

## COMPETITIVE ADVANTAGE

We all value **COMPETITIVE ADVANTAGE** for our business and ourselves. Competitive advantage is not an accident, it is the result of a repeatable and strategic process.

This is judged commercially by our ability to create:

**product or service advantage**

resulting in increased sales at the highest margin

**cultural advantage**

resulting in increased unity, trust and loyalty

**productivity advantage**

resulting in speed to market and growth

Taken together, 'competitive advantage' means the strongest financial performance, the best relationships and the most efficient use of time.

Competitive advantage is the key to success and to the ultimate prize of **increased shareholder value**.

Competitive advantage is very valuable. **So how can we create it?**

Competitive advantage is made up of two halves.

The first of these halves is the **tangible**, describing the physical and the rational, represented by physical features, attributes and other measurable qualities. In an emerging market this will give you a performance advantage, but it is difficult to sustain as new entrants come to market, eroding premium price and margin. In the end attributes and qualities will only get us into the game.

But to compete in the tangible realm alone leaves us at the mercy of external influences, like price wars.

The second half is the **intangible**, describing the emotional and the psychological, represented by thoughts, ideas and aspirations. What we believe in affects our confidence, and in turn has a direct affect on our choices. In business terms, this means that when two or more products appear physically identical, the sale goes to the product or service based on the ideas that people believe in the most. (eg. IBM's customers buy into the intangible idea 'e-business on demand', giving competitive advantage to their altogether more tangible Information Technology products)

But to compete in the intangible realm alone - without providing measurable guarantees - is simply a 'confidence trick'

Achieving competitive advantage involves combining the two halves, creating a single proposition and communicating this unified whole.

The making of **COMPETITIVE ADVANTAGE**

Businesses are very comfortable with investment in tangible resources and activities – research, new product development, infrastructure. Because we can see it, touch it, weigh it, we can measure it, we are reassured and comfortable with our investment.

But as we concluded, this is only half the story.

Conversely, investing in the intangible world is less common, particularly when the output of the process is a compelling idea that may only be a single word or a short phrase. But the value of this idea can be immeasurable, and likely to increase over time and with exposure.

For example, if we consider a wider context, what is the value of the concept of 'freedom' that gives the USA such a competitive advantage? Or the idea of 'Samba football' that has taken Brazil to more World Cup wins than any other team? Or the idea of 'New Labour' that gave Tony Blair victory in 1997? Or Sterling's idea of 'bravery' that created the SAS regiment? Or the idea of 'Cubism' that made Picasso and his works so famous?

Ideas are intrinsically valuable. **Because the best ideas lead to tangible results.**

Ideas can give us a **COMPETITIVE ADVANTAGE** in our life, our community, our nations, our politics and in our business.

**But how is this possible?**

As human beings we are uniquely positioned to create compelling ideas which capture the imagination and influence the behaviour of others. The more desirable these ideas, the greater the competitive advantage. For every favourable behaviour we induce, it is a response denied to a competitor: i.e. attract the best recruits to join your company; encourage investors to buy your shares; win contracts for your business in competitive tenders; convince customers to purchase your product or service; create advocates that put forward your company name before another.

What is the power of the idea? **Desirable ideas manipulate the process of choice.**

Put simply, a business with a compelling idea is stronger than an organisation without one. Such an idea will attract and retain all 'customers' – both internal and external – providing the foundation for competitive advantage.

But above all the key thing to remember is that the most compelling ideas reflect the customer's desires, not those of the business. The idea must be profoundly customer focussed: it is discovered outside-in, not inside-out.

To create an idea that achieves competitive advantage we must first review our customers' anxieties. We must establish their emotional needs, the things they value on a subconscious and psychological level. Fear of losing a job – security, fear of failure – success, fear of injury – safety, fear of weakness – strength, fear of safety – risk, fear related to social standing – status, fear of being cheated – trust, fear for health – fitness. The idea is a promise that resolves these customer anxieties.

If a customer believes in the promise then they are prepared to do what is asked. After identifying the anxiety it is necessary to position the 'anxiety>antidote' idea creatively.

Successful ideas answer such emotional needs and are therefore profoundly attractive. Successful ideas are intuitive and have the ability to be interpreted personally and individually and still provide consistency. The idea is the promise of an answer to the customers' emotional questions. The business that creates an idea that promises to answer these needs most comprehensively gains competitive advantage.

A good example is BMW promising 'the ultimate driving experience' to answer the need to reach a perceived social status; or Nike promising to make you 'a winner' and counter the anxiety of being a loser. Every positive idea answers the desire to overcome a negative anxiety. America's promise of 'freedom' defeats the anxiety of slavery.

If you can find the relevant anxiety in the mind of your customer, you have the best starting point to explore ideas which answer emotional needs. Meeting these needs creates desire, and desire delivers competitive advantage.

The stronger the anxiety, the greater the opportunity to use concepts and ideas for competitive advantage.

**How much do you want it?**

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