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Researching competitors

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1. Introduction

If you are planning to enter a new market, it is vital that you research your competitors thoroughly. This will help you differentiate your products or services from those of your rivals, identify any gaps in the market and plan your marketing strategy effectively.

This factsheet explains how to identify and research information about your competitors and their activities. It outlines the type of information you should seek about your rivals and gives examples of some useful sources. The factsheet covers researching company and financial information, using online tracking and benchmarking tools, and carrying out sector-specific and personal research.

2. What do you need to know?

Thorough research will help you consider how your competitors' activities could impact on your business and the products or services you plan to provide. The following questions will provide you with a starting point for gathering information about your competitors and thinking about your own marketing strategy:

- How many competitors do you have? Who are they and where are they based?
- How do your competitors' products or services compare to yours, and how can you differentiate your own products or services?
- How do their prices compare with yours? Do they have special offers, discounts or guarantees?
- What else do they do to engage customers? For example, do they provide loyalty cards or vouchers for regular customers?
- Do their products or services have any add-on features that increase their appeal or value to customers? For example, do they provide free upgrades?
- What other steps do they take to attract customers?
- How many customers or clients do they have? Where are their customers located?

¹ This factsheet is based on material originally published in 2020 by Cobweb Information Ltd as part of their series of Business Information Factsheets, and used with permission.

- Who are their customers, and what are their demographic characteristics? For example: How old are they? What gender are they? What are their occupations? How much do they earn? What do they spend their money on?
- What share of the market does each competitor have?
- How long have they been trading?
- How has their business model changed since they started to trade? For example, have they moved from selling via a traditional high-street shop to selling online?
- How do they promote their products? Where do they advertise and how often?
- How do they communicate with their customers? For example, by a regular newsletter, via their website, or by direct mail?
- What distribution channels do they use? For example, do they sell via an online store or mobile service, or do they use distributors and sales agents? Could their distributors and agents act for you, either as well or instead?

3. Sources of information

There are several sources of information that can help you gain a general overview of who is already trading in your market, starting with what competitors say about themselves.

3.1 Competitors' websites and marketing content

Your competitors' websites are invaluable sources of information. They offer insights into your rivals' strategy, image and marketing approach, as well as information about their products and services. Some businesses also publish their annual reports on their websites. Online tools such as Visualping (visualping.io) and Versionista (versionista.com) can help you track your competitors by notifying you of any text changes made on their web pages.

Many businesses use social networking platforms such as Twitter, Instagram and Facebook to generate interest in new products and interact with their customers. Following your competitors' social media feeds can provide clues about how they are perceived, how busy they are, where they are doing business and who is engaging with them.

Other marketing activity from your competitors, such as adverts, newsletters, catalogues and brochures, can provide useful information about their business, products, services, prices and latest offers.

3.2 Other online sources

As well as following your competitors' blogs and news feeds, it is worth reviewing what other people are saying about their business online. This can provide insights into your target customers' opinions about your competitors and their products or services. You can

start with a simple online search for a competitor name using a search engine such as Google, Bing or Yahoo. You can also set up an e-mail alert via Google Alerts (www.google.co.uk/alerts) to tell you when new content is posted online relating to a particular search. There are specific tools you can use to search for or track social media content relating to particular words or brands. For example:

- A simple keyword search on Twitter (www.twitter.com) will reveal the latest mentions of a competitor's name across the popular micro-blogging site, while Twitonomy (www.twitonomy.com) enables you to analyse any competitor's tweets. TweetDeck (tweetdeck.twitter.com) enables you to monitor Twitter keyword searches in real time or set up e-mail alerts to notify you when a particular brand or business is mentioned in a tweet.
- Mention (mention.com/en/) is a social media monitoring tool that enables you to monitor brand mentions across social media networks such as Facebook, Twitter and Google news feeds, forums, blogs and web pages.
- Social Searcher (www.social-searcher.com) is a free social media search engine that enables you to search for social media content across a variety of platforms.

There are also online tools that enable you to track and compare your competitors' website traffic statistics and activity. These can give you a measure of how successfully your competitors are connecting with potential customers online. They also enable you to benchmark your performance against other businesses and traders online. Examples include Alexa (www.alexa.com) and SimilarWeb (www.similarweb.com).

3.3 Trade bodies

Sources specific to your sector will provide you with the most accurate information about your industry and the competition within it. Joining a trade association representing your sector can give you access to market information and many publish a members' directory that may help you identify your direct competitors.

3.4 Trade and business directories

National and local business directories are useful sources of information about the number of competitors in your target country. Chambers of commerce, and sometimes municipal authorities, often publish directories listing businesses trading in each local area or region. You may also find that there are general trade directories available which provide business listings based on sector, trade, product or business name. Search google for trade directories and business yellow pages.

3.5 Company and financial information

In some jurisdictions, companies may have to publish annual accounts and these might be available publicly. Indeed, many companies put annual reports on their own websites. If you

can track down annual reports, this can provide information about competitors' financial performance and give wider indications about the current market for your proposed products or services. If you are keen to understand particular companies, and they are large enough, you could seek a credit reference report.

3.6 Sector-specific research

Keeping up to date with developments in your sector will build your understanding of your market and may help you discover more about specific competitors.

- Trade journals can provide you with insights and information relating to new products and services in your sector. Your competitors may send press releases to trade publications relating to new developments they are working on or new contracts they have won.
- Many newspapers produce weekly or monthly supplements focusing on particular industries. The business section of local newspapers in your target area may include useful information about local competitors.
- Attending trade fairs, exhibitions and conferences is a good way to network with key players in your industry, identify your competitors and get an idea of the types of products or services they are selling and developing.
- Joining a LinkedIn group (www.linkedin.com) relating to your sector can be another way to make contacts and find out about the latest activities of potential competitors.

3.7 Other personal research

- Networking with other business owners in your target country through trade associations or chambers of commerce will often provide useful, indirect sources of competitor information.
- Getting out and about, meeting potential customers and talking with other businesses in your target country will gradually help you to build up a competitive picture that you can use to your advantage.
- You could also look at online reviews of your competitors, for example Google reviews (which appear next to their listing in Google search results) and reviews on specialist websites.
- Talking to potential suppliers in your target country can also help you gather intelligence about what is happening in your sector, especially competitor successes and failures.

3.8 Legal implications

It is illegal to steal product samples or use your staff to obtain confidential information from competitors under false pretences. Mystery shopping, however, is generally a legitimate

practice, as long as no deceit is used to obtain what a competitor would regard as secret or commercially sensitive information.

4. Hints and tips

- Focus on finding information that helps you improve or differentiate your business and what you offer to your customers. Include all the relevant information that you collect about your competitors (and your customers) in your marketing plan. This will help you look strategically at ways to differentiate your products or services and maintain a competitive edge over your rivals.
- Researching and analysing information about competitors and your market should be a regular part of running your business, not just something left to occasional reviews.
- Do not just look at direct competitors, but at indirect competitors as well. These businesses may offer different products or services from yours, but nevertheless compete for your target customers' budgets.

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