

How to complete a Competitor Analysis

INSTRUCTIONS

When you created your business plan you most likely did a competitor analysis. But how long ago was that? Ideally, you should finish a complete competitor analysis regularly so you can properly identify new entrants. It's also beneficial to update parts of your analysis monthly, especially noting the competitions SEO rankings and content strategy. Furthermore, there are certain details you should aim to monitor daily such as promotions. You may find the competitor analysis is most useful when planning your product roadmap or marketing strategy as it can provide, key industry insights that can help you gain market share.

- + Corporate Competitor Analysis
- + Product Comparison
- + Pricing Structure
- + Marketing & Messaging
- + Competitor Strengths and Weaknesses
- + Sales Battlecard Creation
- + The Market Outlook
- + Opportunities & Threats for your Company

Executive Summary | How a Competitor Analysis Benefits you

The first page of your competitor analysis is actually the final step in your analysis. However, it's important to keep your end goal in mind as you complete the analysis. Once, you've performed your analysis, you'll need to evaluate your key learnings from each section to develop your competitive advantage. In your Executive Summary, you'll highlight the key takeaways from your analysis.

The Executive Summary should focus on areas of opportunity for your company to improve and points of weakness to address.

Next, create action points for your company based off each observation. We recommend you use your findings to formulate an effective marketing strategy in which you can compete with your competition and grow your business. Finally, implement the necessary adjustments to your marketing strategy or product roadmap to align your company's strategy with your findings.

Corporate Competitor Analysis

The first step of completing your competitor analysis is to identify your competition. Take a look at your current competition and potential competitors who might enter your market - note any substitutes your customers are currently using or, any they could potentially use. Next, give your competition a rating to define how closely matched they are to you. The rating is used to categorize each competitor into 1. Direct Competition 2. Indirect Competition and 3. Replacement Competition.

Direct competitors offer the same product in same category, for example, McDonald's and BurgerKing are direct competitors. They share an indirect competitor, Subway, which is a similar product, in a different category; indirect competitors are sometimes known as substitutes. Replacement competitors are a different product and different category. Following the example above, a frozen meal. A replacement generally only meets a customer's needs in specific circumstances, they should not be ignored, but, they do not need to be watched as closely.

Depending on your industry you may have dozens of competitors. Consider having no more than 5 competitors in each report so you can more closely analyze them.

Once you've ranked your competition, write a brief description of each competitor. This description can be in your own words, later, in the marketing analysis we'll take a look at the messaging directly from their website. Take a look at each competitor's LinkedIn to determine the number of employees and com-

pany location. Other online resources such as CrunchBase or AngelList, for startups, will enable you to complete the rest of the corporate competitor analysis. The last slide of each analysis section should be a round-up of key facts and observations about each competitor and, potential action point for your company, noted as opportunities and threats.

Product Comparison

Analyzing your competitor's product and service offerings in terms of features and value gives you an idea of the decision making process your customers go through. Following the template, begin by listing your company's product features as columns. In the rows, note how the competition compares by assigning a symbol for Yes, No or Partial. Remember you'll most likely share this analysis with others in your company, therefore, it's important to ensure the report is shareable by making relevant notes as you analyze each feature. Be sure to note any proprietary features the competition claims, and, for the tech and software industry, integrations. Finally, compare the competition's offering to your own. You may use this information to form your future product roadmap.

Pricing Structure

Take a look at the competition's pricing structure. Include detailed information such as shipping fees, and warranty options or make observations about their subscription services - do they have monthly or annual options or is it a one-time fee? How does their pricing compare to yours? If you notice your pricing is drastically different than the rest of the market perhaps it's time to reconsider your pricing strategy.

Marketing & Messaging

In the next part of your competitor analysis, you'll analyze your competition's marketing and messaging. First, take a look at their key demographic and how they speak to them by including the messaging and taglines directly from their website. If you've observed a change in messaging or marketing strategy since the last time you analyzed them, note what they've changed and look for reasons why they've made these updates.

Next, analyze the place element of their marketing mix. Who are their customers? To determine who your competitor's customers are, you can check their social media; review their list of followers as well as page comments. In addition, watch out for Facebook Ads they are running. Ads on Facebook are identified as "Sponsored" posts. Determine who they are targeting with the Ad by select-

ing “Why am I seeing this”; this reveals the demographics your competitor targets, specifically location, age, gender and interests. Identifying who they target in their ads can also help you identify if they are selling to the same market as you. You may wish to use this insight to expand your target market, keep in mind, it’s important to research and fully understand any new demographics you target. Notice their occupation and income to adjust your product and pricing strategy or offer a new product to this market. Make sure to address the specific benefit they value, perhaps they are busier and therefore require a different value proposition than your current target market. Speak their language, all the while, being careful not to alienate your key demographic.

Is your competition B2B, B2C? Once again, you may turn to social media or read product reviews to answer this. How are they selling their products? Do they have direct sales, resellers or a multi-level channel? Notice what their sales structure looks like and how many members are in their sales team. LinkedIn can help you discover how big your competition’s sales team is and new positions they are hiring for; just go to their company page and select “See Jobs” or “See all employees on LinkedIn”. You may even be able to find the information listed on their corporate website, often companies have authorized resellers or partner locators. While you’re analyzing, take a look at the distribution of your competition’s sales channel - are they focusing on specific markets or hiring in new countries - keep this in mind as you craft your competitive insights.

Lastly, observe the promotional aspect of their marketing mix. Take a look at each element from advertising to digital content and sales promotions. Check their social media, website, blog and online advertising elements including print and PPC. Notice how they are speaking to their customers, does their brand present a distinct personality? Note the type of interactions they have with customers, are they mostly positive or are they graciously receiving feedback? Review press releases or announcements to discover any promotions or partnership they have. Lastly, summarize your key insights regarding the competitor’s marketing strategy as well as opportunities to enhance your marketing strategy.

Competitor Strengths and Weaknesses

Now, you’ll begin your thoroughly honest strength & weakness analysis of your competition. After completing this portion of the competitor analysis you should be able to take the learnings to improve your strategy or product roadmap. The first step is to evaluate your competition from your customer's point of view, meaning, don’t be biased, be honest! Think like a customer, why would they go for your service versus the competition. Is their quality better? Is their

design more appealing? Put yourself in their shoes and try to discover their competitive advantage. Be sure to take a look at any proprietary features they offer. Develop 3 strong points that would be considered their competitive advantage.

Next, examine their weaknesses. Once again, be objective and dig deep! Just because you believe your competition doesn't have an exact match of your features, it's possible that customers perceive they have a valid substitute. Your aim is to come up with 3 genuine weaknesses. Consider, taking a look at their product reviews and customer comments. Websites such as Glassdoor, Capterra, TrustRadius, Software Advice and G2 Crowd can all be used to view real customer evaluations or potential weaknesses.

After, you have completed the strength and weakness analysis for the competition, it's time to start thinking about your own competitive advantages and any weak areas where your company can aim to improve. Once again, produce 3 strengths and 3 weaknesses, this time, for your company. In the next section, you'll use your findings to generate Battle Cards and enable your sales team to win more deals.

Sales Battlecards

Once you've completed the strength & weakness analysis, you can begin to create your sales Battlecards. Sometimes written, battlecards, Battle Cards are a key tool in the sales toolkit, any sales team that finds themselves head-to-head with the competition will find them useful. Don't just skip this section; if your company doesn't currently have Battlecards, now is the time to create them.

In the previous section you came up with 6 points for each competitor, 3 specific points that make their product great and 3 weaknesses. You also came up with 6 points for your company. Next, we'll use these points to formulate 5 winning kill points, statements your sales team can use to win deals when it's you versus the competition.

Develop 3 kill-points based off the competition's strengths and weaknesses. Your aim is to neutralize each of the competition's strengths and emphasize their weaknesses by pointing out how your solution benefits the client. For example, if your product is very technical and, you noted that one of the competition's weaknesses is "paid phone support" because your company offers "free phone support" your kill point could be "we offer free phone support, so, you can speak to us directly at no additional cost". Your kill-points should not mention the competition directly. Don't worry, if your lead is speaking to you,

they're also speaking to the competition and fully aware of their product and service offering.

Once you've developed the first 3 kill-points, formulate 2 extra kill-points based off your company's proprietary features and the customer benefits. To be effective, the Battlecards you share with your sales team should only focus on these 5 kill points for each competitor; if you share too much information the details will be lost.

Remember, don't just focus on features, customers buy value! If you include a feature as a strength, it's important to analyze exactly why it is a strength - which customer problems does it solve and why exactly is it beneficial. Lastly, don't just tell, show; if you have any physical data leverage this in your kill points.

The Market Outlook

In one of the final steps of your competitive analysis, we'll take a look at external factors that may affect your company. As it is entirely possible there isn't much you can do to alter these factors, it is important to be aware of them so you can begin any product development or necessary changes to your business strategy and product roadmap. These factors could include new laws passed in your industry or environmental factors that could affect your supply. It's important to analyze all the conditions surrounding your business, they may lead to product innovation, whether they are related to the competition or other external factors.

Political

First take a look at political forces, such as legal concerns, that may alter your business model. Are there new laws being discussed that will alter your business operations? For example, the automotive industry will need to begin meeting increasingly higher global emissions standards. Make sure to analyze political forces beyond your home country, especially if your company is planning to expand into additional countries soon.

Economic

Changing economic environments may put pressure on your company. Use data such as industry association reports or annual State of the Industry reports from McKinsey to understand if your industry is expected to grow or decline. This can help you develop more accurate sales forecasts or more closely match your supply to expected demand. These reports may also be able to help you understand new customer demographics you should begin to

target or give you ideas for future product offerings.

Technological

Companies that don't evolve, die. As mentioned above you may discover an innovative product solution through your market analysis. Therefore, analyze developing, or declining, technology to get an idea of where your company should be moving in the future. If you're watchful and creative, you may be able to secure a first movers advantage.

Social

Attitudes and social demographics are always changing and social norms often follow technological trends; it is much more common to communicate by text than phone call. Stay current on new social norms or lifestyles to keep your marketing and product strategy fresh and modern. For example, the retail industry is discovering that reaching customers at the POS with a targeted push notification is often more effective than a static email.

Opportunities & Threats for your Company

Use each section of your completed competitive analysis, the summary pages in particular, to develop a realistic outlook of the opportunities and threats facing your company.

If your marketing & messaging analysis revealed your competitor is expanding quite strongly into one of your key markets, this could be a threat; make sure to keep this on your radar and track this in the future. Likewise, if your pricing analysis revealed your company's pricing is not in line with the industry standard, you may want to evaluate if customers perceive your product value to be significantly higher or if you should reassess your pricing. In the competitor strengths and weaknesses analysis if you noticed your competitor's customers are dissatisfied with their product, this could be an opportunity for you.

Develop action points for your company to improve and better compete with the competition and win in your unique marketplace. After you've completed this analysis, return to your Executive Summary, and summarize your key takeaways and company action point.

Congratulations!

You've completed your Competitive Analysis!

If you want to learn more tips and strategies to improve your Competitor Analysis reports, visit the **ACADEMY** section on our website.

