

Competition, keep off!

Posted on

In these times of intense competition rather than companies wasting their time on carving out new markets or niches should instead concentrate on how best they can wean their business away from this competition.



Admit the fact that there is competition everywhere, whether it is semi-liberalised markets like Sri Lanka and India or anywhere else in the world. From electronics to automobiles, from supermarkets to hotels, it is there. You cannot run your business in any market for long, without competition. So, it is time to think about the issue of taking business away from this competition rather than wasting time on hunting new markets or niches. If you want more volumes from the existing business, it must come from a cake that is not getting any bigger.

What is true for your company is true for your competitors as well. If they want more volumes, they will have to take it out of your sales.

Whenever competition is severe in a market, you must be prepared to battle for extended periods, especially if you are a newcomer. If you do not have big marketing muscles, you better forget about entering the FMCG (Fast Moving Consumer Goods) markets and most

consumer durable segments. The spending powers of multinationals cannot be matched by smaller regional players. But many companies refuse to take such necessary action vis-a-vis marketing and sales efforts. They forget that they need to keep the competition away to do better business. They must fortify themselves against competitor attacks be it in any form.

Fortifying yourself against competitor attacks is not an option anymore. You must do it to keep your business going strong. I have outlined here seven strategies that can help you keep your competition away and would put you in a better position to grow faster in your business and show fatter bottomlines.

1. *Don't ever take any customer for granted:* Your salesmen may talk about owning a customer or having a territory wrapped up. But that is yesterday's thinking. It is not so anymore. Just ask anyone from the supermarket business.

What is more important today is what you continue doing for the customer; what you did last year is not important. Even if you process your orders accurately and make timely deliveries, and maintain top quality standards, that isn't enough today. It is not how you sell that counts. It is your ideas, information, guidance and insight into your customers' business operations that earn you the privilege of doing business with them.

2. *Don't ever assume you really know your customers:* If your salespersons are not gathering customer information on a continuous basis, then something is wrong with your business. A salesperson's primary duty involves gathering such information continually. If you don't have current data, you cannot meet a customer's needs. Then where is the marketing orientation you're talking about?

What's happening to your customers? What problems do they face? What difficulties are they encountering in their markets? What are their opportunities? What are their threats and how can they get out of these? Without having answers to such questions, all you can do is to react and adopt fire-fighting tactics. However, this is what happens most of the time. You may not be able to prevent such embarrassments as losing your valuable customers due to lack of useful information on your side.

3. *Don't ever stop selling your company to your customers:* To create customer loyalty, your customers must first "buy" your company before they buy your products or services. If they are just buying what you sell, chances are they won't be doing business with you for very long.

For instance, if a manufacturer sells only his product to his customers they will become

more interested in the product than they are in those who provide it. If as a customer, I become committed to buying the Sony television, and you don't sell Sony, then you don't have a chance of getting my business. This is an extremely dangerous position because it makes the seller dependent on the product.

4. *Don't ever assume tomorrow will be better than today:* In the present scenario of uncertainty among the expatriates and consequent downtrend in the market, many tend to assume that the next few months would be better. Don't ever do that. This does not mean that you should think of tomorrow as a disaster. Rather, it simply emphasises the need to view your future as highly unpredictable, and to assume that troubles lie around every corner.

This sense of uncertainty can be useful because it drives you to ask some key questions. What should you be doing now to make it difficult for a competitor to get a foothold? What would happen if you lost your key customers?

What should you be doing to stimulate new business two years from now? It is only when you assume that tomorrow will automatically be better that you tend to ignore the future. Therefore, plan for the better days.

5. *Don't ever think that you've got all the business you need:* It is amazing how some companies honestly believe that they have a major chunk of the market. They then throw their weight around thinking that they can control the market. Like individuals, companies can also develop a false comfort level. They like things moving along smoothly with no pain, little strain, and no urgency. In a sense, they become quite content. And this attitude really becomes their corporate culture and it slowly permeates every level of their operation.

Such businesses are tops on a competitor's hit list. Because complacency has seeped into everything they do, such companies are the most vulnerable. Their customers begin to sense it too. It comes across as arrogance. This is exactly what has happened to the Big Three of America. General Motors, Ford and Chrysler had to eat humble pie when Toyota and other Japanese cars outsold their vehicles on their own turf. Their "don't care" attitude, developed from their years-long market positions, attracted competitors who found opportunities in smaller cars because of the oil crisis and inflation. Fortunately for the Big Three, they were able to recover fast and re-organise themselves for tougher times.

6. *Don't ever develop a reputation for having the lowest price:* At some point, any pricedriven business is a candidate for trouble. If the lowest price is all you can offer customers, you are sending the message that there is no other reason to buy from your

company.

You simply become a conduit for delivering a product or service. Doing business with you simply becomes a matter of monetary convenience. Someone else will then come along and undercut your price to get the business. It happens all the time. Examples abound in the refrigerator market, TV market and air-conditioner market, among many others.

7: Finally, don't ever, ever stop worrying: Those who think they have it all figured out deserve the worst and they will get it. All you have to do is pick up the daily newspaper to see what I am talking about. Companies in business for 50 or 100 years close their doors everyday.

"I am just about to the point where I can take it easy", is a remark commonly heard among businessmen. Whether they know it or not, they are demonstrating that they don't want the intensity that goes with running a business or the cutting edge.

Those who think they have reached the pinnacle are already going down the other side.

These seven strategies are tested and proven. In these troubled times and volatile market conditions, you too can adopt these to keep your competition at bay. And that is a must for companies who want to get ahead and prosper.


