



Connecting the Dots to Build Competitive Advantage: A Review

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Abstract

Like Motorola, most companies have to build fresh competitive advantages and destroy others' advantages faster than they used to. As innovation pervades the value chain, they must migrate quickly from one competitive position to another, creating new ones, depreciating old ones, and matching rivals. The process is disorderly and unstable. Senior executives desperately need new tools to help them systematically analyze their own and other players' competitive positions in hypercompetitive markets. In a competitive business environment, a thorough understanding of the market and analysis of the competition has become an essential practice for achieving goals and success in any business. Competitive analysis helps a company develop a sustainable competitive advantage. By understanding the strengths and weaknesses of competitors, a company can capitalize on its own assets and resources to stand out in the marketplace. Competitor analysis is part of any marketing plan and is essential to assess both direct and indirect competitors in terms of their strengths, weaknesses, strategies and market position. This assessment will provide valuable information that can be used to develop a competitive advantage over the competition, discover a market niche or improve the overall performance of the company. This article emphasizes on explaining in detail how a competitive advantage can be built by using competitor mapping.

Keywords: Competitive advantage; Competitor mapping; Innovation strategy

Introduction

The competitor analysis helps in understanding the competitor in the industry and identifies strengths and weaknesses of the competitors. However, competitor analysis gives more possibilities to outsmart the competitors in the market. Benchmarking makes it easier to ensure that services and products meet and exceeds the level that the market requires. However, it has become imperative to study the activities of competitors. This information can be helpful for the company to compete in the desired area [1]. Again, competing in the saturated area raise the companies' expenses, however, the competitor is still better to get the customer was possible. It has become crucial to companies to identify the activities of their competitors, such information gives opportunities, helps the company to win market share in that area with little money than in harder competition [2]. Companies when carrying out competitor analysis should bear in mind that everything competitors do might not be working, for instance, a big

company can spend thousands on face book marketing and this does not mean it's worth it. When conducting competitor analysis, the competitor's manners of operations should not be copied [3]. Where the company copy its competitors, they always seem to be the competitor's shadows. So, to avoid this, the company should do things differently. However, companies should not spend much time on competitors [4]. In an industry, companies can be creative against competitors; however, the company can gain more information and methods from another industry. Furthermore, competition between firms is seen as a rivalry between their respective business line product and-firm-level [5]. Competitor analysis otherwise known as "acumen" provides valuable competitive intelligence by creating an accurate, strategic method of understanding competitors operations and thus becomes a driver of competitive success. Porter argues that competition between firms can be classified based on customer offerings that differ in terms of specific functions and associated ease for the use technology [6]. It is also the fiercest form of competition that exists

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between firms with hardly any differentiation between their product offerings. Firms can become indirect competitors in a given business domain, if they serve the same customer needs but with different resources. Finally, there are the potential competitors who do not serve the same customer base but use the same resource base or have equivalent capability. In short, the operational manager needs to clearly understand the extent of competition existing in their domain and benchmark various types of competitors present in the market [7]. Theoretically and practically, the idea of competitive advantage is considered a real revolution in the world of business. The concept behind competitive advantage, is the ability of an organization to perform its activity in such a way that it becomes difficult for their competitors to imitate. The Competitive advantage can only be achieved when jobs are implemented in other to produce value in areas of cost reduction as equated to its competitors. The ability to maintain this eminence competitive advantage is said to be the ability of an organization to fulfil the needs of its consumers or the value that it wishes to incur from a product which include, high quality, low price in other to distinguish its product and services through benefits incurred as compared to its competitors [8]. This article emphasizes on explaining in detail how a competitive advantage can be built by using competitor mapping.

Sources of Competitive Advantage

Technology and innovation for competitive advantage

The term innovation has a commercial aspect different from scientific research. Innovation has a very important role in economic development of countries, because innovative companies, through commercializing their research and development results, are creating new and nonexistent value. Furthermore, these same companies are getting an important share of the newly created value. By this way, they are mainly creating wealth for themselves, for their country and for the world. Innovation includes both product / service and process innovations. Product innovations are products that are perceived to be new by either the producer or the customer; the latter includes both end-users and distributors. Process innovation refers to new processes which either reduce the cost of production or enable the production of new products. In spite of the increasing importance of innovation and the role played by technological capabilities in a firm's growth trajectory, little is known how technological innovation in different organizations is driven by their technology strategy, the plan that guides the accumulation and deployment of technological resources and capabilities. That is, the most innovative firms engage in a continual search for better products, services, and ways of doing things. They try to continuously upgrade their internal capabilities and other resources. Aggregate

innovative capacity of a nation is derived from the collective innovative capacity of its firms. The more innovative firms a nation has, the stronger that nation's competitive advantage. Innovation also promotes productivity, the value of the output produced by a unit of labour or capital. The more productive a company is, the more efficiently it uses its resources. The more productive the firms in a nation are, the more efficiently the nation uses its resources. Innovation and entrepreneurial activity are the engines of long-run economic growth. Often, entrepreneurs first commercialize innovative new products and processes, and entrepreneurial activity provides much of dynamism in an economy. For example, the economy of the United States has benefited greatly from a high level of entrepreneurial activity, which has resulted in rapid innovation in products and processes.

Human resources for competitive advantage

Human resources are a term used to describe the individuals who comprise the workforce of an organization, although it is also applied in labour economics to, for example, business sectors or even whole nations. Firms can develop this competitive advantage only by creating value in a way that is difficult for competitors to imitate. Traditional sources of competitive advantage such as financial and natural resources, technology and economies of scale can be used to create value. However, the resource-based argument is that these sources are increasingly accessible and easy to imitate. Thus, they are less significant for competitive advantage especially in comparison to a complex social structure such as an employment system. If that is so, human resource policies and practices may be an especially important source of sustained competitive advantage. Within the best practices approach to strategic HRM, the first practice, internal career opportunities, refers to the organizational preference for hiring primarily from within. Second, training systems refers to whether organizations provide extensive training opportunities for their employees or whether they depend on selection and socialization processes to obtain required skills. Third, appraisals are conceptualized in terms of outcome-based performance ratings and the extent to which subordinate views are taken into account in these ratings. Fourth, employment security reflects the degree to which employees feel secure about continued employment in their jobs. Although formalized employment security is generally on the decline, organizations may have either an implicit or an explicit policy. Fifth, employee participation, both in terms of taking part in decision making and having opportunities to communicate suggestions for improvement, has emerged as a strategic HRM practice. Sixth, job description refers to the extent jobs are tightly and clearly defined so that employees know what is expected of them. Finally, profit sharing reflects the concern for overall organizational performance on a sustainable basis. Ulrich and Yeung argue that the future HR professional will need four

basic competencies to become partners in the strategic management process. These include business competence, professional and technical knowledge, integration competence and ability to manage change. Human Resources seeks to achieve this by aligning the supply of skilled and qualified individuals and the capabilities of the current workforce, with the organization's ongoing and future business plans and requirements to maximize return on investment and secure future survival and success. In ensuring such objectives are achieved, the human resource function purpose in this context is to implement the organization's human resource requirements effectively but also pragmatically, taking account of legal, ethical and as far as is practical in a manner that retains the support and respect of the workforce.

Organizational structure for competitive advantage

Organizations are a variant of clustered entities. An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual. Individuals in an organizational structure are normally hired under time-limited work contracts or work orders, or under permanent employment contracts or program orders. Also, this correlate of changing structures and processes is reinforced by increased competitive pressure forcing companies to focus on their core competencies, redrawing their boundaries around what constitute and support their competitive advantage. This pressure is reflected in the changing organizational structures from a functional to a multi-divisional one, through the shifting of business towards smaller, decentralized units. When superior skills or resources exist outside the company, firms are making increased use of strategic alliances to supplement and sometimes enhance their own competencies. Whenever by alliances, outsourcing or down scoping, firms appear to be drawing in their boundaries around narrower spheres of activities. An effective organizational structure shall facilitate working relationships between various entities in the organization and may improve the working efficiency within the organizational units. Organization shall retain a set order and control to enable monitoring the processes. Organization shall support command for coping with a mix of orders and a change of conditions while performing work. Organization shall allow for application of individual skills to enable high flexibility and apply creativity. When a business expands, the chain of command will lengthen and the spans of control will widen. When an organization comes to age, the flexibility will decrease and the creativity will fatigue. Therefore, organizational structures shall be altered from time to time to enable recovery. If such alteration is prevented internally,

the final escape is to turn down the organization to prepare for a re-launch in an entirely new set up.

Strategy - differentiation

This strategy involves selecting one or more criteria used by buyers in a market - and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product - often to reflect the higher production costs and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products.

Firms that succeed in a differentiation strategy often have the following internal strengths:

- Access to leading scientific research.
- Highly skilled and creative product development team.
- Strong sales team with the ability to successfully communicate the perceived strengths of the product.
- Corporate reputation for quality and innovation.

Strategy - cost leadership

With this strategy, the objective is to become the lowest-cost producer in the industry. Many (perhaps all) market segments in the industry are supplied with the emphasis placed minimizing costs. If the achieved selling price can at least equal (or near) the average for the market, then the lowest-cost producer will (in theory) enjoy the best profits. This strategy is usually associated with large-scale businesses offering standard products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share. Firms that succeed in cost leadership often have the following internal strengths:

- Access to the capital required making a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome.
- Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.
- High level of expertise in manufacturing process engineering.
- Efficient distribution channels.

Strategy - differentiation focus

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. Companies following focused differentiation strategies produce customized products for small market segments. They can be successful when either the quantities involved are too small for industry-wide competitors to handle economically, or when the extent of customization (or differentiation) requested is beyond the capabilities of the industry-wide differentiator. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants - in other words that there is a valid basis for differentiation - and that existing competitor products are not meeting those needs and wants.

Strategy - cost focus

Companies that compete by following cost leadership strategies to serve narrow market niches generally target the smallest buyers in an industry (those who purchase in such small quantities those industry-wide competitors cannot serve them at the same low cost). Here a business seeks a lower-cost advantage in just on or a small number of market segments. The product will be basic - perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers.

Competitor Analysis

Competitor analysis amongst business helps team to build better marketing strategies. Moreover, it identifies the opportunities in the market that are currently under-served. Again, it takes advantage of competitor's weaknesses to grow market share. It has become imperative for organizations to carry out competitor analysis throughout the life cycle of its business in order to stay up to date with the market trends and product offerings. However, this provides a better idea about the type of services currently available to the target customer and the areas being neglected. This idea shouldn't sound complicated rather, it is a common knowledge that an organization understands its competitors and gets the better chance of beating them. Competitor analysis helps organizations to understand their competitors and the market structure. It also enables management to identify competitors making and selling strategies. Competitor analysis serves as a multi-disciplinary function affecting the sales, marketing, product development, operations strategy and product re-engineering, seeking for information spanning these departments. Fewer sources of information conducted on competitor advantage was a difficult activity in the past, limiting the power of advanced business analysis, such as conjoint analysis, multi-dimensional scaling

mapping, market cluster and voice of consumers. For a company to be competitive in the market, it is paramount for operations managers to have a clear understanding of their firms' competitors. However, they should have an operations strategy that reflects the planning, design and implementation of strategic decisions that span across the business process of a firm which strengthens a firm's competitiveness in the market through improved quality, better delivery, lower cost and enhanced market adaptation flexibility and quick design of product. Mononen state that competitor analysis can be used to find new opportunities in business analyses which include:

- Market gap
- New trends
- New ways of creating product and service offerings
- More customers

When competitor analysis is done frequently, it assists companies in running the business.

How pricing impacts selling strategies

"How many model runs do you plan on using this year for your artificial intelligence needs?" It's a question a software salesperson might ask a prospective customer during a conversation about purchasing AI models for vehicle detection, license plate detection, facial recognition and dozens of other use cases. This hypothetical B2B software company uses a pricing structure where customers pay each time an AI model runs. The prospect in this scenario doesn't have a clear answer—understandably. Predicting the approximate number of model runs is tough. The prospect gives a vague answer, telling the salesperson that the number of model runs will depend on various factors. The salesperson tries to get the prospect to provide a ballpark, but the prospect grows increasingly uncomfortable with the possibility of being locked into a contract where they don't know if they'll be paying more than their actual usage (because they can't accurately predict it). The deal crumbles. This type of scenario, where a bad approach to pricing negatively impacts sales negotiations, is one many software salespeople regularly experience. B2B software company executives tend to get a lot wrong about pricing. A core mistake? They view pricing as a product attribute when pricing is really a sales enablement tool. The job of pricing is to enable a simple sales dialogue where prospects can quickly understand what they're paying for, how much they're paying for it and why the cost is worth it. Unfortunately, when deals drag along or don't close, software salespeople tend to get the brunt of the blame. But the reality is that their employers, the software companies, set them up to fail by giving them an incomplete playbook. If pricing doesn't make selling a product easier, then it's really just an academic exercise in futility.

Simplicity wins the day

Every time software executives add complexity to pricing, they pour molasses into the sales cycle, increasing the likelihood of extended sales cycles and, worse, deals not closing. When executives are multiple layers removed from their sales departments, they don't have the complete picture of what's happening on the ground between their salespeople and prospects—and often make pricing decisions that are harder to change later. In fact, many times, executives simply fail to properly understand the groupings of their customers and how those customers use their software. In turn, they don't package the software correctly, either over-complicating it or over-simplifying it. When software gets packaged poorly, it ripples into product engineering and sales. Engineers will have to weave decisions, such as feature limitations spurred by overly complicated usage constraints, into the product's code. Over time, these engineering decisions become harder to undo, creating a set of self-imposed constraints. Salespeople are left to deal with the mess. They often adjust the pricing to accommodate special use cases. For instance, going back to the hypothetical example above, if a customer lives in a city with 10 times the number of cars per capita as the company's customers, the salesperson might decide to discount the product more heavily because of that odd-ball characteristic. After all, salespeople feel pressured to hit their numbers—they need to make a living. But special discounts can jeopardize software providers' long-term financial health because they simply won't be getting paid the true value of their products. Prospects talk, and when one realizes that someone with a similar use case got offered a much better deal, it'll negatively paint their impression of the company. Even if prospects become customers, discounts set up subsequent renewal challenges because these customers will likely want to secure additional discounts down the road. Pricing shapes the dialogue salespeople have with prospects. Simplicity in pricing leads to simplicity in sales conversations. The Gartner study I referenced earlier also found that 47% of businesses took three to six months "to finalize a software purchase" in 2022 and that 48% considered four to six software providers before making a final decision. Given the time prospects take to finalize a purchase and the number of potential providers they engage with, it's all the more important for software companies to simplify their sales approaches. In a sea of complex pricing, the company that steers the ship with the most streamlined sales process has the advantage.

Sales strategies should align with sales teams' strengths

Executives should work hand-in-hand with salespeople as they go through the steps of building new pricing strategies. As part of that collaboration, executives should examine quantitative and qualitative data to make the right pricing decisions. Quantitatively,

executives should develop a pricing approach that addresses all the various types of deal configurations by producing a reasonable (and rational) net price that is consistent with the value being delivered. That scheduled net price can be used to assess each salesperson's performance. Salespeople should be recognized and rewarded for how closely they sell to the company's scheduled net prices over time. Qualitatively, executives should listen to recorded or live sales calls to see how pricing is playing out across sales dialogues. By listening to these calls, executives can determine to what extent their company's issue has to do with pricing strategy and to what extent it has to do with sales skills. From there, executives can create and implement the proper pricing structure and policy for their company and provide the appropriate training to their salespeople, ultimately setting up everyone involved the executive team, salespeople, other employees, prospects and existing customers for success.

Discussion

Competition always induces firms to revise their product portfolio as also to revisit their product market to understand changing needs, expectations and perceptions of a different market segment. It also motivates to make their product features rich and versatile. As a result, competitor analysis: enlarges a company's understanding of the multiple choices that customers have; is a source of new ideas; facilitates better predictions about the future; enforces management to evaluate any prospective course of action in the light of possible responses by competitors; focuses a specific company's product/services that need to be emphasized; and helps point out competitors' weaknesses. Competitor analysis can therefore be said to be a worthwhile contemporary managerial practice for reasons discussed below. First, an organization engages in competitor analysis to gain a general understanding of the competitors in the product area, identify any vulnerabilities of the competitors, assess the impact of its own strategic actions against specific competitors, and identify potential moves that a competitor might make that would endanger the organization's position in the market. Analyzing competitors assists organizations in identifying a clear competitive advantage (some basis on which they are willing to compete with anyone). Competitive advantage is the means by which the organization seeks to develop cost advantage or to differentiate itself from other organizations. Organizations constantly take offensive and defensive actions in their quests for competitive advantage vis-à-vis competitors [9]. Competitive advantage might be centered on image, high-quality services, an excellent and widely recognized staff, or efficiency and low cost, among others. Depending on the intent of the competitor analysis, an organization might use all of these attributes or just one or two. For example, in the early stages of

competitor analysis, the organization may seek only general information. As the organization plans to enter new markets, offensive information may be the primary focus of the competitor analysis. In the face of strategic moves by a powerful competitor, defensive information may take precedence. In large, complex markets, all of these information categories are appropriate and essential for positioning the organization. General competitor information is important for an organization to: avoid surprises in the marketplace; provide a forum for leaders to discuss and evaluate their assumptions about the organization's capabilities, market position, and competition; make everyone aware of significant and formidable competitors to whom the organization must respond; help the organization learn from rivals through benchmarking (specific measures comparing the organization with its competitors on a set of key variables); build consensus among executives on the organization's goals and capabilities, thus increasing their commitment to the chosen strategy; and foster strategic thinking throughout the organization. Companies compare themselves with similar companies in the same industry to identify their strengths and weaknesses. For example, Bank of East Asia sets Hang Seng Bank as its benchmark for comparison, as both are local banks in Hong Kong. It is helpful for a company to conduct best-practice benchmarking, comparing its performance against that of the best competitor in the industry. This helps to increase company productivity growth and competitive advantage. Subsequently, the company can break through to a higher standard of performance. Offensive competitor information is helpful to: identify market niches and discontinuities; select a viable strategy; and contribute to the successful implementation of the strategy. Defensive competitor information will aid in: anticipating competitors' moves; and shortening the time required to respond (countermoves) to a competitor's moves. Secondly, competitor analysis is an indispensable process in marketing planning. Henderson stated that "the success of any marketing strategy depends on the strengths of the competitor analysis on which it is based". As a strategic analysis tool, Competitor Profiling Matrix (CPM) provides several benefits to the company. Capps III and Glissmeyer argue that CPM includes company's key success factors (KSFs) which help the company identify strengths and deficiencies in those significant areas [10]. Analyzing organizations in this manner is an effective way to evaluate many competitors in one framework to support an effective strategic plan as cited in (Capps III and Glissmeyer) [11]. CPM enables a company to evaluate the strengths and weaknesses of its major competitors which is a prerequisite in developing an effective competitive strategy. An understanding of competitive behavior including firms' moves and counter moves is fundamental to strategic management [13]. Chen found evidence that the stronger an action attack on key markets of competitors, the greater the

number of counteractions by the competitors. Competitor analysis provides both an offensive and a defensive strategic context for identifying opportunities and threats. The offensive strategy context allows firms to more quickly exploit opportunities and capitalize on strengths. Conversely, the defensive strategy context allows them to more effectively counter the threat posed by rival firms seeking to exploit the firm's own weaknesses. Business organizations have long engaged in competitor analysis, viewing it as an essential part of environmental analysis in strategic management. These companies have learned that focusing on competitor analysis aids in the identification of new business opportunities, the clarification of emerging ideas, improved ability to anticipate surprises, and the development of market penetration and market share growth strategies [15]. As a matter of fact, one well-documented reason Japanese automobile firms were able to penetrate the US market successfully, especially during the 1970s, was that they were much better at doing competitor analysis than US firms [12]. In addition, effective competitor analysis requires predicting how competitors plan to position themselves. Although often difficult, determining competitors' strategic intent is at the heart of competitor analysis. An effective competitor analysis should focus on what rivals can do with their resources, capabilities, and competencies; an extension of what competitors are currently doing, and include possible radical departures from existing strategies [14]. Accurate and timely information concerning competitors is extremely important in competitor analysis. Misjudging or underestimating competitors' resources, capabilities, or competencies is a serious misstep. Faulty assumptions can suggest inappropriate strategies for an organization. Poor environmental scanning perpetuates faulty assumptions. Third, competitive analysis provides information to enable the focal firm to predict competitive actions of competitors. Porter believes that the desire to pre-empt competitors in deliberations on capacity expansion is one of the clearest examples of organizational decision making where competitor information can play an invaluable role. In a similar vein, Zajac and Bazerman saw a need for competitor analysis when considering capacity expansion. Rouach and Santi point to the fact that information in the contemporary era is even changing industry structures and is altering the rules of competition. To succeed in such circumstances, it is critical to establish a capability to continuously monitor and analyze the dynamics in the external environment based on information gathered. Such a capability could assist a firm to act in time upon any changes that may impact on its strategic thrust into the future. Hamel and Prahalad [16] concur with this view when they argued that business risk recedes as a firm's knowledge about its external environment grows, and as knowledge grows, so does the firm's capacity to advance. Fleisher and Blenkhorn added that accurate and timely competitive

intelligence could mean the difference between correct and incorrect global strategic decision making. Through competitor analysis, firms identify who their key competitors are, develop a profile for each of them, identify their objectives and strategies, assess their strengths and weaknesses, gauge the threat they pose, and anticipate their reaction to competitive moves. Firms that develop systematic and advanced competitor profiling have a significant competitive advantage. Fourth, competitor analysis links with the traditional strengths, weaknesses, opportunities and threats (SWOT) analysis for handling both business opportunities and threats. This benefit comes from expanded dialogue within the development team, and with other units in the company, about what competitive data means to strategic direction. Such dialogue can open up new opportunities and options that would not otherwise have been considered. Competitors may be taking various approaches to reaching the customer base, so multiple possibilities exist. In this situation, a completely novel approach might be best, since no standard is emerging. Value-chain analysis is also helpful since it helps a company to understand where and how it adds value. It helps the company to determine its own sources of competitive advantage, and it can then dissect strategically relevant activities so as to understand the sources of competitive advantage through cost leadership or product specialization. Similarly, in an environment of rapid change, intellectual capital represents a primary value creation asset of the organization [17]. According to Porter and Teisber, in healthy competition, ongoing improvements in processes and methods drive down costs; product/service quality improves; innovation leads to improvements which are quickly adopted; uncompetitive producers go out of business; value-adjusted prices fall; and the market expands. Companies try to identify their competitors' strengths when choosing competition methods, either by cutting the product price to exercise cost leadership or by launching a new product or service to achieve product specialization. Companies practicing competitor analysis should also carry out competitive position monitoring. Through this they analyze competitor positions within the industry by assessing and monitoring trends in competitor sales. In addition, companies should conduct industry profitability analysis. This provides them with a gauge for the nature and intensity of competition. Competitive advantage requires different positioning strategies through strategically choosing a different mix of value chain activities in order to deliver a unique value at a competitive price.

Result & Findings

- The degree of volume and profit pressure a competitor is under and its understanding of the economics of price changes (for example, how price and volume trade off

against profit) will drive the type of reaction it makes. Even in commodity-like industries, there are examples of manufacturers successfully improving their products and services rather than cutting prices.

- The key to success often resides in gaining a clear understanding of the real attributes driving customer choice and their relative importance.
- "Softer," nontechnical attributes (perceived reliability, quality of vendor support, ease of doing business) are often as important as or more important than precisely measurable technical features.
- Trusting internal perceptions of which attributes drive customer choice can be a fatal mistake; rely on customers for this critical information.

Conclusion

Competitor analysis helps decision makers understand who competitors are and what the market structure is. It allows management to identify its competitors' making and selling strategies. This study has revealed that in competitor analysis, detailed attention is given to each competitor's apparent objectives, resources and competitive moves which lead a company to readily identify the area of strengths and weaknesses of its competitors and this can be used in the process of developing effective strategies. By understanding who the competitors are and how they operate, managers can tackle the issue of other companies making moves that are detrimental to their companies' health. Managers can also learn from their competitors. Indeed, firms that pay adequate attention to competitors' actions have been found to achieve better business performance than those who pay less attention to their competitors. The findings from competitor analysis are likely to factor strongly into a company's strategic plan. One of the key elements of a strategic plan is to analyze the capabilities of an organization which should include a clear identification of the key strength and weaknesses of the organization relative to its competitors. Companies study similar market experiments to those which they are planning. For example, mobile phone service companies compare plans of other mobile companies when planning a new promotion of phone services. Another benefit of competitive analysis involves expanding the knowledge base of those working on your website or web application. The analysis offers information about content and functionality that they have probably not considered. Exploring competitor websites offers the opportunity to discover what is working well for them, as well as what is commonly being offered via the Web. For example, if all competitors are offering specific content and functionality, users will likely expect your site to offer similar content and functionality.

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