12 Competitive Advantage through Emotion

Our description of the Market Commitment model has so far taken us through three of the major strategies influencing customer purchasing in the late 1990s. We’ve looked at Product Performance – how well a product or service does its job. We’ve shown how breakthrough Service, in support of the core-product proposition, can transform customer loyalty. And we’ve discussed the Pricing of the product either as a long-term strategy in its own right or as part of a wider value proposition.

These three strategies – Performance, Service Hustle and Price – combined with a commitment to the market and the customer present clear primary routes to finding customer advantage and success in the market place. But are they complete, is there anything else, any other strategic option we also need to capture?

As we have already highlighted in laying out the Market Commitment model, there is one opportunity that is missed by these three. Something that is so important, so fundamental to many companies that it has to be recognised as a prime form of competitive advantage in its own right.

The missing opportunity and our fourth strategic option that we capture in the model is ‘Emotion’ (Figure 12.1). We mean the emotional and image values that have been created for a particular product or service – the E-factor. We are describing those emotions and feelings that are intimately associated with a product and which can make it stand out from the crowd. They can be compelling. They can create desire. They can persuade the customer to choose a particular product even when all other things between it and its rivals – Performance, Service and Price – are otherwise seen as equal.

This Emotional force can come in different forms. It might be the recognition and appreciation that is generated by an established Brand, the product or service being in some way marked or branded in an emotionally distinct way. It might be in the recognition of a company’s proven track record or an appreciation of the importance of a long-term relationship or a company’s commitment to innovation. It might be the appeal and aesthetics of a design or style. It can even be about encouraging emotional feelings of patriotism to buy British or ‘made in
the USA'. In whatever form, Emotion must now be recognised as having the potential to be as major and lasting an influence on customer purchasing as any of the other three strategic options.

We will explore the specific types of E-advantage in more detail later in this chapter but before that let's better understand its overall potential. 'E' drives the success of some of the world's leading companies:

- Coca-Cola is the world's most valuable brand. It is the world's most widely-recognised expression after 'OK'. It is a 'global affirmation recognised everywhere'. A core focus of what Coca-Cola is about is to 'rapidly add strength to the world's strongest brand . . . we're talking about the brand's ability to inspire people . . . to become the preferred beverage everywhere'.

  Each year Coca-Cola spends up to 30 per cent of net operating revenues on selling and marketing – an extraordinary ratio and significantly ahead of other packaged-goods companies. Since 1980 the share price has grown at an average annual compound rate of 24 per cent, twice the level of the Dow Jones Industrial average. Consistent and continuous commitment to building the brand values has been at the heart of Coca-Cola's success. They summarise it themselves with this stark assertion: 'If our company burned to the ground we'd have no trouble rebuilding based on the strength of our trademarks alone.'