

# Pitching Tip 4: Always know your competition

 By Alon Raiz

10 Jun 2021

Through years of experience, I have identified a number of pitching techniques critical to attracting investors and funders looking to back small businesses.



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In this series of articles, I share important tips to help any entrepreneur to navigate their way around pitching to investors to scale their business.

No product or service will ever live in a state that's free from competition. Whether it's direct or indirect competition, whether it's competition for your wallet or competition for your attention, all of your products and services will compete.

Pitching Tip 4 is to consider who your current competitors are, and who your future competitors might be.

No matter how differentiated you think your product or service might be, and no matter how patented or protected it is, there is always going to be competition in the market.

Too often, I have witnessed entrepreneurs proudly making the following bold statement when investors ask them about competition: “We don’t have any real competitors!” When you, as an entrepreneur, give an investor that answer in your pitch, you will see them react in one of two ways:

1. They’ll “switch off” from what you are saying and start looking down at their watches.
2. They’ll look angry and perceive you as being ill-prepared and ignorant.

When discussing who your competitors are during your pitch, use a “competitor map” to visually show your relativity to each of your competitors in the market. On the competitor map, depict price on the x-axis and the level of benefits on the y-axis, then chart your company’s position in relation to your competitors’ based on your product’s price and benefits in comparison with theirs. You could also use a competitive map to chart your product’s price versus the level of quality in comparison with your competitors.



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A mistake that many young entrepreneurs make when constructing their pitch is not considering their indirect competition. For example, if you own a telecom company that sells airtime, a company selling lotto tickets would be your indirect competitor. They may not sell the same product as you but, in a context where your customers have low disposable incomes, they will generally make buying choices that are not directly related to your airtime or your competitors’ airtime, but rather between purchasing airtime or a lotto ticket from your indirect competitor. Their decisions are based on the value they want from the product they are purchasing.



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I’ve found that entrepreneurs who do a thorough competitive analysis before meeting with investors very often realise that their product has little to no competitive edge, and they then need to go back to the drawing board to redesign their product or services so that they have clear and formidable competitive advantages.

Take the time today to list your direct and indirect competitors and make sure you include that information in your next pitch in a well-presented competitor map or two. The investors will take you more seriously if you prove that you have done thoughtful and thorough research on your competition.

## ABOUT ALLON RAIZ

Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of the Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford’s Saïd Business School.

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