

Guide to Competitor Analysis

Overview

Competitor Analysis or competitor intelligence, there are many names for it, but whatever you want to call it this process can provide accurate knowledge of your competitors and could be the key to the success or failure when starting a new business.

Every business has competition and with increased use of the internet your competition can now be national or international. Your competitors can be offering a similar product or service to yours but they can also be offering an alternative that takes sales away from you.

Questions to ask about your competitors

Answering these questions will show you how you are doing in relation to the market in general and specifically your closest competitors:

- Who are your competitors, where are they based, how big or small are they?
- What product/service does each competitor offer?
- What share of the market does each competitor have?
- What are the main strengths of your competitors?
- Which of these strengths could you incorporate into your business?
- What are the weaknesses of your competitors?
- Using your knowledge of the weaknesses of your competitors, what areas can you capitalise on to create competitive advantage?
- What will be their reaction to your entry into the market or any product or price changes that you

introduce?

How to find out more about your competitors

There are three main ways to find out more about your competitors:

- What they say about themselves through sales literature, advertisements, press releases, shared suppliers, exhibitions, websites, competitor visits, company accounts.
- What other people say about them – your sales people, customers, local directories, the internet, newspapers, analysts' reports, market research companies.
- Commissioned market research – if you need more detailed information, you might want to commission specific market research

Getting to know you competitors

- Speak to your competitors. Contact them to ask for a copy of their brochure or get one of your staff or a friend to pick up their marketing literature.
- What product/service does each competitor offer? You could ask for a price list or enquire what an item might cost and if there's a discount for volume. This will give you an idea at which point a competitor will discount and at what volume. Phone and face-to-face contacts will also give you an idea of the style of the company, the quality of their literature and the initial impressions they make on customers.
- You may also meet competitors at social and business events. Talk to them and be friendly, they are competitors, not enemies. You'll probably share common problems. You might need each other one day, for example in collaborating to grow a new market for a new product.
- But make sure that you do not behave in an anti-competitive fashion. Fixing prices or agreeing not to compete is illegal.
- Listen to your customers and suppliers. Ask which of your competitors they buy from and how you compare. Use meetings with your suppliers to ask what their other customers are doing.

Using competitor information

Once you have researched your competitors you need to evaluate the information you have gathered and use this to develop your own strategy. You might identify gaps you can fill with your products or conversely products or services that are being oversupplied.

Similarly, you need to respond to areas where your competitors do better than you and build on your own strengths in order to reinforce your competitive advantage.

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