

Creating a Competitive Analysis

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Definition: Identifying your competitors and evaluating their strategies to determine their strengths and weaknesses relative to those of your own product or service.¹

Step 1: Identify your industry competitors.

- Before beginning your research, define the scope of your search. Think about the geographic limitations, as well as any other characteristics which may influence who your competition may be.
- Research Reference USA using SIC/NAICs and limit geographically (and by other relevant factors).
- If you aren't sure of your SIC/NAICs, look up one "model" competitor on Reference USA and replicate their profile using the "Advanced Search", or visit census.gov/naics to view industry classifications.
- Research reputable trade associations and identify potential competition in your region.
- Narrow down the market to 5 key competitors most likely to directly influence your business.

Step 2: Profile your key competition.

- Identify the areas of competitive interest to your business:
 - Financial data, product/services offered, geographic scope, marketing strategies, business characteristics, market share, etc.
- Create a competitive grid which tracks the answers/responses for the defined categories.
- Use Reference USA, visit their website, search for articles, mentions, and/or reviews online, visit in person (if possible), to gather relevant information.
- *Be as detailed as possible.*

Step 3: Analyze the strengths and weaknesses of your competitors against your company.

- Refine, and begin analyzing the relative strengths and weaknesses of your competitors.
- Review templates online, and through *Business Plans Handbook* (accessible via Gale eBooks), to model your writing.
- Profile your competitors (consider primary & secondary competition) and detail their strengths and weaknesses. What risks will your business take? What opportunities exist?

Step 4: Continually refine your competition against emerging and changing market conditions.

¹<https://www.entrepreneur.com/encyclopedia/competitive-analysis>

²<https://www.sba.gov/starting-business/write-your-business-plan/market-analysis>

³<http://www.inc.com/jeff-haden/how-to-write-a-great-business-plan-competitive-analysis.html>