

Defining the Difference

Core Competence, Distinctive Competence and Competitive Advantage

These terms are some of the most important product management concepts, and yet, they're also some of the most misunderstood. And they've become buzzwords that are often used interchangeably—and incorrectly. So, to bring clarity, we've captured the real definitions for these terms.



Core Competence

Core competence is a defining strength that is central to your value-generating activities. It has two key components. First, it is a skill or capability, not an owned resource. Second, it plays a prominent role in helping your company achieve its purpose.

Example: [Target's excellent research and development team](#) is responsible for consistent innovation that drives revenue growth.



Distinctive Competence

Distinctive competence is a specific core competence that is superior to the competition in the market. Additionally, a distinctive competence must be visible to the target customers or it isn't "distinctive." Finally, it must be difficult to imitate to ensure sustainability.

Example: [Emma Green's \(The Tennis Elbow Queen\)](#) focus on treatment for one very specific injury.



Competitive Advantage

Like a distinctive competency, a competitive advantage should be difficult to imitate. However, unlike a distinctive competency, a competitive advantage isn't limited to a capability or skill. It can also include a superior resource like brand recognition or location.

Example: [Venmo's competitive advantage](#) is its network effect. People download the app simply because other individuals in their group use it.

THE ATTRIBUTES OF EACH

	CORE COMPETENCE	DISTINCTIVE COMPETENCE	COMPETITIVE ADVANTAGE
Skill or Capability	✓	✓	
Relevant to Value-Generating Activities	✓	✓	✓
Visible to Target Customers		✓	
Difficult to Imitate		✓	✓
Superior to Competitors		✓	✓