

# Marketing Modules Series

## Module 4: Competitor Analysis

### Teaching Slides



<http://blog.friendseat.com/health-insurance-companies-invest-billions-in-fast-food/>

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Complete Marketing Modules Series available at: <http://hortmgt.gomez.dyson.cornell.edu/Marketing-Modules.html>

# 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

	Favorable	Unfavorable
<b>Internal</b>	<b>Strengths</b> <ul style="list-style-type: none"><li>• Prestigious, well-known brand name across U.S. consumers</li><li>• 40% share of the US super-premium ice cream market</li><li>• Can complement Unilever's existing ice cream brands</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>• Danger that B&amp;J's social responsibility actions may add costs, reduce focus on core business</li><li>• Need for experienced managers to help growth</li><li>• Flat sales and profits in recent years</li></ul>
<b>External</b>	<b>Opportunities</b> <ul style="list-style-type: none"><li>• Growing demand for quality ice cream in overseas markets</li><li>• Increasing demand for frozen yogurt and other low-fat desserts</li><li>• Success of many U.S. firms in extending successful brand in one product category to other categories</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>• Consumer concern with fatty desserts: B&amp;J customers are the type that read new government-ordered nutritional labels</li><li>• Competes with giant Pillsbury and its Haagen-Dazs brand</li><li>• International downturns increase the risks for B&amp;J's in European and Asian markets</li></ul>

Source: Figure 2-9, p 46 in Roger Kerin, Eric Berkowitz, Steven Hartley and William Rudelius. "Marketing". 7<sup>th</sup> Ed. (New York, NY: Mc Graw Hill, 2003)

# Five Forces that Determine Market/Market Segment Attractiveness

*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 nicher**

- 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.