

INVISIBLE COMPETITION: THINK DIFFERENTLY

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Competition has been referred to in many ways. Michael Porter said that competition is at the core of the success or failure of firms. Jim Collins writes in *Good to Great* (2001) that focusing solely on what you can potentially do better than any other organization is the only path to greatness. Clayton Christensen says that competitiveness is far more about doing what customers value than doing what you think you're good at (Christensen 2003).

More commonly, we tend to label competitors by any one of the following terms:

Aggressive	Industrial
Direct/indirect	Mature
Domestic/international	New/old
Dominant	Small/large
Emerging	Strong/weak
Extreme	Tough

"Extreme competition" is the most recent addition; Constantinos Markides of the London School has also applied the terms "unknown" and "maverick" to describe competitors. We all tend to categorize or refer to competitors in these simplistic terms. In reality, competition has become more challenging and complex.

COMPETING IN THE SAME INDUSTRY

If we look at examples of companies that are generally seen as competitors, they almost always represent brands competing within the same industry. Examples include Coca-Cola/Pepsi-Cola, Ford/GM, Home Depot/Lowe's, Nokia/Motorola, Crest/Colgate toothpaste, and Dell/COMPAQ. The frequent mergers and acquisitions of the past two decades often support this "same industry" trend.

For example, Exxon merged with Mobil to form ExxonMobil (two petroleum companies) and Daimler-Benz merged with Chrysler to form Daimler-Chrysler (two auto companies). The French pharmaceutical company Sanofi-Synthelabo merged with another French pharmaceutical company, Aventis, to form Sanofi-Aventis.

Historically, competitive intelligence professionals and business managers view competition in this same way: let's look at or monitor our competitors in the same industry. However, global expansion, acquisitions, and industry consolidations across continents have generated some very large, diverse, and more complex companies. European-based examples of such companies include Nestle, Unilever, and WPP. They have acquired multiple companies in the United States and elsewhere.

We sometimes lose track of who owns whom and where parent companies are based. In essence, competition is not what it used to be. A number of experts are confirming this premise: Gary Hamel's view is, "Whoever you think your competitors are, they aren't" (Hamel 2002). Competition is not invisible, but there are competitors we may be blind to see, or who appear totally unexpectedly. Tom Peters puts it more bluntly:

The real enemy these days is more likely to be the competitor that doesn't make it onto your radar screen—but really does have a seriously better idea that will nail you to the wall (Peters 2003, p 229).

I suggest a paradigm shift in terms of how we look at competition, not only to monitor and protect our

business franchises, but for offensive and growth purposes. [A paradigm is a set of rules and regulations that establishes or defines boundaries and tells how to behave within those boundaries. A paradigm tells you there is a game, what the game is, and how to play it successfully. A paradigm shift is a change to a new game, a new set of rules. (Barker 1993).] The paradigm shift I am suggesting does not replace competitive intelligence as we now define it, but broadens it and gives competitive intelligence practitioners a more strategic role. The shift focuses on offense instead of only on defense. It provides credence for monitoring and analyzing competitors in a new way.

The concept of "invisible competition" suggests ways to identify new business opportunities for a company. Furthermore, the process can facilitate innovative thinking. It can engage colleagues cross-functionally to brainstorm ideas that can legitimize and translate to business-building scenarios. The following is my definition of invisible competition:

When two seemingly disparate companies or organizations, often representing different industries or product categories, form an alliance or joint venture to create a new and different type of product or service offering.

"Invisible competition" has the potential to do the following:

- Reduce new product development costs.
- Reduce new product failure rates.
- Quicken market entry.
- Increase the value proposition to customers.

SIDEBAR: EXAMPLES OF THE “INVISIBLE COMPETITION” CONCEPT

Listerine PocketPaks (September 2001) Warner-Lambert (now owned by Pfizer) partnered with a Japanese company to offer a proprietary new product. This launch not only generated \$175 million in the United States in its first year but also revitalized the 125-year-old Listerine brand franchise.

Colgate-Palmolive and Nestle (June 2003) Colgate, based in New York City, and Nestle, based in Switzerland, formed a joint venture to develop a line of oral care gum and confections for global distribution. These products whiten teeth and fight plaque. The products use both the Nestle and Colgate brand names.

Nestle and L’Oreal (August 2003) These two Europe-based companies formed a joint venture to create Laboratories Inneov to develop a line of “inner beauty products” for skin, hair, and nails. One of their branded products is Inneov Hair Mass, “the first nutritional supplement to energize hair.”

Coca-Cola (Japan) and Shiseido (Japan) (April 2004) Shiseido is Japan’s largest cosmetic company and the world’s fifth largest. These two companies formed a strategic alliance to develop beverages for body-conscious consumers based on Shiseido’s “aroma therapy.” Coca-Cola has launched a Body Style Water and Shiseido a Body Style Mist, both under the Aroma Works brand name.

GE and Eli Lilly & Co. (April 2005) General Electric has a medical division that sells multimillion-dollar magnetic resonance imaging (MRI) and related radiology equipment and services. This division has never formed an alliance with a pharmaceutical company until now. The two companies will develop a line of molecular diagnostics to target Alzheimer’s disease. They will work together to develop an injectable agent that can scan a patient for any “attached plaque.”

- Enhance shareholder value (for a public company).
- Facilitate global expansion.
- Identify new business opportunities.

See the Sidebar for some examples. Other invisible competition examples also exist. Some are kept confidential, while others are hard to identify. For example, Matsushita (the maker of Panasonic products) has aligned with Intel (August 2005) to develop a laptop battery that will last all day.

HOW DO YOU SPOT INVISIBLE COMPETITION?

To effectively monitor your organization’s invisible competition, I suggest the following steps:

- Actively monitor joint ventures, alliances, and breakthrough product launches beyond your direct competitors.
- Monitor emerging companies and new technologies.
- Form a cross-functional “competition team” to meet

regularly and share competitive sightings and information, but more important, to brainstorm what ideas your findings may suggest to consider as a growth opportunity for your company.

IMPLICATIONS

Invisible competition has several direct implications:

1. There will be more and more invisible competition in the future.
2. Identifying invisible competitors is only the first step.
3. We must look for patterns and success stories.
4. We must learn from successes, using them to legitimize and trigger new growth ideas.
5. We must use the process as a facilitator:
 - a. To engage and communicate with management
 - b. For creative brainstorming
6. We must use findings to proactively recommend action.
7. We must think and monitor competition differently.

[Editor’s note: This article is adapted from a presentation given at the annual SCIP meeting on April 28, 2006 in Orlando.]

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