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By Denise Lee Yohn on November 21, 2011 |



*Denise Lee Yohn has been inspiring and teaching companies how to operationalize their brands to grow their businesses for more than 20 years. World-class brands including Sony, Frito-Lay, Burger King and Nautica have called on Denise, an established speaker, author and consulting partner. [Read more by Denise.](#)*

“We need more rock bands,” declared Anthony Kiedis, vocalist for the Red Hot Chili Peppers, in his acceptance speech at the 2007 Grammy Awards. The comment struck me as so unusual, I remembered it four years later.

The group had just been awarded a Grammy for best rock album for “Stadium Arcadium,” and here was their lead singer asking for more competition. Why would anyone encourage more competitors to join the field? Wouldn't it be better to have the whole market to yourself?

Actually, it wouldn't. Just as more rock bands increase RHCP's popularity, more competitors can actually help your business. As my thinking about business strategy has developed over the years, I've come to realize more competition is a good thing.

Here are six reasons why you should want more of it:

1. **Competition generates increased demand.** With more rock music played on the radio, bands like RHCP become more appealing and in style. The same goes for apparel, beverages, electric cars and even ethnic restaurants. The more businesses there are promoting your category, the more customers take notice, become familiar with it and want to get in on the action.
2. **Competition orients customers.** Competitors help customers understand what business you're in, especially when you're introducing an innovation or crossing the chasm into the mainstream. People need a mental file folder in which to place your brand — competition helps create that classification by serving as a reference point. The value of mobile applications, for example, was unclear when there were only a few — but now that they've pervaded nearly every aspect of people's lives, their usefulness doesn't need to be explained.
3. **Competition facilitates differentiation.** Sometimes competitive advantage is best established by de-positioning other brands. Advertising campaigns such as “We Try Harder” and “Where's the Beef?” have been successful only because competition exists. Without a competitive comparison, customers might not notice or value points of superiority as much, so their expectations can't be raised.
4. **Competition gives customers confidence.** The head of a local services provider once admitted to me that he was pleased another company in town had become such a strong competitor. He explained that clients felt more comfortable hiring his firm because they knew they'd have an alternative to fall back on if necessary. It also helped his clients meet RFP requirements to solicit multiple bids. A competitor may give your customers the confidence they need to choose you.
5. **Competition builds up infrastructure.** Many categories grow through network effects and more competition accelerates the tipping point. For example, more electronic reading devices means more electronic books, electronic payment services, more options for customers and more demand for electronic reading — it's a cycle. The dynamics of the analog world are similar. For RHCP, more rock bands mean more rock radio stations, more

record labels, more rock concert venues — and more fans.

6. **Ultimately, competition helps you get better.** Just as John McEnroe made Jimmy Connors a better tennis player and vice versa, even the fiercest competitors spur each other on to greatness. Google's Android platform wouldn't be as good if Apple's iOS hadn't set the bar, and the two companies continue to up the ante with each new release.

Of course not all competition is good — and at some point too much competition just clutters the marketplace and confuses customers. (Does the world really need another premium burger chain?) But generally speaking, competition should be welcomed and encouraged. It just might take you to the “higher ground” that Kiedis sings about sailin' on to.

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