



Australian Fertiliser Services Association

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Why change and competition are an important part of your business

Change: *an act or process through which something becomes different.*

Competition: *the person or people over whom one is attempting to establish one's supremacy or superiority; the opposition.*

Does your business still work with practices that were inherited from a world where communication was not instantaneous and potentially one party had more or better information than the other?

There are many competitive pressures on business today and the fertiliser services industry is no different to any other business attempting to grow and prosper in today's economic environment. With the vast amount of computing power available, our customers are rapidly overcoming the lack of available information that gave businesses an advantage over customers.

The changing social and technology landscape means that some traditional ways of approaching business might no longer be suitable.

This means that it is now a good time to think about your habitual business practices and to ensure that you are not doing things that worked in the past but maybe do not work now.

Take any business or industry and you will be able to find differences between them in the terms of size, structure, distribution channels, customer needs and wants, growth and the alternatives for the consumer. These are the differences that lead to competition and the need for a business change to manage the threats this can bring.

How can you analyse the nature of competition and identify exactly what the threats are?

You will need to look at the:

Threat of new competition - This can come from unexpected and non-traditional sources, which means that keeping an eye on the emerging trends in the industry is important

Threat of substitute products or services - this threat is even more important, with technology trends moving so quickly it is easy for a good or service to become obsolete.

Bargaining power of customers - this is a major emerging threat to traditional business models. Consumers are increasingly well-armed with information about products and competitors.

Bargaining power of suppliers - be clear as to the grounds you compete upon.

Intensity of competitive rivalry - this threat continues to remain strong. Traditional rivals are still in markets but there are new entrants and new products or services competing for the same dollars.

So how do you manage the threats and competition to your business? Does it mean there is a need to change?

Define your brand - This is not your logo – this is about what your business stands for. No two businesses are alike just as no two customers are alike, hence the need for branding.

You will need to ask yourself - What's different about my business in comparison to other businesses in the industry? What do I want to be known for?

Choose a Competitive Advantage - There are 3 key areas to focus on when choosing a competitive advantage;

- ✓ **Quality:** you can offer a superior quality product or service.
- ✓ **Price:** you can offer the lowest prices
- ✓ **Service:** you can offer an unforgettable customer service.

Look after your existing customers - Do you know that it costs 20 times more to get a new customer than it costs to keep an old customer? Customers are very expensive to attract and that is why it is important to focus on existing and return customers.

This will mean placing more emphasis on building an enduring relationship with your existing customers rather than on just making a sale. There is nothing more powerful than having a strong communication link between you and your customers. It is the cheapest but most effective tactic against intense competition.

Communicate 'WITH' and 'TO' your Customers

If you are not talking **with** and **to** your customers, someone else is. This is a very vital element in your response to competition. Talking '**to**' your customers is what is known as advertising and talking '**with**' your customers is what is known as market research.

Talking **to** your customers is a good thing, but talking **with** your customers is a great thing. Why? Talking with them helps you better understand them which in turn helps you serve them better.

Excite your Customers

Innovation brings excitement to the marketplace and customers like excitement. People no longer have to deal with a business that isn't innovating – because they can always find someone who is.

Innovation gives the marketplace something exciting to talk about. And there is nothing that drives a business faster than word of mouth advertising. If you can find a way to get your customers excited enough to talk about your business/service as a result of the innovative things you consistently come up with, then you've got an edge over the competition.

What does all this mean for your business?

To stay competitive in today's environment warrants not only the skill and desire to adapt to change but also the foresight to anticipate it.

The solution is to never get too comfortable and always seek out new ways to do the same thing better or offer something innovative.

If you believe that your business is stable and relatively predictable, you may be better off sticking to what you believe are your traditional sources of advantage.

HOWEVER, if your competitive reality is uncertain and rapidly changing, you will need a dynamic and sustainable way to stay ahead.

Your survival may depend on changing your business so that you can exploit your competitive advantage – be it quality, price, service or potentially all three.

Why competition is a good thing.....

Without competition, it's easy to lose focus on your core business and your core customers and start expanding into areas that don't serve your best customers.

Competition forces you and your business to figure out how to be different from your competition and how you can focus on your customers.

In the long-term, competition will help you build a better business.