

Competitive Analysis

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Who are my competitors?



How do I analyze them?

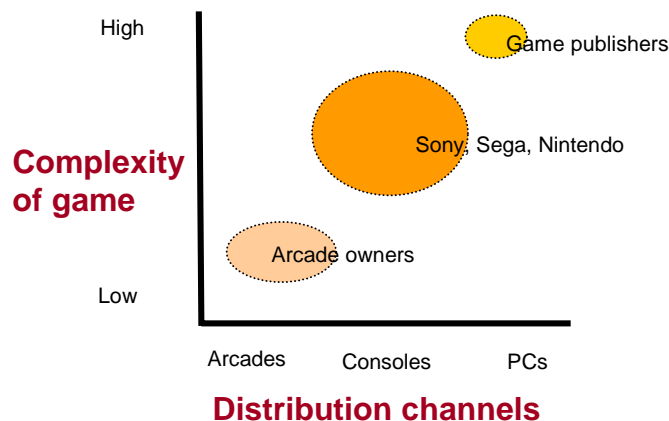
SWOT

Porter's Five Forces

Strategic Group Maps

PEST analysis

Strategic group map of the video game industry



There are many ways to analyze your competitors; we've selected the strategic group map technique. After answering a few questions, you'll be ready to draw a strategic map for your industry. This map will illustrate the competitive forces within your industry, your competitive position, and your competitors' positions.

Creating a strategic group map

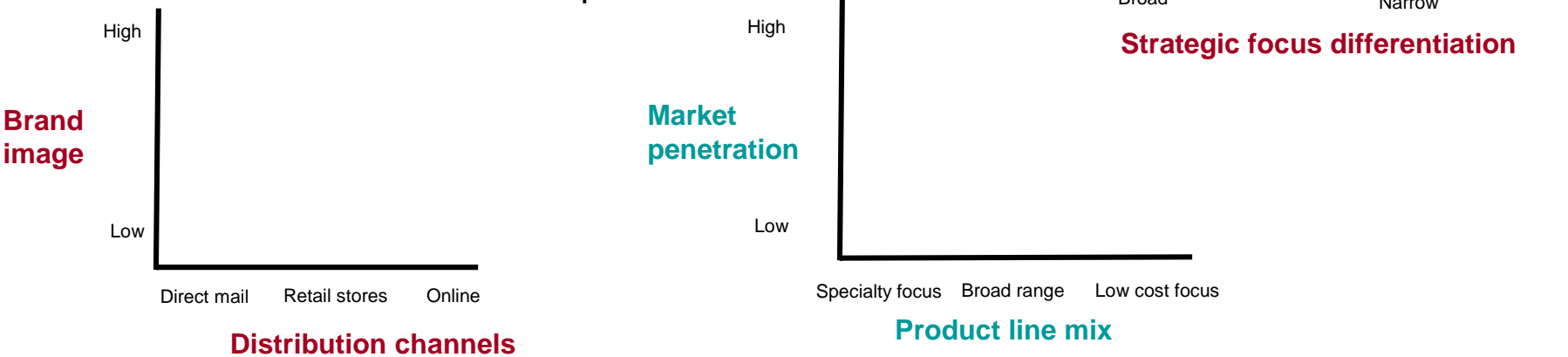
1. List your five nearest competitors.

These can be indirect or direct competitors but should be companies that compete closely with your product or service. These are the strategic groups that you'll plot on your map.

1. _____ (Direct)
2. _____ (Direct)
3. _____ (Direct)
4. _____ (Indirect)
5. _____ (Indirect)

2. Identify the two top competitive factors in your market.

One competitive factor should be expressed in a high to low range. The other variable is more flexible, but should still reflect the most important competitive factor in your market. These two factors will be the X and Y map variables.



Creating a strategic group map

3. **Create groups of competitors that fall into the same strategic space.**

Looking at the list from Step 1 and the criteria from Step 2, assess each competitor's strengths and weaknesses against the competitive factors. You should have 2-3 groups. Include your own company in one of the groups.

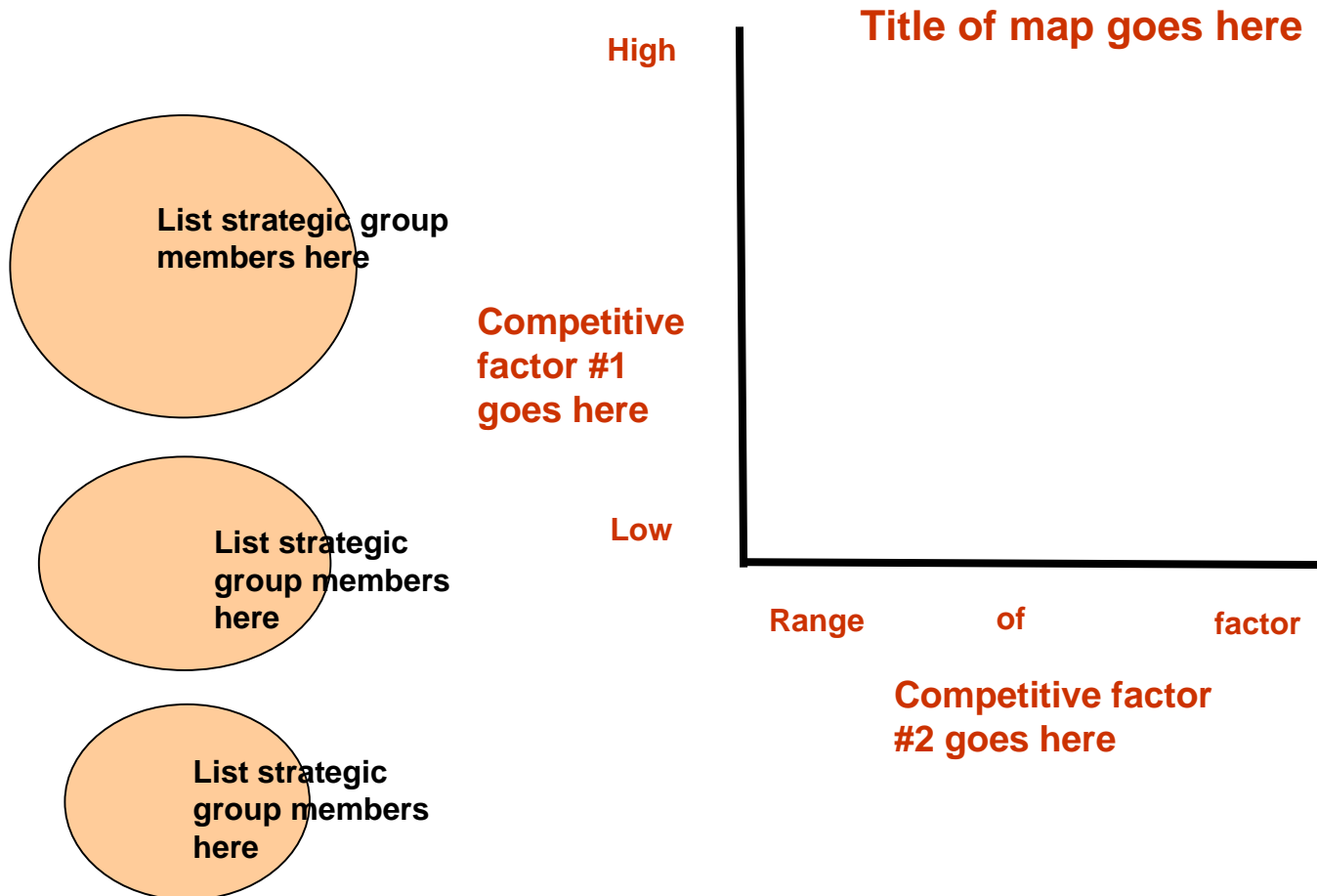
- Consider strengths that the companies have individually and strengths that they share.
- Consider unique characteristics of each company's product or service as well as any feature a company's product or service lacks.
- Consider market share, marketing approach, and product mix as well as any other relevant, industry-specific factors.

4. **Plot the strategic groups from Step 3 on your map.**

Draw circles around each group, making circles proportional to the size of each group's share of total industry sales.

Build your own map

Fill in the text boxes below with the information you've gathered in the previous slides. Adjust the size of the circles as needed and place them in the map.



Review your new map

Assess both the overall map and the position of each group.

- Are there any “empty” areas on the map that you or one of your competitors could move into by revising an existing product or launching something new?
- Could you improve your strategic position by moving to a different strategic group?
- What advantages do your competitors have that you lack? Are they significant to your position on the map or not?

In his book, [*Competitive Strategy*](#), Michael Porter recommends these analytical steps:

- **Identify mobility barriers:** Look at the qualities that protect each group from attack by other groups. This can help you to predict threats to the groups.
- **Chart directions of strategic movement:** Draw arrows from each group that represent the direction in which the group seems to be moving in strategic space.
- **Predict reactions:** Firms in the same group often react to an industry event in the same way.

If there are more than two important competitive factors in your industry, you can draw additional maps to get a more complete analysis of your competitive environment.