

# How Do You Differentiate Yourself From Your Competitors?

By Terry H. Hill

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**Competition is a natural and integral part of doing business.** How successful you become at competing depends on how you position your business relative to your competitors.

**Differentiating your business means defining your company in relationship to the competition.** It means that you understand and are able to communicate your point or points of difference and why you're better, or different, than your competitors. It means continuously making improvements to sustain a leadership position.

**If you want to differentiate your business, you need to look at your business from your current and your prospective customers' perspective.** Then, do a competitive analysis, and determine where your business fits in the mix. Identify and communicate specifically how you meet your customer's needs in a way that no one else can—in a way that is different or better than the competition.

**Common points of differentiation include: cost, quality, performance, product availability, technology, leadership, timely delivery, superior service, durability and customer support.** Creating a differentiation strategy is referred to as developing a Unique Selling Proposition (USP).

**The Unique Selling Proposition (USP) is your biggest marketing weapon and is the key to differentiating your business from your competitor.** What is a USP? In essence, it is a simple statement that sums up the unique features, benefits, and value that you provide that no other competitor can.

**A competitive analysis lists your leading competitors; summarizes their products/services, promotional strategies, distribution methods, strengths /weaknesses, locations, offerings, prices, branding; and determines whether the business is growing, stabilizing or declining.** These are the important questions:

- **Who are your competitors?**
- **What customer needs/preferences are your competitors trying to fulfill?**
- **How are their products/services similar to, or different from, your company?**
- **How do their prices compare with yours?**
- **Are your competitors able to offer superior quality products/services at a competitive or lower price?**
- **What is their competitive strategy?**

**A competitive analysis also outlines strategies for gaining a competitive advantage, keeping competitors out of your market, exploiting the competitors' weaknesses, and exposing their areas of vulnerability.** With this information, you can craft [competitive and marketing strategies](#), thus fine tuning your brand and your message.

**To find out more about your competition, you can:**

- **Personally visit their offices.**
- **Call them to request products/services information and pricing.**

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- **If possible, purchase their products/services.**
- **Attend trade shows and view competitors' exhibits.**
- **If possible, talk to their customers to find out what they like or dislike about the competitors' products/services.**
- **Collect advertising, marketing and promotional materials.**
- **Visit your competitors' websites.**
- **Some online resources:** Dow Jones Interactive [www.djinactive.com](http://www.djinactive.com), D&B Million Dollar Database [www.dnb.com](http://www.dnb.com), Standard & Poor's Industry Surveys [www.standardandpoors.com](http://www.standardandpoors.com), One source Corp Tech Company Profiles [www.corptech.com](http://www.corptech.com), Hoover's [www.hoovers.com](http://www.hoovers.com), U.S. Census Bureau [www.census.gov](http://www.census.gov), and U.S. Securities and Exchange filings [www.freeedgar.com](http://www.freeedgar.com)
- **If possible, make arrangements through a third party to interview competitors' employees.**

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**To identify the distinguishing characteristics that set you apart from the competition, start by analyzing your company.** Then, compare your company's processes, products, workforce, and promotional activities with those of your competitors by pinpointing the strengths and weaknesses of your company and those of your competitors.

**Delivering value and benefits that no one else can deliver in the marketplace is the foundation of your Unique Selling Proposition.** Your USP becomes the cornerstone of your sales and marketing message. It is this message that builds and reinforces your brand, attracts new customers, and sustains your competitive edge.

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