Competitor Analysis Defined

Through competitor analysis, firms can:

- Identify who their key competitors are
- Develop a profile for each competitor
- Identify competitors’ objectives and strategies
- Assess their strengths and weaknesses
- Gauge the threat they pose, and
- Anticipate their reaction to competitive moves!

Competitor analysis provides both an offensive and a defensive strategic context for identifying opportunities and threats!
Identifying Current and Potential Competitors

- **Industry-based Analysis:** based on number of sellers and degree of product differentiation
  - Monopoly
  - Oligopoly
  - Differentiated Oligopoly
  - Monopolistic Competition
  - Pure Competition

- **Market-based Analysis:** Sellers that satisfy the same customer need
  - Brand Competition
  - Industry Competition
  - Product Competition
  - Generic Competition
Competitor Profiling
SWOT Analysis

• **Internal factors (Strengths and Weaknesses)** encompass factors such as: personnel, firm’s culture, finance, manufacturing capabilities, the 4Ps, etc.

• **External factors (Opportunities and Threats)** relate to the opportunities and threats posed by the macro- and micro-environments. The macro-environment includes demographic, economic, technological, political, legal, social and cultural factors, etc. The micro-environment includes the customers, competitors, distributors and suppliers.
Collect Key Data on Competitors:

- recent sales, profit margin, return on investment, cash flow, new investments, and capacity utilization

And Monitor:

• **Share of market:** competitor’s sales share in the target market
• **Share of mind:** percentage of customers who name the competitor when asked which firm first comes to mind in an industry
• **Share of heart:** percentage of customers who name the competitor when asked from whom he/she would prefer to buy a specific product

Firms that exhibit increasing share of mind or share of heart, are positioned to experience an increasing market share and profitability!
## SWOT Analysis Ben & Jerry’s Ice Cream

**Objective:** get B&J’s growing again

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<th>Internal</th>
<th>Favorable</th>
<th>Unfavorable</th>
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| **Strengths** | • Prestigious, well-known brand name across U.S. consumers  
• 40% share of the US super-premium ice cream market  
• Can complement Unilever’s existing ice cream brands | **Weaknesses**  
• Danger that B&J’s social responsibility actions may add costs, reduce focus on core business  
• Need for experienced managers to help growth  
• Flat sales and profits in recent years |

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| **Opportunities** | • Growing demand for quality ice cream in overseas markets  
• Increasing demand for frozen yogurt and other low-fat desserts  
• Success of many U.S. firms in extending successful brand in one product category to other categories | **Threats**  
• Consumer concern with fatty desserts: B&J customers are the type that read new government-ordered nutritional labels  
• Competes with giant Pillsbury and its Haagen-Dazs brand  
• International downturns increase the risks for B&J’s in European and Asian markets |

*Source: Figure 2-9, p 46 in Roger Kerin, Eric Berkowitz, Steven Hartley and William Rudelius. “Marketing”. 7th Ed. (New York, NY: Mc Graw Hill, 2003)*
According to Michael Porter these 5 forces are:

- **Industry competitors**
  - Competitors’ number and competitive approach

- **Potential market entrants**
  - Entry and exit barriers

- **Product substitutes**
  - Actual or potential substitute products

- **Buyers’ power**
  - Buyers’ number, size, price sensitivity and vertical integration capabilities

- **Suppliers’ power**
  - Degree of organization, product characteristics and vertical integration capabilities
Designing Competitive Strategies

• **Market leader**
  • Expanding total market, defending market share, expanding market share

• **Market challenger**
  • Frontal attack, flank attack, encirclement “blitz” attack, bypass attack, guerrilla warfare attack

• **Market follower**
  • Counterfeiters, cloners, imitators, adapters

• **Market nichers**
  • Specializes in serving one type of final customer; concentrates in selling to small, medium or large customers; limits its offer to one or a few major customers; sells only in a certain place, region, area; produces or carries only one product or product line; operates at the low- or at the high-quality end of the market; offers services not available from other firms; serves only one channel of distribution, etc.