

The Breadth of Competition

Business people often underestimate what is competition to them.

Suppose you own a "grocery store", offering a range of products from dry cereal to fresh meat.

But people can buy some of those foods from convenience stores, drugstores, ethnic shops, the M&M chain (whose slogan speaks to a disadvantage of most stores), and that low-priced department store. They can buy fresh meat from well-run shops that still exist, better quality produce from farm markets, cooked meals from restaurants, or grow a garden. People can avoid you.

Why do many business people believe in fixed-pie economics, dumb customers, determinism, and exploitation? Whether Marxist, Mercantilist or Muddled, their flawed beliefs tug them into thinking wishfully that the world will unfold as they want. But in reality many potential customers are creative, wise, and principled enough to help emerging competitors.

Forgetting their own struggling roots, businesses overlook the niche startup. That's how Sam Walton began - from a crude start to bureaucracy, the life cycle of most businesses. Along the way they add product categories until Surprise! - they are a full grocery store. Now on Vancouver Island.

Old timers might not be surprised, remembering that the failed Woodward's store chain sold groceries. But they became so complacent that a sales clerk told me she wasn't worried they couldn't order more of something that sold out quickly each spring, because Woodward's would be there when she retired. And the informed and astute will observe there are stores about that sell groceries and want to be department stores, but are even less user friendly than you are.

So what might you do about competition? Some stores introduce nicer foods from around the world. Some use space for sandals and pottery instead of groceries and customers. Some copy the chain that chops store space up so it is even more confusing. Some copy visible trappings of that successful department store instead of understanding why it succeeds. Some however try to be a better grocery store - doing basic customer-facilitating things because they realize the one scarce resource. (Hint: it isn't money.)

Should an established store stick to its roots or chase supposed trends, aka "fads"? (Hint: what business are you in? Think wider and deeper than "grocery".) Welcome to life - in this relatively free society you get to make decisions of who your potential customers might be, what is worth the investment, and whether or not to continue. The decisions of others are beyond your control - concern yourself only with whether or not you can earn good customer business and administer well to make a good return on your investment.

Don't overlook your primary competition, visible in your mirror. Your thinking is key to your failure or success. The good news is that if you are sharp, motivated, have rational values, and use them, your mirror shows your best asset.

Kurmudgeon Keith Sketchley has decades of experience as a potential customer. He develops products and coaches owners to achieve sustained profit from a rational values foundation.

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