

DIGITALCROOW

3 **CRITICAL** **MISTAKES** **JEOPARDIZING** **YOUR BUSINESS** **GROWTH**



Okay, we're gonna be honest with you, most of these mistakes are related to marketing (what can you expect, we're a marketing consultancy). But if your focus is not on marketing, don't let that fool you into thinking that these mistakes don't apply to you. The principles remain the same and can be applied throughout your brand and business. We've tried our best to stay clear of the usual rubbish tips everyone seems to give. Tips like "Focus on strategy" and "It's all about Leadership". You probably already know all of that. So, the 3 critical mistakes we've decided to focus on are:

1. **No Differentiation**
2. **Valuing Cost per Acquisition over Brand Equity**
3. **Romanticising over a platform/idea**

No Differentiation

*IN A CROWDED MARKETPLACE, FITTING IN IS A FAILURE.
IN A BUSY MARKETPLACE, NOT STANDING OUT IS THE
SAME AS BEING INVISIBLE."*

SETH GODIN

Differentiation is the act of standing out. Let's face it, there are probably hundreds, if not thousands, of businesses that offer exactly the same thing as you. That's just looking at direct competition, we haven't even started thinking about indirect competitors. So

naturally, your customers have loads of options to choose from. The question we need to ask is: "Why would they choose you?" The key is standing out in "The Sea of Sameness". The goal here is to move away from being **an** option, to being **the only** option in the mind of your customer.

The mistake we want to address here is not that businesses don't try to be different but that they simply fail at it. The usual trend is that a business's idea of differentiation is so subtle and over-inflated that it becomes only a little insignificant change. Or, on the other hand, the points of differentiation might be significant enough, but nobody actually gives a damn about them. If your business has fallen prey to ineffective differentiation, it means that you are indistinguishable from your competition. It places you and your competition on the same level and at that point, the customer is only looking at which option is cheaper.

Actionable Steps

To secure your position in the mind of your customer and successfully stand out from your competition, you need to:

1. Do a competitive audit

To stand out, you need to know what you're trying to avoid. What you're looking for are trends and characteristics where you could be different.

2. Consider possible areas of differentiation.

- Language (The type of words we use)
- Colour
- Design
- Typography (Fonts and text layout)
- Imagery
- User experience (Online or in-store)
- Culture and customer service
- Innovation
- Personality
- Service Level
- Target Audience
- Brand Promise (The value you promise to give)
- Positioning (How your customers view you)

3. Rid your business of any industry clichés

Clichés by definition are phrases that everyone says. So, if you are relying on them to talk about your business, product or service you are in essence promoting your industry not yourself. A simple google search on “irritating _____ (*industry*) phrases” could point you in the right direction. But often the better approach would be to scan through your competitor’s websites and social profiles. Once you know what not to say, you need to actively work on replacing those phrases with something more unique.

4. Go against the status quo

Every industry has its own way of doing things. A huge part of your job as a brand is to innovate and revolutionize the way things are done. Now we’re not saying you should change your business values to include “Innovation”. What we’re suggesting is questioning everything. If you ask “why” and the answer

is “that’s just the way it is”, you have found a golden opportunity to differentiate from your competitors.

Focussing on Cost per Acquisition over Brand Equity

Cost per Acquisition is a monetary metric which means it’s measured in a dollar amount. It measures the amount of money a business spends to acquire a new customer. On the flip side, Brand Equity could be defined as the value attached to a product because of the brand's perception. An easy example of this is the iPhone. An iPhone is valued more highly simply because it is an Apple Product. People have attached a certain value and perception to the brand name.

Don't get me wrong, both of these metrics are essential in the success and growth of your business. But there is often a tendency to favour Cost per Acquisition (because it is easier to measure). The trouble comes in when 90% of our business decisions are solely based on Cost per Acquisition (CPA). In that case, we leave no room to build brand equity.

A great example of a brand equity focus is Gary Vaynerchuk. Gary owns a digital agency called Vaynermedia, which he runs. His rise to fame has been

largely built off the free content that he posts on social media. From a strictly CPA point of view that doesn't make any sense. One could say that his time might be better spent running ads that convert audience members into leads whom he can then sell to. But that would completely overlook the amount of fame/brand equity Gary has built up through his content. His focus is on Brand Equity, meaning that he gives his best advice for free (advice that other businesses would pay a premium for) and expects no direct transaction or conversion from it.

"I'M BUILDING FOR THE LONG TERM BECAUSE I THINK IT'S ABOUT BRAND. SO MANY OF YOU ARE IN IT FOR THE QUICK SALE, AND YOU ARE GOING TO BE FORGOTTEN. I BUILD TRUST BY GIVING AWAY ALL OF MY CONTENT FOR FREE AND THEN EVERY THREE YEARS OR SO, I WRITE A BOOK, AND ASK IF YOU'RE INTERESTED TO BUY IT"

GARY VAYNERCHUK

Actionable Steps

This is really a long term vs. short term conversation. Both are equally important. If you only plan for the long term, your business will fail before it has a chance to build sufficient brand equity. If you only cater for the short term, you risk being forgotten and becoming irrelevant in a couple of years.

1. Evaluate your current business efforts and consider where you could focus more on brand building.

It could be by supporting more charities, posting free content online or simply taking your next client meeting to a fancy restaurant and paying the bill. It's often the things that increase the CPA that make people value your business more.

2. When you are tackling a sale for your business, ask yourself how you can ensure that this sale fosters a long-term relationship with this customer

Romanticising a platform/idea over the principle

"YOU SHOULD QUIT IF YOU'RE ON A DEAD-END PATH. YOU SHOULD QUIT IF YOU'RE FACING A CLIFF. YOU SHOULD QUIT IF THE PROJECT YOU'RE WORKING ON HAS A DIP THAT IS NOT WORTH THE REWARD IN THE END. QUITTING THE PROJECTS THAT DON'T GO ANYWHERE IS ESSENTIAL IF YOU WANT TO STAKE OUT THE RIGHT ONES."

SETH GODIN

We have all fallen into this trap. Whether it was a business idea, a product or service we wanted to

develop, our website or even what social media channels to be on. As humans, we have a cognitive bias, a tendency to avoid inconsistency. This is just a fancy way of saying that we are reluctant to change. When we decide on something, subconsciously we want to stay consistent with what that choice was. The implications of this bias can be catastrophic especially in business.

An extreme case of this is the case of Robert Campeau. Campeau was a prominent property developer in the 1980s. He was looking to acquire several retail stores for malls that he planned to build across the US. In 1987, after a heated and aggressive bidding war with Macy's, he ended up buying Bloomingdale's (a luxury department store in the USA) for about \$600 million more than it was worth. Campeau was forced to declare bankruptcy soon after that.

That is an extreme case and surely, we would have acted more rationally if the decision was in our hands, right? We would like to think so, yet this same behaviour can be seen in our businesses to this day. The mistake we make is that we fall in love with an idea and commit to it fully before ever testing it. We romanticise about the means to the end (idea) instead of focusing on the end goal. We rob ourselves of the freedom to experiment by over-committing to an idea. Which means that instead of giving ourselves room to fail, we set ourselves up for a painful crash landing.

Actionable Steps

How can you avoid this?

1. Put specific structures and procedures in place for evaluating and testing ideas.

Choose a method of testing that makes sense for the idea. For example, if you have an idea for a product or service, you could test it by developing a **cheap** prototype and surveying customers to get feedback.

2. Realise that the ideas that got you this far will become a stumbling block in the future.

In the early days of social media, everyone would gladly spend their advertising budgets on Myspace ads, then Facebook came along; in a couple of months, MySpace was obsolete. A smart business person would realise the shift and move over to Facebook ASAP. But what if Facebook and Instagram vanished? What if social media ads as a whole became overpriced? Would you be willing to let go of the platform that got you this far?

3. Create and explore alternatives

Our initial instinct is to run with the first good idea we have. But you have to realise that doing this takes you out of the creative brainstorming mode. If you have an idea, explore what some alternatives could be.

4. Fail often, fast and cheaply

The concept of prototyping makes “failure” a beneficial thing because it is cheap, fast and easily repeatable. A prototype failure isn't as devastating as a fully developed idea that has taken about 6 months to develop and

N\$1,000,000. By embracing the experimentation mindset, you overcome the fear of failure.

Bonus: Focussing on your offering instead of focusing on the customer's needs

Allow us to share a bonus tip with you. It's something that we feel really strongly about as a business and it forms an integral part of our DNA as DigitalCroow. What we are referring to is "Customer Focus".

Now we understand that "empathy" is a buzz term that has been thrown around a lot lately. But we truly believe and know that this has the potential to dramatically accelerate your business growth. This is the tip that we would share with our family members if they wanted to get some advice on growing a business. It encompasses all the previous points.

"WE SEE OUR CUSTOMERS AS INVITED GUESTS TO A PARTY, AND WE ARE THE HOSTS. IT'S OUR JOB EVERY DAY TO MAKE EVERY IMPORTANT ASPECT OF THE CUSTOMER EXPERIENCE A LITTLE BIT BETTER."

JEFF BEZOS

Empathy, in essence, is understanding how your customer feels. Oprah Winfrey once explained that the three things every human being wants most are to be seen, heard, and understood. This is the essence of empathy. This empathy is the single biggest contributor to trust. In turn, trust is essential for making a buying decision. It's only after trust has been established that a person even considers finding out more about you.

Now that's great and all, but what is the business mistake? It's the tendency to focus on our business and product. In our effort to grow our business, we lose sight of the needs of our customers. Nowhere is this more apparent than in our marketing. We love to talk about our products and our amazing companies. Our websites are full of useless information about us and how our companies started, and our ads highlight our latest products. Yet we wonder why our sales are down and why we're not growing. I'm being facetious and over-exaggerating it a bit here. Take it from Zig Zigler:

*"THE BEST WAY TO GET WHAT YOU WANT IN LIFE IS TO
HELP OTHERS GET WHAT THEY WANT"*

ZIG ZIGLER

Actionable Steps

How can you better cater to your customer needs?

1. Solve a specific problem

Frustration turns out to be a great opportunity for growth. If your products aren't helping your customers solve a specific problem (internal and external), then they won't be that driven to buy from you.

2. Reframe your marketing material to focus on the needs and problems that you solve.

Instead of talking about your amazing product, focus on how it makes your customer feel after having solved their problem. Paint a picture of what success looks like after that problem is no more. Customers don't just buy products; they buy solutions to their problems.

3. Reframe your mindset around sales.

"Sales" is often viewed as a dirty and unattractive word that is associated with Used Car Salespeople and Telemarketers. Sales is really a value exchange. Imagine I had a red motorcycle and you had a blue one. If you wanted my red motorcycle and I wanted your blue

motorcycle, we would gladly swap. Because we valued what the other person had. The same can be said about your product and the customer's money. If they value the product and you value the money, that value can be exchanged. Everyone is happy.

4. Narrow your target audience

Determine who you want to target. Whose problems are you solving? Then you simply have to show up where those people hang out. For example, if you are looking to help women in their mid 20's, Instagram, Pinterest and social events might be your best bet. Solve their problems and answer their questions. By doing this you will be more effective in reaching those people and earning their trust.

Keep this document on hand and review it every couple of months to ensure that you remain on track. Share it with your team and check that everyone understands what to avoid and how to avoid it.

You are welcome to share your opinions or findings with me via info@digitalcroow.com. Or you can contact us to schedule an appointment and chat about how we can help you grow your business. I look forward to hearing from you.

Chrizandre (Chris) Schoonbee
Principal, DigitalCroow

For development in these areas, I'd recommend these books:

- **The Road to Recognition**, Seth Price
- **Positioning**, Al Ries
- **ZAG**, Marty Neumeier
- **What Great Brands Do**, Denise Lee Yohn
- **Crushing It!** Gary Vaynerchuk
- **The Effective Executive**, Peter F Drucker
- **Managing Brand Equity**, David A Aaker
- **Building a StoryBrand**, Donald Miller