

To niche or not to niche?

Part One

BY STUART GORDON

Seth Godin states that 'It's better to be different than it is to be better.' But in my opinion, you need to be both; tailoring your offering to differentiate yourself from your competition and then surpassing everyone in your field—in short, creating a niche.

Remove the competition

By definition, a niche is a 'specialised, profitable corner of the market'; it sidesteps the competition and if your offering is better than anyone else's then you've got it made. The biggest challenge is discovering what your market should be and then becoming 100 per cent of the ten per cent of suppliers who matter (think Apple—its niche isn't technology, it's passion. Technology is just the vehicle that drives it. Apple polarises the market and makes desirability the top priority for its customers). Competition in the technology market is stiff, but no one can come close to Apple, because it has cornered the market for passion—the only competition for Apple products is more Apple products ("Will I buy the 16GB nano or the 16GB touch?") Apple exemplifies being both different and better—and the results speak for themselves. But creating a niche is not just for the 'big boys' of business. In fact, the opposite is true—it allows you to choose not to compete head-on with the major players, and creating your niche around their areas of weakness will generate an advantage that drives their customers to you.

It's better to please some of the people all of the time

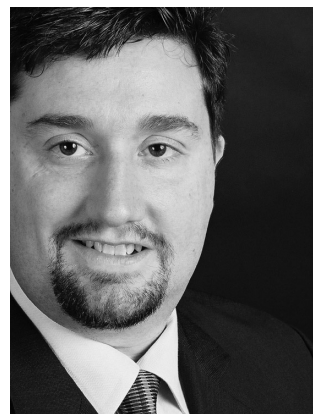
Creating a niche also allows you to focus. To understand the difference that focus can make, compare a 100W light bulb and a 100W laser. They possess identical energy but while one merely lights a room, the other can cut through metal—because its energy is focused on a smaller area. Most businesses settle for being a light bulb, dimly illuminating a large area and failing to be noticed. But true success lies in pinpointing your focus on a smaller area and cutting through the competition. So while it seems like you're decreasing your target market, you're actually focusing on a greater number of qualified prospects. For instance, Metallica isn't for everyone, but while they're catering to a smaller percentage of the entire market than a mainstream band, their followers are dedicated, passionate, and far more likely to all go out and buy the next album. So while their market seems smaller, their conversion rate is actually higher than the generalist 'light bulb' band.

It makes marketing easier

A niche makes it easier to identify your customers and market directly to them—if all you're selling is hospital equipment then it's easy to locate your customers and you're unlikely to misdirect your advertising toward people who really want farm machinery.

So why isn't everyone doing it?

The simple answer is that it's hard. Creating a niche forces you to sacrifice potential opportunities... it makes you decide exactly who you want to be. And it's tough to commit to a business plan that puts you in the red until your niche market discovers that you exist. But if your pockets and resolve are deep enough to survive the initial stages, a carefully selected and maintained niche is a winner far more often than not.



The peril of generalising

Consumers are bombarded with relentless advertising noise and the internet makes 'one stop shopping' from home easy, so it is tempting to generalise. But a business that sells a little bit of everything isn't really selling anything in particular (unless you run the only convenience store in a small town and your niche market is people who are desperate enough to pay a premium for what you're selling). In most other circumstances, generalising just makes your business bland and entirely forgettable. Customers can't distinguish your business from your competition and they have no reason to remember it or be loyal to it.

Write your own ticket

People will pay a premium for 'different'. While \$120,000 may seem expensive for a Hummer, nobody really knows if it is, because like the slogan says, they're 'Like nothing else'. Is a Hummer a niche vehicle? Absolutely. Does everyone want one? Absolutely not. But the people who do are willing to pay for it. Does anyone challenge the implicit suggestion that Hummers are created by 'specialists'? Nope. Because by not making anything else, they've positioned themselves as SUV experts.

Being a specialist confirms your expertise, and charging a premium for it just makes you more desirable. It lets you stake your claim as a leader in your niche area and this immediately gives you credibility ... but obviously if you're going to be successful, you actually need to be good too.

In the next issue we'll look at creating and maintaining a successful niche, but in the meantime, ask yourself whether you want your business to be different, or better ... or both.

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Which networks should I join?

BY ROBYN HENDERSON CSP

This question does not have an exact answer. Because... it depends:

1. Which networks are your current clients and prospects attending?
2. Which networks are your peers and competitors attending?
3. What is the best time/day of the week for you to network?
4. Why do you want to attend a networking event?

And if you are not sure of the answer to 1 and 2, go along and find out for yourself—or ask your clients where they go to network. Today a lot of networking is social e.g. golf, sailing, running, book clubs, special interest groups. A well known rain maker for a professional services firm generates all his work from his local sailing club, while another top selling real estate agent generates his leads at the gym. This is a fun way to combine your interests, your networking and business development. However, if you want a more business-like approach to networking, you may feel more comfortable attending a traditional business network.

The time of day best suited for your availability may vary from a breakfast meeting (usually 7.00AM for 7.30AM start) to a business after hours (normally 6.00PM–8.00PM) It's important to find the network that suits YOU and also to be very clear on why you are attending in the first place.

Is it because:

- a. Your competitors are there (a great reason for you to attend)?
- b. Your boss sent you (clarify with your boss the history of this network and your organisation) and its relevance to you. Recently I heard of a non-rugby person being invited to rugby final and sitting there bored out of their brain—what a waste of a good ticket! Sounds like the client didn't do the research on matching the event with the perfect participant. Believe it or not, in corporate Australia, this happens often.

Try before you buy

My rule of thumb is try before you buy. Attend a network as a non-member before you actually commit to becoming a member. Most good networks will allow you to attend at least once, before encouraging you to join. From experience, I normally attend a new network at least twice before I join. In that way I can feel out of my comfort zone the first time when everything is new and then I know what to expect the second time, which is when I normally decide to join a network or not; and just attend future events as a non-member and play a slightly higher ticket price. If ever I feel pressured into joining a network, that is normally a sign that this network is NOT for me. No one likes to be sold to.

Networks like Business Network International (BNI) encourage people to be invited by a member before attending. Originating in the States with founder Ivan Misner, BNI is a fast growing international business referral network group that normally meets for breakfast (although there is a smattering of lunch groups sprouting up Australia wide). The ethos is simple: Givers Gain! All members are encouraged to show up every week for their chapter meeting and bring one or more referrals for members of the group. The value of the referrals is then tracked and monitored. (www.bni.com.au) Plus there is only one person representing a profession e.g. one mortgage broker, one plumber etc.



Which networks are right for you will often depend on which networks your current clients and prospects go to?

Are they industry specific e.g. MEA—Meeting Events Australia (www.mea.org.au) a great network for organizations and individuals working within the Meetings Event Management area. This might be the network for you if you have a product or service relevant to hotels, sound equipment suppliers, event specialist, professional conference organizers, speakers, party hire—basically ANYTHING to do with the meetings industry.

Alternately Associations Forum (www.associations.net.au) is the perfect network for Executive Officers and Chief Executive Officers of the Not For Profit sectors. They hold a combination of regular training programs, networking event, annual summit and convention. All attendees hold senior position in NFP associations, charities, etc; a great opportunity to network with like-minded people, usually quite passionate about their industry sector, but not necessarily motivated by money.

We could fill pages listing the thousands of Australian associations, networks, chamber of commerces, business enterprise centres, special interest groups etc. Trust me, there is no shortage of networking opportunities—if you can't find any ask your clients or associates for help. Remember if your competitors are attending something maybe you should be there too.

Whichever networks you decide to attend stick to the basics:

- Be friendly, act like the host and not the guest
- Ask questions and listen to the answers
- And most of all follow up without being pushy

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Are your defences letting you down?

BY CANDY TYMSON CSP

Some years ago I was working with a senior executive who, on the morning of a major presentation, had such severe laryngitis that he was unable to speak—so someone else had to read his speech. No major problem, these things happen, except it happened again at another conference. (I later discovered that every time this man had an important speech to give he got laryngitis).

Then there is the story of the PA who hides her frustration with her demanding boss, except every now and again she makes a mistake that causes him major inconvenience.

And we have all been guilty of giving a great deal of focus to one task, when we really should have been focusing on another.

These are examples of common defensive behaviours. Everyone uses them from time to time to manage anger or anxiety—the power however is in having the insight to be aware when you, or someone important to you, are using them.

Any of These Sound Familiar?

In his excellent book, *The Psychology of Executive Coaching* Bruce Peltier lists some of the more common defense mechanisms which have become rife in business today. They include:

- **Denial**—unconsciously ignoring the facts, even though they are directly in front of you.
- **Intellectualisation**—ignoring feelings and only being able to discuss matters as intellectual arguments.
- **Passive Aggression**—an old favourite, being passive to someone's face while creating things that will have a negative impact on them.
- **Provocative Behaviour**—behaving in a way that provokes others, so you can justifiably retaliate.
- **Displacement**—expressing hostile urges towards safer targets—such as a family member or the cat!

The list of defense mechanisms is extensive, from behaviours that twist reality to ones that cause people to behave strangely. Those that enable us to adapt to the situation while the main motivation is to avoid something. And finally, those that enable us to deny what really is happening. (If you'd like a complete list of the recognised defense mechanisms and how they operate, just send me an email—it makes fascinating reading!)

So, What Do We Do?

Remember that for most people, defense mechanisms are their adaptive way of dealing with a fear or anxiety. The senior executive who always got severe laryngitis before a major speech was fearful of speaking. His defense of becoming 'sick' enabled him to camouflage this fear and avoid facing it.

The biggest challenge in dealing with defense mechanisms is that often people are just not aware of what they are doing, or avoiding. The secret therefore is to make the unconscious mind, conscious. As Clint Eastwood observed in the role of Dirty Harry, "a man has to know his limitations".

Here are some suggestions:

1. Awareness is the key. Once you become aware of the behaviour you can choose what to do about it, if anything.
2. Examine the environment to see what type of behaviour it encourages or discourages. Trust and safety are important issues here.
3. Think about whether this behaviour is common in other areas of your life. Does it enable you to avoid confrontation, for example?
4. Set measurable, achievable goals. Start small and build slowly.
5. Seek support either from a coach, a colleague or your partner.
6. Find an alternative way of dealing with the anxiety or fear such as getting additional training, learning to speak up or moving on.
7. Learn to laugh at yourself. You are only human after all.



There are many different techniques you can use to increase your awareness, such as gathering information by reading, watching an informative program on television, and seeking the assistance of a professional.

Coping Strategies

In their book *Changing for Good* psychologists Prochaska, Norcross and DiClemente suggest a number of what they call 'coping strategies' to deal with defences. For example, one way of dealing with denial is rather than refusing to face painful feelings or thoughts, set them aside while you focus on a task that needs to be handled, and then return to those feelings at a more appropriate time.

Rationalisation and intellectualisation are ways to 'explain away' problem behaviours by twisting reality and retreating with words. Coming up with an explanation to make the outcome more acceptable such as "I really didn't want that promotion anyway" is a common defense mechanism. Prochaska and his colleagues suggest that we focus on a logical analysis, by thoughtfully and carefully analysing problem behaviours without becoming overwhelmed by emotion.

And finally an example of dealing with displacement. Rather than taking it out on another person, more socially acceptable channels may be exercise, chores, music and other forms of 'creative aggression'.

I think Victor Frankl expressed it well:

"When we are no longer able to change a situation, we are challenged to change ourselves."

CANDY TYMSON

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Show me the money! Customer Experience shows ROI credentials.

BY IVEN FRANGI CSP

The oft-quoted management saying is “If you can’t measure it, you can’t manage it”. Great saying, which places a challenge squarely in the lap of managers. How do you measure a ‘soft’ interaction like a customer experience or a service interaction? The good news is that with the latest methods of customer generated feedback we can now receive information directly from customers in ‘real time’ while they are experiencing the sales or service interaction. Imagine the opportunities by being able to see how your business is performing, in the eyes of the customer, as it’s happening. “The more you engage with customers, the clearer things become and the easier it is to determine what you should be doing” John Russell, President, Harley Davidson.

A hair dressing chain created a 35% increase in product up-sell in three months. A retailer achieved a 7% increase in customer count, service revenues up 11% and 60% increase in product revenues in three months. All by measuring and managing the customers’ experience.

All of the above pre-supposes that you have a robust, reliable and repeatable customer experience. In answer to a number of reader questions, here are my Top 6 Must Do’s to create a Magnetic Experience, which attracts customers to your business.

1. So goes the leader, so goes the team.

To run a customer focussed business you must have a customer focussed CEO and Top Team. The leadership team has to be seen to be championing and demonstrating the values they are asking to be carried out across the business. If I give you the company you can probably give me the name of the leader who is the beacon for customer-focussed thought and behaviours. Try these: Boost Juice, Apple, Amazon, Remo General Store.

2. All animals are equal—some are more equal than others.

George Orwell made that statement in his book *1984*. Not all your customers are equal. Invest an appropriate amount of time, energy and resources on the most strategically and financially valuable customers. While I was the Marcom at Peppers + Rogers Group I learned this key lesson. Treat different customers differently. Airlines restaurants and hotels understand, know and track their MVC’s—their Most Valuable Customers—and they treat them differently. The finer the experience, the more customers (willingly) pay and the greater the resources invested. Customers are willing to increase what they pay for the differentiated treatment. The simple rule is ‘If you want to raise your margins, raise the experience’.

3. Carts and horses have a specific order for them to work together.

The experience on a Singapore Airlines flight (in any class) or the in-store experience at Toyota service centre is not an accident. It’s designed. Each business deliberately created a differentiated customer experience. At CXM we call it the 4 D process. Our process is: Decide what you want the experience to be for the customers, in each market segment; Define the elements at each step

or touch point; Design the process of creating the experience across the business and then Deliver the experience and monitor how customers respond and behave. As this is a loop, the customer’s response is reviewed and contrasted with the original Decision made about the ideal experience.

Firstly, get clear about what you want the experience to be and feel like for your customers. Then get your systems, people, and technology to support that—your CRM supports the experience, not the other way round.



4. Tell your clients how you will treat them.

How customers behave is the best indicator of how they like to be treated—or not. We all know that Virgin Airlines promises a fun and slightly irreverent experience. If and when you next fly on Virgin Blue watch what happens in the boarding lounge. No free food in-flight so people behave accordingly. Watch as people take money or credit cards from their wallets or purses and put it in their pockets. This is for easy access to payments for the food or the on board Foxtel. Passengers also carry food in bags or use the vending machines. I choose a shirt with a top pocket when flying Virgin so it’s easy to get the card/cash more easily than accessing a trouser pocket. No fuss. Just people responding with behaviour. Virgin is clear about what will, and will not happen.

5. Tell your team before you tell your customers.

The NRMA has a great campaign with the tag ‘unworry’ and ‘un’ other things. When the campaign started a friend of mine was impressed and rang to get a discount from the advertised product bundle. When he said he wanted to ‘unworry’ the contact centre person was perplexed and confused. What was he talking about? Team first, then customers.

6. Link the inside to the outside.

68% of satisfied customers can leave you (*Harvard Business Review*). Satisfaction isn’t enough. For customers, measure and reward what creates advocacy. For staff, measure and reward what creates advocates. The best measure of how your business is going/growing is the number of advocates/raving fans/addicted customers (you choose the title) you are creating. Apple is often quoted as a benchmark. I encourage you to look at their retail stores. In a few short years they have become the leader in revenue per square foot (US measure) levels of advocates and repeat business.

When you deliberately build a customer experience, then measure and manage the key indicators, you can ensure that the ROI is strong and predictable.

IVEN FRANGI

Iven is Australia’s specialist on creating Magnetic Customer Xperiences. His latest presentation is titled *The Upside of a Down Economy*. Iven can help you and your teams create xperiences for your customers they can’t get anywhere else. So they don’t go anywhere else.

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