

Research on the Path by Which Start-up Enterprises Seize Business Opportunities Through Pain-Point Differentiation in a Homogeneous Competitive Environment

Yuetong Li

*University of Bristol, Bristol, UK
teresa770911@163.com*

Abstract. At present, most domestic consumer and service sectors have fallen into a competitive dilemma of severe product homogeneity and intensifying price competition. A large number of start-ups are unable to break through in crowded segments via the conventional path of "performance optimization and experience upgrade", as they lack the endorsement of leading brands and the capital to sustain prolonged spending. This paper moves beyond the traditional logic of homogeneous competition and proposes that start-ups shift their strategic focus to the latent user pain points collectively ignored by the industry, following a four-stage implementation path of "pain-point identification—differentiated positioning—resource orchestration—continuous iteration", which is verified through case studies of start-ups in several niche segments. The research shows that the higher the degree of homogenization in an industry, the larger the stock of latent pain points that remain untapped. Start-ups do not need to benchmark leading enterprises in every dimension; instead, concentrating resources to deliver a definitive solution to one latent pain point in a niche segment is a more feasible breakthrough strategy under current resource constraints, and it also offers a new approach to asymmetric competition for small and medium-sized entrepreneurs.

Keywords: homogeneous competition, start-up enterprises, user pain points, differentiation strategy, business opportunities

1. Introduction

Over the past decade, the popularization of digital technology and the improvement of industrial supporting facilities have substantially lowered entry barriers for entrepreneurship, and the replicability of business models has risen significantly. The phenomenon of "rapid diffusion of a single model" has emerged in sectors such as tea beverages, catering, consumer electronics and many other tracks, and the situation of homogeneous market competition continues to intensify. This environment poses a severe challenge to start-up enterprises with weak resource endowments: most new entities lack mature brand endorsement and can hardly bear the costs of large-scale price wars, and are extremely prone to cognitive blind spots regarding users in a saturated market.

This paper focuses on the differentiation breakthrough mechanism of start-up enterprises in a homogeneous competitive environment, analyzes the underlying logic of successful differentiation, and deconstructs the entire pathway from pain-point identification to advantage formation. Compared with existing differentiation theories that emphasize resource allocation, this paper extends the research horizon to the antecedent stage of entrepreneurial opportunity discovery, supplementing the theoretical explanation of pain-point-driven differentiation. It adopts a research paradigm that combines literature review with multi-case comparison, taking as samples resource-constrained start-up enterprises that rely on pain-point responses to achieve growth, and constructs a complete analytical framework for a pain-point-oriented differentiation strategy for small and medium-sized entrepreneurs.

2. Related theories and literature review

2.1. The connotation and research context of differentiation strategy theory

The classic formulation of differentiation strategy comes from Porter, who placed differentiation alongside cost leadership and focus as the three generic competitive strategies, its essential point lies in endowing products with uniqueness so as to escape price competition [1, 2]. Subsequent research developed along two main lines: the resource-based view holds that differentiation is rooted in resources that are valuable, scarce and difficult to imitate within the enterprise [3, 4], from the perspective of dynamic capability theory, the ability to continuously integrate and reconfigure resources determines how long an advantage can be maintained [5, 6]. The same applies to research in China: most studies examine how new ventures create value through the resource orchestration process of structuring, bundling and leveraging, and further find that value creation lies in how resources are combined and leveraged rather than in how many are possessed [7, 8]. These studies mostly focus on mature enterprises and discuss "how existing resources are allocated," whereas the predicament of start-up enterprises lies one step earlier: how to achieve differentiation when resources are extremely limited.

2.2. A review of research related to user needs and pain-point mining

A pain point differs from an ordinary "want", it is closer to a state of being stuck: something makes users uncomfortable, yet because no substitute can be found, they have to make do, and they are often unable to articulate it. The "Jobs to Be Done" theory advocates starting from the perspective of the task, holding that pain points are hidden in the steps where the task is obstructed [9], the Kano model, in turn, reminds us that satisfying basic needs merely avoids dissatisfaction, whereas what truly brings differentiation is the excitement-type needs that exceed expectations [10]. What can truly disrupt the market is usually a category of needs that are high-frequency and acute, yet still lack an adequate solution.

2.3. The causes and effects of homogeneous market competition and the internal logic of pain-point differentiation

The drivers of homogenization are straightforward: mature supply chains make imitation cheap, information transparency allows hit products to be swiftly replicated and analyzed, and herd mentality drives enterprises to follow already-validated models rather than explore new ones. Its

consequences for start-up enterprises are twofold: insufficient recognizability drives up customer acquisition costs, while price wars consume an already fragile cash flow.

Viewed from another angle, homogenization itself is a breeding ground for opportunity. Christensen's theory of disruptive innovation offers an explanation: mature enterprises continuously improve along the dimensions valued by mainstream customers and keep adding weight to the high end, but thereby neglect low-end and marginal demands, these abandoned gaps precisely provide a foothold for entrants with limited resources [11]. The value innovation advocated by Blue Ocean Strategy likewise calls for moving beyond existing boundaries to open up a separate market space [12]. From this, the basic judgment of this paper can be derived: the higher the degree of homogenization, the more market attention becomes concentrated on a few value dimensions, and the more obvious the remaining gaps become. The logic of pain-point differentiation lies precisely here—avoid the frontal battlefield and respond to those needs that everyone has ignored but that truly exist.

3. The path by which start-up enterprises seize business opportunities through pain-point differentiation

3.1. Path one: pain-point identification—from the homogeneous surface to the depths of differentiation

The core difficulty of entrepreneurial opportunity identification is not the discovery of market problems, but lies in effectively distinguishing their commercial value. Explicit and universal demand problems in the market have for the most part, already been addressed and optimized by existing enterprises, and are difficult to convert into differentiated competitive advantages. Latent pain points possessing entrepreneurial value are mainly concealed in three types of scenarios: first, high-frequency homogeneous negative feedback from users—unlike scattered individual bad reviews, demand deviations repeatedly observed by multiple users often reflect structural supply deficiencies in the industry, second, users' spontaneous workaround behaviors—when users take the initiative to adopt inefficient alternative solutions in order to circumvent product or service shortcomings, this indicates that this pain point has long been unaddressed and constitutes latent demand ignored by the market, third, the entrenched inertial flaws of the industry—operational shortcomings taken for granted as normal within the industry are long neglected because practitioners' thinking has become rigid, and these constitute the core breakthrough opportunity for start-up enterprises.

Start-up enterprises have inherent advantages in latent pain-point identification: they are close to the end market, their decision-making chains are short, and founders mostly possess deep user insights, this firsthand perception of demand cannot be replaced by traditional standardized research. However, subjective experience and intuitive judgment must be verified by scientific methods. Lean start-up theory proposes that demand verification can be completed through a minimum viable product, in combination with low-cost approaches such as user interviews, prototype testing and pre-sale validation [13]. Blank [14] likewise emphasizes that entrepreneurial judgment must depart from subjective preconception, go deep into market scenarios, and rely on real user feedback to determine the authenticity of a pain point and its implementation value.

3.2. Path two: differentiated positioning—transforming pain-point insight into a unique value proposition

Seeing the pain point is only the beginning, whether it can be translated into a single sentence that users are willing to pay for is what determines success or failure. Positioning theory long ago reminded us that, in a market where products are highly homogeneous, the real battlefield of competition is not on the shelf but in the customer's mind [15]. In practice there are two common pits. The first is self-indulgence: the uniqueness the enterprise labors to polish is something users simply do not care about. The other is pseudo-differentiation: functions are accumulated, yet not one of them addresses a real pain point, and costs are driven up instead. Effective positioning is exactly the opposite—simple, sharp, and understood at first hearing. This also means that one must give up pleasing everyone. Being merely adequate on ten dimensions is far less valuable than being outstanding on one.

3.3. Path three: resource orchestration—supporting the implementation of differentiation with limited resources

However accurate the positioning, it is meaningless if it cannot be implemented. The resource constraints of start-up enterprises are binding, and the key lies in trade-offs. Resource orchestration theory points out that value creation depends on how resources are combined and leveraged, not on how much is possessed [7]. In concrete operation, the portion of capabilities surrounding the core pain point must be firmly controlled and carefully refined, links unrelated to differentiation should, as far as possible, rely on external resources, addressed through OEM manufacturing, outsourcing or channel cooperation. Domestic research on asset-light new ventures also corroborates this point: leveraging value with the lowest input relies precisely on internal capabilities such as resource integration and value innovation, rather than on asset scale [16]. There is only one purpose: to concentrate limited resources to achieve sufficient critical mass on the dimension of differentiation. Resources are superior not in quantity, but in concentration.

3.4. Path four: continuous iteration—maintaining the differentiation strategy in dynamic competition

The successful solution of one pain point often means that new competitors are about to pour in, today's difference may well be tomorrow's homogeneity, and therefore differentiation cannot stop at a one-off action. Iteration contains two directions. One is to go deeper, continuously refining the solution to the existing pain point, the "build—measure—learn" loop advocated by the Lean Startup is precisely the engine of iteration [13]. The other is to explore new opportunities: both the market and users are changing, new gaps will keep emerging, and only by staying alert can one stay a step ahead. This mutually corroborates the core proposition of dynamic capability theory: the ability to continuously sense opportunities and reconfigure resources is the true source of advantage [5, 6]. The user data, brand trust and community relationships accumulated day after day through addressing the pain point will gradually coalesce into a composite advantage that is difficult to replicate. Running fast is of course important, but sustaining long-term momentum is the real moat.

4. Safeguard mechanisms and risk prevention for the implementation of pain-point differentiation

4.1. Internal safeguard mechanisms

The safeguard mechanisms for implementing pain-point differentiation must first be internal. The organization must remain agile, a flat structure, rapid decision-making, and an atmosphere that tolerates trial and error all serve to let the enterprise adjust at any time in close alignment with market changes, once the hierarchy becomes bloated, sensitivity to pain points is blunted. The key capabilities surrounding the core pain point must be mastered by the team itself, and the channel from user feedback to product improvement must also be short, since the speed of this channel directly determines iteration speed.

4.2. Building external barriers

Externally, the advantage must be locked in, otherwise it is easily seized by imitators. Barriers may come from the brand: when a certain pain point is firmly bound to a certain brand, latecomers find it very hard to break in. They may also come from the loyal users precipitated by communities and membership systems, whom competing enterprises find very hard to imitate and from whom they cannot obtain the same allegiance. They may also come from data and network effects: the more users, the more precise the product, and a virtuous cycle is thereby formed. In building external advantages an enterprise need not cover every front, but must possess at least two outstanding advantages.

4.3. Common risks of pain-point differentiation for start-up enterprises and their prevention

There are mainly four types of risk. First, the risk of demand misjudgment: after blind investment, enterprises are prone to the problems of market demand failing to materialize and low user acceptance, large sunk costs need to be avoided through lightweight iterative validation. Second, the risk of being overtaken by peers: an effective differentiated track is easily replicated by leading enterprises by virtue of their resource advantages, and enterprises need to build competitive barriers rapidly and iterate continuously. Third, the risk of market constraints: some segmented pain points have a limited audience range and insufficient growth space, so market size and expansion potential need to be assessed in advance. Fourth, the risk of resource mismatch: limited entrepreneurial resources are allocated away from the core track, making it difficult for a differentiated competitive advantage to be effectively formed.

5. Case analysis

5.1. Analysis of a typical enterprise case

Soft drinks are one of the most severely homogenized fields, with the shelves long divided up among big brands. Genki Forest, founded in 2016, precisely grasped the sugar-control and light-burden consumption needs of young consumers, replaced traditional sugar with erythritol, and launched core products such as zero-sugar, zero-fat sparkling water, sugar-free tea drinks, and Alien electrolyte water. According to publicly reported figures, its domestic market share in sugar-free sparkling water reached 39.2%, the market share of Alien electrolyte water reached 69.1%, and the annual sales of that single product exceeded 5 billion yuan, the growth rate of new products such as

iced tea and vitamin water exceeds 50%. The brand has built a nationwide omni-channel distribution network, and its products are sold in more than 40 countries. What it addressed was the long-standing contradiction of "wanting something sweet yet fearing weight gain": sugary drinks taste good but are high in calories, while sugar-free drinks are healthy but taste bad, and young people who both care about their figure and crave good taste have never had an ideal choice.

Following the four-stage path, its approach shows a clear logic: in identification, it seized a high-frequency yet latent demand against the backdrop of the health trend, in positioning, the proposition "zero sugar, zero fat, zero calories" is simple and clear, easily understood by users, in orchestration, it adopted an asset-light strategy through an OEM model, concentrating resources on formula R&D and youth-oriented communication, in iteration, it extended from sparkling water to sugar-free tea, expanding along the health-focused trajectory. One ignored pain point pried open a market that had been considered long saturated. It should be noted that this paper takes its pain-point entry point and path evolution as its logic, as to whether its publicity wording was rigorous (the distinction between "0 sucrose" and "0 sugar" once triggered controversy) and whether its technological barriers are solid, these belong to another level of question and are not evaluated here.

5.2. Case implications

Combined with the comparative analysis of multiple cases, this paper summarizes three practical implications for the pain-point-driven differentiated development of start-ups. First, high-quality entrepreneurial opportunities are often hidden in existing demand contradictions in the market: consumers frequently have to choose passively between two flawed options, and products that resolve this dilemma while accommodating multiple demands can open up the market quickly. Saturnbird Coffee, founded in Changsha in 2015, is a case in point: traditional instant coffee tasted poor, while freshly ground coffee was time-consuming, and by relying on freeze-drying and fresh-locking technology the brand delivered high-quality coffee that dissolves in three seconds, thereby opening up the new segment of premium instant coffee and topping Tmall coffee sales for several consecutive years since 2019. Secondly, a concise and clear differentiated positioning facilitates market communication, effectively reducing brand promotion costs and quickly gaining consumer recognition. Finally, start-ups have limited resources and therefore need to focus on the core dimension of differentiation, allocate resources precisely, continuously optimize products and services around users' core pain points, and consolidate short-term market opportunities into long-term, stable competitive advantages.

6. Conclusion

Homogeneous competition is inevitable, and start-up enterprises will also experience homogeneous competition. The basic judgment of this paper is that the essence of homogenization lies in the excessive concentration of market attention on a few value dimensions, which conversely implies that numerous latent pain points remain underserved, thereby creating space for latecomers. For resource-constrained start-up enterprises, rather than competing hand-to-hand along crowded dimensions, it is better to take a flanking approach and achieve dislocated competition: identify the real pain point, transform it into a sharp value proposition, concentrate limited resources narrowly, and consolidate advantages through continuous iteration, internal agility mechanisms and external competitive barriers serve as its dual safeguards.

This paper is based mainly on theoretical deduction and case analysis, and the universality of its conclusions still requires empirical testing with larger samples. But one point is clear: in a market

that grows increasingly alike, only enterprises that dare to be different and that make that difference solid have a chance to be remembered.

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