

How To Be Different

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“Functional equivalence”™ has been one of the most successful marketing theories of the last twenty years. But is it less useful than it seems? Greet Sterenberg looks at how products can think like services and differentiate themselves.

If you had to pick one idea that underpinned the boom in branding during the 90s and 00s, “functional equivalence”™ might be it. The idea that products lack meaningful performance differentiation “ particularly in packaged goods and consumer electronics categories “ has been widely accepted. Research by WIRED magazine backs it up, suggesting that the price premium a branded good can command over an own-label equivalent has been steadily falling over the last five years*.

The underlying message is that differences between brands are generally a question of image. As a consequence, marketers have turned to the emotional components of branding to give their products a distinct identity. They weave rich and nuanced stories around brands. At times product performance has been almost ignored “ left off the guest list at the branding party. Marketers often treat it as a hygiene factor “ essential, but hardly exciting.

Our latest research, though, suggests that thinking about functional performance in this way can be a big mistake. In many cases, paying attention to the product is exactly what’s needed to create intense consumer/brand relationships.

We may sometimes measure them separately but the “emotional”™ and “functional”™ components of branding are not a binary opposition: when the consumer actually experiences a product or service, they work together. Understanding these experiences, and how function and emotion interact, is the key to creating powerful connections and escaping from the equivalence trap.

Functional equivalence applies at a basic, objective level. Two different pairs of jeans fit the same, two different shops sell the same goods, two different machines have identical specifications. But a consumer’s experience of a product is subjective “ sensory excellence, superb design, authentic ingredients can all make a product stand out. Compared to basic functional performance these differences seem trivial, but their impact on the consumer experience can be dramatic.

Think of human and chimpanzee DNA. They are 98.4% identical - almost “functionally equivalent”™ in genetic terms, but a human is very different to a chimp. In the consumer’s experience, the 1% of difference between two brands can matter a lot more than the 99% of similarity. And a brand’s communications and story can subtly point a consumer towards the things that can differentiate the product experience.

The first good news for marketers looking to create differentiation is that the consumer is on their side. People want intense experiences, and they want to feel that they are discerning and can notice the small things that make a difference. The message of our 2003 study on Global Brands was that most people like, or even love brands â€” they are looking for reasons to choose a particular brand and a powerful, differentiated product experience gives them that reason. As a consumer in the Netherlands told us, â€œSony not only produces high quality equipment, they have really thought about the personal experience.â€•

So how do you create one? A lot of people associate differentiation simply with technical advances. Innovation of this kind can certainly help trigger powerful product experiences but it canâ€™t guarantee them. The kernel of truth in the idea of â€”functional equivalenceâ€” is that competitors will rapidly match any purely technical improvement. This isnâ€™t to say marketers should ignore functional innovation â€” far from it. An improvement in technology is a marvellous way to attract consumers to a brand. But to keep them, innovation often has to go beyond the technical and into the realm of aesthetics. A Swedish consumer summed it up for us: â€œTo clean is boring, but these new products that look really nice, they make it fun.â€•

Everyone enjoys having beautiful things in their lives, but good design isnâ€™t simply visual. Itâ€™s also about providing an excellent user interface. And one way to think about good design is that it allows a product to act like a service. The things customers want from a service â€” ease of use, helpfulness, a sense of care and understanding â€” are the things that design can bestow on a product.

Take for example a recent trend in shampoo bottle design. Several new bottles stand upside down in the bath or shower, so that itâ€™s easier to get the last of the contents out of the bottle. This is a very simple bit of design innovation but it makes the bottles stand out visually, and it demonstrates to the customer that the shampoo is being designed by a real person with the same needs as them. This feeling of care is crucial in creating the powerful experience. â€œWhat I likeâ€•, said one consumer, â€œis that Lâ€™Oreal doesnâ€™t simply put out what it wants to. It thinks about me.â€•

Service industries have long focused on the customer experience, and the overlap between products and services has been steadily growing. The automation of many â€”serviceâ€” elements, the increasing complexity of products like mobile phones and computers, and the expansion of the online world create experiences that are private like a product but also highly interactive and personalised. User-friendliness â€” the sense that a product cares for its user â€” can be an excellent way to access these new experiences through design and so differentiate a brand. The growth of personalisation is another nail in the coffin of functional equivalence.

For some brands, though, the key to differentiation is to go back instead of forward. The use of authentic materials or processes in

creating a product is one route to making the experience stand out. Our studies have shown that consumers, especially in Western markets, still hunger for experiences they perceive as more “real” and authentic than most of what the market offers. Clothing, food and drink brands are in a particularly good position to tap into these desires.

Technical innovation, superb design and authenticity “these were some of the platforms our recent Return of the Product study identified as being key to creating differentiated experiences. With these in place and consistently delivered, the next challenge is to communicate them credibly “to make the product the hero of your story. Do this, the study found, and you’ll be telling a story consumers in many markets want to hear. They instinctively reject the idea that products are all the same and focus on those small differences that functional equivalence simply can’t explain.

* WIRED Magazine, November 2004.