

If the competition is improving by 30 percent and you by 20 percent, you are losing competitive advantage. Singapore Airlines kept improving its quality, but Cathay Pacific was improving its quality faster, thereby gradually closing the gap with Singapore Airlines.

ompetitors

All firms have competitors. Even if there were only one airline, the airline would have to worry about trains, buses, cars, bicycles, and even people who might prefer to walk to their destinations.

The late Roberto Goizueta, CEO of Coca-Cola, recognized Coke's competitors. When his people said that Coke's market share was at a maximum, he countered that Coca-Cola accounted for less than 2 ounces of the 64 ounces of fluid that each of the world's 4.4 billion people drank every day. **"The enemy is coffee, milk, tea, water,"** he told his people. Coca-Cola is now a major seller of bottled water.

The more success a company has, the more competition it will attract. Most markets are brimming with whales, barracudas, sharks, and minnows. In these waters, the choice is to eat lunch or be lunch. Or, using computer scientist Gregory Rawlins' metaphor: **"If you're not part of the steamroller, you're a part of the road."**

Hopefully your company will attract only good competitors. Good competitors are a blessing. They are like good teachers who raise our sights and sharpen our skills. Average competitors are a nuisance. Bad competitors are a pain to every decent competitor.

24 Marketing Insights from A to Z

A company should never ignore its competitors. Stay alert. **“Time spent in reconnaissance is seldom wasted,”** noted Sun Tzu in the fourth century B.C. And your *allies* should stay alert. If you are going to be an effective competitor, you must also be an effective *co-operator*. You are not a solo business but a partnership, a network, an extended enterprise. Competition today is increasingly between networks, not companies. And your ability to spot faster, learn faster, and work faster as a network is a key competitive advantage.

In the short run, the most dangerous competitors are those that resemble your company the most. The customers can't see the difference. Your company is a toss-up in their mind. So differentiate, differentiate, differentiate.

According to marketing guru Theodore Levitt: **“The new competition is not between what companies produce in their factories, but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value.”**¹⁸

The way to beat your competitors is to attack yourself first. Work hard to make your product line obsolete before your competitors do.

Watch your distant competitors as well as your close ones. My guess is that your company is more likely to be buried by a new disruptive technology than by nasty look-alike competitors. Most fatal competition will come from a small competitor who burns with a passion to change the rules of the game. IBM made the mistake of worrying more about Fujitsu than a nobody named Bill Gates who was working on software in his garage.

As important as it is to watch your competitors, it is more important to obsess on your customers. Customers, not competitors, determine who wins the war. Most markets are plagued by too many fishermen going after too few fish. The best fishermen understand the fish better than their competitors do.