

Competitor analysis and competitive edge

What Is Competitor Analysis?

Competitor analysis ('CA') is the in-depth study of one or more rivals (or potential rivals) to gather information on their structure, strategies, strengths, weaknesses and future directions. This information is then used to make informed decisions about everything from marketing to long-term business strategies.

How much do you really know about your competitors?

Ask yourself these questions

- Who are your real competitors, the ones that you watch carefully?
- What can they do (or provide) that you can't?
- Do you have a short list of their clients that you would like to have?
- Can you determine what your competitors are going to do next?

Do not be afraid to go after your competitors' clients after all this is exactly what they are doing to yours. Current research says that clients are being approached by professional service firms at least four times per year – are you confident that they will say “No we are happy with law firm X, you are offering nothing better”?

So how do we start to achieve it and why bother?

There are various approaches to gaining and maintaining the edge over your competitors. At one level this can mean ensuring that your services are actually better than theirs. At another it can mean ensuring you are better at marketing your services, even if they are very similar to those of your rivals. But succeeding in these areas requires you to actually know how your competitors are operating. Certain basic information about them - their products/services, list prices and the features/benefits they are pushing to clients - can be obtained relatively easily. This at the very least gives you a starting point for positioning your prices appropriately, and setting out your selling points. But it stands to reason that the more you know about your competitors, the better equipped you are to stay ahead of them.



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Gaining a competitive edge

The above process is a vital first stage of gaining a competitive edge. Once the information is available, an organisation can then determine their own strategy for gaining, and maximising, the 'much desired' advantage over their competitors.

Some basic guidelines to achieve this are listed below:-

You should: -

- strive continuously to improve perceived customer value;
- be proactive rather than reactive; be quicker in interpreting emerging market requirements;
- be more innovative with solutions;
- reduce 'turn around times';
- develop partnerships with clients.

Tools that will assist with the above: -

- A client relationship management systems
- Effective cross selling
- A client research programme
- A client feedback programme