



Competitive Analysis Strategies SWOT

MK 312 Brand Management

BY AJARN SUWALYA K.

LESSON 11



What we aim to accomplish

- Introduction
- Competitive Advantage
- SWOT
- Steps in Analyzing competitors
- Competitive positions
- Competitive Strategies
- Examples

Introduction

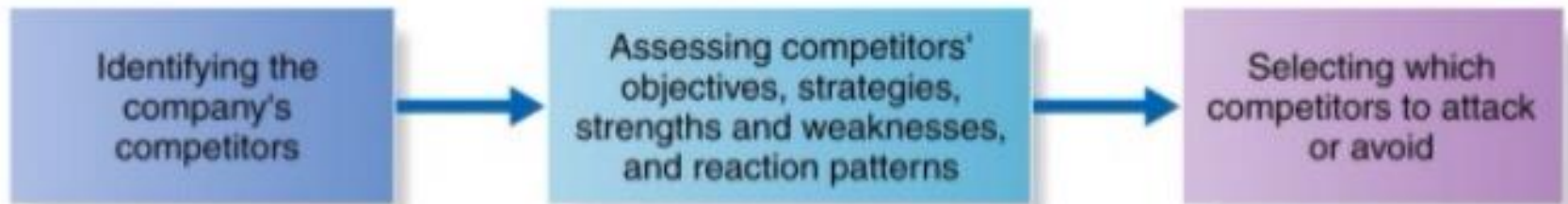
- Having a **competitive advantage** is necessary for a firm to compete in the market
- But what is more important whether the competitive advantage is **sustainable**
- A firm must identify its **position relative to the competition** in the market
- To effectively analyze competitors in the, a **competitive SWOT analysis is the most common initial approach**
- By knowing if it is a **leader, challenger, follower or nicher**, it can adopt appropriate strategies to compete.

Competitive Advantage

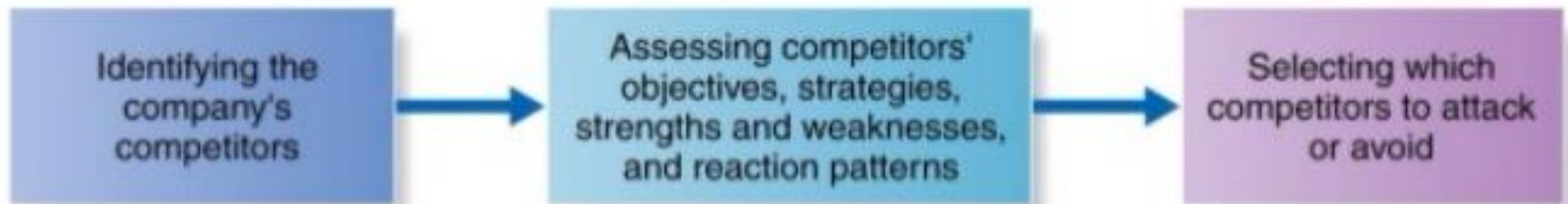
An advantage over competitors gained by offering consumers **greater value** than competitors offer.



Steps in Analyzing Competitors



Steps in Analyzing Competitors



SWOT-Driven Strategic Planning

Marketing information collected via a situation analysis

- Identifies the key factors that should be tackled by the firm
- Organizes them within a system that will monitor and distribute information on these factors on an ongoing basis

Role of SWOT analysis

- Synthesize wide array of information and aid in transition of the firm's strategic focus

Potential Issues to Consider in a SWOT Analysis

Potential internal strengths	Potential external opportunities
Abundant financial resources	Rapid market growth
Well-known brand name	Mishap of a rival firm
Economies of scale	Government deregulation
Proprietary technology	New technology
Better marketing skills	Demographic shifts
Potential internal weaknesses	Potential external threats
Lack of strategic direction	Entry of foreign competitors
Limited financial resources	Product life cycle in decline
Weak spending on R&D	Changing customer needs/tastes
Very narrow product line	Economic boom/downturn
Internal political problems	New technology

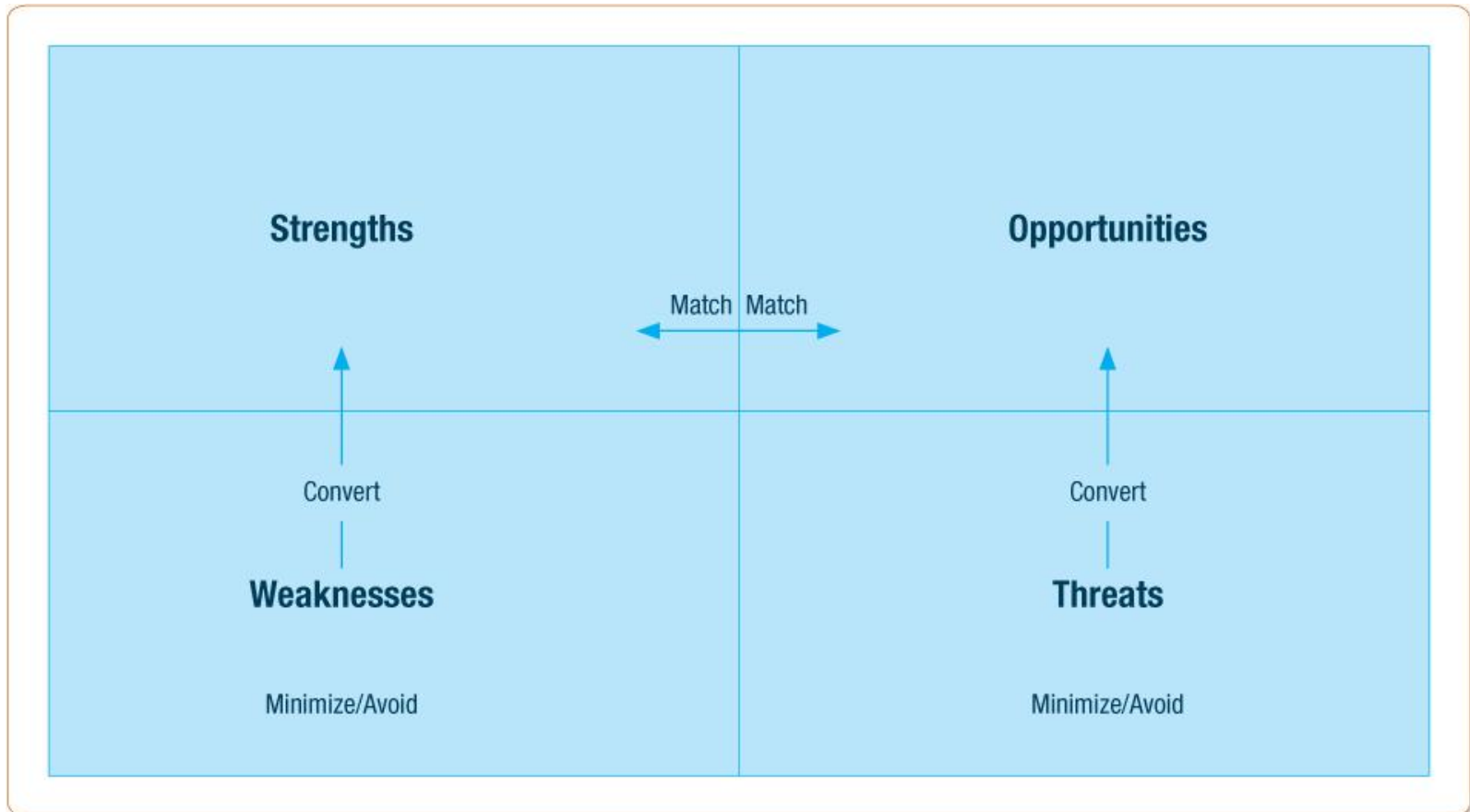
Easy points ...

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
• Things your company does well • Qualities that separate you from your competitors • Internal resources such as skilled, knowledgeable staff • Tangible assets such as intellectual property, capital, proprietary technologies etc.	• Things your company lacks • Things your competitors do better than you • Resource limitations • Unclear unique selling proposition	• Underserved markets for specific products • Few competitors in your area • Emerging need for your products or services • Press/media coverage of your company	• Emerging competitors • Changing regulatory environment • Negative press/media coverage • Changing customer attitudes toward your company

The SWOT Matrix

- Four-cell array used to visually evaluate elements of SWOT analysis
- Should be based on customer perceptions, not perceptions of the manager
- Elements with the highest total ratings should have the greatest influence in developing the strategy
- Focus on competitive advantages by matching strengths with opportunities

The SWOT Matrix



Source: Adapted from Nigel Piercy, *Market-Led Strategic Change* (Oxford, UK: Butterworth-Heinemann, 2002).

SWOT analysis

Successful SWOT analysis is fundamentally a process of finding the optimum fit between the firm's controllable strengths and weaknesses and the uncontrollable opportunities and threats posed by the environment in which the firm operates.





SWOT analysis

A good SWOT profile facilitates the development of a strategy **that capitalizes on a company's strengths, minimizes any weaknesses, exploits emerging opportunities and avoids, as far as possible, any threats.**

Elements of the SWOT analysis

Strengths

- Determine your organization's strong points, from an internal perspective as well as from the perspective of external customers. Do not be humble, be as pragmatic as possible

Weaknesses

- Determine your organization's weaknesses not only from internal point of view, but also from customers.

Opportunities

- Another major factor is to determine how your organization can continue to grow within the marketplace. After all, opportunities are everywhere, such as changes in technology, government policies, social patterns, etc.

Threats

- It is vital to be prepared and face up to threats



SWOT analysis



The following are the strategic options suggested by the SWOT-matrix:

- 1 Make a match between strengths and opportunities
- 2 Convert weaknesses to strengths
- 3 Convert threats to opportunities
- 4 Minimize, if not avoid, weaknesses and threats.

Application of the SWOT matrix



The four combinations that could result from SWOT analysis are called:

- **Maxi-Maxi (strengths/opportunities):** In essence, an organization should strive to maximize its strengths to capitalize on new opportunities
- **Maxi-Mini (strengths/threats):** In essence, an organization should strive to use its strengths to parry or minimize threats.

Application of the SWOT matrix



The four combinations that could result from SWOT analysis are called (cont.):

- **Mini-Maxi (weaknesses/opportunities):** It encourages the organization to conquer its weaknesses by making the most of any new opportunities
- **Mini-Mini (weaknesses / threats):** This is most definitely a defensive strategy: to minimize an organization's internal weaknesses and avoid external threats.

Application of the SWOT matrix TOWS



TOWS Analysis

INTERNAL FACTORS			
EXTERNAL FACTORS		Strengths (S)	Weaknesses (W)
	Opportunities (O)	Strengths/ Opportunities (SO)	Weaknesses/ Opportunities (WO)
	Threats (T)	Strengths/ Threats (ST)	Weaknesses/ Threats (WT)

Application of the SWOT matrix

TOWs

		Internal	
External		W List of weaknesses: W1. W2. W3.	S List of strengths: S1. S2. S3.
	T List of threats: T1. T2. T3.	WT: mini-mini strategies: W1T1: W2T1: W1T2: W2T2:	ST: maxi-mini strategies: S1T1: S2T1: S1T2: S2T2:
	O List of opportunities: O1. O2. O3.	WO: mini-maxi strategies: W1O1: W2O1: W1O2: W2O2:	SO: maxi-maxi strategies: S1O1: S2O1: S1O2: S2O2:

(c) Krzysztof Wodniak / ceopedia.org



Application of the SWOT matrix

TOWs



The organisation	Strengths – S - Existing brand - Existing customer base - Existing distribution	Weaknesses – W - Brand perception - Intermediary use - Technology/skills - X-channel support
Opportunities – O - Cross-selling - New markets - New services - Alliances/Co-branding	SO strategies Leverage strengths to maximise opportunities = Attacking strategy	WO strategies Counter weaknesses through exploiting opportunities = Build strengths for attacking strategy
Threats – T - Customer choice - New entrants - New competitive products - Channel conflicts	ST strategies Leverage strengths to minimise threats = Defensive strategy	WT strategies Counter weaknesses and threats = Build strengths for defensive strategy

Application of the SWOT matrix TOWs



The organisation	Strengths – S 1 Existing brand 2 Existing customer base 3 Existing distribution	Weaknesses – W 1 Brand perception 2 Intermediary use 3 Technology/skills (poor web experience) 4 Cross-channel support 5 Churn rate
Opportunities – O 1 Cross-selling 2 New markets 3 New services 4 Alliances/co-branding	SO strategies Leverage strengths to maximise opportunities = attacking strategy Examples: 1 Migrate customers to web strategy 2 Refine customer contact strategy across customer lifecycle or commitment segmentation (e-mail, web) 3 Partnership strategy (co-branding, linking) 4 Launch new web-based products or value-adding experiences, e.g. video streaming	WO strategies Counter weaknesses through exploiting opportunities = build strengths for attacking strategy Examples: 1 Countermediation strategy (create or acquire) 2 Search marketing acquisition strategy 3 Affiliate-based acquisition strategy 4 Refine customer contact strategy (e-mail, web)
Threats – T 1 Customer choice (price) 2 New entrants 3 New competitive products 4 Channel conflicts 5 Social network	ST strategies Leverage strengths to minimise threat = defensive strategy Examples: 1 Introduce new Internet-only products 2 Add value to web services – refine OVP 3 Partner with complementary brand 4 Create own social network/customer reviews	WT strategies Counter weaknesses and threats: = build strength for defensive strategy Examples: 1 Differential online pricing strategy 2 Acquire/create pure-play company with lower cost-base 3 Customer engagement strategy to increase conversion, average order value and lifetime value 4 Online reputation management strategy/E-PR

TOWS Matrix Example

	Strengths	Weaknesses
Opportunities	S1: Excellent technical skills S1O1: Position company marketing as experts in mobile first.	W1: Company founder is the only salesperson. W1O1: Hire a salesperson focused only on mobile.
Threats	T1: Cheaper foreign competition taking existing customers. S1T1: Outsource or drop non high margin work.	W1T1: Hire or use founder to focus on existing customer relationship management.

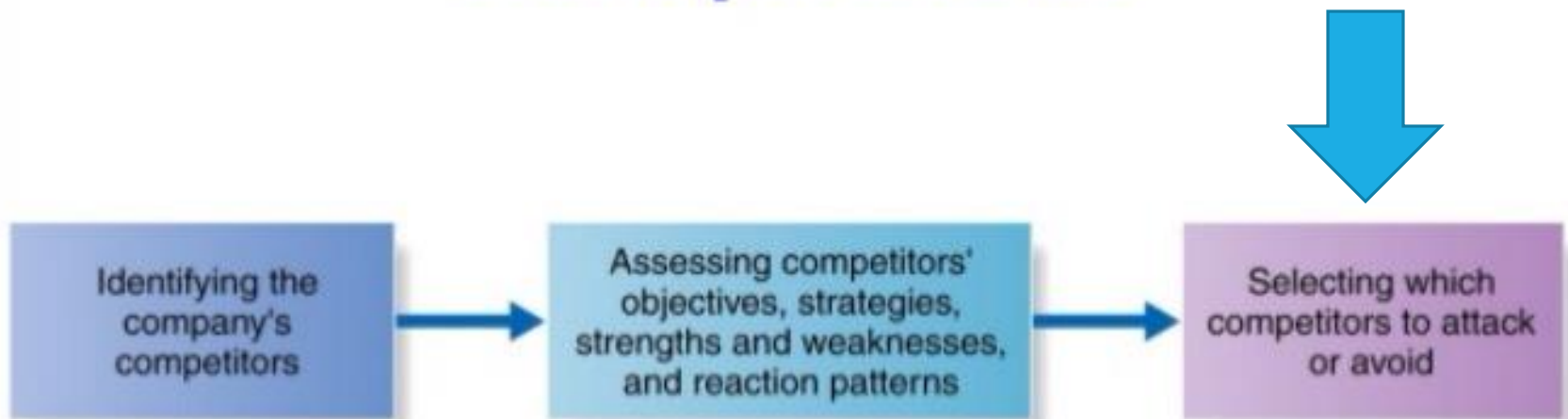
Analyzing competitors



The main questions to ask about competitors are as follows.

- What is their (marketing mix) offer?
- What is their competitive advantage?
- How well are they performing?
- What does **their SWOT profile** look like?
- How are they likely to compete in future?

Steps in Analyzing Competitors





Competitive Analysis Strategies For Market Leaders, Challengers, Followers, and Nichers

Competitor Strategies

Competitive Positions

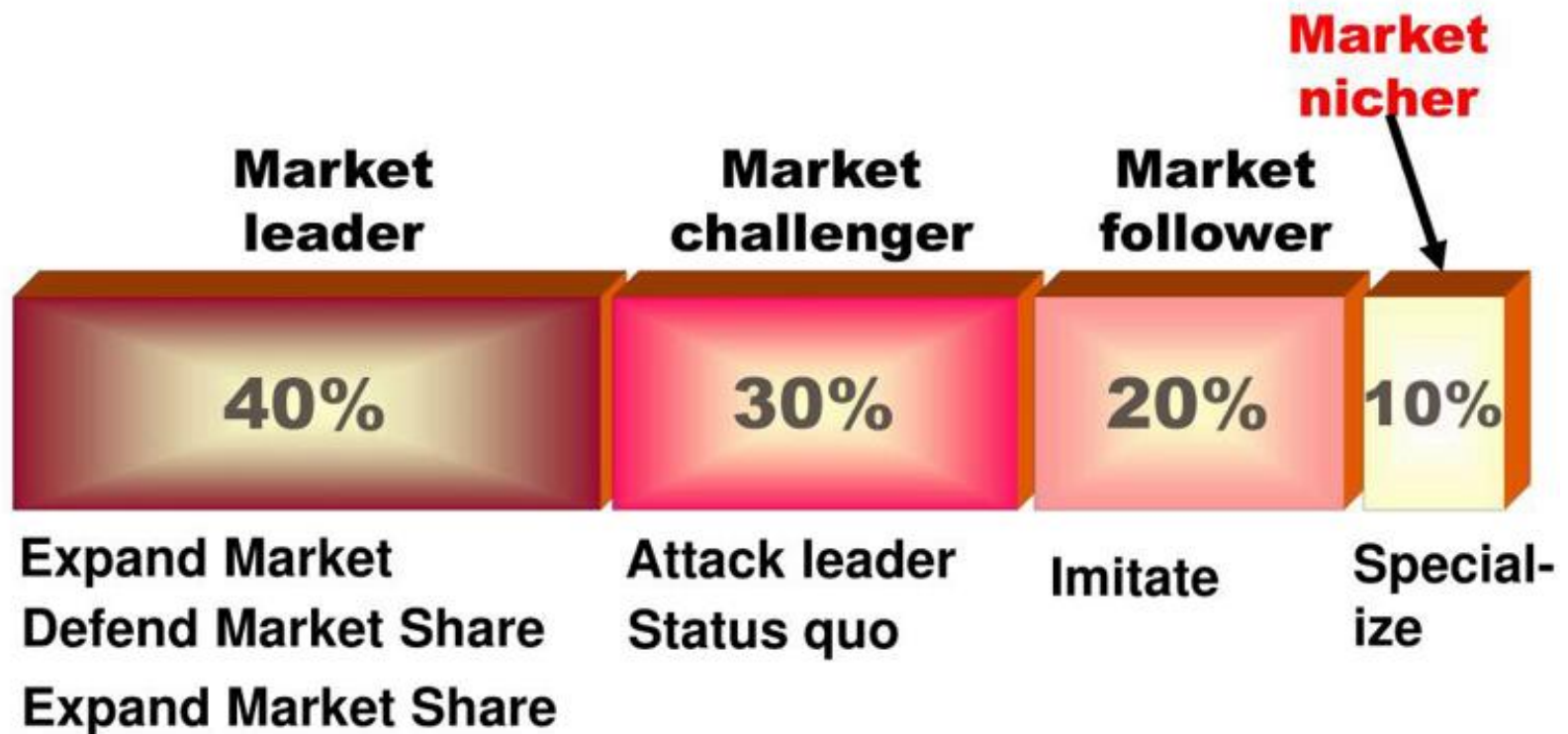
**Market leader
strategies**

**Market
challenger
strategies**

**Market
follower
strategies**

**Market nicher
strategies**

Hypothetical Market Structure & Competition



กลยุทธ์สำหรับผู้นำ ผู้ท้าทาย ผู้ตาม และตลาดเฉพาะ
(Market Leader, Challenger, Follower, and Nicher)

- ◎ โครงสร้างตลาดเชิงสมมติ (Hypothetical Market Structure)
- ◎ ระดับชั้นของคู่แข่ง (Classes of Competitors)
- ◎ การออกแบบกลยุทธ์เชิงการแข่งขัน (Designing Competitive Strategies)

MAP



กลยุทธ์สำหรับผู้นำ ผู้ท้าทาย ผู้ตาม และตลาดเฉพาะ
(Market Leader, Challenger, Follower, and Nicher)

◆ ส่วนแบ่งทางการตลาด (Market Share)

- ◆ ผู้นำตลาด (Market Leader)
- ◆ ผู้ท้าทายตลาด (Market Challenger)
- ◆ ผู้ตามตลาด (Market Follower)
- ◆ ตลาดเฉพาะ (Market Nicher)

ผู้นำตลาด	ผู้ท้าทายตลาด	ผู้ตามตลาด	ตลาดเฉพาะ
40%	30%	20%	10%

Strategic Positioning



✓ Market Leaders

- ✓ Focus on expanding total demand
- ✓ Defending market share is important
- ✓ May not wish to aggressively take more market share from rivals

✓ Market Challengers

- ✓ Concentrate on a single target. Attacking the leader

✓ Market Followers

- ✓ Compete with modest strategic objective
- ✓ Often use innovative imitation
- ✓ Compete in selective few segments

✓ Market Nichers

- ✓ Focus on narrow slice of the market

MARKET STRUCTURE

Market Leader

- Fritolay (45 percent cumulative share consisting of Lays, Kurkure, Uncle Chipps, Cheetos and Leher)



Market Challenger

- ITC's Bingo (16%) posing a threat to Lays through its direct frontal attack



Market Follower

- Balaji and local players such as Yellow diamonds. Also included are unorganized offerings, aimed at the price-sensitive, less loyal audience.



Market Nicher

- Parle Monaco's Smart Chips which has identified itself a niche of the more health conscious section of the audience by offering them a baked variant of chips.





Market Leader

Market Leader



Definition: largest share and usually lead in price changes, new product, introductions, distribution coverage and promotional intensity

Competitive Strategy

Competitive Positions

Market Leader

Market

Challenger

Market Follower

Market Nicher

- Expanding the total demand
 - Finding new users
 - Discovering and promoting new product uses
 - Encouraging greater product usage
- Protecting market share
 - Prevent or fix weaknesses
 - Fulfill value promise
 - Keep prices consistent with value
 - Build relationships
 - Continuous innovation
- Expanding market share
 - Profitability rises with market share

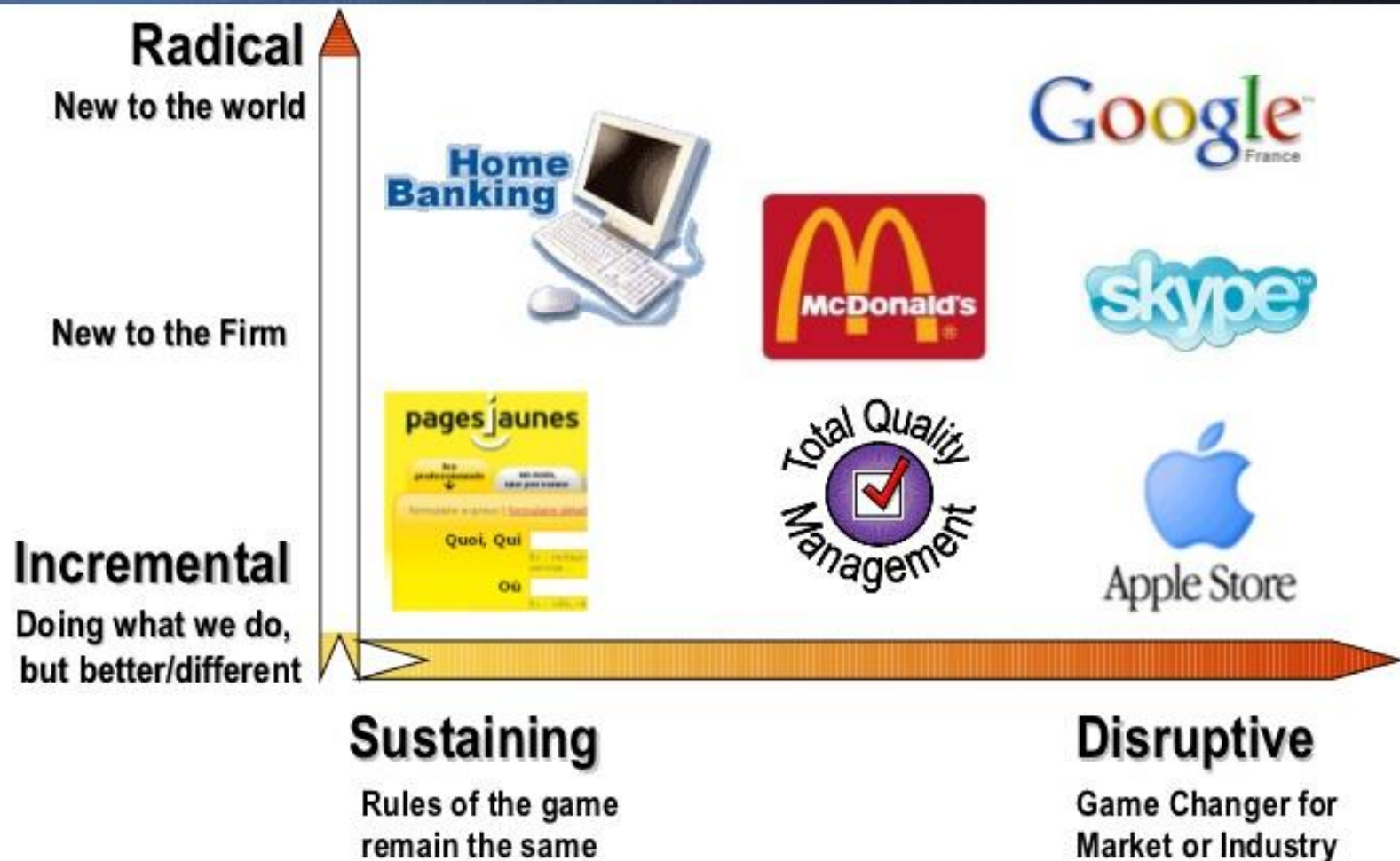
Pros of Market Leaders

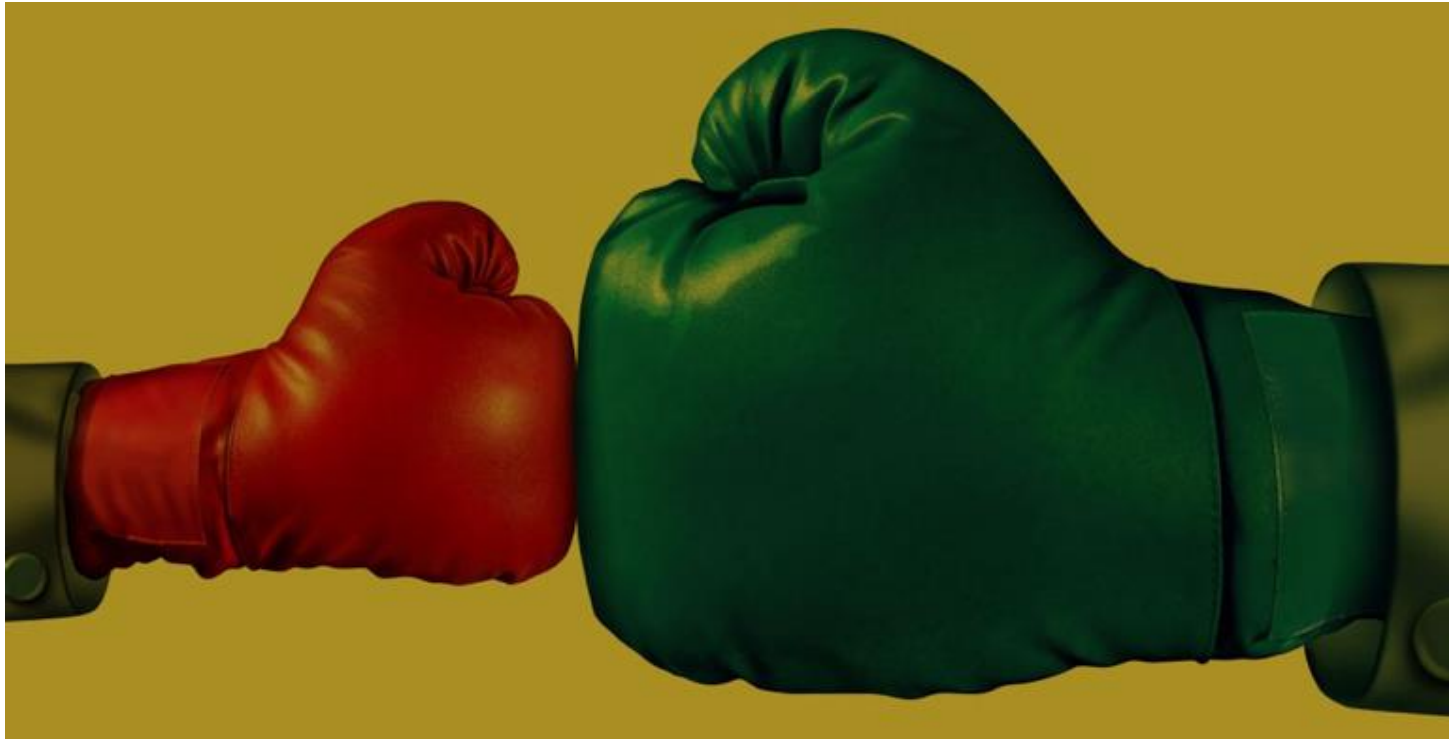
- Largest market share
- Position as incumbent supplier
- First choice of customers on new product introductions
- High market credibility - seen by customers as "ultimate resource"
- Position to dictate pricing and market direction
- Ability to dictate terms of service with vendors & partners

Cons of Market Leaders

- Must continually defend market share
- High expenditures on research and development
- Product introductions cannot fail - otherwise market position & reputation tainted.
- Fall from grace is difficult to recover from
- Market leaders typically have higher overhead - affects their ability to remain competitive
- Not as easy to change to a changing marketplace

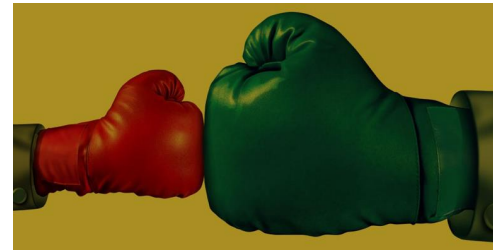
Degrees of Innovation: Services





Market Challenger

Market Challenger



A **market challenger** is a firm that has a **market** share below that of the **market** leader, but enough of a presence that it can exert upward pressure in its effort to gain more control.

Competitive Strategy

Competitive Positions

- *Market Leader*
- *Market Challenger*
- *Market Follower*
- *Market Nicher*

- *Option 1: challenge the market leader*
 - High-risk but high-gain
 - Sustainable competitive advantage over the leader is key to success
- *Option 2: challenge firms of the same size, smaller size or challenge regional or local firms*
- *Full frontal vs. indirect attacks*

Pros of Market Challengers

- Able to capitalize on leader mistakes and instantly grab market share
- Lower research & development costs
- Faster product-to-market lead times
- Viewed as an aggressive and proactive enterprise willing to usurp the market leader
- Lower overhead means your company is more competitive and quicker to respond = more nimble!

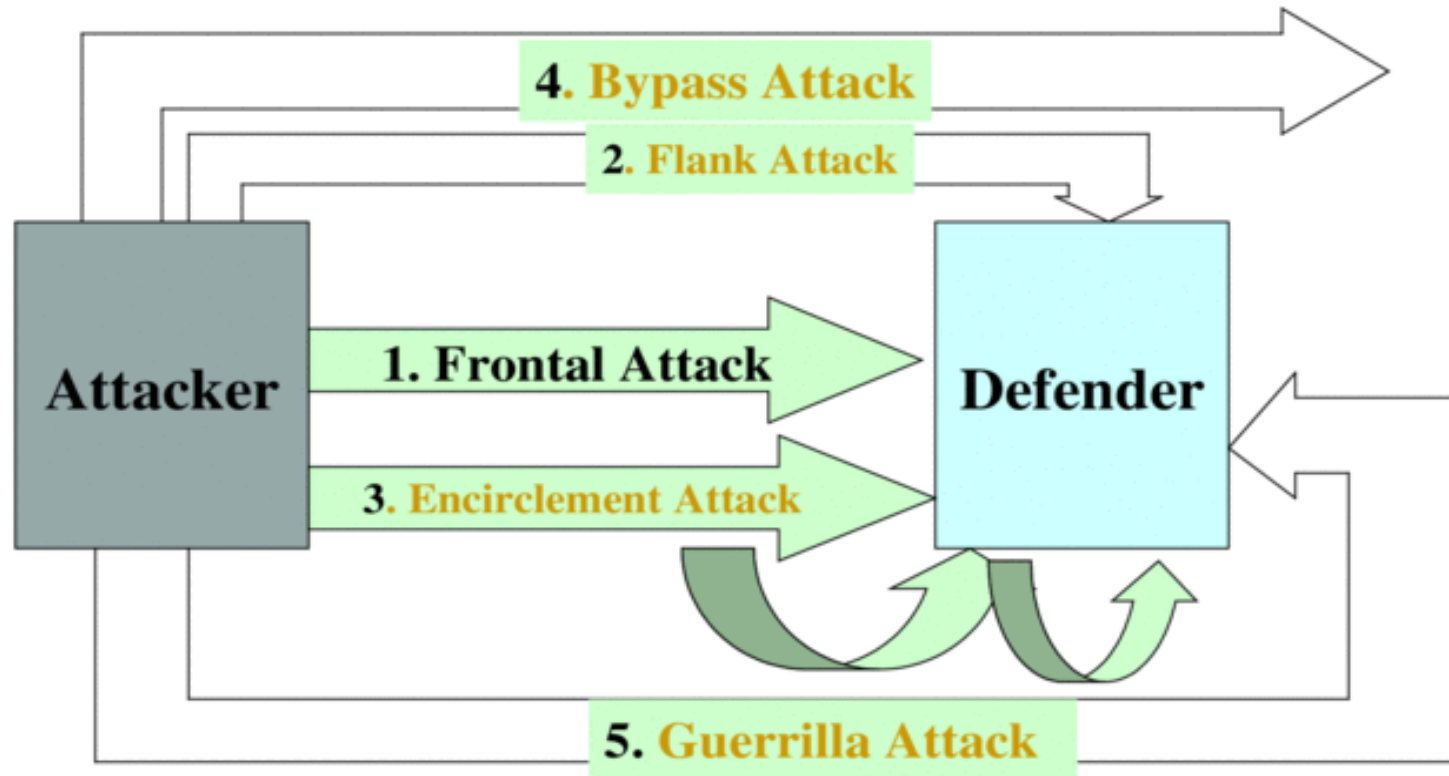
Cons of Market Challengers

- Always being compared to leaders – customer perception is 100% reality
- Not primary choice of market and aren't able to secure incumbent positions
- Not first choice of market on new product introductions
- Poor product performance reinforces perception that your enterprise isn't as good as the market leader.
- Customers can use your pricing to keep market leaders more competitive

The Challenger Attack Strategies

Thus, These are the major market challenger strategies that a firm may follow depending on its market position and the amount of resources held with the firm.

Market Challenger Strategies – Choosing Attack Strategy:





Frontal Attack: The frontal attack is the direct attack, wherein the market challenger matches with the competitor's product, price, advertising, and promotion activities. The market challenger can even cut the price of the product, provided he convinces the customers that the quality is not compromised and is as good as the high priced products.

E.g. Amul adopted this strategy when it launched Amul Kool and Amul Masti Dahi at a low price with the same level of the quality as that of other competitors in the market.

We wish you a scary Halloween!



Everybody wants to be a hero!



Coca-Cola



Flank Attack: The flank attack means, attacking the competitor on its weak points. Here the market challenger determines the weak areas of the competitor in terms of two strategic dimensions i.e. Geographic and segmental. The challenger finds the areas where the competitor is under performing and then push its marketing strategies in that area. Also, the challenger spot the segments which the competitor left untapped and try to cover that segment through its products and services.

E.g. L.G has successfully made use of this strategy by introducing the color tv “Sampoorna” for the rural people and outshine the other colored TV players who had a less focus on these areas

FLANKING STRATEGY



Performance

Men

Footwear (146)
Clothing (282)
Accessories (49)

Women

Footwear (71)
Clothing (193)
Accessories (64)



Original

Men

Footwear (52)
Clothing (81)
Accessories (16)

Women

Footwear (47)
Clothing (49)
Accessories (08)



Life Style(Y3)

Men

Footwear (24)
Clothing (- -)
Accessories (- -)

Women

Footwear (12)
Clothing (- -)
Accessories (- -)



Encirclement Attack: The encirclement attack means, attacking the market leader or a competitor from all the fronts simultaneously, it is the combination of both the frontal and the flank attack. Here, the market challenger launches several offensive campaigns i.e. surrounds the competitor with a varied brand and forcing the competitor to defend himself from all the sides simultaneously. This strategy is adopted to enjoy the long-term market dominance.

E.g. The FMCG industry applies this attack more aggressively with the intention to outshine the other.

สังเวียนสินค้าอุปโภค



VS.



f สังเวียนธุรกิจ

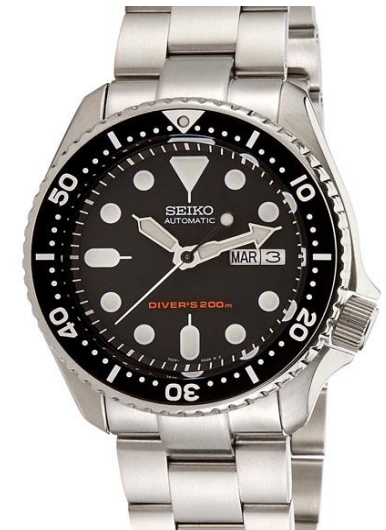
EP.10 สังเวียนสินค้าอุปโภค ใครคือเบอร์หนึ่ง P&G vs. Unilever



Encirclement attack

- Attack the enemy at many fronts at the same time
- Competitor attacks another on the basis of strength as well as weaknesses
- The fronts, rears, and sides are attacked at a time, and all on a sudden and the opponents become puzzled and start protecting all fronts
- Ideal for challenger having superior resources
- Example - Seiko attacked on fashion, features, user preferences and anything that might interest the consumer

Seiko's top competitors include **Casio**,
Citizen Watch, **Titan Company** and
KERBHOLZ... Seiko taking shelf space...



The e-commerce industry is the best example of an encirclement attack, wherein the **companies are ready to do anything for the huge turnovers and are even selling their products at negative margins.**





Bypass Attack: The bypass attack is the indirect attack, wherein the market challenger does not attack the leader directly, but broaden its market share by attacking the easier markets. The challengers can bypass the leader by following any of the strategies viz. Expanding into the untapped markets, diversifying into the unrelated products, modernizing the existing product with the invention of technology.

E.g. Pepsi adopted this strategy when it launched its mineral water brand “Aquafina” very well before the Coca Cola’s mineral water brand.



THE WORLD'S BEST-SELLING WATER

based on total dollar value sales across 22 countries
NOW IN THE PHILIPPINES


AQUAFINA.
Purity Guaranteed
Using HydrO-7™

www.aquafina.com.ph
English Channel

www.aquafina.com.ph

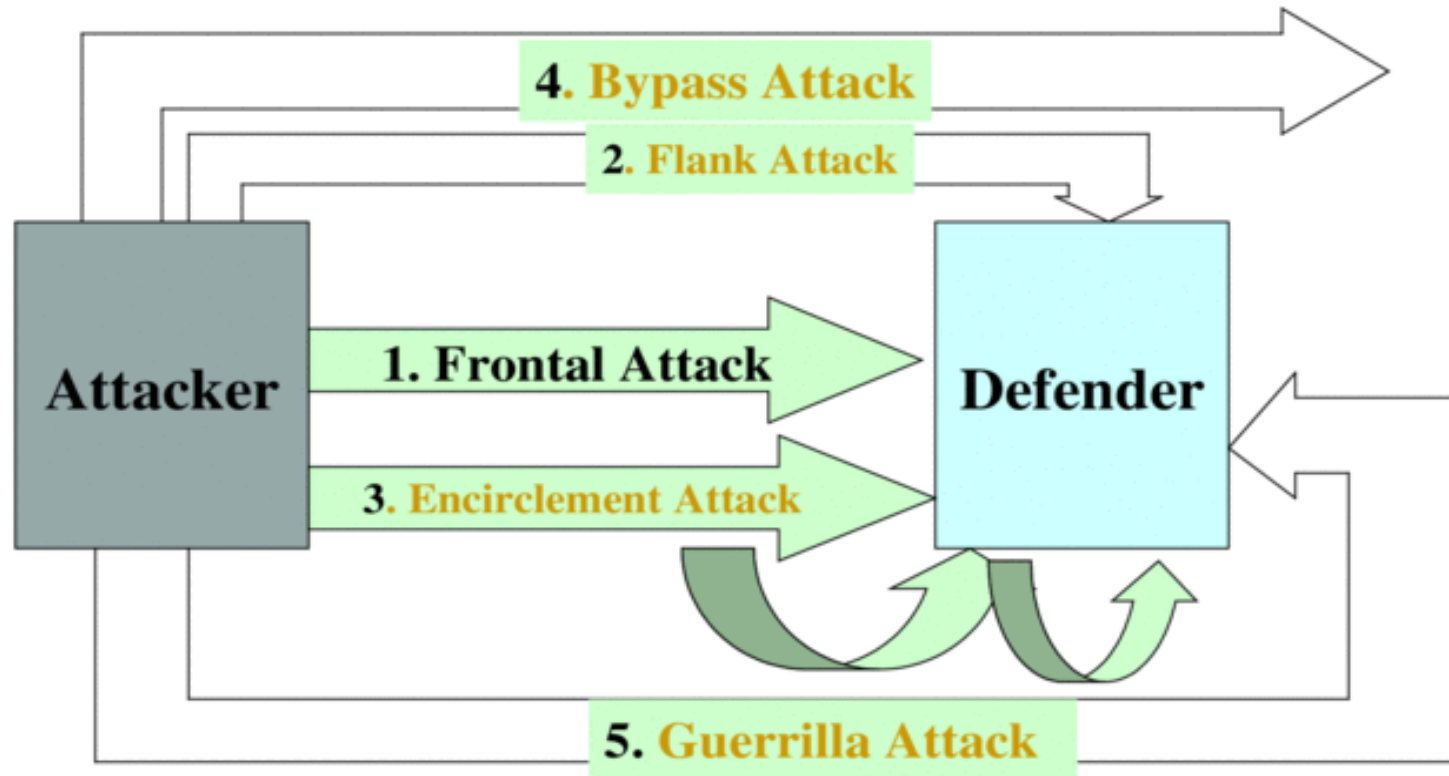


Guerrilla Warfare:

The Guerrilla warfare is the intermittent attacks imposed by the challenger to demoralize the competitor by adopting both the conventional and unconventional means of attack.

E.g. The Pepsi and Coca-Cola follow this strategy aggressively with the intention to harass each other. **When the Coca-cola was the official partner of the world cup, the Pepsi counter-attacked it by using the punch line “ Nothing official about it”.**

Market Challenger Strategies – Choosing Attack Strategy:



How to Tell if You're a Challenger Brand

Do any of these characteristics fit you or your organization?

- ☐ Aggressive/Determined
- ☐ Possessed with Intensity/Confidence
- ☐ Maverick/Risk-Takers/Bold
- ☐ Intrusive & Unapologetic
- ☐ Self-Aware
- ☐ Thought Leader
- ☐ In a Hurry
- ☐ Evokes Emotions
- ☐ Keen to Fund Marketing and Public Relations Efforts to Move Your Brand Ahead

If you've checked off
at least 50% of this list,
chances are you are
(or work for)
a Challenger Brand!

Examples of challengers: Pepsi

- **PEPSI:** probably the ultimate challenger brand, as it has been challenging Coca-Cola for generations, yet today it only leads in a few markets.
- The Pepsi brand has always been somewhat irreverent, more “out there” than Coke. Coke has always been more traditional, retaining its high-ground as the original cola brand, encapsulated in its bottle design (which emulates the shape of a cocoa bean).
- Yet, in tactical marketing terms, Pepsi has had success with “The Pepsi Challenge” in the US, where it ran product taste-tests in regions where Pepsi was particularly weak. This led to significant share growth for Pepsi in some regions, as most people preferred the sweeter taste of Pepsi (this led to the infamous Coke Classic disaster where Coca-Cola copied the taste of Pepsi as it felt threatened). Pepsi then consolidated its strength in the US with the “Pepsi Generation” campaign (basically just an advertising campaign).
- Yet, despite anecdotal successes, Pepsi still lags Coke in most areas of the world.



II. Specific Attack

Prestige goods – A challenger can launch a higher-quality product and charge a higher price than the market leader.

Example – Ola introduced a new category called 'Ola Lux' to provide luxury cars such as Jaguar, Mercedes, Audi, BMW, and Toyota Camry and Fortuner.



Product proliferation – A challenger can attack the market leader by offering greater product variety, thus giving buyers more choice.

Example – Patanjali Ayurved has launched more than 400 FMCG products in the last 3–5 years.





Market Follower

Market Follower



A **market follower** is a company that follows what the leader in its sector does. A **market follower** does not like taking risks, i.e., it is the opposite of a maverick. Instead, it waits and observes what its competitors do, especially the **market** leader. It then only adopts the leader's successful strategies.

Competitive Strategy

Competitive Positions

- *Market Leader*
- *Market Challenger*
- *Market Follower*
- *Market Nicher*

• Follow the market leader

- Focus is on improving profit instead of market share
- Many advantages:
 - ❖ Learn from the market leader's experience
 - ❖ Copy or improve on the leader's offerings
 - ❖ Strong profitability

Market Follower

A company that follows the strategies of the market leader. It never tries to challenge the leader. It just wants to maintain its market share.



Competitive Marketing Strategies – For Market Followers

- *Cloner strategy* imitates/copies the leader's product, brand name, and packaging, with slight variations.





@MarketingTutor.Net

Market Nicher

Competitive Strategy

Competitive Positions

- *Market Leader*
- *Market Challenger*
- *Market Follower*
- *Market Nicher*

- Serving market niches means targeting subsegments
- Good strategy for small firms with limited resources
- Offers high margins
- Specialization is key
 - By market, customer, product, or marketing mix lines

NICHE MARKETING SECRETS

BENEFITS



internetreviewer.net/?aid=178

MARKET NICHER STRATEGIES



Firms with low market share may be highly profitable because of High Margins.

Despite Apple having only 18% of the Smartphone market as compared to Android's 74%, it still makes more money than any other company in the market.

Market Nicher Strategies

- A firm can be a leader in a small or niche market instead of being a follower in a large market.

Nichers can play the following specialist roles:

Product or product-line specialist – A firm carries or produces only one product-line or product.

Example:

Ray-Ban is a brand of sunglasses and eyeglasses that focuses on a single product line.

Old Monk manufactures only Old Monk rum.

IKEA is involved only in the furniture business.

Crossword stores deal only in books.

Smirnoff only sells vodka.





Examples

BRAND VOICE MODELS

Brand

Leader



Follower



Challenger



Characteristics

- ♦ Represent the category
- ♦ Drive innovation with steady advancement
- ♦ Large, if not top, market share player
- ♦ Win with size, strength and stability
- ♦ Define the category

- ♦ Expand the category
- ♦ Push innovation with compelling options
- ♦ Can be a small or large market share player
- ♦ Win with adaptability to category opportunities
- ♦ Refine the category

- ♦ Disrupt the category
- ♦ Champion innovation with new approaches
- ♦ Can be a small or large market share player
- ♦ Win with a new set of category rules
- ♦ Redefine the category

Possible Market Structure



market leader 40% Nescafé



market challenger 21% Jacobs



market challenger 19% Tchibo



market nicher 10% Carte Noire Davidoff



market followers all other brands <10%

Competitive Analysis & Strategies

included in final project



1. Identify what competitive position do you have in the market.
2. Propose Competitive strategies to beat your direct and indirect competitors.

