

Smart PR Communications

Meaningful Differentiation

By Jeanna Van Rensselar

Most technology businesses want to create something new, but don't know how to come up with and develop differentiators that their market will embrace. This isn't about outwitting your competition. In fact, this isn't about your competition at all. It's about coming up with an idea that is so great it will make everyone and everything else in your market irrelevant.

The Three Essential Elements of Successful Differentiation

Just because something is different, that doesn't mean it's significant. Further, in order for *different* to be good in the eye of your prospects, the difference must be both significant and provable. Even further - in order for *different* to make sense for your business it must be sustainable. So these are the three pillars of successful differentiation:

- Significance
- Provability
- Sustainability

Significance

There are a staggering number of new products and services hitting the market every year that no one cares about. The vast majority of these are spawned by large companies that can afford exhaustive market research – so it's not surprising that surveys and focus groups don't always work.

Why? Because they don't take place under real market conditions. Most people don't know what they'll want in the future; they only know what they want when they see it. Because of this, I'm not a big fan of exhaustive market research – mostly because it's both expensive and unreliable. The much better strategy is to invest as little money as possible in the design and creation of the new product or service, strategically publicize your new offering, and do a full market test run for a limited time. This means creating the product or service using the best in-house intellectual and intuitive capital you have, letting the world know what you've created, and stepping boldly into the marketplace.

Provability

If you want prospects to buy in, whatever claim you make about your new product or service needs to be easily verifiable. That means you need to use words to describe the claim that are succinct. "Beautiful", "enormous", and even "industry's finest" are impossible for prospects to verify – which means, those words are essentially meaningless. I know what you're thinking: *Even if I do make a claim that people can verify, how many people are actually going to do it?* It doesn't matter. We all have built-in lie detectors. We know the difference between a provable and non-provable claim.

For example, a home development that offers "beautiful homes in a lovely setting with the most square feet for the money" is like every other development in the eyes of the consumer. However, one that offers "Prairie-style architecture, lakeside lots, and 3,500 square feet for

\$425,000” is another matter. The buyer knows that (the builder knows) all they have to do is drive by the development to verify the first two things, and read a contract to verify the third.

Sustainability

No matter how much buyers love your new product or service, if you can't make a profit on it, you can't keep producing it. Be very sure, before you roll anything out, that this is something that will benefit your company in the long term. Don't count on raising the price or reducing production costs once it's successful. You should be producing your new offering as efficiently as possible and offering it for the best price as soon as it hits the market.

Again, I know what you're thinking: *Aren't some people willing to pay more for a product just because it's new?* Yes, but that applies to a select group of products and services marketed to a sharply defined group of consumers. It probably doesn't apply to what you're selling.

Also

Some people will tell you that differentiation is only for big businesses in rapidly growing sectors. That's not true. It's also works for very small businesses in industries with dominant leaders—where one or two behemoths seem to have a lock on the market.

The strategy is to focus on long-term differentiators – leaders, forced to focus on quarterly profits to appease shareholders, have less ability to look for long-term trends and invest in long-term projects. Seek out and capitalize on anything both forward- looking and long term.

Take advantage of your superior market knowledge – since smaller companies are closer to the ground, they often see the market better than larger companies – consider products and services geared to an underserved market.

Look at the negatives of your industry type and think about the opportunities they create. For example, a declining growth industry is inherently a volatile industry. With a sharp eye, you'll see gaps opening up as businesses either exit the industry or streamline their offerings.

Differentiate or Die?

Contrary to common wisdom, if you don't differentiate you probably won't die. But you probably won't grow. For some, differentiating will be one of the most exciting adventures their business takes. It will be a time filled with inspiration, planning, optimism, and empowerment. For others, it will be like a trip to the dentist – grueling and nerve-wracking but necessary. Either way, once it's over, you'll ask yourself why you waited so long.

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