Module 1 Positioning

7 Differentiation Strategies

Dr. Andrea Grimm
Dr. Astin Malschinger
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MODULE 1 POSITIONING THE PRODUCT
Chapter 6: 7 strategies for creating unique product-identities

Autors:
Dr. Andrea Grimm, Dr. Astin Malschinger

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Responsible for content: Austrian Marketing University of Applied Sciences, Campus Wieselburg der
FH Wiener Neustadt, Austria, 3250 Wieselburg, Zeiselgraben 4.
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Tel: 0043-(0)-7416-53000-0
E-mail: office@amu.at
web: www.amu.at

contact person: Dr. Astin Malschinger

This self-learning programme was developed as part of the EU-sponsored „Lifelong Learning Programme”.
What you will learn in this unit
How can we create a unique identity for each product so that it can easily be differentiated from similar competing products?

Why is it so important to do this?
In the modern market place, each product has to find an appropriate market-niche. In order to do this, each product must stand out because of characteristics only that particular product possesses which also give the product its unique identity. The consumer must be able immediately to identify the product on the basis of its unique characteristics. This is one of the most important and essential skills in marketing products. We will now study seven different strategies for creating unique product identities.
7 Strategies for creating unique product-identities

**Strategy #1: Product Differentiation**

“What does the product offer that other products in the same category do not offer?”

⇒ For example: sour milk or non-GM milk

![Stainzer Dairy Product](source: www.stainzer.at)

**Strategy #2: Unique Characteristics**

Let us call this the XL (extra-large) strategy. This persuades consumers that by buying this product, they are getting something no other product gives them. In other words, the product has a unique functionality. This functionality provides something that competing products do not provide.

This strategy is used very frequently in the marketing of electronics such as computers or mobiles (cell phones). For example, computer X has far more gigahertz than computer Y. Or when you buy cell-phone X, you also get features that you don’t get when you buy cell-phone Y; for instance, games, music, an organizer, etc.
for example: Milk: The same strategy can be used in marketing milk products. Milk product X consists not only of milk (milk Y) but has added omega oils, added Vitamin C, or is organic.

Strategy # 3: Price differentiation (“Less is More”)

This strategy offers something that has the same characteristics or features of other competing products. However, when you buy Product X, you get Two for the Price of One.

More than a hundred years ago, John Ruskin (1819-1900), the famous Victorian art critic and social reformer, described the way consumers see this.

“There is hardly anything in this world that someone else could not make an inferior copy of, and sell at a lower price; and those who are interested only in price deservedly become the willing victims of such manipulation.

It is unwise to pay too much for something, but it is even worse to pay too little. When you pay too much, you lose money but that is all. When, on the other hand, you pay too little for an inferior copy, you lose precisely those qualities for which the original product was designed to fulfill.

The basic laws of economy inform us that you cannot get something of much value for too little money. Accepting the lowest offer (the price of Product X) involves the risk of not getting something (Product Y) that is a little more expensive but of far greater value.”
for example: Milk: The trend of saving money has led in some countries to the practice of selling long-life (sterilized) milk at a lower price than that of refrigerated fresh milk. Or milk is sold as part of a special offer through which you get a much lower price if you buy in large quantities (bulk buying).

**Strategy # 4: Niche-offers**

This basically means “finding a special niche in the market that is very different from the best-known mass-market products.”

for example: Coconut Milk/Juice:¹.

Milk producers in Canada position long-life milk as an attractive product for use in holiday homes and camping sites.

**Strategy # 5: Differentiation through services**

The product is not changed. However, additional services are offered. These extra services motivate consumers to buy the product.

for example: Home-delivery of Milk

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¹ Die Definition ist abhängig von nationalen Rechtsvorschriften.
yogurt made from unsterilized milk as well as different types of fruit yogurts. Come and see us — the farm, the cows, the milk and — above all, the special service we offer! Source: http://www.milchhof-reitbrook.de

Strategy # 6: Product Differentiation through Direct Communication

The lack of genuinely distinctive product qualities can be compensated for through direct communication with consumers. Attention should be focused on all the different everyday uses of the product as well as the value for money it offers.

⇒ for example: Fair-trade milk. Based upon the concept of Fair Trade, milk can be sold at a premium of an extra 5 or 10% for the local farmer who produces it. This can be done either through special packaging, or simply through a sticker on the original product.

In the United States, parents are informed that long life milk is the ideal solution for babies and infants because it can be stored in large quantities. This saves parents regular visits to the supermarket. This is common sense for working mothers who are also looking after their children, and as a result need to save time.

Strategy # 7: Making the difference purely through the packaging.

Packaging has an even more important function when the qualities of different products in the same category are more or less the same. It then becomes essential that the consumer immediately judges the product by the information on the packaging and the general impression that the
packaging makes upon the consumer. All the essentials of the packaging; colour, print, form, etc; combine to communicate important differences in the perception of the consumer.

**for example:** „Moove Milk“ (Australia). Moove is a special milk-drink that appeals to younger consumers and the different tastes they have. The graphic qualities of the packaging are specially designed for this group. The very modernistic style of the Logo makes no attempt to appeal to nostalgia. Attention is focused entirely upon the impression of activity represented by the ‘horns’ seen on the logo and also by the name itself: Moove (Bewegung oder Moo & move). The cow is seen only as a silhouette. There is no visual reference to country landscape. The colour white is never used. Instead, very vivid colours represent the different flavours of the product.