



Marketing basics

... and finally

In this series of articles looking at marketing for smaller “non corporate” businesses, I have covered segmentation, targeting and positioning, or STP. We have already covered the identification of customer segments, those clear and distinct customer types we see in the marketplace and decided which of those segments to target.

In this last in the series, I will cover positioning, where your goal is to identify how you want to present and communicate your product or service to the most valuable or useful customer segments that you have identified. You are “positioning” your commercial offer relative to other businesses in your industry.

To do that, it is important that you understand who your direct competitors are in the segments you have chosen to target, get to know what their offer is, and compare where your offer is different, more compelling or more attractive to your potential customers. In marketing, it is often said that it is important to know your customers, but it is just as important to know your business rivals and how they operate.

To make this step a little easier,

positioning maps are used to help illustrate the relative market position of products, services and brands. Figure 1 shows a simple positioning map for car brands showing four well-known brands on two simple dimensions (Luxury/Economy vs Family/Two-seater). Figure 2 shows how this can be expanded to add multiple car models to help visualise each model’s position relative to the others in the market. Of course, if there were no cars in one segment, it could indicate a market opportunity.

As the objective is to identify a gap in the market, we can see that in the bottom right quadrant, we’ve identified a market opportunity for family-focused economy cars.

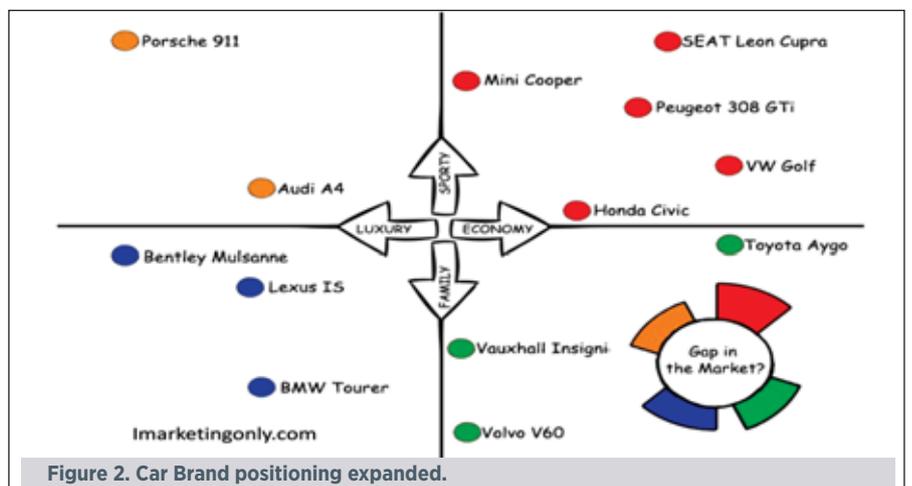
To create a meaningful positioning map of your own, you will need to consider why customers should purchase your services rather than those of your competitors. Do this by identifying your unique selling proposition, or USP. The USP is defined as the benefit that a product or service can deliver to customers that is not offered by competitors. To help with this, ask yourself: Do you offer any additional services, such as a collection and delivery service? Do

you have a comfortable waiting area with free wi-fi and coffee machine? How does your key-to-key time compare with others? Do you offer additional services, and are these services chargeable?

Understanding and reflecting how your business performs in these areas compared to others will help you define which dimensions to use on your positioning map and plot your services for each of your chosen segments. Sometimes it is helpful to create multiple positioning maps using different dimensions to really understand the competitive landscape.

Once your relative positioning is clear within each of your target segments, and you are clear about your USPs, you can make decisions on how best to present and communicate this by developing a clear value proposition.

For example, Singapore Airlines’ corporate positioning is based around quality in both business excellence and service delivery, giving them an outstanding reputation for service excellence and customer care. Singapore Airlines uses quality and status to define their position in the market and target high-end customers. As a result, Singapore Airlines has a higher

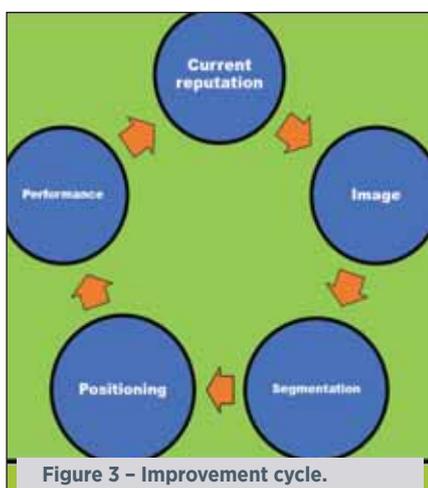


proportion of business and first-class passengers for long haul travel than most other airlines. Figure 3 shows the cycle of continual development as each step leads to the next and supports continued performance improvements, reinforcing their reputation.

A value proposition is defined as a message that clearly explains how your service will meet the customer's requirement better than any of your competitors. Think of it in terms of answering the question a customer is thinking: "Why should I buy this specific service from this specific business?" Your value proposition must articulate this in a compelling way and you must learn it and be comfortable explaining it over and over again. As I mentioned in my previous articles, it is important that everyone in your business is familiar with this value proposition to ensure anyone who interacts with the people in your business hears the same clear message.

Pricing is an important consideration when thinking about positioning as it both influences people's perception of where a service is positioned and helps communicate the chosen positioning. For example, if you saw an invoice for new parts and you thought it looked too cheap, you may assume that the parts were: a) non genuine, b) used, or c) stolen. Although we try to judge products and services objectively on performance, in reality we apply assumptions based on limited information.

As we know, it is extremely difficult to differentiate on price in our



industry, but you can differentiate on value. As more choice opens up for policy holders, car owners are likely to have to pay a higher premium to choose their repairer and their expectations will be that much higher.

It is therefore really important to have clarity on your pricing in terms of what you will be delivering for the money paid. We all know the importance of detailing the quote so we can maximise the repair value, but we often forget about additional services and the upsell, and this where value can be created and provide more opportunities for revenue and margin.

Positioning also includes the area of customer experience (CX) from initial contact through to vehicle collection as this heavily influences on how people perceive your service and your business. For example, if you position your business as a high-end premium repairer with pick-up/drop-off service, a luxurious waiting room, premium loan vehicles and a seamless process, your customers would be very disappointed if the phone was left to ring out and the staff attitude was bad. How you do what you do must reflect the positioning you have selected and wish to communicate.

In order to explain your business to your potential customers, you need an anchor to which you must link all your communications. That, of course, is your brand. Brands are important either as a reminder of past great experience, or as a promise of a great experience to come.

A brand can be something cleverly conceived and developed over time or simply a business' trading name. Be wary of focusing the trading name on an individual person, as once that person retires or sells up, who will the customer buy from going forward? If you name your business after a location, how do you manage additional shops in new locations or a forced re-location? For example, the Queensland and Northern Territory Aerial Service famously changed its name to QANTAS, reflecting its geographic growth ambitions.

There have been successful brands named after founders such as Ben & Jerry's, Dick Smith Electronics, Bosch,

and Bob Jane T Marts. My preference is for business names that describe what they do, such as IBM (International Business Machines), CNN (Cable News Network) and the most obvious, KFC (Kentucky Fried Chicken). In all cases, they have changed to a set of initials to give them freedom to adapt to changing customer requirements and preferences for their product and services.

Whatever brand you choose, it should be recognised as providing what the customer expects every time, whether that be quality of product, level of service or value for money. Brands are the result of deliberate choices, not an accident. Your activities and messages dictate how people think about your business – that is your brand and that is why it is so important that all your staff understand the messages that you want to convey to customers. Don't assume that they already know.

In my first article on marketing, I explained that a business with a clear positioning, a clear value proposition and a strong brand would find it easier to be seen as an employer of choice and would find it easier to attract good employees. I really do believe this has an impact.

Again, Singapore Airlines has many more job applicants simply because they are seen as a progressive, prestigious, successful company. If you look at the above improvement cycle, you will see how improved segmentation leads to clear positioning, improved performance, and therefore improved reputation.

I trust you have found this series of articles interesting, that they have prompted you to think about your own marketing activities, and you found some tips and pointers to use in your own businesses. If you have any specific questions feel free contact me directly on the email below.

Until next time.

