

Breaking Out from the Commodity Product Trap

In an increasingly competitive marketplace, all businesspeople are searching for the elusive key to success. The search is particularly intense when the product or service is considered a commodity. Well, look no further for the key: content will unlock success in almost any product category—even in a highly competitive industry where you are beset by larger, better-funded competitors. You just need the guts to provide valuable Web content for your customers to make your products winners in the marketplace.

If you've looked for a financial advisor, mortgage banker, or stockbroker recently, you were likely overwhelmed with an array of companies competing for your business. In the current era of financial skepticism and declining markets, the business of wealth management has become even more competitive than in the bull markets of the late 1990s. Firms compete to manage your money in many ways, but it looks like the most successful firms understand what they're really selling is content. All businesses are becoming more competitive, and just like the financial industry, the way to compete is to offer your customers better content.

Other ways to lure customers abound in the financial markets. A search for “discount broker” turned up a slew of places competing on price. Other financial firms compete on the quality or speed of trade execution and some even tout the availability of a live person on the other end of telephone. But in a commodity business, like banking and brokerage, content rules the competitive environment. The Merrill Lynch individual investor site (<http://askmerrill.ml.com/>) promises “Merrill Lynch research has the global breadth and depth to provide you and your financial advisor with the insights and tools you need to make intelligent investment decisions.”

The other full-service firms also provide a version of quality research and content and as such, the financial industry leads the way in competing through the content they provide. It's fascinating to me that Charles Schwab, the pioneer discount broker, now lets the competition undercut them in price, while they focus on delivering content to compete in a tough marketplace. At www.schwab.com, we learn: “Now, more than ever, investors need to know what to buy and sell. Through Schwab Equity Ratings, our clients have the advantage of objective research to help them make these important decisions.” By using content to compete, Schwab has come a long way from their discount price competition roots, but it isn't surprising that this strategy has made them a leader.

The Duct Tape Wars

Consider duct tape—a commodity in which most people don't consider brand. Henkel Consumer Adhesives, maker of Duck Brand duct tape, revolutionized the business by doing something radical in the adhesive industry: competing through content. Henkel's site (www.ducktapeclub.com), provides content about the sticky stuff. How-to information, games, places where consumers can post their own suggestions or comments, and even a section on duct tape fashion. On the site, I picked up a back-to-school hint: “Make a nifty anti-roll pencil by making a little duct tape tab on the end of the pencil.” I was also amazed to learn that thirteen miles of red, white, and blue Duck Tape

was used to create the world's largest duct tape flag (the size of an NBA basketball court.) It's no surprise that Henkel is a market share leader—they're winning the duct tape wars through content.

Animal Rubber Bands -- not a commodity

One of the best things compelling Web content can do is show that your product or service is not a commodity. And by doing so, you can command premium prices and differentiate the product from everything else in the marketplace. This is true in every product or service category.

In my daughter's middle school, the fad of the month (at the time I wrote this) is animal rubber bands -- a very cool and interesting version of a very basic commodity product. The kids love these things, they wear the multicolored ones on their wrists just like Lance Armstrong Live Strong bracelets. They trade them with one another and use them in school projects.

It is amazing how different Animal Rubber Bands are from plain old commodity priced and packaged rubber bands. A package of 2500 plain ones cost only \$4.99 at Staples, but the special animal ones command a premium price of \$8.00 for 24 bands.

Amazon - Books sold as a content company

Competing through content has made a number of unlikely companies successful. Executives at Amazon understood early in the game that to win, they needed to think like a content provider, not a bookseller. Because they built www.amazon.com as a content site, they've garnered a staggering market share in a relatively short time. Sure, the net result is that Amazon sells books, but to compete, Amazon created a content site that happens to be a bookstore. Amazon hired editorial professionals to create a useful taxonomy of the product they offer so people could navigate the "shelves." They employed reviewers to comment and make suggestions based on interest. And Amazon pioneered the widespread use of customer reviews and ratings within their content community. In short, Amazon built a major business from scratch on content as the differentiator.

All products and services will benefit from a focus on creating content describing what's different and unique. And with that description comes the ability to cash in at premium prices and to differentiate from the run-of-the-mill versions of similar offerings from other companies. Any organization should be able to compete more effectively by offering better content to its customers than its competition. The provision of content to customers is a particularly powerful way to compete and to win.