

The YEBDC Small Business Information Column

by Sue Gingerich, Business Advisor

"Competition. Friend or Foe"

Is competition healthy in business? Should we hate the competition? Should we know what the competition is doing? If you are in business there is almost always going to be competition. If there wasn't, the effort it would take to market your product would actually be greater. So believe it or not, not only is competition healthy for your business, it may actually improve your business.

How can competition improve your business you ask? Well, for starters it can keep you on your toes! If you didn't have any one competing with your business, you might get lazy. Having competition makes you work just a bit harder to please and keep the customer, because if you don't, they can go to the competition.

The other way competition can improve business for you is by doing some of your marketing for you. Think of it this way. If you were the only business selling your type of product or service, then all the work of educating the public about this type of offering would rest with your company. Your advertising cost would most definitely be higher. Well, you say, but then I would also get all the sales, so wouldn't it work out the same? Not necessarily, if you are the ONLY ONE then your ability to reach and appeal to all the customers may be limited. Limited by: your initial financial resources, your creativity and your initial understanding of the customer.

The other way competition can improve business for you is by helping to satisfy the customer. There are many different kinds of customers/people out there. Although many of them have things in common with each other, they do have differences too. It is almost impossible to be all things to all people, because while you are satisfying this group, you may alienate that group, and then when you try to satisfy them, you alienate the first group. Pretty soon you are not satisfying anyone, because your business and service become inconsistent. The competition can help by satisfying certain groups that you really don't see as your customer. They could be your customers, but you will not actively go after them. This way the customer gets greater satisfaction, by having more variety, better selection, probably better service and better price. Thus, the importance of defining your market.

Yes, you should know what the competition is doing. You wouldn't want to repeat their mistakes, so learn from them. Watch them. What do their customers think of them, what are they selling the most of, what aren't they selling, are they expanding, are they having trouble, what are their strengths and weaknesses? Just don't get so hung up on watching them that you forget to pay attention to your own customers.

So don't fear the competition, embrace them. Look at them as dear friends who are going to help you to do your work. In most cases there is room for all of you and you will all thrive and benefit because of each other's presence; remember there is strength in numbers. It is truly a win-win situation; you win, the competition wins and most importantly the customer really wins.

If you have a small business and have a question or problem that you think The YEBDC could help you with please call or write to: The Yellowhead East Business Development Corporation, Box 249, Sangudo, Alberta, T0E 2A0
1-800-556-0328 or 1-780-785-2900, e mail: yebdc@yebdc.ab.ca, or access our Website at: www.yebdc.ab.ca

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