

Selling a Commodity? Baloney!

Marketing helps differentiate your product or service to deliver higher margins. But what if your product or service is, by nature, somewhat undifferentiated? If you're in a price-competitive industry like trucking or equipment rental, are you doomed to competing on price? Worse yet, what if you sell cement? Or office whiteboards? What about bricks?

Anything can be differentiated. To help prove it, here are three quick profiles of companies that have turned actual commodities into highly profitable products. These companies rejected the traditional approach within their industries and identified how and where they could deliver a higher level of value. This strategic marketing approach has helped these companies thrive in a sea of commodity competitors.

CEMEX

When you think of a 99-year-old cement manufacturer headquartered in Mexico, does it bring thoughts of cutting-edge strategic marketing? Perhaps it should. Cemex gets a price premium for its regular old cement, and the company has become the third-largest cement manufacturer in the world—and by far the most profitable.

Cemex threw out the standard four-hour delivery window by leveraging advanced technology to enhance logistics and dramatically narrow delivery times. It realized that their customers, building contractors, would find great value in not having their crews waiting around for the cement trucks. Cemex's customers can easily justify the premium cement cost through higher crew efficiency and improved productivity.

MAGNATAG

You may not have heard of Magnatag, but you've probably seen its products on the set of ER or at a company near you. Rather than selling generic whiteboards and trying to compete on price against larger, less expensive competitors, Macedon, NY based Magnatag tailors its whiteboard systems to the needs of specific applications. The boards have pre-printed grids and graphics and come with customizable accessories including magnets, holders and lettering.

Though the company technically manufactures whiteboards, what they sell are detailed organizational systems spanning more than 2,300 different applications. This differentiation has allowed Magnatag to grow and profit, selling a product that otherwise would be seen as a generic, mass-produced commodity.



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ACME BRICK

A brick is a brick, but an Acme Brick sells for 10% more. Unlike any other brick maker, Texas-based Acme does not limit its marketing to contractors and distributors nor is it shy about investing in marketing. With a budget exceeding \$1.5 million per year for its six-state market area, Acme has built a powerful consumer brand. Troy Aikman is the company's spokesperson. Residential bricks are stamped with the Acme logo so homebuyers know whether or not the home has Acme bricks. And in 1995, Acme introduced a 100-year guarantee, which has solidified the perception of quality and clearly positioned Acme bricks as the best in the market.

Acme has proven that differentiation is possible for any product and, more importantly, that branding pays. In fact, surveys reveal a consumer preference rate north of 80% for Acme bricks. Every other brick is "generic." This means that Acme enjoys a solid base of loyal customers—builders who are afraid to use anything else on a spec home—and a price premium which translates into a more than 13-fold ROI on its marketing investment.

Cemex, Magnatag and Acme Brick each offer valuable lessons about the benefits of good strategic marketing. By taking an approach that was outside of the norm for their industries, these companies have proven that even commodity products can stand out.

To truly differentiate your products and your organization, you need to:

- EXPAND YOUR THINKING.
Cemex looked beyond the product to find value in superior logistics.
- BE MORE CREATIVE.
Magnatag turned whiteboards into complete organizational systems.
- USE IDEAS FROM OTHER INDUSTRIES.
If you can brand sugar water, you can brand a brick.

And the most important lesson of all? You don't ever have to settle for competing on price alone.

