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Know Your Enemy

Most small businesses either obsess over their competitors or ignore them completely. Both lose. Here is how to use them properly — to find where you actually win.

A Moor & Co commercial briefing

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POWERED BY 3DMAI

IN SHORT

Competitors are one of the most misused tools a small business has. Some owners watch their rivals obsessively and end up copying them into a price war. Others refuse to look at all and get quietly overtaken. Useful competitor analysis is neither fear nor imitation. It is knowing where you genuinely stand on the few things that actually decide who wins, so you can compete on your strengths instead of theirs. This briefing is about doing it properly, and turning a glance at the competition into a clear sense of where you win.

1. Two ways to get competitors wrong

The first is obsession. You watch their every move, react to every offer, and slowly let them set your agenda. Worst of all, you copy them, matching their prices and their tactics, which usually means a race to the bottom you cannot win against anyone bigger. The second is the opposite: wilful ignorance. “I just focus on my own business.” It sounds disciplined, but it leaves you blind to a market that is moving, and to the rival quietly taking your customers.

The useful position sits between the two. You look at competitors often enough to understand the field, but only to do one thing with what you learn: position yourself deliberately, where you are strong and they are not.

2. Competing on price is losing on purpose

The reflex, the moment you look at a competitor, is to compare prices and then match or beat them. It is almost always the wrong move. Price is the easiest lever to pull and the most expensive one to use: cutting it comes straight out of your margin, and it invites the other side to cut back, until everyone is poorer and nothing has changed but the profit.

Price is the right battleground only if you have a real, structural cost advantage that lets you win there and still make money. If you do not, and most small businesses do not, then competing on price is choosing to fight on the one ground where you are guaranteed to lose. The answer is to compete on something else.

3. What is actually worth knowing

You do not need to know everything about a competitor. You need a few things that genuinely matter.

- **Where they sit on price,** premium, middle or budget, and whether your own position is a deliberate choice that matches your costs and your brand, or an accident.

- **How their margins compare,** as far as you can tell. Are they cheaper because they are genuinely more efficient, or because they are buying market share at a loss they cannot sustain?
- **What they are known for,** their reputation and position in the customer's mind, which is far harder to copy than a price.
- **What customers actually decide on** in your market. Price, speed, trust, specialism, convenience? This is the most important thing on the list, and the one owners study least.

4. Know where you genuinely win

The point of looking outward is to get honest about your own edge. Once you can see the field clearly, you can stop trying to be all things to all customers and lean hard into the thing you are actually better at, then price and position around it. A clear, confident reason to choose you beats a slightly lower price almost every time, because price competition attracts the customers who will leave you the moment someone undercuts you, while a genuine strength attracts the ones who stay.

5. Don't copy. Position.

Copying a competitor only ever makes you a worse version of them, arriving second, with less credibility, in a space they already own. The goal of competitor analysis is the opposite of imitation. It is to find the gap: the customer they are not serving well, the need they are ignoring, the thing they are weak on. That gap is where a smaller business wins, by being clearly different and genuinely better at something specific, rather than slightly cheaper at the same thing.

Look at competitors, in other words, to find the space they have left you, not the moves you should mimic.

6. A practical response

- **Pick your two or three real competitors,** the ones your customers actually weigh you against, not the whole market.
- **Benchmark only what matters:** price position, likely margin, reputation, and customer proposition.
- **Work out what customers truly decide on** in your market, and be honest about it.
- **Find the gap** they are leaving and decide whether you can own it.
- **Compete there, not on price,** unless you have a real cost advantage.
- **Revisit periodically,** because positions shift and new rivals appear.

Knowing your competition is not about fear, and it is certainly not about copying. It is about seeing the field clearly enough to choose your own ground, and then winning on it.

ABOUT MOOR & CO & 3DMAI

The goal isn't to beat them at their game. It's to be clearly better at yours.

Moor & Co is a commercial advisory for small business owners, built by someone who has run, scaled and exited real businesses. We help firms across North Staffordshire and South Cheshire work out where they genuinely stand against their competition, and build a position they can win from, rather than a price war they can't.

The numbers behind it run on **3DMAI**, our commercial intelligence platform for UK SMEs. Its Competitor Analysis tool gives you a metric-by-metric comparison against up to three competitors, gross margin, efficiency, pricing position and online presence, all benchmarked against your actual data, on your own numbers and in plain English, for £19.99 a month. The free tools need no sign-up. If you would rather talk it through first, the discovery call is free and there is no commitment.

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ABOUT THIS BRIEFING

This briefing draws on established competitive-strategy practice, in which sustainable advantage comes from differentiation and clear positioning rather than from price-matching, and competitor benchmarking is used to identify market gaps rather than to imitate rivals.
General guidance only — not financial or legal advice.