

Competition



Running a business in a
competitive environment -
view from a Hotelier

Background



- ⌘ Run two Hotels in central London (Earls Court)
- ⌘ With my parents and two sisters

- ⌘ Competition and business - view from a Hotelier

E.g. Competition & Hotels



There are hundreds of accommodation providers all over London. We compete with them all in some way.

⌘ Direct Competition

- ⊞ Hotels of higher standard - (services/facilities, the personal experience, price)
- ⊞ Hotels of lower standard than us - (price)
- ⊞ Location

⌘ Indirect Competition

- ⊞ Serviced apartments and flats on short lets

⌘ Internal Competition

- ⊞ 3rd party agents who sell our rooms and take a commission

Objectives & Constraints



Understand your business objectives and how are they constrained?

E.g. Hotel

⌘ Objective

- ☒ To match our inventory of rooms to the demand at the maximum possible price

⌘ Constraints

- ☒ Our product is a perishable item with limited stock
 - ☒ A Hotel room can only be sold once per night
 - ☒ A Hotel has a fixed number of rooms.
- ☒ Our product/service is in one fixed place
- ☒ 80% of our costs are fixed. Hotel runs 24/7 365 days per year, whether the hotel is full or empty.

Your Market



⌘ Research and understand your market

- ☑ What level of investment is required to enter the market, and what are the risks involved? e.g. education, time, capital, etc
- ☑ Tailor your product/service to suit the market at a price they can afford/willing to spend
- ☑ Test your market (positive & negative feedback)
 - ☒ Get objective feedback from people your trust
 - ☒ Consider what your audience/customers needs are

⌘ Make sure your market knows you exist and you are easy to find!

- ☑ Physical, Virtual and In-print
- ☑ Clearly communicate what you can offer

Your Product



- ⌘ Product/service is of suitable quality for the segment of the market you are targeting
- ⌘ Manage your customer's expectations – be crystal clear of what they can expect from your product/service.
- ⌘ Make your product/service as unique/tailored to the customer needs as possible
- ⌘ Know the strengths of your product/service
- ⌘ Ensure the quality of your product/service is maintained, no matter what price you charge

The Price



⌘ The price of the product/service is “fair” for the market you are targeting

☑ Are you charging a premium vs. your competitors

☑ Are you undercutting vs. your competitors

Why? Can you justify it? Can your customers see/benefit from it? Is it of superior quality? Is it of inferior quality?

⌘ You can't always compete on price

⌘ Focusing on sales volume rather than profit – quickly run out of cash

Your Reputation



All businesses are built on its reputation

- ☒ Word of Mouth / Recommendations
- ☒ Social Media, Review Sites (e.g. Trip Advisor, Top Table, etc)

Your business reputation can easily differentiate the product/service that you offer from your competitors

A good brand/reputation allows you to charge a premium vs. your competitors

Competition is Good



Know your competitors – who your customers would give their sale to if you were not there

⌘ Learn from your competitors

☑ Strengths

☑ Weaknesses

☑ Imitate

⌘ Location is key

Final thoughts



Give your customers as many reasons as possible to choose your product/service over your competitors

- ⌘ A brand/reputation takes a lifetime to form and can be lost in an instant
- ⌘ There will always be someone who is able and/or willing to provide a product/service cheaper than you.