

Competitor Matrix

Knowing who is your competition is only part understanding the local market. You should understand how they get customers to go to their establishment? During your investigation of the industry you determined the factors which make companies in that industry successful (www.hoovers.com). How does your competition satisfy these factors for success? By understanding where your competition is doing well and where they are doing not so well can help you determine how your company can compete in your chosen market.

The following is an example of a Competition Matrix.

COMPETITOR MATRIX							
Fast Food Restaurants in Decatur and Forsyth, IL							
	Service Quality	Food Quality	Efficiency	Price	Location	Cleanliness	Overall
A&W	3	3.25	3	3.25	2.25	2.75	2.92
Arby's	3.5	3.75	3	3	3.25	3.25	3.29
Burger King	3	3.5	3	3.25	3.25	2.75	3.13
Culvers	4.25	4	3	3.25	3.5	4	3.67
Dairy Queen	3.25	3.75	4.5	4.25	3.25	4	3.83
Hardees	2.25	2	2.5	3	3	2.5	2.54
Kentucky Fried Chicken	3	3	3.5	2.75	3.5	2.75	3.08
Krekels	2.75	3.5	3.75	3.75	4	2	3.75
Long John Silvers	2.75	3	3.5	3.5	3.5	2.25	3.08
McDonald's	3.75	3.5	4.25	4.75	4	3.75	4.00
Panera Bread	4.25	4.5	4	2.75	2.75	4.75	3.83
Subway	3	3.75	4	3.5	5	3.75	3.83
Taco Bell	3	3.25	3.25	4	2.75	3	3.21

This example determines how the fast food restaurants in Decatur and Forsyth satisfy the market. Each possible competitor was evaluated on the success factors found in Hoovers and their thoughts on what makes a good fast food restaurant. The team visited each of the competitors and graded them on a scale of 1 to 5. Each team member graded each restaurant and the average of the scores was entered in the matrix. Each restaurant had their high and low points. Mc Donalds rated the overall highest score and Hardees the lowest. Mc Donald's lowest score was in food quality. Overall, the success factor which was lowest was location and cleanliness. By understanding which success factors have the lowest scores provides your proposed company with a plan for how to take customers away from the competition.

In your business plan explain your success factors and the grading scale.

Example:

To create our competitor matrix we first chose the top fast food restaurants that are in competition with our company. (See Competitor Matrix above for a complete listing of the restaurants.) All the restaurants we included are located in Forsyth and Decatur, IL. Our competitor matrix gives us a view of what people's perspectives are of each of our competitor's

establishments. Based on the success factors noted in our Industry Analysis, we rated each restaurant. The factors rated were Service Quality (how friendly and helpful the staff are), Food Quality (how tasty and appealing the food is), Efficiency (how quickly the food is brought to the customer), Price (how expensive the food is), Cleanliness (how clean the store appears), and Location (how convenient is it to get there.) For the overall rating of each restaurant, we averaged together the scores for each store in the six success factors. The ratings were based on a one to five scale, where five is the best possible (I would absolutely go here again), three is mediocre (I may or may not go here again), one is the worst possible (I would never go here again), and four and two are in-between ratings.

Next write a brief analysis of the matrix findings.

Example:

The competitor matrix helps us to see the areas in which our competitors excel in which areas they need to improve. With this we will be able to improve on the areas other companies lack and help our business succeed. If we know what we are doing right, and what we are doing wrong, we can improve upon their weaknesses, therefore making our restaurant the best it can be. Based on our Competitor Matrix, our top competitors are: McDonald's with a score of 4.0 out of 5 and Dairy Queen and Panera Bread, both with a score of 3.83. Our weakest competitor is Hardees, who scored a 2.54. McDonalds succeeds because they combine a low-priced meal with efficient service and relatively good food quality. Panera Bread, on the other hand, succeeds because they have a clean establishment, excellent service and an overall high food quality. Hardees comes up short in just about every area. Based on the results of the Competitor Matrix, one of the biggest factors we can improve upon is keeping our restaurant clean. This includes the kitchen area, outside eating area, and most importantly, the restrooms. If a customer sees that we take pride in our restaurant by keeping it clean, they are more likely to buy into our concept and visit our establishment frequently. We can also improve upon our competitors in terms of price. We can grow our customer base if we keep our prices low enough that even people with lower incomes will be able to afford our product. With the rising prices of food, gasoline, and inflation, keeping our prices reasonable may come as a challenge. While we definitely have areas that we can improve upon our customers, each factor can play a huge part in making or breaking our restaurant's success.

Overall, however, our establishment will lead our competition because we provide a product and a concept that is different from the other restaurants in the Decatur and Forsyth area. Our concept is one of nostalgia and comfort. We give the customers a taste of the past with the drive-in idea. We give our customers comfort food in a comfortable setting (their car.) We provide high-quality food that customers can't find at a generic burger joint.