

Learning About the Competition

We all know keeping tabs on the competition is important. The last thing any of us want is to become aware of a competitor activity through the implementation of that action, leaving us to scramble in response as we watch our customers scurry off into our competitor's pocket.

There are other reasons to know our competitors, such as product development and financial allocation. The more we know what the competitor is doing, the more we are able to plan for it, although not always against it. For example, sometimes it makes sense to ride a competitor's wave, allowing them to bear the brunt of educating the industry, and then introduce a second generation product before they do, capturing many of the clients they made the initial sale to. But, in general, understanding our competitors makes us better at what we do, meaning we're better at competing, which on many levels is good for everyone.

In viewing your competition it is best not to get caught in the trap of viewing only narrow aspects of their operations, such as their products or their technology. Truth is, the more you know about them the better off you are, and you should seek to have a broad view of how they do business as possible. This includes, beyond their products and their pricing, discovering information about their distribution networks, suppliers, alliances and partnerships, customer service procedures, customer base and finances. With this broad view you will be able to better understand where your opportunities lie with regard to countering the competitive restraints they place on your own operations.

Identify the Competition

The first step in gaining information about your competitors is, of course, to determine who they are. In defining your competitors you can take a narrow view – that is any company selling the same product you sell, or you can take a broader view – that is any company selling a product that when purchased eliminates the need to buy your product. In the consumer market an example might be Coca Cola viewing other cola companies as competitors (narrow view), or all other beverage companies as competitors (broad view). Certainly in this example the broader view is more effective, as once a consumer purchases a beverage the value of the Coca Cola buying proposition declines. Therefore Coca Cola is competing not only against Pepsi, but on many levels against Snapple, Evian, Tropicana and others.

Create Your Charts

To understand all your competitors and how they compare one to another, it is advisable to create a series of competitive charts that match up the same data about each competitor. The information included should be:

- Company Name
- Company Products & Their Features
- Product Pricing Range
- Largest Accounts
- Partnerships and Affiliations

- Distribution Systems
- Market Share
- Financial Health
- Human Resource Concentrations

With this information, presented to you in a comparative manner, you will be able to understand a great deal about each of your competitors and the opportunities their activities present.

Discovering Information

It should be clear here that Tudog is recommending only that you engage in legitimate and legal exploration of your competitor's activities. Under no circumstances should you seek to obtain information in a manner that is illegal or unethical. Such behavior will not only bring upon you unfortunate consequences, but also spoil the competitive environment within which you need to operate in order to survive.

That having been said, no company can hide all their secrets. Doing business in and of itself leaves tremendous amounts of information useful for competitors. Want to know what a company's human resource concentrations are? Read the Help Wanted ads or visit their website. Want to know about their products and their pricing? Visit their booth at a trade show or talk to one of their customers. Want to know about their financial health? Read their press releases and those of their investors. Want to understand their technology? Read their patent filings. Short of the ingredients to their special sauce, most of what you need to know they are, in some way or another, telling you.

The company that invests time, energy, and manpower into understanding their competitors is the company that will ultimately come out on top as they will, with proper analysis and swift reaction to competitive intelligence, seize the opportunities presented.