

Analysis of the current situation

Marketing Plan NOW
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Chapter 1 out of 4
Competitive Analysis

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1.3 Competitive analysis



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1.3 Competitive analysis

1.3.1 Qualitative analysis

Now that at least two markets have been identified (1.2.1), you should realize who represents **direct competition** to your business in each of your markets (“playgrounds”)!



1.3 Competitive analysis

1.3.1 Qualitative analysis

Most businesses recognize their real competitors as they realize the definition of **direct competition**:



Any commercial offer that caters to similar needs of the customer.

That's why the customer is the only one that can point at your competitors.

1.3 Competitive analysis

1.3.1 Qualitative analysis

- Formulate one “if-then” question that suits your offer, such as:

“If you had not buy from us, from who would you consider to... ?”

“If we were to be closed, where would you have gone to buy... ?”

“If there was a long queue to our shop, where would you have... ?”



1.3 Competitive analysis



1.3.1 Qualitative analysis

- Address the question to your customers.
- Try to evaluate any patterns in the answers.
- “Welcome to your direct competitors”.
- Move into quantitative analysis to complete your competitive analysis.

1.3 Competitive analysis

1.3.2 Quantitative analysis

There is a recommended way to analyze competition by quantitative reasoning.

To do so we can use a comparative model based on **C**ritical **S**uccess **F**actors

To complete a CSF matrix you can call upon professional expertise, talk to your customers or simply draw assumptions, but what is a CSF Matrix?



1.3 Competitive analysis



1.3.2 Quantitative analysis - CSF Matrix

CSF	Fixed weight 1.0 (or 100%) <i>a</i>	Your business		Direct competitor-1	
		1-10 (10=J) <i>b</i>	weighted result <i>c</i>	1-10 (10=J)	weighted result
Total	1.0				

This is a CSF Matrix, but how can we use it ?

1.3 Competitive analysis



1.3.2 Quantitative analysis - CSF Matrix

CSF of a Students bar	<p>Step 1</p> <p>Select four major critical success factors assuming that if a business has them to a full extent within its own market - it has a greater chance to succeed. These critical factors must be dependent of the business.</p> <p>Let's take an example of a students bar in the vicinity of a large university.</p>
Attractiveness of the service staff	
Type of music	
Interior design	
Quality of alcohol	
Total	

1.3 Competitive analysis



1.3.2 Quantitative analysis - CSF Matrix

CSF of a Students bar	Fixed weight 1.0 (or 100%)	Step 2 Allocate the estimated weight per success factor.
Attractiveness of the service staff	0.4	
Type of music	0.3	
Interior design	0.2	
Quality of alcohol	0.1	
Total	<u>1.0</u>	

1.3 Competitive analysis



1.3.2 Quantitative analysis - CSF Matrix

CSF of a Students bar	Fixed weight 1.0 (or 100%) <i>a</i>	Your business		Step 3 3.1 Allocate a grade of 1 to 10 per CSF to your business (<i>b</i>), based on information sources such as your customers & suppliers (ordinal scale). 3.2 Calculate the weighted result in column "c" ($a \times b$) and sum it up - in this case it's 7.6 out of 10
		1-10 (10=J) <i>b</i>	weighted result <i>c</i>	
Attractiveness of the service staff	0.4	7	2.8	
Type of music	0.3	8	2.4	
Interior design	0.2	9	1.8	
Quality of alcohol	0.1	6	0.6	
Total	<u>1.0</u>		<u>7.6</u>	

1.3 Competitive analysis



1.3.2 Quantitative analysis - CSF Matrix

CSF	Fixed weight	Your business		Direct competitor-1	
	1.0 (or 100%) <i>a</i>	1-10 (10= <i>J</i>) <i>b</i>	weighted result <i>c</i>	1-10 (10= <i>J</i>) <i>d</i>	weighted result <i>e</i>
Step 4					
4.1 Allocate a grade of 1 to 10 per CSF to your direct competitors (<i>d, f, etc</i>) based on information sources such as experts, customers & suppliers					
4.2 Calculate the weighted result in column “ <i>e</i> ” ($a \times d$) & sum it					
4.3 Compare and assess the perceived results: columns <i>c</i> & <i>e</i>					
Total	<u>1.0</u>		<u>7.6</u>		<u>8.5</u>

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