

# The Art of Comparison

Using Comparisons to Guide Competitive Positioning and Sales Strategies



## **Introduction**

It's a common scenario: a sales person is making a pitch to a potential customer. The customer has heard all about why this product is the greatest thing around and how it will solve all of her company's problems. The sales person sits back, thinking that he has just closed the deal. But what is going on inside of the customer's head? She is thinking about the competitor who was just in her office the day before. How does this new product compare to the one she saw yesterday, and which one really is better for her? If the salesperson's company had taken this into account ahead of time, it would tip the scales in their favor of winning the deal.

One of the challenges in competitive marketing is coming up with effective positioning that can convince a buyer to purchase your product or service instead of a competitor's offering. Often times, product positioning is done in a vacuum: marketing teams think about what they want to say about their own product, but they neglect how competitors will respond to their message. Or worse, they focus only on the message they want to tell the buyer, not necessarily considering the process that the buyer is going through when making a purchasing decision. The problem gets even more complicated when new competitive offerings arrive on the market. When this happens, marketing teams, competitive teams, and sales teams scramble to understand the new threat and to determine how to effectively sell or position against it. Companies can alleviate this struggle, however, by using a simple process and set of tools that can quickly compare product offerings and highlight relative strengths and weaknesses. This "art of comparison" involves 5 main steps:

1. Identify the common problem and solution set (products or services) that defines an industry
2. Determining the buyer's key decision criteria
3. Identifying the benefits and costs of each criteria
4. Assigning products unique values for each criteria
5. Performing product-to-product comparisons and product-to-industry comparisons

These steps are actually derived from the process that human beings go through every day when they try to make decisions. By understanding this mental process and using it to guide marketing and sales strategy, companies can create better product positioning and quickly adapt to new competitive threats.

## **Understanding Comparison**

As humans, we compare things every day. When we encounter something new, we try to associate it with something we already know. It is a basic process that helps us understand and adapt to our environment. When we are trying to make a decision, we weigh options by comparing the different possible outcomes, benefits, and costs that each one offers. Take

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something as simple as eating lunch at a restaurant. You sit down and look at the menu, and you go through a process: “Should I have the burger or the salad? If I have a soup, how much more does that cost? Will the pasta make me full more full than a sandwich does? Do I want a sweeter salad dressing or a creamier one?” The restaurant likely has also aided you in this comparison process. They have grouped similar items together on their menu: all of the appetizers are in one place, the soups and salads are together, the main courses or meat dishes are probably listed separate from everything else, and deserts and drinks each get their own section of the menu. This sub-categorization helps your brain to determine the similarities and differences between each item. And even before you arrived at the restaurant you were making comparisons—you compared which type of restaurant you wanted to go to, how far you wanted to travel, the general budget you had to spend, the environment you wanted to dine in, and so on.

Marketing experts and competitive intelligence analysts who understand this basic, human process of comparison can take advantage of it in their practice. When crafting a product message or a competitive positioning strategy, it is possible to create more effective messaging by taking into account the comparison process that the buyer will go through when making his or her purchasing decision. In addition, by also considering what story the competitor will be telling the customer and how the competitor will be positioning their products, it is possible to come up with even stronger, more convincing messaging.

## **Identifying an Industry and Buying Criteria**

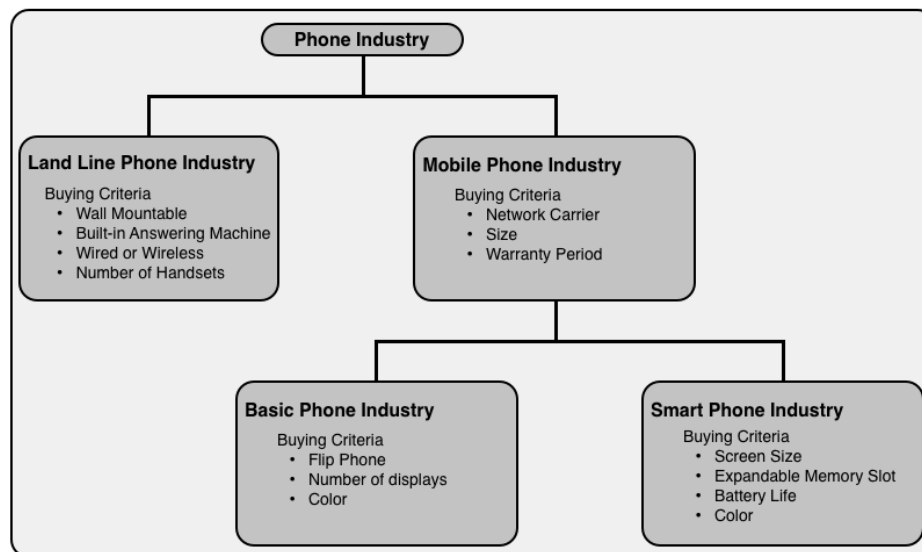
Before you can start to compare products for the purpose of coming up with good positioning, you need to understand the industry that the products compete in. In general, an industry is a set of alternate solutions for a given problem. Different vendors will offer different products or services that all try to provide value to a customer by solving some problem that the customer has. Defining this problem is the first step to defining an industry. This is slightly different than the economic definition of an industry that relates to sources of revenue for groups of companies, but by changing your viewpoint here and thinking about a problem, it will make it much easier to compare products later. Let's start with a simple example: communication. A problem that exists is that people need a way to talk, share ideas, and have discussions. There are a variety of solutions to this problem that make up different industries. For example, we can say that one industry is the telephone industry, and we can define a “telephone” as a device that lets people talk across remote distances. This would provide us with a pretty broad set of products, so we can refine it further. We can also say that the telephone industry is divided into different types of phones: land line phones, and mobile phones. Each subcategory would have its own unique sets of criteria that define it: i.e. land lines may be defined by whether they can be mounted on a wall or not, whether they have an answering machine built in, whether they have wireless handsets, etc. These criteria would be unique to land-lines, but would not necessarily be important to mobile phones. We can further break down the “mobile phones” industry into “smart phones” and “basic mobile phones” industries. The “smart

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phones” industry would have its own set of important criteria that would be different than the “basic mobile phones” industry. The term “criteria” is subtle, but important here. Essentially what makes up a set of criteria for an industry are the decision points that a buyer may consider, or the items upon which a buyer is going to differentiate products. The criteria help the buyer decide which product or service best solves his or her problem. The figure below shows a summary of this industry structure and sample criteria for each.



**Figure 1: Industry Hierarchy with Buying Criteria**

When people make comparisons in their every day lives, they really are doing one thing: they are considering what is going to be the best option based on the relative costs and benefits. This is an important characteristic to keep in mind when building industries and criteria. Each buying criterion, or decision point, is going to be weighed by a few different means: first, it is going to be assigned some level of relevancy. Second, it is going to be assigned some cost and some benefit that will be considered. These are simply filters that a person utilizes to help make a decision process easier. If a particular criterion is not very important, then the costs or benefits won't matter much. But, if the criterion is very important, then the costs and benefits will have a bigger impact. For example, a criterion of a mobile phone might be the screen size. The benefit of a larger screen size is that it is easier to view web pages, movies, pictures, and other content. The cost is that it makes the phone bulkier to carry, it uses more battery life, and potentially it breaks easier. While the relevancy of screen size may be different to different buyers, you can estimate that it is one of the more important criterion that most people make in their buying decisions so you can say it has a high relevancy. Once you have defined your industry and criteria, the next step is to assign costs, benefits, and relevancy weightings to the criteria. While it is not necessary to assign this to every single criterion, the more complete data set you have, the easier it will be to turn comparisons into positioning statements later on.

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## Classifying Products or Services

So now you have your industries and your criteria, and you have costs, benefits, and relevancy for most of them, if not all. The next step is to assign individual criterion values for each product in an industry. This can be done in a spreadsheet, or can be done through tools such as those provided by the Compellence System. If you were comparing smart phones, you might end up with something that looks like the table below

Criteria	Relevancy	Benefit	Cost	iPhone	Samsung Galaxy	HTC One
Screen Size	High	Larger screens make viewing content easier	Easier to damage, makes phone bulkier to carry in a pocket.	4"	4.8"	4.7"
Expandable Memory Slot	Medium	Allows user to easily add more memory for songs, videos, apps	Requires memory cards which are easily lost or damaged	No	Yes	No
Battery Life	High	Allows longer talk times, less time between charge	Longer life batteries are generally heavier and more expensive.	8 Hours	8 Hours	9 Hours
Colors available	Low	N/A	N/A	White, Silver	Red, Blue, Black, White	White, Silver, Black

**Table 1: Sample Comparison Criteria for Smart Phone Industry**

Once you have a complete set of data for an industry, it allows you to do multiple things. First, if you have a relatively complete population of products, you can get a pretty good idea of what value it takes for each criterion to qualify as “best in class” or “worst in class” as you will be able to see the range of values available. With this data you can compare your products to the industry and determine effective fact-based positioning statements. Second, it will allow you to easily identify relative strengths and weaknesses between products. With this relative comparison to other products, you can quickly identify sales strategies that can be tailored to individual deals.

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## Using Comparisons to Create Positioning Strategy

With your complete data set of an industry, you are well-armed to create your positioning statements. The first step to doing this is to compare your products to the industry averages and identify the criteria that are industry strengths and industry weaknesses. You can then use the benefit and cost statements to guide your positioning strategy.

	<b>Criterion Benefit Statements</b>	<b>Criterion Cost Statements</b>
<b>Industry Strength</b>	Use benefit statements of industry strengths to create <b>positioning statements</b> .	Use cost statements of industry strengths to develop <b>defense strategy</b>
<b>Industry Weakness</b>	Use benefit statements of industry weaknesses to guide <b>areas of improvement</b>	Use cost statements of weaknesses to <b>justify</b> positioning

**Table 2: Industry Positioning Strategy**

Table 2 gives you guidance of how to use the benefit and cost statements for different criteria, depending on if they are industry strengths or weaknesses. (Note that the highly relevant criteria will be more applicable for this exercise than those of low relevancy.) Use the benefit statements of industry strengths to determine your key positioning statements for the product or service. Using the example given in Table 1, the HTC One has an industry leading battery life, so an effective positioning statement would be “The HTC One allows for 12% longer battery life than any other smart phone in the industry.” This is a fact-based positioning statement and it will be difficult for your competitors to attack.

The cost statements of industry strengths indicate areas of criticism for your product or service that you will have to defend against. Similarly considering the HTC One from Table 1, the customers (or competitors), will likely point out that even though the HTC One has a longer battery life than others, it may cost more to maintain the battery and may be heavier than other phones available. HTC will need to have planned strategy to defend its position, such as “Even though longer-life batteries do weigh and cost more, we have used extensive research to find the lightest, long-life battery available. In addition, our exclusive manufacturing agreements allow us to sell this battery at a discount when replacements are needed.”

The benefit statements of industry weaknesses will address areas where the competitors are likely to attack, and where improvements will need to be made to the product or service. For example, the iPhone has the smallest screen size available, so competitors are likely to point out that it will provide a poorer experience for watching videos or looking at web pages. The iPhone will require a product and marketing strategy to address this.

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Fortunately, the cost statements of an industry weakness can be used in a marketing strategy to justify the weakness. Again, using the iPhone as an example, it can claim that its smaller screen allows for a more durable product than its competitors, and that it is easier to carry around.

## **Using Comparison to Guide Sales Strategy**

In the above section, you learned how to compare your product or service to an industry to help define positioning strategy. Comparisons are also useful to guide sales strategy as well. However, instead of comparing a product to an industry, sales strategy comes from comparing products to each other. These comparisons are done just on the products that an individual customer may be considering. Again, if you have a fairly complete set of products in your industry, you can create customized comparisons on a deal-by-deal basis. This can be done with Excel spreadsheets or with an automated tool such as the Dynamic Comparison® feature from Compellence. This feature allows sales teams to specify the products that their customer is considering and it returns customized deal-specific sales guidance.

With a complete table of products and criteria, and with the ability to differentiate criteria based on market excellence, it is easy to get specific product-to-product comparisons and to identify the relative strengths and weaknesses between them. In addition, with the cost and benefit information, a skilled sales person can quickly determine the appropriate sales strategy to follow. This makes it much easier for sales people to prepare for deals and to anticipate moves from the competition.

## **Evaluating a New Competitor Product**

When a new competitor product comes to market, there always is a flurry of activity and confusion within sales and marketing teams. “How do I sell against this new product?” “What threat does the new product pose to my company’s positioning?” “What are the strengths of the competitor product to avoid, and what are the weaknesses to exploit?” These questions are common with any new competitive threat. But by having a comprehensive view of the decision criteria that make up an industry, it becomes much easier and faster to contextually understand a new competitive offering. Simply by comparing the new product’s criteria to the entire industry, it will be evident as to how the competitor most likely plans to position the new product: the highly-relevant criteria where the new product is strong relative to the industry will likely be the key positioning points that the competitor is going to emphasize; the criteria that are weak relative to the industry are the areas where the competitor likely made trade-offs. Once you understand the potential positioning of the new competitor product or service, you can also compare it directly to your own products or services to determine the proper sales strategy. In the criteria where your competitor has an advantage, the “benefit” statements will likely turn into their sales strategy against you, while the “cost statements will be areas that you can

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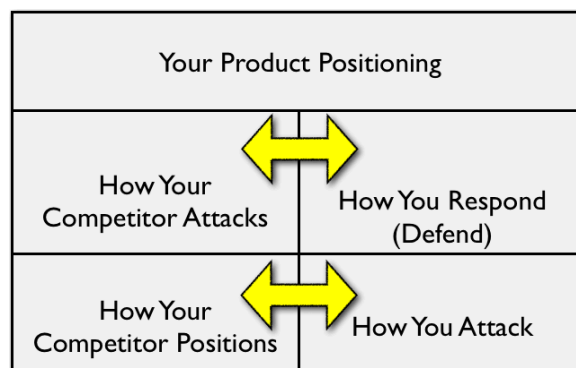
attack the competitor on. Similarly, in the criteria where your competitor has a weakness relative to your product, you can transform the “benefit” statements into sales attack points, while the “cost” statements will be areas that you perhaps will have to defend against.

## **Positioning Quadrants for Sales Strategy**

Using comparisons to build your positioning and sales strategy is only half of the battle. When considering many competitors or products or industries, it can get challenging to keep track of all the statements and to make them all usable by sales teams. Sales teams effectively need 5 pieces of data relative to product positioning:

1. Guidance on how to position their product in the industry.
2. An expectation of how the competitor will try to attack.
3. Guidance on how to defend against the competitor claims.
4. Information on how the competitor will try to position their product.
5. Guidance on how to attack the competitor claims.

An easy way to provide this guidance to your sales teams is to use a template like the one shown in the figure below.



**Figure 2: Sample Positioning Template**

By using a template such as this, you make it easy for your sales teams to quickly consume the information and plan for their deal. If they can receive information structured like this for all of their deals, it resolves them of the need to talk to several different people, or to read through multiple sales guides, or to hunt for guidance on different internal or external websites. A system like Compelligence will dynamically fill in the data on a template like this, which makes it even easier for sales teams to use.



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## **Summary**

As people, we make conscious and unconscious comparisons every day as we try to navigate the world and figure out what is the “best” thing for us. This process happens for everything from figuring out what to eat, to determining what we want or need to buy. While this process is not complex, it can be very powerful if understood properly. When creating a product marketing message or a sales strategy, the individuals who are in tune with this process and who can tailor their message to this comparison process will end up being the marketing and sales people who are more effective in their task. The need to compare things arises from having some problem that needs to be solved or some decision that needs to be made. Once that problem or need is identified, we then begin to classify similar solutions and evaluate their strengths and weaknesses as well as the benefits and costs of the things that seem most important. This same process can be applied in reverse to develop strong positioning messages and sales strategies. When you have mastered this “art of comparison,” you’ll find that it enables you to become a more successful CI analyst, marketer, or sales person.