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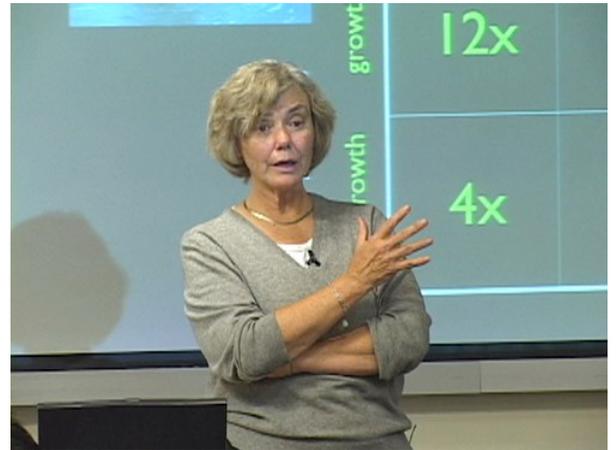
Protecting Your Market

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Video URL: <http://ecorner.stanford.edu/videos/1589/Protecting-Your-Market>

Eisenhardt shares several strategies that a small company can use to protect their market. This includes marketing alliances, getting funded by larger competitors, and buying out smaller competitors.



Transcript

Another thing that you typically want to do is you typically want to think about who are the bigger companies that might come in to the space you want to be in and how do you keep them out of it. And so, what you have to do in that situation is think about who might come into the space and then give them a reason not to by letting them invest in your company or by doing some sort of a marketing alliance with them. Again, actually ebay is a good example for this. When they were very small, one of the things that they did was try and develop some alliances with AOL, Amazon and I think it's Yahoo! In turns out, they didn't get - the only alliance is that one of them, they only got alliance with AOL. But what they did in the negotiation around those alliances is they personally kept AOL out of the market and secondly, they delayed Amazon and Yahoo! from getting into the market. So, if you look ahead and these are maybe bigger companies than you might aspire to, but if you think ahead of who's on that market, who's likely to come in, and how can I keep them out to give myself a head start before they decide it's a good market. It's to your advantage. So, pay attention to who might come in and how you can keep them out. And then finally, I think one of the things we've seen is that it's particularly helpful if you can control the market. And then again this is when you've moved on, you gotten a bit bigger, but trying to buy out rivals.

So that you've take out stepping stones into the market and what's exactly - I have to say it's a fairly any competitive story, but this is what entrepreneurs at least try to do before their market gets too big, just try and take out rivals.