

Competitive Analysis Checklist

Successful implementation of competitive analysis techniques and methods requires knowing what basic steps of competitive analysis should be taken first. Use the given below **Competitive Analysis Action Plan** to learn more. The action plan offers you to follow the next competitive analysis steps:

- Learning Competitive Analysis Definition and Advantages.
- Making a List of Competitors.
- Using a Competitor Analysis Grid.
- Reviewing Results of Your Analysis.

1. Learning Competitive Analysis Definition and Advantages.

- Competitive Analysis (aka “Competitor Analysis”) is a component of the strategic planning process of an organization and includes a set of processes and tasks to identify competitors, evaluate their strategies and determine their strengths and weaknesses. By conducting competitive analysis, your company can develop effective strategies to more efficiently market its own products or services. Competitive analysis gives you the listed below advantages.
- You can better understand competitive advantages/disadvantages of your company with relation to your competitors.
- You can generate a better understanding of competitors’ past, present and future strategies.
- **Competitive analysis process** provides you with a basis for developing marketing strategies to achieve competitive advantages in the future.
- You can make more accurate forecasts concerning future investments of your company in a new product or pricing strategy.

2. Making a List of Competitors.

- Identify your competitors. Start your competitor analysis with developing a list of your company’s competitors. First, consider the range of competition in your market by classifying all existing businesses into Direct competitors, Indirect competitors and Future competitors, with relation to your business. Then develop the competitors list considering three categories “Direct Competitors”, “Indirect Competitors” and “Future Competitors”. It is recommended using **competitive analysis software** to make such a list
- Direct competitors are business organizations that offer identical or similar products/services to the products/services of your business. Direct competitors can easily “steal” your customers, so they represent the most intense competition to you. In your competitors list, direct competitors will be listed under the category “Direct Competitors”.
- Indirect competitors are business organizations that offer products/services which are close substitutes to your products/services. Such competitors usually target your market with similar value proposition but they sell different products/services. Add names of indirect competitors to your list under the category “Indirect Competitors.”
- Future competitors are existing organizations which have not yet entered your market but they can potentially become your rivals in the nearest future. When entering your market, future competitors can turn into either direct or indirect rivals – this will depend on their marketing strategies. Add names of potential competitors to your list under the category “Future Competitors.”

3. Using a Competitor Analysis Grid.

- Define strengths and weaknesses of competitors. It is important to find out what makes your rivals successful or failed. Basically, by defining strengths and weaknesses of competitors, you can investigate your competitors' assets, skills and competitive advantages that they bring into the marketplace to gain a competitive advantage. A competitor analysis grid as well as your competitors list will help you collect necessary information on your competitors, analyze it, and develop reports that can be used later in developing a marketing plan.
- A **competitor analysis grid** (aka "**competitive analysis matrix**") is a large table that allows comparing your business opponents considering a number of perspectives, including product/service info, customer info, and sources of competitive advantage. In your competitive analysis table, you should add a **competitive analysis spreadsheet** that lists criteria for identifying differences and similarities. Your criteria for analyzing business opponents may include such indicators as the sales volume, the customer satisfaction level, the time on the market, and others. It is recommended using Annual Reports, Securities Firms Reports, Government Reports and Internet Resources to fill in the cells of your **competitive analysis example** table.
- Annual reports. If your rivals are publicly-listed business organizations, most likely they release annual reports that are available at their corporate websites. You can easily visit such websites to learn more on their current positions on the market.
- Securities firms reports. Usually every respectable securities company conducts marketing research in various industrial sectors to collect, compile and analyze business data. Such companies issue reports in which you can probably find valued information about your rivals and your industry.
- Government reports. Government agencies (like The Security and Exchange Commission, Department of Commerce, and Federal Trade Commission in the USA) usually collect, maintain, and update information about business companies. You can visit official government websites to review and download formal **competitive analysis documents** and reports.
- Internet resources. The web-space and search engines (like Google and MNS) give you lots of online sources of information where you can find media articles, product reviews, and other valued business information that give insight into your competitors.

4. Reviewing Results of Your Analysis.

- Go to your **competitive analysis matrix** and write up the most important information on your competitors. You should not describe the whole analysis you've made in your grid, but only summarize it, list the top 5 direct competitors to your business, and outline the most effective **competitive analysis tools** that let your business successfully compete on the market.
- Make a short yet comprehensive **competitive analysis report** in which you provide some insight for the reader about current situation on the market, your direct and indirect competitors, market tendencies, and future changes. For example, if your competitive analysis matrix shows that on the market there are few competitors, then you can summarize that you have found a niche market, or your marketing campaign has been successfully organized.
- Look for opportunities. Review your competitor analysis table to reveal the strengths and weaknesses of your competitors. Then look for the opportunities that your company can potentially use to gain more advantages. In your **competitive analysis outline** report, you can list what opportunities your company can take. Then you can use this information in developing your marketing plan.
- Develop competitive strategies. Usually a traditional approach to the development of

competitive strategies involves using the following information: Cost leadership, Product differentiation, Innovation, Growth, Alliance, and Time. You can use your **competitive analysis system** matrix to extract such information.

- Lessons Learned. It is important to keep the history of your competitive analysis activities in a safe place, so you can get any information on your competitors easily and quickly after some time goes by. Therefore, save your **competitive analysis table** in a file and use it any time when you need to develop your own marketing plan.