

DISPATCHESTM

Insights On Brand Development From The Marketing Front

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GETTING BEYOND PARITY

Very recently a client shared an announcement with us that came from a competitor. It reveals that the competitor has beaten them to the punch in introducing an important new product with advanced features. The client had been working in this same area. In fact, we had assisted them in developing a global brand positioning for their proposed entry, which, at the time, was in technical development.

This is a blow to the company. Whereas some time ago they thought they might enjoy a feature and performance advantage in driving preference among target customers they now find themselves back on their heels. They were knocked there from a competitor they did not expect had the wherewithal to compete effectively. This competitive blow, which they recently discovered was coming, left them stunned, undermining morale and fogging competitive strategic thinking and action. It has sent them back to the drawing board.

Actually, this situation is not an isolated one. It happens more than we observe or care to admit. The fact of the matter is, as we have stated many times, we live in an “age of sameness.” Our products are basically the same and offer the same generic benefits. Oftentimes an implied “feature” advantage does not translate into an inferred or actual performance advantage. Our people are the same. It does not matter if we are comparing marketing, sales, product development managers, etc. People flit from one company to another, even bringing their talents to bear on behalf of competitive companies. Our operating practices are the same too. Namely, the vast majority of competitive companies lack disciplined processes in the marketing area that leverage creativity, contribute to achieving predictable outcomes and/or provide operational advantages.

Feature and product advantages are fleeting in the age of sameness. In other words, they are short lived, if they exist at all. (Mostly these so-called advantages exist in our minds not the customers.) An advantage, even a technological one, is often quickly neutralized by a competitor, and may even be trumped. Patents and formulations are easily detoured. It seems everyone is on the same beach attempting to catch the same wave in the hope of surfing to the same point on shore.

This sameness leads to a marketplace dynamic whereby purchasers “commoditize the category” and all its product and service offerings. If everything is perceived as essentially the same then the (subconscious) process of commoditization serves to aid the purchaser in a number of important ways. Commoditizing the category’s entries makes decision making easier for the customer. There are fewer criteria from which to choose. It also minimizes any dissonance on the part of the purchaser in making a choice. Moreover, it drives the key decision criteria to pricing,

since comparative performance value propositions are not perceived to be different.

When customers commoditize the category and its entrants it reduces everyone to parity. There is no reason for selection beyond habit or pricing or some spurious, non-essential criteria. This all takes place because the marketer did not establish relevant and meaningful differentiation with target customers. The marketer failed to get beyond the tangible features and attributes of the product to take-in important intangibles that contribute to the experience and relationship with customers.

Intangibles are not intrinsic to the “product.” They are found outside the physical product but contribute to the establishment of the “brand.” The brand being a constellation of values that create a special relationship with customers. And while intangibles are not material in nature (i.e., not physical) they are not immaterial to customers’ perceptions and experiences. Therefore, these non-material elements are material to the ultimate success of the brand.

What are intangibles? Let’s start with what they are not. Intangibles are not emotional needs or benefits. Nor are intangibles claims about the product or brand. Instead, intangibles are things like services, terms, etc., that complement the product to create a unique value proposition for customers. For example, an intangible could be “extended payment terms” to make a product affordable for customers. Or it could be a special service such as “free gift-wrapping” or “delivery” of products. Intangibles include “training and certification services” that are provided free of charge to customers in the use of their product whether it be a surgical device or personal computer. For example, Apple stores are staffed with “geniuses.” They are found at the “genius bar” within the stores. (Sorry no alcohol is served. It’s not that kind of a bar. They only serve advice and solutions.) Their role is to assist customers in maximizing utilization of the MAC. These elements such as terms, services, etc., do not constitute the physical product. Rather, they are part of the larger brand bundle.

These things we call intangibles, which have a profound effect on driving customer preference, are often taken for granted by marketers. We tend to miss, ignore or discount their value in our minds and in the development of the value proposition. Worse yet, when times get tough these intangibles are some of the first things to be cut by management. Yet when we ignore or choose not to call attention to those intangibles that serve to meaningfully differentiate our offering we reduce the offering to physical features and attributes, and generic benefits. We contribute to establishing parity. We leave ourselves vulnerable to competitive product “feature” developments.

BOATS & HELICOPTERS:

How might we get beyond parity and stay ahead of competition? Here are some suggestions for your consideration:

- 1. Recognize that we live in an age of sameness and plan accordingly.** Know that any tangible advantage is probably short lived – particularly where competitors are competent. “Feature” advantages today will be quickly neutralized tomorrow. They may even be trumped. Moreover, many so-called feature advantages may not translate to perceived performance advantages. So do something about it that will establish your offering as being different!

2. **Don't ever underestimate your competition.** They may not have been as successful as your company has been in the past but fortunes change for focused competitors. Reverse roles for a moment. Take the role of the competitor and plan to beat your own offering. Then reverse roles yet again. Knowing what the competitor might do plan to forestall or counter their strategies and activities.

3. **Get clear on your brand positioning.** Know what "meaning" you want to create for a specific target customer group with which you want to establish a loyal, mutually beneficial relationship. This meaning should be relevant to the customer and meaningfully differentiated versus competition. Then align the activities and initiatives of all functional groups within the company to deliver the brand positioning in the marketplace. Cut anything that is not consistent with the brand positioning. These negative activities will drain resources depriving the company and brand of the critical mass needed to stay ahead of the competition.

4. **Get beyond the product you sell and think about the experience you deliver to customers.** It is a good idea to list all the tangible elements of your product. Then take time to identify intangible elements. These are likely to come through the company. Do the same for competitive offerings. Think through which of your intangibles contribute to differentiating your offering versus competition. Do not settle for promoting your products through mere tangible aspects such as features and generic benefits. It merely contributes to reinforcing parity perceptions among customers. Use the intangibles to establish a relationship.

5. **Reinvent the company to provide relevant intangibles** that meaningfully differentiate your brand, and all its offerings, in a way that drives customer preference over competitors. Invest in creating intangibles. The more significant and exclusive the intangibles the more they will serve as a barrier to being commoditized by customers and reducing your offering to a parity product.

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