

Differentiating Your Agency With Intelligence

by Toni Louw

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This document addresses the age-old question asked of by agencies world wide, "How do we differentiate ourselves from our competition?"

There are 4 areas in which to immediately focus the agency's attentions and resources.

Decide which will be most appealing to your specific prospective buyer and then do your homework.

Here are the 4 areas to investigate:

- DIRECT competitors' products and services;
- INDIRECT competitors' products and services;
- The Consumer;
- The Media being used.

This is how you ensure your agency brings Value Added Ideas to a prospective client.

THE DIRECT COMPETITOR

If you are Dell, then it's Gateway or Apple. If you are Target, then it's Wal-Mart and K-Mart.

Don't just find out what and how the prospect advertises and promotes, find out how they do things, make things, and position things. Then find out the same for the direct competitors. You're looking to answer this question:

"What competitive behavior or situation can we help the prospective client take advantage of?"

Example 1:

Before the advent of Starbucks, who owned 6:00 a.m. – 8:00 a.m. in a 24 hour period?

Answer: Folgers's

Who owned 8:01 a.m. – 5:59 p.m.?

Answer: No One

Now Starbucks does.

Example 2:

In the early '80's who owned the space between Ford, Chrysler & GM and the premium auto manufacturers - BMW, Mercedes, Jag?

Answer: No One

Then, along came Lexus and Infiniti “the affordable luxury” which in the crash of '87 was a blessing for both, especially for Lexus who rolled out in '89.

Even today, look at Kia, a fully-equipped low-end vehicle for \$15,000. Who's smiling all the way to the bank?

So look closely at the prospect's direct competitive landscape. Find out where they could be leveraging themselves or how they can take advantage of another's weakness or lack of distribution and the like.

Bring this to the table, along with ideas of how you might help the prospective client capitalize on these opportunities.

Is it possible to find a direct competitive opportunity for all companies? Unlikely, however, with companies being so close to their own business and limited by their own tunnel vision, you'd be surprised how many times what is obvious to you is downright amazing to them.

It is purported that McDonalds got into the burger business because Leo Burnett asked Ray Kroc (business man who made McDonalds an international phenomenon), "What business do you want to be in? – Do you want to sell hot dogs and own every baseball venue in America or do you want to sell hamburgers and own the backyard of every home in America?"

THE INDIRECT COMPETITOR

This is the least likely to be investigated when trying to learn a client's business. However, this is one of the most fruitful areas to investigate for an agency looking to differentiate itself from competitors.

Example 1:

Scott's Lawn Care is about making lawns look beautiful. The weather (indirect competitor) plays havoc on people's decisions as to when to buy and apply the product.

Question: How do you help them with this dilemma?

Example 2:

iPod's direct competitor is HP. However, you don't see Apple's iPod positioning itself against HP.

What does iPod focus on? Style, cool, white, scarce. Each of these is a tangential, intangible and hidden competitor that HP never looked in on.

They (HP) went on price and storage.

Yet who rules the portable music storage waves?

Example 3:

Possibly one of the most remarkable cases of addressing indirect competition came from the Spritzer category.

Wine was boring, beer fattening and blue collar, and hard liquor was just "out".

The hidden competitor?

Social stigma - hello Spritzer.

Look at the Food Network - part of the recipe's world. "Fragrant Rose Wine Spritzer - by Rachael Ray."

Look for the unobvious, hidden, unfrequented or just plain "out there" competitor that would give your prospective client a possible competitive advantage.

Yes they might have tried some of these; however, their thinking may have been limited by their own exposure and experience and not seen from the advantage of an exterior point of view.

This may just be the catalyst needed for them to see these opportunities in a new and innovative light.

THE CONSUMER

As with most analysis of a prospective client's customer, we're after key insights (motivations) that if addressed would produce a positive response to our communication.

Focus groups, 1-1 interviews, mall intercepts certainly have a role, however, I'd not be wasting my money on them.

Think about it. As so eloquently pointed out by Rick Stone, partner at Lindsay, Stone & Briggs, their strategic and branding "guru", "people say what they believe you want to hear."

True all the time? Of course not. But experience has taught us that it happens often enough to be worth acting upon.

What happens when you have guests over? You clean up don't you? Is that then really you or the "social you"?

We all know the routine of functional benefits, emotional benefits and social benefits. Frankly, this is a waste. There are two:

- Real benefit
- Social benefit

Function sometimes falls into one of the above.

Example 1:

The Wonderful iPod

- 6 megabytes of memory
- 1000+ songs
- 6 hours on 1 battery

but who cares?

Maybe those who regard music as sacred as the sacraments.

But, for the average Joe and Jane, "that's cool" but will it make me look like I'm "current", "hip", "part of the in crowd".

Example 2:

McKinney, the agency who led Audi to a dramatic rebound through the 90's and onwards, has a remarkable planner.

In his quest for finding the "real" motivation behind the purchase of premium vehicles, instead of using focus groups, he commissioned friends from around the nation to take pictures of "vanity plates" on Mercedes, Jags, BMWs, Audis, and the like.

Eureka - albeit that the words were different, it was very clear that BMW was about "performance, speed and edge", Mercedes was about "status, societal judgment and privilege", whereas Audi was about "individuality, exploration and independence".

Now think of a focus group of Mercedes owners being asked "what adjectives come to mind when you think of owning a Mercedes?"

"Privilege? Better than You?" – I doubt it!

Instead, German engineering!

And there have they thrown their hat. Just look at the new Daimler Chrysler 300C – 347 hp, well equipped, optional GPS and a slew of other amenities. Holds the road like a Formula One. Status? Unlikely, not against the likes of Porsche, BMW 7 Series, Rolls Royce. This is a \$39,000 list price automobile. Since when is status so cheap? Yet, the salesman will keep telling you; "Lots of Mercedes inside".

Price it at \$60,000, say the same thing, and you may get converts.

So look for the "real" motivations, not the "cleaned up" versions and you'll have the key to stimulating consumer action.

THE MEDIA USED

One of the most telling things about a competitor's advertising is the media they choose to communicate their sales messages.

And again, look for "what are they - the competition - missing?"

An example of this comes from a Media Director, David X (you'll know who you are) who has spent years with big shops like DDB, working on accounts like Busch and having to sell to the irascible August Busch himself.

Recently his agency pitched a blind manufacturer. Their largest competitor, Hunter Douglas, owns 80%+ of the market. TV, the principal medium used by the competing agency, was flat out not working. Why?

- The key target (woman 25-55) only watched TV between 6:00 p.m. and 8:00 p.m. prime time. (that's what the other agency bought) and 7:00 a.m. – 9:00 a.m. early morning (also bought).

However, no one on the competing agency dug into the real "Mary" (coined name for her) and recognized that she was watching very specific early morning and prime time programs, based on one motivation – "staying current".

Therefore, it wasn't the early news, it was Katie in the morning. It wasn't E.R., it was Oxygen.

Hand in hand with the media goes fully understanding the mind and heart of the consumer one is reaching, so consumer insights and media are inextricably linked.

Look at placing a client where others won't. – billboards for Target outside of Wal-Mart; BET (instead of Vogue), TV Land instead of USA, Tech TV instead of Discovery Channel.

Look at the CPLs (cost per lead). In the case of TV Land the CPL is 30. Home & Garden is 100. This is what marketers want. Reduced CPL while ensuring efficiency and you have it made. (at least for the first quarter)

COMMENTARY

The new model is not how much you can spend, it's how strategically you spend it.

The big boys are starting to realize this and are challenging their agencies to raise the "strategic" bar.

An agency's real opportunity lies in thinking like the client, living a client's life and demonstrating a keen understanding of what plagues and stimulates clients.

And possibly the best truism in the business of marketing is "you're only as good as your last performance". If the incumbent fails to live this lesson, why opportunity knocks for all who bother to do so.

A true competitive advantage can be achieved by any agency taking a close look at how "contemporary" the incumbents' thinking is in terms of the direct and indirect competition, the consumer, and their media choices.

And knowing a company's "real" customers' motivations will allow you to literally rip apart a competitor's media plan – unless of course, they've also read this. Then, it's two Olympians going head to head and may the best win.