

# MARK4900: MARKETING STRATEGY

Summer, 2002

## TERM PROJECT: Option B. COMPETITIVE ANALYSIS

This involves developing a competitive analysis between two(2) companies in an industry. Each group will pick an industry. Within this industry, two companies will be chosen:

1. A company which is doing well, and
2. A company which is not doing as well as 1.

(Your selection of two companies will have to be approved by the instructor, although you will be given considerable freedom to follow your own interests. A brief note identifying the industry and the two companies is due along with your project preface-see schedule. Since the project will require a significant amount of time and effort it is important that you select companies in which you are personally very interested.)

The task is to:

(a) Completely analyze and compare these two businesses with regard to their marketing practices. In particular, you should focus on the analysis of marketing issues (e.g., customer, competitor, industry, technology, government, self, product (features), pricing, distribution (incl. sales force), advertising, sales promotion analyses), which you feel are important in explaining the differences between the performance of two companies. Non-marketing reasons should be briefly mentioned. Of course, you will only focus on the particular issues which are important for explaining the differences in performance between the companies you have chosen.

(b) Suggest actions and strategies (on each issue), which you feel would enable the weaker and stronger company to improve its market position. Clearly outline your assumptions and thinking.

In grading the plan, I will use the creativity/originality and clarity of exposition, depth and breadth of research of the environment and situation, and the quality of presentation as the criteria.

## COMPONENTS OF A COMPETITIVE ANALYSIS

### Introduction/Executive Summary:

Identify the industry and firms chosen with some background of the industry and a quick summary of the performance of the two chosen firms to justify why one is a superior performer and the other one is not. Also, outline the key marketing factors (pick 2-5 factors, say Positioning, Pricing, and Distribution) that you deem critical in explaining the different levels of success or failure of the two firms.

### Competitor Analysis

Overview: Names of competitors - At first glance, this may seem like an exercise in list-making. Obviously, if you sell ice cream by the cone, your competitors include other ice cream vendors. However, you're also competing with other dessert treats offered by grocery stores as well as other items competing for consumers' discretionary funds. So, list all of your (direct and indirect) competitors and provide a BRIEF idea about who they are and what they do.

From here on, your analysis should focus on just the 2 companies (selected earlier):

Strengths and weaknesses of each- It's important to see the strengths and weaknesses from your customer's viewpoint, not yours. List their strengths and weaknesses. State how you will capitalize on their weaknesses and meet the challenges represented by their strengths. Analysis should focus on: Products/Services & Market Shares, Competitive Evaluation of Product, Distinct Competitive Advantage, Competitive Weaknesses, Future Competitors.

Strategies and objectives of each- This information might be easily obtained by getting a copy of their annual report. Probably, however, you will need to do some detective work or conduct an analysis of many information sources to understand competitors' strategies and objectives.

Strength of the market - Is the market for your product growing sufficiently so there are plenty of customers for all market players? Or, is the market so tight you are selling primarily to your competitors' customers? (If so, you need to have a strong competitive advantage.)

Analysis:

Expand on each of the marketing factors that you identified and analyze how they may have contributed to the performance of the firms. Discuss the current and perceived future status of each of the firms.

Recommendations:

What recommendations do you have for improvements for both firms. You may want to concentrate more on the less successful firm but any suggestions for improvement of the more successful firm will be useful as well.

I have put up an example of a good report (Southwest Airlines vs. America West Airlines) that may be of some help in the preparation of your project. Take a Look.

Some suggestions to increase the probability of generating a very good project are:

- Define the industry carefully. Don't designate the industry as all restaurants, and then compare McDonald's to the Good Earth. If you decide to pick two large companies, such as IBM and AT&T, carefully constrain the product class, e.g. personal computers, so as to avoid a mega-corporation analysis.
- Attempt to develop some structure before you go about collecting information. The laundry list may be helpful in this regard.
- Be flexible on your sources of information. Discussions with key executives, current and potential customers, competitors, published information from public sources and the company, personal observations, etc.

### **Ideas for gathering information about Companies**

- Internet - Read Researching on the Internet for more detail about this powerful tool.
- Personal visits - If possible, visit your competitors' locations. Observe how employees interact with customers. What do their premises look like? How are their products displayed? Priced?
- Talk to customers - Your sales staff is in regular contact with customers and prospects. Your competition is also in contact with these people. Learn what your customers and prospects are saying about your competitors—and about you, too!
- Competitors' ads - Analyze competitors' ads to gain information about their target audience, market position, product features and benefits, prices, etc.
- Speeches or presentations - Attend speeches or presentations made by representatives of your competitors.
- Trade show displays - View your competitor's display with a critical eye and from a potential customer's point of view. What does their display "say" about the company? Even observing

which trade shows or industry events competitors attend provides information on their marketing strategy and target market.

- Written sources:
  - General business publications
  - Marketing and advertising publications
  - Local newspapers and business journals
  - Industry and trade association publications
  - Industry research and surveys
  - Computer databases (available at many public libraries)
  - Annual reports
  - Yellow Pages

Hint: Create a file for each competitor. As you run across things like their marketing literature, tips from sales people or customers about them or articles that mention them, place it in their file. Then, when you're ready to conduct or update your competitor analysis, you will already have some relevant resources.

In grading the project, I will use the clarity of exposition, depth and breadth of research of the environment and situation, and the quality of presentation as the criteria. Most importantly, I will be interested in reading your recommendations and the justifications for the suggestions made by you. Clearly outline your assumptions and thought processes.