

Competition

Coaching Questions

“Who is actually your competition?”

Topic Introduction

Thinking that everyone is your competition can force you to be everything to everyone. Thinking that your competition is only your direct competitor down the street increases the chance of being blindsided by the indirect competitor.

Discussion Questions

- What is your scope? Who do you consider your competitors? Who isn't your competition?
- Do you consider other businesses outside your geographical area?
- Do you consider businesses that are in the same industry, but don't provide the same offering as you do?
- Do you consider businesses that go after the same target market as you? Or could go after the same target market as you?

Key Learning

Choosing the right scope and knowing what your scope, helps you compete.

“Do they have to be your competition?”

Topic Introduction

The saying 'if you can't beat them, might as well join them' can apply to your competitors.

Discussion Questions

- Is there a possibility to work with your perceived competitors?
- Could you expand your product or service offering by doing so? Could you help them expand theirs?
- Could you reach a new market place?
- Could you expand your business' resources?
 - Human resources?
 - Financial resources?
 - Technological resources?
- Are there other benefits to considering this?

Key Learning

If your competition doesn't have to be your competition, there may be many ways to profit together. Sometimes it is better to have a smaller piece of a bigger pie, than a large piece of a small pie.

“Where are you today versus where do you want to be in the future?”

Topic Introduction

In relation to your competition, how are you perceived by your customer? Perception is all relative and you are being compared to the entire market. Knowing where you are today, helps you position yourself for the future.

Discussion Questions

- Where do you stand versus your competition when it comes to;
 - Price?
 - Quality?
 - Customer service?
 - Innovation?
 - Brand image and recognition?
- Is this where you want to be?
- How could you change this?

Key Learning

To change how people perceive you will take longer than creating the first impression.

Examples

Real Life Example: Who is actually your competition?

Blockbuster was known as the largest video store chain for a very long time. Every Friday night a family would typically go to the video store as a family, select one or two movies, and enjoy the evening as a family.

The inconvenience of leaving the house, dragging the whole family with you to the video store, and remembering to return it and avoid late fees left the door wide open for a more convenient substitute to take its place.

Video on demand, downloading a movie, and many other alternatives were able to take Blockbusters place as the Friday evening's entertainment.

Blockbuster had the largest market share in Friday event entertainment. But instead they looked at their competition as other video stores rather than all of the new technology that would replace them. Eventually Blockbuster was sold, closed down stores, and continued to dwindle from the power house it once was.

Real Life Example: Do they have to be your competition?

A buying group for non-profits found another buying group was looking at their competitors.

They found quite a few of them and found ways to work with them rather than against them:

1. A discount group for non-profits within the technology sector. By combining their volumes and working with their different suppliers, they were able to expand their client base and increase the attractiveness of their offering.
2. A regional consulting group that helped non-profits become more efficient. By working with this organization that buying group was able to offer the discount program to their clients as a quick fix when they walked into an organization.
3. A local buying group offered discount to their members. Any national programs were offered to the regional buying group to improve their offering and the national buying group's volume.

They both had their own clients and they both had their own offering that they had structured.

Mini Case Study: Where are you today versus where do you want to be in the future?

Randy, a sustainability consultant, was trying to figure out how they stacked up against their competition.

RANDY: "There seem to be a lot of people calling themselves sustainability consultants these days. Consulting firms, planners, lighting manufacturers, everyone! The market is starting to become a little crowded."

COACH: "This is the normal process for any market, and I'm not surprised that there are a lot of businesses entering the market. The first stage is introduction where only a couple of businesses are in the market testing it out. Once they start making money, that's when the competition starts joining in, this is the growth stage. Eventually the market becomes saturated in the maturity stage, when margins become slimmer and businesses are forced to specialize on niche markets."

RANDY: "I guess you're right. We started off selling to every organization, but we've really excelled at reducing energy costs for grocery stores and restaurant chains."

COACH: "So right now you are viewed in the industry generically as a sustainability consultant. And you are right that this can be confusing as many different types of organization are calling themselves the same thing. For the future, it might make sense to reposition around your niche market."

RANDY: "What do you think about the idea of focusing on the grocery and restaurant niche?"

COACH: "I like it for a few different reasons. By going for this niche you are able to reduce your sales costs, as you are going after chains rather than independents. This will help you keep your margins higher as the market matures. Also, by going after the food market, you are worried about consumer venues and a focus on more than merely lighting. This means that you can compete directly against the light manufacturers who stand a better chance with venues that have their lights on for over 18 hours.

You've really focused on positioning strategically based on the growing competition."