Montblanc

Founded in 1906 the firm has had a strong reputation for quality, which has been maintained clearly as a form of differentiation, which has also been complimented by differentiated design (Kotler & Keller, 2008). However, in the 1980’s the firm found that despite the reputation the sales of the goods was declining and a new marketing campaign needed to be developed.

The first strategy saw the firm revert to the original strategy, a strategy that clearly defined the goods sold by the firm as highly unique and of great quality. New marketing was brought out to emphasise these points, the aim was to increase awareness of the brand and increase the potential that the firm had to make more sales as a result of the better, or stronger, positioning. However, in this first attempt that used television advertising to give the pens a unique position (Hooley et al, 2004). The plan did not go as expected as the firm over positioning itself, the marketing if the quality and the premium position led many of the potential target market to believe that the pens were no in their price range, assumed that they were in the thousands rather than in the hundreds. The firm had to address this and undertook further advertising, giving the message that the pens were quality, but that they were cheaper than the audience may think, and they successfully positioned themselves to gain a higher level of sales. This took two attempts, but they found a message that positioned them on a part of the market where there was business.

In order to be successful Porter has argued a firm needs to have a competitive advantage, either cost of differentiation advantage. Differentiation advantage occurs when a firm offers something that is different from the competition, which may be product features, reputation, brand image or other association, or elements of the supply chain compared to its competitors (Mintzberg et al, 2008). To be an advantage these different features or characteristics need to be valued by the buyers, who will pay more than the cost of providing that differentiation as a premium (Mintzberg et al, 2008).

Marks & Spencer

One firm that suffered as a result of losing its competitive advantage of differentiation was a major UK retail firm Marks and Spencer, which sold mainly clothing as well as some household goods and food. The firm was once differentiated with the aspect of quality and reliability, characteristics that were valued by the mainly middle class clientele. The firm relied in its reputation as a form of differentiation, not only being reliable, but also service levels, taking back goods and exchanging them, even if they had been worn or were damaged, this was a no quibble return policy(Marks & Spencer, 2010).

Over time the market changed, there were significant increases in the level of competition, and the fashion changed, but the image of Marks and Spencer did not, the differentiation that had been valued in the past had been eroded as the benefits were no longer as important or valued by the target market, along with the firm had not moved with the time, they had not changed and adapted, so the differentiation which was still present, was no longer a competitive advantage. Then firm had to change and adapt, they changed the appearance of the stores to being them more up to date, and changed the type of clothing they sold to ensure that there were more fashionable items present, the firm also started television advertising using well known personalities, in effect the firm had to create a new reputation that would differentiate itself, and this meant that they had to deliver what the consumer wanted, retaining quality, but balancing this with style and price, it was also one that was built in the existing levels of customer service(Marks & Spencer, 2010). This has to be created and then communicated, a task which has ultimately been successful, but one that took several years to implement.