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BUSINESS

Category Creation: How to Build a Company Nobody Can Compete With

By Scott Tischler · July 28, 2026 · 9 min read

The Losing Game Nobody Warns You About

Twenty years into building marketing technology — after stretches inside American Express, MetLife, and UBS, and a lot of nights studying strategy at Wharton, Harvard, Yale, and Oxford — I've watched hundreds of founders make the same expensive mistake.

They build a better version of a thing that already exists.

Better CRM. Faster analytics. Cheaper email. Smarter chatbot. The pitch always sounds reasonable: the market is proven, the buyers already have budget, and you just need to be 20% better. It feels safe. It is the opposite of safe.

When you compete inside an existing category, you inherit that category's rules — its buying criteria, its feature checklist, its price ceiling, its incumbents with ten-year head starts and nine-figure war chests. You walk onto a field the leader designed, wearing a jersey they printed, playing by a scorecard they wrote. You can play brilliantly and still lose, because the game is rigged before you show up.

The founders who build companies nobody can compete with don't play that game better. They quietly cancel it and start a different one — a game where they are the only team on the field, because they drew the lines.

That's category creation. And it's the single highest-leverage move available to a founder. Not a bigger budget, not a smarter algorithm — a new category you define and own.

Here's how it actually works, from someone who's done it.

Why "Best" Is a Trap and "Only" Is a Moat

Start with the psychology, because that's where the whole thing lives.

Buyers don't evaluate you in a vacuum. They evaluate you against a reference set — the mental shelf of alternatives they already know. The moment a prospect files you under "another one of those," you've lost control of the story. Now you're being compared on their axes: price, features, integrations, brand familiarity. And on familiarity, the incumbent wins every time.

"Best" is a trap because best is relative, contested, and exhausting to defend. There's always a competitor with a benchmark, a louder claim, a lower price. You spend your whole life one feature release away from irrelevance.

"Only" is a moat because only is a category of one. When you're the only company that does the specific thing a buyer has decided they need, the comparison collapses. There's nothing to compare you against. You're not the best option; you're the option.

The goal of category creation is to move yourself from an adjective ("the best X") to a noun ("the X company" — where you invented X). Adjectives get commoditized. Nouns get remembered.

The Framework: Name, Frame, Default

I've distilled category creation into three moves. They're sequential, and skipping any one of them is why most attempts fail. Most founders reach for the third move — being the answer — before they've done the first two, and it never sticks.

Move One: Name the Problem Before You Name the Product

Categories aren't born from products. They're born from problems that don't have a name yet.

Here's the counterintuitive part: your customers are already feeling the pain you solve. They just don't have language for it. It sits in their chest as a vague frustration, an anxiety they can't articulate, a workaround they've quietly accepted as "just how it is." Your first job isn't to sell a solution. It's to give that pain a name so sharp the buyer suddenly sees it everywhere.

Naming the problem does something no feature list can: it creates recognition. The prospect reads your name for the problem and thinks, "Wait — that's exactly what's happening to me, and I didn't have words for it until right now." That flash of recognition is worth more than any demo. You've just become the person who understands them better than they understand themselves. Trust follows understanding, and buying follows trust.

Practically, naming the problem means:

- **Find the unarticulated pain.** Listen for the phrase customers repeat when they're frustrated. The raw language is in there.

- **Give it a name with a villain.** The best problem-names have an implied enemy — the old way, the hidden cost, the thing quietly failing. Tension creates urgency.
- **Make it bigger than your product.** Name the problem at the level of the customer's real stakes — revenue, risk, relevance — not at the level of your feature.

If you name the problem well, the category almost names itself.

Move Two: Frame the Shift as Inevitable

Once you've named the problem, you have to explain why it exists now. Why has this pain appeared? What changed in the world to make the old way suddenly insufficient?

This is the frame, and it's the part founders most often botch. A category isn't just a problem — it's a story about a shift. Something moved. An old paradigm is ending and a new one is beginning, and your company exists to help buyers cross from one to the other. Your job is to make that shift feel not just real but inevitable, so that standing still feels like the actual risk.

The structure of the frame is always the same three beats:

1. **The old world worked like this** — and here's the assumption it quietly depended on.
2. **That assumption just broke** — because of a specific shift in technology, behavior, regulation, or economics.
3. **So the old approach isn't just weaker now — it's built for a world that no longer exists.**

Notice what this does. It reframes the incumbents not as competitors but as artifacts. They're not worse than you; they're from before. You've moved the entire conversation from "which vendor is better" to "which era are you living in." No incumbent can win that argument by shipping a feature, because the problem you've handed them isn't a feature gap — it's an identity built for a dead paradigm.

The frame is also what makes urgency honest. You're not manufacturing fear; you're pointing at a shift that's genuinely happening and asking the buyer whether they want to be early or late.

Move Three: Become the Default Answer

Now — and only now — you get to be the answer.

The mistake is racing here first: declaring yourself the leader of a category buyers don't yet feel is real. Leadership of a category nobody believes in is just noise. But once you've named a problem people recognize and framed a shift they believe in, there's an open question hanging in the air: ***okay — so what do I do about it?*** Becoming the default answer means being the most obvious, most complete, most trusted response to that question.

Being the default is earned through relentless association. You want your company's name and the category's name to become nearly interchangeable in the market's mind. Here's how you compound toward that:

- **Publish the definitive point of view.** The company that writes the category's foundational ideas owns the category. Don't guard your thinking — give it away. Every buyer who adopts your language is walking around with your marketing installed in their head.
- **Set the buying criteria.** Whoever defines how the category should be judged wins it. Publish the standard — the things any serious solution must do. If you set the rubric honestly around the problem you're built for, competitors have to explain why they fall short of a standard the market now takes for granted.
- **Show up everywhere the question is asked.** Be present in every venue where a buyer articulates the problem — search, communities, conversations, and increasingly, AI assistants. The default answer is the one that's already there when the question gets asked.
- **Deliver, then narrate.** None of this survives a product that doesn't work. Being the default requires the substance to back the story. Ship results, then tell the story of those results so the next buyer arrives pre-convinced.

Do this consistently and something powerful happens: competitors start describing themselves in your terms. The moment a rival says "we're like [your category], but…" — you've already won. They're advertising your category and positioning themselves as the derivative.

Living It: The AEO Category

I'll make this concrete with my own company, because I'd rather show than tell.

At AIrecommend.ai, we saw a shift most of the market hadn't named yet. For twenty years, getting found meant ranking in search results — the discipline everyone called SEO. But buyers had quietly stopped starting at a list of blue links. They'd started asking an AI assistant a question and taking the answer it gave them. The old assumption behind SEO — that people browse a page of options and choose — was breaking in real time.

So we named the problem: brands were becoming invisible not on search result pages, but inside the AI answers where decisions were now being made. We framed the shift: optimizing to rank on a page is built for a world of ten blue links; the new world is about being the answer the AI recommends. And we planted a flag in a category built for that reality — Answer Engine Optimization, AEO — and set about being its default answer rather than the four-hundredth-best SEO tool.

Notice the moves. We didn't build a marginally better SEO product and fight incumbents on their turf. We named a problem buyers were feeling but couldn't articulate, framed a shift they recognized the second we described it, and moved to own the answer to the new question. That's the whole game.

The Uncomfortable Truth

Category creation is harder than category competition. That's precisely why it's a moat.

Competing is easy to start and impossible to win — a slow grind against entrenched leaders on a field they own. Creating is hard to start and, once it takes, remarkably hard for anyone to unseat, because you're not defending a feature. You're defending a definition. And the company that defined the category holds a position no feature release can dislodge.

You don't need to be the biggest company in your market. You need to be the only company in your category. Name the problem no one has named. Frame the shift everyone will soon accept. Become the answer buyers reach for by reflex.

Do that, and you stop competing entirely — because the market stops seeing anyone to compare you to.

Key takeaways

- Competing inside an existing category means playing by the incumbent's rules, scorecard, and price ceiling — you can play perfectly and still lose.
- "Best" is a trap (relative, contested, endlessly defended); "only" is a moat (a category of one, where comparison collapses).
- Name the problem before the product: give buyers language for a pain they feel but can't articulate, and recognition becomes trust.
- Frame the shift as inevitable: position incumbents not as competitors but as artifacts built for a world that no longer exists.
- Earn the default by publishing the definitive point of view and setting the buying criteria — whoever defines how the category is judged wins it.
- You don't need to be the biggest company in your market; you need to be the only company in your category.

Frequently asked questions

Isn't category creation just expensive marketing that only well-funded startups can afford?

The opposite. Competing on features and price against entrenched incumbents is what requires a massive budget. Category creation is a positioning and narrative discipline first — naming a real problem and framing a genuine shift costs clarity and conviction more than cash, which is precisely why it suits founders who can't outspend incumbents.

How do I know if there's a real category to create versus just clever branding?

The test is recognition and inevitability. When you name the problem, do buyers light up because you've articulated something they already feel? When you frame the shift, is it grounded in a real change in technology, behavior, or economics that's genuinely underway? If both are true, the category is real. If you're manufacturing a distinction nobody feels, the market will see through it.

What's the most common way founders fail at category creation?

Skipping straight to being the answer — declaring themselves the leader of a category before they've named a problem buyers recognize or framed a shift buyers believe in. Do the first two moves and the third earns itself. Reverse the order and you're a self-proclaimed king of an empty kingdom.

About the author. Scott Tischler is the Founder & Chairman of AIrecommend.ai and a practitioner-authority on AI search and Answer Engine Optimization. With 20+ years in marketing technology — including American Express, MetLife, and UBS — and executive study at Wharton, Harvard, Yale, and Oxford, he helps businesses become the ones AI recommends.