

# North American Management Briefs

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## You Should Know...

### Container City

Importing more than you export means lots of empty containers. Drivers on the New Jersey Turnpike (near the Port of New York/New Jersey) are treated to the awesome sight of 20 ft containers stacked four and five high as far as the eye can see. In fact, in the first eight months of 2010 this port received 700,000 more 20 ft containers than it shipped.

**The Point:** Maybe doubling exports isn't a bad idea.

### Bambi is Dangerous

State Farm Insurance estimates that there will be 1.1 million car-deer accidents in 2010 costing almost \$4 billion. Pennsylvania followed by Michigan, New York, and Ohio lead in car-deer collisions.

**The Point:** Can we export deer in containers?

### Nice Try

A German bank robber was arrested after he emailed police to correct errors that appeared in the German magazine *Bild*. He was insulted by having his age, height, and accent misreported.

**The Point:** Maybe he's destined to be a proofreader not a criminal?

### Sorry Girls

The Minnesota Department of Human Rights has outlawed "Ladies' Night" at bars (gender discrimination). Tavern owners objected pleading that men appreciate Ladies' Night and thus they could not be victims of discrimination.

**The Point:** I don't know.

### November's Quote

*"Worry is a misuse of imagination."*  
 Dan Zadra

## Differentiation/Segmentation

All marketing activities fall into one of two categories; segmentation or differentiation. Segmentation and its purpose is usually well understood even if infrequently practiced. Differentiation, however, is not well understood. In fact, it is often thought to be an "academic" concept. This is a serious and potentially dangerous misconception.

Once you segment your target market and prioritize the segments, you need to communicate how your product or service is different from those of your competitors in a way that is valuable.

Market segments that don't see a difference default to purchasing on price. This has destroyed the profit margins of whole industries.

Your product can't be differentiated? It's a commodity? Think again. A 16 oz bottle of water, a gallon of 89 octane gasoline, 200 mgs of ibuprofen, a pound of sodium chloride are all true commodities with very few quantifiable differences. Some products are chemically identical, mandated by FDA regulation. Nonetheless, some brands (Fiji Water, Shell gasoline, Advil, Morton Salt, etc.) consistently sell to both the trade and end customers for 5% to 12% more than their competitors.

How do they do it? First they examine their **complete product offering**. It consists of two elements:

- *The product portion of the product offering*, which includes the tangible (physical and functional) elements of the product. If they are positively differentiated, communicate it repeatedly.
- *The non-product portion of the product offering* includes everything else that influences the

customers' brand/supplier decision. Examples are packaging, warranties, aftermarket service, brand, product assortment, onsite technical assistance, ordering convenience, expedited delivery, etc.

Successful and profitable brands are different from the "also ran" brands in that they are always differentiated. Think of P&G's very mature Bounty brand of paper towels, "The quicker picker upper." P&G's profitability, like yours, depends on differentiating its brands just as much as controlling its production and SG&A costs.

Are there customers that purchase your products at a premium price? Have you researched them to determine which elements of your product offering they most value and publicized those elements? This research is time consuming, but it is the first step in differentiation.

**The Point:** In a recession strong profits will allow you to survive even at the expense of weak sales; however, stellar sales at a low profit level can be fatal.

### Manufacturer/Brand Attribute Importance Ratings

Attribute	% Very Important
Scheduling/On-Time Delivery	97%
Competitive Pricing	95%
Responsiveness in Handling Claims	91%
Accessibility of Representatives	80%
Color Choices/Styles/Selection	77%
Installation Specifications	77%
Consumer Insight and Knowledge	73%
Website Information and Support	72%

Source: NTL Floor Trends, February 2010