Competitive strategies

Porter's five forces

This framework is a method used to analyze industry or segment competition, focusing on the user's ability to switch from your product to competitors.

It looks at the five forces that determine the competitive intensity, and therefore the attractiveness of an industry in terms of its profitability.

Focus area	What does it mean?	What to look for?
The threat of new entrants	How easy could a new competitor enter the market?	• Time to entry • Cost of entry • Economies of scale • Technological protection • Other barriers to entry
Bargaining power of buyers	How much power do your customers ultimately have?	• The number of buyers • Purchase sizes • Price sensitivity • Ability to switch
Bargaining power of suppliers	How much power do your suppliers ultimately have?	• The number of suppliers • Unique capacity of suppliers • Your ability to substitute
Intensity of competitive rivalry	How many competitors are currently in the market and how much is it growing?	• The number of competitors • Difference in quality • User loyalty • Switching costs for users • Growth of market
Threat of substitutes	How likely are users to switch to an alternative?	• Performance of competitors • Cost of change

Porter's generic strategies

Porter's Generic Strategies framework is a simple and effective way to scope out the competitive landscape your business is operating in, and what your product is up against.

With something like this, you can then identify what perhaps they're implementing that you aren't, or are just doing better than you - for example, lower prices/discounts or differentiating features, which give them a competitive advantage.

COMPETITIVE ADVANTAGE	LOWER COST	DIFFERENTIATION
Broad target	Cost leadership: In cost leadership, an organization will focus on the broader market, identifying the prices that are set overall, and set out to be the low cost producer in its market.	Differentiation: Here, an org will look at the broader market and identify what features are considered important within the market, and position themselves in a way that they show this, and how it sets them apart from the competition.
Narrow target	Cost focus: Select a target segment and focus on how to get this cost advantage.	Differentiation focus: Select a target segment and focus on how to set yourself apart from them.

Industry attractiveness matrix

This framework is a strategy tool that provides guidance on how an organization should prioritize its investments among its business units. There are three possible scenarios: Hold, Harvest or Grow.

Industry attractiveness

	Low	Medium	High
High	Selective investment: Hold	Safe investment: Grow	Safe investment: Grow
Medium			
Low	Dangerous investment: Harvest and/or Divest	Dangerous investment: Harvest and/or Divest	Selective investment: Hold

Competitive strength of business unit

Blue Ocean - strategy canvas

The blue ocean strategy canvas captures the current strategic landscape and the future prospects for an organization. The first step to create it is list the products or services to be compared - include as many as desired but recommended under four.

Then, list the product attributes and/or factors of competition - only include those that create value for the customer. After this, you need to rate each product or service on a scale of 0-5: 5 being the best, 1 being the worst and 0 being non-existent.
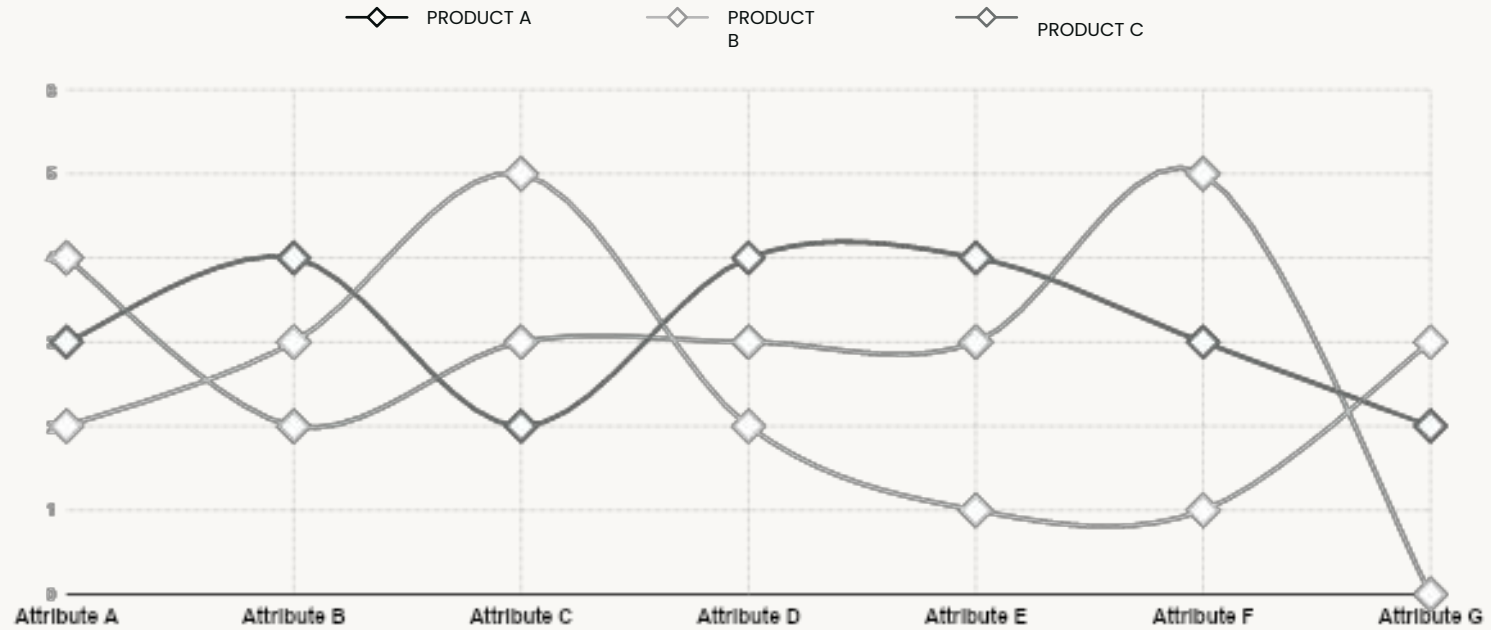
When scoring the price attribute to do so from the perspective of the value created to the consumer - e.g. if the price is low, the factors score should be high. Scoring data can be obtained one of two ways:

- Your own perspective based on your knowledge of the market – a faster method though not recommended, or
- Data-backed real consumer survey results.

Finally, for your product, you need to manipulate your factors of competition by raising, reducing, eliminating, or creating new factors.

PRODUCT TO BE COMPARED	PRODUCT A	PRODUCT B	PRODUCT C	WEIGHTED SCORES	PRODUCT A	PRODUCT B	PRODUCT C
Attributes or competition factors	1-5 ratings	1-5 ratings	1-5 ratings	Factor weight (1-5)	Score	Score	Score
Attribute A	4	2	2		0	0	0
Attribute B	2	3	3		0	0	0
Attribute C	3	5	5		0	0	0
Attribute D	3	2	2		0	0	0
Attribute E	3	1	1		0	0	0
Attribute F	5	1	1		0	0	0
Attribute G	0	3	3		0	0	0
Total Value Score					0	0	0

Blue Ocean – strategy graph

PRODUCT A   PRODUCT B   PRODUCT C

SWOT analysis

Date last reviewed: DD/MM/YYYY

Company	Strengths	Weaknesses	Opportunities	Threats
Your company	Out of everything you listed in your competitor intel worksheet, what do you outrightly do better than your competitors that distinguishes you? For example, industry-leading webinars that get engagement, skilled staff, a superior mobile app, customer traction, etc.	On the flip side, where did you lag behind your competitors? Remember, *every* company has weaknesses, whether that be customer service, wait time, lack of a feature, poor SEO rankings, etc. **Tip:** when you're working through your strengths and weaknesses, remember to call out **perceived** strengths and weaknesses, too.	Based on your competitor and customer research, what trends or untapped markets are emerging that you could jump on? This could be anything from a new feature or market to press opportunities. Also, remember to look for areas of the business that can be optimized to open up/capitalize on an opportunity.	What could get in the way of your success either right now or in the future? Think about things like new competitors, a change in regulations, new technology, a shift in customer needs, areas where customer servicing costs can spike, etc.
Competitor #1	What are your competitors doing really well that you're either not doing, or not doing very well?	Where are your competitors' holes? Ideally, these should be backed up with evidence - like a trend in customer reviews, for example.	What opportunities are your competitors ready to seize? Or are they better placed to capitalize on any of *your* opportunities?	What threats stand in the way of your competitors' success? And thinking next level, how do your competitors pose a direct threat to you? For example, are they growing faster than you? Are they entering a new market? Or branching out overseas?
Competitor #2				
Competitor #3				

Generic group analysis map

GEOGRAPHIC COVERAGE

Brand group A

Brand group B

Brand group C

Brand group D

Brand group E

Brand group I

Brand group G

Brand group H

Brand group F

PRICE / QUALITY

HIGH

MEDIUM

LOW

LOW

MEDIUM

HIGH
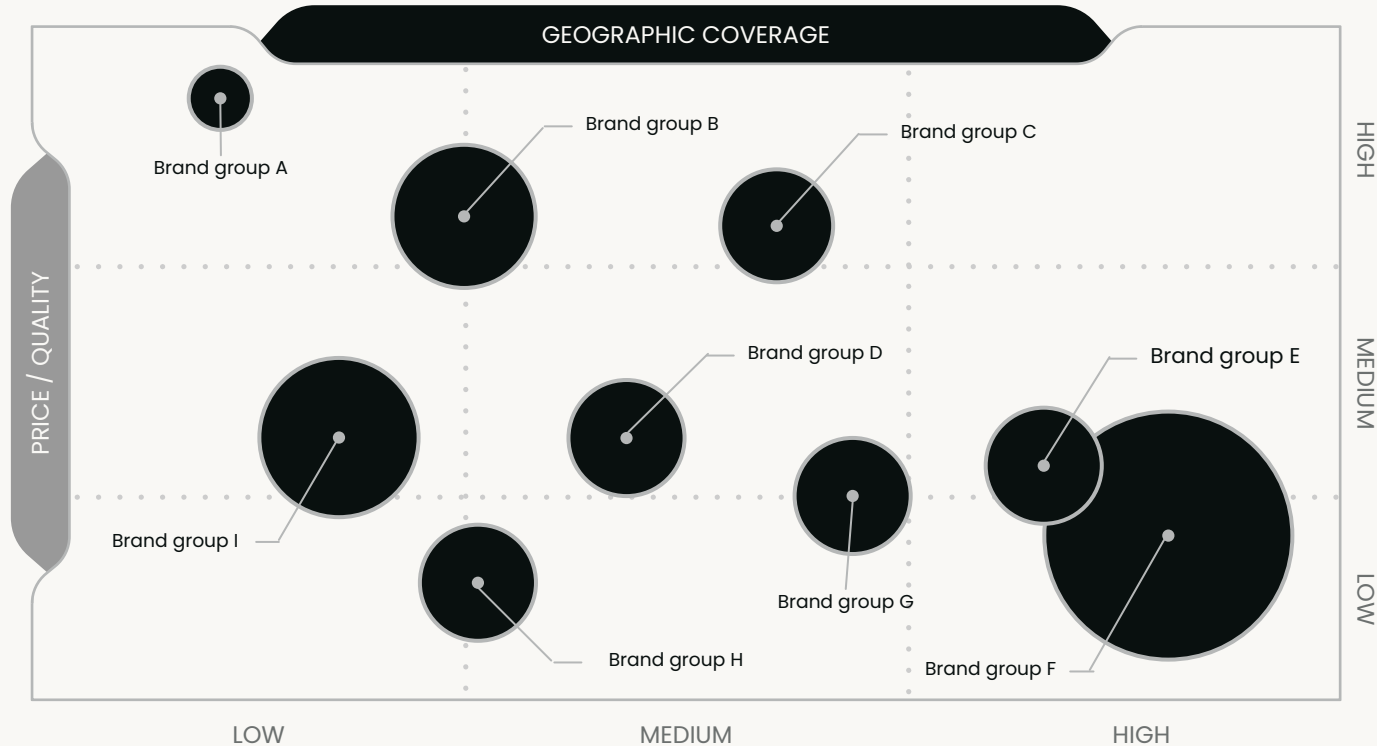
BCG growth-share matrix

The BCG matrix takes a look at a successful business product portfolio based on potential growth and market shares. It divides products into four main categories: dogs, cash shows, question marks, and stars.

MARKET GROWTH RATE

High

Low

Divest

Low

High

RELATIVE MARKET SHARE

Cash Flow

Desired Movement

Low growth, low share
"Dogs" operate in a low market share compared to competitors and operate in a slowly growing market

Low growth, high share
"Cash cows" are the most profitable brands and should be "milked" to provide as much cash as possible.

High growth, low share
"Question marks" are the brands that hold low market share in fast growing markets consuming large amount of cash.

High growth, high share
"Stars" operate in high growth industries and maintain high market share, Stars are both cash generators and cash users
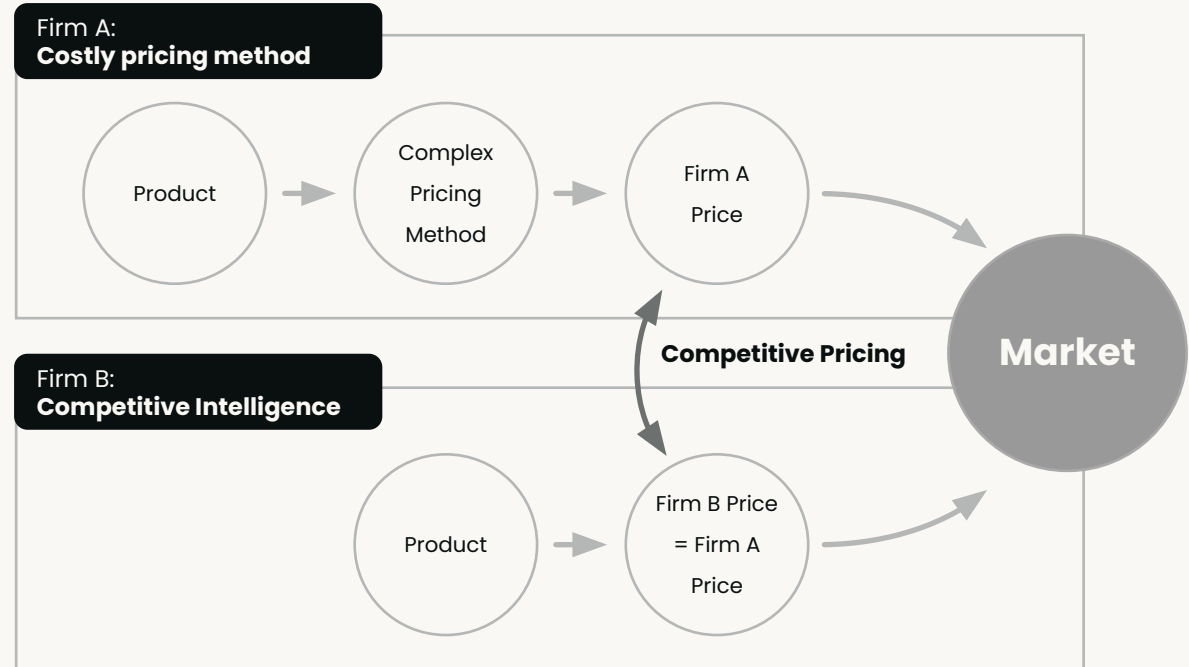
Perceptual map for competitive analysis

Identify key attributes that are relevant for your market and set them as axis on the map below. For a single brand you may have multiple perceptual maps on varying axis. Another good idea is to put the competing brand logos here next to the dots instead of the <Brand X> text. You can also show where you want your brand to move or map other brand movements with this tool.

HIGH QUALITY

XYZ Co.

Brand 1

Brand 4

LOW COST

Brand 7

Brand 5

XYZ Co.

Brand 3

Brand 5

Brand 2

HIGH COST

Brand 6

Brand 9

Brand 13

Brand 10

Brand 11

Brand 12

Brand 14

Brand 15

LOW QUALITY

Competitive Pricing

Competitive pricing intelligence can be an incredibly beneficial tool for product marketers to help increase their customer acquisition and in turn their overall revenue. The market is constantly evolving, and having the correct or incorrect price has a direct impact on sales and profitability. Customers aren't going to buy more than one similar product if they can help it, so you want to ensure that your product is affordable for the customer, but is also bringing in increased revenue and profit for the organization.

Firm A:
Costly pricing method

Product → Complex Pricing Method → Firm A Price → Market

Competitive Pricing

Firm B:
Competitive Intelligence

Product → Firm B Price = Firm A Price → Market

Market

Pricing below competition

Scenario A

Your average sales price is $7 (after accounting for repricing) and you make 100 sales in January for a total revenue of $700 and a total profit of $500:

($7 average sales price) x (100 sales)

= ($700 in revenue) - ($200 in costs)

= $500 profit

Scenario B

You charge only $5 on average for the phone case in hopes of driving more sales by being more competitive on price. In order to equal the $500 profit you earned in scenario A, you'd have to sell an additional 40 units in scenario B:

($5 average sales price) x (140 sales)

= ($700 revenue) - ($200 in costs)

= $500 profit

Scenario C

But, in scenario C, suppose that by dropping your price from $7 to $5 you manage to increase your January sales to 180 units, earning you $700 in profit, or an additional $200:

($5 average sales price) x (180 sales)

= ($900 revenue) - ($200 in costs)

= $700 profit

Price matching

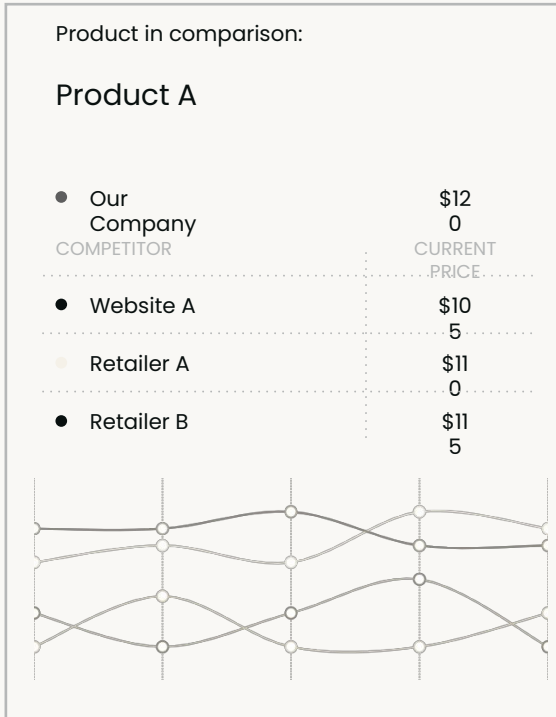| Match local competitors' in-store prices	Match local competitors' online retailer prices	Match specific online retailer prices	Chain will match prices offered by these online-only retailers
✓	✓		
✓		✓	
	✓	✓	
✓		✓	
✓		✓	
✓	✓		

Competitive pricing analysis

Our pricing

	PRICE	RIVALS	DIFF
Product A	$120	$105-$115	+12.50%
Product B	$72	$52-$85	+27.58%

1,522 Products

-15% -10% -5% 0% 1% 5% 10% 15%

+29%

Your product are +29% more expensive on average

Cheaper
310 Products

Equal Price
854 Products

More Expensive
388 Products

Competitor pricing

Product in comparison:

Product A

●	Our Company	$120
	COMPETITOR	CURRENT PRICE
●	Website A	$105
	Retailer A	$110
●	Retailer B	$115

Identifying the competitor

Customer
(Who)

4

Problem
(What)

1

2

3

Solution / Product
(How)
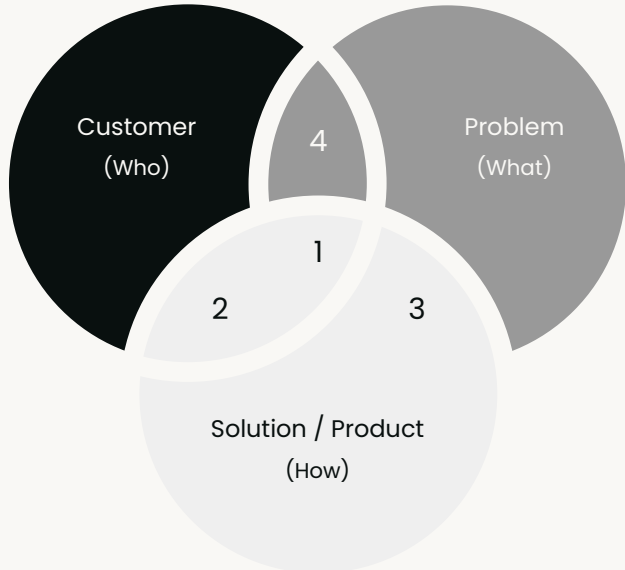
DIRECT COMPETITOR

1

Same customer, Problem and Product Category

DIFFERENT PROBLEM

2

Solving a different problem for the same customer but in a similar way

DIFFERENT CUSTOMER (INDUSTRY/VERTICAL)

3

Solving the same problem in a similar way but for different customers

DIFFERENT PRODUCT CATEGORY

4

Solving the same problem for the same customer but using different approach

Identifying the competitor (cont)

	CUSTOMER WHO	PROBLEM WHAT	SOLUTION HOW
US VS. COMPETITOR A (DIRECT COMPETITOR)	✓	✓	✓
US VS. COMPETITOR B	✓	Different Problem	✓
US VS. COMPETITOR C	Different Customer	✓	✓
US VS. COMPETITOR D	✓	✓	Different Solution

Competitive research

COMPANY A

Company A provides the most popular business solution at the moment. It is highly established and lauded as an effective solution. Its success continues to be driven by brand recognition and its ability to bill any contracted services.

• •

Running: 12 Years

CEO: Jacob Johnson

Size: 300-500

Revenue: $66M - $83M

COMPANY B

Company B is similar to us because it is software designed to shape various workplace processes. It is a tracking tool, registration tool, interaction tool and more. However, it does not have the freedom to create new, custom implementation the way our users can. As a software, it is the best on the market.

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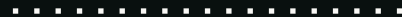
Running: 7 years

CEO: Jessica Robertson

Size: 90-150

Revenue: $24M - $35M

COMPANY C

Company C is specifically intended to improve communication. While it does not factor in as a direct competitor to momentum, the service aligns with the needs of its users well. At time, due to its ease of implementation, it is seen as a valid alternative to our product and solutions.
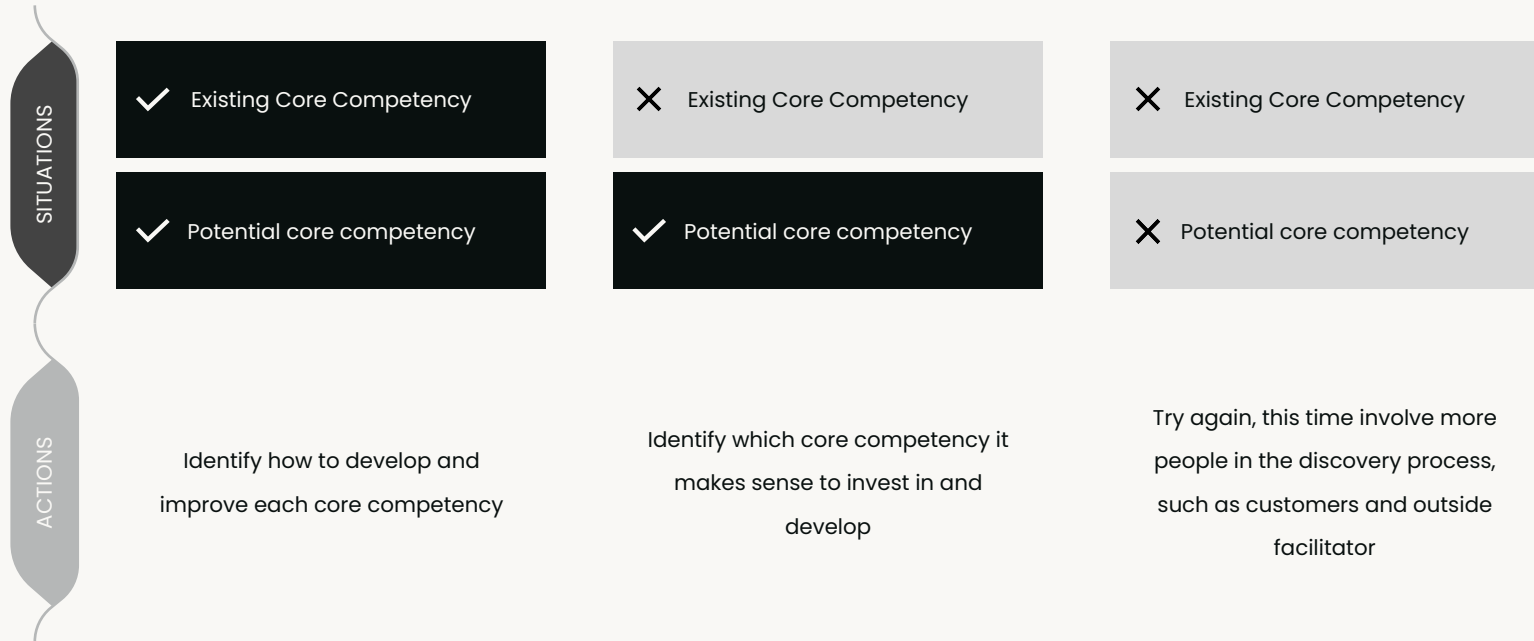
• •

Running: 4 years

CEO: Damian Smithson

Size: 30-70

Revenue: $12M - $18M

Core competency analysis

SITUATIONS

| ✔ Existing Core Competency | ✘ Existing Core Competency | ✘ Existing Core Competency |
| ✔ Potential core competency | ✔ Potential core competency | ✘ Potential core competency |

ACTIONS

Identify how to develop and improve each core competency

Identify which core competency it makes sense to invest in and develop

Try again, this time involve more people in the discovery process, such as customers and outside facilitator

Company comparison

Competency to products:

	CORE COMPETENCY	CORE PRODUCT	END PRODUCT
COMPANY A	Ability to miniaturized consumer electronics	Portable music device	Product name A
COMPANY B	Indexing technologies & large-scale hardware	Cloud based productivity tools	Product name B
COMPANY C	Strong brand and taste-making "authority"	Easy plug-and-play web design tools	Product name C
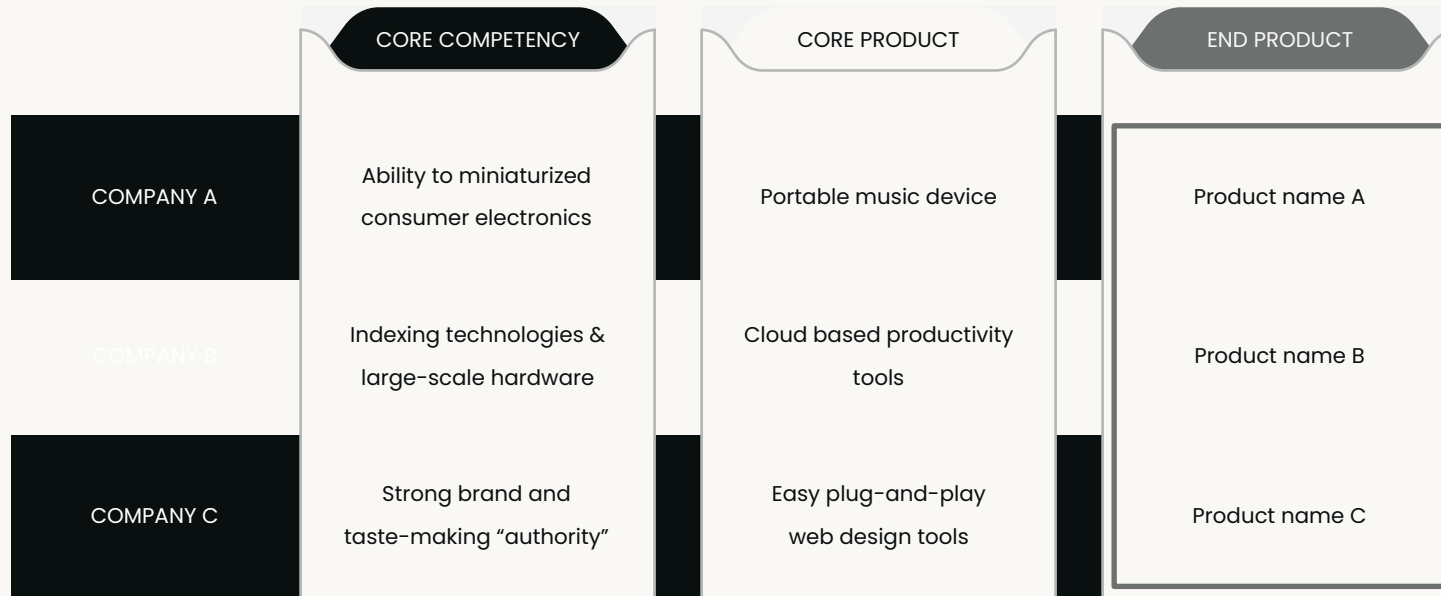
Testing core competencies

	COMPETENCY 1	COMPETENCY 2	COMPETENCY 3
Does it provide customer benefits?	✕	✓	✕
Is it difficult to imitate?	✓	✕	✓
Can it be leveraged widely?	✓	✕	✕

Core competency table analysis

COMPETENCIES	DESCRIPTION	IMPORTANCE	DEFENSIBILITY	COMP. STRENGTH
What are our key strengths (technologies, assets, business model, capabilities etc.) ?	What does this competency allow us to do ?	How strategic is it for the future? (1=Low; 10=High)	Can competitors copy it? (1=Easy; 10=Hard)	15+ = strategic capability & likely differentiator
Technology	Research & development	10	5	15
Human resources and talent	Product development	4	2	6
Self sufficiency	Secure and stable procurement and sourcing	2	4	6
Brand image	Ease of marketing and word of mouth	1	10	11
Distribution channels	Alternatives and backup options	1	1	2
Customer loyalty	Good NPS and retention	1	1	2

Market share comparison

Absolute market size shows how our company is faring in terms of our competitors. It also enables outside investors to evaluate our company's performance in the context of a larger market.

It's one thing for our company to report sales figures on our own, but presenting those figures in comparison to other companies in the same industry can paint a much broader picture.

65m

80m

55m

40m

OUR COMPANY

PRIMARY COMPETITOR

SECONDARY COMPETITOR

TERTIARY COMPETITOR
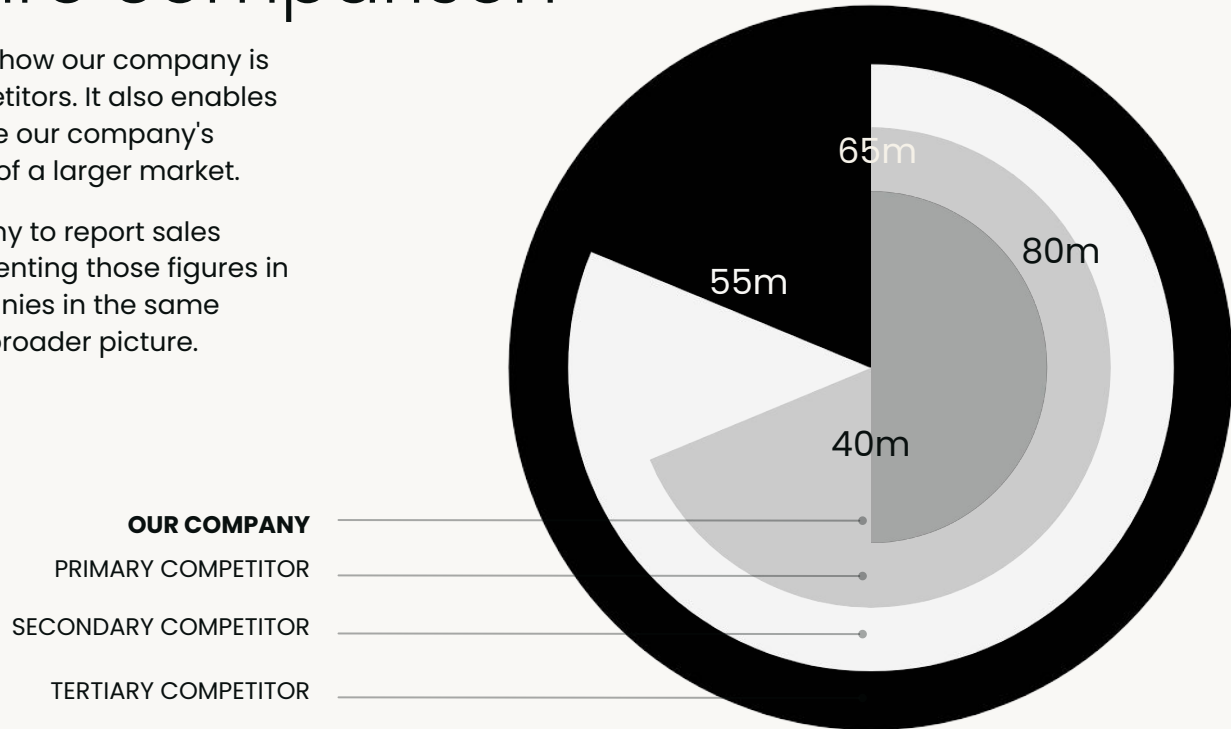
Market segmentation

By getting to know your market and competitors better, you can create and execute better marketing strategies from the ground up. Market segmentation can help you identify gaps in the market and determine how you fill them.

Our Company	**Primary Competitor**	**Secondary Competitor**	**Tertiary Competitor**
Age	Age	Age	Age
20-30	30-35	25-40	20-35
Gender	Gender	Gender	Gender
Both	Both	Female	Both
Income	Income	Income	Income
0-80k	50-120k	30-130k	0-100k
Employment	Employment	Employment	Employment
Students/Employed	Employed/Business	Employed/Business	Employed/Business

Value to user

Value to user

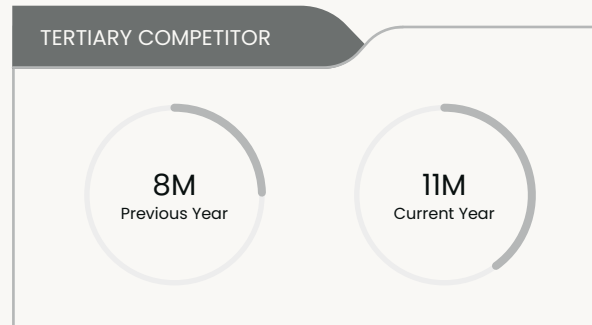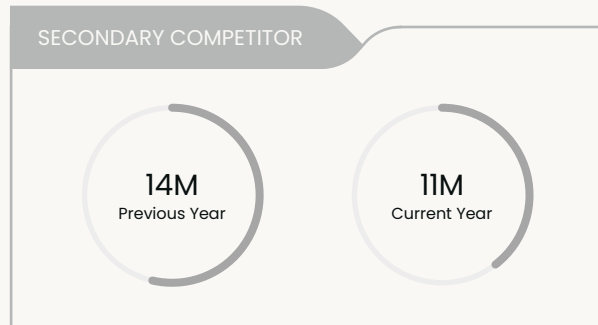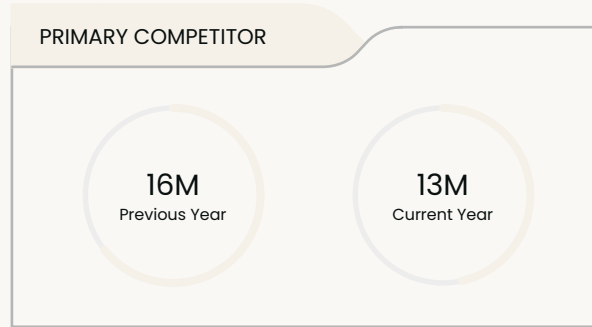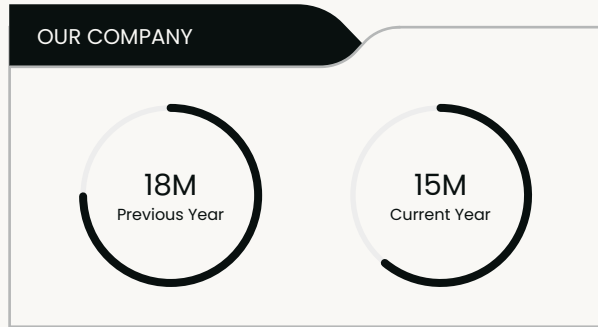|	MINT	FINANCE SOFTWARE	ONLINE BANKING	FINANCE SOCIAL NETWORK
EASE OF USE	Easily tracks and logs data from multiple sites.	Steep learning curves; UI cluttered with excessive features	Inconsistent layout, difficult to aggregate other sites	Intuitive interfaces: simplified features
COSTS	Free to use; automated billing and categorization.	Required initial investment and update fees	Integrated with bank account and bill pay	Users must contribute to add value
BENEFITS	Saves time, saves money.	Powerful feature set for keeping finances organized	International presence; strong advertiser network, existing users	Low quality user-generated advice

Product feature comparison

	Feature One	Feature Two	Feature Three	Feature Four	Feature Five	Feature Six	Feature Seven	Feature Eight	Feature Nine	Feature Ten	Feature Eleven	Overall Rating
OUR COMPANY												11
PRIMARY COMPETITOR												9
SECONDARY COMPETITOR												6
TERTIARY COMPETITOR												17

Excellent [+] ◆ — ◆ — ◇ Poor [-]

Product assessment comparison

PRODUCT FEATURES	OUR COMPANY	PRIMARY COMPETITOR	SECONDARY COMPETITOR	TERTIARY COMPETITOR
Design	✓		✓	
Price	✓	✓	✓	
Performance	✓	✓		
Quality	✓	✓		
Additional functions	✓			✓
Equipment	✓		✓	✓
Product service life			✓	✓
OVERALL ASSESSMENT	6	3	4	3

Sales revenue comparison

OUR COMPANY

18M
Previous Year

15M
Current Year

PRIMARY COMPETITOR

16M
Previous Year

13M
Current Year

SECONDARY COMPETITOR

14M
Previous Year

11M
Current Year

TERTIARY COMPETITOR

8M
Previous Year

11M
Current Year

Competitive portfolio analysis

CATEGORY	CRITERIA (AREAS OF OBSERVATION)	ADDITIONAL COMMENTS ON STRENGTHS & WEAKNESSES	COMPETITOR A								
			Poor			Equal			Better		
			1	2	3	4	5	6	7	8	9
MARKET	Marketing and sales						•				
	Sales structure/locations				•						
	Price/performance ratio			•							
PRODUCT	Quality						•				
	Cost structure/ cost advantage		•								
	Enterprise			•							
FINANCES	Liquidity							•			
	Cost development									•	
STAFF	Working climate						•				
	Staff training & education				•						
OVERALL ASSESSMENT							•				