

Keeping track of your competition

No business is an island. There are almost always other businesses offering similar products to similar customers. And they want the same as you: to grow, make money and succeed. What can you learn from your competitors?

When gathering information about your competitors, you need to find the answers to the following questions:

- How do your competitors' products or services compare to yours?
- How do their prices compare with yours? Do they have special offers, discounts or guarantees?
- Is the quality of their products or services better (or worse) than yours?
- Do they have any add-on features to their product or service that increase its attractiveness to customers?
- Are they doing any research and development that would affect their products in the future?
- How many customers do they have?
- Who are their customers, and what are their demographic characteristics? For example, where do they live? How old are they? What gender are they? What are their occupations? What do they earn? What do they spend their money on?
- What share of the market does each of your competitors have?
- How do they promote their services or products? Where do they do this? What marketing strategies do they use?
- How much do they pay their staff, and what other staff benefits do they offer?

Finding out about your competitors

There are many sources of competitive information. Some are specific to particular business sectors, others are more general sources of information:

- Industry-specific **trade press** can provide you with an insight into recent trends and future developments affecting your sector. For example, your competitors may put out press releases in the trade press relating to new developments they are working on or new contracts they have won. Go to **www.tradepub.com** for a directory of trade magazines and journals.

- Joining a **trade association** for your sector will provide you with access to market information and a directory of competitors. Go to **www.taforum.org** or **www.britishtservices.co.uk/associations.htm** to find the association(s) for your sector.
- Attending **trade fairs** is also a good way to network with key players in your industry. You can get an idea of the types of products or services your competitors are selling and developing. You can find a directory of UK trade exhibitions at **www.exhibitions.co.uk**.
- Local **business directories** such as Yell (**www.yell.com**) and Thomson Local (**www.thomsonlocal.com**) are useful sources of information about businesses operating near you.
- **Local councils** (visit the website **www.direct.gov.uk** to find yours) and **Chambers of Commerce** (go to **www.britishchambers.org.uk** to find your local Chamber) often publish business directories of firms operating in the local area.



- If your competitors are limited companies, you should be able to obtain financial data on them, for example from **Companies House** at www.companieshouse.gov.uk or Dun & Bradstreet's **Key British Enterprises (KBE)** database at www.solutions.dnb.com/kbe (although you will have to pay for parts of these services).
- The **Companies House** website also features a number of tools to help you find other information about registered companies, including details of the directors.
- **Specialist market research publishers** are good sources for collecting market information and analysis. They publish regular, in-depth reports on hundreds of different market sectors, looking at key trends, consumer profiles and buying figures. Your local business or reference library may be able to obtain copies of these reports.
- If your competitors use **social networking sites** such as LinkedIn, Facebook and Twitter, this can often provide you with useful information. This could include details of what products they are launching and what feedback they are getting from customers.
- **Getting out and about**, meeting potential customers and talking with businesses in your local area will help you gradually build up other snippets of intelligence that you can use to your advantage.
- **Speaking to your customers** is another excellent way of finding out about the other businesses they regularly purchase from and which products and services they buy.
- You could also **visit your competitors** personally or find ways of observing buyers and promotion techniques. It is also worth examining the quality of their products and the levels of customer service they provide (especially at trade fairs and exhibitions). One technique for doing this is known as **mystery shopping** (see **Essential tip** box), where you pose as a customer to test product or service offerings.

Don't just look at direct competitors, but at **indirect competitors** as well – these are businesses offering a different range of products or services, but which compete for the same portion of your potential customers' budgets. For example, if you sell

women's fashion, indirect competitors would include second-hand clothing stores and charity shops.

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.

All the information you gather needs to be collated, so that you can spot links and common themes. Store the information in such a way that when new information comes along, you can quickly link it to similar existing information. You can create your own competitor spreadsheet or database, or something as simple as a ringbinder. It doesn't matter what you use, just as long as you revisit it frequently and keep it up to date.

Essential tip

A very good way to find out what your competitors are up to, particularly if they offer a similar service to yours, is to do a spot of **mystery shopping**.

Call and ask for a quote or estimate (using the same specification for each of them so that you can compare prices). Pay particular attention to their 'added extras'... is there anything you could, or should, be doing? We understand that this may not be an easy thing for you to do, but you'll gain valuable information in the process. (Be aware, though, that it is illegal to steal product samples or use staff to obtain confidential information from competitors under false pretences.)