

Competitor analysis*

Competitors come in all shapes and sizes. The important thing is to identify the most potent threats and compare their strengths and weaknesses with your business.

This isn't always as obvious as it sounds. Thorough research can correct assumptions you may have about both competitors and the market, empowering you with new insights that can lead to more informed strategic decisions.

Using competitor analysis to lower your risk

Use competitor analysis to be totally prepared for what you are up against before you start your business or decide to introduce new products or services:

- The number of businesses offering the same or similar products or services to your target market.
- How to differentiate your business idea, so it's not identical to a business nearby. What makes your business special?
- Whether any competitors are using the same suppliers as you which makes it more difficult to offer unique or exclusive products.
- The pricing and marketing tactics competitors use to find out their price points and messaging.
- Whether any protected aspects of your business such as your trademark and branding, design, marketing taglines, toll free numbers or social media user names are being copied and whether any businesses have branding or names confusingly similar to yours.

Identify your wider competitors

Chances are you already know some of your competitors – especially in your local area, but a wider regional, state and even international assessment of your competitors is worthwhile. There may be more competitors than you imagined.

Try researching:

- Your target market – ask customers (and potential customers) who they currently shop with and why. You might uncover a few hidden competitors. You could do this through an incentivized survey or just an informal discussion.
- Government websites such as:
 - The [Industries at a Glance section of the Bureau of Labor Statistics website](#) – for a snapshot of industries in your area.
 - The [US Census Bureau's County Business Patterns](#) – for a complete breakdown of the competition in each industry in your area.
- An internet search will give you a broad overview of competitors in the market. This is a quick way of identifying which competitors have a high search engine ranking, probably suggesting they have a sound marketing plan and a well-designed website from which you can learn.
- Industry journals and association websites – these can be fruitful sources of information on your industry and its members.
- Networking – joining industry associations or business groups such as your local Chamber of Commerce are great ways to discover more about your competitors.
- Think about what pain point you are solving for your customers and what other products or services might solve that same pain point.

How to gain further insight

With a list of competitors, you're ready to deepen your knowledge of their operations. Some ways you can gain further insight into their affairs include:

- Collecting competitor promotions and advertising material. These will allow you to assess their pricing and marketing strategies.
- Checking out competitors' websites and social media pages. Look for competitive features like e-commerce functions, how often the content is re-freshed and the kind of opinions shown in social media messages and blog posts. Register for their e-newsletter with a personal email, if it's appropriate.
- Testing competitors' sales channels by ordering products or services directly from them. Buying in-store, online and over the phone will test service levels and the ease of buying. If you'll be recognized in-store, consider hiring a mystery shopper or asking a friend to visit them in your place.
- Surveying customers or potential customers. This information might help you to refine or adapt your own tactics to make your business more attractive. For example, other suppliers might be preferred because they keep more convenient shopping hours or offer free delivery.
- Attending a trade fair. Competitors' stalls at trade fairs and exhibitions are an excellent source of information that is freely handed out, so collect as much of it as you can.

Always look for opportunities

Make a list of what you've learned about your competitors and sort this information into two columns – 'strengths' and 'weaknesses.'

- Focus on their strengths first. Decide what they do better than you and concentrate on the changes you need to make to your business to compete.
- Changes which address your weaknesses could be anything from making your website easier to navigate, to setting guidelines on the customer service standards you expect from frontline staff. Bigger changes could involve a re-evaluation of your prices or suppliers, or how you target your marketing.
- The idea is not to copy your competitors but to take their best ideas and improve upon them. For example, you might have discovered your competition has a 'buy nine, get the tenth one free' or get a 20% discount on your next purchase or appointment' customer loyalty scheme.
- Now turn your attention to their weaknesses. These offer you opportunities to promote your point of difference. For example, you might have noticed your competition promote themselves as 'experts' but their frontline employees are poor at engaging with customers. You could train your staff in customer service and have them complete industry qualifications to prove that your business employees are the 'experts'.

Download the SWOT Template to try this analysis for your business.

Next steps

- List all your competitors, even those that may not be directly in your way. Then outline how you can bit by bit reduce their influence on your business.
- Download the Marketing Plan Template to fine tune how you intend to position against the competition.
- Find customers who use the competition and ask what you'd have to do for them to switch.
- Use our [location finder](#) to visit a Store, call us on 1-855-278-8988 or [schedule an appointment online](#).

Important Disclosures

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