

5.3: Know your Competitor

5.3.1 Beating the competition

Competition is a good thing. It forces you to perform at a high level, and sometimes it can even legitimize your product or technology, like when IBM entered the PC market and made computers specifically for individual use. But you still want to beat the competition, and that becomes much easier when your product is significantly better along an important performance characteristic—and you can demonstrate it—or if you can solve a problem that the competition cannot. When you're clearly the best, you make it harder for the naysayers not to choose you, and easier for supporters to promote your product. The challenge is to be clearly the best.

5.3.2 Who are your competitors?

For some types of products, this question is relatively easy to answer. Maybe you're planning to do what someone else is already doing, but you're going to do it better. In this scenario, identifying your competition is straightforward because they are already established in the market, and their strengths and weaknesses are visible. Your task then becomes one of outperforming them, whether through superior quality, better customer service, innovative features, or more competitive pricing. By studying your direct competitors, you can pinpoint areas where they fall short and leverage those gaps to position your product more favorably. This approach requires a deep understanding of the market landscape, including customer preferences, industry trends, and the specific attributes that customers value most.

In some cases, however, it can be harder to name the competition, or to figure out what, specifically, will differentiate your business. This challenge often arises with novel products or services that don't fit neatly into existing categories. In such situations, competition might not be immediately obvious because you're not just competing against other products but also against established behaviors and mindsets. Here, differentiation hinges on a thorough analysis of potential alternatives that customers might consider, including indirect competitors and substitutes. You must articulate a compelling narrative that highlights why your product is not only different but also superior in meeting customer needs. This involves identifying unique selling points that resonate deeply with your target audience, creating a strong brand identity, and building a robust value proposition that stands out in a crowded market. By clearly defining what sets your business apart, you can attract and retain customers even when traditional competitors are not easily identifiable.

5.3.3 The danger of complacency

Never believe that you have no competitors. Even if your product is one of a kind, you have competition. Your competition (not to be taken lightly) is the status quo, or the belief that your product is not especially necessary to people's lives. This silent and often overlooked competitor is rooted in human nature's resistance to change and comfort with the familiar. The status quo represents the entrenched habits and routines that people follow daily. It embodies a sense of security and predictability that new products, no matter how innovative, must work hard to overcome. When potential customers are content with their current solutions or indifferent to the problem your product addresses, convincing them to change becomes a formidable challenge.

The power of the status quo lies in its subtlety and pervasiveness. Unlike direct competitors, which are easily identifiable, the status quo is an invisible force that fosters inertia. People are naturally inclined to stick with what they know, often perceiving the effort, cost, and risk associated with adopting something new as unnecessary or too high. This inertia can be particularly strong in markets where existing solutions are perceived as sufficient, even if they are not ideal. Therefore, marketers must work diligently to break through this barrier by clearly communicating the unique value proposition of their product, demonstrating tangible benefits, and addressing potential concerns about the transition. By acknowledging and strategically overcoming the status quo, businesses can effectively position their products as essential solutions that enhance customers' lives and compel them to move beyond their comfort zones.

5.3.4 Keeping tabs on the competition: Lessons from a retail giant

Tom Stemberg, founder of office supply superstore Staples, made weekly, unannounced visits to his own stores, competitors' stores, and others to get ideas of ways to improve what Staples does. Some of the lessons can be transferred to any new product or venture.

Says Stemberg: "I've never visited a store where I didn't learn something." When Stemberg visited a store, he looked for what the store was doing right. "You've got to see what they do better and learn from them. You must never take your competition for granted, because that can come back and hurt you." In 1987, Office Depot was for sale. After visiting numerous stores, two Staples

representatives declared that the business was on its way out and not worth buying. “Well,” Stemberg says, “Office Depot went on to become the biggest company in the industry, and we were still playing catch-up with them ten years later.”

Seeing through a customer's eyes

When visiting a store, Stemberg says, “You try to see exactly what the customer sees. I carried a little pad and I wrote notes. Then I e-mailed them around to our management team.”

Know the competition, focus on the consumer

Stemberg maintains that you have to pay attention to the competition's successes without forgetting that it's the customer you're aiming to please. “One of my great fears always was that our people would try to rationalize why we did things better, smarter, whatever, and stop the learning experience. One of the things you can do is lose sight of the customer. Lots of times I find companies overly focused on one another and ignoring what the customer wants, and therefore losing the market to some new entrant who truly focuses on the customer. Barnes & Noble spent all its time looking at Borders and Borders spent all its time looking at Barnes and Noble, when both of them should have paid attention to Amazon.com.”

5.3.5 Some ethical guidelines

When you're sizing up the competition, act with integrity. It might be tempting to get a leg up by doing something unethical, but the truth will come out sooner or later. Fuld & Company offers the following Ten Commandments of Legal and Ethical Intelligence Gathering.

1. Thou shalt not lie when representing thyself.
2. Thou shalt observe thy company's legal guidelines as set forth by the legal department.
3. Thou shalt not tape record a conversation.
4. Thou shalt not bribe.
5. Thou shalt not plant eavesdropping devices.
6. Thou shalt not deliberately mislead anyone into an interview.
7. Thou shalt neither obtain from nor give price information to thy competitor.
8. Thou shalt not swap misinformation.
9. Thou shalt not steal a trade secret (or steal employees away in hopes of learning a trade secret).
10. Thou shalt not knowingly press someone for information if it may jeopardize that person's job or reputation.

Hopefully most of these “thou shalt nots” are far from your consideration. If you have any legal or ethical questions about your methods of gathering competitive intelligence, however, consult with your lawyer.

5.3.6 Know thy competition

First, Direct Competitors

Check the Yellow Pages or call the Chamber of Commerce to uncover local competition. Visit a library and try Gale Research's Encyclopedia of Associations, Ulrich's Guide to International Periodicals, and the Thomas Register of Manufacturers guides that can put you in touch with professionals in related industries.

Indirect Competition

Find the businesses with missions unrelated to yours that are competing for the dollars you want. Find out what else your potential customers spend their money on, and learn how you can woo them to spend it on your product.

More Resources

- Business publications, directories and databases at the library
- Back issues of community newspapers—competitor ads, employment ads, executives' participation in community associations
- Annual reports
- Online databases
- The competitors themselves

Competitive intelligence

Gathering information on the competition is not about spying or stealing secrets. Rather, it's about carefully analyzing and learning from what the competition is doing.

In its Competitive Intelligence Guide, Fuld & Company states that “wherever money is exchanged, so is information.” Any company that deals with the outside world “inadvertently throws down informational bridges over the moat, allowing outsiders to peek into its operations...The world’s mightiest multinationals hire and fire, open facilities, deal with suppliers, negotiate with national, state and local governments, attend scientific conferences and present papers.” Electronic databases, CD-roms and other new information vehicles give everyone virtually equal access to corporate intelligence.

Some guidelines:

- You must find information; it does not find you. You can’t wait until the last minute to seek out the information you need.
- Intelligence is constant. You must track your competition constantly, otherwise you may misinterpret what you find.
- Competitive assessment is a 3-D picture. Just as competitors change, so does their competitive environment.

[Full text at Fuld & Company's website](#)

5.3.7 Needs and competition

Phyl Speser of Foresight Science & Technology agrees that there are always competitors out there. “If there is a need, the odds are people are doing something to meet it already. There is always a competing technology or product or way. It may just be hand labor—hiring immigrants as an alternative to mechanized picking.

The point is, if there is no need, there is no market and the product doesn’t stand a chance. If there is a need, people are usually try to address it, and you just have to hope they are doing so poorly. Then people are open to change.

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