

A Positive Outlook

A Competitive Market is a Healthy Market



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**APPLIED
ANALYSIS**

Ever since Chick-fil-A's recent grand opening in Nevada, it seems like the lines of cars through the parking lot and the lines of people out the door have been never-ending. Fans of the famous chicken sandwich even camped out overnight to be among the first through the door. The excitement was not unlike last year's opening of Swedish furniture store IKEA, which also drew campers eager to christen the first Nevada location.

The entry of these iconic brands into southern Nevada obviously sparked a lot of excitement among consumers. Yet some have wondered whether they pose a threat to existing local competitors like Raising Cane's or Walker Furniture. Naturally, any business would prefer a monopoly where it could control prices and virtually guarantee

annual profits. That said, I believe most business owners would agree that a competitive market is a healthy market.

On the consumer side of the equation, competition among businesses leads to lower prices, better products and improved service. As the old saying goes, consumers vote with their pocketbooks. They have a finite amount of money for purchasing goods and services, and businesses that can't find the right balance of quality and price risk losing customers to the competition. This risk is what motivates businesses to innovate, find efficiencies and improve quality as they strive to separate themselves from the competition. In short, a competitive environment isn't just good for consumers, it also makes businesses better at what they do.

For example, the Raising Cane's location on St. Rose Parkway reported its highest sales volumes of the year on the same weekend that Chick-fil-A opened less than a mile away, and several Raising Cane's and Chick-fil-A locations have successfully co-existed in Phoenix for some time. And Walker Furniture is not only taking the IKEA opening in stride, the company is opening a new store literally across the street from the IKEA location.

While the grand openings of Chick-fil-A and IKEA grab headlines and inspire parking lot campouts, they are just two of thousands of businesses that have opened in the past couple of years. In the past year alone, southern Nevada has added nearly 2,400 new private businesses. These include doctor's offices, retail stores, casinos and other establishments across all industries. This is evidence not only of our vastly improved economy but also the of fact that entrepreneurs, instead of avoiding competition, are meeting it head on. They are confident in their products, their business plans and their ability to succeed, even in markets with established competitors.

They are also entering a positive economic environment where population is growing and consumer spending is climbing. Annual taxable retail sales in Clark County are approaching \$40 billion and rising by nearly \$1.3 billion a year. The proverbial pie of consumer demand is getting bigger, and that means more dollars for businesses to compete for.

The basic tenet of free market competition has been a foundation of our nation's economy for centuries, and it has stood the test of time. We should welcome new businesses into our backyard, because ultimately that competition means benefits for consumers and a healthier economy overall.

