

11/02/09 - Sustainable Competitive Advantage vs. What?

I recently read an excellent blog post by Seth Godin that was about creating **sustainable competitive advantage**. In his post, Seth nets out a few key moving parts as to why some companies are able to stay ahead of their competitors.

Most notable was Seth's assertion that *technology advantages* are not long term or real barriers to entry.

It may slow down competitive entries but if you look at a lot of these technology-based or enabled platforms like Facebook, Twitter, Flickr or LinkedIn, they in themselves are not technically daunting to imitate. In his blog post, Seth enumerates various ways in which they create other, harder to duplicate advantages.

What I would like to add to the conversation is this: given how you might create a competitive advantage, the question remains: do you really understand who your **true competitors** are.

So often, especially with growing businesses, companies don't really understand that their prospects look at a **wide world of opportunities**, a world of **options** ? very differently than they think they do. Marketers often think that prospects are looking at the universe of options that look like their offering, i.e., a new type of printing service, or a new type of contact management software, (or some other kind of category that their wares most closely fits in to) and that their prospects are only looking at other companies that are just like them ? in their neat, little categories. I realize that to a large degree, this is the essence of positioning. So, it's not "wrong" ? just incomplete.

More often, prospects may be solving the issues, the problems, the challenges, that a given solution (your product/service) addresses through various, **very different means** (for example, using "sneaker net" when local area technology was trying to break into markets).

So the thought here is not only create a **sustainable competitive advantage** within your category ? but truly understand who and what you are competing with ? from your prospect's POV. In other words, don't just compete with burger joints if you're a burger joint ? but realize that many of your customers are just looking for lunch ? and that's a much bigger world to compete in.

While this is an unpleasant and even more complex reality ? it **is** reality. So, get real and know the options your prospects are really considering.