

Understanding the competition: Benchmarking eCommerce players

A B2C eCommerce player in a highly competitive market with a plethora of players wanted to better understand its competitors. A structured analysis of data from various internal and external sources helped to achieve this. Based on this, the client could establish its competitive position and develop a targeted response to competitors.

Challenge

The **B2C eCommerce client** is operating in a **highly commoditized and competitive market**. A vast amount of competitors are active in the market and there are first signs of consolidation. Products are quite standardized across players. The client had a **limited understanding of the competitive landscape**. While they were aware of their key competitors, it was not clear how they operate and which best-in-class practices they use. The goal was to establish a clear overview on competitive behavior to derive **options for differentiation**.



Solution

In a three step approach the client was enabled to better understand the competitive landscape and position themselves.

1 Develop a comprehensive framework for structured analysis

As a first step, a **framework** was built to really understand how competitors operate in the market. Key was to tailor the framework to the clients specific needs instead of using a "one size fits all" approach.

Benchmarking was structured across three simple main categories:

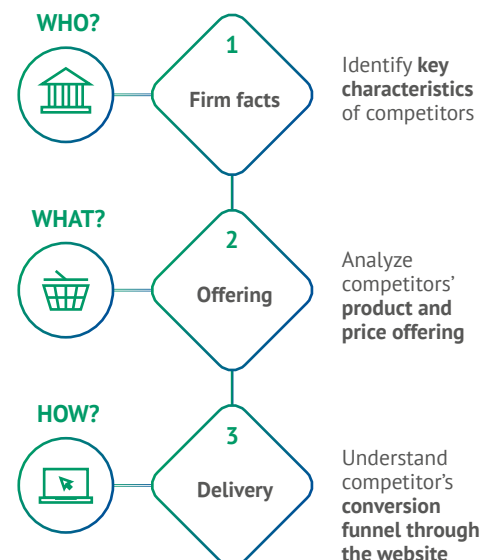
Who? e.g., general information, business model, brands, financial information

What? e.g., product offering, services, bundles, pricing strategy

How? e.g., marketing/sales channels, website performance, customer journeys

For each question we determined the **relevant dimensions** on which competitors should be compared to for benchmarking (i.e., firm facts, offering and. Each dimension was then **translated into clear KPIs** to make the comparison objective (e.g., frequency of price changes, number of products, load times, conversion rates, marketing spend, etc.).

OVERVIEW OF BENCHMARKING FRAMEWORK



2 Identification and access of data sources for each KPI

After KPIs for each category had been determined, it was crucial to support them with a **wide range of internal and external data** sources. Typical sources included, but were not limited to:

Internal:

- Product and pricing **structure**
- Marketing **budget** and campaigns
- Internal market **research**

External:

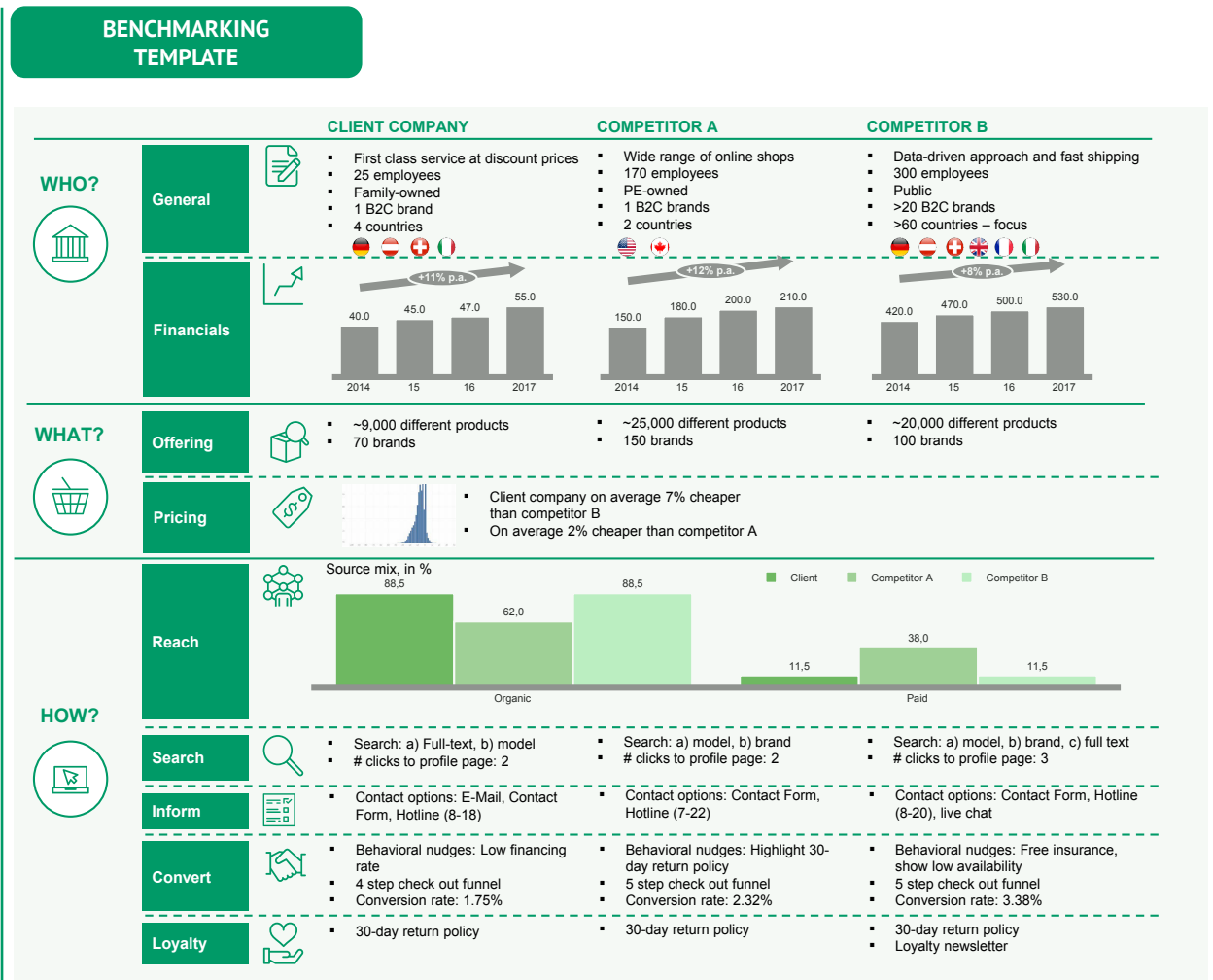
- Annual reports & market reports to derive numbers for **revenue, profitability, growth projections** and financial valuation
- Competitor websites (partly using crawlers for automated information extraction) to identify **product structure** incl. number of products, detailed price data, segmentation of products and marketing efforts as well as identification of key **user journeys** from search to check out
- Web analytics tools: SimilarWeb, Sistrix, uptrends.com, Alexa to determine **KPIs on page visits** such as source mix, time per visit, bounce rate, visitor structure, keyword visibility and SEO standards
- Social media: Facebook, Instagram, Twitter to further detail **user engagement**

3 Aggregation and benchmarking of performance

Finally, all information was aggregated to **identify leaders and best practices** in each category. Certain categories were prioritized for comparison based on expert interviews.

This allowed for a thorough understanding of the competitive landscape, summarized in the following **benchmarking template** (see next page).

In the graphic one can see a sample of the analysis we performed. Information was gathered for a set of categories to show the client's performance against competitors.



Results

The structured and detailed analysis of competitors and best-in-class players from other markets allowed the client to **identify gaps in performance** and various **improvement levers** to utilize.

This enabled them to better position themselves in the market and in the competitive environment.