

Understanding your Competitors

Introduction

Knowing who your competitors are, and what they can offer, can help you to make your products, services and marketing stand out. It will enable you to make sure that your prices are competitive and that you respond to rival marketing campaigns with your own initiatives.

You can use this knowledge to create marketing strategies that take advantage of your competitors' weaknesses, and learn ways to improve your own business performance. You can assess any threats posed by both new entrants to your market and current competitors. Your knowledge will help you to be realistic about how successful you can hope to be.

This guide explains how to analyse who your competitors are, how to research what they're doing and how to act on the information you gain.

Who are your competitors?

There is always competition. Even if you're the only restaurant in town you face competition, from cinemas, bars and other businesses where your customers will spend their money instead of with you.

Your competitor could be a new business offering a substitute or similar product that makes your own redundant.

Competition is not just another business that might take money away from you. It can be another product or service that's being developed and which you ought to be selling or looking to license before somebody else takes it up.

And don't just research what's already out there. You also need to be constantly on the lookout for possible **new competition**.

You can get **clues** to the existence of competitors from:

- advertising
- press reports
- exhibitions and trade fairs
- questionnaires
- searching on the web for similar products or services
- approaches reported by your customers
- flyers and marketing literature that have been sent to you - quite common if you're on a bought-in marketing list
- planning applications and building work in progress

What you need to know about your competitors

Monitor the way your competitors do business. Look at:

- the products or services they provide and how they market them to customers
- the prices they charge
- how they distribute and deliver
- the devices they employ to enhance customer loyalty and what back-up service they offer
- their brand and design values
- whether they innovate - business methods as well as products
- their staff numbers and the calibre of staff that they attract
- how they use IT - for example, if they're technology-aware and offer a website and email
- who owns the business and what sort of person they are
- their accounts at Companies House - or Companies Registry for businesses in Northern Ireland - if they're a limited company
- their annual report if they're a public company
- their media activities - often displayed on the business website

You can [access company information at the Companies House website](#). You can also [view information on Northern Irish companies at the Department of Enterprise, Trade and Investment website](#).

How they treat their customers

Find out as much as possible about your competitors' customers, such as:

- who they are
- what products or services different customers buy from them
- what customers see as your competitors' strengths and weaknesses
- whether there are any loyal customers
- if they've had an influx of recent customers

What they're planning to do

Try to go beyond what's happening now by investigating your competitors' business strategy, for example:

- what types of customer they're targeting
- what new products they're developing
- what financial resources they have

Learning about your competitors

Read about your competitors. Look for articles or adverts in the trade press or mainstream publications. Read their **marketing literature**. Check their entries in **directories** and phone books. If they are an online business, ask for a free trial of their service.

Are they getting more publicity than you, perhaps through networking or sponsoring events?

If your competitor is a public company, read a copy of their annual report. Limited companies have to lodge their accounts with Companies House, and businesses in Northern Ireland have to file their accounts with Companies Registry.

You can [view company information at the Companies House website](#). You can also [view information on Northern Irish companies at the Department of Enterprise, Trade and Investment website](#).

Go to exhibitions

At exhibitions and trade fairs check which of your competitors are also exhibiting. Look at their stands and promotional activities. Note how busy they are and who visits them.

Check the web

Look at **competitors' websites**. Find out how they compare to yours. Use, with discretion, the interactive parts of their site. Is the information free of charge? Is it easy to find?

Business websites often give much information that businesses haven't traditionally revealed - from the history of the company to biographies of the staff.

Use a **search engine** to track down similar products. Find out who else offers them and how they go about it.

Websites can give you good tips on what businesses around the globe are doing in your business area.

Organisations and reference sources

Find sources:

- Your trade or professional association, if applicable. [Find your trade association at the Trade Association Forum website](#).
- The local Chamber of Commerce. [Find your local Chamber of Commerce at the Chamber Online website](#).
- Directories and survey reports in any business reference library.

Hearing about your competitors

Speak to your competitors. Phone them to ask for a copy of their **brochure** or get one of your staff or a friend to drop by and pick up their marketing literature.

You could ask for a **price list** or enquire what an off-the-shelf item might cost and if there's a discount for volume. This will give you an idea at which point a competitor will discount and at what volume.

Phone and face-to-face contacts will also give you an idea of the **style** of the company, the quality of their literature and the initial impressions they make on customers.

It's also likely you'll meet competitors at social and business events. Talk to them. Be **friendly** - they're competitors not enemies. You'll get a better idea of them - and you might need each other one day, for example in collaborating to grow a new market for a new product.

Listen to your customers and suppliers

Make the most of contacts with your customers. Don't just ask how well you're performing - ask which of your competitors they buy from and how you **compare**.

Use meetings with your **suppliers** to ask what their other customers are doing. They may not tell you everything you want to know, but it's a useful start.

Use your judgement with any information they volunteer. For instance, when customers say your prices are higher than the competition they may just be trying to negotiate a better deal.

How to act on the competitor information you get

Draw up a list of everything that you've found out about your competitors, however small.

Put the information into three categories:

- what you can learn from and do better
- what they're doing worse than you
- what they're doing the same as you

What you can learn from and do better

If you're sure your competitors are doing something better than you, you need to change. It could be anything from improving customer service, assessing your prices and updating your products to changing the way you market yourself, redesigning your literature and website and changing your suppliers.

And don't just copy. Now you've got the idea, can you do it even better, add more value?

Your competitors might not have rights over their actual ideas, but remember the rules on patents, copyright and design rights. See our guide on [protecting intellectual property](#).

What they're doing worse than you

Exploit the gaps you've identified. These may be in their product range or service, marketing or distribution, even the way they recruit and retain employees.

Renew your efforts in these areas to exploit the deficiencies you've discovered in your competitors.

But don't be complacent about your current strengths. Your current offerings may still need improving and your competitors may also be assessing you. They may adopt and enhance your good ideas.

What they're doing the same as you

Why are they doing the same as you, particularly if you're not impressed by other things they do? Perhaps you've both got it wrong.

Analyse these common areas and see whether you've got it right. And even if you have, your competitor may be planning an improvement.

Case Study

Here's how competitive analysis gives my business an edge

Instalec Ltd is an established electrical contracting business, based in Luton. Director Lesley Jeffs began using regular competitive analysis as a business development tool four years ago. Combining a number of methods, the analysis continues to drive improvements across many areas of the business.

What I did

Assess the competitive landscape

"Attending a seminar on business development was the starting point for our competitive analysis. The speaker, from a company called DSP Solutions, was inspirational. We signed up for bi-monthly coaching that included an assessment of our competitive landscape.

"There are literally hundreds of electrical contractors in our area, so we couldn't hope to analyse them all. DSP helped us to identify our key competitors and draw up a list of what we wanted to know about them. The list included customer service, pricing, employment practices and staff qualifications. These were all areas where we felt we had an advantage, but we needed to quantify it."

Gather information

"The first thing we did was a telephone survey. We called competitors to assess their response times and the overall impression given. We also requested copies of their company literature. You can assess the quality of the literature, and it's a good test of efficiency to see how quickly it arrives.

"Websites proved another simple way to gather information, as did trade journals, local newspapers and our local Chamber of Commerce. Customers and suppliers can also tell you a lot and talking to them doubles as a networking exercise that helps to build relationships."

Act on the analysis

"Our analysis has given us an edge in so many areas. For example, recruiting qualified staff is a big issue. Looking at competitors' recruitment ads and rates of pay has helped us refine our own procedures in order to attract the best people.

"We also found that many competitors performed poorly in answering phones and returning calls. In response, we've made sure that our own phones are always manned and that missed calls are returned promptly.

"We benchmark our performance and review our analysis at management level every six months. Our employees are kept up to date too. It's important that staff know why you're doing analysis and how they can help.

"The competitive landscape is always changing, so you have to keep your analysis up to date. We monitor new competitors via the local press and industry contacts, as well as keeping a close eye on established competitors."

What I'd do differently

Do it sooner

"Now that we take competitive analysis seriously, it's hard to imagine how we managed without it. I wish we'd done it sooner."

Have more confidence

"In the early days, we often felt nervous about asking for information, particularly from customers. We've learnt that as long as you're professional and use the information to improve your service, most people are happy to help."