

COMPETITIVE ANALYSIS

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A key question for competitive analysis

- If our innovations were instantly available to our competitors, who would make money? Why?
 - What is stopping competitors from imitating your venture idea?
 - Are there other factors outside of the pure entrepreneurial idea which allow you to capture more value compared to others?

General principles (“judo strategy”)

- Addresses question of why the industry incumbent will fail to react aggressively upon startup entry
- General principles: emphasize skill over strength & avoid overt head to head competition
- Tactics:
 - Develop a theory for why the incumbent will be reluctant to immediately compete aggressively (e.g., cannibalization / negative brand spillovers / peripheral businesses)
 - Give a stake in the success of your company to would-be opponents to defray competitive threat (but why will they want to deal with you in the first place?)
 - Transitioning from short to long term, including balancing operating below the radar initially vs. scale-up challenges

The protective role of complementary assets

- Complementary assets are those assets necessary to translate an innovation into commercial returns, such as specialized manufacturing, marketing, or distribution know-how
- Complementary assets can only be a source of strength if they are *tightly held*. Tightly held assets are not available or not readily available to new entrants or to other competitors.

Valuable complementary assets

- Things you own (resources)
 - E.g., brand name, distribution channels, customer relationships
- Things you can do (capabilities)
 - E.g., sales and service expertise, manufacturing capabilities, customer knowledge capture

What are different types of entrepreneurial strategies?

- Value chain: working with others (cooperating) in a value chain to bring a product or service to market

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- Disruptive: working to undermine the industry's existing value chain, usually via a competition strategy (see work by Christensen)

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- Blue ocean: creating new market spaces (see work by Kim & Mauborgne)


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