

## Session 6

### 4. ANALYSIS OF COMPETITION

#### 4.1. Competition concept

The analysis of competition is determinate by the analysis of strategies, advantages, strengths, weaknesses and other characteristics of current and potential competitors, so that based on that analysis, make decisions and design strategies to compete in the best possible way with them.

To recognize the competition, we have to know:

Who are our competitors.

How many.

What are the main leaders?

Where they are located.

What their markets.

What your sales volume.

What is your market share?

What's your experience in the market?

What are your resources?

What is its capacity?

What are its main strategies?

Materials or supplies to use in their products.

What are their prices?

What advertising media used.

What are your channels or outlets?

What are their competitive advantages?

What are your strengths and weaknesses?

#### 4.2. Types of Competition

There are different types of competition; according to the degree of competitiveness are the following:

Perfect: When the product or service is the same, the price could be standard, sample is petroleum, wood.

Imperfect: with one of the market players have the ability to influence prices. The competition can go directly to the vendors or use distributors and brokers. Is divided in three sections:

- Monopoly: absolute one price of control of the service and the product to the customers. Sample water, energy.
- Oligopoly: the price can change many times, many people could be involved. Sample computers, electronics.

#### 4.3. Competitor Analysis

The purpose of competitor Analysis, including best preparation benchmarking, value chain analysis, competitive profiling, and industry structure analysis - are presented. Competitor analysis should be a central element in management planning and control, with full attention being paid to each competitor's objectives, resources, and competitive stance, as well as to individual elements of its strategy. In this way, areas of competitive strength and weakness can be more readily identified and fed into the process of strategy development.

##### 4.3.1. Strategies

The companies that follow the same strategy in a given target market, they have to analyze the group of competitors according of the product.

##### 4.3.2. Objectives

The principal objective is to maximize in the short and long term, and they have to convene with growing market share, cash flow, technology and service.

##### 4.3.3. Strength and weakness

The competitors can use a strategy and learn the strength and weakness of each activity with next evaluation:

The Market Share, the participation of the target market competitor, the participation in mind the percentage of clients referred to competitor when asked to name the first company that comes to mind, the participation in the heart and the percentage of clients referred to competitor when asked to name the company which we would prefer to buy the product.

##### 4.3.4. Reaction models

The slow competitor, no react quickly with the competition.

Selective competitor, only react to select type of attacks.

The Tiger: These competitors react quick and strongly to any attack.

The random: this kind of competitor is smart; no react to consequences or economic situations.