The resulting Figure 3.5 provides a summary of the hypothetical profile of the strengths and weaknesses of ten brands. Two can be compared, such as Ford and Lexus or BMW and Audi. BMW and Lexus have enviable positions.

In the grid, Lincoln is shown as not being well regarded. But that changed in 2013 when Lincoln, blessed with an incredible heritage, attempted a break-out reinvigoration. The effort rested in large part on the new MKZ midsize car that delivered luxurious quality, good looks with an appealing fluid design described as "smooth and soft," an interior that was competitive with the other premium brands, and included a host of differentiating innovations such as push-button shifting and a panoramic glass roof. There is a hybrid version that got 45 mpg.

The car was introduced with an aggressive digital marketing program and a set of television ads that provided a link to the past heritage with glimpses of the some of the classic models and a full-page newspaper print ad that explained how Lincoln will become great again. People who test drive a Lincoln received a diner reward, a "Lincoln date night," and there will be a 24-hour concierge to help navigate model choice. The dealer experience got a significant upgrade. At the same time, the organization was renamed as the Lincoln Motor Company (both a step up and a step back in time from the Lincoln Division), and the customer dealer experience was upgraded to Lexus levels. The strategy worked and new models have been introduced every year since.

A tough assignment but it has been done before. Cadillac came back from a similar point in 2003 with its CTS model. It was able to demonstrate the CTS could perform as well or better than any rival in terms of acceleration and drivability. It further got credibility and visibility by getting third-party quality recognition. It took years, but Cadillac came back. Hyundai is another brand that overcame a disastrous and well-earned reputation for poor quality and design. Hyundai changed course, created superior cars that won awards, and added some brilliant marketing. The result was impressive visibility, a revised image, and a remarkable increase in relevance.

So the image data has momentum but also is dynamic. It can change, especially if a major relaunch is anchored by an innovative new model that delivers value, gets recognition, and gains traction in the marketplace. It needs to get the delicate balance required to leverage the heritage into authenticity, personality, and self-expressive benefits rather than nostalgic charm.

Analyzing Submarkets

It is often desirable to conduct an analysis for submarkets or strategic groups and perhaps for different products. A firm may not compete with all other firms in the industry, but only with those engaged in similar strategies and markets. For example, a competitive strength grid may look very different for the safety submarket, with Volvo having more strength. Similarly, the handling submarket may also involve a competitive grid that will look different, with BMW having more strength.

The Analysis Process

The process of developing a competitive strength grid can be extremely informative and useful. One approach is to have several managers create their own grids independently. The differences can usually illuminate different assumptions and information bases. A reconciliation stage can disseminate relevant information and identify and structure strategic uncertainties. For example, different opinions about the quality reputation of a competitor may stimulate a strategic uncertainty that justifies marketing research. Another approach is to develop the grid in a group setting, perhaps supported by preliminary staff work. When possible, objective information based on laboratory tests or customer perception studies should be used. The need for such information becomes clear when disagreements arise about where competitors should be scaled on the various dimensions.

OBTAINING INFORMATION ON COMPETITORS

A competitor's website is usually a rich source of information and the first place to look. The strategic vision (along with a statement about values and culture) is often posted and the portfolios of businesses are usually laid out. The way that the latter are organized can provide clues as to business priorities and strategies. When IBM emphasizes its e-servers, for example, that says something about its direction in the server business. The website also can provide information about such business assets as plants, global access, and brand symbols. Research on the competitor's site can be supplemented with search engines, access to articles, and financial reports about the business.

Detailed information on competitors is generally available from a variety of other sources as well. Competitors usually communicate extensively with their suppliers, customers, and distributors; security analysts and stockholders; and government legislators and regulators. Contact with any of these can provide information. Monitoring trade magazines, trade shows, advertising, speeches, annual reports, and the like can be informative. Technical meetings and journals can provide information about technical developments and activities. Thousands of databases accessible by computer now make available detailed information on most companies.

Detailed information about a competitor's standing with its customers can be obtained through market research. For example, regular telephone surveys could provide information about the successes and vulnerabilities of competitors' strategies. Respondents could be asked questions such as the following: Which store is closest to your home? Which do you shop at most often? Are you satisfied? Which has the lowest prices? Best specials? Best customer service? Cleanest stores? Best-quality meat? Best-quality produce? And so on. Those chains that were well positioned on value, on service, or on product quality could be identified, and tracking would show whether they were gaining or losing position. The loyalty of their customer base (and thus their vulnerability) could be indicated in part by satisfaction scores and the willingness of customers to patronize stores even when they were not the most convenient or the least expensive.

KEY LEARNINGS

- Competitors can be identified by customer choice (the set from which customers select) or by clustering them into strategic groups (firms that pursue similar strategies and have similar assets, competencies, and other characteristics). In either case, competitors will vary in terms of how intensely they compete.
- Competitors should be analyzed along several dimensions, including their size, growth and profitability, image, objectives, business strategies, organizational culture, cost structure, exit barriers, and strengths and weaknesses.
- Potential strengths and weaknesses can be identified by considering the characteristics of successful and unsuccessful businesses, key customer motivation, mobility barriers, and value-added components.
- The competitive strength grid, which arrays competitors or strategic groups on each of the relevant assets and competencies, provides a compact summary of key strategic information.