

HOW TO PUNCH ABOVE YOUR WEIGHT AND OVERCOME GIANTS

An introduction to competitive psychological positioning

Abstract

In all forms of business, there are two principal competitive positions. First, there is the physical, tangible, competitive position relative to your competitors and customers – turnover, size, resources, market share, location, features, analysis etc. Second, there is the psychological and intangible position in the mind of your customers, competitors, employees and the broader community. This second competitive position is made up of the beliefs and concepts that are associated with you and differentiate you – status, safety, security, fun, sexiness, style, etc.

Successful consumer marketing has used psychological positioning to create differentiation for years. We believe that it is now time for B2B (business-to-business) to take its opportunity.

Competitive Positions

The first competitive position is obvious and well established. It is tangible and measurable, dealing with the attributes and the qualities of an organisation, individual or products: the largest, the fittest, the fastest, and the most technologically advanced. In B2B markets, much emphasis has been placed on achieving competitive advantage in the physical dimension.

It is time to redress the balance. A purely physical competitive position is no longer enough to guarantee a competitive advantage that is sustainable. The aim of positioning is to win twice, and then keep on winning, by achieving success psychologically and emotionally, which is in addition to physical and qualitative strengths. As Alex Ferguson said, "Anyone can win occasionally – winning consistently is what counts".

When two teams field players of equal ability, the winning team is the one that has a psychological advantage fuelling them with a shared belief in their ability to win, which is manifest through their ability to communicate and perform best as a unit. The crowd sees the 'better' team win, and is inclined to think that the better team contained the better players. This may well be true, but only in as much as the crucial point of difference – the winning margin – can be defined not as speed or agility, but in their psychological advantage.

If the business development process is measured in terms of the effects on marketshare, then the ultimate competitive advantage of an organisation should be assessed in terms of its 'mindshare'. This emotional state of mind, which the buyer/user/adopter is taken into during the business process, represents the single most important differentiator a business possesses.

The benefits of competitive psychological positioning:

- Protected shareholder value
- Release of latent value
- Ability to attract premium price
- Ability to attract and retain premium employees
- Improved merger and acquisitions integration
- Increased and protected market share
- Accelerated new product development

The Competitive Environment

Business is more competitive than ever, fuelled by the increased speed with which information can be exchanged. This information is disseminated through improved communications channels and through the shrinking of the global marketplace. What was also previously perceived as a transatlantic voyage is now no more than an 8-hour journey.

This has a huge impact on the speed with which indirect competitors can move into what was previously your business domain. New technologies/services/products in different business domains can potentially cross industries as well as cultures in an instant.

Evolving and converging B2B markets are becoming increasingly crowded, with competitors claiming multiple competences and indistinguishable 'total solutions packages'. These days, it's occasionally hard to know what business you are in. We are all currently experiencing one or all of the effects of market consolidation, M&As, new competitors, market shifts, globalisation and new technology.

It's a post-modern world, where fragmentation, change and unpredictability are the norm. Responding positively to change is the only way to ensure that your business survives.

Punching above your weight

If it was true that the physically dominant always won, then Virgin could never have competed successfully with British Airways. Hewlett and Packard would still be inventing in their tiny shed. Brazil would not have won the world cup five times. Coca-Cola wouldn't exist and Father Christmas would still be blue!

And, if it was true that when products are the same the cheapest always win, then the leading baked beans brand could not charge 50% more than the own label products. Physical strength alone does not guarantee competitive advantage. The tangible cannot explain why the underdog can position itself to win or the identical can position itself to command a higher price.

When the competition is at its hottest, it is time to take a fresh and unique position in your customers', competitors' and employees' minds. The aim of competitive psychological positioning is to gain advantage before a ball is kicked, a stone thrown, a tender submitted, a project begun or a product bought. The aim is to win before you even set foot on the pitch.

Taking a competitive psychological position involves taking control of the buying decision argument, and usually will involve moving the goal posts, effectively taking the argument into a space that is controlled by you and provides the criteria on which your competitors will now be adversely judged.

Winners harness a psychological dimension. A dimension that is as powerful, or arguably more powerful, than the physical alone. Winners not only have a physical position relative to competitors, they take a position in the mind – the psychological competitive position.

Psychological positioning influences competitive advantage directly, communicating perceived values and associations. This explains why leading attributes and measurable qualities alone do not necessarily guarantee competitive advantage and victory. If you have a position in the mind of the customer that is differentiated and attractive then you have the opportunity to increase value.

What is psychological positioning?

Added value is usually understood as additional whistles and bells and should not be confused with positioning. As psychological positioning exists in the mind, the desires it creates define the value.

Without the concept of love, diamonds would be priced based on their usefulness, availability and cost of production. In a rational and emotionless world, diamonds would only be used in industry. This is not the case. Diamonds have been positioned to represent the human emotion and concept of love, in addition to their tangible qualities. This desire creates a value for diamonds in the customer's mind.

Psychological positioning is a contract that says "we have something intangible and often emotional that you want (in the diamond's case – love), if you want it back you'll have to pay a premium for this product, service, or individual..." Thinking about it, we could argue that DeBeers takes your love and sells it back to you and, because this positions you as a great lover, you are happy to play the game. Where there is value there is psychological positioning and **the currency of psychological positioning is BELIEF.**

It's worth remembering that David, sustained by his belief, beat Goliath, when on paper he was a loser.

If we were only able to judge logically and without emotion, then psychological positioning wouldn't work; there would only be one of everything. We would live in a repressed, colourless, emotionless world. Psychological positioning drives differentiation and accelerates our judgment.

Psychological positioning would not work with Vulcans as I predict that Spock would always buy on price after exhaustive and logical analysis!

To position, or not to position?

B2B sectors often focus solely on the tangible as the only way to dominate. As a consequence, competing offers communicate indistinguishable positions leading to the SYMPTOM OF SAMENESS. This is the use of the same language for the same products, technologies and services. Confronted with sameness, it's no wonder the customer finds it difficult to discover the differentiation between one company or product and another. In B2B if we are to believe that this is the only way then this one-dimensional strategy implies that we will be the physically strongest and through this strategy we will take a market leading position and dominate our competitors. This is a competitive strategy in denial of the power of the psychological dimension. We can learn from David and Goliath. Physical strength alone may not guarantee success.

What people believe in is often more durable, defensible and sustainable than purely physical product positions, which are eroded as markets mature and new competition takes market share and margin, too often leading to PRICE-BASED COMPETITION STRATEGIES.

In truth, there is only one choice. In business terms, we either strategically assert our psychological position or we passively allow the market to create its own. Which would you prefer?

There is an invalid argument often presented which sums up B2B denial: "...business to business is different to business to consumer, and psychological positioning will not work for us...".

This is the position we hope your competitors take.

Paradoxically, this is the very reason why psychological positioning is still such an opportunity for those companies in the B2B arena who are brave enough and willing to invest the time to create a defensible psychological position.

No matter what your tangible position in the market league table, psychological positioning adds competitive advantage wherever you are: market leader, market equal or new kid on the block.

Establishing a competitive psychological position

If you have a knowledge of the customers' subconscious state and know what is going on in their minds, often without them knowing – you have the opportunity to create a winning and differentiated position.

It is also, not appropriate to ask the customer what your psychological position is – it is important to tell them!

It is no longer a leap of faith to believe that decisions begin in the emotional centres of the brain. There are new branches of marketing emerging with such titles as 'neurostrategy' and 'neuromarketing research'. Both use functional magnetic resonance imaging (fMRI) to test brain activity in the reward centres of the brain when the respondent is viewing packaging, advertising or a new product. The previously invisible effects of creative communications is being revealed in brain waves.

Positioning concepts in the subconscious mind override and influence our rational judgement. Unless you have spent many years in meditation, it is virtually impossible to stop emotional responses, and often we are not consciously aware of the triggers anyway. In this way a rational assessment of the product has been hijacked and what we think is rationalised is, in fact, post-rationalised.

As mentioned earlier, successful consumer marketing has used psychological positioning to create differentiation for years. It is now time for B2B to take its opportunity.

By understanding our customers' environments – their customers, their customers' customers, competitors (direct and indirect), trends and resources – we gain insight into their fears and desires. As customers, we are often not conscious of these underlying emotional drivers that create our decision to buy. The first we are aware of these emotional stimuli is when we justify the purchase at a rational or conscious level. **Skillful psychological positioning positively affects decisions prior to conscious awareness.**

For example, the 'tastes' we have are cultural; we are taught what we like. There is sleight-of-hand at work here, as cultural (psychological) value is translated into quantitative (physical) value. Can there be any justification for the elevated price of a product, which, under analysis, is revealed to be to all intents and purposes identical to a competing product which charges 45% less? Customers are often in denial about the emotional basis of their decisions and choices. In this way 'quality' changes from a concept based on scientific and rational assessment of the product, to one based on the customers' conditioning and intangible beliefs and perceptions. We claim that the same mechanism is applicable in even the most rational B2B markets.

During research for a lubricating oil brand, a distributor told a story of a machine tool cutting-bit that was made by one manufacturer and sold under no fewer than five different brand names. Machine engineers, a rational breed by all accounts, would swear that one bit outperformed the others and happily paid a premium price for it. There was no rational or analytical basis for their buying preference. It was a matter of belief only.

If we look at our own buying decisions we will find emotionally based purchases being routinely post-rationalised. When we create a sense of belief we hijack rational and conscious judgement, which in turn can have a measurable impact in the tangible world. When uncertain as to the choice to make, a customer will choose the product that has a psychological position he or she can believe in. The position answers the customer's "why buy?". He who offers the best "why" wins.

Positioning justifies, in a customer's mind, WHY they should purchase your product instead of another. Answering WHY is emotionally driven. Why should I use IBM? They protect my career. Why should I buy a Dyson? It makes me a better cleaner. Why should I buy a Volvo? It protects my children. Why do I buy a BMW? It gives me status – 'the ultimate driving machine' is a reflection of my being special. Why do I buy shoes from Gucci? They make me stylish. In the competitive arena, the product or service that commands the WHY position in the mind of the customer wins.

A classic B2B case study is IBM. Recognising that the IT manager occupies a high-risk position, expects things to go wrong, and is unwilling to compound the risk with an unknown product (even if it is better), IBM positioned itself as an antidote to the anxiety that comes with the job. Hence "no-one got sacked for buying IBM". This reassurance is IBM's psychological position – it answers the customer's "why buy?"

In value terms, the rational position of any product group – a car, a vacuum cleaner, a dress, a chocolate bar – does not provide a customer with the ability to discriminate one from another within the group. Differentiation comes when a company defines for the customer WHY they BELIEVE they should buy a particular product from them. And the answer should rarely be price.

Our argument is that in B2B markets, you can play this game too. We are finding that B2B customers are crying out for more creatively positioned concepts. They are bored and frustrated by comparative product offerings. They are ready and willing to respond to psychological positioning, and so the more emotionally brave companies are reaping the rewards.

It is time to take a psychological competitive position. Companies, individuals, products, and services that have a differentiated, intuitively 'customer engaging' concept, have greater relevance and meaning. Consequently they are valued more. Without positioning, you will be a hostage to THE SYMPTOM OF PRICE.

Conceptual competitive positioning can be applied to almost anything: an individual, a team, a product, a tender, a bid, a new product or a new service.

Psychological competitive positioning increases competitive advantage – what's yours?

Famous positions

IBM	Job security
Caterpillar	Rugged, hard working
UPS	Synchronising
Volvo	Safety
Special Air Service	Daring
Orange	Bright future
Hewlett Packard	Invention
Lucozade	Energy
Labour (1997 –)	New
USA	Freedom
UK (100 years ago)	Fair play
Italy	Style
Harley Davidson	Freedom (of the road)

Infamous positions

Wimbledon FC (1980's)	Intimidation
Face cream	Youthfulness
Marlboro	Macho
Alco pops	Wicked /sexy
Punk rock	Anarchy