

What is Your Competitive Advantage?

In a declining market it is advisable to monitor your market share, not just your sales volume, and ponder this question; why would anyone do business with your company versus your competition?

While all competitors may lose some sales volume as markets shrink, those who can maintain or even increase market share obviously give their customers a reason to choose their company over the competitors and as a result will emerge in a stronger position. To generate new, or even maintain business, marketers must constantly re-invent themselves to connect with people to 'create' customers and realize critical business momentum. One example, rather than selling a product or service is to sell a solution to a problem or goal. This requires marketing and sales management to truly understand what motivates their desired demographic; in other words, their desires, behaviours and how best to meaningfully reach them.

Similarly, differentiate your product from the many others like it by selling on the basis of subtle experiential differences and impressions, rather than solely on features and functions and brag about your true competitive value and advantages to position the company for results.

Remember, customers are not loyal, particularly when discretionary income starts to disappear. They will choose the best value and the most desirable experience. If your company, product or service provides it, they will buy from you. If not, they will buy from your competitor.

There's also a good chance that your competitor's solution to the economic downshift is to pull back on marketing and advertising; perhaps this may be their best solution to declining cash reserves, but it also opens opportunities for your company to grow and take advantage with creative and cost effective messaging that will have more impact. Look at marketing strategies that reinforce your competitive advantages, allowing buyers to feel that they are minimizing risk. Consumers are looking for reassurance during so-called recessions, even if the word recession has more of psychological toll than actual hardship.

Well known brands reduce uncertainty for customers looking for security and the concept of brand equity may be particularly valuable to companies that sell high-ticket discretionary items. The key is to understand the barriers to the purchasing decision and the buying motivations that are unique in our current economic climate. People also trust their peers and friends more now; therefore, the long-term experience your customers have with your company and product determines the brand image they hold and refer to ongoing. So, basically, what goes around comes around especially in challenging times. Remember, your customers' experiences affect your brand image far more than your marketing message – as does your customer service, product value and even your human resources policies.

It is also important to evaluate what you do best and focus on those few things you do better than the competition. Know your competitors better than they know you -- this is what makes you different from your competitors who are likely cutting back marketing dollars and staying competitive through reduced pricing, which also reduces profits.

Customers get pickier in a slower economy, so be the best vendor in your space and make sure everyone knows about it.

At all times, focus on the customer and think like a customer, understand how they will find you and your brand different from the others and in a slower economy, make sure customers that continue to do business with you love the experience.

If you start with the premise that one purpose of marketing is to generate business, then marketing should be more important in a slower economy than a faster one as the reality of a slowing economy is having less business than before.

Figure out as quickly as you can what aspects of your marketing are working and then focus on those strategies. The same goes with the company as a whole. So, the time is now to get aggressive and find untapped or underserved markets. Just because you have a small slice of the market doesn't mean you can't expand while the overall economy contracts. If you plan well and execute soundly, you can gain more market share because your competitors will lose business. Make sure the customer begins to see the value of a purchase as quickly as possible. The faster the customer figures it out, the faster they can buy again.

One final thought, your marketplace image is created inside your company. Your own people are your greatest influencers and connectors to the marketplace... so grow this resource with a focus and goal to grow your business and choose your new markets wisely and definitely find your competitive advantage.

Editor's Note:

Paula Veenema of Spa Magnolia (www.spamagnolia.com) in downtown Victoria has been too busy expanding her business to notice the economic downturn. By employing some of the strategies covered in this article, she is forging ahead while some of her competition may be pulling back.

Paula describes her competitive advantage as exceptional customer service with a brand all about the customer experience. "We help our customers to feel connected to the experience - even our aromas are customized for each individual." Spa Magnolia has built a reputation for being friendly and, since Paula has had the same staff for four years, customers appreciate seeing familiar faces.

"As an owner/operator on-site, I make the commitment to develop new value-added services and incentives for our customers," says Paula. "Every minute counts when someone comes for a true spa experience, and we make sure that the customer feels comfortable by taking our cues from them. We communicate with the customer - we don't make assumptions about their needs and preferences."

The newly expanded space at street level of The Magnolia Hotel & Spa will be completed by April 1, 2009 and Paula notes "I'm really, really confident that there's a viable market out there for us."

Given the track record of her past four years, her ability to think like the customer, and with her loyal staff, there is no doubt that, even in a slow economy, this entrepreneur has the formula for success.

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