

Differentiate Your Way to Success

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"Differentiate or die" has been the mantra of business leaders ever since a book of the same title emerged nearly a decade ago. Now more than ever, differentiation is the key to success in today's resource-constrained, highly competitive business environment. It makes sense—differentiation helps you stand out from the crowd, be considered unique and provide something that people value and for which they are willing to pay (or pay more).

But how to differentiate is less clear. Sure, running a super-low initiation fee or doing a publicity stunt may generate some short-term attention (although even this is debatable, given the many competitive offers and cluttered media environment in the current consumer reality).

But aggressive pricing tactics are sure to be reneged due to profitability pressures at some point, and flashes in the pan are unlikely to sustain interest over time. And they won't truly differentiate your club. Neither will excellent customer service or better equipment or great value. At best, these claims are costs of entry—that is, every club must offer them to even be considered a player in the market; at worst, they're empty platitudes that savvy customers ignore.

True, meaningful, lasting differentiation is possible. Crunch is known for its off-beat brand personality, for example. Curves is widely regarded as the leader in women-only gyms. Here are three ways you can differentiate your business:

1. Be first. Being first to market, meaning being the first to create a demand and fill it, can give your club a strong differentiating competitive advantage.

First-movers usually enjoy a market leadership position, whether real or perceived. In 1997, Netflix was the first to offer movie rentals by mail, and today, it is the market leader in sales and in consumers' perceptions.

First to market can mean being first in a geographic area (first in your city, for example), but more often it's based on initiating a new type of club, a new offering or a new service. The only criteria are that the first be

true and that it be something meaningful to prospective customers. By strongly promoting your brand as the first, you differentiate it from competitors and may make any of their future moves in a similar direction seem outdated or boring.

2. Attribute ownership. A specific attribute or feature to distinguish your club is another effective way to differentiate. As noted above, certain attributes are not perceived as unique. Customers expect all clubs to have friendly staff, modern equipment and clean locker rooms.

However, a club that focuses on an attribute of its classes—say, the highest number of classes, the greatest variety or the most unusual—would stand out. Or a club could differentiate itself by focusing on providing a real entertainment experience, including having big-screen TVs and hosting live music during Friday happy hours. Differentiation is in the eye of the beholder.

The opportunity is to identify an attribute that no one else is talking about or is a weakness for your competitors—and then to adopt it as the defining attribute for your business. To then make it what you are known for and to ward off competitive encroachment, you must over-deliver on it and communicate it at every touch point. If you "own" an attribute, prospects are more likely to remember you and have a compelling reason to consider you.

3. Market specialty. You can differentiate your business by its target market. Women, Baby Boomers, teens, athletes, elite executives and families are all different markets that could be unique targets for clubs.


Borrow a page from restaurant brands and develop a market specialty. From the design of the club, to the services, classes and membership plans that you offer, to the types of employees and trainers who work at your club, you could tailor your club to meet the specific needs of your target market. By focusing on one unique market, you position your club as an expert in that market, and differentiation based on expertise is particularly effective in attracting prospects.

Most clubs try to appeal to everyone because they don't want to limit their business. But as the history books show, if you try to be everything to everyone, you end up being nothing to no one.

This raises the most important point about differentiation: it's about choosing what you will do and what you won't do. To truly differentiate your business, you need to do one or two things really well. Differentiation requires focus and sacrifice—just like exercise.

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