

Competition

Key questions:

1. Who are your five nearest direct competitors?
2. Who are your indirect competitors?
3. What can you learn from their operations or from their advertising?
4. What are their strengths and weaknesses?
5. How does their product or service differ from yours?

What to address in your competitor analysis

Names of competitors - List all of your current competitors and research any that might enter the market during the next year.

Summary of each competitor's products - This should include location, quality, advertising, staff, distribution methods, promotional strategies, customer service, etc.

Competitors' strengths and weaknesses - List their strengths and weaknesses from the customer's viewpoint. State how you will capitalize on their weaknesses and meet the challenges represented by their strengths.

Competitors' strategies and objectives - This information might be easily obtained by getting a copy of their annual report. It might take analysis of many information sources to understand competitors' strategies and objectives.

Strength of the market - Is the market for your product growing sufficiently so there are enough customers for all market players?

Ideas for gathering competitive information

Internet - The internet is a powerful tool for finding information on a variety of topics.

Personal visits - If possible, visit your competitors' locations. Observe how employees interact with customers. What do their premises look like? How are their products displayed and priced?

Talk to customers - Your sales staff is in regular contact with customers and prospects, as is your competition. Learn what your customers and prospects are saying about your competitors.

Competitors' ads - Analyze competitors' ads to learn about their target audience, market position, product features, and benefits, prices, etc.

Speeches or presentations - Attend speeches or presentations made by representatives of your competitors.

Trade show displays - View your competitor's display from a potential customer's point of view. What does their display say about the company? Observing which specific trade shows or industry events competitors attend provides information on their marketing strategy and target market.

Written sources:

- General business publications
- Marketing and advertising publications
- Local newspapers and business journals
- Industry and trade association publications
- Industry research and surveys

Next Steps

Start a file on each of your competitors including advertising, promotional materials, and pricing strategies. Review these files periodically, determining how often they advertise, sponsor promotions, and offer sales. Study the copy used in the advertising and promotional materials, and their sales strategies.