

Competitive Analysis Tool

Getting Started

Understanding your competition starts at the industry level and flows down to each individual and specific company that is currently serving the market and customers you want. You need information at all those levels. This tool familiarizes you with traditional ways of looking at your competition, then guides you in thinking through your competitive strategy. You'll first look at Five Forces and then a SWOT analysis tool for you to complete about your own company.

The Five Forces model helps you understand how your industry works so you can plan how you will work within your industry. In the table below we've walked through each force using a large-company example that you are likely all familiar with to get you started.

Forces	Guiding Question	Industry Examples (Cable Companies and Mobile Phone Manufacturers)
Competitive rivalry	Is there a high level of rivalry between competitors in the market?	<ul style="list-style-type: none"> • Both have high levels of rivalry in the market
Bargaining power of suppliers	How much power does the supplier have to raise prices in the industry?	<ul style="list-style-type: none"> • Supplier has moderate power to raise prices. • Increasing prices may cause customer switching.
Bargaining power of customers	How easy is it for customers to switch between products or services in the industry?	<ul style="list-style-type: none"> • It is extremely easy to switch at the end of their contract.

Forces	Guiding Question	Industry Examples (Cable Companies and Mobile Phone Manufacturers)
Threat of new entrants	How easy is it for competitors to join the market?	<ul style="list-style-type: none"> • Historically, it has been difficult for competitors to join the market due to the large capital expenditure required for infrastructure. • Streaming services are a major threat to the cable companies.
Threat of substitute products or services	How does the competitor's prices and quality compare to yours?	<ul style="list-style-type: none"> • Call Quality (more or fewer satellites): slightly higher prices for better quality • Broadband Connection: (satellite, fiber, digital subscriber line (DSL), broadband): slightly higher prices for better quality

Now that you've thought through your industry, you need to identify your competitors, first by type and then specifically by name. In order to answer any questions about your competition, you need information. There are a multitude of resources, many of them free, that you can use to find data on your industry and competitors in general. Many of these can also be used to learn about your customers' demographics. The information from these sources should then be combined with what you can learn about your specific competitors. Some good places to start are:

Categories

- General Business Statistics
- Demographics
- Consumer Statistics

Needs

- Industry Data and Statistics
- Targeted Populations
- Potential Customers
- Consumer Markets

Resources

- **U.S. Census Bureau:** The Census Business Builder uses census data to determine the best location for your business.
- **SizeUp:** SizeUp will help you manage and grow your business by benchmarking it against competitors; mapping your customers, competitors and suppliers; and locating the best places to advertise.
- **American FactFinder:** The American FactFinder is a comprehensive tool that helps locate popular facts (population, income, etc.) and frequently requested data about your community.
- **Bureau of Labor Statistics:** The Consumer Expenditure Survey measures the spending habits of U.S. consumers and includes data on their expenditures, income and demographic characteristics.
- **Consumer Credit Data:** The Federal Reserve analyzes patterns in consumer credit trends.
- **Consumer Product Safety:** The Consumer Product Safety Commission will help you assess how safe your competitors' products are.

SWOT Analysis

At this point you should have identified your competitors and used the resources above to learn about them. Now use the information you've gathered to consider your competitive position by filling out the SWOT table with the strengths, weaknesses, opportunities and threats related to growing your business. We've provided an example of a small card company as guidance so you can see yourself in the tool.

SWOT ANALYSIS EXAMPLE

	<p>STRENGTHS (Internal/Company) Proprietary designs, affordable artistic product</p>	<p>WEAKNESSES (Internal/Company) Millennials don't send as much mail as people used to.</p>
<p>OPPORTUNITY (External/Market) Reliable opportunities to sell cards for birthdays, holidays like Valentine's Day, Christmas, etc...</p>	<p>Develop exclusive themed cards that you can't find anywhere else.</p>	<p>Marketing and sale location are crucial factors in targeting last-minute shoppers.</p>
<p>THREATS (External/Market) E-cards</p>	<p>Designs are easily digitized and adaptable to e-card market.</p>	<p>Customers won't find product and will instead rely on bigger-name products or free e-card companies.</p>

SWOT ANALYSIS TABLE

	<p>STRENGTHS (Internal/Company)</p>	<p>WEAKNESSES (Internal/Company)</p>
<p>OPPORTUNITY (External/Market)</p>		
<p>THREATS (External/Market)</p>		