

BEFORE YOU LEAP

Thinking about venturing into a market that's already buzzing with competitors? Wes Tyler, a managing member of Old Oak Partners, a small-business consulting and investment firm in Easton, Connecticut, advises entrepreneurs to first ask themselves these questions:

1. What general customer needs are not being met?
2. Is there something customers would pay more for?
3. Is the market really worth entering, or is it a fad like frozen yogurt or cigars?
4. Can you afford the cost of staying put in a saturated market long enough to be the last business standing?
5. Can you capitalize on the competition's mistakes, such as poor location or weak execution?

to approach your market. As much as we hate to say it, your business probably won't blow Procter & Gamble out of the water—at least not right out of the gate.

The good news, though, is that you don't have to. "Don't compete," advises Weinzimmer. "Go after periphery networks." Sure, you're still technically in the same market, but your customers will come to you because they're looking for something different.

The e-card business, for example, is dominated by names like American Greetings and Blue Mountain Arts. Who would notice a small e-card start-up out of Seattle? More people than you'd think: With a user base doubling every month, Phototunes.com targets customers seeking grown-up messages free of the saccharine verses found on many e-card sites. Founder Richard Duval takes a fresh approach with his selections, thanks to superb natural photography coupled with original jazz. "I wanted to [offer] something a little more sophisticated," he says. "I hate the cute."

Duval knows he shares the World Wide Web with a few Goliaths, but

he also knows he offers a fun and different product. In doing research, Duval found that—of the 800 other e-card sites he visited—no one else offered original art with original, studio-quality music.

Proud of his unique offering, Duval, 46, markets Phototunes as a sophisticated e-card Web site. "I never once thought to myself, 'OK, I've got a great idea and in three months, Blue-Mountain's out of business,'" he says. "That would've just been foolish." What he is doing is using his free e-cards to entice

people to buy his art prints, smooth jazz CDs and deluxe multimedia e-cards. Although his company—like many e-businesses—has yet to reach profitability, Duval is planning to add corporate clients to his roster by providing them with Phototunes products to manage customer relationships.

Do It Locally

Here's another tip for breaking into a saturated market: Never underestimate the power of a good hometown advantage. Boston dwellers Chris Lohring and Alex Revelioty founded their specialty beer company, Tremont Ale, knowing that to build a true customer base, they had to get out into their local community and get people to taste their brew. "We had no idea [what a tough market we were in]," says Lohring. "If we'd

known that in advance, I don't think we ever would've distributed the beer ourselves. But if we hadn't, I don't think we would've been successful." Being their own distributors helped the partners build relationships—first with vendors and then with customers. Getting people to sample the beer was first on the agenda, with brand recognition as the next priority. The approach, Lohring laughs, was "very guerrilla in nature."

The pair started by meeting with local vendors and selling with the kind of passion only company founders can muster (they had no sales reps in the beginning). Playing up the local angle worked, and so did sponsoring local charity events, such as the American Cancer Society Corporate Regatta, which they've sponsored for eight years.

Aware that craft beers were plentiful in the Boston area when they founded their company in 1994, and also knowing that they had domestics and imports to compete with, Lohring, 36, and Revelioty, 34, did the unthinkable: They actually

charged about \$2 more per six-pack than their competitors were charging for their beer. "That's how we branded our beer," says Lohring. "We made a more import-like, upscale, urban-type brand, and we wanted the price point to match that." The strategy worked: Tremont Ale produces about 10,000 barrels per year and has exceeded \$2 million in sales in their region alone.

Making your mark, playing with the big boys, being the little fish in a big pond . . . call it what you will, just don't listen to the naysayers. With a little creativity, a lot of planning and a big heap o' moxie, you'll be the one saturating the market. ■

