

SMT



Competitive Differentiation: The Battle for Customer Perception, Part II

By Ted Turner, CoGen Marketing

Part II of this [two-part series discussing competitive differentiation](#) focuses on competitive comparisons and how to take action with this information.

[In Part I, I discussed why competitive differentiation is important, and market segmentation.](#)

Whoever stops talking first loses. If your salesforce cannot accurately and informatively respond to a customer comment comparing your company or product to a competitor's, your sales person just lost momentum. "I don't know" and "I'll get back to you" bring sales conversations to a close and do nothing to build credibility. One of the key goals of competitive analysis is to arm your salesforce with the information they need to keep sales conversations going, including proof behind the statements. To achieve this goal, take a three-step approach: gather data, quantify differences, and apply the "so what?" test.

Before you begin a competitive investigation, put together an investigative dream team. Deep-dive investigations are relatively short-term projects requiring few full-time resources. Create job descriptions and recruit the top talent inside your organization for each position. You'll want representatives from marketing, R&D, sales, support, and finance — possibly more, depending on your business. Define your game plan. What data will be collected? How will the data be stored? How will the collected data be analyzed? Design offensive and defensive experiments, and focus equal interest on strengths and weaknesses. Form a clear picture of the ideal outcome once you have collected all of the data you need. Create templates to present your rich final analysis and review these deliverables with sales.

Depending on your business and product complexity, collecting rich competitive data may be an expensive exercise. Justify this expense with hard data using your discount rate and your win/loss ratio. Flesh out this data with qualitative information answering the following or similar questions. What justified each abnormally high discount approval? Is the win/loss ratio worsening over time? Collect quotable quotes from your customers and salesforce that shine a light on where your competitive knowledge is deficient. How many months of discount dollars are required to pay for the investigation? What do you estimate the discount rate will drop to after you've completed your competitive action plan? How many lost sales are required to pay for your investigation? A realistic proposal based on real data generally is evaluated seriously by management. A well-defined situational inventory will guide you through data collection and analysis.

Competitive comparisons should be made at every level: product comparisons, business model comparisons, user interface, easy-to-learn versus easy-to-use, customer training, geographic presence, service and support

comparisons — just to name a few. What is often ignored is "quantifying" the comparisons. In your prospective customers' eyes, better doesn't count. If you just say "we're better," then that's just your opinion and you may appear defensive — possibly even ill-informed — to your prospect. However, if you present "we can, they can't" and "we have six, they have one," now your prospective customer has a basis for comparison, a conversation is underway, and you appear knowledgeable about the industry.

Define Strengths

To compare product features, spend time learning your competitors' product. If this is a complicated system, you may need to hire an expert to operate the competitors' product. Always dive deep and gather lots of data using a scientific approach. Consider comparing standard deviation of multiple measurements. Get creative. Don't worry about forming comparative opinions at this stage; worry about collecting all possible data. You will analyze this data for weeks or months to follow.

Measure service response time; you may need to interview customers to do this. Measure customer scorecards from seminars and training classes. Measure customer satisfaction. Anything you can measure and quantify can become a competitive differentiator. What you cannot measure becomes competitive anecdotes — nice to have, but less powerful.

Now that you have compiled a mountain of measurement data, turn that data into actionable knowledge. Start by reviewing the ideal outcomes you defined before data collection. Remember, your goal is to shape customer perception to prefer your brand and products resulting in sales leads; to arm your salesforce with offensive and defensive talking points and proof; and to provide product generation with rich information to drive product improvements.

Take your quantified strengths and ask "so what?" repeatedly, until you get to a true benefit. For example, your tester throughput is 70, and your competitor's is 50. So what? Well, for a customer producing 1,000 units, they will need on average about 14 (1000/70) of yours versus 20 (1000/50) of your competitor's. So what? Well, your tester sells for \$1,000 and your competitor's sells for \$800. $14 \times \$1,000 = \$14,000$ and $20 \times \$800 = \$16,000$. That means your customer saves \$2,000 by buying your tester instead of your competitor's. That is a true benefit. By creating many "true benefits," you position your products in terms of value. In this example, low price did not mean low cost. You were able to position your product as the low-cost solution even with a higher price, through competitive differentiation.

Deliver the Message

For sales, create competitive training (do hands-on training while you still have competitive equipment rented), create comparative tables making the quantified differences clear and easy to find, create talking points to highlight your strengths and neutralize your weaknesses. Do just the opposite about your competitors, and create customer presentations. After the initial deliverables, keep your salesforce up to date with periodic competitive update emails, newsletter articles, and podcasts.

For marketing, strengthen your value proposition, create messaging strategies around your value proposition, drive ad campaigns, update product literature, write white papers, adjust pricing, and better manage discount approvals.

In product generation, launch competitive improvement projects to neutralize or eliminate competitors' strengths; improve current strengths widening the gap for your competitors; and abandon projects that will not have any impact on sales.

Conclusion

Data may be king; but turning data into actionable knowledge and then properly disseminating that knowledge throughout your organization wins deals. After your competitive action plan has been in place for a few months, revisit your justification for the competitive investigation and write a summation for your management team. You'll want to refer back to your justification and summary when the competitive landscape changes significantly enough. When that happens, re-read this article and do it all over again.

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[Read Part I, covering why competitive differentiation is important, and market segmentation.](#)



Links referenced within this article

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