



Understanding Your Competition – and Your Customers' Choices – for Your Business Success

By Anne Ramstetter Wenzel, M.A.
Econosystems
January 7, 2005

Introduction: Business planning is essential for your long-term success. If your business is already successful, you will likely attract competition into the industry, as other entrepreneurs seek profitable markets. The worksheets on pages 2–4 that follow will help you think about your competition and how you can maintain your competitive advantage. If you would like help with the planning worksheet that follows, feel free to schedule a free 30-minute consultation and we can complete it together: awenzel@Econosystems.com. Happy Planning!

“Free and open competition among providers of goods and/or services in order to satisfy the wishes of consumers is the basis of the American economic system. To survive, let alone prosper, in this environment a provider must offer more appealing goods and/or services than other providers, not in every instance but in enough instances to generate adequate profit for the owner. Small-businessmen and women understand this imperative when they establish their firms, or they learn it very quickly thereafter.” *

* Dennis, Jr., William J., editor, NFIB Research Foundation, *Competition: NFIB National Small Business Poll*, Volume 3, Issue 8, 2003, <http://www.nfib.com/object/sbPolls>.

Understanding Your Competition

First: Identify your competitors. We all have competitors. All of our customers have limited budgets: They can choose to purchase from us, other companies that offer the same goods and/or services that we do, or purchase totally different goods and services with their limited funds. Companies that offer the same goods and services as we do are our *direct* competitors. Companies offering similar goods and/or services, *or* goods and services that fulfill the same needs (and so take customers sales away from us), are our *indirect* competitors. An example of indirect competition: Movie theaters compete with casual restaurants when people are looking for a relaxing evening out but aren't attached to any particular activity.

1) List 3 of your closest competitors. For each competitor, list at least two strengths and two weaknesses.

Competitor/Location/Web site:	Strengths:	Weaknesses:
_____	_____	_____
_____	_____	_____
_____	_____	_____

Competitor/Location/Web site:	Strengths:	Weaknesses:
_____	_____	_____
_____	_____	_____
_____	_____	_____

Competitor/Location/Web site:	Strengths:	Weaknesses:
_____	_____	_____
_____	_____	_____
_____	_____	_____

2) How do you stand apart from your competitors? Below, list 3 ways you are different from your competitors in a *positive* way: e.g., lower price, higher quality, better location, more convenient delivery of product(s) or service.

Understanding Your Competition

First: Identify your competitors (continued)

3) Below, list 3 ways your competitors better meet customer needs than you, whether it's by a product, service or method of delivery. Also briefly note whether you can *legally copy* your competitors (without violating copyright or patent) or whether you're *willing* to improve in this area:

Second: Identify your customers' choices. Indirect competition (products or services unlike those you sell but that fulfill similar needs as your products or services), emerging technologies, or customer inertia can prevent potential customers from shopping with you. It's important that we understand what needs we fulfill and the numerous ways our customers can have those needs fulfilled.

1) Identify one or two important needs that you fulfill for your customers (e.g., you save them time, improve their health, improve their well-being, or provide entertainment).

2) Write down four different ways, besides shopping with you or a competitor, that your customers can meet those needs. E.g., a person seeking improved physical fitness can join a gym, buy fitness videos and work out at home, or join a hiking or cycling club.

3) Pick one of the competing products, services or technologies above, and below write down ideas/ways you *more effectively* meet your customers needs (i.e., can you meet those needs faster, better, or at a lower cost?). *You might want to repeat this exercise!*

Third: You need to clearly communicate how your company, products or services are different.

When we're intimately involved with our business, it's obvious to us how our company, products or services are special. Potential customers, however, who have never shopped with us before, know little to nothing of our "uniqueness." We need to clearly communicate the unique benefits shopping with us provides in order to encourage potential customers to risk their time, money, health or reputation by shopping with us.

1) Below, list the 3 marketing methods you use most often to promote your business or services (e.g., networking, advertising, public relations – press releases, speaking engagements, workshops – or referrals).

2) Below, list the key *words* you used to describe how you better fulfill your customers needs in the "Customers' Choices" section above. (E.g., faster, cheaper, experienced, safer...), and also list the way you can incorporate those words into your promotions (e.g., advertising copy, "elevator speech," bio/article bylines, speaker introductions)

3) Today and over the next few weeks, look at your direct competition and competing goods, services and technologies with a more critical eye. Continue to seek ways that you can position yourself more advantageously against your competitors. It's essential for your business success, even survival!

For regular, monthly insight into your markets, competition and marketing methods, subscribe to Small and Home Business Market Monthly. You can view a sample newsletter and subscribe by visiting:

<http://www.econosystems.com/newsletter.htm>

Thank you!