

Thank Your Competitors

So, a competitor is about to launch a competing product?

There is some upside in all of this.

There's plenty to be said for Peter Thiel's case that establishing a natural monopoly (via innovation, not privilege or coercion) is best for innovation. In many cases, it's true. You should probably not go into a space that is already competitive.

But if you have already done something innovative, competitors are bound to come behind to ride your coattails. Here are a few reasons you shouldn't be too upset – and why you might actually want to thank your competitors.

1. You're both going in the same direction. If you're at all motivated by a mission to introduce some innovation to the world, you should be (somewhat) happy that someone else is doing their best to make that happen, too. If that's a part of the definition of "winning" for you, then a competitor is not the worst thing that could come along.

2. You will make each other better. It's possible to rest on your laurels if you have a clear lead, or no competitors. Having competitors might actually force you to focus on higher-value work – like rethinking and redefining your business so that you gain a monopoly again.

3. Competition helps to draw attention. If you are in a new industry category all on your own, you may have an advantage with press and investors. OR you may be a weird oddball in a corner of technology nobody notices. When you are working within an ecosystem (even if it means you have a competitor or two), your own technology or product is going to have a bit more trust from the outside world.

4. You'll get an opportunity to gain greater loyalty*. You will have to spend more effort, but if you work hard enough, you may gain an opportunity for your company's reputation. It's easy to have customers when you're a monopoly. It's not as easy to win true loyalty when customers can only choose you. Here there is the chance that your competition drops the ball, or that you pick it up in an extraordinary way. In either case, you will end up looking a lot better by comparison to your customers, who previously may not have had a frame of reference for evaluating you.

*This is admittedly the weakest point here. It's possible to stand out as a Thielian monopoly without having direct competitors. You can frame yourself in opposition to any category or pre-existing industry you are challenging, for instance (e.g. PayPal vs. credit cards).