

5 Reasons Why Brand Differentiation is Your Biggest Competitive Advantage





It's becoming increasingly difficult for companies to differentiate themselves based on features or product offerings alone. Instead, your brand can make the difference between a customer choosing you – or your competitor.

You need to differentiate your brand in the market to give customers a reason to choose you over the competition. A strong brand reputation will help you attract top talent and a loyal customer base, strengthening your reputation and setting you even further ahead of your competitors.

In this guide:

Discover the top five reasons why brand differentiation can be your company's biggest competitive advantage. Learn how leading brands like Nike, HubSpot, and Coca-Cola reap the rewards of successfully differentiating themselves from the competition.

1. Customer Acquisition
 - Brand Spotlight: Nike
2. Customer Retention
 - Brand Spotlight: Apple
3. Talent Acquisition
 - Brand Spotlight: HubSpot
4. Employee Retention
 - Brand Spotlight: Basecamp
5. Market Reputation
 - Brand Spotlight: Coca-Cola



1. A Recognizable Brand Makes it Easier to Acquire New Customers





Today, customers have more choices than ever – especially when it comes to physical products like cosmetics, technology, or clothing. When you're selling a pair of headphones or a white t-shirt, one product is much like another. So if you can successfully differentiate your product from the dozens of lookalike products available by building brand recognition, you stand to gain more customers, who will recommend your brand to their friends, creating a cycle of customer growth.

Brand recognition makes your company feel like a trustworthy choice, whereas an unknown or less well-regarded company feels like more of a risk.

If potential customers recognize and trust your brand, they're more likely to make a purchase. [Clutch surveyed over 500 people](#) in one month to find out why they clicked on paid search adverts. 26% of respondents clicked on an advert because "it mentions a brand they are familiar with," and when searching on YouTube and Amazon, that percentage increased to 33%.

Once you've acquired those customers, your brand can help to build an emotional connection with them based on shared brand values and quality of service. [Emotionally connected customers are more likely to recommend a brand](#) to their friends than if they have no connection with the brand. Those word-of-mouth recommendations can help you acquire even more customers, further fueling brand recognition in your space.

Brand Spotlight:

Nike Attracts New Customers Through Innovation & Differentiation

Nike has successfully differentiated itself from its competitors and is reaping the rewards in product sales and global revenue. In 2020, [Nike's footwear sales](#) were more than double that of Adidas, its closest competitor in the market. And over the last decade, the revenue gap has widened between Nike and its two main competitors, Adidas and Puma.

Nike co-founder Bill Bowerman once said, "if you have a body, you are an athlete." That statement is included in the company's mission statement today, aiming to "bring inspiration and innovation to every athlete in the world."

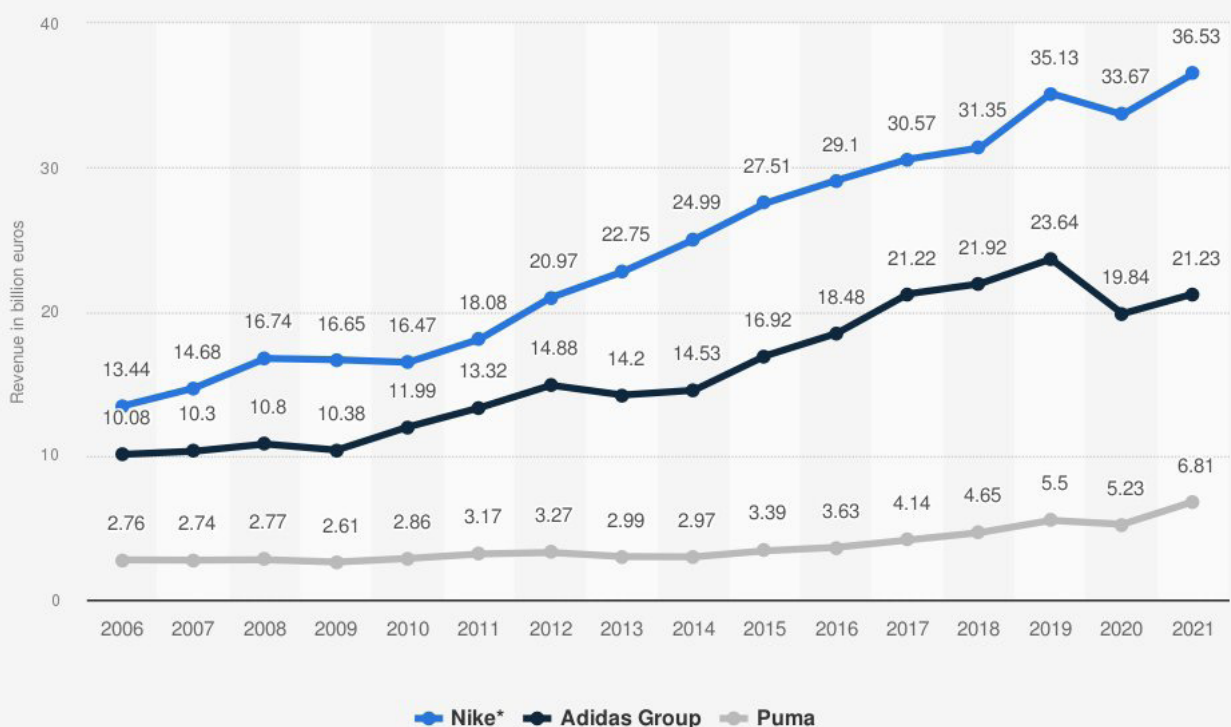




The company's focus on innovation and inspiration has been one of the ways it continues to differentiate from the competition. For example, in 2021, Nike made headlines worldwide by launching its Go FlyEase shoe. This sneaker is designed to make the process of putting on and taking off shoes easier by making it completely hands-free and was heralded as "a game-changer for the disabled community."

The Go FlyEase sneaker was the latest evolution of Nike's hands-free technology, which started in 2012 and was launched in 2015, showing Nike's commitment to innovating and evolving its sneaker technology for all its customer base. Nike differentiates itself from Adidas and Puma by being the only manufacturer with a hands-free sneaker product. This strengthens its reputation as an innovator and builds brand recognition with a wider audience.

Global revenue of Adidas, Nike and Puma from 2006 to 2021 (in billion euros)



Sources
Adidas; Puma; Nike
© Statista 2022

Additional Information:
Worldwide; Statista; 2006 to 2021

Source: [Statista](#)



2. Your Brand Reputation Affects Your Ability to Retain Customers





Many companies think of branding as a marketing project that only affects customer acquisition. But all departments play a role in developing and communicating your brand values, including your support team. The service you provide has a big impact on your brand reputation, which is built on:

- Quality of your products
- Quality of support or customer service
- Customer experience when interacting with your brand

Your brand values affect the products you create, the service and after-purchase experience you provide, and every interaction a customer has with someone in your company. For example, [Zendesk](#) found that 61% of customers would now defect to a competitor after just one bad experience. But according to [Motista](#), if you can provide a high-quality experience and build an emotional connection with your customers, they'll stay with you for longer – 5.1 years, compared with just 3.4 years without that sense of connection.

If you can differentiate your brand from your competitors by focusing on providing quality products and services, you're more likely to build long-lasting relationships with your clients and keep them long-term.

Brand Spotlight:

Apple Retains Customers by Creating an Integrated Product Ecosystem

In 2022, Apple topped Fortune's list of the [World's Most Admired Companies](#) for the 15th year in a row. Apple turns every purchase into a brand experience: you can't just walk into the store and pick your new iPhone off the shelf. Instead, you need to chat to their friendly, helpful employees who will fetch the product for you. Its retail stores focus on connecting customers and Apple employees and are instantly recognizable in a busy shopping mall.



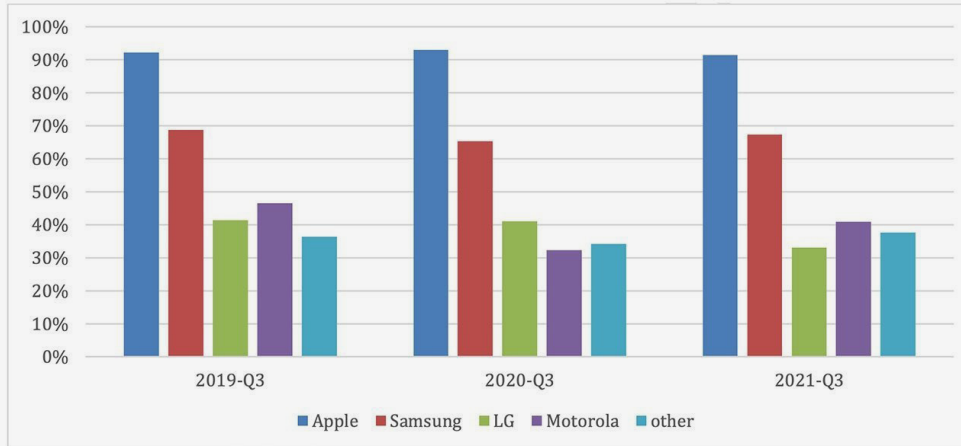
Visit a Genius at an Apple Store

You can do more than shop and learn in an Apple Store. Start a repair request below to make a reservation with a Genius to get help with a hardware repair.

Source: [Apple](#)



Customers purchasing new brand same as previous brand (12 months ended each indicated quarter)



Source: [AppleInsider](#)

It also invests heavily in its support experience – both online and in-store. For example, customers can book appointments with an Apple Genius to get support with a product repair or troubleshoot product problems to ensure customers are successful and confident using their products.

Thanks to a combination of quality products and service, Apple has the strongest customer loyalty rate in the U.S. smartphone market. In 2021, it had a customer loyalty rate of over 90% for the last three years, while its closest competitor Samsung had loyalty rates of just under 70% for the same period.

But products and in-store experience aren't enough of a differentiator because competitors can replicate those experiences over time. Instead, Apple has further differentiated itself by being the only player in the iOS operating system. Other smartphone manufacturers like Samsung, LG, and Motorola use the Android operating system. Customers can easily switch between different brands of Android smartphones without losing data or apps from one phone to the next.

However, Apple smartphone users may lose access to their historical data or (in some cases) specific apps if they switch away from the iOS operating system, making it more difficult to swap your iPhone for a Samsung or LG smartphone.

Additionally, Apple has invested heavily in new products such as the Apple Watch, AirPods, and Air Tags that all connect seamlessly with your iPhone. The more you invest in the Apple product ecosystem, the easier it is to replace your iPhone with another at the end of its life, without considering other smartphone brands.



3. Your Employer Brand Impacts Talent Acquisition





Your brand doesn't just help attract new customers. It also helps attract new employees because they can identify with your company's mission and want to be a part of it. [CareerArc](#) surveyed over 1,100 people – a mix of American adults and hiring professionals – and found that 82% of respondents consider employer brand and reputation before applying to a job. So a negative reputation will make it more difficult to attract new hires to your business.

Your company has a unique employee value proposition: something that only you can offer your employees. Any company can offer a paycheck, but the best employer brands differentiate themselves by helping their employees develop a shared sense of purpose based on the brand's mission and values. The 2022 [Edelman Trust Barometer](#) found that 60% of the general public will "choose a place to work based on their beliefs and values," which shows that values alignment is increasingly important for job seekers today.

Changing jobs can be a big risk for employees, but a recognizable brand can reduce that feeling. If you're joining an established company that you recognize, it suggests the company's been around for a while and is financially stable, making it less risky than an unknown startup. Employees are also more likely to be familiar with your brand mission and values, so they can assess for themselves whether your company is a good fit for their personal values and motivations.

Brand Spotlight:

HubSpot Invests in Its Employer Brand to Attract New Talent

HubSpot has been developing its employer brand for several years. When it was founded in 2006, tech startups had a reputation for nurturing exclusionary cultures and negative work environments. HubSpot differentiated itself early on by defining its employer values in the HubSpot Culture Code. It uses the acronym HEART to describe the values and qualities it looks for in HubSpot employees – and before you know any of them, it already feels more empathetic than the stereotypical startup.

The HEART values include:

- Humble
- Effective ([updated to Empathetic in 2018](#))
- Adaptable
- Remarkable
- Transparent



These brand values are just the starting point. HubSpot has put in the work to create an inclusive company culture that's the opposite of what you'd expect at a startup (though, admittedly, it's more of a scale-up today.) As a result of these efforts, HubSpot is widely recognized as a great employer. It's ranked the #2 Best Place to Work (Employees' Choice Award) by Glassdoor and rated as a great place to work by women and parents – two groups of people who are often left out of startup company culture.



#2 Best Place to Work in 2022 by Glassdoor

[Learn more](#)



Best Workplaces for Parents in 2021 by Great Place to Work®

[Learn more](#)



#1 Company for Women by Comparably

[Learn more](#)



2020 Culture Champion by MIT & Glassdoor

[Learn more](#)

Source: [HubSpot](#)



4. Shared Brand Values Influence Employee Retention





A strong employer brand can improve employee retention, and a weak one can mean you struggle to retain your top talent. This is especially likely to be the case if there's a misalignment between your public-facing brand and your internal company brand, as prospective employees will have one idea of your brand's mission and values, but once they join have to reassess those values.

While shared values can boost employee retention, a divergence between what employees want from their company and what the company's values truly are can make employees more likely to leave. For example, [CareerArc](#) found that 53% of job seekers listed a "poor or diminishing employer brand and reputation as one of the reasons for leaving a previous job," and for 20% of job seekers, it was the main reason why they left.

The most successful brands involve all their employees in defining, developing, and evolving their brand – including its brand values. This can be a real differentiator compared with other companies; when employees are engaged with building the brand, they feel connected to their workplace and the company mission. They feel an emotional connection with the brand and the business and value their role for more than just the paycheck it provides.

Brand Spotlight:

Basecamp Misjudged the Importance of Shared Brand Values (& Employee Retention Suffered as a Result)

Over many years, Basecamp had built a reputation as being opinionated and unafraid to speak out against the established norms in its industry and society. The company published many books that publicly expressed its views and built up the founders' reputation as thought leaders in the tech industry. For example, [Remote: Office Not Required](#) was published in 2013, long before remote work became a mainstream idea. And in 2018, [It Doesn't Have to Be Crazy at Work](#) rejected the hustle culture and always-on approach that many companies (especially startups) took to building a business.

As its employer brand grew, it attracted smart, opinionated people who shared those same values. It differentiated itself based on its employer brand – and by extension, the personal brand of its two leaders, Jason Fried and David Heinemeier Hansson.

But in early 2021, the company saw a "[mass employee exodus](#)," with almost one-third of employees leaving the company, reportedly after [Fried announced a company-wide ban](#) on societal and political discussions at work. For a company that built its reputation on being outspoken, that was seen as a massive departure from its brand values – and as a result, its employees felt that the company was no longer aligned with their values.



5. A Strong Brand Identity Builds Your Reputation in the Market





Your brand identity is what sets you apart from your competitors by building brand recognition, so you become a leading name in your space. Your visual identity – from the colors you use to your logo and visual style – helps consumers, competitors, and investors recognize your products on sight.

While most of your employees probably agree that your branding is important for creating a good impression, true brand consistency is difficult to achieve. If you asked one person from each department – or each region – to put together a branded slide deck, you’d likely end up with a mix of different colors, logo formats, fonts, and brand images. In short – a very inconsistent visual identity.

But if you’re unable to achieve a consistent brand identity, your reputation in the market can suffer. Our State of Brand Ownership Report found that “too much deviation from the core brand colors, typography, brand voice, general brand behavior, or logo sizing[...] and the brand identity can quickly begin to diverge across channels and look unprofessional.”

Companies often struggle to achieve brand consistency – especially if they’re growing quickly or expanding into new regions. If you can equip your team with the assets, tools, knowledge, and processes to achieve visual consistency across each market or department, you’ll set yourself apart from your competitors who still struggle with their internal branding processes.

Brand Spotlight:

Coca-Cola Differentiates by Only Focusing on the Drinks Market

Coca-Cola and Pepsi offer two very similar cola soft drinks. But in 2021, Coca-Cola was ranked as the #1 strongest brand in the U.S.

Its closest rival, Pepsi, was a very respectable #9 on the list, but Coca-Cola is the clear leader in its market. In many US states, people ask for a coke when they want a soft drink. And if you go into a bar and ask for a coke, you’ll either get a glass (or bottle) of Coca-Cola, or the waiter will apologetically ask, “Is Pepsi OK?”

In the soft drink market, Coca-Cola is king. But more than that – it’s seen as the default option.

Consistent branding has helped Coca-Cola differentiate its drinks in a crowded market. Its distinctive glass bottle has a long history dating back to 1920. The bottle’s unique contour shape and glass texture mean it can be identified by touch alone or by seeing the shape of it. In 1961, the Coca-Cola bottle was recognized as a trademark, as it was so well known.

But the biggest differentiator between Pepsi and Coca-Cola is that Coca-Cola has exclusively focused on the beverage market, while Pepsi owns a wider mix of food and beverage brands. As a result, you know Coca-Cola for its drinks, while Pepsi is an acceptable alternative.



You Can't Build A Strong Customer-Facing Brand Without a Strong Internal Brand Culture

A strong customer-facing brand is consistent and instantly recognizable from its competitors. But brand differentiation can't happen unless everyone in your company is bought-in to your brand. Before you can differentiate your brand in the market and in the eyes of your customers, you first need to create an internal culture where all your employees recognize your brand, how it looks, why it matters, and can create and use on-brand assets when representing the company.

A brand management tool like Frontify helps your employees engage with your brand and makes it easier for them to find and use your brand assets consistently. See Frontify in action: [Book a demo](#) to see how brand management software can strengthen your internal brand culture and help you differentiate your brand in your market.

