Competitive Advantage in a Commoditized Industry

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THE STATE OF OUR INDUSTRY
SEO is dead.
SEO isn't dead.

It's commoditized.
Content Marketing

Highly Commoditized: 28.40%
Moderately Commoditized: 40.74%
Only Slightly Commoditized: 27.16%
Not Commoditized At All: 3.70%

SOURCE: Survey of 109 digital marketers worldwide
Organic Search

HIGHLY OR MODERATELY COMMODITIZED: 72.84%

SOURCE: Survey of 109 digital marketers worldwide
Paid Search

HIGHLY OR MODERATELY COMMODITIZED: 74.08%

SOURCE: Survey of 109 digital marketers worldwide
The Trouble with Commoditization

HARD TO STAND OUT

HARD TO COMPETE

HARD TO GROW
Barriers to Competitive Advantage

- knowing what to own
- slow to innovate
- prioritizing non-billable work
- time, bandwidth and budget
- customer perception
- fear of taking risks
- cultural challenges, buy-in
- moving target

SOURCE: Survey of 109 digital marketers worldwide
Is our industry toast?
It's not just our marketing disciplines.

Our client brands are fighting it, too.
WHAT IS COMPETITIVE ADVANTAGE?
From meaningless mission statements...
“Profitable growth through superior customer service, innovation, quality and commitment”
Our Mission Statement

"To obtain profitable growth through superior customer service, innovation, quality and commitment to our customers.

Our Mission

Profitable growth through superior customer service, innovation, quality, and commitment to excellence in all we do.
...to worse "unique" selling propositions.
Can help you organize and speed up your invoicing.

Invoice software that saves you time.

Time-saving features keep you in control.
Invoice Simple

Invoice your customers in seconds

A real-time view of your cash flow

Scoro

Stop using and paying for 6+ different tools
How do you know if something is a true competitive advantage?
Start with your "est."

What is something that better delivers more value to customers, or comparable value for a better price?
Something that serves a unique need, a unique audience, or in a unique way.
distinct, specific claim. Not generic or vague. Avoids superlatives.
Lasting. Enduring over a long period of time.
Something the customer feels is a greater value than competitors.
Something you can bring to life in every aspect of your business.
AND TEMPORARY.
A Competitive Advantage Framework

DISCOVER ➔ DIFFERENTIATE ➔ DEMONSTRATE ➔ DEFEND

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DISCOVER TOOLS TO FIND YOUR COMPETITIVE ADVANTAGE
How do you find your opportunity to win in a crowded and commoditized competitive landscape?
ASK
LISTEN
WORKSHOP
SWOT ANALYSIS
PORTER'S 5 FORCES

COMPETITIVE ADVANTAGE

BARGAINING POWER OF SUPPLIERS

THREAT OF NEW ENTRANTS

THREAT OF SUBSTITUTES

BARGAINING POWER OF BUYERS

SOURCE: 5 FORCES FRAMEWORK, MICHAEL PORTER, COMPETITIVE ADVANTAGE

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PORTER'S 5 FORCES

BARGAINING POWER OF SUPPLIERS

COMPETITIVE RIVALRY

THREAT OF NEW ENTRANTS

THREAT OF SUBSTITUTES

BARGAINING POWER OF BUYERS

- Quantity of competitors
- Diversity of competitors
- Industry concentration (crowding)
- Growth rate of industry
- Quality differences between competitors
- Brand loyalty
- Barriers to exiting
- Switching costs

SOURCE: 5 FORCES FRAMEWORK, MICHAEL PORTER, COMPETITIVE ADVANTAGE
PORTER'S 5 FORCES

COMPETITIVE RIVALRY

BARGAINING POWER OF SUPPLIERS

THREAT OF NEW ENTRANTS
- Barriers to entry
- Economies of scale
- Brand loyalty
- Capital requirements
- Cumulative experience
- Government policies
- Access to distribution channels
- Switching costs

BARGAINING POWER OF BUYERS

THREAT OF SUBSTITUTES
- Quantity of substitute products or services
- Alternative solutions or abstention
- Perceived level of differentiation
- Buyer propensity to substitute
- Relative price or performance of substitutes
- Switching costs

SOURCE: 5 FORCES FRAMEWORK, MICHAEL PORTER, COMPETITIVE ADVANTAGE
PORTER'S 5 FORCES

BARGAINING POWER OF SUPPLIERS
- Quantity of suppliers
- Supplier quality
- Size and scale of suppliers
- Uniqueness of supplier products
- Suppliers meeting certain quality criteria or industry standards
- Your brand’s ability to substitute

COMPETIT OR RIVALRY

THREAT OF NEW ENTRANTS
- Quantity of customers
- Average order value / size
- Customer price sensitivity
- Switching costs
- Buyer ability to substitute
- Buyer ability to abstain
- Competitive information available

BARGAINING POWER OF BUYERS

THREAT OF SUBSTITUTES
- Buyer ability to substitute
- Buyer ability to abstain
- Competitive information available
- Buyer ability to abstain
- Competitive information available

SOURCE: 5 FORCES FRAMEWORK, MICHAEL PORTER, COMPETITIVE ADVANTAGE

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DIFFERENTIATE

CHOOSING YOUR COMPETITIVE STRATEGY
Your brand can't be all things to all people all the time.
Choose an area to focus.

Strategy is not just choosing what you will do, it's also choosing what you won't do.
Efficiency & Return on Ad Spend (ROAS)

VS

Volume or Share-of-Voice (SOV)
Broad Versatility

VS

Deep Specialty
How do you narrow to an essential area of competitive focus?
What are the core activities that make up your business?
Who are the people the brand was created to serve?
What do your potential customers, or a specific segment of them, want or need? How does your brand, product or service solve that need? What do you enable them to do?
What do your customers value?
When customers have a huge range of choices, why should they choose you? What would they do if you didn't exist?
HOMEWORK! FIVE WHYS
Examine your answers.
Look for clues and patterns.
Competitive advantage can take many forms.
We [do/provide/create] so that can

[brand] [circle one] (what the brand is particularly exceptional at)

so that [your target audience or a distinct segment of it] can

[unique customer benefit - not a function or feature]

[better/faster/smarter/cheaper...]

HOMEWORK! WRITE A BRAND STATEMENT.
We, The Ordinary, create high-performing, minimalist skincare products so that cost- and cause-conscious skincare enthusiasts can have an ethical, effective skincare regimen without paying a premium price.
Check your work.

UNIQUE
DEFENSIBLE
SUSTAINABLE
VALUABLE
CONSISTENT
DEMONSTRATE LIVING YOUR COMPETITIVE ADVANTAGE
Defining and demonstrating your competitive advantage to customers is almost as hard as discovering it.
"Brand purpose is foundational. You can't just say you have a brand purpose. You have to put meat on the bone behind it, not only talking about it externally, but delivering on it internally within your company, and ultimately with the customer."

Denise Karkos
CMO, SiriusXM

SOURCE: ASSOCIATION OF NATIONAL ADVERTISERS
Pressure test it. It must be lived consistently across:

DEPARTMENTS
OFFICES
TEAMS
ROLES
INITIATIVES
PROCESSES
MARKETING
How does this affect existing ways of working? What changes do you need to make to how you operate to live it fully?
What are some things you won't do in support of your purpose?
What team members can you bring together from across functions to activate this competitive advantage?

HOMEWORK! ACTIVATE YOUR ADVANTAGE.
How will you prove your commitment to the competitive advantage outside the organization with your customers?

HOMEWORK! ACTIVATE YOUR ADVANTAGE.
What indicators can measure how you're putting your competitive advantage to work in action?
You can't be casual about this.

You have to be **obsessed**.
DEFEND

EVOLVING YOUR
COMPETITIVE
ADVANTAGE
REMEMBER: IT'S TEMPORARY.
Strong sales growth starts to diminish. Competition is increasing. Enhancing features, lowering prices.

Building brand preference and market share. Pricing competition still low, distribution increasing, broadening audience.

Raising awareness about your product, service or company. Aiming at early adopters.

Sales declining. Brand is faced with a choice: maintain & rejuvenate, cut costs and continue to offer, discontinue, or...
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Sales declining. Brand is faced with a choice: maintain & rejuvenate, cut costs and continue to offer, discontinue, or...

...reinvent the business or explore product extension to break into new areas and renew competitiveness.

The Product Lifecycle
The solution isn't necessarily to *fight*. Often, it's to *evolve*. 
REINVENT THE BUSINESS
THANK YOU

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THE PURPOSE ADVANTAGE

How to unlock new ways of doing business

Jeff Froom

COMPETITIVE ADVANTAGE
CREATING AND SUSTAINING SUPERIOR PERFORMANCE

Michael E. Porter

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with a new introduction

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