

Product and Brand Management
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Lecture 25
Competitors' Analysis

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Welcome friends. In the sequence of our discussion on analysis, points of analysis and focal areas of analysis, we are going ahead with competitors' analysis after customer's analysis which we saw in the preceding session. Yet again a very important aspect that definitely customer is the king but competitor is someone who is actually seeking the attention of that king as well. And I am referring about direct competition but there are many forms of competition and we have to see that what kind of an analysis is relevant or what kind of a reference point of competitor's analysis is relevant for a product manager.

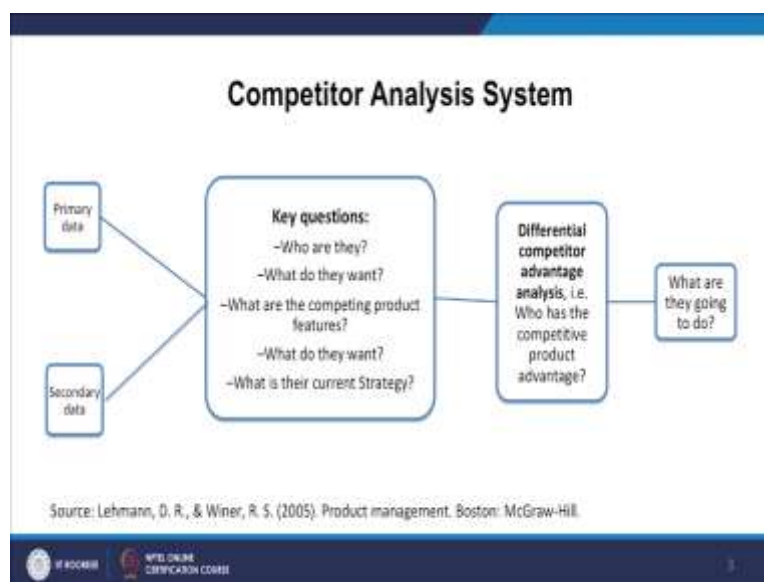
Here we are looking at competitor's analysis with the point of view of a product manager. What is competition? You have heard this word many times. We have talked about this as well. Competition refers to the rivalry among sellers trying to achieve such goals as increasing profits and market share. Now that is one of the focal points of competition and market share can be seen with reference to the product-based market share and the category-based market share as well. We have talked about category analysis and the competition is related to sales volume as well.

Now, there are varying elements of marketing mix which are the focal areas for competition. Price, product distribution and promotion. It is wherein the product buying by the customers with the pursuit of differential advantage comes in. Imagine 200 CC bikes and the competitor is giving a differential point. So, as simple as that. Imagine two similar pencils they would also try to differentiate it probably with the help of a colour as well. So, that is where differential advantage comes into picture.

Now, the other element is related to economic theory or economics at large wherein various competitive states such as monopolistic competition, oligopoly, perfect competition and monopoly are delineated based on the degree of control. So, that can be looked upon with this perspective as well and when you look at this spectrum with reference to economics based understanding, then there are several aspects on direct product competition, some indirect competition as well, share of pocket competition as well and so on.

And in strategic section we would be talking about diversification, we would be talking about integral perspective on developing a line and so on. And that is where this competition-based understanding comes in support of the product managers who wish to strategize aptly with reference to their product.

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Competitors' analysis system is comprised of a larger framework wherein primary data and secondary data leads to a key question that who are those competitors? They are apparent

competitors, they are strong competitors or they are competitors who are coming from all the sides. I remember that many detergent manufacturing organizations would not have thought of Ghadi as a strong contender when they were rising and believe me, they actually came up with full force taking a good portion of market share. Nirma wrote history, as we all know. This is where we say who are they, what do they want? What kind of a bracket they are looking for, how they would be actually going for newer customer and taking the existing customer from my customers.

What are the competing product features? How are they different from us basically? What do they want? What is the current strategy? How are they actually approaching? Many a times many organizations have or are in neck to neck as far as their fight goes for example very straight fights like Coke and Pepsi. I feel that they tend to monitor their communications as well, means, the communication of the competitors. I remember an interesting campaign wherein someone said they are the official partners to a sports event and someone said nothing official about it. That was a campaign run by both of them wherein they were actually competing in terms of their communication as well.

Then comes in differential competitors' advantage-based analysis; that is who has the competitive product advantage, and when there is a low differentiation product, then the perspective around the product becomes the point of differentiation. There are millions of examples like that. When there is a huge differentiation in terms of product then definitely you have larger aspects to look for.

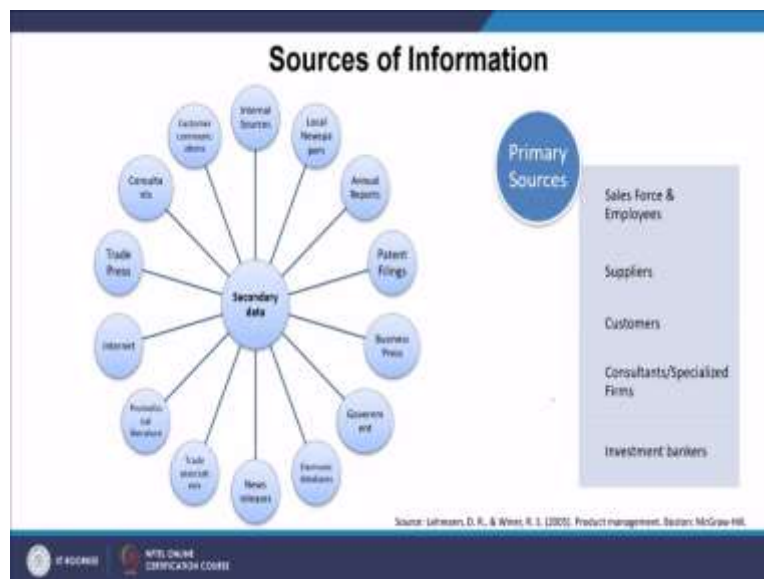
Then comes in what are they going to do now? This is again a million dollars question like customer's analysis. The million-dollar question was that would the customer buy again? Would he come back to me? Would she come back to the product she has been purchasing? And here what are they going to do? A top secret which they are keeping to their hearts. Would they be revealing that secret? If they are revealing that secret through their products which are being sold, then we cannot do anything. We have to assume their steps.

It is like watching a match like referee, wherein you are having your eyes on the ball and the player is moving the ball let us say a hockey player and as a referee you are monitoring the rights and wrongs also everything but your brain is telling you that this person is going to do this. Or let us say if you are not a referee, you are just a keen spectator. So, can we develop that kind of a

science and art which can enable us to assume that what competitors would do? When I talked about customer's analysis, I told you that we must develop an art of reading the hearts of customers.

Here, I would suggest that we should develop an art along with scientific procedures to read the minds of competitors. There are several sources of information in terms of competitors' analysis which can back us up in terms of analysing the competition.

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There are primary sources like salesforce and employees, ours as well as theirs because sales team, they meet each other somewhere, suppliers wherein some suppliers might be exclusive, some suppliers might be common, some retailers might be exclusive, some retailers might be common. So, you can get an idea from them.

Customers the biggest source of information, consultants, specialized firms, investment bankers and many other sources. And then there is a huge source base in terms of secondary data, internal sources, local newspapers, annual reports, patent filings, business press, government, electronic database, news release, trade associations, promotional literature, internet, trade press, consultants and customer communications.

But one thing which is common here is that if we look at all the sources we might get a feel that these sources would tell us something wherein we would react to that but in today's extreme competitive environment that would be too late. So, what is the answer to that? And if we focus

on putting all our energies in predicting what competitors would do? That would end up wasting lots of money and lots of energy as well.

So, we have to create an intelligence level of putting up several kinds of scenarios in front of us and have to be ready for those scenarios while building up product strength around our products. And we have talked about elements of strength. I would be talking about branding based strength in due course of time in the subsequent sections.

Once we have strength, processes, procedures in place and we have scenarios and as soon as we pre-empt a particular scenario approaching, we go by that either in a reactive way or we go for a different scenario and we go proactively through a different route while bypassing the competition or surprising them with our move. That is what one product manager must do.

In many cases it is easier said than done. For example, you are in automotive manufacturing so you have to have very long procedure or let us say before time kind of an analytical perspective wherein you are thinking in terms of next five years or next ten years looking at technological factors, environmental factors and almost everything and going for a strong lifecycle and positioning perspective and potential analysis all through, wherein you have flexibility in terms of lesser costs and larger consumer base. Definitely you can think in terms of shorter time spans as well.

Forces which govern competition or which are directly related to competition and competitors' analysis; again, I talked about Porters Five Forces contributions, almost everything which we are thinking in terms of when we are looking at a competitive world. Although there are many wonderful different kinds of models and philosophies which are relevant and apt beyond this competitive perspective wherein for example, Blue Ocean is there and so on. But here, because we are focusing on competition this is a very relevant and apt kind of a model which supports us.

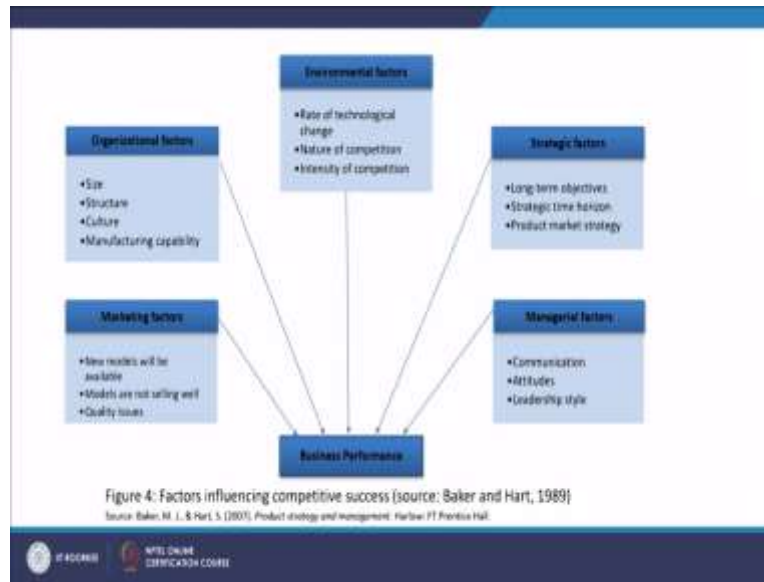
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See, how competitive forces shape strategy, Michael porter 1979 distinguishes five basic forces which govern competition in an industry. The threat of new entrance; I have talked about that earlier as well, the threat of substitution; and when I talk of substitution it is not alternatives. So, we have discussed this, just revisit that substitution, something fulfilling the need which might not be the same or similar kind of a product. So, substitution, the bargaining power of suppliers, the bargaining power of customers, suppliers means that if there are lesser suppliers with a larger resource base, then definitely you have to be dependent upon them.

Bargaining power of customers means that if customer is powerful and they have several options in terms of substitutes in front of them or they do not require a product so much and rivalry between current competitors depicts (while getting associated with the factor of their interaction) mutual interaction. So, this is the framework in front of you, forces governing competition wherein the source is Baker and Hart, 1989.

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A very interesting structure and a framework wherein factors influencing competitive success. So, here we are talking of five forces, we are talking of influencers or forces affecting competition. And here we are wondering about factors influencing competitive success. Genuinely, whenever we talk of factors environment, technology, society and those kind of elements; they are always imbibed there. But, here a very important aspect for us to understand is that which of the factors have to be chosen prominently to have a concentric value for leading others along or for considering others along in due course of time of decision making.

For example, environmental factors as I said, rate of technological change, nature of competition, intensity of competition. Now, would these be the concentric factors or strategic factors. So, here in the boxes you see that all these boxes are directing towards business performance. But what if we put up some sequential relationship between the boxes? That is what I am referring to as far as concentricity of factors. For example, strategic factors, long term objectives, strategic time horizon, product market strategy.

I referred to Tata's and several other organizations which have been doing exceptionally well in due course of time while I was referring about portfolios, I referred to SBI as well. I would be talking about strategic perspective of Tata's in terms of diversification later on, I will be mentioning that example in my subsequent discussions. But again, strategic factor is many a times concentric to others.

Then comes in managerial factors, communication, attitudes, leadership style. We can talk at length about leadership style and attitude perspective if you just start naming people who have led successful organizations. There are great stalwarts business leaders who have done wonders in terms of making things happen and writing history in terms of several product successes. Just go to the websites, think in terms of people who would have made differences in terms of leading the organizations into different kinds of trajectories. So, there you would find this as the concentric factor while strategy subsequent to this one and environmental understanding might be accompanying this one and so on.

So, the point which I am trying to make here is that factors which influence competitive success, they have a correlation within themselves and the story starts from somewhere. So, it is not that all of them come altogether, it is that one may instigate the other to come in. Then comes in marketing factors, new models, availability of new models, models which might not be selling well, quality issues and so on. So, several marketing factors are there wherein for example, a successful model definitely can take you to a different kind of a trajectory in terms of customer acceptance and so on.

And then it can pull the situation towards a different kind of scenario. Organizational factors, size, structure, culture, manufacturing capacity and so on. For example, an organization which is extremely innovative, wherein, that cultural perspective would be dependent upon the leadership style. Yes, it would be and that would become a strategy by itself. For example, an organization which has a very horizontal kind of a communication structure or no hierarchy, here, every person is responsible for what they do.

Do we have those kind of structures? Yes, we do have those kind of structures. So, that also is dependent upon how the leadership style is actually nurturing organizations and environment wherein there is no hierarchy. There is lots of innovation and then that itself becomes a strategy. So, that is how this influence perspective works.

Should we always compete? Now, I mentioned about Blue Ocean wherein you bypass the competition, you go to non-users. But here I would talk about something near to competition because we are focusing on competition as such, and competitors' analysis through the eyes of a product manager. Although a product manager in consonance with his team or her team in terms of production and marketing can think in terms of Blue Ocean as well. But here we would be

focusing on some elements like co-opetition. Now, these are evolving terms wherein cooperation and competition both exist.

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Should we always compete? The Rules of Co-opetition

- There is a name for the mix of competition and cooperation: co-opetition.
- There are many reasons for competitors to cooperate.
 - It can be a way to save costs and avoid duplication of effort.
 - If one party is better at doing A while the other is better at B, they can trade skills.
- *Will Cooperation Give Away Your Competitive Advantage?*
- Neither party has a special risk, but the parties' combined can create value.
- Apple and Google's decision to cooperate in creating contact-tracing technology for Covid-19. By sharing user location data across platforms, the two companies enabled governments and others to create effective notification apps.

Source: Brandenburger, A. & Nalebuff, B. (2011, Jan-Feb). The Rules of Co-opetition. Harvard Business Review.

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So, there is a name for the mix of competition and cooperation as co-opetition. There are many reasons for competitors to cooperate. It can be a way to save costs and avoid duplication of effort. If one party is better at doing 'A', while, the other is better at doing 'B', they can trade skills. Is it happening somewhere? It is happening in many places. Are we concerned about it? No, because for us they are competing organizations. Us means customers.

So, customer is many times not bothered about that who is providing technology to whom? Who is providing very specific component of similar looking product to whom? That means many organizations who are technologically advanced provide specific component to their competitors as well. Their competitors are purchasing that component to save on their cost and research and development efforts and this organization is getting a customer in terms of their competition basically that is why they are nurturing the competition.

They should not provide the component to that organization. So, that organization might not do well at all and they would win the market. It is not like that. Because despite of the fact that they decide not to provide the component to their competition, they might not be capturing whole of the market actually.

So, to pull the industry up to believe in healthy competition, co-opetition can be a strategy, definitely depends upon political aspects, how countries want to help each other. For example, one country wants to make inroads into the market of the other country through some organizational product and they ask that you sell your final product as well as supply technology to one of the local organizations by nurturing them as well. So, that can also be the reason. There can be several reasons actually.

So, will co-opetition give away competition advantage? That is what we are discussing here. Neither party has a special risk, but the parties combined can create value. And there are several examples. Apple and Google during COVID-19 collaborated on a few things.

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Should we always compete? The Rules of Co-opetition

- Both parties have a special skills and sharing puts them both ahead of their common rivals.
- In 2013, Ford and GM agreed to share transmission technologies. This made sense because they had complementary capabilities: Ford led in 10-speed transmissions, GM in nine-speed. The arrangement saved both money, had no significant strategic impact, and freed their engineers to work on next-generation electric vehicles, giving each company a leg up on other automakers.
- One party has a strong competitive advantage, and sharing only heightens it; even so, less-powerful parties are willing to cooperate.
- Amazon gives rival sellers on Amazon Marketplace access to its customers and warehouses. Why? For starters, while it loses some direct business and the associated markup, it makes a commission on Marketplace sales. The net effect on profit depends on how the commission compares with the markup, and whether Amazon Marketplace (which accounts for \$50 billion of the company's revenue) leads to an increase in the company's total volume.

Source: Brandenburger, A. & Nalebuff, B. (2022, Jan-Feb). The Rules of Co-opetition. Harvard Business Review.

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Should we always compete? And again, the question remains but we must ponder upon some more points. Let us say both parties have special skills and sharing puts them both ahead of their common rivals. Now, enemy of an enemy is your friend. That can be, although it is not right. There are several legal aspects in several countries on these kinds of things basically. But again, many a times just to look at a very large competition, you may cooperate on some basic things which are legitimate, which customers do not mind which do not actually combine a branding effort, merchant acquisitions and other things.

So, in 2013 Ford and GM agreed to share transmission technologies, for example. So, that is how. Although many other organizations did not enjoy that kind of technology sharing advantage and that is how these two organizations kept on growing with this kind of an association.

Then another point is one party has a strong competitive advantage and sharing only heightens it. Even so, less powerful parties are willing to cooperate. Amazon gives rival sellers on Amazon marketplace access to its customers and warehouses because they have customer in the form of their rivals themselves. Those people, they require marketplace and here they are generating almost 50 billion U.S. Dollars of the company revenue, which comes from this segment which is huge and one has to take a call on such kind of benefits.

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Should we always compete? The Rules of Co-opetition

- One party shares its secret competency to reach another's customer base, even though doing so carries risks for both parties.
- Samsung's decision about whether to sell Apple its new Super Retina edge-to-edge OLED screen for the iPhone X is a good example.
- Samsung could have temporarily competed with Apple in the high-end smartphone market by not supplying its industry-leading screen. If it hadn't provided its Super Retina display to Apple, Apple could have turned to Samsung's competitors and provided them (competitors) their customer base. Cooperating with Apple meant that Samsung would get the benefit.
- On the other hand, in the year prior to the iPhone X launch, revenue from Apple accounted for almost 30% of the Samsung display business, a division that generated \$5 billion in profits. (Apple was also buying DRAM and NAND flash memory chips, batteries, ceramics, and radio-frequency-printed circuit boards from Samsung.) But for Apple, getting the best screen was worth bankrolling an already well-resourced rival—at least for a while.

Cooperation is an overall win-win, but splitting the gains is a zero-sum game. The solution is relatively straightforward when there's an even trade but harder if the trade is uneven.

Source: Brandenburger, A. & Nalebuff, B. (2021). *The Rules of Co-opetition*. Harvard Business Review.

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Again, another element is that one party shares its secret competency to reach another's customer base even though doing so carries risks for both the parties. Samsung's decision about whether to sell Apple its new super retina edge to edge OLED screen for the iPhone X is a good example here and then whole lot of stories are there.

And the point is that probably customer would realize that ultimately Samsung has a higher technological capability, although these kind of things have yet to be tested in due course of time because I, as a marketing student do not find Apple's brand image being hit by this kind of an association because Apple is very confident about their brand image and they know that what brand strength do they have?

Probably Samsung, while going for this kind of an association would not have thought of that kind of a marketing advantage, but it might come to them and that is also there. They would have gone for a business deal which is pure business as far as character goes but, while looking at such kind of a situation, we can think of such kind of competitors' analysis or competitive advantage as such. So, cooperation is an overall win-win but splitting the games is a zero-sum game. The solution is relatively straightforward when there is an even trade, but harder if the trade is uneven.

At this particular stage wherein, we are wondering about competition and we have talked about direct competition perspective, co-opetition perspective and I briefly mentioned Blue Ocean framework to bypass the competition, I would slightly highlight that for completing this portion of discussion because we talked about non-users in our earlier discussions as well in terms of customer analysis and several other aspects. When we say that we tend to think in terms of competition, keep this thought alive but change the perspective on meeting the competition halfway that means fighting with the competition.

You keep an eye on competition to bypass the competition. Many a times you would find several examples when Patanjali came in, they acknowledged every competition they have, or they might have. But, then while keeping that acknowledgment alive, they started producing products for bypassing the competition while positioning the products differently in front of the existing users and the non-users of those products as well while, focusing largely on non-users and then coming to the users of competitors.

I would not say that they snatched the customers from their competitors, or they fought for those customers. They either sold another product to those customers while adding on completely different users to their bracket of customers. So, that can also be done, and it is slightly difficult to understand in terms of consumer products, durables and larger products. And this perspective with lots of insight, lots of practical evidence in terms of educational courses, in terms of different forms and types of vehicles also, in terms of one of my favorite examples like Honda Activa and so on makes our discussion slightly complete in terms of competition, beyond competition and co-opetition. Keep thinking about this, now onwards whenever you look around, look for competition and co-opetition. Find about that and look for beyond competition as well.

Try to find out that if there is a product which is not focusing on the customer of the similar products but looking for someone else.

Can you find such products? Please do that, if you can start enumerating those. I will be talking about several aspects about product-based strategies, product related strategies and product management at large in my subsequent sessions. And I will be seeing you once again with another insightful session next time. Till then, goodbye.