

Competitive Advantage

1.1 Introduction

Welcome to SBA's online training course: Competitive Advantage.

SBA's Office of Entrepreneurship Education provides this self-paced training exercise as an overview of how to be a competitive business and an explanation of why it is important to increase the value of your business so that customers consistently choose you over your competitor.

You will find this course easy to follow and the subject matter indexed for quick reference and easy access. It will take about thirty minutes to complete the course. Additional time will be needed to review included resource materials and to complete the suggested next steps at the end of the course.

As audio is used throughout the training, so please adjust your speakers accordingly. A transcript and keyboard shortcuts are available to assist with user accessibility.

When you complete the course, you will have the option of receiving a course completion confirmation from the SBA.

1.2 Course Objectives

The course has six key objectives:

- One, define your brand
- Two, explain why you should know your competition
- Three, identify customer preferences
- Four, explain your personal preferences
- Five, list strategies for gaining competitive advantage, and
- Six, identify how you will remain unique

1.3 Course Topics

This course will discuss four areas that address why your business needs to have competitive advantage and how to develop a winning strategy to ensure competitive advantage in the market.

This course helps in:

- Identifying the challenges
- Building a strategy
- Implementing your strategy, and
- Remaining unique

Numerous additional resources are identified to assist you. Visit the Resource icon in the course player or locate additional tools, templates, and mentors on SBA.gov once you finish the course.

Let's get started!

1.4 Background

Keeping your eye on the competition helps you:

- Price products competitively,
- Gauge how your competitors are reacting to market forces, so you can adjust accordingly, and
- Understand where you stand in the online search rankings compared to your competitors.

But how do you ensure that your business has a competitive advantage that makes the customers choose your products or services over many other businesses? Let's find out. Determining Your Financial Needs

1.5 Branding

Before everything, you need a good brand. A great product or first-class service is seldom enough to sustain a lasting impression among your customers. In today's competitive market, a great branding strategy will help ensure that customers remember your business as the —go-to source for their needs.

To build a good brand, first, you need to find answers to the following questions:

- What makes you unique?
- Will you be consistent?
- What is your niche?
- Who are you?
- How strong will your presence be on social media?
- What kind of reputation do you want?

Let's look at each of these in detail.

1.6 What Makes You Unique?

You need to identify what defines your business in the minds of consumers and what differentiates it from others providing the same products or services in your target market.

Give customers something to remember. There will undoubtedly always be competition. Show your customers reasons to come back to you.

1.7 Will You Be Consistent?

You have to be consistent so that the customer can spot you immediately. Here are a few tips to present a consistent image to your customers.

- Make sure to convey the same message in all your advertising and marketing.
- Use professionally designed branding.
- Use the same visual brand for your logo, color scheme, and style in every interaction with the public so that you look familiar to your customers.

1.8 What Is Your Niche?

Creating a niche for your business is essential for success. Often, you can identify a niche based on your own market knowledge, but it can also be helpful to conduct a market survey with potential customers to uncover unfulfilled needs and untapped opportunities. During your research process, identify:

- The areas in which your competitors are well established
- The areas your competitors are ignoring, and
- Potential opportunities for your business

Remember, you cannot make everyone love you, but you can make some people love you. Make sure you target the right customers and provide them with the right solutions.

1.9 Who Are You?

Be sure to understand what makes your business unique and what image of your business you want to present to the customers.

It is crucial that first you decide who you are and present that same image to your customers.

While advertising your brand image, consider the following:

- Be transparent in your dealings
- Connect with people in every possible way—understand their needs rather than just giving them boring basics, and
- Be authentic

1.10 How Strong Will Your Presence Be on Social Media?

Social media has taken over most conversations in the realm of communications and marketing. The technology provides you an opportunity to connect with your customers more closely than ever before.

People want access to information about your business. Social media is a good way to entice customers through promotions and other marketing methods, engage them, and stay on the forefront of their minds. You can use social media often, but be creative and have something to add to the social media conversation beyond the standard advertisement plug.

1.11 What Kind of Reputation Do You Want?

A bad reputation can be a big problem for small businesses. As more people look to the Internet to find reviews, feedback, and information, the need for effective reputation management is becoming a pressing issue for many small businesses.

People will talk about you, but you can help shape what they say. Therefore, make your customers feel valued; never mislead them with false claims or advertisements.

Remember, reputation can make or break a small business.

1.12 Memorable Brands

Have you ever thought about why the top brands are so popular and successful? Analyzing the factors that make these brands popular will help you create a successful brand.

1.13 Know Your Competition

Knowing your competition is a key aspect of gaining competitive advantage. As a business owner, you want a strategy, product, or experience that is set apart from others. Take the time to examine the following attributes of other businesses up-front:

- Mission statement
- Strengths or weaknesses
- Capabilities
- Customer base
- Revenues
- Profit margins
- Promotional and marketing strategies
- Current offerings, and
- Goals

1.14 Where To Research

Where should you research to find out the right information about the market and your competition?

You can assess your competitors based on the employees, trade shows, conventions, suppliers or distributors, stock market analyses, government filings, demographic or competitive reports, newspaper, magazines, or blogs, trade publications, Web sites, and customers.

You can also visit various shops or the competitor yourself to find out how they are doing business.

1.15 Identify Customer Preferences

After figuring out who is your competitor and who is not, as a business owner, you should figure out whom you want to attract as your customers.

Depending on your target audience or your target customers, you need to perform the following tasks:

- Decide who you want as your target customers—for example, the demographics or psychographics of your target customers
- Find out your customers' needs and wants
- Find out what the target customers care about and what they don't care about
- Identify the factors that motivate them
- Find out how often they make purchases, how much research they do before buying, and what their current buying trends and habits are—for example, do they order online or in a physical store?

1.16 Revisit Personal Experiences

Before coming up with a strategy to implement your business, revisit your own experiences. While determining your advantages over other businesses, it is important that you think like a business owner. You also need to put yourself in the customer's shoes and ask yourself why you like to do business with this establishment, and what it is about the establishment that attracts you.

1.17 What Is It About a Business That Attracts You?

Let's learn more about the factors you need to consider while revisiting your personal experiences. Select each item to learn more.

Prices

- Are the prices really reasonable?
- If the products or services are expensive, is the quality of the product high enough that you don't mind paying more?

Products

- Do they do everything, or do they do one thing really well?

Service

- Are they reachable, knowledgeable, understanding, and so on?

Customer Service

- Are they eager to solve customers' problems? Are they easy to reach?

Personable

- Do you feel as if you know them and, better yet, do you like them?
- Why do you go back?

1.18 What Is It About a Business That Turns You Away?

Next, let's evaluate the factors that turn you away. Is it because you were treated rudely? Were they unhelpful? Was it because their stock was poor or insufficient, and the quality was not up to the mark? Or did you find the prices too high?

Think about a time when you were treated poorly or ignored entirely by customer service. What is it about the business that made you never want to go back? Was it a long wait? Were they unapologetic?

1.19 Strategies

At this point, you've gained valuable insight to make important decisions. You should now be able to create a strategy. While determining your business strategies, you should follow these guidelines:

First, make sure you are different. You cannot be everything to everybody. But you can decide on your specific dimensions and establish your unique selling proposition.

Second, be price-sensitive. Pamper your customers with offers such as coupons, sales and discounts, financing packages, a convenient return policy, and a Loyalty program.

Third, make it convenient for the customers to access your business. Choose a location which is accessible, and if possible, offer online ordering and delivery. Be friendly to customers and provide good customer service and accessibility.

Finally, be sure to deliver products that are innovative, durable, reliable, and consistent. Your products should be a reputable, recognized brand and trendsetter. Your products can also be companion products.

1.20 Implementing Strategy

Now that we have learned about how to create a winning business strategy, here are the things you should keep in mind before implementing a strategy:

- Remember what your primary goal is
- Remember your audience or target customers
- Focus on your products and services
- Brag to the public about the uniqueness and quality of the products and services you are offering, to communicate effectively and justify the price you are charging customers
- Make realistic and attainable plans
- Perform an analysis to identify the possible risks
- Have a backup plan ready so that you are always equipped to face any kind of competition

1.21 Maintaining Your Uniqueness

Now that we have reviewed how to create a strategy and how to implement it, let's focus on how you can remain unique.

Remaining unique is as critical as implementing a strategy. You can remain unique by continually evaluating the following trends and updating your strategy according to the changing market trends.

- Lifestyle trends include trends related to travel, hobby, leisure, work, and home life
- Technological trends include the new trends in the technology market. For example, Smartphones are becoming more and more popular these days, and business related to them, or customizing your business for Smartphone users, can benefit you
- Economic trends, such as supply and demand and pricing, can have a considerable impact on your business, if you fail to update your production, pricing, and so on according to the changing economic trends
- Government trends, such as new rules and regulations, tax laws, and so on, should be carefully reviewed. You should keep up with the news and current events to check on changing trends

1.22 Summary

That was a lot of information. This course provided several ways of increasing the value of your business so that customers consistently choose you over your competitors.

In this course, you learned about:

- Defining your brand
- Knowing your competition
- Identifying customer preferences

- Identifying your personal preferences
- Strategies for gaining competitive advantage
- Remaining unique

You now have a better idea of who you are, what your goals are, how to achieve your goals, and how to stay ahead of the competition.

1.23 Next Steps

Now what should you do? Follow these steps to begin applying your knowledge of competitive advantage in your business.

Step 1 – Brand yourself

Step 2 – Do customer research

Step 3 – List your strategies and

Step 4 – Implement your competitive advantage

1.24 Resources

SBA has a broad network of skilled counselors and business development specialists. Below is a short description of our resource partners:

- Small Business Development Centers (SBDCs) are associated with institutions of higher education – universities, colleges, and community colleges. More than 900 SBDCs offer no-cost, extensive, one-on-one, long-term professional business advising, low-cost training, and other specialized services such as procurement, manufacturing, and technology assistance, which are critical to small business growth.
- SCORE offers free, confidential small business advice from successful entrepreneurs. SCORE is a nationwide program and boasts more than 12,000 volunteers to give you guidance to grow your business.
- Women’s Business Centers (WBCs) provide free management and technical assistance to help women and men start and grow small businesses. There are over 100 WBCs located throughout the U.S. and Puerto Rico.
- SBA’s 84 District and Branch offices connect entrepreneurs to resources, products, and services that can help them start, manage, and grow their business. These offices are located in all 50 states, Puerto Rico, the U.S. Virgin Islands, and Guam.
- The SBA Learning Center is an online portal that hosts a variety of self-paced online training courses, quick videos, web chats, and more to help small business owners explore and learn about the many aspects of business ownership. Content is filtered by topic, so no matter what the stage of your business, or the kind of insight you need, you can quickly get answers.
- Find your local resource using our handy ZIP-code tool by visiting www.sba.gov/local-assistance

1.25 Have a Question?

Have a question?

- Call SBA – 1-800 U ASK SBA (1-800 827-5722)
- E-mail SBA – answerdesk@sba.gov
- Locate a SCORE counselor, SBA District office near you, or an SBDC near you at www.sba.gov/local-assistance
- To provide feedback, comments, or suggestions for other SBA online content, please use the following email: learning@sba.gov

1.26 Certificate

Congratulations on completing this course. We hope it was helpful and provided a good working knowledge of how to ensure competitive advantage for your business. Click the certificate to receive a course completion confirmation from the U.S. Small Business Administration.

2. Recommendations

A.C.T. NOW!

The Article, Course and the Tools below are related to the course you just completed. They are provided to help you take action on your path to entrepreneurial success. You can also get in-person assistance for all of your business needs through a local resource center. And if you liked the course, please help spread the word by sharing it with your friends!

[Click here to share on Twitter](#)

[Click here to share on LinkedIn](#)

[Click here to share on Google Plus](#)

[Click here to share on Facebook](#)

Read an SBA Article.

The *Market Analysis* article identifies various components of market analysis in a business plan and where competitive analysis fits into the grand scheme.

LINK: <http://1.usa.gov/1nxaBMi>

Take Another Course.

The *Marketing 101: A Guide to Winning Customers* course provides a basic overview of marketing, with practical real-world examples and helpful tips for small business owners interested in reaching a broader customer base.

LINK: <http://1.usa.gov/OVm6CL>

Try a Tool.

Perform Competitive Analysis using SCORE's "Recipe 1.3," which helps you gather information about your competitors to determine how to differentiate your business from them.

LINK: <http://bit.ly/1sSBZrq>

Find local assistance!

SBA has a broad network of skilled counselors and business development specialists.

LINK: <http://1.usa.gov/1kihdhJ>