon when

There are high profit margins in the industry

There is unmet demand (insufficient supply) in the industry

There are no major barriers to entry

There is future growth potential

Competitive rivalry is not intense

Gaining a competitive advantage over existing firms is feasible

Referenser

(Wikipedia) Competitor analysis, retrieves 2012-11-10

(Fleisher) Fleisher, C., "Business and Competitive Analysis - Effective Application of New and Classic Methods", Financial Times/ Prentice Hall, 2007