

Analysing Competitors and Competitive Advantage

Kadeza Begum

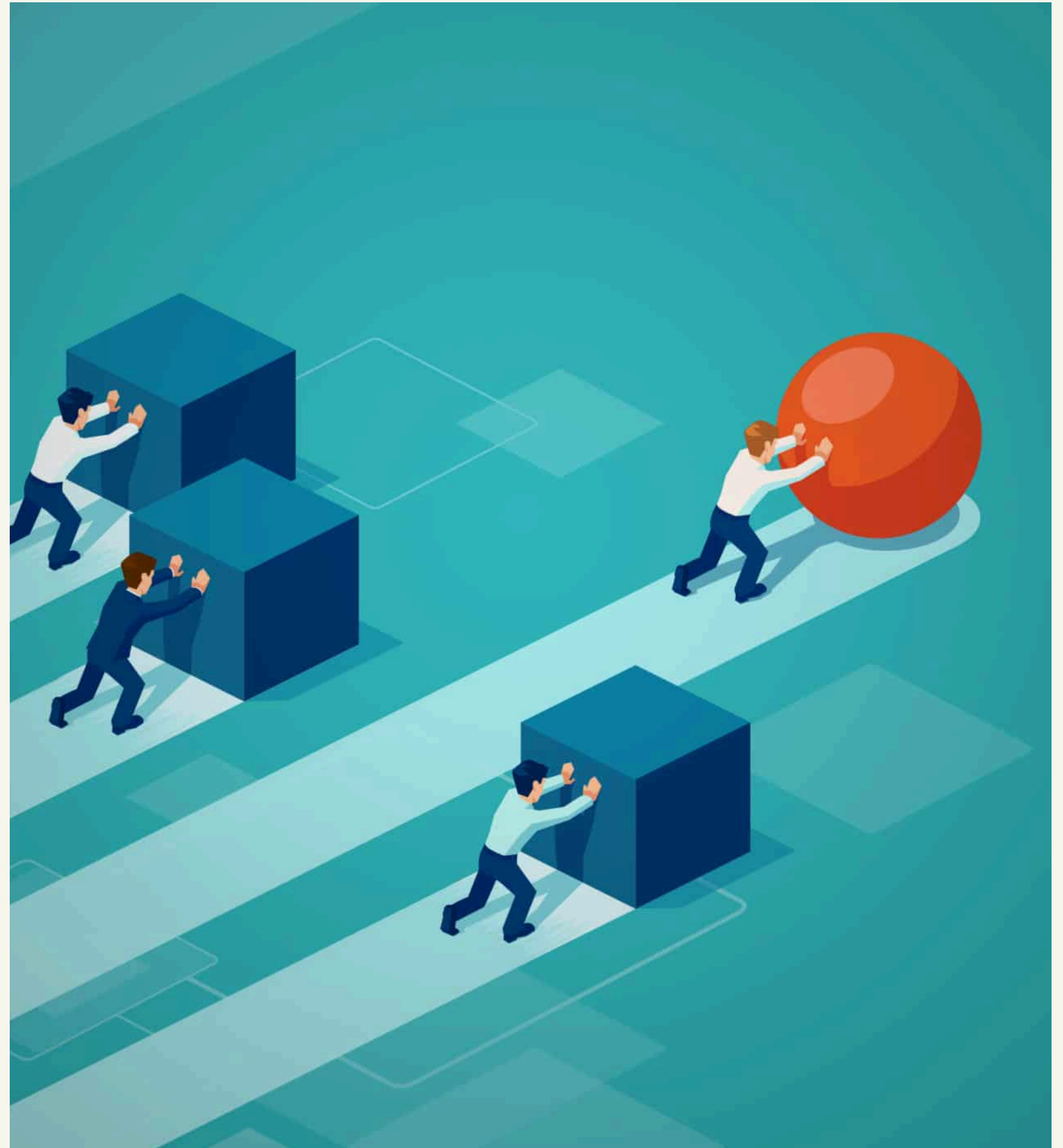
Monday 10th November

Enterprising
Futures at **LSBU**

 **South Bank**
WORKS

Competitor Analysis & finding your advantage

Instructor: Kadeza Begum

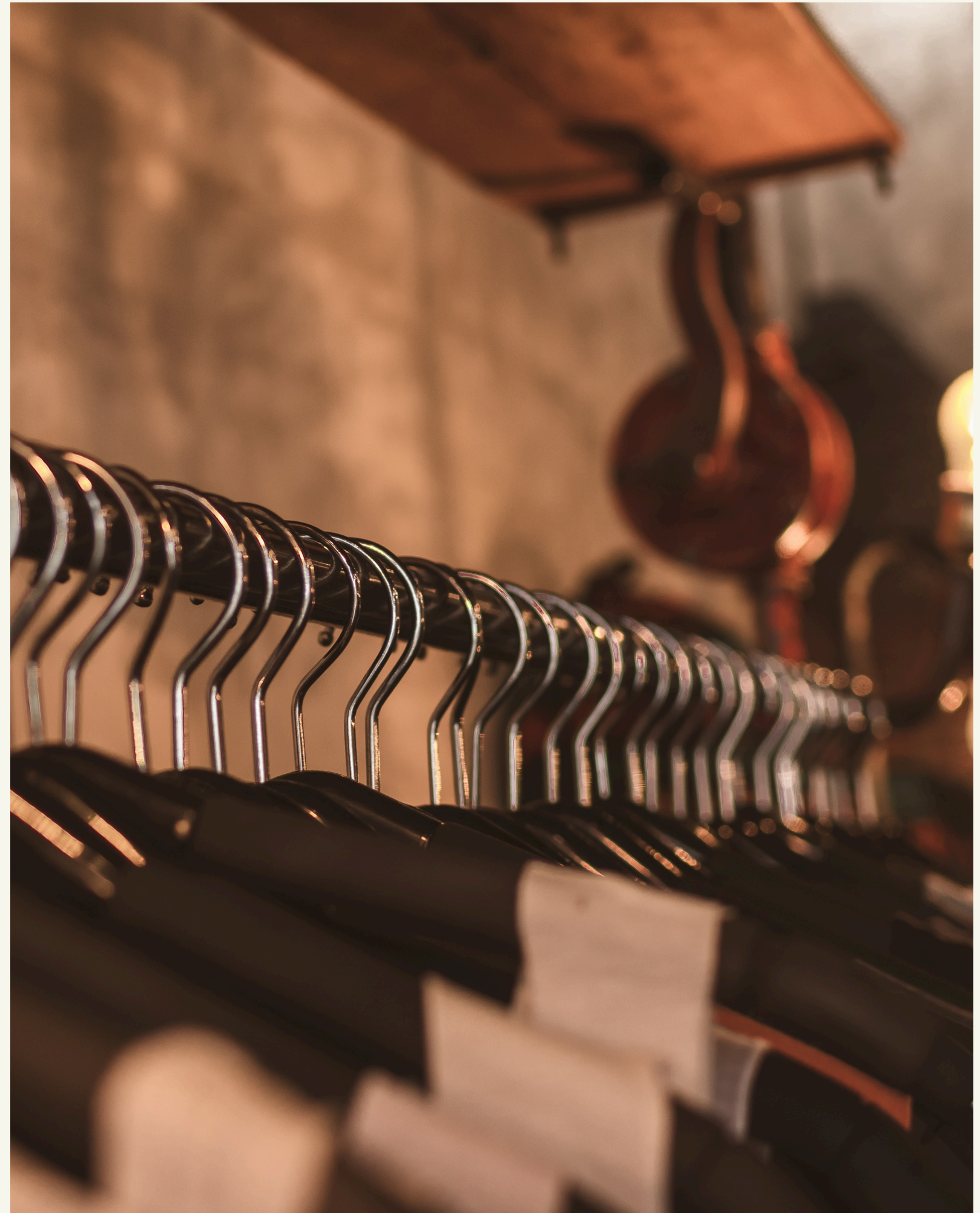


Let's create
data-driven solutions
that help discover
profitable gaps.

Market Insights

This can be done by:

- Speaking to your competitors directly or working for them
- Purchasing from them as a client (mystery shopping)
- Reviewing their website and socials
- Sourcing their financial accounts
- Reading coverage about their organisation in the media





research recap & share

What have you learnt about your:

- Customer? [Pains and viewpoints]
- Market? [PESTLE]
- Where is there an opportunity to do things differently?
- A skills gap you must fill?

Market Opportunities

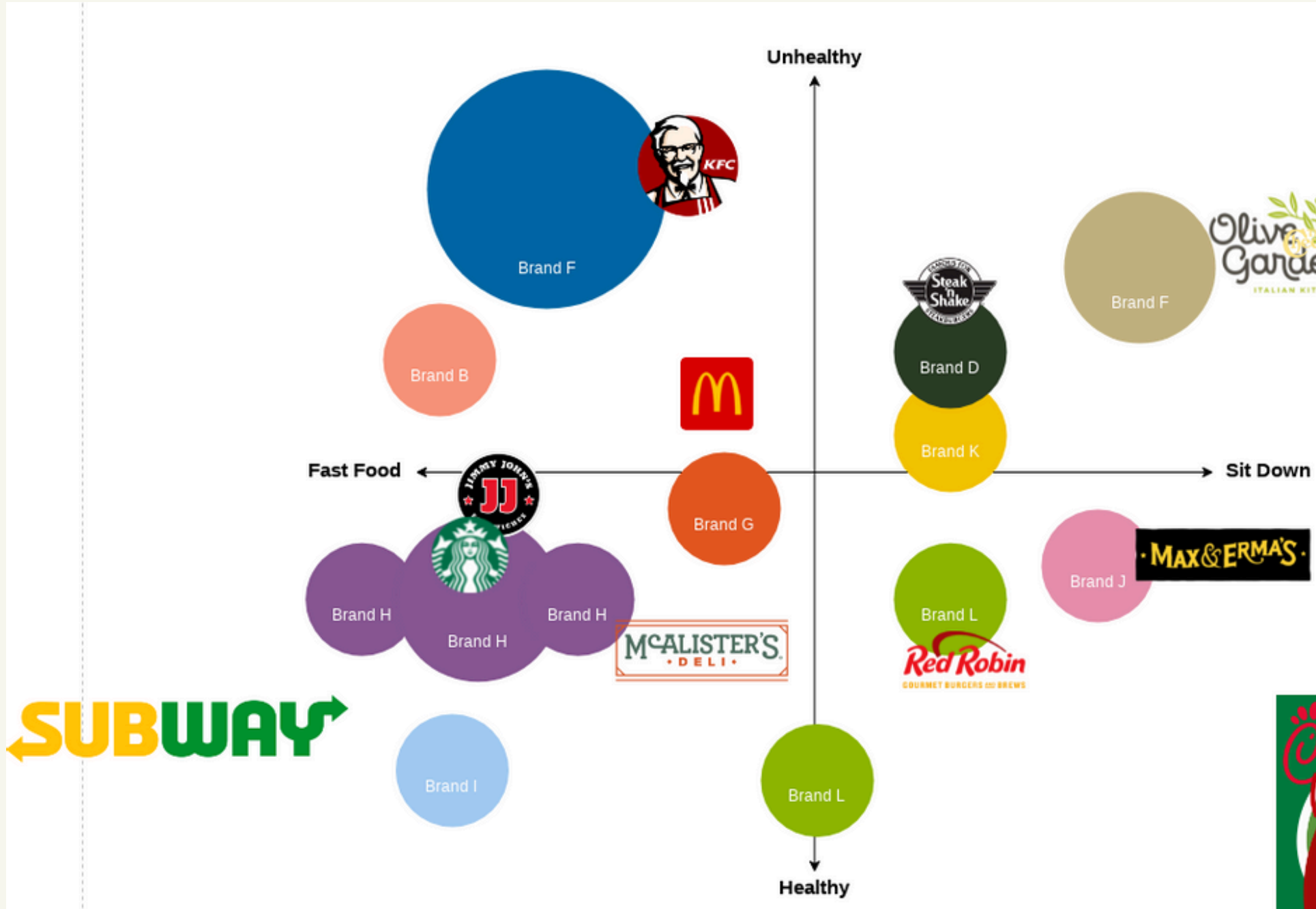
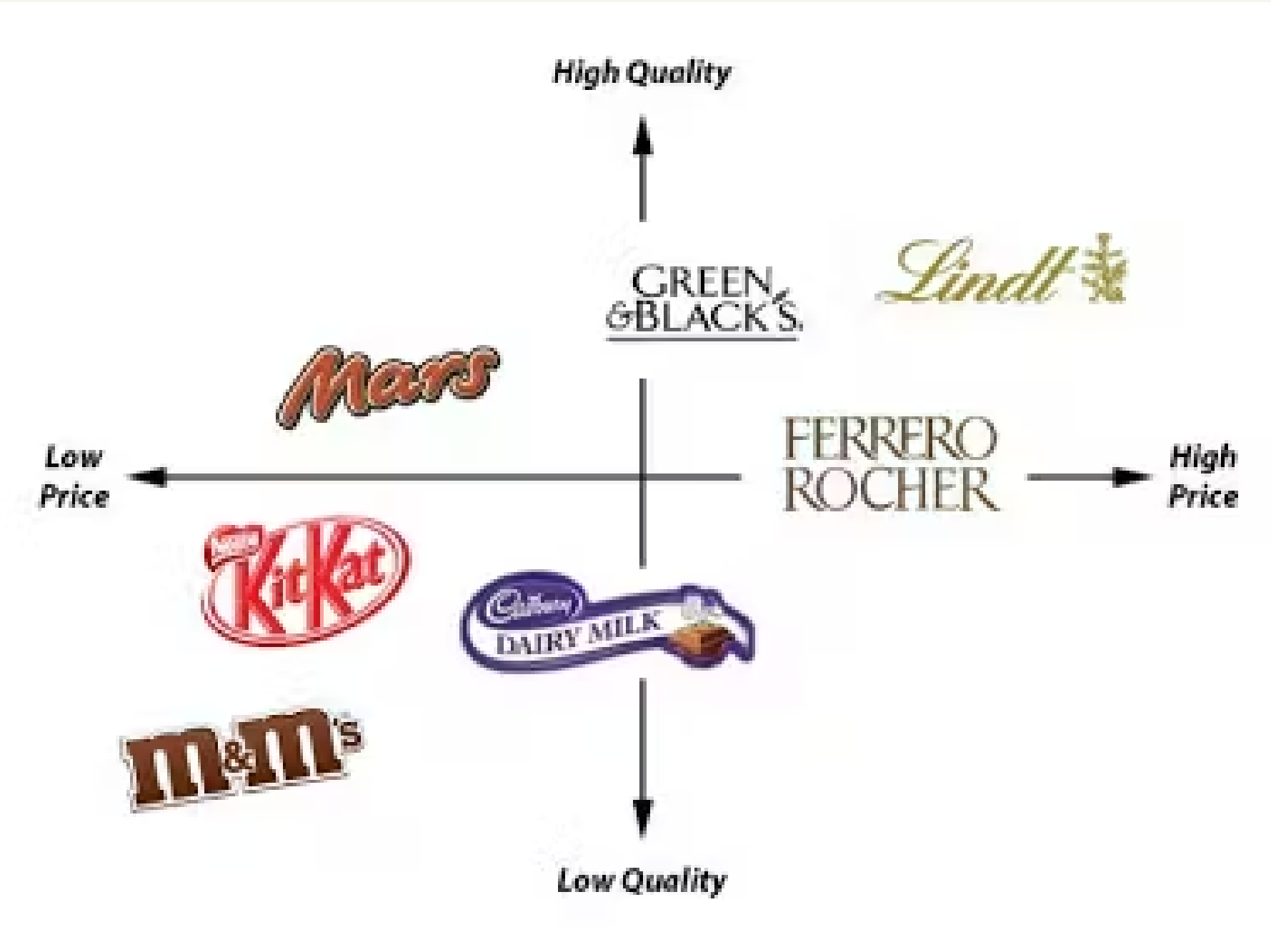
What makes you feel confident that there is a need for your product or service?

What evidence have you gathered to support this?

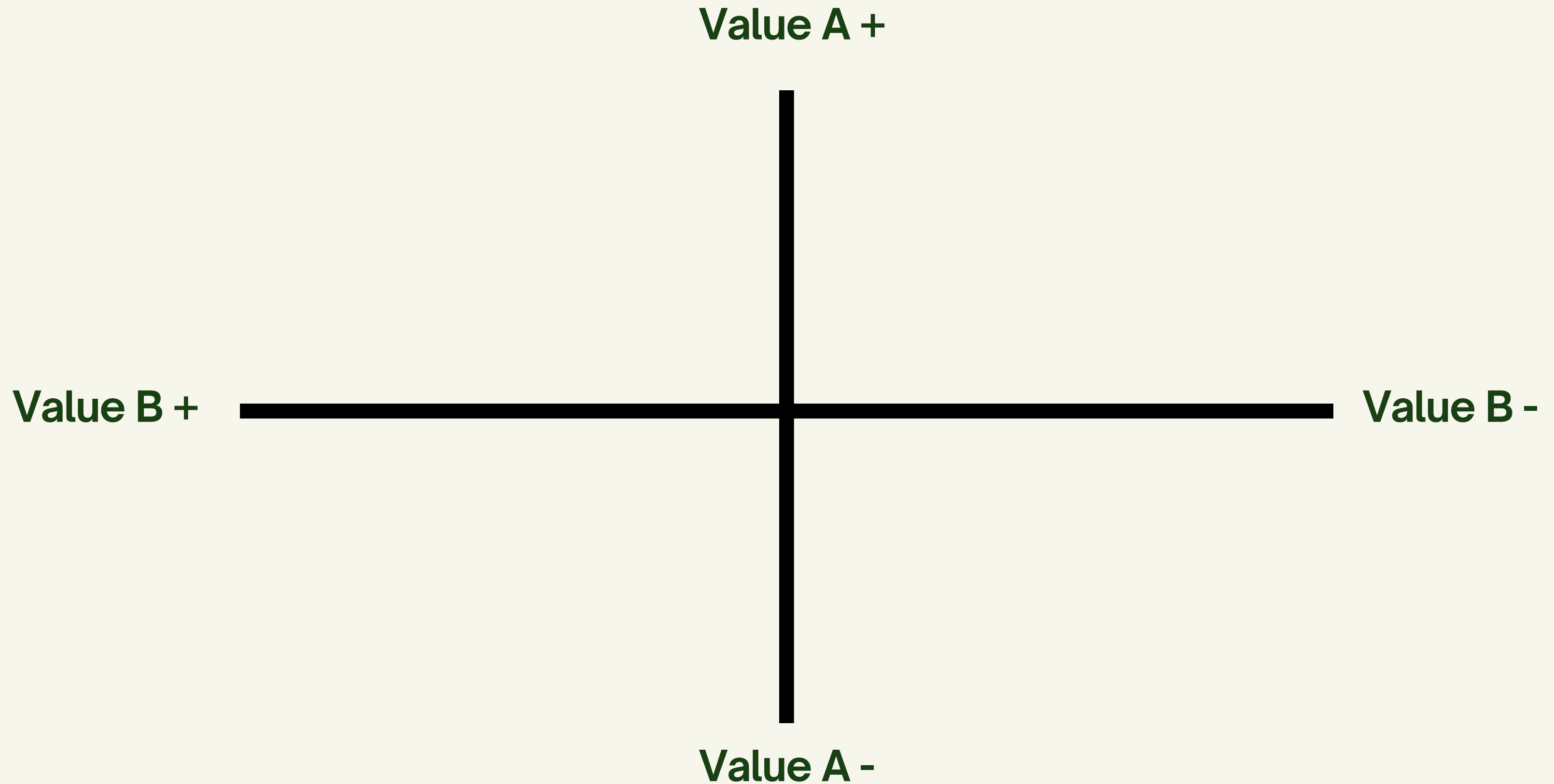
Which other customer segments could you serve in the future?



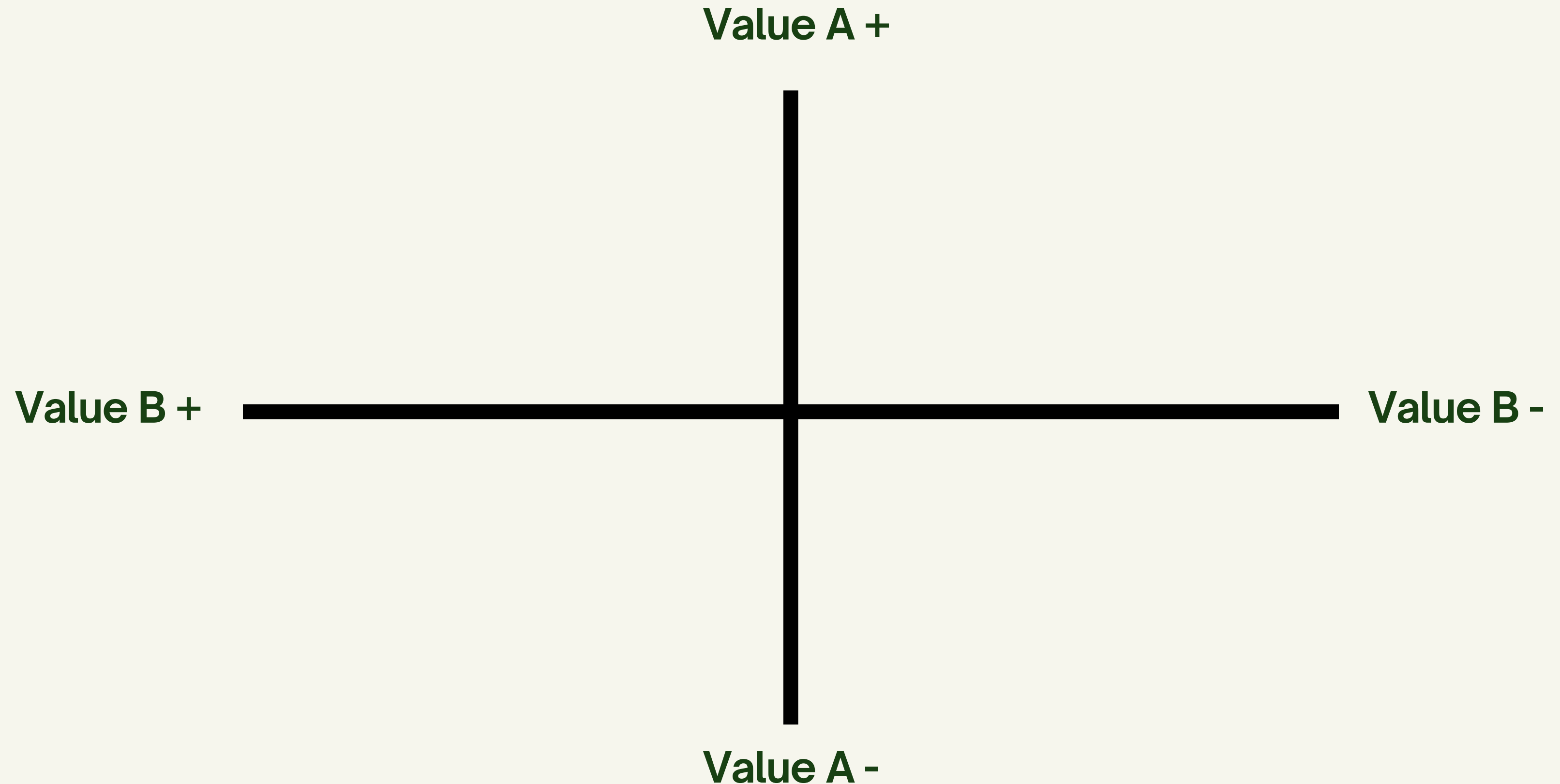
What are the two key factors that define your offer?



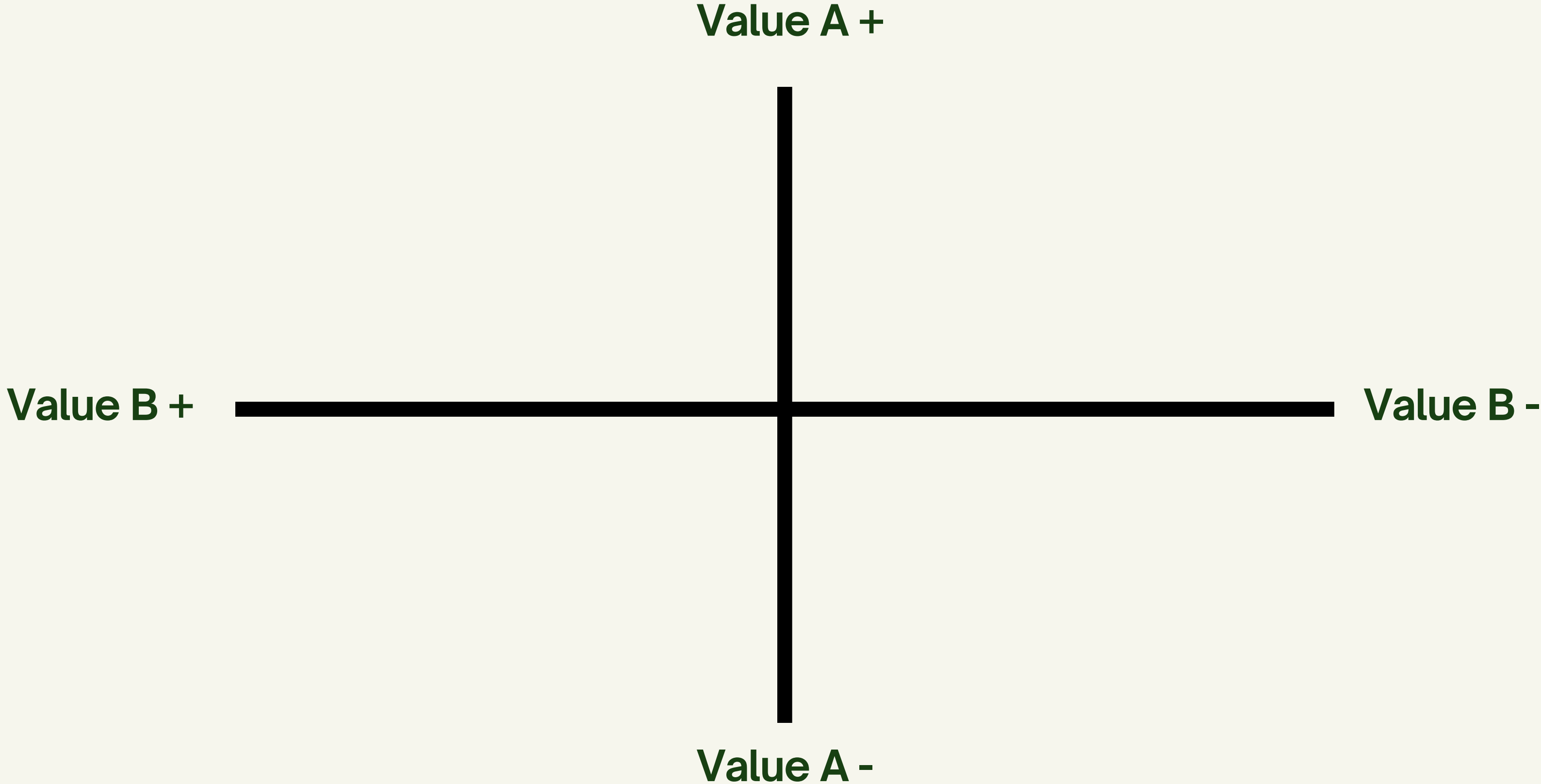
What would be the key factors when buying... shoes?



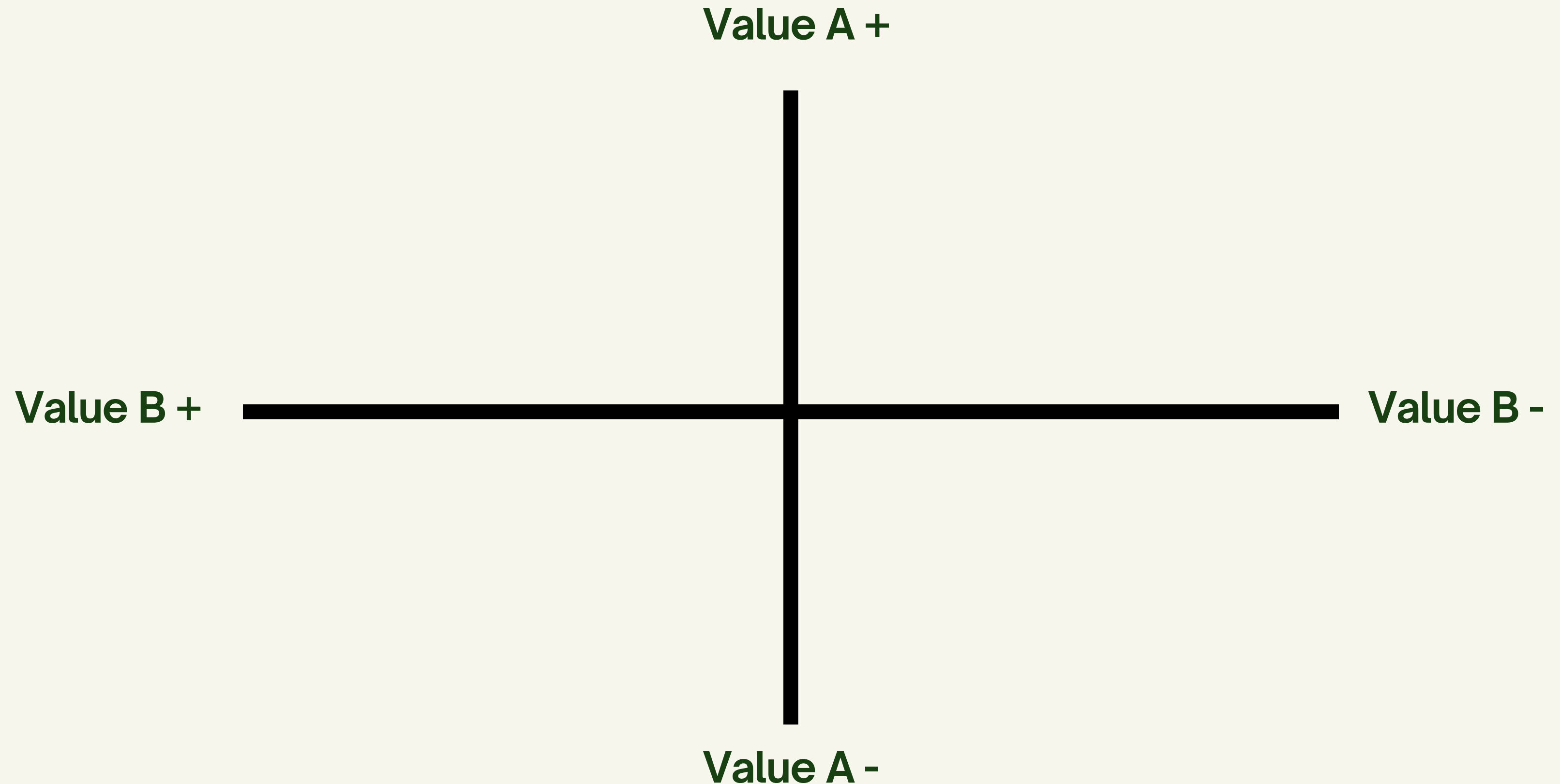
What would be the key factors when buying...
toothpaste?



What would be the key factors when buying... streaming services?



What would be the key factors when buying...
vitamins?



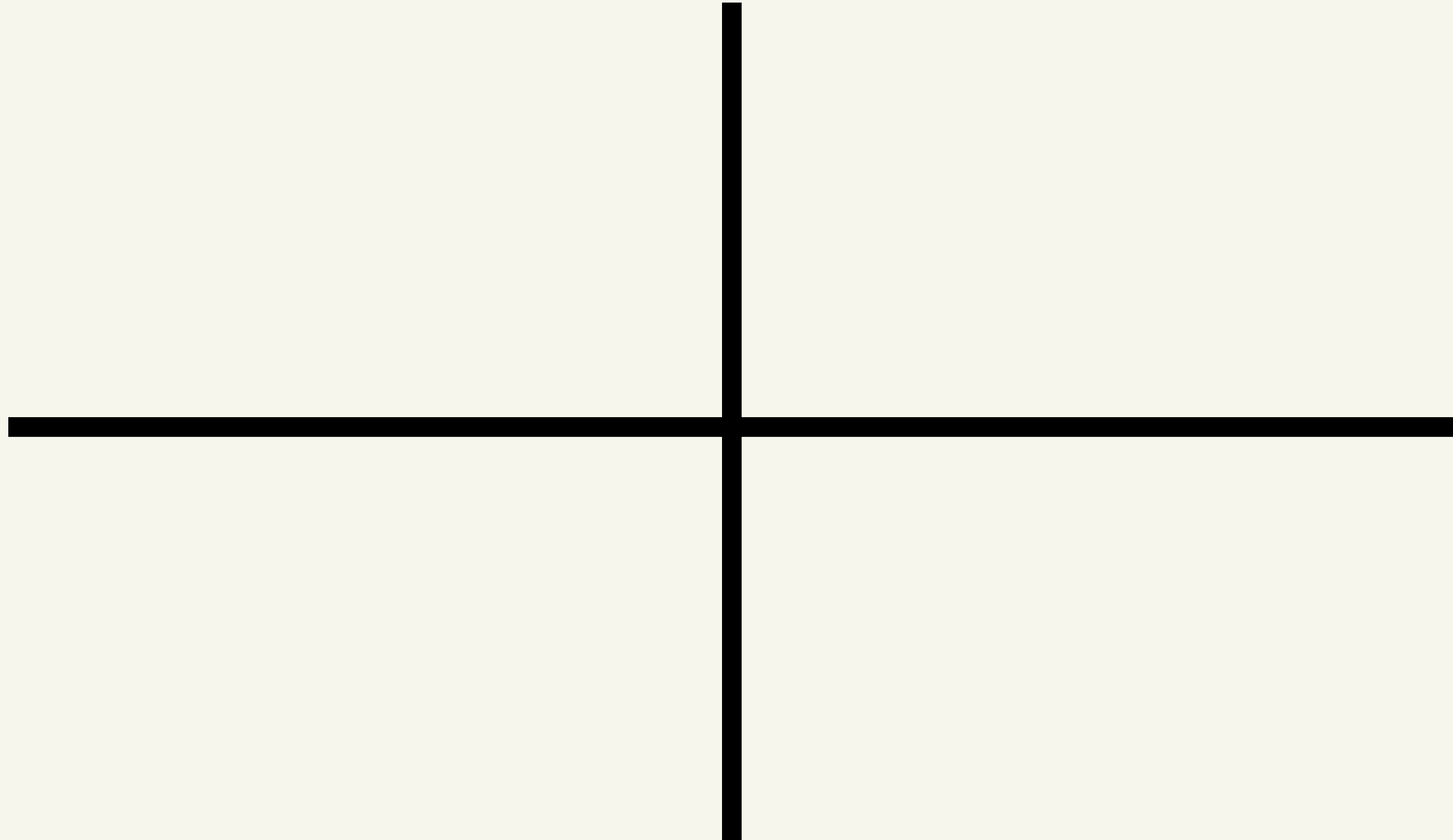
Your turn

Value A +

Value B +

Value B -

Value A -



Analysis Paralysis

Focusing on the wrong things: Many companies get caught up in comparing specific features with direct rivals instead of **understanding what truly matters to the customer**

Direct competitor tunnel vision: Businesses often focus exclusively on established, direct competitors, while **ignoring emerging** or unconventional **disruptors**

The most significant mistake is using competitive analysis to rationalise a founder's assumptions or build a maximum feature set, rather than letting customer feedback guide which features are actually valuable.

Competitors

DIRECT



Businesses that offer a **similar product or service to the same customer base**. compete for the same customers and often vie for market share based on comparable features, pricing, and quality.

Example: McDonald's and Burger King, or Nike and Adidas

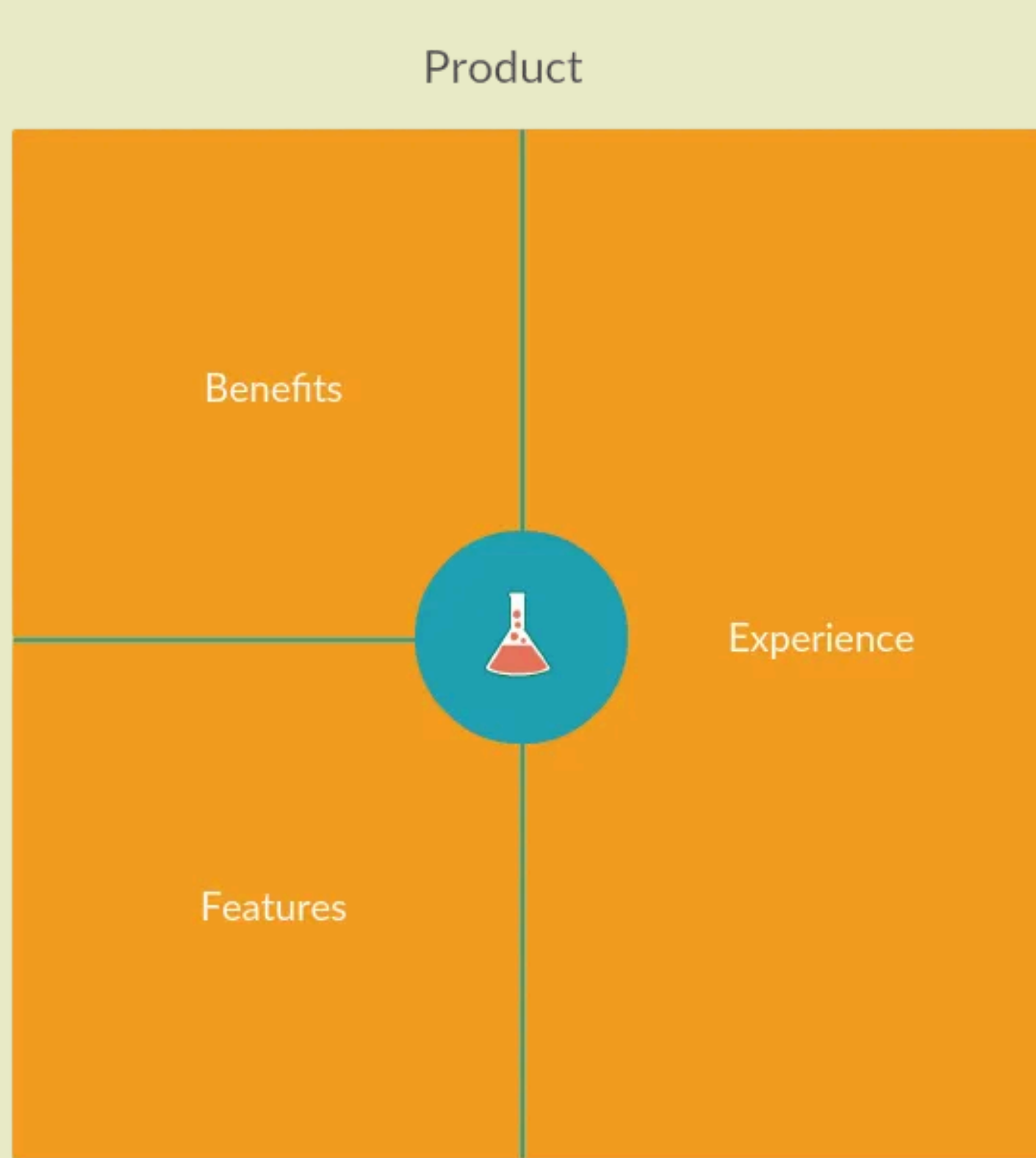
INDIRECT



Businesses that offer a **different product or service but solve the same core problem for the customer**. They compete for the same customer's budget but win by offering convenience, brand recognition, or a different value proposition.

Example: A juice bar and coffee shop. OR a movie theatre and a streaming service.

VALUE PROPOSITION CANVAS for COMPETITOR ANALYSIS



Company:
Product:



Substitutes

10min Break

NICHE AUDIENCES

UNTAPPED MARKET SEGMENTS

HIGH LEARNING CURVE

EMERGING TECHNOLOGIES

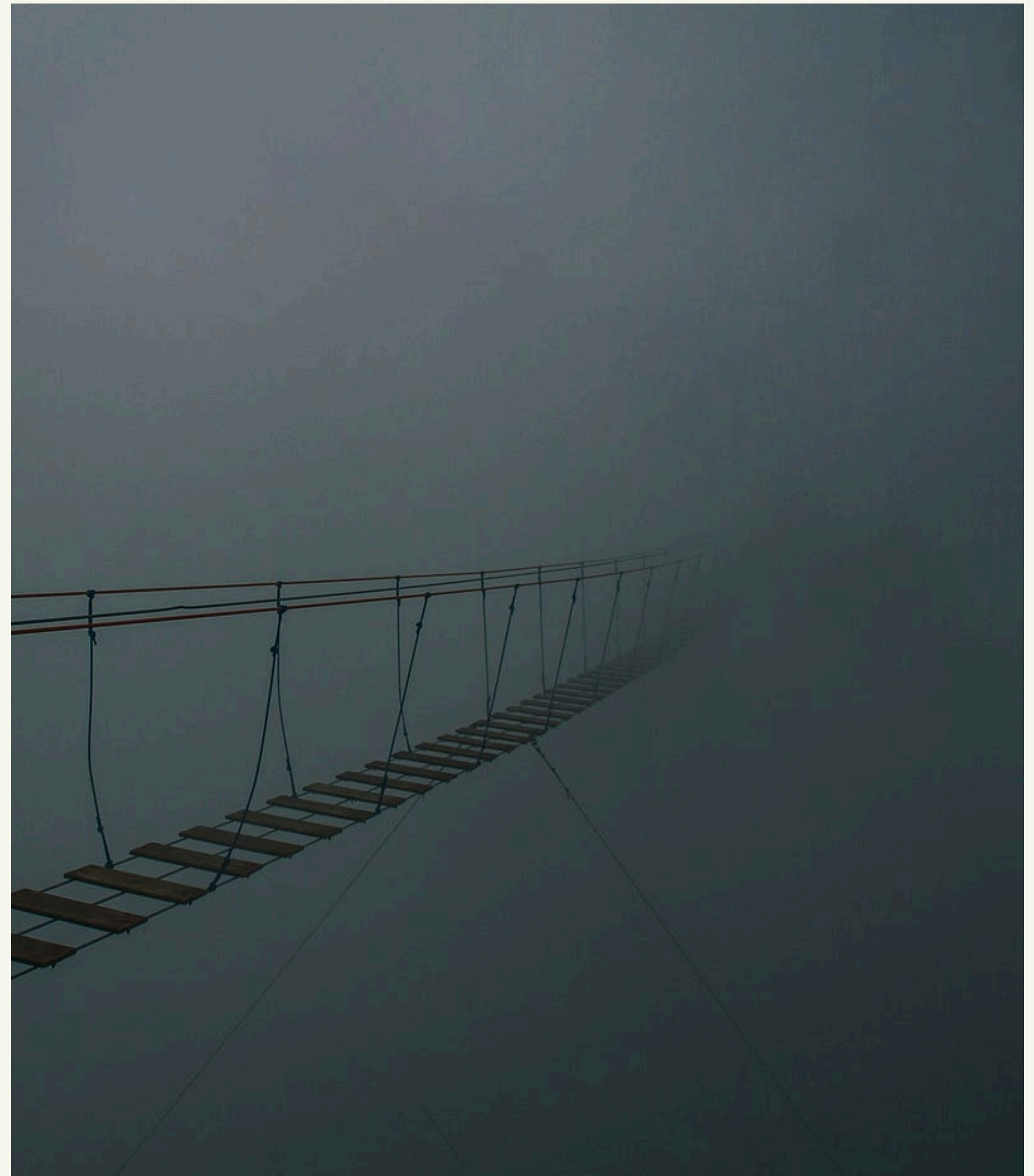
CULTURAL BARRIERS

UNEXPLORED REGIONS

COMPLEX PROCESSES

PARTNERSHIP POTENTIAL

Challenges to entry?



*“Experience is
what consumers are
willing to pay for.”*

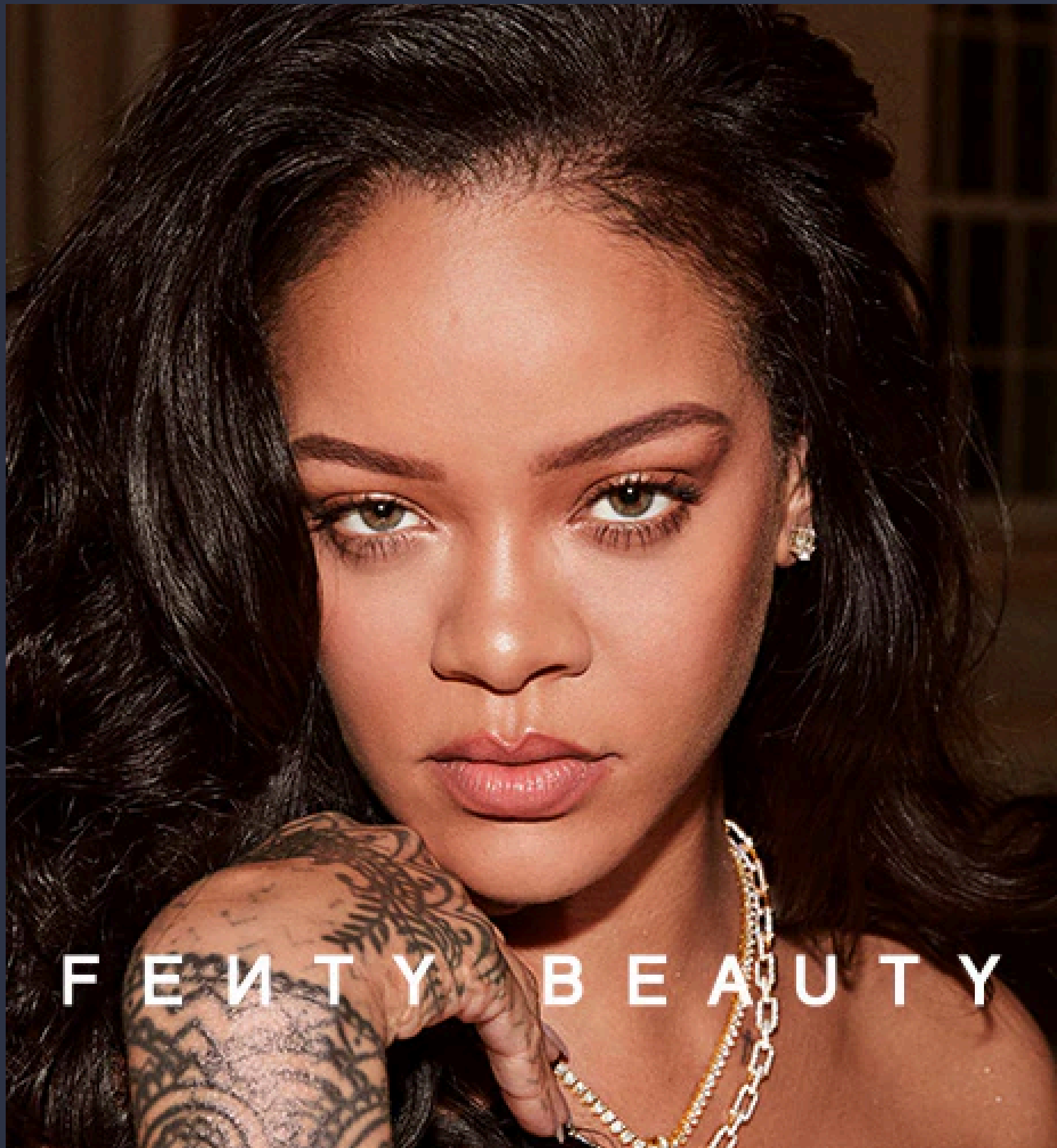
Leveraging your personal
story to build community.



Your unfair advantage

Everyone has some form of unfair advantage, whether it's money, intelligence, location, education, or status (MILES).

These advantages can't be easily copied or bought and are unique to each individual. For startup founders, understanding and leveraging these advantages is crucial for success.



FENTY BEAUTY

What was
their unfair
advantage(s)?

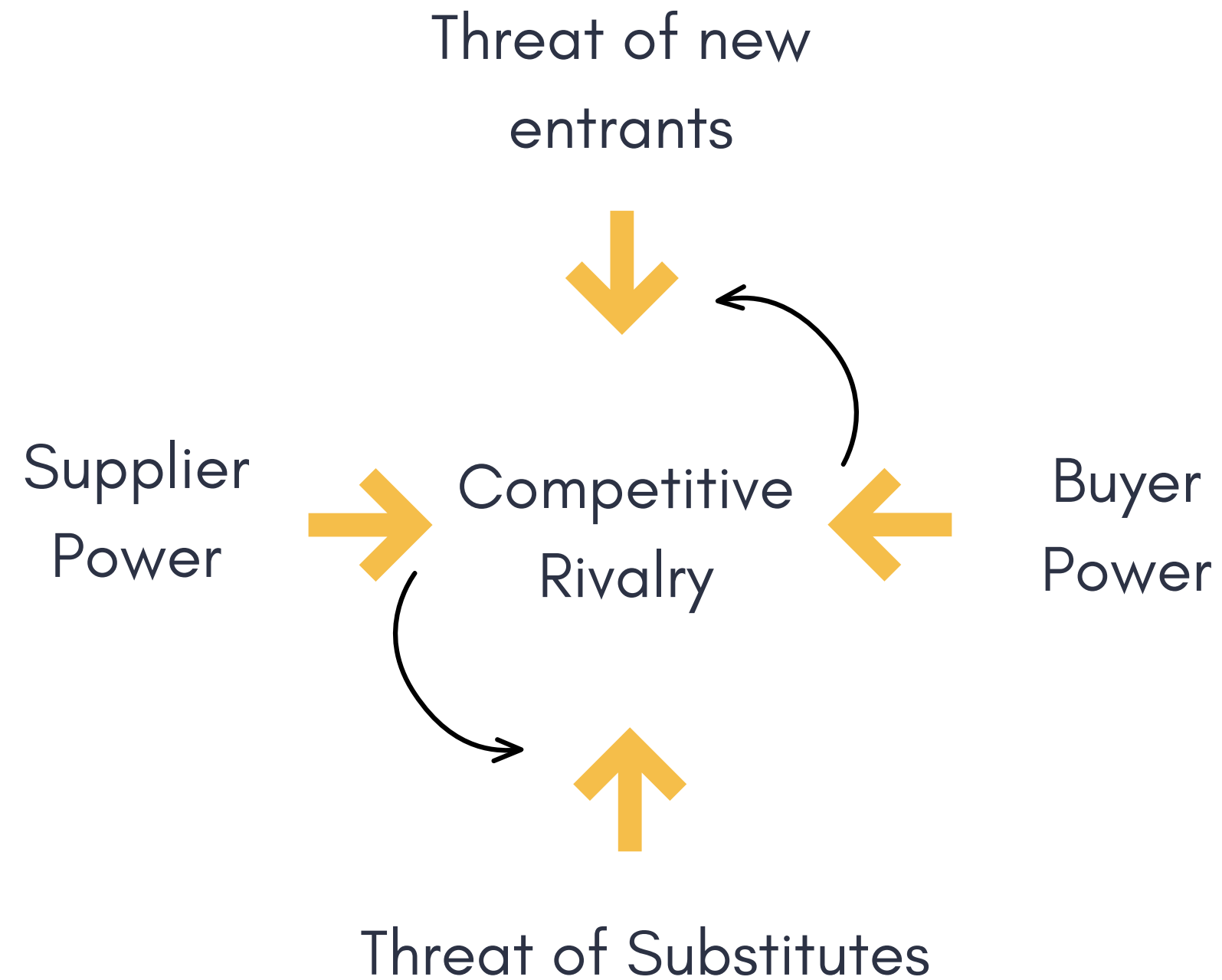


What was
their unfair
advantage(s)?

My unfair advantage:

- Self-Reflection: Start by reflecting on your personal circumstances, strengths, and experiences in each of the MILES categories.
- Ask Questions: Consider questions like "What do I have that others don't?" and "What unique experiences have shaped me?", "What communities do I have access to?"
- Seek Feedback: Get feedback from trusted friends or mentors to gain an outside perspective on your strengths.
- Continuous Audit: Regularly revisit and update your self-audit as your circumstances and experiences evolve.

Porter's 5 Forces



Porter's 5 Forces



These forces shape the industry structure and determine competitive intensity.

Each will impact long-term profitability- positively or negatively

High rivalry environments:

- Many competitors
- Similar in size and power
- slow industry growth
- not much differentiation
- high exit barriers

=Price Wars

Eg- Low cost airlines



Threat of new entrants:

- Economies of scale
- Customer loyalty to other brands
- capital requirements
- cumulative experience
- government policies and regulations
- access to distribution channels



>The higher the barriers to entry, the fewer competitors will enter the market

Therefore, existing players need to diversify and innovate to stay on top, this will cost them their profit margin.

Eg. Smart phones and devices.

Threat of substitutes:

Q: Are customers likely to switch to competitors?

Number of substitutes + availability + buyer's willingness to switch (price sensitivity) = Price <> Performance trade off, determines how high the threat is.

Eg. Coffee v. energy drinks- both keep you alert, but which is cheaper and more effective?

>Businesses might lower price, or increase marketing to differentiate and persuade the higher value add- flavours, performance, health gains etc

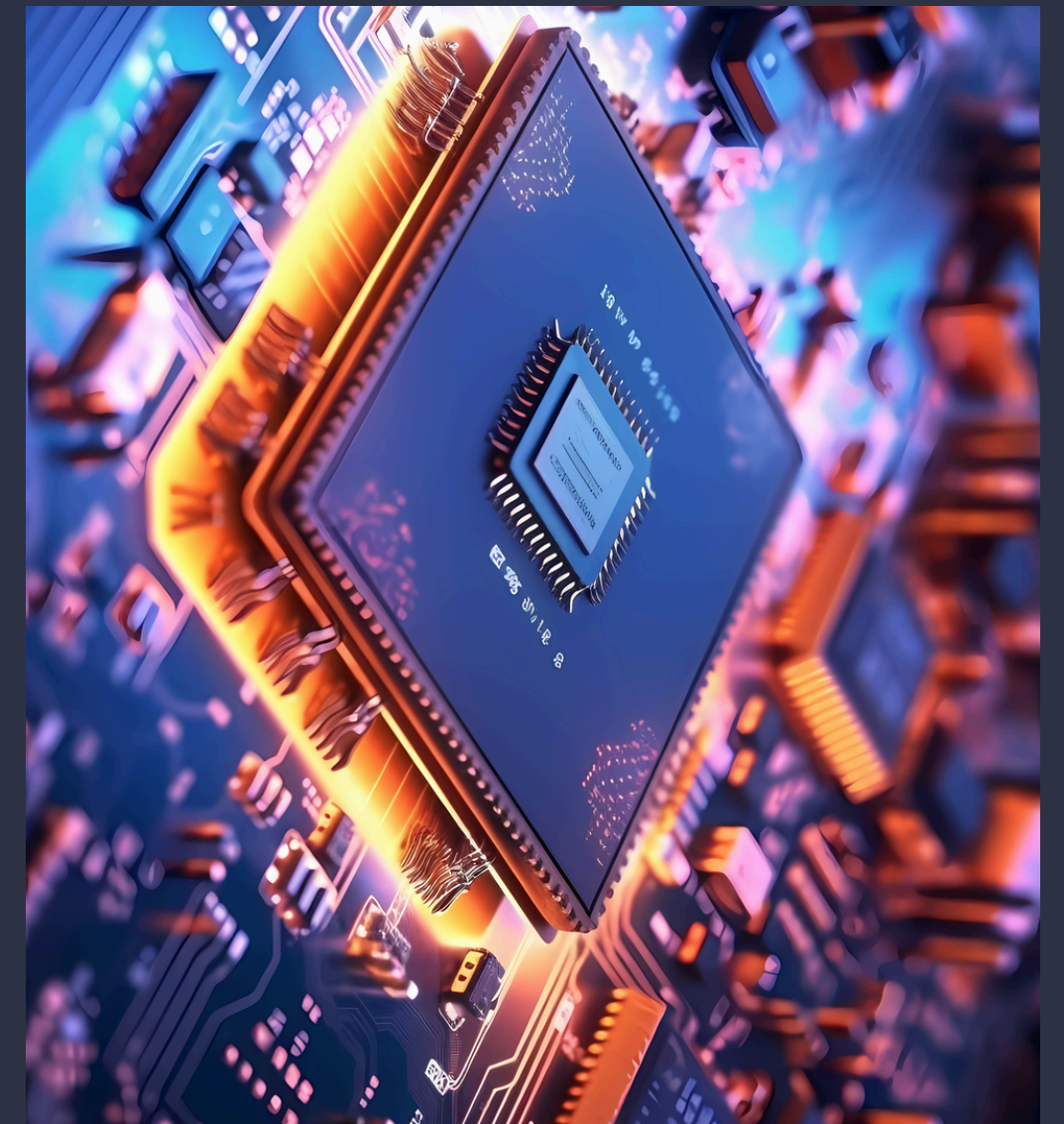
Supplier Power:

Power + Control to raise prices or reduce services.

Consider:

- number of suppliers in industry (less=more power)
- switching costs
- available substitutions
- strength of distribution channels
- uniqueness of supplier offer

Tip: Always have a database of alternatives with costs so you are aware of how this impacts your margins.



Buyer Power:

- Ability to put companies under pressure by demanding better quality= driving up costs / control over price
- When there are few customers that have access to lots of options, their buyer power is higher- easier to compare- especially with the internet.

Buyer power is low when customers buy less, or from niche sellers- they are locked in by their own limitations.

>Companies can introduce loyalty programmes to keep customers, or differentiate their offer.

Eg- Buyer power is high in low-cost airlines, easy to compare, no cost to switch, that is why they have frequent flyer points.

Porter's 5 Forces

Understanding the forces that impact your industry will help you create effective strategies.



Q: Are you overly dependant on a single supplier?

Q: Are competitors likely to enter price wars? Where can you differentiate?

Q: Can you raise brand awareness or loyalty to withstand new entrants?

