



Are Your Companies Really Unique?

By Ryan Baum

As consumers pull back on spending in inflationary times, businesses need to set themselves apart. This article provides frameworks and best practices for leaders to truly differentiate their offerings by unlocking what their customers need but can't yet articulate or envision.

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Every company thinks it's different. Unfortunately, despite their best efforts, many find themselves stuck in a sea of sameness.

Witness how many media firms jumped into streaming strategies, how many automakers started building electric SUVs and how many cereal companies are stuffing their products with proteins. Over the last 15 years, we've become very good at copying what everyone else is doing.

This is a weak position in an age of inflation and bank failures, where consumer spending has already retreated and will likely retreat more. Continued prosperity means setting yourself apart. It starts with asking one simple question: What do I know about my customers that my competitors don't? Try it: It's surprisingly difficult to answer.

Executive FOMO

Recently, I asked an executive at a financial services firm what made their product strategy different from their competitors' approach. They said they differentiated on their ability to offer personalized financial advice. The problem? When I asked five leaders at five other banks the same thing, they responded in the same exact way.

It's only natural this happened. We're all doing essentially the same research, asking the same survey questions and producing reams of data that point to proven markets. When a competitor makes a move, we feel the urge to call our teams and shout, "Disney just launched its streaming service! Where's ours?" Call it a case of executive FOMO.

When a hospital launches a new "digital front door" to enhance patient experience, rivals feel the urge to follow suit. There's safety in numbers. So begins the rush to follow the leader.

Data has lulled us into complacency: We're confident that, since we have evidence to help us understand the customer, we'll have a differentiated strategy. Unfortunately, another executive at a direct competitor is reviewing almost identical information and creating a similar strategy. And we somehow think we're unique.

As the pandemic ebbed, I spoke with an executive who hoped to lure small companies back to business travel. We examined incentive programs at a variety of airlines. All were offering corporate cards, discounted fares, expense reporting and links to partner offers. Forgive consumers for thinking one was just as good as the next.

This is particularly urgent now. Inflation and higher interest rates mean customers are looking to save money on every purchase. Without real differentiation, companies are forced to join price wars, slashing margins until only one winner is standing. A better alternative: Figure out what truly makes your company different and what fundamental need it serves in a way no one else does.

If you do the latter, your cost-cutting is smarter. You can tweak marketing, do things to add to incremental sales and protect the unique value you provide to customers.

How well do you really know your customers?

Put yourself in your competitors' shoes. How would they describe your company's differentiation? It's surprising how this little act of "switching teams" will make you more ruthlessly honest. You'll likely find that what you think is differentiated isn't very differentiated at all.

To overcome that stagnation, look to analogous industries to identify needs that can be applied to your own. There's a reason tech companies pitch themselves with analogs — "It's like Tinder for farmers." Or why Disney keeps reinventing its intellectual property as movies, series, toys and theme park rides.

Lose the overreliance on asking customers for their preferences. Consider Henry Ford's widely misinterpreted quote: "If I had asked people what they wanted, they would have said faster horses." Many think it's a reason to not speak to customers. Instead, it's really a warning about giving people exactly what they ask for. Don't focus on asking them about how they interact with your product. Ask about their lives and experiences, what keeps them up at night and their most pressing struggles.

This exercise forces you to interpret patterns and draw connections, rather than simply adding up the stats. It also pulls you away from the industry mean, identifying pain points and specific areas where you can improve customers' lives. You start to understand why, not just what.

Finally, tailor your metrics and choose new opportunities to pursue based on the depth of that consumer need, rather than what's already proven successful. CNN famously discovered the shortcomings of the safety-in-numbers approach when it jumped into streaming. Just because consultant data showed there was a proven market, it didn't necessarily mean the depth of need was great. We saw how that story ended.

With inflation persistent, credit card debt at an all-time high and banks providing consumers with every reason to worry about stability, your customers are scrutinizing their budgets. Sixty percent live paycheck to paycheck, including more than four out of every 10 high-income earners.

For them, perceived value is no casual matter. It's an existential choice. Companies that offer products and services that are truly unique are poised to emerge from the current crisis stronger than before. Those that don't could be lastingly weakened.

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