

Marketing Analytics II

Chapter 4. Competitive Analysis

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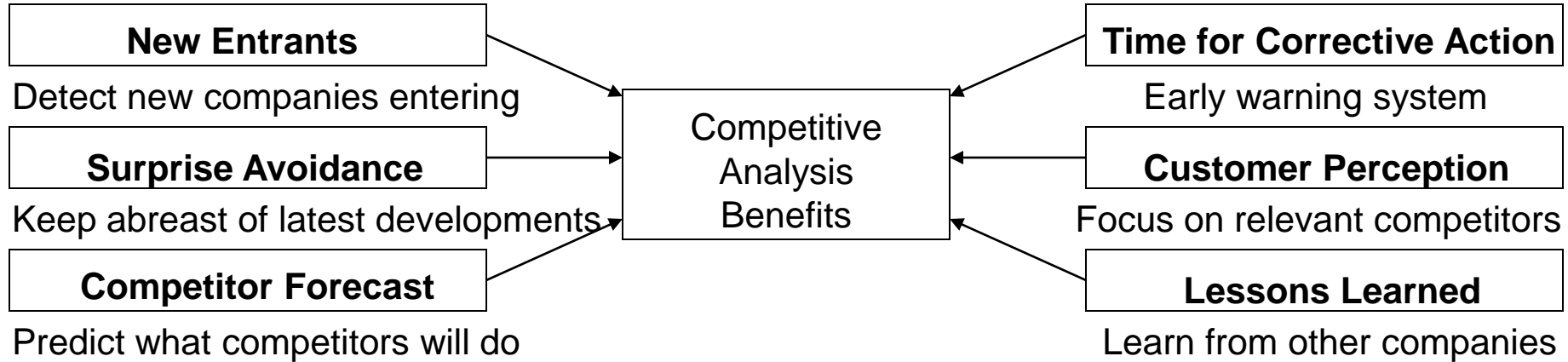
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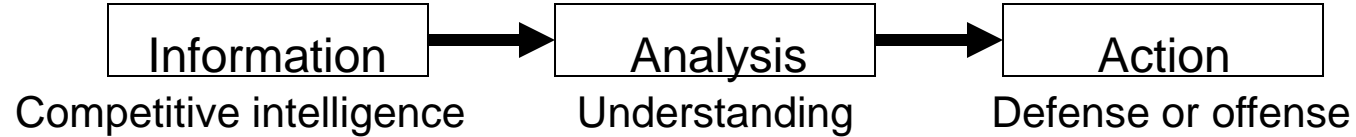
Outline/ Learning Objectives

Topic	Description
Competitive Information	Gathering actionable competitive information
Competitive Analysis	Applying models to analyze competitive situations
Competitive Actions	Deciding on defensive or offensive actions

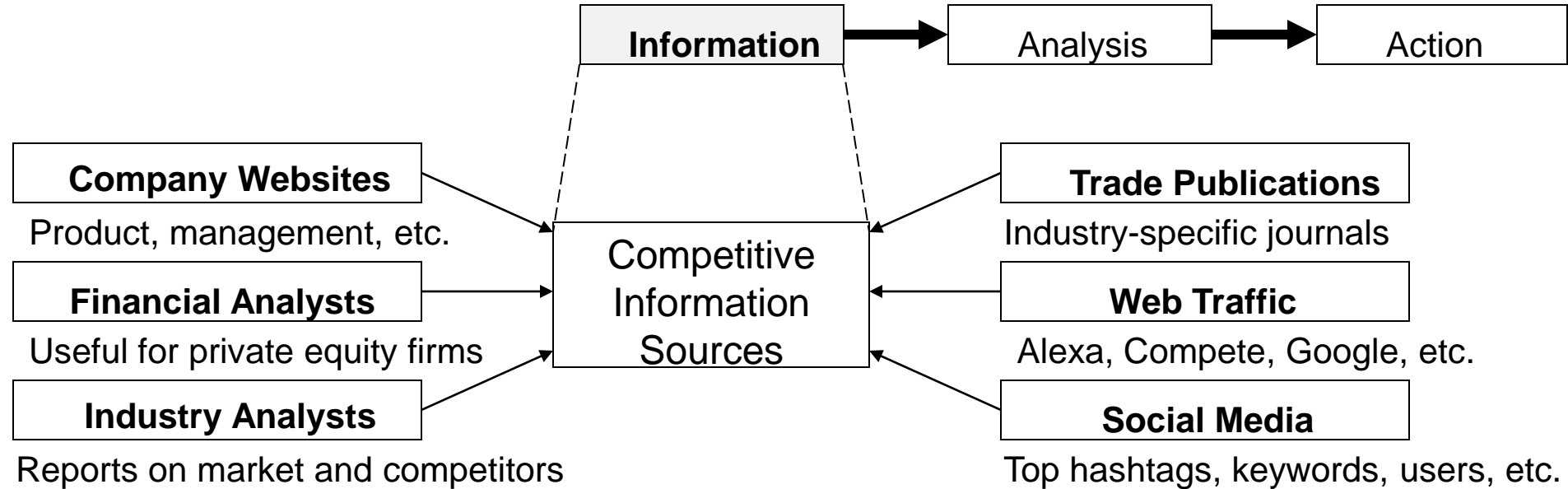
Competitive Analysis Benefits



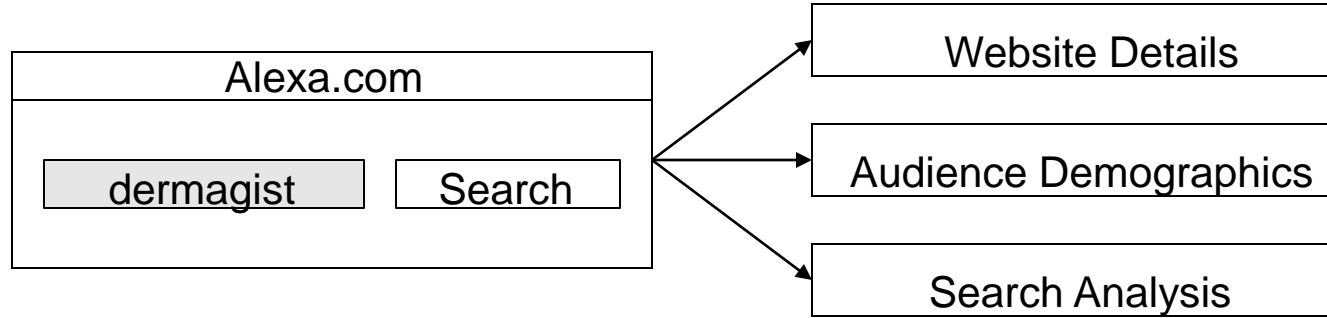
Competitive Analysis Process



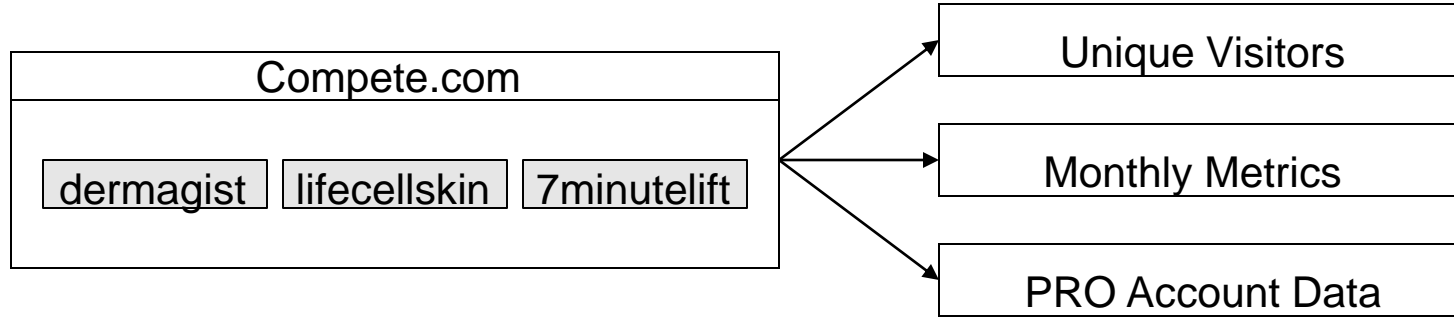
Competitive Information Sources



Competitive Analysis Tools: Alexa



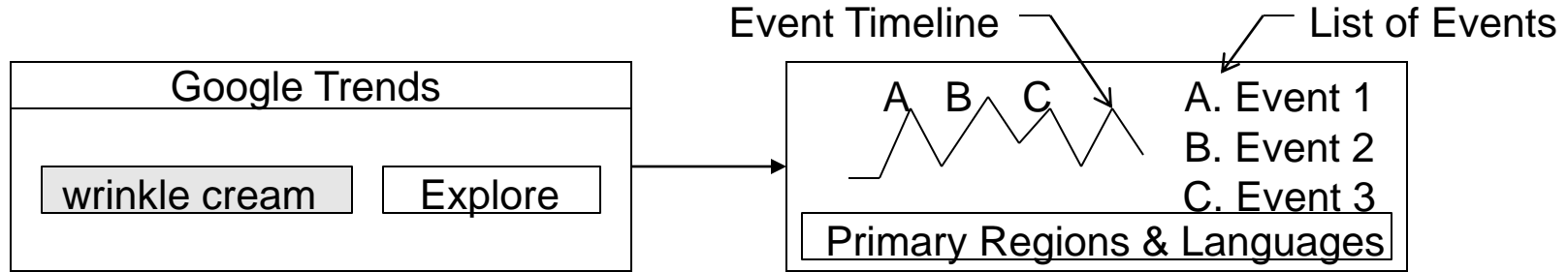
Competitive Analysis Tools: Compete



Competitive Analysis Tools: Google Alerts



Competitive Analysis Tools: Google Trends



Competitive Information Sources

Information Source	Advantages	Disadvantages	Typical Data
Company Websites	Fast, Easy, Free	Biased	Financial information Management team Product/service data Press releases
Financial Analyst	Detailed financial data	Can be expensive	Revenue Profit Financial analysis
Industry Analyst	Credible	Expensive; Can be dated	Industry analysis reports Comparisons of firms
Trade Publications	Fast, Easy, Free	Limited detail on individual companies	Industry performance Industry events Industry trends
Web Traffic Analysis	Fast	Some services require fees	Web traffic over time Top keywords
Social Media Analysis	Fast, Easy, Free	Requires much filtering	Mentions/ channel Top hashtags Top keywords Top users

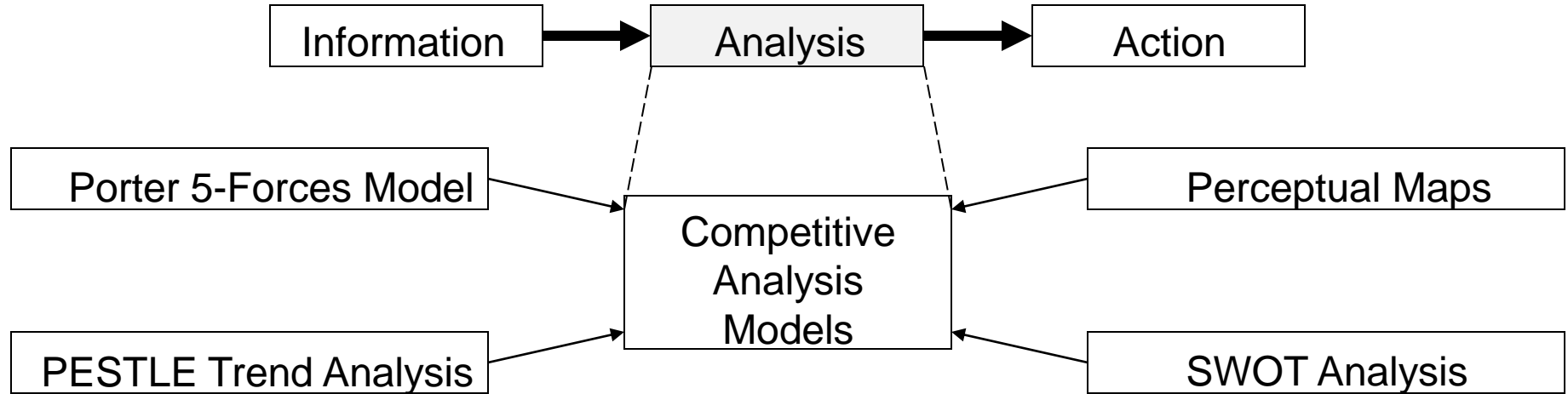
Identification of Principal Competitors

Type of Competitor	Description
Direct Competitors	Offering similar products and services Same market
Indirect Competitors	Offering different products and services Same market or different market Fulfills same function (or perceived so)
Principal Competitors	Companies on which to focus 3 Criteria to use (see next slide)

Identification of Principal Competitors

Criterion	Description	Example
Time Horizon	Considering the time at which the competitor will pose a substantial threat	Electric Lawn Mowers: Not a principal competitor because range and power problems not likely to be solved in next year
Product/ Service Life Cycle	Considering stage of life cycle of competitor's product or service	Lawnbotts: Robot lawn mower not a principal competitor because product is still in infancy
Rate of Technological Change	Considering indirect competitors more seriously in cases of rapid technological change	Toro: Basic lawn mower design little changed since version introduced by Toro back in 1920

Competitive Analysis Models



Competitive Analysis Model: PESTLE

Area	Description	Example
Political	Governmental effect on market, especially as it pertains to competition	Deer: Proposed tariff reductions in Chinese small appliances could increase threat level of Chinese small appliances
Economic	Effect of economic conditions on competition	India: Economic slowdown results in reduced purchases of small appliances.
Social	Social trends and their impact on products and services, such as blenders	BlendTec: Took advantage of social media trend in “Will It Blend?” campaign.
Technological	Technological advances can improve competitiveness of companies	Waring and Cuisinart: Introduced electronic controls on its blenders.
Legal	Legislation prohibiting the use of certain products and services, such as blenders	Kansas: Enforces statute prohibiting use of blenders in some conditions.
Environmental	Addressing environmental concerns, such as the disposal of small appliances	EPA: Promoting use of “eCycling” to reduce e-waste from consumer durables

Competitive Analysis Model: Porter 5 Forces

Area	Description	Household Blender Market
Threat of New Entrants	Lower profits due to new competitors coming into market	Household Blenders: Thousands of new blender manufacturers entering market
Intensity of Rivalry	Lower prices and new product development spurred by rivalry between two firms	Household Blenders: Moderate levels of rivalry, with more emphasis on price than on product development
Pressure from Substitute Products	Buyers can choose alternative products or services, making product less important	Household Blenders: Alternatives available, but no perfect substitutes
Bargaining Power of Buyers	Buyers can dictate pricing and terms due to their importance	Household Blenders: Strong bargaining power by buyers due to reduced consumer spending
Bargaining Power of Suppliers	Suppliers can dictate pricing and terms due to their importance	Household Blenders: Little bargaining power, due to glut of manufacturers

Competitive Analysis Model: Perceptual Map



Perceptual map interpretations for competition:

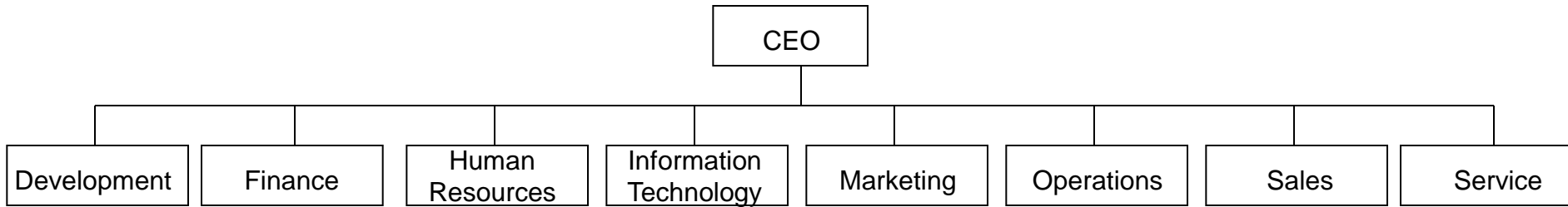
- Large distance between Cuisinart and other companies → consumers perceive them differently
- Quadrants with brand clusters
- Empty quadrants

Competitive Analysis Model: SWOT

Criterion	Category	Assessment
Strengths and Weaknesses	Leadership	Strength: Seasoned CEO
	Finance	Medium: Robust growth, but high debt
	Strategy	Strength: Skill in growth through M & A
	Market Segments	Strength: Good alignment
	Positioning	Strength: Strong understanding
	Operations	Strength: Growth in manufacturing
	Product	Medium: Mixed product reviews
	Price	Medium: Some price premium
	Place	Strength: Worldwide distribution
	Promotion	Medium: No social media
	Support	Strength: Responsive support
Criterion	Category	Assessment
Opportunities and Threats	Opportunities	Short Term Opportunities: -Develop social media campaigns -Cross-promote with spirits Long Term Opportunities -Diversification into adjacent areas -Regional operations
	Threats	Short Term Threats: -New competitor -New legislation Long Term Threats: -Prolonged recession -Increased fuel costs

Strengths, Weaknesses, Opportunities, and Threats for Jarden, maker of Oster, Sunbeam, etc.

SWOT: Core Competency



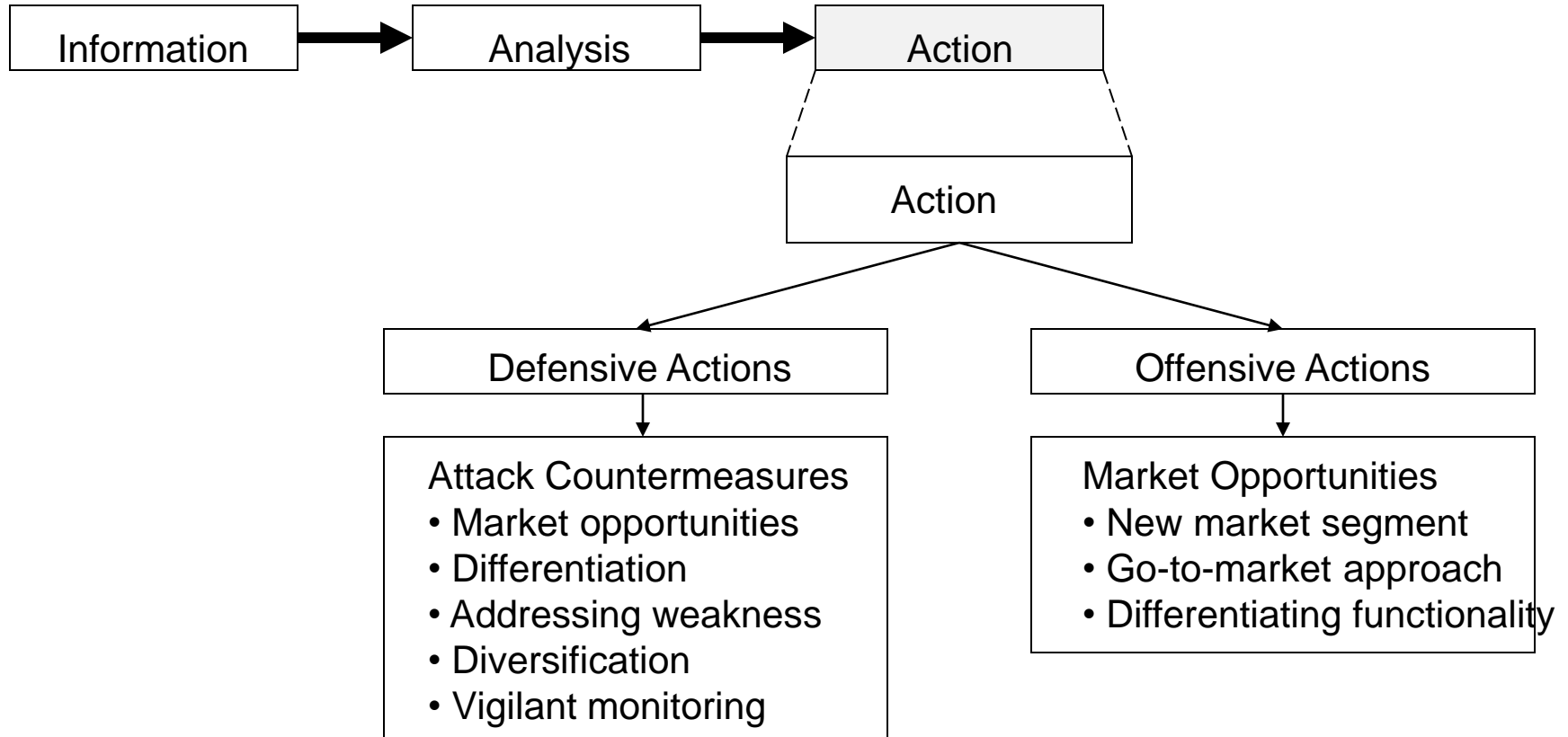
Typical organizational chart

SWOT: Core Competency

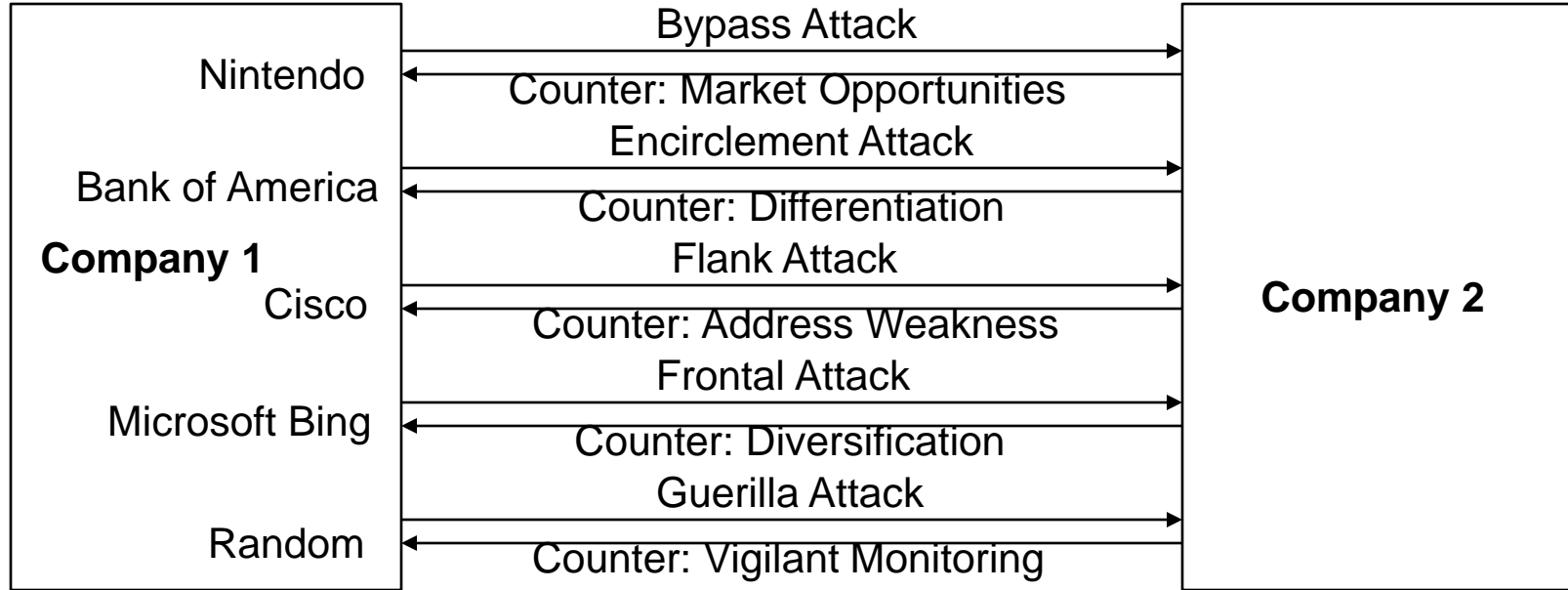
Function	Description	Example
Development	Innovating new products and services	Zynga: Engages demanding online audience by creating new software version every day
Finance	Manages financial assets toward security and growth of the organization	Google: Leverages its considerable company assets to grow the company
Human Resources	Recruiting and developing top talent	General Electric: Grooms impressive management talent
Information Technology	Applying technology to business problems	Allstate Financial: Leverages IT for risk management of life insurance
Marketing	Satisfying customer needs	Apple: Meets and exceeds customer needs
Operations	Converts labor and materials into goods and services	McDonald's: Develops and enforces operations guidelines to ensure consistent taste
Sales	Aids the buyer in finding the correct product or service to purchase	Grainger: Provides consulting to business users on the application of its 900,000 products
Service	Adding value to the purchase experience before, during, and after the sale	Nordstrom: Delivers on its reputation for helpful and friendly customer service

Core competencies, arranged by organizational function

Competitive Actions



Competitive Actions: Defensive Actions



Competitive Analysis Actions

Competitive Actions: Defensive Actions

Attack Type	Description	Indicators: Core Competencies
Bypass Attack	Bypass defender and expand into new areas	Development Finance Marketing Sales
Encirclement Attack	Use of overwhelming force to beat competitors	Finance Operations
Flank Attack	Attack “sides” (weak areas) of competitors	Development Marketing
Frontal Attack	Attacks strengths of competitors	Finance Sales
Guerrilla Attack	Random attacks against competitors	HR

Defensive actions against competitor attacks

Competitive Actions: Offensive Actions

Go To Market Approach	Description	Examples
Bundling	Including product or service as part of a package	GM: Offers GM Protection Plan, which dealers can bundle with new car sales
Distribution Channels	Offer product or service through multiple distribution channels	Nike: Sells its shoes in outlet malls, department stores, and specialty stores
Interval Ownership	Own portion of product or service	NetJets: Offers fractional ownership in business jets
Leasing	Payment terms over time	Ford Credit: Offers leasing plans on new Ford vehicles
Prepaid Plans	Pay for services before using them	Virgin Mobile: Specializes in prepaid cell phone service plans
Rental	Pay for products and services only when used	Rent the Runway: Rents haute couture clothing for special occasions

Market Opportunities

New Market Segment

Skoda Auto

Go To Market Approaches

Lenovo PC

Differentiating Functionality

Westin Heavenly

Check Your Understanding

Number	Question
1	Identify your go-to sources for competitive intelligence
2	See how to apply competitive intelligence toward competitor understanding
3	Understand how to decide on specific defensive or offensive competitive actions

- 1 Identify your go-to sources for competitive intelligence
- 2 See how to apply competitive intelligence toward competitor understanding
- 3 Understand how to decide on specific defensive or offensive competitive actions