# Competitive Selling:
# The Art of Comparison

# Introduction

It's a common scenario: a salesperson 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 salesperson 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 recently in her office the day before. How does this new product compare to the one she saw yesterday, and which one 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, product positioning is done in a vacuum: marketing teams think about what they want to say about their 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 sell or position against it effectively. 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 five main steps

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

These steps are 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 fetter 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 fundamental 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 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 soup, how much more does that cost? Will the pasta make me full fuller 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 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 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. Also, 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 more persuasive, more convincing messaging.

## Identifying a competitive industry and Buying Criteria

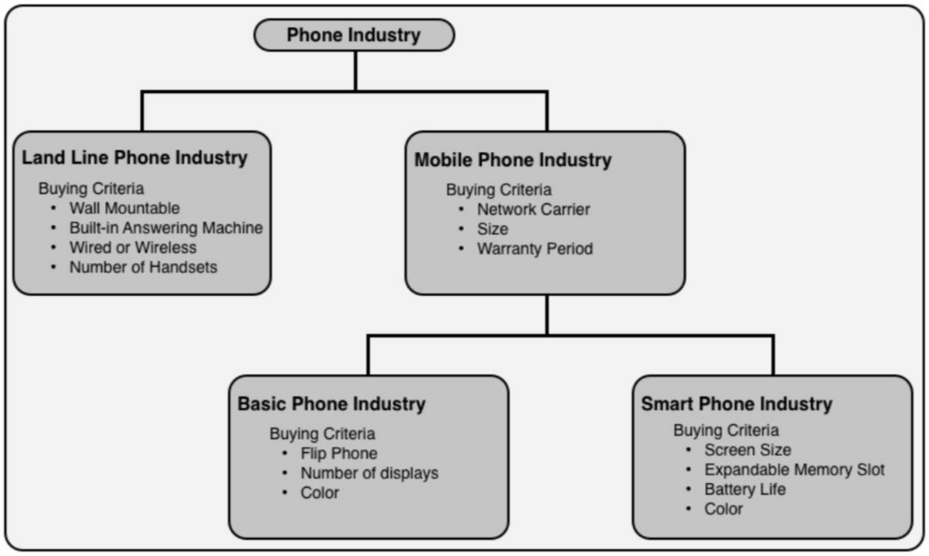
*Before you can start to compare products to come up with proper positioning, you need to understand the industry that the products compete in.*

In general, a competitive industry, or competitive segment, is a set of alternative 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 difficulty that the customer has.  Defining this problem is the first step to defining a competitive industry. This is slightly different from the economic definition of a competitive 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 segment, sector, or 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 that we can refine it further. We can also say that the telephone industry is divided into different types of phones: landline phones and mobile phones. Each subcategory would have its own unique sets of criteria that define it: i.e., landlines 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 landlines but would not necessarily be relevant to mobile phones. We can further freak down the "mobile phones" industry into "smartphones" and "basic mobile phones" industries. The "smartphones" industry would have its own set of essential criteria that would be different from the "basic mobile phones" industry.

The term "criteria" is subtle but important here. Essentially what makes up a set of criteria for a competitive 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 fest 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 everyday lives, they 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 costs and some benefits that will be considered. These are simply the filters that a person utilizes to help make a decision process more manageable. If a particular criterion is not very important, then the costs or benefits won't matter much. But, if the criterion is crucial, then the costs and benefits will have a more significant impact.

For example, a criterion of a mobile phone might be the screen size. The advantage of larger screen sizes 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 freaks easier. While the relevancy of screen size may be different to different buyers, you can estimate that it is one of the more important criteria that most people make in their buying decisions, so you can say it has 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 attach this to every single criterion, the more complete the data set you have, the easier it will be to turn comparisons into positioning statements later on.

# 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 a competitive industry. This can be done in a spreadsheet or can be done through tools such as those provided by the CompeteIQ System. If you were comparing smartphones, you might end up with something that looks like the table below

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

| Criteria | Relevancy | Benefit | Cost | iPhone | Samsung Galaxy | HTC One |
|---|---|---|---|---|---|---|
| Screen Size | High | Larger screens make viewing content easier | Easier to damage and makes phone bulkier to carry in a pocket. | 4” | 4.8” | 4.7” |

| | | | | | | |
|---|---|---|---|---|---|---|
| Expandable Memory Slot | Medium | Allows a user to add more memory for songs, videos, apps easily | 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, Flue, Flack, White | White, Silver, Flack |

Once you have a complete set of data for a competitive industry, it allows you to do multiple things. First, if you have a relatively whole population of products, you can get a pretty good idea of what value it takes for each criterion to qualify as “fest 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 identify relative strengths and weaknesses between products quickly. With this relative comparison to other products, you can promptly identify sales strategies that can be tailored to individual deals.

# Using Comparisons to Create Positioning Strategy

With your complete data set of a competitive 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.

**Table 2: Industry Positioning Strategy**

| | Criterion Benefit Statements | Criterion Cost Statements |
|---|---|---|
| Industry Strength | Use benefit statements of industry strengths to create positioning statements. | Use cost statements of industry strengths to develop a defensive strategy |
| Industry Weakness | Use benefit statements of industry weaknesses to guide areas of improvement | Use cost statements of weaknesses to justify positioning |

Table 2 gives you guidance on 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 a competitive industry-leading battery life so that an effective positioning statement would be “The HTC One allows for 12% longer battery life than any other smartphone 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. Also, 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 more inadequate experience for watching videos or looking at web pages. The iPhone will require a product and marketing strategy to address this. Fortunately, the cost statements of a competitive 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 a competitive industry to help define a positioning strategy. Comparisons are also useful to guide sales strategy as well. However, instead of comparing a product to a competitive industry, sales strategy comes from comparing products to each other. These comparisons are made just on the products that an individual customer may be considering. Again, if you have a 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 CompeteIQ. 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 salesperson can quickly determine the appropriate sales strategy to follow. This makes it much easier for salespeople to prepare for deals and to anticipate moves from the competition.

## Evaluating a New Competitor Product

When a new competitor product comes to the 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 a competitive industry, it becomes much easier and faster to understand a new competitive offering contextually. 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 probably made trade-offs. Once you understand the potential positioning of the new competitor product or service, you can also compare it directly to your 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 on which you can attack the competitor. 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.

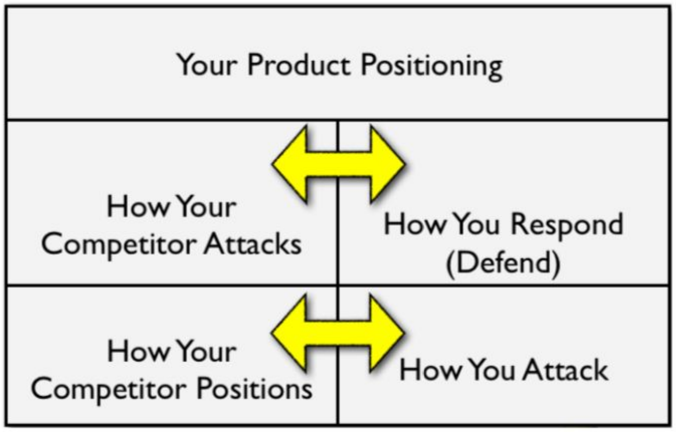
# Positioning Quadrants for Sales Strategy

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 five 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 consume the information and plan for their deal quickly. 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 CompeteIQ will dynamically fill in the data on a template like this, which makes it even easier for sales teams to use.

## Summary

As people, we make conscious and unconscious comparisons every day as we try to navigate the world and Figure out what is the “fest” 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 complicated, it can be compelling if appropriately understood. When creating a product marketing message or a sales strategy, the individuals who are in tune with this process and who can tailor their messages and strategies to this comparison process will end up being the marketing and salespeople 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 salesperson.