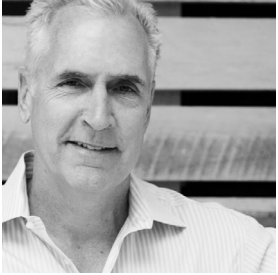




Differentiation

# Q+A



## From the Expert: Differentiation and Its Role in Competitive Advantage

Sales training consultant Bill Caskey explains what companies need to consider in their efforts to differentiate themselves.

Differentiators come in two main categories: Companies that know they have something unique to offer and are seeking to get the word out, and companies still trying to find a unique feature. In this Q&A, Bill Caskey, president of sales training firm Caskey Training, talks about the benefits and struggles of pursuing a differentiation strategy.

### How can a business find its differentiating factor?

**Bill Caskey:** You have to take an honest look at your company to determine your uniqueness. Many companies are unable to do that, though, because they're so close to it, and they start rattling off things any company would say. Maybe you think you're different because you have spectacular customer service—but that's something every company is going to push. So be rigorous about finding something truly different about your product

or the way your company works, even if it's a tiny little thing. Maybe all of your relationship managers are MBAs. That's a small, but very concrete, specific differentiator that customers can point to and say, "They understand business better than anyone else."

### What does a differentiation strategy require of a company?

**Caskey:** A massive change in thinking and change in beliefs. If you have new strategies but are still stuck in old thoughts, the new strategies won't work. Or they might have the potential to, but you may give up on them too quickly. And that happens because you never changed the core thinking about what it means to be in business, what this product really is and how you're going to transform people's lives with it. You need to be thinking about thinking. Organizations don't give that idea enough credence. If you can't change your belief, then

your actions and your business are really not going to change.

### What is a mistake you see companies make when focusing on differentiation?

**Caskey:** They'll say something matters and then abandon it. I've heard a million companies brag that they're different because they have "the best people." But you can't just say you're different because of your people—why they are the "best" has to be made obvious to the customer. If I go to the company's website to learn about their employees, and there's no information about who they are or what they specialize in, I'm not going to trust the "best people" claim. You should build your employees' sub-brands, show them off online and have them write blogs or make videos, so I know you truly value that differentiating factor. This isn't something where you're going to finish a strategy meeting, decide

what makes you different, and say, "Okay, we're done here." You need to be constantly out there proving you're different.

### Is one consistent differentiator enough, or do companies need to continually find new ways to be different?

**Caskey:** That varies for each business, and you can determine your situation by making sure someone at your organization is paying attention to larger industry trends. You need to think in the long-term, which is easy to neglect if you're busy trying to meet a quota for the next 30 days, for example. Keep refining your strategy. It's easy to assume you'll know if a strategy is flawed because the numbers won't be there. In fact, you can be very successful and still pursuing the wrong strategy because you're not thinking ahead to a sustainable, long-term future.

# How to Talk About Your Company (and Say Something Meaningful)

Knowing your story is the key to knowing how your business can succeed.



To stand out from the competition, many businesses are **shining the spotlight on their “story,”** but only a select few are extracting the true value of this approach.

One reason: Many business leaders view story in a limited way. “They just think about it as the storytelling, such as how to give a better presentation at a company event,” says Clay Hausmann, principal at Treatment, a brand strategy consultancy based in the San Francisco Bay Area.

Or, businesses will assume that putting their story on their About Us page of their website or into part of their mission statement is sufficient. “Your brand story is not a back-burner topic,” says Everett Bowes, a brand-story consultant based in West Palm Beach, Florida. “It is your company’s essence, your DNA, your filter, your guide. It’s everything.”

Businesses that effectively leverage their story build powerful connections with partners, such as customers and employees, who are then motivated to buy more or work harder, Hausmann says. “Story differentiates you from anyone else in your category.”

The key is using story elements to design a coherent strategy. One technology company Hausmann worked with described itself using generic terms like “innovative” and “disruptive.” When he asked executives to define the company’s specific genre, they focused on accessibility and the importance of an intuitive user experience. However, they didn’t realize the resulting implications of that distinction.

“I said, ‘If you want to be in this genre and be known for simplicity, then your product testing process has to change; your accessibility for customer service has to change; and your materials and language on your website have to change,’” Hausmann says.

When Bowes works with companies to develop their stories, he uses a framework that covers the brand’s identity, the target customer’s identity, the competitors’ identity and the brand’s communication goals.

When these elements align, they prevent businesses from making the common error of attempting to imitate other successful brands. “The key in the competitive landscape is to become more of who you are instead of becoming more like everybody else,” Bowes says.

For business leaders feeling uncertain about their stories, Hausmann recommends taking a critical look at your strategy and asking: Are we authentically qualified to do what we say we’re doing?

“A lot of companies will see an opportunity in the market and build a strategy around that, but then realize that either they don’t have the team or market position or background to do it.”

A successful strategy based on story isn’t about trying to be everything to everyone, Hausmann says. More simply, sustainable business opportunities lie at the intersection between what the firm is uniquely capable of and what its customers truly value.

**“What typically happens is you look at your competitive neighbor and say, ‘They’re making a killing doing X. We need to do that, too.’ Then, you become like them.”** — Everett Bowes

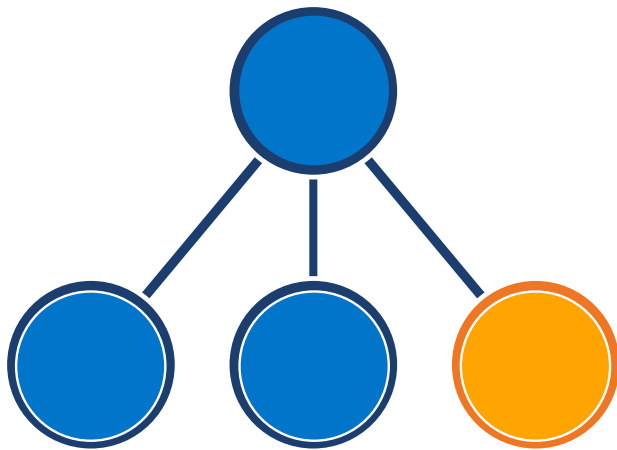
# 5 Ways to Highlight Your Point of Differentiation

Use this checklist to help set your products and services apart from the competition.

According to a survey by Bain & Co., 80 percent of businesses believe they have differentiated offerings, but only 8 percent of their customers agree.<sup>1</sup> Experts estimate that companies with truly differentiated offerings have an 80 percent chance of long-term success, as opposed to 20 percent of companies with an indistinguishable selling point.<sup>2</sup>

Here are five ways you can capitalize on your unique point of differentiation and distinguish yourself from the competition:

<sup>1</sup> "Closing the delivery gap: How to achieve true customer-led growth," 2005, Bain & Company; <sup>2</sup> "Why do Most Products Fail? 3 Techniques to Leverage Hidden Needs," Innovation-Management.se; <sup>3</sup> SunTrust Quarterly Nationwide Survey



# 1

## Accentuate your strengths

Take advantage of what your company is good at. This could be anything from the quality of your product to the price, the customer service or the perks or warranties that come with it. Supermarket chain Whole Foods, for example, has become known for its commitment to healthier brands and products, to the point where customers can trust the quality of everything on the shelves, regardless of whether they recognize the label.

# 2

## Work on perceptions

The greater the competition, the more important it is to have a recognizable point of differentiation. However, being different isn't enough; you have to make sure your customers know why you are the better option than your competitors. Market your points of differentiation, and cultivate strong customer relationships along the way.

# 3

## Know your target customer

It's impossible to be all things to all people. Instead, concentrate your marketing efforts on **consumers who are best suited** for the unique offerings of your product or service. The car sharing company Zipcar has done this by appealing to millennials' demand for car rentals that are low-cost, low-commitment and convenient and has established itself in cities with a large millennial population.

# 4

## Adopt a simple, unique selling proposition

A straightforward and simple selling point or product guarantee can help distinguish your products or services from others. Domino's Pizza's claim "we'll deliver in 30 minutes or less, or it's free!" is a noteworthy example. It's easy to understand and lays out a clear, quantifiable promise to its customers.

# 5

## Be first

The first company with the newest advance in your industry, the first to combine two distinct products or the first to try a unique tweak to a proven idea. Apple has stood out from the pack by utilizing new technology and design to redefine existing products and markets. SunTrust research shows that 48 percent of midsize businesses value innovation in order to fulfill their competitive strategy.<sup>3</sup>

# How a Hotel Benefited by Leveraging Its Company Story

By refining its marketing collateral to promote specific amenities, a South Florida hotel is increasing engagement.

## THE COMPANY

When a company's story isn't consistent across brand communications and everyday practice, customers can feel like they're dealing with a split personality.

This common problem was plaguing a South Florida boutique hotel that called on brand-story consultant Everett Bowes for help with differentiating itself and creating a new social media and Web presence. The cause? A lack of internal understanding of the company story.

"Everybody thought they knew the story of the company, but they were going in completely different directions," says Bowes, who is based in West Palm Beach, Florida.

**"Brand story is about knowing who you are, who your customer is and how you are different from those around you." — Everett Bowes**

## THE CHALLENGE

The four keys to developing a story are the brand's identity, the target customer's identity, the competitors' identity and the brand's communication goals, Bowes says. For companies to connect with customers, all four need to work together.

At the hotel, nothing was in sync. Although management described the hotel as elegant, customers perceived it as having a casual, approachable personality. The hotel's marketing didn't fit its identity, and rather than being unique, was attempting to imitate that of a high-end competitor. Furthermore, the everyday actions of employees weren't reinforcing the features that made the property worth visiting.

## THE SOLUTION

Bowes first worked with the hotel's leadership to analyze the four keys and to identify what made the hotel unique.

"The hotel stopped trying to be everything to everybody, which is the common death trap for most brands," Bowes says. "Management learned to develop aspects of the brand story that keyed into the sights, sounds, smells and tastes that are unique to the brand offering."

The hotel now uses its story, which focuses on its high-quality food, drinks and atmosphere, as the blueprint for communications and actions. Advertisements were updated to feature those three amenities, and staff training changed, too. When employees interact with guests in one facility—be it the pool, the lobby or a lounge—they now promote the on-site restaurants, bars and other locations.

Brand awareness and recall are higher, and the hotel's social media presence and engagement have also grown.

"Knowing who they are, and who they are reaching out to, gives them confidence to create content they know is on target," Bowes says.

Because employees now understand their specific role in acting out the brand's story, employee retention has climbed, as has the quality of customer service. That all adds up to a better, more consistent, brand reputation—and ultimately a competitive advantage.

