

Lean Marketing Report



How Even a Company With a Great Inside Reality Can Go Broke

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In the October 2004, J.D. Powers and Associates, Auto Quality reported the Buick Century is the highest-ranked premium midsize car in initial quality. Century exceeds the initial quality average by 47%, exceeding initial quality of more than 23 models including Toyota Camry and Honda Accord. In fact, eight of the top ten quality rated plants were GM plants.

(To read the entire report, go to the following website:
www.jdpower.com/special/powerreport/gm/GM_SPR.pdf)

We must ask . . . Why does GM continue to lose market share to the Japanese?

Answer: The public perception of General Motors does not match the reality of General Motors product quality. The general perception is that Toyota has a better quality product. However, according to the report referenced above, that perception is just not the case!

Most businesses have one of two problems:

1. They can sell like crazy but don't make enough profit on what they sell - they need to improve their Inside Reality (the great things they do to bring value to their market).
2. Or, they have a great Inside Reality, but prospects don't know about it or can't tell the difference between the competing choices - the Outside Perception is not aligned with the business value.

In the case of General Motors, J.D Powers and Associates revealed that GM has great cars with exceptional quality. Therefore, the problem is GM has failed to correct consumer perception that Toyota has the highest quality cars. They have not aligned their improved Inside Reality with their Outside Perception...they continue to lose market share. This is not a unique problem, many companies have the same problem.

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We ask, "Why do great companies go out of business or under-perform?" To demonstrate the importance of aligning your Inside Reality and Outside Perception, let's look at the orange.

Have you ever had the taste for a nice, juicy, sweet orange? You see a large basket filled with oranges, your mouth starts to water just thinking of the last time you had the perfect orange. So you begin to evaluate the oranges - trying to judge which one will be the best. As you search, you find some oranges have scabs, dents and still show a little green. So you pass them up and go for that orange with an outside peel that looks absolutely perfect. After you peel it and take that first bite, you find that it isn't as sweet and juicy as expected. In fact, some of the sections are slightly dried out. The outside appearance has deceived you. Is it safe to say that you miscalculated the quality of this orange based on how it looks?

Businesses are judged in much the same way - without regard to what's really great about the business. Why? Because in today's market not one business stands out from another. Just take a look in the yellow pages - each business in each category says basically the same thing. Your company may not advertise in the yellow pages, however most likely you compete with other businesses either directly or indirectly to gain new business. Can your prospects immediately identify how you will benefit them over another solution? To the buyers, they can't tell who's any different or any better or any worse than another! That's certainly not good when you're looking to gain more customers, right?

How your customers perceive your company is your Outside Perception. This Outside Perception is based upon your communications with the marketplace & paradigms from the environment, especially your competitors! It is created by your salespeople, receptionist, brochures, website, catalogs, customer service reps, accounting, and drivers, (anyone or thing that touches the customer.) And of course your marketing and advertising messages all build your Outside Perception.

Companies who don't understand this simple concept are in grave danger. To compete and dominate the marketplace, you not only must have speed, quality, cost competitiveness and great customer service . . . your customers must know it. To fix your Outside Perception you must intimately understand the needs, desires and values of your customer. Then develop marketing that speaks the language of your customer and educates them on either how to buy what you sell or how to buy from you. Once you have a well articulated message that speaks to your prospects you must consistently communicate with them. The result is market domination.

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