



# Startup in the Blue Ocean

## - stand out from the competition

As entrepreneurs we might find ourselves in a “red ocean” full of competitors and cut-throat competition. This can mean spending a lot of time on sales without getting the orders, or our prices getting squeezed. How can we make ourselves stand out from our competitors?

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When you start a business, it is often because you want to do something that has not been done in quite the same way before. Perhaps you hope to develop a product or a service that has not been seen before, or maybe design a brand with a new expression and distinct values. Perhaps you are even aiming to be unique.

In reality, very few ideas and products are actually unique. More often, new products and services solve the same problems or fulfill the same needs as others, but in a slightly different way or with a twist.

The good news is that an idea does not have to be unique or completely new to be a good business idea. It is enough for a startup to be distinctive or just be better than the competition at what it does. So how do you accomplish that?

### **Take a look at the competition**

The first step toward being better than the competition is to find out what your competitors are doing, by keeping informed and doing some simple research. What you basically want to know is what products your competitors are selling, to which client groups and how they have priced their products and services. You must also familiarize

yourself with the competitor’s products and their special characteristics, if any and finally, your research should include a look at how others in the market communicate and market themselves.

### **Google knows the competition**

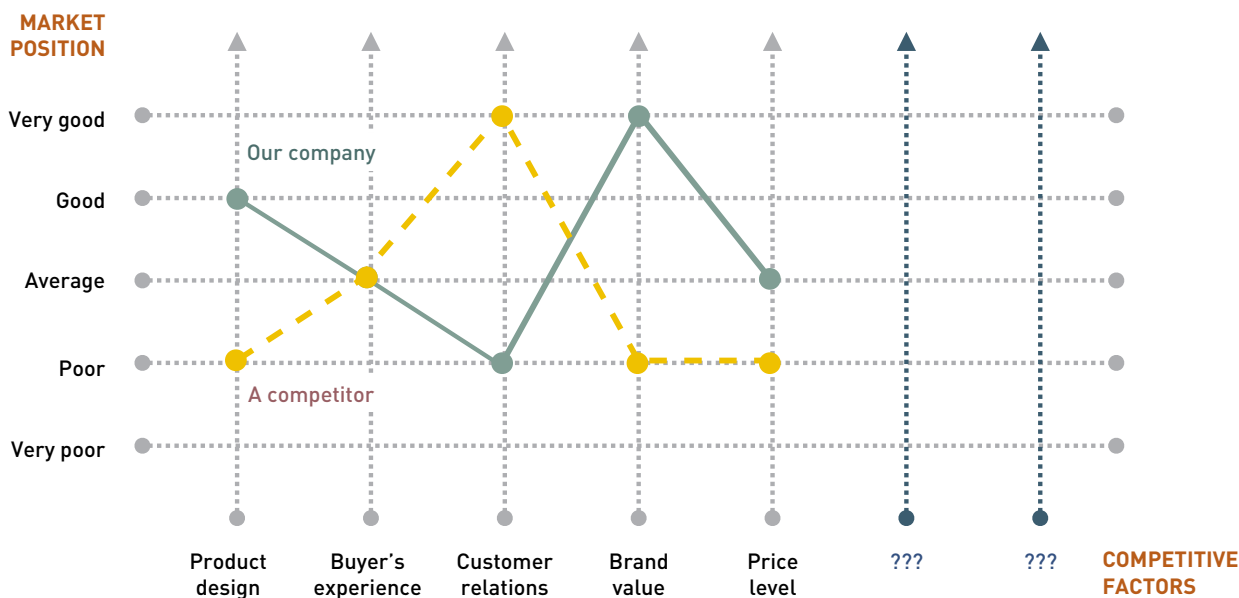
There are many different ways of getting information about your competition, but the best way is - without comparison – via the omnipresent Google. The internet has revolutionized many aspects of having a business, and the way that you as an entrepreneur can gather information about competitors.

Formerly, it took greater effort to identify the other

**“There is an alternative to constantly trying to be better and cheaper than the competitors: Being different.”**

players in your field, or simply to get a sales brochure from a competitor. Today, this information is available to us the minute we look for it. With Google Alerts, for example, we do not even have to look for the information, but will receive an email when there is news about a product or a competitor. However, the internet is not the only place for us to get more knowledge about the market. Other places may

**The Position Map: Deciding how to be better or different than the competition**



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include magazines and professional papers where the advertisements themselves hold a lot of information. You can often also collect information from your branch association, and get the opportunity to meet and talk to your competitors. The same applies if your branch holds a congress or an annual conference.

Finally, it is also possible to get information about the market from your own clients. To get an insight into the prices in the market, you might ask your clients what they usually pay for orders such as yours.

**Better than the competition**

Once you have acquired some knowledge about the market and the customers, you can take the next step towards becoming better than your competitors. This entails making a systematic comparison of your own company and the competitors, where you look at all the various characteristics of your product and your company and make a comparison.

For this comparison you can use the Position Map (see the illustration) that shows five examples of areas where you

might do better or worse than the competitors. These five areas are: 1) Product design, 2) Buyer's experience, 3) Customer relations, 4) Brand value and 5) Price level. In all these areas you can give yourself and your competitors a score representing where you stand in the market and the lines between the dots will provide an image of your market position. Let us have a closer look at the five competition factors:

First and foremost we can beat the competition and stand out from them by having a superior product design (or service design), in the form

of higher quality, better functionality, superior technology, a better shape or something else. Your company can also show its superiority by creating a better buying experience for the customer throughout the entire purchasing process. This can be done at several points during the buying process; from the decision to buy, through delivery, use of the product and on to the follow-up service or maintenance, disposal or re-purchase. You can do so by giving a personal service and just making it, simple, easy and comfortable to deal with company.

*“As an entrepreneur with a new company, the problem is not always being sufficiently different from the competitors, but rather that you don't look enough like them.”*

COMPETITIVE APPROACH	COMPETITIVE FACTORS	CHECKLIST: INITIATIVES TO STRENGTHEN THE COMPETITIVE POSITION
<b>BETTER THAN THE COMPETITORS IN THE RED OCEAN</b>	<b>Product design</b>	<ul style="list-style-type: none"> <li>• Improvement of efficiency, quality and accuracy</li> <li>• Improvement of technology, compatibility and functionality</li> <li>• Improvement of user-friendliness, design and aesthetics</li> </ul>
	<b>Buyer's experience</b>	<ul style="list-style-type: none"> <li>• Easiness and comfortability in relation to ordering, delivery, use, maintenance, disposal and re-buy</li> <li>• Better service experience</li> </ul>
	<b>Customer relations</b>	<ul style="list-style-type: none"> <li>• Continuous customer dialogue and frequent information</li> <li>• Continuous mapping of customer needs</li> <li>• Continuous evaluation and co-operation on problem solving</li> </ul>
	<b>Brand value</b>	<ul style="list-style-type: none"> <li>• Strong visual identity and consistent tone-of-voice</li> <li>• Clear communication of the value and appeal of the brand</li> <li>• Anchoring of ethical and social values in the brand</li> </ul>
	<b>Price level</b>	<ul style="list-style-type: none"> <li>• Lower or higher price that matches the quality offering</li> <li>• Appropriate price models and invoicing practice</li> <li>• Good and transparent rebate systems</li> </ul>
<b>DIFFERENT THAN THE COMPETITORS IN THE BLUE OCEAN</b>	<b>Broader industry definition</b>	<ul style="list-style-type: none"> <li>• Expand your business to cross several trades</li> <li>• Create new markets in new industries</li> <li>• Monitor trends and become co-creator of trends</li> </ul>
	<b>Focus on special niche</b>	<ul style="list-style-type: none"> <li>• Identify overlooked client groups</li> <li>• Find subsegments with special individual needs</li> <li>• Create offers that target both buyers and users</li> </ul>
	<b>Broader product definition</b>	<ul style="list-style-type: none"> <li>• Focus on total solutions</li> <li>• Combine deliveries of products and services</li> <li>• Create product combinations with partners</li> </ul>

As a third factor, some companies gain ground by being better at creating good and long-lasting customer relationships. This is done by having a continuous dialogue with the customers, by listening to their requests or by some other means gaining their trust to such an extent that they might not even consider changing to other products, even if they are both better and cheaper.

The same applies to the fourth way of being better than the competition, namely to create a brand that is so attractive that it will keep the customers for life, because it has the right aesthetics or represents values that the customer can identify with.

Finally, the fifth and last way to stand out from the competition is to offer a better price. Many businesses are focused on keeping costs down and being more efficient than others in the market. By continually striving to keep costs down, you can stand out and make more money by being the cheapest in the market.

In the checklist on the next page, there are more examples of how you can be more competitive within these five areas. It is not necessarily about being better in all the areas but about choosing where to concentrate your efforts and resources into being better. That is why some of the five competition factors should be given greater priority while others should be given less or completely ignored if they are not relevant.

### Setting yourself apart from the competition

All the ideas on how to beat the competition presented above appear to be good, but there is a certain danger to this whole way of thinking. It takes a lot of resources to be the best at all times, and the attempt to be the cheapest one might end up with you being the one who makes the least money.

There is, however, an alternative to constantly trying to be better and cheaper than the competitors: Being different and moving to a spot without competition: The blue ocean.

To be in the blue ocean means that you are trying to make your competitors irrelevant by designing your products and your company in a way that positions you outside the common notions of how a company acts in the industry.

In relation to the Position Map, you might say that you are adding new factors to compete for. The trick is to identify these new competitive factors.

There are several ways to identify them. One way is to consider whether you can create a whole new market by going beyond the traditional limits of your industry, and maybe become part of several industries at the same time, like the restaurant that becomes a school for chefs, or the bank that becomes a store or the computer manufacturer that is also a music business.

Another way to create a blue ocean is to look for customer groups that others have overlooked. Maybe the

situation in the industry is that all the big and well-established players are focusing on the same part of the market and are not interested in a smaller niche. If you are able to find an uncultivated niche, you will also be alone in the ocean, or rather the little pond, where you will be a big fish. In the Position Map, this corresponds to adding a new area (blue stick) to compete in.

A third and final way of creating a blue ocean is to find new and unprecedented ways of compiling products, perhaps by creating total solutions that meet all the client's needs in a specific situation. You can meet a wider range of needs by finding other products that the clients are going to purchase before, after or at the same time as they purchase from you. Examples include airline companies that offer fitness centers that offers dietary advice, or that offer coffee shop facilities when buying a book. It is possible for your company to meet more needs with just one, total solution, you might sometimes be able to set yourself apart from your competitors.

There are more examples of ways to get to the blue ocean in the checklist below.

**Emotional barriers**

Although the blue ocean might seem attractive, there are also some emotional barriers that keep entrepreneurs from moving into it: The fear that the water is too deep, so to speak. The feeling of being in deep waters is not so much about questioning whether your idea is good enough, as entrepreneurs seldom lack this confidence. It is more likely to be the fear that competitors will steal your idea, follow in your foot steps and turn the blue ocean red.

The fear of competitor intrusion is not always unfounded. If you as an entrepreneur cultivate a new market, the big fish might follow you and take over the market. On the other hand it might be a great advantage for pioneering entrepreneurs that other players enter the new market. A competitor may help the market mature and prepare the customers more quickly to buy. It might take some time if you have to “educate” the clients to buy a new concept all by yourself, and you will appear much more trustworthy if you are not the only one in the world selling the new product or service.

Competitors might also be good for you as they can show up the differences and bring out your strengths. Even though two companies are competitors, they might have entirely different profiles - and market positions - and may not even be interested in each others' customers. In such a situation, it is an advantage to have a competitor as your customers get a clear image of what the alternative is and become more aware of why they have chosen your product.

Instead of fearing the competitors, you should choose the mind-set that competitors are an advantage for your

company. That also goes for the type of competitors you might call rivals. These are the ones that you are competing against directly on price when you are making offers. They might even be the ones that you can learn the most from.

**Get better at everything**

Part of the joy of starting your own company is to put your own mark on it That is why we keep trying to be both better and different from the competitors. But as an entrepreneur with a new company, the problem is not always being sufficiently different from the competitors, but rather that you are not enough like them.

The biggest challenge in the early phases of your company's life cycle is to be just as professional and competent as the competitors in your line of business, who may have many more years experience. Therefore, you may want to start by trying to imitate the best in your industry. The best companies are not always the ones that are different but simply the ones that do everything really well. To do so is always the best way to get a good market position and to stand out from your competition.

**Suggestions for the next step**

- Make a list of your competition or competitive products
- Do some research on the competitor's products and compare them to your own
- Decide in which areas you want to be like the competitors and in which you want to stand out.

**The Blue Ocean**

The notions ‘the red’ and ‘the blue ocean’ come from the book “Blue Ocean Strategy” (by W. Chan Kim and Renée Mauborgne) that was published a few years ago. It is widely considered a new classic within the area of business strategy. The key message of the book is that companies, instead of strengthening their position in existing market, should create new markets where the competitors are irrelevant and non-existent. The idea of differentiating oneself from the competition is not new, but in “Blue Ocean Strategy” it gets a new language as well as new tools. One of these tools is the “Strategy Canvas” that has inspired the Position Map in this article.

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