



How to Leverage Marketing to Build Sustainable Competitive Advantage: Insights from Leading Companies

Swaminathan Mani and Mridula Mishra

INTRODUCTION

As the marketplace gets crowded with too many me-too products competing for customers' attention and share of the wallet, creating and sustaining competitive advantage becomes a herculean although rewarding task for companies. Having a clear differentiation helps position the company as delivering superior value in customers' minds. This helps in top of the mind recall for the company's products, higher wallet shares and possibly a premium pricing resulting in higher profitability. Therefore, creating and sustaining a competitive advantage has several business

S. Mani (✉) · M. Mishra
Lovely Professional University, Phagwara, Punjab, India

M. Mishra
e-mail: mridula.mishra@lpu.co.in

benefits that have been well documented in literature. However, companies are finding it challenging to find that unique value proposition, which is compelling and defend that position in the marketplace.

Traditionally companies have looked at several avenues to create competitive advantage—scale of production (Refineries, manufacturing plants), robust supply chain (FedEx), superior products (Apple), innovation and intellectual property creation (Microsoft, IBM), access to markets (Defense contracts), preferred landing slots (Airlines), design and aspiration (BMW), safety (Volvo and Qantas) and superior customer service (Taj Hotels). However, marketing can be a source of enduring competitive advantage if leveraged strategically. Three companies, which are in different sectors, have leveraged marketing to create and sustain differentiation for decades—Intel, Marriott International and Disney. These three firms are category leaders in their respective industry verticals; have been hugely successful for decades and have managed to reinvent frequently.

Intel which is traditionally in the B2B business (selling microprocessors to PC Manufacturers) decided to gain control of the purchase criteria in the PC market by converting themselves into a B2C company when it came to marketing spend. The ‘Intel Inside’ campaign catapulted the company into a world leader in the microprocessor industry leaving competitors like AMD far behind although AMD had technically similar capabilities and products. Similarly, Marriott International leveraged influencers marketing to connect, create and communicate value proposition with target customers and Disney leveraged marketing to communicate their theme of ‘happiest place on earth’ and established Disney as a fun place for family in minds of customers. Each of these three companies—Intel (Products Company), Marriott (Services Company) and Disney (that sells experience)—has used different components of marketing that aligned with their brand strength to communicate superior value. Given that these firms have been successful for over five decades, it is pertinent to evaluate their success using a marketing lens to understand the elements of their marketing strategy that enabled them to a leadership position. Practitioners in industry (irrespective whether marketing a product or services) can take advantage of the insights from these cases studies to build sustainable advantage for their company.

INSIGHTS FROM A PRODUCT COMPANY: CASE STUDY OF INTEL

Robert Noyce and Gordon Moore founded Intel in July of 1968 and Andy Grove (who subsequently went on to become the legendary CEO of Intel joined as an employee a year later). Intel's metal-oxide semiconductors (MOS) and later, silicon gate MOS chips, ushered the personal computer revolution. The three key inventions of transistors, Integrated circuits and microprocessors were some of the biggest inventions of the twentieth century. Intel was the world leader in microprocessor for the next 50 years. Intel competitors like AMD manufactured similar products from a technology capability perspective. However, Intel's cumulative profit between 1991 and 2015 was \$ 140 billion, and AMD made a cumulative loss of \$ 2 billion during the same period. Marketing and branding proved to be the biggest differentiator for Intel. Some of the key learning from Intel's success is given below:

Always have the end consumer in mind: while the customers of Intel microprocessors were the PC makers, Intel's most successful 'Intel Inside' campaign targeted the end users of the PC. Most of these consumers did not have an appreciation of the technological nuance and hardly got to observe the Intel microprocessor as it was inside the computer but felt reassured to see the 'Intel inside' logo on the PC which signaled high-quality product. This campaign built huge brand visibility for Intel and differentiation in the marketplace. PC makers wanted the logo 'Intel inside' on their computer as it fetched premium pricing in the market. Intel had transformed itself from an engineering firm to a consumer products firm.

Customer engagement: Intel engages with end consumers of PC across all ages through social media platforms and traditional platforms. Intel has trained its 80,000 employees (who are the brand ambassadors) to engage with consumer and actively listen to them. These do not just focus on technical specifications but build an emotional connection with users by building an active community of users.

Gain control of the purchase criteria in this market: Intel gained the control of the purchase criteria in the PC market which was the processor speed which kept increasing every passing year. The end consumer was conversant with the processor speed the same way they were conversant with the engine specifications of a car. However, Intel lost the control

of purchase criteria in the mobile and tablet market to ARM and Qualcomm. Marketing can help set the narrative which can be used to build differentiation.

Simplify narrative: Intel did not undertake campaigns around long technical specification or technological nuances which most consumers don't understand or couldn't care less. Intel had multiple products (Chips, Microprocessors, Boards, Adapters, etc.) with varying specifications but kept the narrative simple—if there is 'intel inside' then product performances were guaranteed.

Experiential marketing: Intel conducts events (10–12% of marketing budget is spent on events) where it invites the decision makers and C-suites to come and experience Intel products. Ninety-five percent of public cloud runs on Intel architecture that has compelling business benefits across industry sectors and these used cases are demonstrated during the events so that potential customers can get hands-on experience of the technology.

Brand your products to avoid commoditization: Microprocessors could have easily become a commodity business when competing products were offering similar technical prowess and these products were largely hidden for the end consumer. But by relentless focus on branding and marketing these microprocessors, Intel ensured that they remain on the top of the mind recall for the end users when they are making a PC buying decision. Classic case of branding driving differentiation by elevating the narrative to emotional connects than just technical discussions.

INSIGHTS FROM A SERVICES COMPANY: CASE STUDY OF MARRIOTT HOTELS

Marriott International, a diversified hospitality company, was founded in 1927 with two hotels then, is presently the largest hotel chain in the world by the number of available hotel rooms and lodging facilities (both owned and franchised)—over 1.4 million rooms operated by 30 brands, 7400 + properties across 131 countries and reported revenue of \$ 20 billion for 2019. Another 500,000 rooms are under construction at the moment. Marketing of services is inherently challenging as there are too many moving parts in a 'formless' services business. Hotels business is inherently a 'perishable' commodity business (if the rooms remain vacant for the night it is a lost revenue opportunity), with diverse customer expectations (from basic bed and breakfast to full-suite services with pool, gym

and party experience) and competition of all sizes (from five star hotels, Airbnb to small boutique single property motels) offering the core basic product. Despite the clutter, Marriott has managed to remain the numero uno player for over decades. Marriott's marketing strategy is based around the 3Cs—content, community and commerce.

Influencers marketing: One of the most important marketing strategies adopted by Marriott was marketing to key individuals who had the ability to influence the target market. Over 90% of people look at referral (travel sites like TripAdvisor are popular) before making decisions, conversion ratio is three to ten times for products endorsed by influencers and earns more for bang for the marketing buck. Marriott partnered with Jackson Harries from JacksGap with over four million followers to create short videos on Marriott destinations, collaborated with Snapchat, Shaun McBride and Casey Neistat to appeal to millennials (the target group of Marriott), worked with musicians to create the Navigator Live, a series of short videos that gives a sneak peek into the musicians who perform at Marriott hotels and finally created two short feature films that garnered over nine million views on YouTube. Getting the combination of content, messaging, influencer, channel and target audience right proved lucrative for Marriott and was their core marketing strategy.

Seamless marketing experience across channels: Customers interact with a firm through offline, online channels and would like to have a holistic experience without broken links. Marriott ensured that customer experience is consistent across channels by consolidating the teams handling customer experience into one unit. Earlier these units were silos which did not give a unified experience to customers. Not only the customers benefited from this seamless experience, Marriott benefitted it too as they were able to capture unique customer preferences better so that they can personalize the reach out strategy for them.

Leverage the power of category branding: In 2019, Marriott launched category marketing campaign called 'Room for possibility' targeted at longer stay travelers. The campaign features three brand properties—Residence Inn by Marriott, Element Hotels and TownePlace Suites by Marriott- offering the best of both worlds (the feel of home and the flexibility of being on the road). These properties offer dedicate living, working and bedrooms with a full-fledged kitchen and complimentary grocery delivery service.

Launching Marriott Bonvoy—loyalty program: Bonvoy which is shortened version of Bon voyage is a rebranded loyalty program that has

120 million members on it—the largest for a hotel. Using this loyalty program, Marriott hopes to keep the travelers updated about the latest news in an integrated manner so that the users will connect with all 30 branded properties of Marriott into one umbrella brand and experience. This will also set the tone for a massive multi-channel digital, social and media campaign that will span over 20 markets worldwide. The benefits of a robust, well-designed loyalty program and an integrated marketing campaign can become a force multiplier for Marriott.

INSIGHTS FROM A COMPANY THAT SELLS EXPERIENCE: CASE STUDY OF DISNEY

In 1923 Walt Disney set up a studio to produce animated films and in 1928 launched the iconic character, Mickey Mouse. The animation became very successful that 50 years later it was the first cartoon character to receive a star on the sidewalk of Fame, in Hollywood. Disney land was established in 1955 and since properties have been established all over the world. The company reported revenue of almost \$ 70 billion in 2019 with business interest in televisions, films, music, video games, amusement parks, broadcasting and sports network among others. Disney acquired Pixar and Marvel entertainment that has strengthened its overall portfolio by providing complementary skills in introducing newer heroic characters that can be monetized not only through the films but also through merchandising and animation skills. Disney is known for compelling storytelling—bringing many of its characters to life—superior customer experience, branding and marketing and an uncanny ability to cross-leverage its assets across group companies.

Compelling storytelling: Ability to tell an engaging story to capture the imagination of its target market is the biggest differentiation of Disney. These stories are inspiring and motivating which resonates with the customers. Time immemorial human civilization has progressed on the backdrop of stories of the times. Disney uses nostalgia (a powerful emotion) to establish and maintain customer loyalty (e.g., reviving old classics like the Jungle book which rakes in close to \$ 1 billion in revenue) where the parents relive their earlier days all over again. Disney's ability to form an emotional and lasting connection with its customers through world-class narrative is at the core of its success.

Establish Disney land as destination theme parks: Disney has established 11 theme parks in major cities around the world and has branded them

successfully as destination parks. So, a visit to Orlando, Hong Kong or Tokyo or Paris is incomplete without visiting Disney land. The rides and the various shows in the park are branded and marketed to bring them to life. Not only the theme parks bring in revenues but these larger-than-life characters also help in driving merchandising and licensing revenues as well.

Importance of branding: Disney has branded its products around the theme ‘youthful’, ‘magical’, ‘family and fun’. There is something for everyone irrespective of their age (their intergenerational appeal is remarkable). Disney is known by its tagline ‘the Happiest Place on Earth’—which many of their loyal customers agree with. Branding—whether a show or the rides, the characters or the theme park itself—has helped establish over 70% repeat customer visits—an indication of high customer satisfaction.

Marketing on wholesome user experience/map the user journey: Disney focuses on creating wholesome user experience—right from ticketing to schedule of shows, content (contemporary as well as nostalgic), themes parks, food courts and fireworks among others—and ensures that customers have wholesome fun with family. Data is collected on popular attractions and the schedule is tweaked accordingly. Newer content is continuously added to attract repeat visitors. Leveraging data, keep content fresh and focusing on the entire user journey makes Disney a destination of choice for families.

Counter-intuitive content marketing approach: Disney creates the story and builds the products around that story which is a counter-intuitive approach as other companies do the reverse (they create a product and build the story next). This content marketing approach is unique to Disney; it can differentiate itself from peers in an area of information overload. The content is designed to be exciting, personalized and fun. It has helped to transform a relatively undifferentiated product (spending time with family and there are many avenues for it) to a unique experience cherished by all family members for a long time.

Implications for Practitioners

These case studies pertained to three companies in three different industries—products, services and experience. All the three companies are category leaders in their respective sectors that have used, and continuing to use, the power of marketing to maintain their leadership positions.

While some of the strategies adopted by these firms may be unique to their business, there are also some common marketing strategies across categories. The key insights for marketing practitioners from the success of Intel, Marriott and Disney are below:

Compelling storytelling: Probably one of the most important of marketing for any firm would be to build and share compelling stories about the firm—stories that inspire or inform or engage the client. Stories are inherently emotional by nature and once audiences are hooked to the narrative, they will remember the content for a long time to come which is a premium in a cluttered world of information overload.

Branding for premium pricing and differentiation: Intel has shown that components that are not visible to end consumers can be branded to create differentiation and premium pricing. Similarly, Marriott has shown that branding can make a difference to an inherently commodity business. Disney has shown that something intangible like experience—which is unique to everyone—can be branded to create value.

Focus on customer experience end to end: Marketing needs to focus on end-to-end customer experience to identify what customers prefer and articulate value appropriately. Focusing on end-to-end customer experience will also reveal gaps in existing services that marketing can feed into those responsible for delivering those experiences.

Have end consumer of the products in the marketing radar: Marketing to customers' customer was a strategy that paid rich dividends to Intel. While the customer of Intel microprocessors were the PC manufacturers (which is a B2B market), Intel inside campaign focused on the ultimate buyers of the PC (converted it into a B2C market). This helped Intel to gain control of the purchase criteria in the PC market which catapulted it to a leadership position in the microprocessor industry for decades.

Simplify messaging: As companies grow, it spawns a plethora of products and brands that can overwhelm customers. Also, if there are multiple channels, that are disjointed, through which customers engage with the company it compounds the narrative. Therefore, it is marketing's job to simplify the narrative so that customers are able to appreciate the whole without getting overwhelmed.

CONCLUSION

As the three case examples from different industry sector show, marketing can be a force multiplier for business and can become a source of sustainable competitive advantage when leveraged appropriately. These companies used marketing tailored to their business demands, however, maintained the core of marketing—branding, compelling storytelling, unified customer engagement among others—to create sustainable competitive edge in the market. All the three firms—Intel, Marriott and Disney—have been the category leaders for decades thereby proving that the right ingredients of marketing working together can impact business metrics—revenue and profits—significantly over a long term. Many companies consider technology, technical know-how, manufacturing processes, access to scarce resources, access to markets, human capital and scale as source of enduring competitive advantage and treat marketing as a cost center. However, when used strategically, marketing can help build and sustain competitive edge as all these three firms have demonstrated in different sectors. Marketing practitioners can gain vastly by studying the strategies adopted by these firms.

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