

# INNOVATION CHAMPION SERIES

UNDERSTANDING YOUR MARKET  
WITH A COMPETITOR ANALYSIS

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## **INNOVATION CHAMPION SERIES** **Understanding your Market with a Competitor Analysis**

### **About the Innovation Champion Series**

Innovation is an integral part of developing a resilient and diverse business. In today's changing business landscape, understanding key trends within sustainability practices, funding, collaboration and innovation development are pivotal in ensuring a business is able to fortify itself in changing market conditions. This report forms part of the Innovation Champion series. Developed by the Acceleration Through Innovation's Innovation Champion in collaboration with university academics, it services as a reference guide for businesses on relevant trends that have proven popular over the last two years, which can enhance the innovation journey. Innovation Champion reports on the following areas are available through ATI2's digital platform: The Innovation Studio:

Beginning your Innovation Journey with Stakeholder Mapping

Understanding your Market with a Competitor Analysis

The importance of Life Cycle Assessment

Research and the Importance of Horizon Scanning

Efficient Supply Chain Management for Businesses

Universities as a Collaborative Partner

Students as a Valuable Resource

Sustainable Packaging

Legislation and British Standards

If you would like any more information about The Innovation Champion Series, please email [ati.research@plymouth.ac.uk](mailto:ati.research@plymouth.ac.uk)

### **ABOUT THE ACCELERATION THROUGH INNOVATION PROGRAMME**

Acceleration Through Innovation 2 (ATI2) is a three year £3.4 million European Regional Development Fund (ERDF) project which supports business innovation across Cornwall and Isles of Scilly. Led by the University of Plymouth, the project drives a culture of innovation, supporting businesses who are looking to adopt innovative processes or who have aspirations to bring a new product or service to the market.

Businesses working with ATI2 benefit from fully funded support in a number of areas, including access to: valuable university resources, world-class research and innovation expertise, market research, specialist consultancy, guidance on IP and prototyping, and innovation grants.

# INTRODUCTION

## to Competitor Analysis

Over the past three years of the Acceleration Through Innovation project our Innovation Champion has been asked to undertake a range of competitor analysis for different clients. Like many, we believe this is a really important tool for undertaking and determining your business strategy and it is relevant at any stage within your business.

The tool is not sector specific and applies to any size of business and can enable you to determine whether your innovation can amass a sizeable market share. To undertake a competitor analysis it is important to determine what you want to learn and this guide will help you make the first steps into compiling your own competitor analysis.

If you feel after reading this report you would like help on the competitor analysis the Acceleration Through Innovation project can advise you to achieve a relevant working competitor analysis that can enable you to further your business and innovation journey.

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**"According to theory, the performance of a company within a market is directly related to the possession of key assets and skills. Therefore, an analysis of strong performers should reveal the causes behind such a successful track record. This analysis, in conjunction with an examination of unsuccessful companies and the reasons behind their failure, should provide a good idea of just what key assets and skills are needed to be successful within a given industry and market segment."**

*[www.entrepreneur.com](http://www.entrepreneur.com)*

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# WHAT IS A COMPETITOR ANALYSIS

A competitor analysis is a strategy where you identify major competitors and research their products, sales, and marketing strategies. By doing this, you can create solid business strategies that improve upon your competitors'.

The degree of the competitor analysis is dependent on what you wish to achieve from the analysis. At the start of your innovation journey you will need to set out the framework of what you wish to learn, whether the analysis is based on the companies involved in your market or a more in-depth analysis on the key products that you are competing with. As with all market research and business strategy – are you asking the right questions. If you do not know the question how do you find the right pathway to the answer.

For me the competitor analysis should always be a working document as the

market is constantly changing, with new trends appearing and situations changing. In theory you should schedule time in your process to revisit the analysis to understand whether, due to your innovation, your competitors have changed their direction. For example if you were an online training provider, during the COVID-19 pandemic, the your competitors have changed. Face-to-face training is now being presented online thus your competitors have changed and increased. Therefore a new version of the analysis would be beneficial to you.

This process will enable you to understand your place within the market – are you following your projected trajectory on your 'S curve' or do you need to re-evaluate your strategy?


# BENEFITS

## of a Competitor Analysis

There are many benefits to undertaking a competitor analysis other than a tool to learn about your direct and indirect competitors. These range from helping you to profile your customer and define your marketing strategy. It could inspire a new product innovation or a new way of engaging with your customer that you have not thought of. Below I have highlighted the main benefits but there are others which depend on the strength of your analysis.

### Understanding your market

- One of the main benefits to a competitor analysis is your ability to understand the market you are entering into or are already a part of. The analysis enables you to get an overview of your competitors – what is their market share? Are they able to expand their products or services to interrupt your innovation journey? It enables you to look at the strategies of your competitors, see any flaws or actions you may wish to adopt. For many innovators the adage of don't reinvent the wheel, just learn from it and adapt it to suit your purpose could apply here. Learn by their mistakes and make sure you do not make the same mistakes.

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- The analysis gives you an overview of the size of the sector, how many companies are in the sector and how many companies could potentially enter the sector if the situation changes.
  - Both of these benefits can lead to helping you to determine your marketing strategy. How do your competitors advertise? Are there any platforms you have not looked at which may help you in gaining market advantage?

### **Market trends and identifying gaps in the market**

- As the competitor analysis gives you an overview of the whole of your sector, it enables you to identify any potential gaps in the market that can be explored as part of your business strategy. This is really useful if you are entering a new innovation journey: are you entering a market that is oversubscribed? Are there any adjustments you need to make before devoting any further investment into the process? The competitor analysis can save you money and help you develop your business case for a new product or service. Detailed competitor analysis can aid investor relations, highlighting you know your market and that you have identified any gaps or risks that may occur in the future.
- Identifying market trends are extremely important at any stage within the business. The competitor analysis enables you to analyse your competitors and the sector, which will enable you to identify and plan for any market trends.

## Enabling better financial planning

- Understanding market share of your own business and that of competitors informs the research and planning of your financial strategy. Is the profit margin right for your product? Are you able to gain investment based on your market share and the market within your sector?
- The analysis helps you to define a price point for your product in terms of similar products on the market. Determining your price point needs a lot of research and planning and the analysis aids with the first stages of this. Are you marketing your product or service at an achievable price point? Understanding how much your competitors are charging enables informed planning.



# LIMITATIONS

## of a Competitor Analysis

**Like all strategies and tools there are limitations that you need to be made aware of prior to entering into the process.**

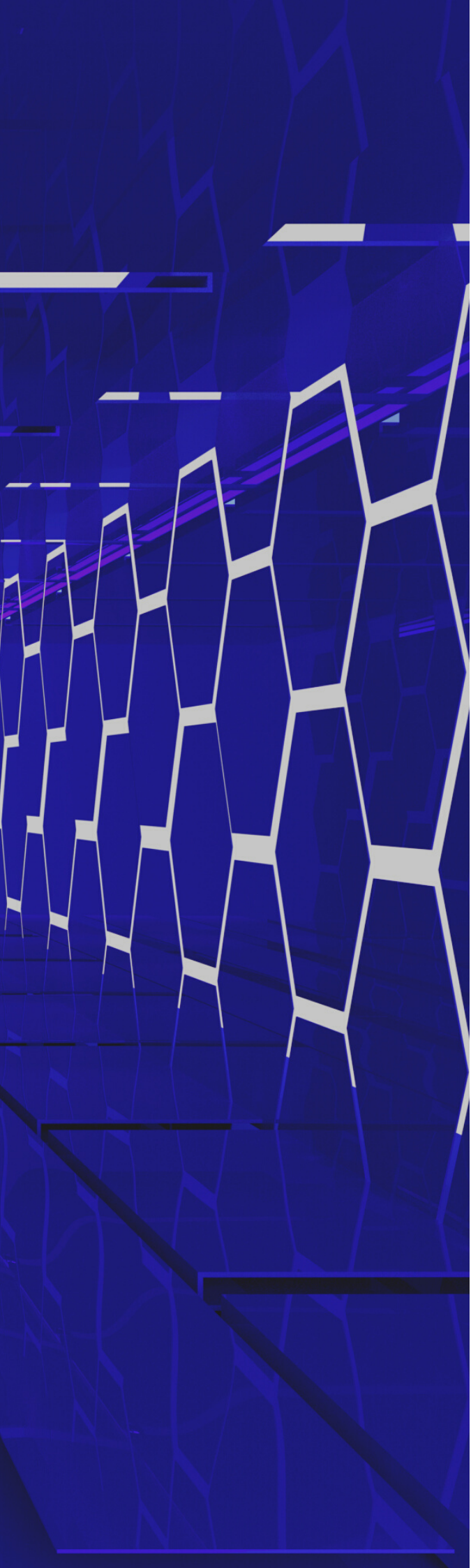
### **Is this an accurate picture?**

- A proportion of the data contained within the competitor analysis is reliant on subjective data. If looking at products, review data is highly subjective and needs to be analysed as such. Does the review come from an independent review site or is the website selling the product? Is the review trustworthy or could it be fabricated to make the product sell? Many people search sites that have top 10 lists compiled. Is this data accurate or have the companies paid to be part of the list?

### **Remember to look at the whole picture and keep innovating.**

- Don't rely on a single competitor analysis to justify not taking steps to further your product or service. "As long as we appear to be doing better than someone else, we can feel that we must be doing well, so we don't need to change," wrote James R. Lucas in *Fatal Illusions*. This can be a fatal problem for business not constantly looking at their innovation strategy.





## Snapshot of time

- The competitor analysis is only a snapshot of the data at any one time, the market is constantly changing and your competitors will be trying to gain market share just like you so don't just sit back and believe you are doing better than your competitors so do not have to focus on your business.
- The competitor analysis is only as good as the information contained within it. Many businesses undertake a competitor analysis without looking at adjacent market competitors and only believing they have a few key competitors. Look at the whole market. As we live in a global society now, goods and services can be bought from across the globe. Most of the time your market will not just be your local region. This is especially relevant to products as the internet has opened up more markets than ever before.

# THE FUNDAMENTAL STEPS OF A COMPETITOR ANALYSIS

## **There are fundamental steps in undertaking a Competitor Analysis.**

The first stage of the process is to define what you want to achieve from undertaking a competitor analysis. Ultimately it is an aid to helping you understand your place or potential place within the market. But you need to ask yourself:

- What do we need to know?
- What do we already know?
- How much will it cost to get it?
- What could it cost not to get it?

Most of the information you are gathering can be found on publicly available sources. A web search will give you the broad picture and competitor websites are a good place to start your research. Think about the terms your customers would input for online searches. You may not get all of your competitors if you are too specific. Remember you are looking for direct and indirect competitors. You need a broad picture not just the competitors you know about.

In some cases to get the answers you

need, you may need to look at information that you need to pay for. Detailed company reports can be obtained from websites and many data companies provide sector specific information. For example in the UK to find out about the alcohol market you could obtain data from the Institute of Alcohol Studies or sites such as Just Drinks.

When looking at the data, public or paid for, evaluate each piece of data prior to obtaining it:

- How relevant is it to me?
- How old is the data?
- Is the data verified?
- What am I getting for my investment?
- Is the data from an independent source or has it been produced by one of my competitors?
- Is the review written by an independent source or by my competitor?
- Is the article sponsored by one of my competitors to highlight the product to the customers? – the example here, is this an independent review or a compilation of sponsored items from your competitors?



This will help you to focus on the companies that are your direct competitors. A detailed SWOT analysis and company analysis can be undertaken to further your competitor analysis, which a member of the Acceleration Through Innovation team can aid you with.

Starbucks (see example) define their competitors into global and regional categories. They have looked at those in similar size to the original company rather than mention every available coffee shop.



Source: <https://www.slideshare.net/DavidSorianoMcGuinness/starbucks-coffee-analysis>

## Product Focused Analysis

In addition to a company analysis you may want to focus on the products that are in direct competition to yours if you are focusing on a new product line. This table will include some of the same information but it will include more features as you need to compare it to your product:

- Company
- Website
- Website Views
- Materials
- Price
- Customer Review
- Features

- Aimed at
- Advertising strategy
- Customer loyalty
- Strengths
- Weaknesses
- Endorsements
- Blogs in which it is mentioned
- TV spots

Always remember to analyse your product in the same way, how would competitors see your product if they were undertaking a competitor analysis on you? This will provide you with a full picture of your competition and how you fit in with them.

The Acceleration Through Innovation programme can support you further on undertaking stakeholder mapping. Please contact your Innovation Business Advisor for further information.

If you have any questions or comments regarding the contents of this paper, please contact [ati.research@plymouth.ac.uk](mailto:ati.research@plymouth.ac.uk)

The views expressed within this paper are those of the Innovation Champion and are not necessarily representative of the University of Plymouth.

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