

Your competitors - What you don't know DOES hurt you!

Most organizations pride themselves on knowing and tracking their competitors. Top performing organizations have superior authority or own an open position. Those that perform above market year after year maintain their unique edge despite competitors' strategy changes, emerging new players, and even new channels. Other companies languish. Positioning is critical, and critical to positioning is knowing the competition. Yet many don't do a good job of competitive analysis, leaving the study to low level analysts. In this newsletter and the next, we will examine some critical issues to improve your competitive analysis. First, here are some true stories that we think demonstrate why competitive analysis is more than just an intellectual tool:

True story one: The mature brand versus the sassy upstart

A mature, well-established brand was taken totally by surprise by an upstart that wasn't on its radar screen until best customers in its focus groups started naming the sassy brand as their favorite catalog. What happened? The upstart, priced 30% lower than the mature brand, had been renting the mature brand's 24-month file 12 times a year. Since the smaller company had more relevance than the larger, it simply grew off the back of the mature company by commandeering its customers. Taken by surprise, and not realizing how its policies had hurt itself until it was too late, the larger company never really recuperated financially.

True story two: An out-of-category player can pack a big punch

Often narrowly focused brands create a niche and gain tremendous authority allowing them to commandeer premium prices and exceptional profitability. However, the competitive landscape is always changing as this story depicts:

A narrow brand's authority was almost usurped by a surprising competitor - an out-of-category brand who started offering similar product similar seasonally. Because it entered the category "under the radar," no one gave it much thought until suddenly, the out-of-category brand had more authority and relevance and the narrow brand was unable to attract new customers. Luckily it unearthed the problem in time and changed its outlook and merchandising strategies to counteract the competitor.

Picking the competitive set to study is often the most important step since it will inform your true understanding of the external world.

Step One: Pick your competitors wisely

Most companies chose their competitive set too narrowly. They often omit:

- Start up or Early stage contenders. These companies can grow so rapidly that they could become a major competitive threat without your awareness. If you're not aware, you can't put offensive strategies in place to stay ahead.

Not tracking these over a number of years will prevent a company from seeing new category trends, modified customer buying behavior or a unique selling proposition that is more compelling than yours. Mature companies in particular omit watching these companies.

- Companies with broader product lines, especially when product similar to yours is carried seasonally or has an extremely low penetration in the competitors' line-up. Watch these companies longitudinally as, over time, they may grow your category to become a big business.
- Out-of-category companies, who might enter your market.
- Companies in different channels. These days, channel blurring is so significant for customers that tracking all competitors is a must.

For information on how [windward group](http://www.windwardgroup.us) can help you develop impactful strategic initiatives to transform your organization or just to chat, call us.

[windward group](http://www.windwardgroup.us) is a strategic consulting partnership for multi-channel brands whose founding principals have more than 50 years combined experience leading multi-channel organizations.

Ask who has authority in the category.

Keep your eye on the public domain;

Interview past executives [this seems important if you can fit it in](#)

Have an offensive strategy and a defensive strategy when dealing with competitors, especially the aggressive competitors

Remember: competition evolves so keep your eyes on the landscape