

The Art of Differentiation

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There is a great deal of talk about 'differentiation' these days. But what is differentiation? How do you create products and services that are truly innovative? And how do you go about communicating the unique aspects of your business to consumers?

Let's begin by defining differentiation. Differentiation involves producing goods or delivering services that customers view as being unique or standing apart from the competition. To expand slightly on that definition: it doesn't matter if your product or service is different if customers don't know or care about it - and your differences have to play to consumer's needs and wants.

There is a subtle shift occurring in the U.S. economic climate right now. In years past, corporations could create products and services that were uniform and mediocre, and then skyrocket them to success through massive, nationwide advertising blitzes. This model is proving to be more and more difficult to execute as consumers raise their expectations and grow increasingly weary of a never-ending barrage of promotions. The new economy demands differentiation.

Is this shift necessarily a bad thing? I don't think so. Educated, savvy, selective consumers will drive quality and innovation higher, while offering a real competitive edge to smaller, versatile companies that can adapt rapidly and maintain their creativity. There are several simple reasons why you need to create remarkable products and services:

- Most people have what they need, so you must appeal to their wants and desires to make a sale.
- Modern consumers don't have the time to notice or understand traditional marketing of boring products.
- Not everyone has the money or inclination to buy what you're selling.
- Consumers have millions of choices of where to spend their money – the competition is fierce and you must stand out.
- Traditional advertising methods are brutally expensive and minimally effective. You have to build 'buzz' to launch new products and services for a reasonable cost.

One key thing to understand as you seek to differentiate yourself from the competition is that it is very difficult to add uniqueness to an existing product. It is much easier to build in the 'differentiation factor' from the very beginning. It's certainly been done... consider Curad's ingenious move to add cartoon characters to traditional 'band-aids'. Sales skyrocketed with that simple move that made children LIKE to take care of their injuries. Instances like that are rarities, however; and you should try to find a unique niche during the development phase.

As you consider your current offerings and potential new products and services, think about what you see working in the real world and find common threads that you can apply to your business model. Avoid backward thinking and keep your eyes forward on the future. Think about what consumers want and need in today's world. Find something you can be the best at – something that solves a problem - something that people want – something that is remarkable and will make people talk. When you find that certain 'something', go after it with a passion and strive to create goods or services so innovative and wonderful that people will actually seek them out.

There are a variety of areas in which you can differentiate. Some companies take an old standard and put a twist on it. For example, Schindler Elevator Company devised a control panel for elevators that organizes floor selections and directs individuals to particular elevators so that fewer expensive, space-guzzling elevators can serve larger numbers of people. Brilliant! And so desirable that it's an easy sell.

Other companies create an entirely new product that people don't even know that they need yet. Rubik's Cubes and Hula Hoops did not fill an inherent 'need' in the market – they were so innovative and fun that they created their own need. Finally, companies can shoot for the fringes. Hire memorable employees, push the boundaries of good taste, offer the best customer service in town or wear wacky outfits – anything that will make your company stand out.

Don't be afraid to open yourself up to criticism or take a risk. It has become most risky to remain stagnant – so don't be afraid to be different.

Once you have created your differentiated product or service, how do you go about communicating your idea to the marketplace? We've already covered the fact that traditional advertising methods are becoming progressively less and less effective, so how do you 'talk' to consumers?

- Think small. Start with a targeted niche market and go after it. Appeal to the people most likely to use your product or patronize your business – the 'early adopters'. If you have truly created something innovative and exciting, they will spread the word and help you build a loyal customer base naturally.
- Make it very easy for people to talk about you. Develop a catchy slogan that is simple to remember. Design a bright, eye-catching logo and plaster it all over town. Build effective referral programs that reward customers for bringing in new consumers. Become 'the place to be'!
- As you make forays into more traditional marketing methods – measure everything. Understand what is working and what is not working. Dig down deep until you understand why consumers buy, and use that knowledge to make your marketing efforts progressively more effective.
- Work very hard to build a permission-based list of people to communicate with. The modern consumer is excellent at ignoring advertising, so try to talk to people who are interested in listening.
- Never forget that your current customers are the greatest marketing asset you have. What they say to their friends, family and colleagues will count for more than all the advertising you can buy.

It's a 'differentiate or die' world. But with the knowledge and drive to be creative, appeal to consumer's needs and communicate your concepts with pizzazz – you can succeed.