

Business Strategy

Why You Shouldn't Fear New Competition

Here's a business strategy to use that **turns competition to your advantage**.

First answer this, what's the first thing we do when new business competition appears on the scene?

Panic.....yes! Investigate.....probably! Think we will have to lower prices.....more than likely.

Now that is the negative way to go about things. How does the savvy business owner think in this situation?

Panic.....no. Why should they?

They have the confidence in their products or services to know they can withstand any new competition. But, more importantly, they know how to use this business strategy to their advantage and they actually welcome the newcomer.

Why? Read on.....

Do these fearless business owners investigate the opposition?oh yes.

This is straight forward market research. Find out what the new business competition on the block is doing, how well it is being done and the prices being asked. However, if you decide to do this, and venture into your opponent's territory, don't be too bothered by what you find. Using the **business strategy**, revealed here, you will discover there are many advantages to be gained from new competitors and we'll look at a few now.

1. Checking out the new boy (or girl) should present you with some new ideas that you can utilize in your own business. New products may be seen that could supplement your own stock and new techniques may be seen that could benefit your own operation.

Learn from anything positive you find and implement it in your own business where ever possible.

2. Having checked out their good points that you have now turned to your advantage, you can then look at the negative side of the new rival. Although already in your favor, anything your competitor is doing wrong can also be used, even further, to increase your advantage. Remember when you first entered their premises. What were your first impressions?

What were your impressions of the staff and service?

How about the layout?

Try and take note of everything then, if you noticed anything you didn't like, compare it to your own business.

Does your business have any of these negative points?

Do your customers have the same negative impressions with your premises and services that you may have had with your competitor?

Make all necessary changes, as outlined in 1 and 2 above, and you will have many new positives, to match your opponent's, and, hopefully, none of their negatives. A definite edge.....don't you think?

One big advantage, new competition brings, is an increase in prospective customers to you. Any advertising the new competitor has helps you. Potential customers see the advert, visit the area and, providing you have an obvious presence - e.g. easily seen sign, will also visit your business.

If your competitor advertises in the same places as you this will also serve to increase your customers. If prospective customers see more suppliers, of your product, in your area then this will make their trip worthwhile. Customers from outside your normal area will now visit and your captive customer area will expand.

OK, so now you have more potential customers but you also have to share them. So how do you get more than your fair share? Would the savvy business owner lower his prices to match or beat the competitor? Probably not.

Price may well be one of your customer's biggest considerations, if not the biggest, but quality also plays a major part.

Identical products obviously have to be evenly matched for price. If one supplier is \$50 or just \$1 more than the other then the cheaper supplier will win the business.

However, if competing products are not identical then \$1 difference may win the sale for the lowest priced supplier but a \$50 difference will make the customer stop and think.

The lowest price product may be looked upon with suspicion, especially if the supplier with the highest priced product generally has good prices. The product with the lower price may be equal in all things but could be looked upon as too cheap and therefore thought of as being of a lower quality.

So, sometimes a higher price can be asked, especially if your prices are generally looked upon as being reasonable.

Of course not all your products can be priced high. By all means set some of your prices lower than your competitors, even if it means selling at cost (a lost leader), but also go slightly higher on others.

Where ever possible create quality in your products, services and customer service and this will command higher prices. Generally try to create a well-balanced, respectable price structure which doesn't necessarily mean lowering your prices.

By having the balance of both lower and higher prices will cause customers to visit both premises for the best deal. Then your superior quality and service can win them over.

Finally, I am not advocating that you overcharge your customer or falsely lead them into thinking that your products are superior if they are not. However with care and thought you can set your prices competitively, use your competitor to your own advantage and boost your profits.

There you have it, the business strategy to beat your competitors.

Now **do you fear new business competition** or are YOU the business competition to be feared?

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