



10 Steps to a Really Useful Competitive Analysis

Seems to me there is always a groan when I say it's time to do a competitive analysis. It's takes a lot of time and web searching – but what an asset when it's done as it helps to answer so many questions:

1. What are our competitive advantages?
2. What are our USPs?
3. How should we position ourselves against the competition?
4. Have we got the features we need for an MVP?
5. What are the requirements for success in the marketplace?
6. What do we do if we have no USPs?

What is Your Competitive Advantage?

There are different types of competitive advantages: product features, business model, digital marketing, positioning, price and intellectual property portfolio.

A competitive advantage in a product is typically the result of one or more features. These may also be USPs (unique selling propositions).

A competitive advantage may also be the business model you adopt. You may lease/rent products when your competitors all require a purchase. You may give away a machine that requires consumables which the customer must buy from you when your competition rent.

Or you may offer it as a service as with some software products SaaS.

Great marketing is a competitive advantage. Consider your web site. Get it audited every year (it's free from www.exposureinja.com). Then compare that feedback to your competitor's website. You may like to look at stickiness, calls to action, do your contact details lie above the fold? How is your SEO working for you?

Your cost structure might also be an advantage as it means lower overheads. Can your business be virtual, meaning lower overheads and lower pricing?

Positioning may be a competitive advantage. By this I don't mean how you position yourself in the marketplace relative to the competition, but what happens in the head of the prospect when he hears your product/company/service name.

That "Positioning" once in the head of the prospect is almost impossible to change. If it's not positive: "It's simply the worst car I have ever driven" It's too expensive", "It's too costly to run", "and It's not environmentally friendly" are different ways a car might be negatively Positioned in the mind of the prospect.

So the prospect will not buy. For more information on Positioning and how to research it download "Positioning the Ultimate Marketing Asset" from <http://www.magicmonkey.eu/downloads>

Pricing may also be a competitive advantage, but hopefully not the only one as its leaves us vulnerable to a competitor under cutting to get market share. Patent protection is also an asset.

The 10 Step Competitive Analysis process below will work for any of these business assets. Here we share an example of a product competitor analysis.



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STEP 1. Take the features from your product and put them in a table/spreadsheet in the left most column. Put your most important features at the top.

Features				
My feature F1				
My Feature F2				
My Feature F3				
My Feature F4				
My Feature F5				
My Feature F6				

STEP 2. For each competitor add a column to the right with their name at the top. Add your product name in the right-most column

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1				
My Feature F2				
My Feature F3				
My Feature F4				
My Feature F5				
My Feature F6				

STEP 3. In the features column, underneath your features add all the features of competitor 1 that are not already listed as features of your product

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1				
My Feature F2				
My Feature F3				
My Feature F4				
My Feature F5				
My Feature F6				
Competitor 1 F1				
Competitor 1 F2				



STEP 4. Then underneath add the features of competitor-2 which are neither in your product nor in competitor -1, so they are not already on the list.

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1				
My Feature F2				
My Feature F3				
My Feature F4				
My Feature F5				
My Feature F6				
Competitor 1 F1				
Competitor 1 F2				
Competitor 2 F1				
Competitor 2 F2				
Competitor-2 F3				

STEP 5. Now add the features of all the other competitors that are not already on the list so you finish up with a list of all of the features of your product all of your competitors features.

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1				
My Feature F2				
My Feature F3				
My Feature F4				
My Feature F5				
My Feature F6				
Competitor 1 F1				
Competitor 1 F2				
Competitor 2 F1				
Competitor 2 F2				
Competitor-2 F3				
Competitor 3 F1				
Competitor 3 F2				

STEP 6. Next, populate all cells with YES or NO depending upon whether you and/or each competitor product and your product possess each feature.

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1	N	N	N	Y
My Feature F2	N	N	N	Y
My Feature F3	N	N	N	Y
My Feature F4	Y	Y	Y	Y
My Feature F5	Y	Y	Y	Y
My Feature F6	Y	Y	Y	Y
Competitor 1 F1	Y	Y	Y	Y



Competitor 1 F2	Y	Y	Y	Y
Competitor 2 F1	Y	Y	Y	Y
Competitor 2 F2	Y	Y	Y	Y
Competitor-2 F3	Y	Y	Y	Y
Competitor 3 F1	N	N	Y	Y
Competitor 3 F2	N	N	Y	Y

Step 7 Sort the features so that where your product is the only one to have “yes” these are at the top. These are either your USPs OR features the customer does not want! So you will have to validate that in the MVP Process for more information on the MVP download “20 Steps to Defining MVP” and the “MVP Checklist” from <http://www.magicmonkey.eu/downloads>

So below F1,F2, F3 are possible USPs highlighted in yellow or features the customer does not want!

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1	N	N	N	Y
My Feature F2	N	N	N	Y
My Feature F3	N	N	N	Y
My Feature F4	Y	Y	Y	Y
My Feature F5	Y	Y	Y	Y
My Feature F6	Y	Y	Y	Y
Competitor 1 F1	Y	Y	Y	Y
Competitor 1 F2	Y	Y	Y	Y
Competitor 2 F1	Y	Y	Y	Y
Competitor 2 F2	Y	Y	Y	Y
Competitor-2 F3	Y	Y	Y	Y
Competitor 3 F1	N	N	Y	Y
Competitor 3 F2	N	N	Y	Y

STEP 8

Look to see where you and your competitors have a YES in every column, now highlighted in turquoise. Where every competitor has the same product feature this may mean that these are requirements to market entry so mandatory features. If you don't have this feature and all of your competitors do you will have to determine if that feature forms part of the Minimal Viable Product (MVP) or not.

Feature	Comp-1	Comp-2	Comp-3	My Product
My feature F1	N	N	N	Y
My Feature F2	N	N	N	Y
My Feature F3	N	N	N	Y
My Feature F4	Y	Y	Y	Y
My Feature F5	Y	Y	Y	Y
My Feature F6	Y	Y	Y	Y
Competitor 1 F1	Y	Y	Y	Y
Competitor 1 F2	Y	Y	Y	Y
Competitor 2 F1	Y	Y	Y	Y
Competitor 2 F2	Y	Y	Y	Y
Competitor-2 F3	Y	Y	Y	Y



Competitor 3 F1	N	N	Y	Y
Competitor 3 F2	N	N	Y	Y

Step 9 Where an analysis is homogeneous and all participants have exactly the same features set, you may have to look at price. Competing on price alone is not desirable so you may have to feature add having gone through the MVP process.

Feature	Comp-1	Comp-2	Comp-3	My Product
F1	Y	Y	Y	Y
F2	Y	Y	Y	Y
F3	Y	Y	Y	Y
F6	Y	Y	Y	Y
F4	Y	Y	Y	Y
F5	Y	Y	Y	Y
F7	Y	Y	Y	Y
F8	Y	Y	Y	Y
F9	Y	Y	Y	Y
F12	Y	Y	Y	Y
F13	Y	Y	Y	Y
F14	Y	Y	Y	Y
F10	Y	Y	Y	Y
F11	Y	Y	Y	Y
Price ????				

STEP. 10 Look for other types of competitive advantage

If you finish up with a table like the one above take a look at other things the customer might see as motivation to buy from you instead of your competitors. These might include:

Business model: If the competition always sells maybe you could lease?

Does the competition have a web shop making purchase easier?

Do they offer free upgrades/training or other benefits?

Do they have a local support function?

Is there documentation easier to use?

Are your sales people easier to do business with?

Conclusion

A deep understanding of every aspect of the competition will not only empower your sales force but make you look like an authority to your customers. So whilst this exercise is time consuming it's hugely important to complete. If your product/market is complex make an audio or video to help the sales force.

For a free download of this post go to <http://www.magicmonkey.eu/downloads>