

Eyes open: know your competition

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It's important for any small business to know what their competitors are doing, how much they're charging and the services they're offering.

Consumers are doing their own research and comparisons, so to stay competitive a business has to do the same.

“You want to know how your value proposition is going to be perceived by the market in comparison to your competitor's alternative,” says Anthony Idle of Balance Business Coaching.

“Pricing is ultimately how much people are willing to pay, but people don't know and they need an alternative to judge how much they're willing to pay, so you've got to know what's going on in the marketplace.”

While not all businesses compete on price alone and some charge more for added value, they still have to know what the market's expectations are so their prices are at least in the ballpark.

Here are four different ways to research your competitors:

Online

The first step to finding out about your competitors is to see what you can discover online. Look at their website, search them out on Google, see what they're doing on social media and sign up for any newsletters they send out.

Search under keywords that relate to your business and closely examine the competitors that come up on the first page, as they're the ones consumers are most likely to look at.

Jo Macdermott of Next Marketing says it's also a good idea to set up Google alerts to help you track what they are doing. “What you want to know is what your competitors are doing and what their unique selling point is and how your business is different from them and better,” she says.

When doing research into her own market segment recently, Macdermott discovered that a key competitor had updated its website, making her own website look tired by comparison. “I felt that the Next Marketing website wasn't as design savvy and as up to date as theirs,” she says. “So even though I had it on my radar to do a new website design to modernise the look and feel of the business, I then made that priority number one.”

Ring up

Online, however, can only tell you so much.

“A lot of small businesses actually ring up their competitors posing as customers to get quotes,” says Idle. “Even large businesses do that.”

Quiz new clients

When a new client comes to his Sydney accountancy practice Brad Callaghan asks them how they were paying previously and what sort of service they got. “I want to know what they're telling their clients, what sort of services they're offering, what sort of services they're offering that I could be offering, and the price they're charging for those services so I can stay competitive,” he says.

“If clients are changing, they're changing because they weren't happy with the previous service that they were getting so without being too inquisitive we try to find out why they left so we can make sure that we go above and beyond in that particular area as well.”

Callaghan recommends that information gathered about competitors from clients and other sources be stored on a spread sheet. “Somewhere that's easy and accessible so you can look back at it and update and change it,” he says.

Keep it local

Callaghan, whose practice Callaghan Partners is based in Baulkham Hills in north-west Sydney, says there's little point in his finding out about interstate practices or even ones in Sydney's CBD because they're not his competitors.

Balance Business Coaching's Idle says geographic segmentation of the market is as important as looking at price and product. “It's almost [like] you get a chequerboard of who's who in the market place and what segments and what geographies they are targeting,” he says.

Idle says small business owners should download a free app for their smartphone called Google Local. Using the phone's satellite locator technology, the app can find and map similar businesses in the area.

“What's really important for small businesses now is that they get onto Google Local,” he says. “It can show you the exact location and see what's their branding, how do they present to the market place? Who are they targeting walking by?”

This story was found at: <http://www.theage.com.au/small-business/eyes-open-know-your-competition-20120906-25ghr.html>