

Prominent Strategies for Differentiation

There are various ways for differentiation that may be used for business to gain a competitive advantage over its rivals. Which ones you employ will very much depend on the scale of your business, your available resources and the needs of your customers. You will also have to take into account the strengths and weaknesses of not only your business but that of your competitors too.

Two of the most prominent strategies are, cost differentiation and brand differentiation.

Cost differentiation usually involves providing a product/service similar to that of your competitors only at a cheaper rate, thereby achieving greater profitability. By offering products at lower rates you might also prevent further competition in that rivals may balk at the thought of competing with your prices, etc., there is also the potential threat of price wars erupting. There aren't many winners in price wars. Does your business have the capability and resources to win and keep winning these?

To employ the strategy of brand differentiation is to produce or provide a service which is different to anything else in the market which is unique and incredibly difficult for your competitors to copy or reproduce. In developing a brand, you must ensure it fulfils the needs of your customers, is of superior quality, offers greater benefits and is trusted by your market to be reliable and honest. Consequently, there is a greater chance your customer base will develop a loyalty to your brand and will remain loyal even if competitors do try to reproduce your product/service.

There are other strategies of differentiation, one of which is location. Where will your business be placed? Does its position offers easy access for existing and potential customers and take advantage of passing traffic? Yet another strategy is to develop and provide a product or service specifically for a niche market.

Whichever strategy or combination of strategies of differentiation you choose for your business, do your research first. What are your business goals? What do you hope to achieve? Decide how you will best serve your existing and potential customers. Investigate your rivals' strategies. Can you exploit their weaknesses – indeed, can they exploit yours? A long term strategy will help to achieve a sustainable competitive advantage over your competition and increase the chances of growth, longevity and profitability for your business.