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Introduction

Differentiation used to be based on the concept of a unique selling proposition. Now this is no longer the case. In principle, with proper marketing, a company's product may be a typical representative of the industry, but in the minds of consumers it will be special. Differentiation precisely consists in taking a unique place in the minds of consumers, operating with some unique property of the product.

Main part

The differentiation strategy is used in a saturated market by companies with opportunities for a high level of investment in advertising to build awareness of the unique properties of the product. Using the differentiation strategy, one should not rely on the low cost of goods: it will most likely be higher than the average market indicator, but it should be counted on the possibility of setting a higher price for the product. Consider using differentiated marketing as an example of a shampoo market: Head & Shoulders claims to specialize in treating dandruff; Fructis aims to strengthen hair; Shamtu to create volume; Dove for nutrition and recovery; Timotey for the benefit of natural ingredients, etc. Each of these companies strive to highlight their product, giving it special properties and image, for which the consumer is willing to pay higher than for ordinary shampoo for washing hair. The advantage of the differential marketing strategy is that it allows you to sell a product at a higher price than a regular product, avoids direct competition and reduces the negative impact on market sales of market leaders. The strategy can create high loyalty and brand commitment if the company finds significant advantages for the product and correctly builds the range. A competitive Porter differentiation strategy or a differentiated marketing strategy means creating a unique product or service, improving an ordinary standardized product with the goal of selling it at a higher price and obtaining a higher rate of return. A differentiated marketing strategy is an effective method of achieving a competitive advantage in the market, is the most common competition strategy and allows for long-term profitable growth. Using a differentiation strategy, the company gives its product unique properties that are important for the target audience, which means they allow you to assign a higher price to the product. Distinction and uniqueness in properties protects the product from direct competitive rivalry and from pressure from substitute products, and also creates consumer loyalty to the brand and reduces price sensitivity. Among successful examples of differentiation, 7Up's strategy, which presented its drink as “not Cola,” should be noted. 7Up was an overwhelming success, which would only have developed if the company, for some reason, hadn’t abandoned its “no stake” strategy for some time and switched to “America chooses 7Up”. The Volkswagen Beetle is one of the best examples of differentiation. This car was introduced at a time when the USA was in fashion for large, beautiful and often expensive cars. The Beetle did not fit into any of these definitions and quickly became the best-selling car in the United States. True, then followed by failure. This was due to the fact that Volkswagen decided to become everything for everyone by changing its differentiation strategy. Companies adhering to a differentiation strategy may fall victim to issues such as a large cost difference with an industry leader. This may lead to a situation where the company will become irrelevant, despite all its positioning. Also, it is highly likely that competitors will copy the company's product. In this way, all the differentiating advantages of the company (if it is associated with the product) may disappear. Finally, it is worth noting that a company adhering to a differentiation strategy should closely monitor costs. The appearance of a Japanese luxury car under the Lexus brand has hit the positions of American and European giants such as Cadillac and Mercedes. The Japanese also positioned themselves as a luxury car, but due to lower costs, it was much cheaper than similar Cadillacs.

Conclusion

According to Michael Porter, any of these strategies gives the company a competitive edge. When choosing one of Porter's basic strategies, it is very important to imagine what the company ultimately wants to achieve. Indeed, strategies of focusing and differentiation can even contribute to a serious decrease in income (but not profit). Michael Porter's basic strategies are classics of management, and have served as the basis for many current strategies.