

Inside IAG

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Pulling Ahead of the Competition

by Fred Firestone



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- Do you believe your agency has a competitive advantage?
- Do your prospects perceive your agency has a competitive advantage?
- Do you know that you're more right for your prospects than your sales numbers reflect?
- Do you find that all too often you're getting "spread-sheeted" and hearing too many "let me think it over," when you know the best decision your prospects could make would be to buy your products and services?

If a business or organization continues to do what it has always done, it will get what it always had. As demand for your category increases, your numbers will grow as long as you continue to get your share of the market. If, however, demand shrinks, in order to grow, you have to take somebody else's share. Organizations pull ahead of the competition by either further differentiating their products/services and/or further differentiating their selling system.

Step One – Differentiating Products/Services

The first step is to clearly establish compelling reasons why your products and services are more right for your prospects than those of your competition. Whether one's business is accounting, gasoline, groceries, healthcare, finance or insurance, clients/customers place value in two areas. They place value in your ability to solve a problem they're experiencing. And, they place value in a client/customer experience that delivers on the EthicalFactor™ — trust (genuineness), credibility (believability) and partnership (client/customer focus and accountability).

Differentiation will occur only if your prospects perceive they will be receiving a better solution to their problem and/or a more valuable client experience than they would expect to receive elsewhere. Every product or service is composed of a core and an outer core. Inside the core would be solutions to problems and EthicalFactor™ experiences your prospects expect to get from the typical provider of your product or service.

The outer core is made up of benefits you offer that go beyond expectation — where differentiation happens. Further, quality is a function of expectation; the less expected in the core, the greater the opportunity to stand out in the outer core. And, the extent to which you're successful at differentiation depends on moments of truth and interactions you and your employees have with clients.

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In today's market, with clients perceiving much quality "equality" in products and services, it becomes increasingly more important to stand out with products and services that will provide a better solution to clients' problems than they would expect to receive elsewhere. While there may be very little perceived difference between your products or services and your competitors', there are innumerable ways of differentiating by giving your clients an experience that delivers more of the EthicalFactor™ than they would expect from your competition.

Case Study: "Gas is Gas."

A few years ago, I was doing a series of "How to Add Value" workshops for dealers of a major oil company. I always started off with the question: "Is service good or bad today?" The overwhelming response: "It's bad." My follow-up question: "Is that good or bad for you?" Overwhelming response: "It's bad." My response: "It's good." Overwhelming response: perplexed looks. Applying the outer core model, I explain that if the core is small — people don't expect much from the typical service station experience — what an opportunity to differentiate.

I asked the dealers whether their product did the job any better than the competitors' products. They responded that, in the mind of the customer, all players in the market were perceived as providing the same "quality" gasoline; this was true, notwithstanding the "uniqueness" of certain additives.

You don't play the differentiation card by merely offering a product that does the job just as well as your competitors' products. Having gas that works is merely a ticket of admission; it does not confer competitive advantage. It is hard to understand why some companies spend an amazing amount of advertising money trying to convince us of their product's superiority, when it clearly isn't perceived as superior. Dealer friends said it best when they reported that in their business, according to the customer, "gas is just gas."

When, however, it came to giving customers a more valuable customer experience (the EthicalFactor™), the workshop participants agreed that it could work to their advantage when service in the industry is perceived to be bad. They offered many examples of how customer loyalty was engendered with some type of desired service that went beyond what the competition was offering. These dealers saw that their investments in delighting the customer with a more favorable customer experience had bottom-line impact.

While doing a workshop in Michigan, a dealer approached me and explained how he was selling more full-service gasoline than anybody in town and that he was charging a higher price. I was intrigued and inquired how this was happening. He answered with an explanation of an occurrence that happens with regularity every Saturday. A car pulls into full-service with a kid in the back seat; attendant taps on the back window; kid brings the window down and is presented with a helium balloon bearing the station's name. Needless to say, a happy kid begets a happy parent, which begets a fill up, drinks and repeat business.

Further, the dealer told me that the following parent-child conversations happen with regularity on Saturday mornings in that Michigan town. Kids get in the family car and state their requests for the day: "Let's go to the park; let's go to McDonalds; and let's go to the service station." This service station owner redefined who his customer was and differentiated his product by giving his "customers" more of the EthicalFactor™ than expected by the competition. He transformed the customer mindset from "we've got to go to the service station" to "we get to go"! Did that dealer's gas work any better than anybody else's? Hardly.

The Pulling Ahead Plan:

1. Find ways of discerning what it will take to make your offerings more valuable to clients than what's being offered by the competition;
2. Package your products and services so that they include these competitive advantages;
3. Effectively communicate to prospects the advantages of your products and services so that they purchase them.

In next week's edition of Inside IAG will feature Part Two of Firestone's article — *Differentiating Your Selling System*.

Fred Firestone is president of the Ethical Selling Institute, a subsidiary of Semact, Inc. The company provides training, speaking and coaching services to companies and organizations on how to pull ahead of the competition by building more of the EthicalFactor™ in to their products and services as well as selling their process. Firestone can be reached at firestone@ethicalselling.com or by calling 314-863-4000.