

# Differentiation Through Selling, Not Branding

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**H**ow does Coke differentiate itself from Pepsi? Ford from Toyota? Time from Newsweek? Largely through branding and related product or service differences. Advertising plays a big role, and other elements of the marketing and product mix are tuned to provide an integrated and consistent image of the brand in question. Differentiation is a function of branding and of offering design.

Is it any different when it comes to CitiBank vs. Fleet, or BCG vs. Booz Allen? Deloitte & Touche vs. Ernst & Young, or Oracle vs. PeopleSoft? Russell Reynolds vs. Korn Ferry, or Jones, Day vs. Shearman, Sterling? Do the same rules of differentiation apply when it comes to sellers of complex intangible services?

Many marketers and brand mavens see them as identical. But they're not, and they miss a critical point. In complex intangible services businesses, differentiation is much less connected to brand image and offering design. The role of traditional branding itself is more circumscribed. The product differences may be large, but they get swamped by other factors. In a nutshell, branding can get you on the short list, but differentiation gets you the sale—and differentiation is very much about the individual's experience of the sales process.

***Branding can get you on the short list, but differentiation gets you the sale; and differentiation comes from the sales process.***

What are the implications?

- many firms spend too much money, time and energy on branding
- for these businesses, marketing is overrated, selling is underrated
- if a firm is undifferentiated, it is usually doing a poor job of selling
- your best opportunity to differentiate lies in reframing the sales process.

## How Can Branding Not Be Important?

It is important; but it has a narrower role than is the case in most consumer and industrial markets. Buyers of complex intangible services are buying specialized expertise. They dread the thought of having to become expert in the thing they are

buying—in fact, that is why they are seeking an expert. Given a choice, they prefer to find a qualified expert they trust, rather than evaluate the expertise of many experts.

In complex intangible services, branding can provide the initial “short list.” Since these are fragmented markets (consider the market share of the top 5 law firms or consulting firms, compared to the top 2 soft drinks), name recognition is helpful.

Once in the door, however, the trust evaluation dynamic takes over. Differentiation at a brand level may have existed when the short list was put together; but another more powerful form of differentiation begins to take over in an actual sales meeting, and brand impressions are rapidly overtaken.

### **What About Product Differentiation?**

Ford and Toyota do more than create different advertisements. There are objective differences between the products which are meaningful to buyers. Buyers really care about the ride, soft steering, cup holders and torque. Sellers of complex intangible services also spend large amounts of time and money creating similar kinds of differences—or trying to.

Product differences in complex intangible services include such things as office locations, staffing models, depth of expertise, knowledge-sharing technologies, intellectual methodologies, invoicing processes, recruiting policies, conceptual models, newsletters, proposal and presentation design, and meeting protocols, to name just a few. The question is—do these product differences matter as much in complex intangible services as they do in the car business?

And the answer is no, they don't. It's not that they are unimportant; but they are overwhelmed by a larger source of differentiation, which largely happens during the sales interaction. And it is this source of differentiation which is often untapped.

### **How Does Differentiation Happen in Selling?**

Most models of complex buying are rational and linear. But buying of complex intangible services is a two-step process—qualification and trust assessment—neither of which is primarily rational in nature.

First the buyer seeks qualified providers, then trust is assessed. Trust is best assessed by the equivalent of a test drive—doing sample work with the professional so that clients can evaluate their own level of trust at working with the expert. The sample work itself may be rational by nature—law, accounting--but the evaluative response is emotional. And the process is hugely differentiable—for sellers who know to use it.

When an individual buys a car, he or she has a pretty good idea of what they are getting. When the same person buys a will, a tax return, an architectural design, or a CRM system, they are far less confident of what they are getting. Not only is success hard to define, so is the product itself!

The buyer's psychological value equation looks like this:

$$\text{Value} = (\text{Expected benefits} \times \text{Confidence they'll get them}) - \text{Cost}$$

When buying a car, all factors are well-known--confidence is high. For complex intangible services, the confidence factor is a big unknown. Most firms try to increase buyer confidence by stressing the differentiation of their particular product or service. They talk on and on about office locations, unique methodologies and the like.

What they forget is the biggest differentiator of all—the increased level of confidence that comes through trust, which is created through the experience of work done on a real client's real issues, in real time. Buyers of complex intangible services want the confidence that comes from trust--trust born of personal experience.

***The best differentiation therefore happens at the individual level--in the act of buying and selling.*** This is good news, because it's a lot easier to differentiate human beings deployed against unique problems and individual clients than it is to differentiate dozens of complex abstract intangible services firms.

Implications? Spend less time refining mission statements, pointing out distinctions between firms, and describing approaches. Instead, let your clients test-drive you. If you do so, the experience will be unique.



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