

## The Best Kept Secret of Successful Differentiation

A successful differentiation is not imitated by your competitors, even though it brings you unmistakable success with consumers. It seems impossible. Not quite so. I am about to reveal to you the unexpectedly simple and wonderful secret of successful differentiation: you must think beyond the core benefits of your product category. Think: Off-Core Differentiation. "Core Benefits" are the benefits that the consumer already expects to receive from a product like yours. This is the list of "what's important to the consumer" in your product or service category. "Core Benefits" are more than the essential product benefits. The core benefits of today's cellular phones include much more than the possibility of conducting a conversation while you're in motion. Everything that the consumer has already come to expect from the product is included in the core benefits. These are the benefits that all of your competitors offer, because they compose the essence of the product and it is impossible to compete in the market without them. That is precisely the reason why if you really invest your efforts and are truly brilliant and make a major break-through in improving core benefits - do you know what will happen? They'll imitate you as fast as possible. That's what will happen. You must understand: in that case, your competitors can't allow themselves not to imitate you. You'd do exactly the same thing. Many companies have learned this the hard way. Volvo, for example, created its brand around a central core benefit: safety. They did everything humanly possible! They invested limitlessly! And they succeeded! They especially succeeded in convincing their competitors that it is very important to invest in safety. Today, no one will tell you (except for a few out-of-date marketers) that safety is Volvo's differentiation. In order to create a differentiation that won't be imitated, you have to think beyond the core benefits that are (already or even just in potential) considered important in your market. Think about "what's important to the consumer" in other product or service categories that you can be the first (or better yet: the only) one to supply in yours. It works time after time. The companies that have succeeded in maintaining their differentiation over the years and weren't imitated even though they were making tremendous profits are those that innovated in qualities beyond the core benefits of their market. The farther you look, the more successful you can become. What are they waiting for? Let's look at some examples of off-core differentiation. Swatch decided to treat the watch face and band as a design area. What does this have to do with the core benefit of a watch? Exactly! So no one has imitated them. Not really. Grey Goose vodka is the only vodka produced in France. This differentiation is so way-out of the core benefits of the vodka industry! No vodka connoisseur in his right mind would imitate that. What about The Body Shop? There's no place for another cosmetics chain that actively fights against animal experiments, for the environment and for the needy wherever they are. No one even thinks about imitating them. The mob and the mobile. Sometimes an off-core differentiation can become eventually a core benefit. This happened to Nokia. It happens when the differentiation is not really off-core but is actually based on a deep insight into the direction that the market is going and of consumers' future needs. Nokia took the global market with a seemingly off-core strategy. While Motorola was busy developing better and better mobile phones, Nokia predicted that mobile phones were going to be a popular product. When people will start carrying their cellphone around with them as they go about their everyday life, it will become an apparel item, a fashion statement. And thus the idea that helped turn Nokia into the world leader was born - the idea of the exchangeable panels that let you match the phone to your clothes. It didn't seem like a core benefit of the category back then. Totally not connected to what a mobile phone is supposed to do. But when the technology of most mobile phone manufacturers became similar, they began to compete over design. Samsung, Sony Ericsson and yes, even Motorola, started to beat Nokia, using its own weapon. As I am writing, Nokia's share of the market is still double that of Motorola's (do you realize what a lead Nokia was able to open). But Nokia has lost its differentiation. You may say that only a few companies have become leaders by means of an off-core differentiation. Let's not argue what is many and what is a few. By the way, most companies never become leaders, nor need they become. However, if you are in a competitive market and trying to make a living, an off-core strategy is the best chance you have to give a group of consumers a good reason to devotedly prefer you and even create a private monopoly for you. Open a window. I'm not trying to argue that differentiation within the core benefits is a bad idea, if you can do it. It opens a window of opportunity for you, until they start to imitate you. For a man like Michael Dell, that was enough to become a billionaire. Dell changed the way in which personal computers are sold. Michael Dell understood that from the moment that personal computers became standardized (thanks to the IBM clones on the one hand and to the foresight of Microsoft in the 1980's, on the other hand) - people would buy them over the phone and later, over the internet. Dell also understood that since personal computer components are standardized anyway, you can put them together to suit each user's needs. That wasn't an Off-Core Differentiation. Dell simply saw where the trends are leading to. Today, everyone sells computers this way, but the period of time in which he had this shining differentiation made him one of the richest people on the planet.

## About the Author

Dr. Dan Herman, a globally renowned strategy consultant, an author and a lecturer, is the author of "Outsmart the MBA Clones: The Alternative Guide to Competitive Strategy, Marketing, and Branding" (<http://www.outsmart-mba-clones.com>). The book is available from [amazon.com](http://amazon.com).

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