How do I: Assess my current market situation?

Knowledge is power, but too much information without structure is just confusing. This guide will help you identify valuable information with which to develop the company’s marketing strategy. It outlines key methods and subjects which you should consider when assessing your current market situation. In effect, it is a simple summary to help you in this critical business discipline.

In today’s dynamic, competitive marketplace it is essential to maintain a good understanding of your market position. It is only by understanding your position, the market, its consumers, your competitors, key distribution channels and other external influencing factors that you can successfully pre-empt and respond in order to continually improve your business. The retail market, in particular, has provided some stark examples of where business can suffer if this discipline is not fully engaged. Even the strongest companies ignore the consumer, market and competitors at their peril.

BENEFITS

Assessing your market position provides a number of business benefits, including:

- Information with which to develop future strategy.
- Unique insight with which to build competitive advantage.
- Understanding to identify and exploit new opportunities.
- Focus to help prioritise investment.

GETTING STARTED

The most efficient businesses can fail by focussing on the internal at the expense of the external. The ability of a company to prosper can be significantly enhanced by their understanding and management of the critical external drivers of growth i.e.

- The changing demands and needs of consumers.
- The performance and effect of competitors.
- The emergence of new market conditions e.g. through technology or legislation.
- The role of distributors and suppliers.

A key role of marketing is to provide the company with accurate intelligence on these key drivers and informed interpretation of this analysis with which to develop strategy and plans.

Start this process by establishing who has principal responsibility for this process. It is then for that person to develop the planned intelligence framework. This should include:

- A summary of the key information which will be analysed and the methods of analysis.
- Sources for this information.
- Timing for analysis and review e.g. a major analysis may be done for the annual marketing plan and reviewed quarterly thereafter.
- Responsibilities i.e. for data gathering, analysis and interpretation.

There is no set formula for assessing your market situation; it will depend on the nature of your business and market. However, focus should be given to understanding your consumer, competitors and key distributors. In addition there are common models which can help your analysis. These include the SWOT and Gap analysis. It is worth considering each of these when deciding on how best to approach your intelligence plan (see below).
UNDERSTANDING YOUR CONSUMER

Amongst the on-going challenges of business, it is easy to forget that, ultimately, THE CONSUMER IS KING. It is the consumer that will dictate the success or failure of your product. Understanding your consumer is at the heart of marketing. Marketing is about meeting the needs of consumers with your product; in some cases, even before they know they need it,

It is critical to keep monitoring consumer dynamics and trends. This can be done in a number of ways:

- Gather information from general sources like newspapers and trade journals.
- Maximise the power of the Internet. There is a wealth of consumer and market information available online, often at no cost.
- Where you identify a specific knowledge gap, you may want to consider specific research. For more information on this see the How do I: Conduct Market Research? guide.
- Engage your company personnel. Remember they are consumers themselves and they may also be particularly receptive to your product area.
- Listen to your customers and suppliers. Their consumers are your consumers and often they will have more intelligence capacity but beware, accessing it can sometimes be costly).

COMPETITIVE ANALYSIS

Understanding your competitors is key to understanding how to best compete in the marketplace. It can help develop strategy and enhance the efficiency of marketing plans. A competitive analysis should aim to understand the competitor’s business and pre-empt their plans in order to build your own competitive advantage. The analysis should include the following areas:

- Assessing their strengths and weaknesses.
- Evaluating their activity in the market e.g. pricing, promotion, media spend.
- Reviewing their product range.
- Establishing their level and quality of distribution.
- Understanding their objectives and strategies.

There is no definitive way of pre-empting what a competitor will do. But a close understanding of their business will mean you can make more informed judgements. Also, once the competitive analysis framework is in place it is easier to update this and evaluate input on a regular basis.

The information can be gathered from a number of sources. Be creative about how you can get information.

- Sales team – your sales team are an invaluable source. They will be in stores looking at the market regularly so make sure this resource is used to capture the information required. You may wish to consider using a basic store check system recording price, number of facings, any on-pack or point of sale promotions, etc?
- Internet – your competitor’s website will provide a wealth of useful information about them, their products, their markets, etc. There is also a plethora of online news and market data websites to delve into.
- Advertising or media agency – if you have an agency, they can provide an evaluation of competitor’s promotional activity by means of media investment figures and competitive advertising.

Scotland Food and Drink’s Helpline service can also help - contact us on 0845 601 3752.
MARKET PERFORMANCE

Market performance can be quantified by formal market research. Key indicators include market share and consumer purchasing data like frequency of purchase, loyalty and average price per purchase. Market share should ideally be monitored on a regular basis. This would include your market share, by product/range and price segment if necessary, competitor performance and market growth. For more information on this see the How do I: Conduct Market Research? guide.

SWOT

Often referred to as the situation analysis, this is a very useful format with which to capture all the relevant information about your position. It focuses on Strengths, Weaknesses, Opportunities and Threats as the key drivers or inhibitors of any business. To ensure this format helps inform meaningful interpretation and conclusions, the information you use should be as accurate as possible. In some cases it may be deemed necessary to purchase data or commission research to fill critical information gaps. You should focus on information about elements, which would be valued by the consumer or customer, either directly or indirectly. For example, product quality may be directly valued by the consumer while low margins could preclude promotion and therefore indirectly effect an element which the consumer values.

Strengths and Weaknesses are critical factors to the effectiveness and success of a business. Most often these are internal to the business and are elements that a business can control. They can be either actual or perceived i.e. level of distribution is actual while brand image is perceived. In marketing terms, actual and perceived factors can be equally important and their relative merits should be assessed within the overall analysis. Examples of strengths would include high brand awareness, good reputation for quality, good service levels, high margins or unique product positioning. Weaknesses would include unsatisfactory product delivery, poor relationship between price and quality, lack of unique selling point, low investment in marketing or weak internal cost control. Promoting strengths can be an effective strategy for growth and can lead to improved competitive advantage. Equally, redressing a weakness puts the business in a stronger position to capitalise on the effect of its marketing activity.

Opportunities and Threats are external and, therefore, more outwith the control of the business. They can arise from competitive activity, channel pressure, demographic changes, political, technological or legislative developments. Understanding and pre-empting these external factors is key to building strategy. For example, the ageing population and rise of out-of-home eating are two major changes, which will impact on food expenditure in the coming decades. The implications of these should be considered within the overall company strategy in term of e.g. product range, distribution channels, and product delivery. Identifying opportunities and threats can focus strategic planning both in the short and long term. Well informed, creative forward planning is a key business advantage and can lead to innovation far beyond the company’s apparent capabilities.

GAP ANALYSIS

This is a method of analysing a sector or market in order to identify potential “gaps”, the fulfilment of which would create a business opportunity. This analysis entails mapping key information to then identify where gaps may lie. The mapping can be captured either in graph format or as a table. The exact format will depend on the level of detail you need to capture. Elements that can be used in this analysis include:

- Product delivery attributes or benefits e.g. for beer this might be light, hoppy, pale, etc.
- Pricing
- Pack size
- Eating occasion
- Consumer profile e.g. family, adult or child.

Once you have ascertained the key drivers which will be mapped, analyse your business and those of your competitors against these criteria. Set out this information in a way that allows you to identify where the consumer needs may not currently be satisfied as this represents a potential market opportunity.
HOW DO I? SUMMARY

1. Establish who is principally responsible for market intelligence.
2. Develop the intelligence plan and its role within the business planning process.
3. Evaluate market position on a regular basis and use all possible sources to feed the intelligence model.
4. Use marketing intelligence to develop competitive advantage via strategy and marketing activity.

OTHER SOURCES OF INFORMATION:

Visit www.scotlandfoodanddrink.org

INSIGHTS: you can access data on geographic markets, consumers, retailers, foodservice operators, specific product sectors and more

There are many other How Do I? Guides which can help you grow your business