

## **The 7 Big Questions & Answers Of Business Success**

Hi this Paul Simister here DifferentiateYourBusiness.co.uk.

Today I'm going to take you through a way to make your business stand out in a crowded marketplace by answering the 7 big questions of business success, so that you create unique value for your customers.

These questions are what, who, how, where, when, why and how many.

They are designed to shift your business away from having to focus on the question that stops so many businesses earning a good profit – how much does it cost?

In a market where customers perceive little difference between the products and services available from competitors, the key buying criteria is who has got the lowest price.

Nothing else matters.

But in markets where companies offer distinctive products and services which are not available from anyone else, then the importance of prices recedes into the background.

I know a lot of business owners feel that customers only buy on price and even pride themselves on taking the same approach when they are buying but it's usually not true.

To prove it, I'd like you to look around in your office, home or car.

Are you wearing the cheapest clothes and shoes that you can find or did you spend more than you had to?

Is the office equipment you use, like your PC, the cheapest available or did you spend more because of special features and benefits?

Is your car a £100 old banger which is only just roadworthy or did you spend more for prestige, comfort, speed and what it says about you?

When you had lunch today, did you buy the cheapest thing on the menu or the lowest priced sandwich or did you treat yourself to something a little bit special?

Sure you may love a bargain – who doesn't. But what you buy often isn't the

cheapest. There's some element of value which has convinced you that it is a good idea to pay more than the minimum.

And your customers are the same when they perceive a difference in the product or service.

As I explain in my report, the Profit Tipping Point, price is important to the customer.

A new Rolls Royce costing £250,000, which is a very differentiated product, is even nicer if you can buy with a 20% discount.

But price is even more important to the supplier than the customer. That's because price is the number one driver of profit.

Provided you have a profitable business, a 5% increase in selling price will increase your profits more than a 5% increase in sales volumes or a 5% reduction in costs if nothing else changes.

To convince customers and get higher prices you must differentiate your products in a way that customers value.

This is important.

It's not being different that matters.

It's being different in ways that matter to your target customers.

You may already claim that your business is different and if so I have a little game for you to play.

I teach my clients that there are two types of marketing:

- Outreach marketing where you reach out to prospective customers who may be interested and
- Search marketing where potential customers are searching for something to buy and your job is to be found and create sufficient interest to be contacted.

We live in the Internet age and it has shifted the balance from outreach marketing designed to interrupt customers to search marketing, when customers look when they want to buy.

Yesterday I was sent in the mail three copies of a catalogue from an office furniture supplier. It wasn't very well targeted because I'm a one man band and there's no way

they should have sent me three copies. In the old days I may have kept one to refer to. Now if I want some (as I did last year when I bought a new office chair), I look on the Internet.

But there's a problem.

Just like Yellow Pages in the past, the Internet gathers up all your competitors together and if you are not careful, it creates a sea of sameness.

That's where my Marketing Bingo game comes in.

List down what you think are your key differentiators that you stress in your marketing and sales presentations and then go to Google and look at your competitors' websites.

You'll be horrified at how often the things that you thought made you different are also claimed by your competitors.

And if customers think that all the products are the same, what happens? They decide to buy on price.

Let's delve deeper into the seven big questions of business success.

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The first question is What?

Now what can be interpreted in different ways.

What unique products or services do you sell that no one else does? Perhaps you have unique distribution rights or you have something designed and made especially for you?

An even bigger potential differentiator is what does your product do for customers? If you can offer a unique benefit – and if no one can copy it – then you have a significant advantage for those customers who value it.

Most products and services have big generic benefits – a car gets you from A to B, clothes keep you warm, protect your modesty and make you look good, one Television shows the same programmes as the others.

But sometimes you can find secondary benefits that appeal to a particular group of

customers.

Saga Cruises specialises in old people (although I'm horrified to say that I now qualify as I'm over 50). The ships still go from port to port and you can eat and drink from dawn to midnight but Saga specialise in looking after the old, the infirm and the disabled.

The benefits also come through in my third what question. What special experiences do you deliver?

In Saga's case, it means that people can still enjoy cruising when they can't cope with normal cruise ships.

Differentiation often comes through creating an emotional bond and we get alerted to differences through our five senses – sight, sound, taste, smell and touch.

What senses can you stimulate in a unique way?

The looks of a car are important to me but I'm finding it much more difficult to tell modern cars apart. There is a sea of sameness but it does mean that the cars I like the look of, stand out even more.

The senses can also be used to turn away potential customers. Differentiation is about creating polarisation – being right for some and wrong for others.

I don't go near some stores because of the music being played, if it can be called music. I know that they are not my kind of place.

What can also refer to special ingredients. Both Coca-Cola and KFC, two huge international brands, are differentiated through secret recipes.

What can also refer to what's been taken out of the product. I've just come back from the dentist and he told me that if I have to eat sweets, I should be eating the sugar free varieties.

There are two very important what questions you can ask which help you to innovate.

What are your customers' particular wants, problems and needs?

And...

What frustrates customers of yours, your competitors and substitutes when they are buying, storing, using or disposing of the product?

The better you understand your customers and why they buy and don't buy, the more you can

- a) design a better product
- b) set the customers' buying criteria to create preference in your favour.

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The second big question is who?

Again this question can be interpreted in a number of different ways.

The obvious one is who are your customers?

Two of my coaching mastermind partners focus on narrow niches. Ian Brodie concentrates on coaches and consultants and Heather Townsend works with people who want to be or are partners in firms of accountants and lawyers.

It's an easy way to differentiate yourself from the more general competitors.

It's attractive to customers who know you understand their business and it means that you can tailor everything you do to suit the special needs of a tightly defined group.

The second part of who is the one area where I guarantee you are unique ... That's you.

No one else has the same special combination of education, skills, knowledge, experience, personality, attitudes and beliefs.

We live in a time when celebrity status is highly valued.

Gary Vaynerchuk is a great example. He's been called the first wine guru of the YouTube era because of his enthusiastic and passionate wine tasting videos, and they've sent sales soaring.

Or if you don't want to be a celebrity, you can still use the “power of who” and the attraction of star appeal by having a celebrity promote and endorse your product.

It may seem a flimsy reason to create buyer preference to have Cheryl Cole promote L'Oreal hair products but it works and you'll see the same idea repeated in many markets.

Yes top stars will be expensive and are probably beyond your budget but what about actors who have left popular soaps and haven't enjoyed regular work since or retired sports stars. Their faces and names are still very well known.

The who theme can also be used on who are your staff.

The best example I can think of is Hooters, the restaurant chain where the waitresses are scantily clad, attractive young women. Hooters won't suit everybody but it is strongly differentiated.

Finally on the who question, you can create differentiation by who does the work between the supplier and the customer.

I hate flatpack furniture but it's fundamental to how IKEA differentiates itself by stripping costs out of the manufacture and distribution process so budget conscious customers can buy modern furniture at low prices and assemble it themselves at home.

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Big question 3 is how.

How you deliver the products, service, benefits and experience to customers can set you apart from your competitors.

You do need to be a little careful.

I get cross when I hear marketing experts tell you to forget features and concentrate on the benefits.

Don't get me wrong.

Customers buy because of the benefits they will get and you must answer the classic "what's in it for me?" question.

But features give the benefits credibility and tangibility.

You buy a new PC because it will improve your productivity and help you to get more done in less time.

You have confidence in buying it because it has the latest microchip from Intel.

The how has to be visible to customers and important to them.

I bet you don't care what software your accountants use to prepare your statutory accounts and tax returns.

But you may well choose one consultant over another because of particular proprietary techniques they use. You believe in the method, the how they do it.

Sometimes the how is essential to your purchase decision.

You may be terrified about going to the dentist and want more specialist treatment than the normal painkilling injection. Instead you can find a dentist who will shoot you full of valium so you don't even hear the dreadful sound of the drill. Or perhaps you don't believe in drugs and insist on hypnotherapy to disguise the pain.

Or the how can be a way to enhance the experience.

I like flambé desserts done at the table like cherry jubilee or crepe Suzette because they are exciting and have a wow factor and I'll choose them if they appear on the menu.

How can also apply to a fundamental question like “how can you take away the buyer's risk?”

Many buyers have learnt to be cynical about marketing claims. The bigger the claim, the more they fear it's an exaggeration so how you give them a chance to experience the benefits before they commit or how you structure your guarantee can differentiate you and create buyer preference.

The how can also be used to help you to create a personalised experience for your customers. That way they are treated as unique individuals and not as a member of a mass market.

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The fourth big question of business success is where?

Again this can be an easy way to create a differentiated offer since it can be where your customers are or where you are based.

Before the Internet, many businesses were able to differentiate themselves because

they were the only people in their area who offered the particular product or service. Many still can if location or transportation are important issues.

It's been said for many years that the three golden rules of retailing are location, location and location.

There are two types of stores:

- Destination stores – which customers will go out of their way to reach, and
- Passing stores – business comes from people walking past and being enticed in.

It may seem strange but sometimes being located next to a competitor is a big plus factor for the customer.

Look at the real estate agents and car dealerships in your area and you'll find that they often cluster together, creating a stronger magnet to potential customers than any one supplier can do on its own.

Sometimes location is a big sign of quality. In London, top medical professionals gather together in Harley Street and prestige tailors are in Saville Row in Mayfair.

Specialisation (what) and choice of customers (who) is then needed to create differentiation among those in the same location.

Where the product comes from or has been made can also be used as a differentiation factor. One of the vodka companies had success emphasising that it was genuine because it was made in Russia and not at a local plant to a standard recipe.

Where is also factor in one of the most remarkable marketing achievements – branding bottled water and persuading people to pay a premium price when there is a close substitute you can get for free out of the tap.

Where can also be used to describe where your products are made available. L'eggs pantyhose and tights broke away from the traditional distribution channels and went into supermarkets.

Other products maintain exclusivity by only making products available through approved dealers who have the image or service to support their promotion. These products are deliberately kept out of the supermarkets. Tesco lost a court case against Levi Strauss for selling trademarked products without permission.

Where can also be used to create differentiation by where you advertise and promote



your business. Many products – even in the Internet age – generate sales because they are seen as unique by customers who don't know better, even if they are imitators themselves or have been imitated.

It's what your customer perceives that matters and if your customer thinks your product is unique, because it's the only one they are aware of, and they buy, then you've created differentiation through your choice of marketing channel. This is why outreach marketing can still work if customers don't then search for a generic solution, once their interest has been raised.

Finally your product or service can be differentiated on the where dimension by changing where it is delivered.

Instead of going to buy vegetables at the shops, imagine having a seasonal local vegetable box delivered every week.

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The fifth big question of business success is when.

As well as being in the Internet age, we are also in the “I want it now” age.

Speed matters.

When can you deliver – and is the time guaranteed?

When can you start the service? Or even more important, when do you think you will have finished?

Fedex is a giant business built on the concept of reliable speed and their tagline “When it absolutely, positively has to be there overnight” is a text book example of a great USP or marketing slogan.

One of the reasons why I love Amazon is the consistent quick deliveries and they let me choose how important speed is to me with their delivery options.

Unreliable promises are a major problem. Who hasn't taken time off work for a home service or delivery, only to find that it never came? Speed and reliability go hand in hand.

If you're selling business to business, your aim is to help your customer to make more money by selling more, at higher prices or by reducing costs.

Stock or inventory in the distribution system is expensive and just in time techniques can create major cost savings. The slower the lead time between ordering and delivery and the more unreliable the time period, the more stock the customer has to carry. If the customer under-stocks and experiences stock-outs, they lose sales opportunities.

For a product which offers a clear financial return, an important when question is when is the financial payback? By that I mean when does the customer get their money back and move into funds? Until then, buying has made them worse off and they know it.

When can also be used to focus on when you introduce products into the market. There are major advantages in being the first mover and creating a reputation for innovative solutions.

There are also costs involved and some businesses prefer to be rapid second movers with a product that is better, more reliable or has extra features and benefits.

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The sixth big question of business success is Why.

The entire subject of differentiating your business is designed to answer the key why question... why should I buy from you rather than one of your competitors?

I use the why question to focus attention on why you're in business doing what you do?

People emotionally connect to businesses with a story and a clear purpose. A business with a personal cause creates a strong impression.

I remember meeting a young entrepreneur who had started a nursing home for elderly people. It began because he was looking for a place to look after his grandmother and he was shocked by what he saw.

Rather than just having a moan, he saw the problem, the pain that poor care caused and decided to do something about it. He created a nursing home with standards of care good enough for his own grandma.

And doesn't that purpose sound more appealing than "I started the nursing home because I saw it as an easy way to make a lot of money."

My own obsession with what makes a small business successful goes back to my early days as a trainee accountant in the early eighties recession.

I got to see behind the mask of “business is great” that you hear so often when you're networking. I saw plenty of nice people struggling to earn a good living, even though they were committed to giving their customers a good deal.

I am fascinated by why this happens and want to make the critical difference.

I also saw businesses that were very successful, also owned and managed by nice people so I knew big profits didn't depend on the ruthless “out for whatever you can get” approach you see in TV shows like the Apprentice and films like Wall Street.

Sometimes a business ties directly into a major cause.

I had a client who sells machines which condense high quality water from the atmosphere - it has a strong environmental appeal in developed countries and an even more fundamental “right to clean water” offer in the poorest places in the world.

Or a business can be focused on relieving significant pain and distress for customers, like the nursing home I mentioned.

Other times you can borrow a cause by linking your business to a major charity. I've done it with a cancer charity because I wanted to give back and say thank you.

The why can even smaller. I know people who only buy charity Christmas cards. The donation may be small but it's the thought that counts. If it creates customer preference, then it's differentiation.

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The seventh big question of business success is how many.

When you're differentiating your business, you are moving away from competing on price.

Customers buy based on perceived value for money. In answering how many questions you shift the focus away from the monetary sacrifice to the value the customers get in return for their money.

One simple way is to give more of what the customer is buying.

You see this in the mobile telephone market.

The minimum monthly tariff may be the same across different competitors but what you get for your money in terms of calls, texts and internet access is different.

Particular packages appeal to different types of users. I make telephone calls but I don't text so the number of text messages in the offer is irrelevant to me. Others are astonished that I speak to people when they send a flurry of text messages.

You also see it in catering in the “eat as much as you want” lunchtime offer or the bottomless cup of coffee.

When you're thinking about differentiating on the how many dimension, you can easily move to how big.

I live near a pub that sells Desperate Dan cow pies, massive meals that weigh about four pounds.

Fish and chip chain Harry Ramsden's is famous for its Challenge, a huge meal that if you finish it, you get a certificate.

Size doesn't matter for just food.

Sony went the other way and have developed outstanding capabilities for miniaturisation. A big part of the appeal of my iPod is that I am able to carry around my big collection of classic rock CDs.

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There we have it.

The seven big questions of business success but I want to share a few thoughts about the big question eight we've been avoiding, how much is your price.

Having a low price can create a strong purchase preference for standard goods but only if the customers believe the goods really are of comparable quality.

Often the customer can't judge quality or value until after purchase and consumption. In these situations price can become a short cut guide to quality.

And a low price implies low quality.

I can't tell you how many times I've gone into a supermarket and rejected things because they are too cheap. I compare the price of one item to another and if the difference is small, I may buy on price.

But if the difference is big, it acts as a big red flag against the cheapest item. There has to be some reason why it's so cheap.

Some customers are price constrained. They don't have the money to buy at high prices.

Others are value constrained and know that if the item isn't fit for purpose, they've wasted their money.

Some customers even get pleasure from buying the most expensive which creates an interesting way to differentiate yourself.

Instead of thinking about how much in terms of how to be the cheapest, you could think about how much the other way around.

Do you want an interesting experience for lunch and a story to tell people about?

What about trying the world's most expensive cheese sandwich. Created in 2010 by Michelin starred chef Martin Blunos it cost £110.59. Its main ingredients are cheddar blended with white truffles and sprinkled with edible gold dust.

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To summarise, you need to differentiate your business to create customer preference which isn't based on lowest prices.

You do it by uniquely meeting the wants and needs of your customers.

I've gone through the seven big questions of business success – what, who, how, where, when, why and how many and shared a few ideas and examples.

Use these questions as a framework to design your business.

You'll find that there are other angles that I haven't covered because I want to keep the recording short.

There are a few points I want to emphasise.

The first is that you need to be differentiated in ways that customers value.

You can be different in ways that don't matter. That can be a distraction for you, your customers and a waste of time, energy and money.

If you're looking for advice on how to differentiate your business, you don't care whether I'm 7 foot eight tall or 3 foot 4. I can be the biggest or the smallest business coach but it's irrelevant because you want my ideas and methods.

Second, you don't need one big difference.

The difference between winning a gold or silver medal at the Olympics may be a fraction of a second.

The difference between being first or second choice for a buyer may be equally tight – what matters is that you are first choice for a good proportion and not second choice for all.

The concept of the USP or unique selling proposition can be daunting to business owners.

Even in the global, Internet connected world we live in, you don't need to be unique in the world. Your customer doesn't have perfect knowledge of every possible option and doesn't have the time or inclination to do a lot of research.

Your task is to appear unique in the five or ten options he or she considers. Remember if your customers perceives your business as unique, then they will act as if you are.

Take the time to think about some of your strongest buying preferences and you'll see that in some cases it can be one thing that wins, in others it is being slightly better in a number of important attributes.

Third, the way your differences fit together must be consistent so that they reinforce each other. You don't want to attract one group of customers with one element of your offer and repel them with another.

It helps to focus your business around a few different customer situations and personas rather than adding elements into the mix to appeal to a wide variety of people.

Fourth, don't ignore costs. Some of the ways you can differentiate your business are

free – for example deciding to focus your business on a particular type of customer – but differentiation often costs money.

Your aim is to differentiate in ways that increase your profit and that means that customers must be willing to pay a price premium. That doesn't mean you have to charge a higher price. You can reap the rewards of extra volume by offering better value for the same price.

Costs on everything you do that doesn't influence your differentiation factors need to be kept low.

Fifth, to create a long term advantage, your differentiation must be hard to copy or you must be willing to keep taking the next step before your competitors.

Since differentiation has to be perceived by customers for it to be of any value, it is also visible to competitors. But how you do it can be a mystery.

Some forms of differentiation are very easy to copy and if it leads to success, some of your competitors will be tempted to copy unless the move creates extra costs or inconsistencies internally or externally.

Let's imagine you have two main competitors.

Firm A also wants to be differentiated and will deliberately choose to target different types of customers or provide different solutions. You respect each other's space because you both know that you can gain preference with enough buyers.

Firm B wants to straddle your position and Firm A. It may be able to add the features and benefits that appeal to both sets of customers and therefore appeal to a bigger, wider market. But B can only do so by increasing its costs so if it wants to match your prices, it must accept a lower margin.

Alternatively the very act of trying to straddle may create conflicts and complications.

Imagine you are a world class athlete and you are very talented at many events – sprinting, jumping, throwing and middle distance running.

You can compete as a generalist in the decathlon and win, or you can specialise in one event. What you can't do is compete as a generalist and a specialist because the muscle building exercises to improve your throwing add on extra weight which harms your ability in the high jump and running the 1500 metres.

It's the same in business and I often see the mistake of claiming too many specialities. This is very common in the building industry and professional services. The customers don't believe any small business can be great at everything, leading to the inevitable “jack of all trades, master of none” conclusion.

I hope you've enjoyed this recording on how to differentiate your business using the seven big questions of business success.

I'd love to get some feedback and success stories so please go to the differentiate your business.co.uk blog and leave me a comment on the 7 big questions page or email me at [paul@planacs.co.uk](mailto:paul@planacs.co.uk).

Good luck and best wishes from Paul Simister at [www.DifferentiateYourBusiness.co.uk](http://www.DifferentiateYourBusiness.co.uk)