

# How to Create a Competitive Analysis and Increase Your Market Share

By [Barry MacKechnie](#), Founder and President of CEO-Services

One of the best ways to outperform your competition is to understand how you differentiate your products or services from those of your competition. By completing a competitive analysis you will learn how you differentiate yourself from your competitors, where to focus your sales, marketing and business development activities so that you maximize the exploitation of your competitive advantage to gain market share from your competition.

Here's an easy approach to completing a competitive analysis.

## Competitive Factors

The first step in a competitive analysis is to identify the competitive factors of your industry. Many companies compete on the competitive factors such as the following:

1. Price
2. Quality of products or services
3. Customer Service
4. Financial Stability
5. Location

Identify what you think are the competitive factors for your company. Get feedback from your customers, vendors and employees. Limit your competitive factors to the top 5 for your company and your industry.

## Competitive Factor Weighting

Once you have identified your competitive factors you need to estimate how much influence each of the factors has on your customer's buying decision. In my ensuing examples I am going to base my sample survey on an industry where the customers identify and rate the competitive factors as follows:

Price	40%
Quality	35%
Customer Service (product knowledge)	15%
Financial Stability	5%
Location	5%

What are the top 5 competitive factors for your company? Identify your competitive factors and then get feedback from customers, vendors and employees.

## Competitors

The next step is to identify your top 5 competitors. Your top competitors compete with you to sell similar products or services to the same customer base, region, etc. that you service.

**Collect and compile the data**

Now that you have defined the competitive factors and named your competitors it is time to collect and compile the data into a table that you will use as a survey to send employees, customers and vendors. Your survey will ask for their rating of how you compete on the various factors as compared to your competitors. Have at least 10-15 people fill out the table with a rating of 1-10 with 1=Not competitive to 10=Extremely Competitive. The following is an example of a completed table:

<b>Competitor</b>	<b>Price</b>	<b>Quality</b>	<b>Customer Service</b>	<b>Financial Stability</b>	<b>Location</b>
Your Company	8	10	10	8	7
Competitor #1	10	6	6	7	7
Competitor #2	9	6	5	5	7
Competitor #3	9	5	5	5	7
Competitor #4	7	7	8	6	7
Competitor #5	7	7	7	5	7

Have those that fill out the table above also complete an estimation of how much the competitive factor influences their buying decision such as the following example:

<b>Competitive Factor</b>	<b>% of importance in buying decision</b>
Price	40%
Quality	35%
Customer Service	15%
Financial Stability	5%
Location	5%
Total (Must equal 100%)	100%

Collect all of the surveys and average out the results from all of the data.

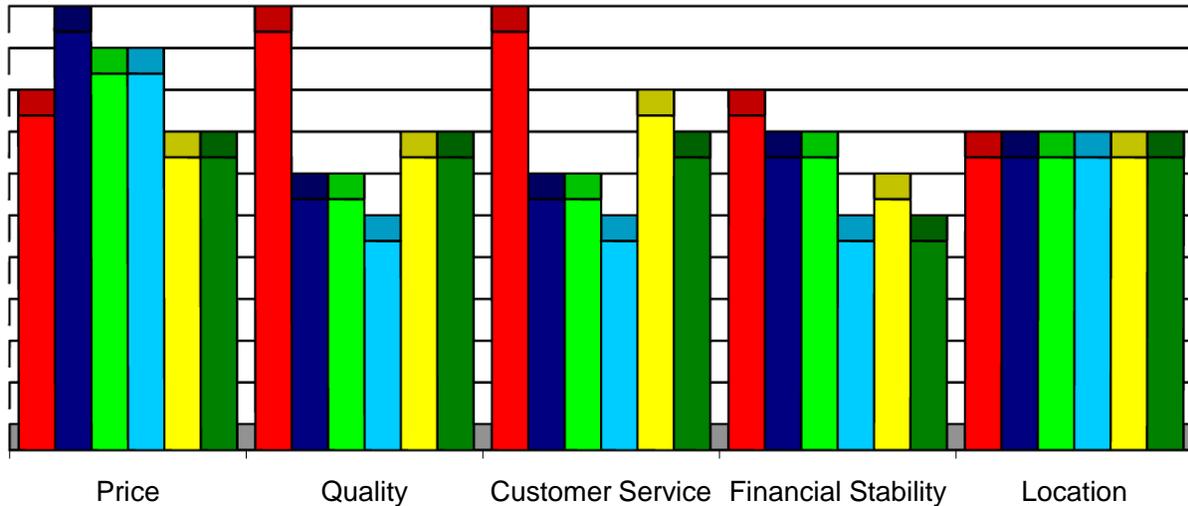
**Competitive Analysis**

**Raw data**

Utilizing the data collected there are two types of analysis, raw data and adjusted data. The raw data analysis takes the data collected and averages the results of all raw data from all of the surveys. Based upon the tables above the following is an example of a raw data graphical analysis:

## Raw Data: Competitor Rating

■ XMPL Company Inc ■ Competitor #1 ■ Competitor #2 ■ Competitor #3 ■ Competitor #4 ■ Competitor #5



### Competitive analysis of the raw data

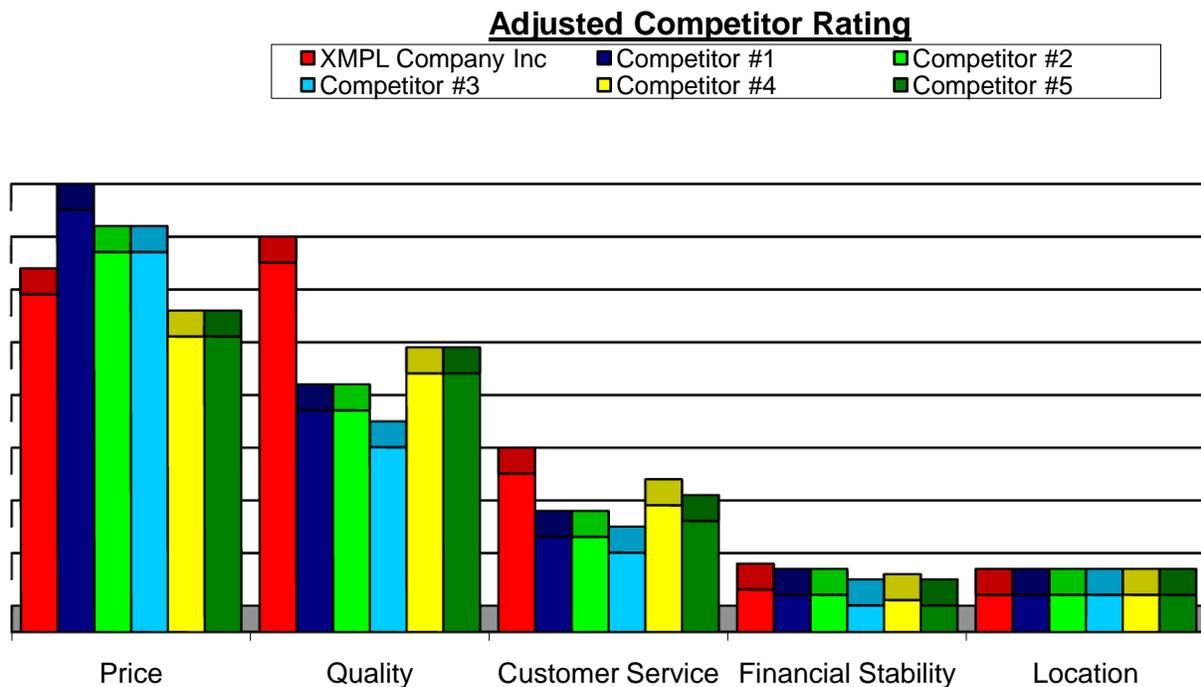
The analysis of this raw data yields information that shows the XMPL Company (red) is the highest rated in quality and customer service. In all of the other competitive factors XMPL Company is at least on an “at par” level or just a little below all of its competitors. XMPL Company clearly differentiates itself from its competitors in quality and customer service. These are its competitive advantages. You can see from the data that competitor #1(blue) is XMPL Company’s main price competitor but they rank very low in quality and customer service. In order to exploit the differentiation against Competitor #1 (blue) XMPL Company should emphasize its quality of product and exemplary customer service.

Complete your company’s competitive analysis to determine your differentiation. With that knowledge you can focus your sales, marketing and business development programs so that they emphasize your strengths. All of your other programs just need to make sure you remain at a par level or even a little below par level on all of the other competitive factors. If you have a product that differentiates you from your competitors make sure your product promotion and product development programs perpetuate that front running differentiation. If you have no clear differentiation then you and your executive team need to determine how you want to differentiate your products or services and then develop and execute your programs to drive you to the dominant position for that competitive factor.

### Adjusted Data

The next step in a competitive analysis is to apply the average weighting of the competitive factors by adjusting the raw data with the weighting factor in order to see how you differentiate your products or services based upon their influence on a customer’s buying decision. If you focus a huge amount of effort on a competitive factor that is unimportant to the buying decision you are wasting your time and money.

Using the weighting factors (how much the buying decision is based upon a competitive factor) the following is an example of the above raw data that has been adjusted by the weighting of each competitive factor:



**Competitive analysis of the adjusted data**

The chart above shows that the primary influence on the buying decision is Price with Quality being the second most important competitive factor. Based upon the survey results XMPL Company’s (red) customers rate it a little below par as compared to its three major competitors (blue, green, aqua) when it comes to pricing. If XMPL Company’s customers base their decision solely on price they will buy from its competitors. If XMPL Company’s customers are concerned about quality and customer service they will buy from XMPL Company more than they will buy from its competitors. XMPL Company’s customers know that they will pay a little bit more buy they also understand that XMPL Company’s quality and service are worth the extra cost. XMPL Company’s tactics for gaining market share from its competitors must focus on the lack of quality of the competitors’ products and the add value the customer receives by purchasing the higher quality products of XMPL Company.

## Conclusion

Complete a simple competitive analysis for your company following the steps above. Study the results of your competitive analysis with your executive team so that your key employees can help identify and understand your company's differentiators. Focus your efforts to dominate your competition with your differentiation. Remain close to par with your competitors in all of the other competitive factors. When you emphasize your differentiation in all of your sales, business development, product development and marketing activities and you will beat your competition and gain market share.

*Barry MacKechnie, founder and owner of MacKechnie Consulting, Inc, has been advising CEOs and providing executive level services to clients and organizations for over 40 years. Barry provides strategic plan development and implementation services utilizing his business experience and his exclusive process of goal setting and reality testing of all strategic goals. View other articles and case studies by Barry on his content-rich website at [www.ceo-services.com](http://www.ceo-services.com). You can contact Barry at [barry@ceo-services.com](mailto:barry@ceo-services.com), or phone him at 206-399-5698.*