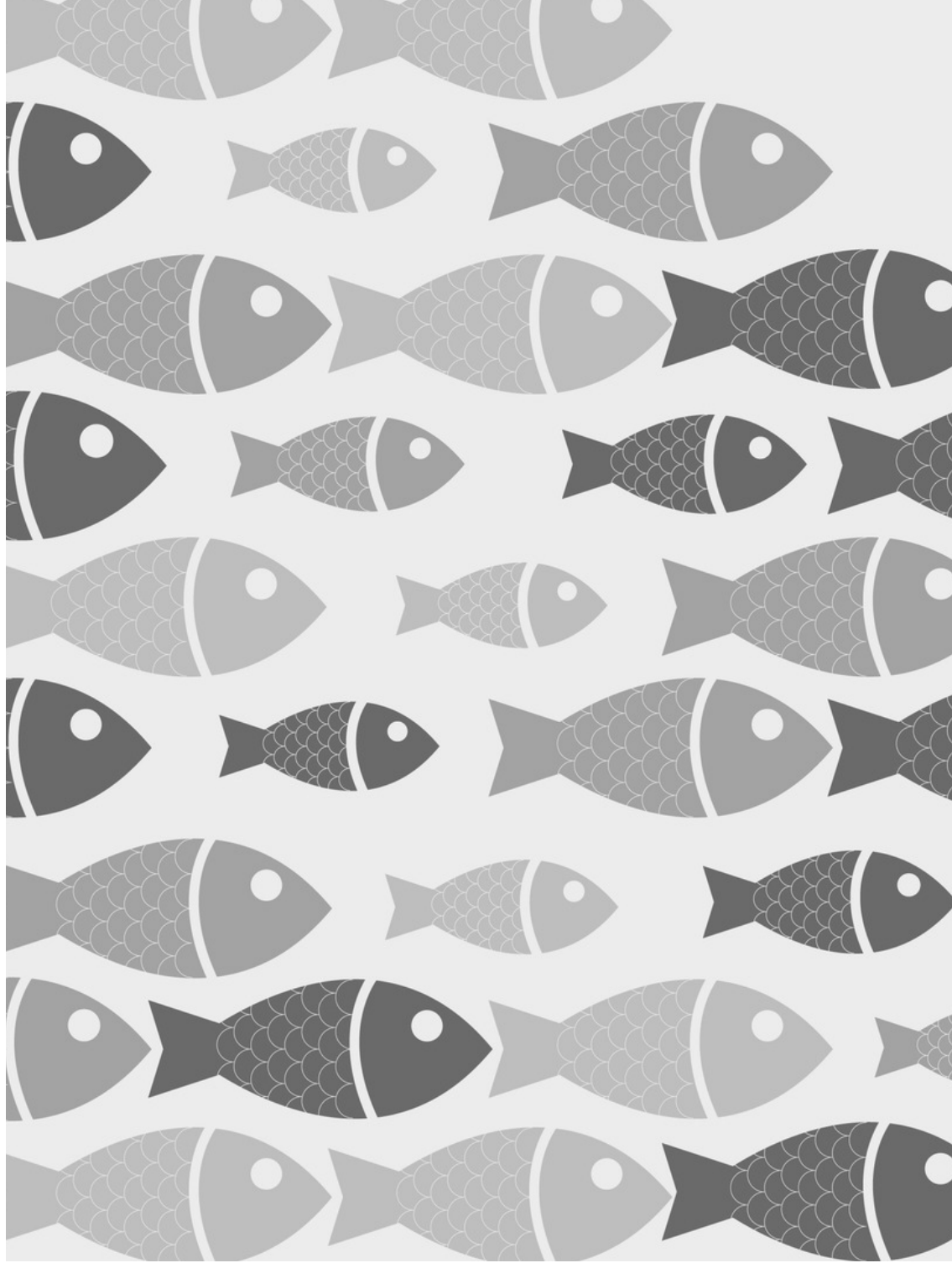


PREPARED BY STACEY DANHEISER, DR. SIMON KELLY, DR. PAUL JOHNSTON

**2018
REPORT**



LOST IN A SEA OF SAMENESS

LACK OF DIFFERENTIATION DOMINATES THE
TELECOMMUNICATIONS INDUSTRY

EXECUTIVE SUMMARY

"ME TOO" MESSAGING LEADS TO CUSTOMER INDIFFERENCE

Based on our analysis of the websites and Twitter feeds of the top 30 global players in the telecom sector, telecommunications companies are hell-bent on telling their customers they are no different from their competitors.

Everyone is selling similar solutions that claim to improve the customer's business by the identical processes of:

- transformation
- acceleration
- growth
- integration
- scalability
- security

And that's not all. Telecom marketing messages are dominated by 'inside out sameness' as well. Marketing content is packed with statements by suppliers that is all about them, rather than how they are going to help the customer.

Invariably the emphasis is on the supplier size and strength, how resourceful they are, their subject matter expertise and experience and how "customer-focused" they are.

At a time when customers are bombarded with undifferentiated marketing and sales messages, telecom companies can no longer assume that their differentiation is evident (or relevant) to a prospective buyer.

LOOK FAMILIAR?

This diagram depicts the story we saw from every company.

- Generic, unsupported claims to help support and grow the customer's business
- A "unique" approach to solve the problem through a robust breadth of tailored solutions - developed by experts,
- And more bland claims about how the solution will improve efficiency and mitigate complex internal operations.



KEY TAKEAWAYS

1) Generic business and technology terms dominate communications

Of the top 10 most frequently used words across all websites and Twitter feeds, generic business terms such as "services", "businesses" and "solutions" make up 60%. While general technology-focused terms like "network", "cloud" and "security" represent the remaining 40%.

Further, you may notice that none of these terms are related to customer benefits. Instead, they are common descriptors of products, technology and business terms.

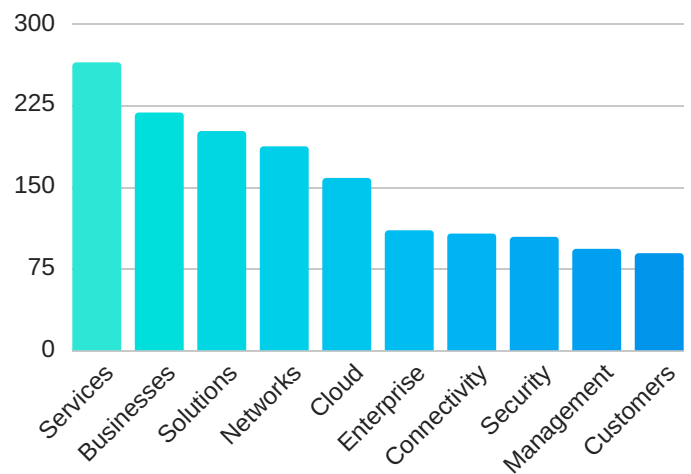
Considering that 58% of IT purchase decisions are now being made outside of the IT department, this language is IT-centric and not reaching the executive or business decision maker.

It's easy to fill your marketing and sales content with industry buzz words, but don't forget that many customers outside the Telecoms and IT departments will not have the same level of understanding as you do related to these terms.

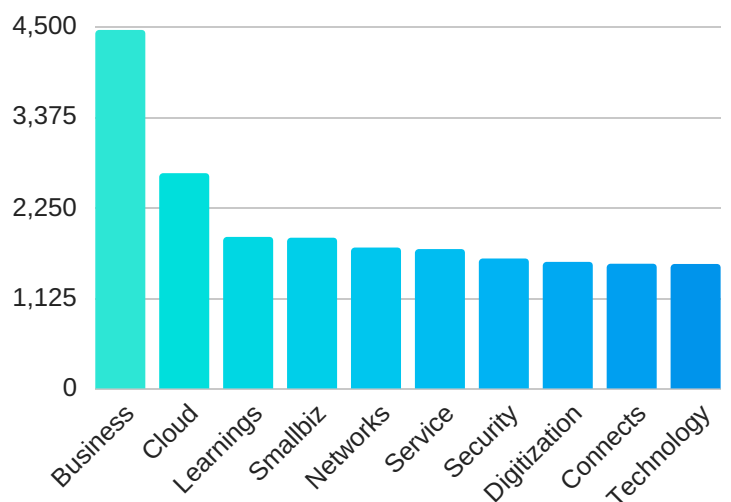
There is a whole history of technologies that could have been adopted more quickly, had more attention been paid to ensuring the benefits of the technology were understood, not the techno-babble.

**YOU NEED TO TALK BUSINESS.
NOT JUST TECHNOLOGY.**

MOST OVERUSED WORDS



**MOST FREQUENTLY TWEETED WORDS
#BORING**



KEY TAKEAWAYS

2) Companies talk too much about themselves and not enough about the customer

Many of the words and themes we found are all about the telecommunications company.

Each supplier says virtually the same thing about the size and reach of their network, their provision of end-to-end solutions, their passion for customer relationships, their excellent customer support and world-class standards.

Remember - 94% of customers tune organizations out because they don't talk to them about the things that resonate with their issues, concerns and aspirations.

DO THE WORK TO BUILD A BRIDGE BETWEEN SURFACE LEVEL PLATITUDES AND PRACTICAL BENEFITS TO CUSTOMERS.

SOME EXAMPLES:

“ *we have a large fiber footprint*

we have really extensive geographic reach

we have transparent pricing

we don't throttle internet services

we provide a world-class infrastructure

we have a team of experts

we enable you to focus on growing your business

we provide 24/7/365 support

we have experience of private and public sectors

”



KEY TAKEAWAYS

3) Too many generic business claims are being made with no support


While most companies make some claims to be able to affect the business performance of their customers, we found that the claims are generic and unsupported.

For example, we saw many promises to "transform" or "accelerate" the customer's business. Underneath this veneer, however, it is unclear how the supplier will help take the customer from where they are today to where they need to be.


Instead, in all cases, the answer is simply to "buy our products" to achieve massive growth/transformation.

Look at these typical marketing statements we identified. Do these phrases sound familiar?


95% OF EXECUTIVES REQUIRE FINANCIAL JUSTIFICATION ON B2B PURCHASES. YET ONLY 5% OF ORGANIZATIONS PROVIDE THIS.



'we will help your business grow'
'we offer customized solutions that are scalable'
'we can reduce your costs'
'we can reduce cyber threats and increase your security'
'we provide affordable scalable solutions'
'we provide integrated business solutions'



'our technology can transform your business or your sector'
'we can help you transform'
'we deliver network transformation'
'we support your digital transformation'



'we help you exploit accelerated industry changes'
'we ensure accelerated technology development'
'we accelerate your enterprise'
'we accelerate your business growth'
'we accelerate your digital transformation'

THE IMPACT OF BLAND

WHEN EVERYTHING LOOKS THE SAME, THERE IS NO VALUE

94%* of buyers tune out of what suppliers are saying because they see no difference between them. It's even more worrying that 54%* of deals end up in 'no deal' because there is a complete lack of value in the offer being made. In other words, the solutions being offered are so generic in the attempt to appeal to any and every potential customer they fail to resonate with the specific needs and challenges of any customer in particular.

Frequently, companies only differentiate themselves based on three areas:

- 1) cost,
- 2) product or
- 3) people

This is because they tend to think in terms of what Ted Levitt back in 1960 called 'marketing myopia' or marketing short-sightedness.

Marketing myopia happens because of a failure of management thinking that focuses on what products and services are (their features) rather than what they do for the customer (the benefits).

In the 1950s and 60s it was the failure of railroad companies to see they were in the mass transit business rather than the railroad business that saw them lose share to emerging airline companies.

Mainardi and Leinwand in their HBR blog article [Your Whole Company Needs to Be Distinctive, Not Just Your Product](#) develop this idea by saying that true differentiation comes from more than just individual products, services and brands it comes from developing distinctive capabilities, capabilities that are hard to reverse engineer and copy such as the ability to deeply understand the nature of customer value and agile competence to be able to adapt and respond to unique and changeable customer needs.

IMAGINE YOURSELF AS THE BUYER

You have been searching the internet for 5 suppliers to come and pitch for your business and every single one of them gives you the same information on their websites about what they do. How do you choose between them? You think that maybe things will get better as you follow the links to the product section of the site, and you even research what they are saying on social media.

Doing this means that, like the majority of professional purchasers, you are already 60%* of the way through the buying process before you select a shortlist of suppliers to come and meet with you.

When they do, you are crushed with disappointment, bored and angry at having your time wasted because, despite your best hopes and expectations - the short-list of suppliers still present you with 'vanilla insight' - customer insight that is so generalized it could apply to almost any customer in the sector rather than showing real understanding of your particular business needs.

Typical highlights from their sales presentations mimic what you've already read on their website: Cost, Product, People.



COST

'We understand you need to control your costs'

'We offer scalable solutions to match your budget and changing demands'

'We can save you money by rationalizing your IT infrastructure'



PRODUCT

'We offer tailored and customized solutions'

'We know you need robust and reliable solutions that ensure optimal uptime'

'We recognise the importance of security and cyber threat detection'

'We provide cloud, hybrid cloud, VOIP, network, connectivity and managed services'

'We provide solutions that help you collaborate and give great customer service'



PEOPLE

'We have extensive experience in private and public sectors'

'We have lots of project case studies & can list the companies we've worked with'

'We have global reach and extensive resources'

'We have both cutting edge technical and substantial sector expertise'

'We have an amazing team of experts'

'We will be a great partner'

HOW CAN YOU STAND OUT IN THE SEA OF SAMENESS?

Standing out' is summed up by the author Seth Godin (2005) as being able to say what is 'remarkable' about your business.

Similarly, Justin Basini (2011) says 'standing out' is giving an answer to the question of 'why should anyone buy from you?' and marketing scholars such as Ted Levitt (1960, 1980) describe 'Standing out' as being able to express your competitive differentiation.

What's happening with the similarity of offers in the Telecoms sector is what Phillip Natterman in his latest McKinsey Quarterly article 'Best practice does not equal best strategy' calls 'Strategic herding'. And it's interesting that he draws his examples from a Telecoms perspective.

One of Natterman's examples is German wireless telecommunications service providers between 1993 and 1998. He found that strategic herding led to copied pricing, sales, product and marketing strategies, which ultimately resulted in a price war and a 50% drop in industry margins.

'Herd instinct is a mentality characterized by a lack of individual decision-making or thoughtfulness, causing people to think and act in the same way as the majority of those around them' so you have to ask yourself:

ARE YOU JUST ONE OF THE HERD?



BE DISTINCT

DON'T JUST FOLLOW THE CROWD



Strategic herding' happens when companies forget that sector benchmarking should only be used as an operational tool, rather than a lemming-like rush to adopt the same product, pricing or channel strategies of those considered to be the most successful.

This view is also supported by strategists and authors of "Strategy That Works", Paul Leinwand and Cesare Mainardi who say:

"BE SKEPTICAL OF BENCHMARKING. DON'T BE DRAWN INTO PRACTICES THAT ARE NOT RIGHT FOR YOUR COMPANY. EVEN IF THEY ARE COMMON IN YOUR INDUSTRY."

When herding happens it results in products and services that increasingly become commodities and margins shrink as more and more companies crowd into the same space.

Herding stifles rule breaking mindsets, restricts challenger behaviours and crushes originality, unconventionality and innovation.

The big question - How can you stand out when everyone is drawn to similar of ways of working and everyone says the same thing?

DARE TO BE DIFFERENT

IS THERE A REAL DIFFERENCE BETWEEN YOU AND YOUR COMPETITORS?

Many businesses think they stand out from their competitors, but all the customer sees is a similarity. This means you only stand out in the market when you create value propositions that have differences from the customers' point of view.

To understand if your offer is really different than your competitors, you need to think of your offer being made of three elements based on Ted Levitt's 1980s idea of differentiation.

STAGE	DESCRIPTION
1. TABLESTAKES BASIC ABILITY TO SUPPLY THE MARKET	Table stakes are the basic products and services you need to provide to become a supplier in the market sectors you serve. Nothing differentiates one supplier from the next. If you don't supply these things, you aren't in business.
2. EVERYDAY EXPECTATIONS CONSISTENT SERVICE AND QUALITY EXCELLENCE	Everyday Expectations are product and service standards that define the best professional suppliers. These things set you apart from average companies who provide the basics, but they don't make you any different from other good suppliers. It is the area where suppliers become complacent because products and services that once set you apart from your competitors simply become the 'new normal'. Offers of excellent customer service, dedicated key account managers, scalable solutions, robust cyber security, and turn key solutions all fall into this category.
3. REAL DIFFERENCES UNIQUELY RELEVANT TO THE CUSTOMER AND DISTINCT FROM THE COMPETITION	Real Differences are the things you offer that nobody else can. This may include exclusive technology, access to unique supply chain and distribution partners, exceptional technical expertise, and patented applications. Here you can make a real difference to the customers business based on your insight into problems, the foresight of trends and re-imagining of how their business works. You aren't just helping your customers run an efficient business, you are essential to helping them beat their competitors and make money.

YOUR COMPETITIVE ADVANTAGE

WIN THE RACE BY UNDERSTANDING WHAT YOUR CUSTOMERS VALUE



The foundation of competitive differentiation and sustained competitive advantage can only come from providing solutions that your customers value. This is a deceptively simple problem to solve.

The challenge lies in your ability to understand what your customer needs, wants and ultimately what they are willing to pay for. You must also recognize that value is made up of a very diverse range of factors that vary in importance in different sectors, between different customers and that value can change depending on the situation the customer finds themselves in.

Customer value is multifaceted and includes financial factors, technical quality and utility elements, perceived benefits, relational factors and experiential factors all brought together in a highly unique dynamic customer value system.

Whilst your general market research and familiarity with a market sector will mean you understand overall sector needs, the only sure-fire way of deeply understanding customer value is to have a regular and open dialogue with the customer. It's the only way to stay on top of and anticipate changes to the customer's value system.

VALUE IS ONLY EVER DETERMINED BY THE CUSTOMER THEMSELVES.

CONNECT THE DOTS

SHOW YOUR CUSTOMERS WHERE THE VALUE LIES



Value is communicated through a value proposition. A value proposition is an offer of some sort of value that will be gained by the customer in the future. Particularly it is a promise of future value that illustrates relevant and distinct future benefits and how they outweigh the total cost of ownership made up of direct and indirect costs spent over time.

In our book Value-ology this is described by the MUSICAL format:

M - MONETARY CALCULATION

U - UNIQUE FROM THE COMPETITION

S- SPEND THAT THE CUSTOMER IS WILLING TO MAKE

I- IMPACT OF SOLUTION IN IMPROVING CUSTOMER'S BUSINESS

C- CAPABILITY OF YOUR COMPANY TO ACHIEVE THIS IMPACT

AL- ALIGNED TO THE KEY NEEDS OF THE CUSTOMER

FACING UP TO THE SO-CALLED 'IMPOSSIBLE' TASK OF QUANTIFYING YOUR VALUE

Only 5% of firms have a financially quantified value proposition and having one will increase your chance of closing deals by 2%-10%*.

None of the examples we looked at had a quantifiable value proposition. Many suppliers believe that it is either impossible or too complicated to gather the financial evidence needed to quantify their value proposition. Instead, they fall back on the 'softer' aspects of value such as 'relational warmth' and 'service excellence' as a key part of their differentiation. But as we have seen, good customer relations and excellent service are simply expected by the customer - they are not a differentiator.

If only relational and service value is emphasised, the commercial impact of the proposed solution is ignored or downplayed.

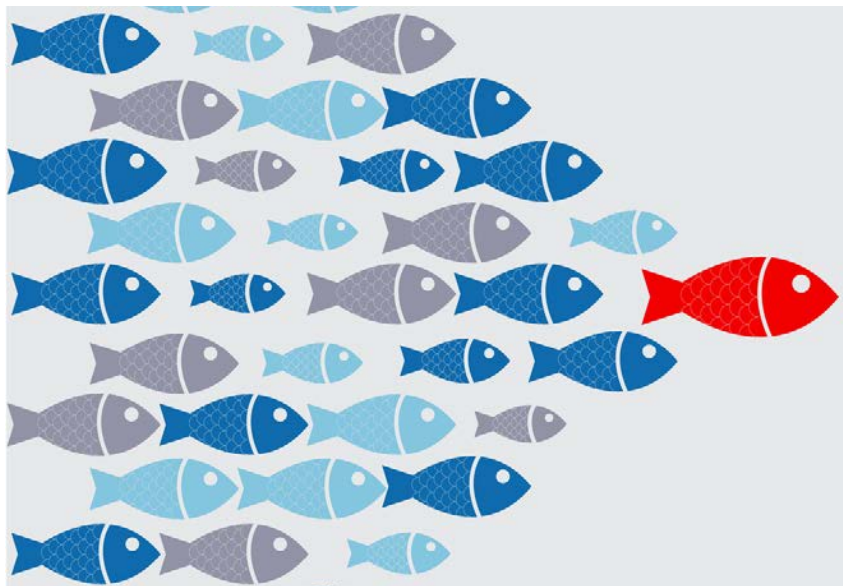
To begin to quantify your value, seek to understand how your solution might improve the customer's business outcomes in measurable terms vs. the common approach of listing generic benefits.

Ultimately, your proposition needs to indicate the impact of the solution on the customer's bottom line. This means you have to be able to show your customer a quantifiable value proposition like this:

You (customer) will be able to (enhance what) by (amount) as a result of implementing (our solution) for (cost). By (date) you will be able to demonstrate that the benefits (insert) outweigh costs (insert). We can uniquely provide (insert point of difference to competitor linked to customer need).

We (name of your company) commit to review progress with (customer) every (insert review period). The review will examine whether the promised benefits of (insert benefits) have been experienced in-use.

IT'S TIME TO TAKE THE LEAD



IF YOU DON'T, WE KNOW THAT:

Customers will continue to consign 94% of your marketing and sales material to the electronic trash bin (CEB research).

Because:

You will not convince the customer to move their business to you or to a newer technology because you're telling them the same as everyone else. So, you can expect to lose 58% of any deals you are involved in to Inertia (Qvidian research).

Because:

If you're the same as everyone else, how can your sales team and the customer see the value in 'why you'?

ABOUT THE AUTHORS



Stacey Danheiser

Stacey Danheiser is co-author of Value-ology and President of SHAKE Marketing Group, based in Denver, Colorado. She works with B2B clients to implement integrated marketing strategies and teach them about customer-centricity. Prior to starting her own consultancy, she spent 15 years as a marketing and sales enablement leader at large firms across cable, telecommunications, financial services and banking sectors.



Dr. Simon Kelly

Dr. Simon Kelly is co-author of Value-ology and has 35 years' experience in the ICT industry in customer service, sales and marketing. He pioneered the move from 'product push' to 'value-based' selling and marketing while at BT. A 'pracademic', he has developed innovative marketing and sales skills modules for Sheffield Business School where he is a Senior Lecturer. He is Chief Cohesion Officer of SHAKE Marketing Group, based in London.



Dr. Paul Johnston

Dr. Paul Johnston is co-author of Value-ology and a former lecturer at Sheffield Business School. His research specialism is business to business marketing management. Prior to this, he spent 20 years in the gambling and electronic games industry with board level roles in competitive strategy, key account management, marketing research and product innovation roles.

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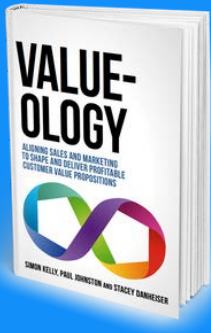
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VALUE-OLGY



We invite you to check out our new book, *Value-ology: Aligning Sales and Marketing to Shape and Deliver Profitable Customer Value Propositions*.

In this book, we focus on the single biggest contributor to the success or failure of companies - staying in tune with what your customers value. Through actionable templates, proven frameworks and exercises, you will learn what, why and how to uncover what your customers care about most and how to deliver value to them.

The book is available now in all formats:

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Value-ology

Sheffield Hallam University

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