

Don't Panic When Competitor Comes to Town

You have heard that a competitor is coming to your community. Now what do you do?

"This is the typical response of most business owners," says (Insert name and title) of (Insert county). "And, of course, the bigger the competitor, the greater the fear of the new competition."

When such rumors start circulating, and after the initial shock, business owners start to wonder what steps they can take to survive.

The first step is simple. Make sure the rumor is true. And if it is, find out the competition's timetable for coming to town.

"During my lifetime, I have had store owners constantly asking what they should do when they hear they will have some new competition," says Glenn Muske, the North Dakota State University Extension Service's rural and agribusiness enterprise development specialist. "Although I haven't kept the numbers, I would have to say that more than 50 percent of the time, these rumors are incorrect. And even when they are, the time frame is two or three years away."

"I often have talked about the importance of networking," Muske continued. "But it is that networking that will bring you these rumors. They may be inaccurate, so you have to sort out truth from fiction, but just knowing helps you stay on top of your game."

So what can you do if you find out the message is true?

"First and foremost, you need to realize that the world isn't coming to an end," said (Insert last name). "Knowing things are changing gives you a chance to take the steps you need to keep your business thriving."

Another thing to remember is that multiple stores or factories doing the same or similar things can produce a stronger draw than the single operator. This occurs because even though the group looks the same on the outside, each has its own individual strengths. People like the idea of competition, and that idea will be a draw to bring people into an area as a shopping point.

Yet this doesn't mean you can just sit back and not respond. So after you start breathing again, it is time to get to work.

Remember your advantages and begin to position yourself to take advantage of them. One such advantage is that any new business has startup costs that you already have covered.

Another significant advantage is your existing market share. Now is the time to work hard to solidify your connections to those customers. Yes, your customers will check out the competition, but if you have established trust and are a reliable source, you will be in a good position when the competitor comes to town.

“I recently heard it well said that your brand is a nondepreciating asset,” says Muske. “This is always true, but in this situation, your brand becomes even more important to your operation.”

Customers always are looking for value and service, so now is the time to fine-tune your operation in both of those areas.

Yet at the same time, realize that you will lose some customers. This is a time when knowing your customers is so important. Make sure you are well aware of your primary base, and if you see them less often in the store, don’t hesitate to find out why.

Now is the time to ramp up your marketing efforts, not just your paid advertising but your overall visibility through public relations and community events and service. Get your effort in place before the new competitor has a chance to get established.

“The final piece of advice may sound strange,” says Muske. “But get to know your competitor. Visit the store and invite the owner to the Chamber and other social organizations. You want the owner to have a positive view of the community but also of your business.”

“And don’t be afraid of sending a customer over to the competition if you don’t carry something or are out of stock,” (last name) reminded. “Your goal is a satisfied customer, and the customer will remember if you help him or her out.”

So the competition is coming. That often means the community has an unmet demand. You have advantages, so use them. Don’t despair and move forward.

For more information, contact your local Extension Service office at [insert phone number and email address]. Also visit NDSU’s small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter. Or check out Facebook at www.facebook.com/NDSUextsmallbiz or Twitter at @gmuske. Another online resource is www.eXtension.org/entrepreneurship.

You also can get help from your local chamber of commerce, as well as the Small Business Administration and its related organizations, such as the Small Business Development Centers and SCORE.

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