Media Business
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An Effective Competitive Analysis

Worthwhile Assessments Require Looking Beyond How Competitors' Strategies Compare With Your Own

By Mark Dominiak

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Communications companies, advertising agencies and media units all engage in a variety of important activities designed to generate powerful ideas that help clients succeed in the marketplace. Among those activities, one of the most important is the search for insights.

As part of the insight search, most organizations pore through information from the "3 C's" buckets. Those buckets are "client," "competition" and "consumer." Many media units will importantly add a fourth bucket-"context"-to that process.

Media planners know that diligent investigation of information from these areas yields insights that generate powerful ideas. Even so, some planners have a great apprehension toward diving into the competitive analysis part of the equation, which leads to a less than diligent investigation of the competitive bucket.

Lost Opportunity

What is it about the competitive analysis exercise that media planners find distasteful?

First, competitive investigation has traditionally been a tedious, mechanical exercise of pulling expenditure numbers, made more irritating because it is largely dictated to the planning group by others. There are few calls a media planning team dreads receiving more than the request for a competitive expenditure report. For years, planners have invested significant amounts of time to illustrate to clients and account people how their brand stacks up in the rankings versus competitors.

Fixation by leaders on the magnitude of expenditures creates problems. As Daniel Burrus, noted technology forecaster and business strategist, has said, "Focus on competition has always been a formula for mediocrity." Viewing competitors largely and routinely through the lens of the quantifiable outward expression of advertising in dollars doesn't really leave marketers smarter than they were to begin with.

Media people suffer from this orientation to competitive diligence in two ways. First, they become burned out from the tedium of pulling exhaustive expenditure numbers. Second, their conditioned response to pulling expenditure data as the valued competitive currency blinds them to a deeper well of information that can provide potentially much more powerful insights.

Think about competitive analyses you have seen or created. What was their focus? There is typically percentage of spending by competitors within the category, reflected in every way from time period to media type to parent company. Reports are largely a discussion of where and how much competitors spend. To spice up pages of numerical comparisons, there is also the obligatory inclusion of pie and bar charts.

But in looking at competitors in this way, everyone has made a big mistake. We've considered competitors from basically only one perspective: how loudly they bark. Even the ancient Greeks realized it was important to know the competition on more than one level. One of Aristophanes' more noteworthy quotes concerns competition: "The wise learn many things from their enemies."

Dig Deeper

There is certainly untapped opportunity to get a deeper perspective of competitive strengths and weaknesses. Mining the opportunity starts with a change of orientation. Planners need to stop looking at competitive information as an assessment of "us" versus "them." Competitive information needs to be considered from the perspective of how well what was planned or bought honors the consumer.

There are a few important things to search for during competitive assessment that can point the way toward untapped opportunities. Three examples are orientation of competitors, Achilles' heels and avenues to discover even more.

Orientation of Competitors

Does an assessment of a competitor demonstrate that it is focused on the dynamics of scale or spending? Does its approach suggest it is making buys to reap efficiency or generate broad reach? If dynamics like this become increasingly evident, there's a good chance the competitor does not have the consumer at the center of what it does. It is more likely implementing media to maximize numbers and not to develop consumer relationships.

On the other hand, does reflection on a competitor's investments demonstrate that it is really trying to carve out a niche with consumers? Perhaps it becomes evident that it is doing a solid job at cementing its presence at key contact points in the consumer's daily or media routine.

The point is not to note the competitor's orientation and copy it or try to better it. The point is to then overlay what you have learned about the competitor's approach with knowledge of consumer behavior and look for white space available to your brand that represents opportunity to connect with consumers in a meaningful way.

It takes significant effort to do this correctly. You don't just look at how many target rating points. You don't settle for just daypart distributions. You try to look deeper. Is there a pattern in the days of the week the TRPs run? Is there a precise time of day that is more common than others? Does the analysis look at prime times for consumer contact and consider competitive presence as concentrated within a specific time most important to the consumer decision-making process?

The same can be said of detail for market investments or networks selected, or even the shows, cable networks or magazines chosen. Is there evidence of a real contact plan or just a plan with a media mix designed to beef up reach?

An implication here is not only in the way competitive information is considered but also in the way it is laid out and presented. There is no rule written in stone that competitive reports must be expressed by quarter or by selling daypart. There is significant value in laying out reporting increments in terms important to consumer behavior and reflecting how well media investments fall into them.

Achilles' Heels

Careful analysis can be important in identifying the foibles of competitors. As Napoleon said, "Never interrupt your enemy when he is making a mistake." Here's a great example of this principle in action.

All of us familiar with seasonal brands understand the oddities inherent in crafting media plans and buys for them. For summer brands it's imperative to unleash consumer communication in early May to acquaint consumers with the brand for the high selling season. Yet in working on one of these brands, our team noticed that a key competitor consistently failed to begin its media investment until July. It took us a while to understand what it was doing.

As it turned out, the competitor operated on a fiscal year that began July 1. The reason for lack of second-quarter investment was that it was its fourth quarter and the competitor consistently had expended its resources early in its fiscal year, leaving nothing remaining to kick-start the season. Unfortunately for the competitor, it repeatedly allowed focus on its fiscal concerns to pre-empt imperative consumer seasonality.

It left the door open for us to connect with consumers early in the season, create initial impact and generate early pantry loading. Not only did it allow us to capture share of mind early, but we enjoyed volume build and usage occasions that could in turn prompt consumer satisfaction and subsequent purchases.

Our aggressive effort to lay claim to consumers early in the season had another negative impact on our competitor. It made it much more difficult for the competitor to hit its own sales projections, lowering its budget potential and fueling a vicious downward cycle. With fewer resources available over time, the competitor was making it increasingly difficult to maintain substantive connections to core consumers.

Avenues to Learning

Typical competitive analyses tend to rely on resources like CMR or AdViews data. But they can provide only a limited amount of information. It's important for planners to dig deeper to gain as much competitive insight as possible.

Where else can planners go for information?

A great first step is simply reaching out and talking to others about competitors. Consumers, vendors or marketers with experience can all provide remarkable insight into competitors. And they can provide information that goes beyond what can be gleaned from expenditure data.

When you reach out to others, the opportunity to uncover insights flows from the same sources described above. What can others tell you about the competitor's focus? Are they focused on consumers or on the bottom line? Can vendors give you insight into negotiations? Are competitors hard drivers on cost or do they strive for consumer impact at low rates? Are candidates that have worked on the competitor's business in the past available to join the team as members or consultants? They can provide insight in an ongoing fashion.

In the end, the value of insights to be gleaned from competitive information is completely up to media planners. But the best opportunities to raise the bar on plans won't come from the historical practice of generating expenditure reports.

They will flow from our ability to assess competitive information from the consumer's perspective, identifying opportunities for messaging to forge connections and creating points of contact to generate marketplace impact.

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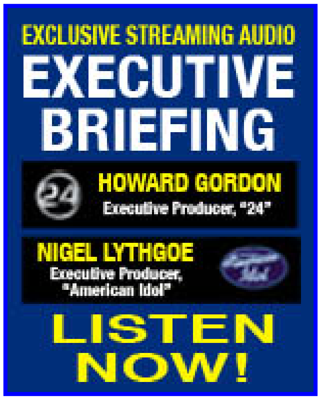

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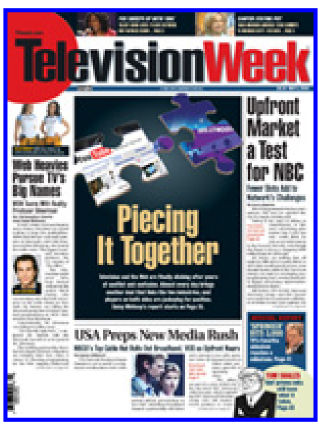

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