Differentiate Your Product or Service
By Blair Entenmann, President of MarketingHelp!

There are two basic types of marketing strategies: market segmentation and marketing mix differentiation. Both of these strategies should be pursued to maximize your success.

**Market Segmentation** is the process of isolating smaller and similar market segments within a larger market for the purpose of selecting one or more target markets and developing a unique marketing mix to satisfy the needs of each. This segmentation should be based on both demographic (age, income, location) and psychographic (needs, wants, life-style, image) factors. The ultimate goal of segmentation is the identification, development and exploitation of a profitable "niche" in the market where you can become the preferred brand or supplier to your target audience.

**Marketing Mix Differentiation** is the process of making your marketing mix uniquely different from other products or services competing for the same target audience. This differentiation may be in any of The 5 P's of Marketing (product, place, price, promotion, people).

**Product / Service Differentiation** may be offering greater performance benefits or better aesthetics than your competition. You can position your product/service as a low, medium or high-featured product/service that satisfies the needs or wants of a particular market segment. If you are competing with other similarly featured products, make relevant improvements/differences (i.e., product size, performance, delivery) in your offering to make exact price comparisons difficult.

**Place Differentiation** may be making the product or service more readily available through multiple locations, longer hours of operation, or over the Internet. For some market segments, exclusive distribution is preferred because the upscale target customer wants uniqueness or distinctiveness (a potential segmenting dimension) in the products or services they buy. Or they may prefer a full-service reseller instead of a self-service reseller.

**Price Differentiation** is positioning your price at a level that your target segment is willing to pay for your product or service so that it offers them a good value. Depending on your competitive environment and market situation, you may want to follow a premium pricing policy or an everyday low price policy for that market segment. It could mean offering innovative ways to pay for the product or service, such as subsidized interest rates, no payments until January or bringing back layaways.

**Promotion Differentiation** may be utilizing unique and breakthrough advertising to project the desired image of your company, product or service. It may be an off-the-wall promotion offer that will make you stand out in the mind of your target audience. It may be using a totally different advertising medium than your competitors that will better reach a specific market segment that you want to "own."

**People Differentiation** may be putting better, more qualified people in contact with the customer than your competitors. If all your competitors do a feature benefit sell, maybe you can differentiate your company by using a consultive approach to selling. Offering better customer service, service after the sale, or making fewer mistakes than your competition can generate repeat business. It has been said that you “get the business on quality and price, you keep the business on service.” Perhaps it’s simply being “more friendly” in customer contacts. Doing business with nice people is a segmenting dimension for some customers.

Differentiating your marketing mix is critical to the short- and long-term success of your company and brand. Do you offer a unique product/service at a profitable price or do you offer a "me-too" product/service at commodity prices. If you can't differentiate, you are doomed to compete on price!

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