Competitive Intelligence Report
Comparative Competitive Efforts
Explanations — Suggestions and Tips

The role of this Help section is to coach you on how to properly analyze the competitive efforts data and sales/market share outcomes. The goal is to quickly enable you to be ***a shrewd "power-user" of the information in this report*** and *equip you to properly identify and evaluate what specific changes in your company's competitive efforts in the upcoming year offer the best prospects for* ***boosting your company's profitability and overall performance of the five scoring measures.***

> ***Important:*** *Just assessing your company's competitiveness in one region—like North America—is never sufficient because the competitive efforts of rival companies* ***vary from one region to another.*** Hence, you have to look at how well your company's competitive efforts compare against rivals, competitive factor by competitive factor, *in each of the four regions* to learn what actions to consider to improve your company's profitability and performance scores in the upcoming year***. If you will take the time to read this Help section from top to bottom, you will discover it is easy to read the story the numbers tell and then use this story to make wise, performance-enhancing adjustments in your company's competitive efforts in the upcoming decision round.***
>
> ***Trying to save yourself the time and trouble of carefully studying the contents of each year's Comparative Competitive Efforts report is destined to result in disastrous competitive and performance outcomes for your company.*** Not paying attention to the data in this report means you will be naively and blindly headed into a competitive battle against rival companies whose competitive intent and competitive strength you know little to nothing about—*the chances of your company being competitively successful and achieving the investor-expected performance targets are slim to none*. *Running a company in a competitively blind manner and hoping for good outcomes or depending on luck are not sound approaches to managing a company, and they are definitely not a pathway to achieving good company performance.*

Use the links below to quickly access the desired topic in the Comparative Competitive Efforts report:

The Buttons at the Top of the Page

When you open the Comparative Competitive Efforts report ***you will initially see the report for North America.*** This page displays the competitive efforts of each company in the AC Camera market segment and the UAV Drone market segment. The page also shows (1) how *your company's* competitive effort in North America on each of the factors affecting unit sales/market share compare against the industry average for North America and (2) the percentage size of any resulting competitive advantage or disadvantage—see the last two columns on the right side of the page.

Changing the Region. To see the company comparisons for a different region (Europe-Africa, Asia-Pacific, and Latin America), click on the Region button (currently showing "North America") to show the report for a different region.

Changing the Year. Initially, the data for the just-completed year will appear on the page. You may review or print a report from any previous year by clicking the Year button at the top-right of the page.

Changing the Company Being Compared to the Industry Averages. While you are primarily interested in how your company's competitive effort compared to the all-company regional averages on each factor that determines unit sales and market share (to see whether your company had a competitive advantage or was at a disadvantage on that factor), you can also *see how any other company stacks up against the industry/all-company regional averages and the resulting percentage sizes each company's competitive effort ss above/below the averages in the far right column.* To change to a different company and view the percentage sizes of its competitive advantages/disadvantages versus the industry averages, *click the Company letter button* and choose the company of interest--***this feature is particularly useful for studying the competitive efforts of companies you consider to be your closest competitors and/or industry-leading companies.***

Printing the Report. You may find it useful to print the Comparative Competitive Efforts reports. Click the Print button at the top to print the report for a single region or for all four regions.

> ***Recommendation:*** *Consider printing all four pages of the report (1 page for each geographic region) to have available when you begin entering decisions for prices, P/Q ratings, models offered, and so on for the current year. This will save you the annoyance of switching back-and-forth between the report pages and the AC Camera Marketing, UAV Drone Marketing, and Special Contract Offers decision entry pages.*

AC Camera Segment — Competitive Effort Comparisons

Observe how your company's competitive effort compares to the industry average, for all 8 competitive factors affecting sales and market shares in the Internet segment. *Whether your company's effort on a particular competitive factor is above/below the industry average* (see the Industry Average column on the right) *determines whether your company had a competitive advantage or competitive disadvantage on that factor.* The size of your company's competitive advantage/disadvantage is signaled by the percentages in the column at the far-right. ***The bigger the percentage size of any competitive advantage or disadvantage, the bigger the positive/negative impact on your company's cameras sold and market share in the region.***

Important: How many AC cameras a company sells is a function of the company's overall competitive effort relative to the industry-average effort in the region for all 11 competitive factors taken as a group.

As you review your company's competitive efforts versus rival companies, bear in mind that ***some competitive factors are more important than others.*** A 12% competitive advantage or disadvantage against the industry average on such competitively important factors as average wholesale price or P/Q rating or number of models carries more weight in impacting a company's sales volume and market share than does a 12% competitive advantage or disadvantage on less influential competitive factors like website displays or retailer support.

Average Wholesale Price. The first line of the AC Camera Segment data shows the average wholesale price each company charged the retailers of its camera models. Your company's sales/market share outcomes in a region were positively impacted if your company's average wholesale price was *below* the regional average and were negatively impacted if your company's retail price was *above* the regional average.

- The bigger the percentage your company's average wholesale price was *below* the regional average, the bigger was your company's *price-based* competitive advantage and thus the bigger was the positive impact on your company's cameras sold and market share in the region.

- The bigger the percentage your company's average wholesale price was *above* the regional average, the bigger was your company's *price-based* competitive disadvantage and the bigger was the negative impact on your company's cameras sold and market share in the region.

- Always check to see if the percentage size of your company's price-based competitive advantage or disadvantage was large or small (see the last column on the page). A large price-based competitive disadvantage should automatically become a candidate for corrective action in the upcoming decision round — particularly if you are unhappy with the resulting regional sales and market share outcomes in the AC Camera segment or if your company's prior-year profitability in the region and/or aspects of your company's prior-year overall performance were subpar.

P/Q Rating. The second line displays the P/Q ratings of the AC cameras offered by each company in the designated region. Your company's sales/market share outcomes in a region were positively impacted if your company's P/Q rating was *above* the regional average, and they were negatively affected if your company's P/Q rating was *below* the regional average. Companies with P/Q ratings *above* the industry average had a P/Q rating-based competitive advantage; companies with P/Q ratings *below* the industry average suffered from a P/Q rating-based competitive disadvantage. *The size of the advantage or disadvantage is measured by percentage size a company's P/Q rating is above/below the industry-average in each region*.

Because P/Q ratings are an important competitive factor in determining each company's sales/market share outcomes, the bigger a company's P/Q rating competitive advantage in a region, then the bigger the positive impact on its AC cameras sold and market share in the region. Conversely, the bigger a company's P/Q rating competitive disadvantage, the bigger the negative impact on its AC cameras sold and market share.

Always observe whether the percentage size of any resulting P/Q competitive advantage or disadvantage for your company was large or small. A large P/Q-based competitive disadvantage should automatically become a candidate for corrective action in the upcoming decision round—particularly if you are unhappy with the resulting sales and market share outcomes in the AC camera segment or if your company's prior-year profitability in a region and/or aspects of your company's prior-year EPS and ROE performance were subpar.

Brand Reputation. On the third line are the comparative brand reputations of rival companies (as measured by the respective Image Ratings on the second page of the prior year's *Camera & Drone Journal*). A company's brand reputation (which is its image rating from the prior year) is based on (1) its global average P/Q rating of AC cameras, (2) its global average P/Q rating of UAV drones, (3) its global average market share of total AC camera sales, (4) its global average market share of total UAV drone sales, and (5) its corporate social responsibility and citizenship actions undertaken over the past 4-5 years.

Companies with brand reputations *above* the industry average had a reputation-based competitive advantage over companies with brand reputations *below* the industry average across all four regions.

Your company's sales/market share outcomes in a region were positively impacted if your company's brand reputation in the region was *above* the regional average, and they were negatively affected if your company's brand reputation was *below* the regional average.

Number of Models. The fourth line of the AC Camera Segment section shows comparisons of the number of camera models offered by each of the company. Companies offering more than the industry average number of models have a model-based competitive advantage over companies with a below-average number of models. The size of the advantage or disadvantage is measured by percentage size a company's number of models is above/below the industry-average in each region.

A large percentage competitive disadvantage on models always merits careful evaluation by company managers. Normally, a big model-based competitive *disadvantage* is a strong signal that managers should consider narrowing (perhaps eliminating) this disadvantage in the upcoming decision round. Such consideration becomes increasingly important if you are unhappy with the resulting sales and market share outcomes in the AC camera segment or if your company's prior-year profitability and/or aspects of your company's prior-year EPS and ROE performance were subpar.

Retail Outlets. The fifth data grouping shows the comparative numbers of retail outlets (multi-store chains, online retailers, and local retailers) stocking and merchandising each company's camera brand. The numbers of retailers each company has are competitively important because these retailers are the company's only distribution channel for accessing the buyers of action cameras—plainly, having more retailers enhances a company's competitiveness against companies with fewer retailers. Having more/fewer multi-store retailers than the industry-average in a particular geographic region means you have a competitive advantage or disadvantage versus rivals, on average, in the multi-store distribution channel—the size of the advantage or disadvantage is measured by percentage size your company's number of retailers is above/below the industry-average in each region. It is also clear from the numbers of multi-store chains just which company (or companies) has/have the biggest competitive advantage in the multi-store distribution channel. If your company does not have an attractive number of multi-store chains carrying your camera line and if you wish to increase unit sales and market share in that region, then you need to consider what changes in competitive effort you might need to make in the upcoming year (lower prices, higher P/Q rating, more ads, more promotions, biggest price discounts, etc.) to attract more multi-store chains to carry your company's brand. Precisely, the same interpretation can be made for the numbers of online retailers and local retailers.

The number of retailers desirous of carrying a company's brand in an upcoming year is based on:

1. *Each brand's prior-year share of action camera sales in that region* (companies with growing market shares tend to attract more retailers to stock their brands, and companies with falling market shares can expect to lose some of their retailers).
2. *Each company's P/Q ratings for its action camera models* (companies whose P/Q ratings have risen relative to the industry average tend to gain retailers, and companies whose P/Q ratings have fallen relative to the industry average tend to lose some of their retailers).
3. *Each company's prior-year spending year to support the merchandising efforts of its retailers in the region as compared to the all-company regional average*. In general, companies that boost spending to support the merchandising efforts of retailers relative to the regional average tend to attract additional retailers; companies whose spending for retailer support declines relative to the regional average tend to lose retailers.
4. *Each company's number of prior-year weekly sales promotion campaigns and the size of promotional discounts offered as compared to the regional averages*. Retailers lean toward stocking the brands of companies that have more weekly sales promotions and bigger discounts during these promotions because they help generate buyer traffic and boost store revenues.

The percentages in the last column on the right display the size of any competitive advantage/disadvantage your company has in the numbers of online retailers and local camera shops that are merchandising the company's cameras in the region.

You should be alert to the numbers of multi-store chains, online retailers and local camera shops handling the brands of rival companies. Is your company the leader? If not, how far behind the leader(s) are you—and what should you consider doing in the upcoming year to try to attract more retailers of all types to handle your company's brand? In particular, do you need to increase the amount of sales/merchandising support provided to retailers in certain regions? Do you need to improve the buyer attractiveness of your company's price, P/Q rating, number of models, or advertising, so as to win a bigger market share in the region—which, in turn causes more retailers to stock and merchandise your company's brand?

***To attract more retailers in future decision rounds, your company will most likely have to undertake actions that make it more attractive for retailers in the region to stock its camera brand via some combination of the following*:** (1) grow your company's market share in the region and/or (2) improve your company's P/Q ratings relative to the industry average and/or (3) increase your company's expenditures for retailer support relative to the regional average and/or (4) increase your company's number of weekly sales promotions in the region relative to the regional average and/or (5) increase the size of your company's promotional discount relative to the regional average during weekly sales promotions.

Retailer Support. Companies whose retailer support expenditures are above the regional average gain a competitive edge in attracting retailers to stock their brand compared to companies providing below-average amounts of retailer support—the bigger a company's retailer network in a region, the stronger is its brand exposure to camera shoppers and the stronger the resulting positive impact on its regional sales and market share.

Advertising. Companies whose advertising expenditures are *above* the all-company regional-average gain an advertising-based competitive edge that positively impacts their company's regional sales volume and market share; the bigger the percentage competitive advantage, the bigger the positive impact. Companies whose spending is *below* the regional average suffer from an advertising-based competitive disadvantage that negatively impacts their regional sales and market share; again, the bigger the percentage competitive disadvantage, the bigger the negative impact.

Website Displays. Companies whose expenditures for website displays are above the regional average have a website display-based competitive edge that positively impacts their regional sales volume and market share. Conversely, below-average expenditures for website displays result in a competitive disadvantage that negatively impacts a company's regional sales volume and market share. The bigger the percentage competitive advantage/disadvantage, the bigger the positive/negative impact.

Weeks of Sales Promotions. Companies having above-average number of sales campaigns gain a promotion-based competitive edge that positively impacts their regional sales volume and market share. Conversely, a below-average number of weekly promotions results in a competitive disadvantage that negatively impacts a company's regional sales volume and market share. The bigger the percentage competitive advantage/disadvantage, the bigger the positive/negative impact.

Sales Promotional Discount. Companies offering discounts *above* the regional average gain a competitive advantage that positively impacts the company's regional sales volume and market share, with the size of the positive impact depending on the percentage size of the competitive advantage. Companies offering discounts *below* the regional average have a competitive disadvantage that negatively impacts the company's regional sales volume and market share, with the size of the negative impact depending on the percentage size of the competitive disadvantage.

Warranty Period. A company whose warranty period exceeds the regional-average gains a competitive edge that positively impacts its regional sales/market share, whereas a company whose warranty period is below the regional average suffers a competitive disadvantage that negatively impacts its regional sales volume and market share. The further a company's warranty period is above/below the regional-average, the bigger the positive/negative impact.

Demand for ACC Units. Carefully review the numbers showing the demand for your company's cameras versus those of rival companies and the region's industry-average. Demand amounts *greater* than the regional all-company average signal higher-than-average buyer appeal for your company's camera brand and a stronger-than-average overall competitive effort as compared to the buyer appeal for rival camera brands and the overall competitive efforts exerted by rival companies.

If demand for your company's cameras was above the regional average number, then the combined effects of the competitive factors where your company had competitive advantages versus the industry averages ***outweighed*** *the combined effects of the competitive factors where your company had competitive disadvantages as compared to the industry averages*.

Conversely, if demand for your company's cameras was *below* the regional average number, then the combined effects of the competitive factors where your company had competitive advantages were *overridden* by the combined effects of the competitive factors where your company had competitive disadvantages.

Gained/Lost (due to stockouts). This line shows which companies lost sales because they were unable to assemble enough camera units to fill all the retailer orders they received. When a company cannot fill all the orders from retailers stocking/merchandising its camera brand (called a "stockout"), ***the retailers whose***

orders cannot be filled immediately shift their orders to companies with comparable offerings. In other words, all lost sales/unfilled orders are reallocated to companies having cameras of comparable buyer appeal and sufficient assembly capacity to fill the "extra" orders, which results in "sales gained." The plus (+) numbers in this row represent sales gains and the minus (-) numbers represent sales lost.

AC Camera Units Sold. This line displays the number of cameras each company sold after adjusting the demand for the company's AC cameras for sales gains or losses.

Market Share. This line reports each company's actual market share of AC camera sales in the region. Any company with a market share *above* the industry average had higher-than-average buyer appeal for its camera brand and a stronger-than average overall competitive effort as compared to those companies with a below-average market share.

As you compare the market shares of all companies in the regions, you should understand that:

- The company having the biggest market share in a region is the company that exhibited the strongest overall competitive effort versus rivals.
- The company with the lowest market share in a region is the company that had the weakest overall competitive effort among all companies.
- Companies with an average (or near average) market share in a region exerted an average (or near average) overall competitive effort.

The key point here is that a company's various percentage competitive advantages and disadvantages in the AC camera segment will result in a market share above/below the regional-average market share.

- If your company's regional market share of camera sales was *above* the regional average, then your company's percentage competitive advantages and disadvantages resulted in a *net overall competitive advantage* of a size sufficient to produce the above-average market share your company received.

  The company with the largest market share had the biggest overall net competitive advantage in the region's AC camera segment, which is why its overall competitive effort is judged to have been the strongest in the region.

- If your company's regional market share was *below* the regional average, then your company's percentage competitive advantages and disadvantages resulted in a *net overall competitive disadvantage* of a size sufficient to produce the below-average market share your company received.

  The company with the smallest market share had the biggest overall net competitive disadvantage in the region's AC camera segment, which is why its overall competitive effort is judged to have been the weakest in the region.

Important: It is not a given that (1) the company with the highest market share also earned the highest profits in that region nor that (2) companies with above-average market shares earned higher profits than those with lower market shares. ***A high market share does not automatically equate to high profitability, and a small market share does not automatically equate to low profitability.*** Large-share companies may earn lower profits than firms with smaller market shares because of ill-advised price-cutting and/or overspending on assorted marketing efforts, perhaps coupled with high production costs per camera. Small share firms may actually be highly profitable because they sell top quality cameras at premium prices and/or because their production operations are exceptionally cost-efficient and/or because their marketing expenditures are exceptionally cost-effective.

While you are not provided data pertaining to the profitability of individual company market shares in each region's camera segment (this is considered to be competitively sensitive information), ***you can see how the profitability of your company's market share outcomes compared to the industry-low, industry-average, and industry-high profitability benchmarks on page 6 of the Camera and Drone Journal.***

Tip: As the simulation progresses, it makes sense to zero in on how well your company compares not only against the regional averages but also against the competitive efforts of those particular companies you consider to be *close rivals* and also perhaps those companies that are *industry leaders*. There is merit in adjusting your company's competitive efforts to beat (or at least closely match) the competitive efforts of companies that are close rivals, provided such actions also boost your company's profitability in the region. Likewise, there's reason to compare your company's competitive efforts against the company with the largest number of cameras sold to better learn which competitive factors accounted for why your company sold fewer cameras and also to compare your company's competitive efforts against one or two of the industry leaders to better understand what kind of competitive efforts it will take for your company to narrow the performance gap.

Tip: If your company's cameras sold/market share in a region were lower than you would have liked, then you need to consider actions to *profitably* strengthen your company's overall competitive effort (perhaps by increasing those competitive efforts where your company was burdened by competitive disadvantages and/or by strengthening even further those competitive efforts where your company had competitive advantages. ***But pursue only those competitive improvement actions that also improve projected profitability*.** There is no glory in capturing a bigger market share when it results in lower profitability.

Special AC Camera Contracts. The last 3 rows show the results of the competition for special contracts to supply multi-store chain retailers with AC cameras at a discounted price. The first row in this section reports each bidder's discount price offer. The second row reports the Value Index associated with each bidder's offer. The ***Value Index*** is based on (1) the net wholesale price the retailer will pay after the price discount, (2) the P/Q rating of the bidder's action cameras, and (3) the numbers of models in the bidder's line of cameras. Multi-chain retailers consider the Value Index as the best indicator of which bidder(s) is/are offering them the best deal, taking into account the factors of discounted net price, camera performance-quality, and breadth of product selection. The third row shows the company or companies whose bids were accepted and the number of extra cameras they sold.

This information will prove valuable in helping you determine what can be done to improve your company's Value Index, should you be interested in competing to win a special contract in the upcoming decision round.

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UAV Drone Segment — Comparative Competitive Efforts

The analysis of the Comparative Competitive Efforts data for the UAV drone segment parallels that for the AC camera segment. Observe how your company's competitive effort compares to the industry average, for all 10 competitive factors affecting sales and market shares in the UAV drone segment. ***Whether your company's effort on a particular competitive factor is above/below the industry average*** (see the Industry Average column at the right) ***determines whether your company had a competitive advantage or competitive disadvantage on that factor.*** The size of your company's competitive advantage/disadvantage is signaled by the percentages in the column at the far-right. The bigger the competitive advantage or disadvantage, the bigger the positive/negative impact on your company's number of drones sold and market share.

Important: How many drones a company sells is a function of the company's overall competitive effort relative to the industry-average effort in each region for all 10 competitive factors taken as a group.

Average Direct-Sale Price. Check out how your company's *average direct-sale price* for drones at the company's website compares against those of rivals and the size of the resulting price-based competitive advantage/disadvantage your company had versus the industry-average in each region. Your company's sales/market share outcomes in a region were positively impacted if your company's average direct-sale price was *below* the regional average, and they were negatively impacted if your company's average direct-sale price was *above* the regional average.

- The bigger the percentage your company's average direct-sale price was *below* the regional average, the bigger was your company's *price-based* competitive *advantage* on this important competitive factor and thus the bigger was the positive impact on your company's drone demand and market share in the region.
- The bigger the percentage your company's average direct-sale price was *above* the regional average, the bigger was your company's *price-based* competitive *disadvantage* and the bigger was the negative impact on your company's drone demand and market share in the region.
- Make a point of checking whether the percentage size of your company's competitive advantage or disadvantage was large or small (see the last column on the page). *A large price-based competitive disadvantage should automatically become a candidate for corrective action in the upcoming decision round* — particularly if you are unhappy with the resulting sales and market share outcomes in the region's UAV drone segment or if your company's prior-year profitability in the region and/or overall company performance were subpar.

Discount to Online Retailers. The second line of the UAV Drone Segment data displays the comparative percentage discounts to third-party online retailers offered by each company in the designated region. Your company's sales/market share outcomes in a region were positively impacted if your company's percentage discount was *above* the regional average, and they were negatively affected if your company's percentage discount was *below* the regional average.

A large discount-based competitive *disadvantage* should automatically become a candidate for corrective action in the upcoming decision round—particularly if you are unhappy with the resulting sales and market share outcomes in the region's UAV drone segment or if your company's prior-year profitability in the region and/or aspects of your company's prior-year overall performance were subpar.

P/Q Rating. The third line of the UAV Drone Segment data displays the comparative P/Q ratings of the UAV drones offered by each company in the designated region. Your company's sales/market share outcomes in a region were positively impacted if your company's P/Q rating was *above* the regional average, and they were negatively affected if your company's P/Q rating was *below* the regional average.

Because P/Q ratings are an important competitive factor in determining each company's sales/market share outcomes, the bigger a company's P/Q rating competitive advantage in a region, then the bigger the positive impact on its UAV drone sales and market share in the region. Conversely, the bigger a company's P/Q rating competitive disadvantage, the bigger the negative impact on its UAV drone sales and market share.

A large P/Q-based competitive *disadvantage* should automatically become a candidate for corrective action in the upcoming decision round—particularly if you are unhappy with the resulting sales and market share outcomes in the region's AC camera segment or if your company's prior-year profitability in the region and/or aspects of your company's prior-year overall performance were subpar.

Brand Reputation. On the fourth line are the comparative brand reputations of rival companies (as measured by the respective Image Ratings on the second page of the prior year's *Camera & Drone Journal*). A company's brand reputation (which is its image rating from the prior year) is based on (1) its global average P/Q rating of AC cameras, (2) its global average P/Q rating of UAV drones, (3) its global average market share of total AC camera sales, (4) its global average market share of total UAV drone sales, and (5) its corporate social responsibility and citizenship actions undertaken over the past 4-5 years.

Companies with brand reputations *above* the industry average have a reputation-based competitive advantage over companies with brand reputations *below* the industry average.

Your company's sales/market share outcomes in a region were positively impacted if your company's brand reputation in the region was *above* the regional average, and they were negatively affected if your company's brand reputation was *below* the regional average.

Number of Models. The fifth line of the UAV Drone Segment section shows comparisons of the number of drone models offered by each company. Companies offering more than the industry average number of models have a model-based competitive advantage over companies with a below-average number of models. Your company had a model-based competitive advantage over companies offering buyers fewer drone models and a competitive disadvantage against companies having a bigger line of drone models.

A large percentage competitive disadvantage on models always merits careful evaluation by company managers. Normally, a big percentage model-based competitive disadvantage is a strong signal that managers should consider narrowing (perhaps eliminating) this disadvantage in the upcoming decision round. Such consideration becomes increasing imperative if you are unhappy with the resulting sales and market share outcomes in this region's UAV drone and/or if your company's prior-year drone profitability in the region and/or aspects of your company's prior-year overall company performance were subpar.

Online Retailers. The sixth data grouping shows the comparative numbers of third-party online retailers that stock and merchandise each company's drone models. The numbers of online retail "partners" each company has are competitively important because these online retailers represent an additional distribution channel for selling its drones to buyers—plainly, having more third-party online retailers enhances a company's ability to achieve higher sales volumes and market share versus companies with fewer third-party online retailers.

Your company's sales/market share outcomes in a region were positively impacted if your company's number of third-party online retailers was *above* the regional average, and they were negatively affected if your company's online retailer number was *below* the regional average. The bigger the resulting percentage size of the online retailer-based competitive advantage/disadvantage, the bigger the resulting positive/negative impact on your company's regional drone sales and market share.

Website Displays. Companies whose expenditures for website displays are above the regional average have website display-based competitive edge that positively impacts their regional sales volume and market share. Conversely, below-average expenditures for website displays results in a competitive disadvantage that negatively impacts a company's regional sales volume and market share. The bigger the percentage competitive advantage/disadvantage, the bigger the positive/negative impact.

Search Engine Advertising. Companies whose expenditures for search engine advertising are *above* the all-company regional-average gain a search engine advertising-based competitive edge that positively impacts their regional sales volume and market share; the bigger the percentage competitive advantage, the bigger the positive impact. Companies whose expenditures are *below* the regional average suffer from a search engine advertising-based competitive disadvantage that negatively impacts their regional sales and market share; again, the bigger the percentage competitive disadvantage, the bigger the negative impact.

Retailer Recruitment. Companies whose expenditures for recruiting third-party online retailers (and supporting the merchandising efforts of those who agree to stock/market the company's brand of UAV drones) are *above* the all-company regional-average gain a competitive edge that positively impacts their company's regional sales volume and market share; the bigger the percentage competitive advantage, the bigger the positive impact. Companies whose expenditures are *below* the regional average suffer from a competitive disadvantage that negatively impacts their regional sales and market share; again, the bigger the percentage competitive disadvantage, the bigger the negative impact.

Warranty Period. A company whose warranty period *exceeds* the regional average gains a competitive edge that positively impacts its regional sales/market share, whereas a company whose warranty period is *below* the regional average suffer a competitive disadvantage that negatively impacts its regional sales volume and market share. The further a company's warranty period is above/below the regional average, the bigger the positive/negative impact.

Drone Unit Demand. Carefully review the numbers showing the demand for your company's drones versus those of rival companies and versus the regional industry-average. Demand amounts *greater* than the regional average signal higher-than-average buyer appeal for your company's drone models and a stronger-than-average overall competitive effort as compared to the buyer appeal for the drone models marketed by rivals and the overall competitive efforts exerted by rival companies.

If unit demand for your company's drones was *above* the regional-average number, then the combined effects of the competitive factors where your company had competitive advantages versus the industry averages *outweighed* the combined effects of the competitive factors where your company had competitive disadvantages as compared to the industry averages. Conversely, if unit demand for your company's drones was *below* the regional average number, then the combined effects of the competitive factors where your company had competitive advantages were *overridden* by the combined effects of the competitive factors where your company had competitive disadvantages.

Gained/Lost (due to stockouts). This line shows which companies lost sales because they were unable to assemble enough drones to fill all the orders they received. When a company cannot fill orders, buyers immediately shift their orders to companies with comparable offerings. Thus, lost sales/unfilled orders are reallocated to companies having drones of comparable buyer appeal and sufficient assembly capacity to fill the "extra" orders, which results in "sales gained." The plus (+) numbers in this row represent sales gains and the minus (-) numbers represent sales lost.

UAV Drone Units Sold. This line displays the number of drones each company sold after adjusting the demand for the company's Drone Unit Demand for sales gains or losses.

Market Share. Any company with a market share *above* the industry average had higher-than-average buyer appeal for its drone models and a stronger-than average overall competitive effort as compared to those companies with a below-average market share.

As you compare the market shares of all companies in the regions, you should understand that:

- The company having the biggest market share in a region is the company that exhibited the strongest overall competitive effort.
- The company with the lowest market share in a region is the company that put forth the weakest overall competitive effort.
- Companies with an average (or near average) market share in a region exerted an average (or near average) overall competitive effort.

The key point here is that a company's various percentage competitive advantages and disadvantages in the UAV drone segment will result in a market share above/below the regional-average market share.

- If your company's market share of drone sales in a region was *above* the regional average, then your company's percentage competitive advantages and disadvantages resulted in a *net overall competitive advantage* of a size sufficient to produce the above-average market share your company received.

  The company with the largest market share had the biggest overall net competitive advantage in the region's UAV drone segment, which is why its overall competitive effort is judged to have been the strongest in the region.

- If your company's market share in region was *below* the regional average, then your company's percentage competitive advantages and disadvantages resulted in a *net overall competitive disadvantage* of a size sufficient to produce the below-average market share your company received.

  The company with the smallest market share had the biggest overall net competitive disadvantage in the region's UAV drone segment, which is why its overall competitive effort is judged to have been the weakest in the region.

Important: It is not a given that (1) the company with the highest market share also earned the highest profits in that region nor that (2) companies with above-average market shares earned higher profits than those with lower market shares. ***A high market share does not automatically equate to high profitability, and a small market share does not automatically equate to low profitability.*** Large-share companies may earn lower profits than firms with smaller market shares because of ill-advised price-cutting and/or overspending on assorted marketing efforts, perhaps coupled with high production costs per drone. Small share firms may actually be highly profitable because they sell high-quality drones at premium prices and/or perhaps because their production operations are exceptionally cost-efficient and/or because their marketing expenditures are exceptionally cost-effective.

While you are not provided data pertaining to the profitability of individual company market shares in the regional drone segments (this is considered to be competitively sensitive information), ***you can see how the profitability of your company's market share outcomes compared to the industry-low, industry-average, and industry-high profitability benchmarks on page 7 of the Camera and Drone Journal.***

Tip: As the simulation progresses, it makes sense to zero in on how well your company compares not only against the regional averages but also against the competitive efforts of those particular companies you consider to be *close rivals* and also perhaps those companies that are *industry leaders*—use the *Time Series Competitive Efforts* report on the Competitive Intelligence Report to easily track the competitive maneuvering of an industry leader or close rival for all years completed to date. There is merit in adjusting your company's overall competitive effort to beat (or at least closely match) the competitive efforts of companies that are close rivals, provided such actions also boost your company's profitability in the region. Likewise, there's reason to compare your company's competitive efforts against the company with the largest number of drones sold to better learn which competitive factors accounted for why your company sold fewer drones, and to also compare your company's competitive efforts against those of one or two of the industry leaders to learn what they have recently done to be industry leaders and to better understand what sort of competitive efforts it may take for your company to narrow the performance gap.

Tip: If you believe your company's drones sold/market share in a region were lower than you would have liked, then you need to consider actions to *profitably* strengthen your company's competitive effort (perhaps by increasing those competitive efforts where your company was burdened by competitive disadvantages and/or by strengthening even further your competitive efforts where your company had competitive advantages. ***But pursue only those competitive improvement actions that also improve projected profitability. There is no glory in capturing a bigger market share when it results in lower profitability.***

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The Strategic Group Maps for AC Cameras and UAV Drones

There is merit in examining the two "strategic group maps" showing how your company is positioned against rivals in the region based on price and P/Q rating (the vertical axis) and sales promotions / advertising (the horizontal axis for the AC camera segment) or search engine advertising / retailer discount (the horizontal axis for the UAV drone segment).

The sizes of the circles are drawn proportional to each company's market share in the geographic region. Your company's position on the strategic group map for cameras is likely to be different from that on the strategic group map for drones, and the maps for different regions can be different as well.

- Those company circles that are bunched closest together signify "strong" or "close" competitors because their prices, P/Q ratings, sales promotions / advertising, or search engine advertising / retailer discount are similar; those farthest apart are "weak" competitors because their prices, product attributes are very dissimilar and appeal to buyers with different preferences as opposed to the preferences of buyers which your company is targeting.

- Companies that are more isolated, in the sense of not having many other company circles close to their positions, face somewhat weaker head-to-head competition because their product offerings are more strongly differentiated from the other companies. However, such differentiation on the part of these “distantly-positioned” companies may be attractively profitable (because of weaker competition from rivals) or considerably less profitable (because the market position occupied by these companies is not associated with a product offering that is particularly appealing to the buyers of cameras/drones).
- Companies whose circles are bunched closely together encounter strong competitive pressures from nearby rivals (because their products are weakly differentiated as concern the measures on the horizontal/vertical axes). The more companies that are clustered close together, the more likely that profitable opportunities exist for several of these companies to differentiate their product offerings more strongly and thereby reposition themselves in a more open (or vacant) part of the market where competitive pressures from rivals are weaker.

Because the strategic group maps at the bottom of the page are helpful in pinpointing who your company’s closest competitors are, you should consider studying the competitive efforts of these companies more closely and see if you can anticipate what competitive maneuvers they will undertake next. The more successful you are in predicting their next competitive moves, the more able you are to craft actions in the upcoming decision round to counter (and hopefully defeat) their competitive efforts.

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Why the Competitive Efforts of Rival Companies Will Change Every Year

Analyzing the prior-year competitive efforts of rival companies is quite necessary, but it is nonetheless incomplete as a gauge of the competitive efforts and competitive strength that companies in the industry will display in the upcoming year. Most (if not all) companies have incentive to make changes (sometimes drastic changes) in the competitive efforts they employed in the prior year.

- Underperforming companies (those with subpar profitability and low performance scores) have a strong incentive to substantially strengthen their competitive efforts, often by correcting competitive weaknesses.
- Industry-leading companies often undertake actions to *strengthen* their competitive efforts in areas where they were competitively weak. They also have reason to enhance their competitive efforts on factors for which they were competitively strongest and enjoyed a sizable competitive advantage. Industry leaders that are complacent and stick with status quo competitive efforts are unlikely to remain leaders for long.
- Companies whose managers are aggressively striving to join the ranks of the industry leaders have a strong incentive to narrow or eliminate any competitive advantages enjoyed by higher-ranking companies. Plus, they are likely to increase their competitive efforts in areas where they were competitively weakest.
- Companies with average performance scores have an incentive to improve their competitiveness by at least modest amounts and thus earn higher performance scores.

There is good reason to expect competition to intensify because of the pressures on all companies to improve their overall performance. Such pressures may well “require” all companies to take actions to boost certain competitive efforts at least a little just to maintain/protect their current market shares and industry standing. Companies wanting to really move up the performance ranks rapidly will often *significantly* increase their competitive efforts in several areas (especially where they have glaring competitive weaknesses) in order to achieve the desired improvement in their company’s industry standing and overall performance.

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