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# On Replication by Bob Manna & Matt Manna • 005BC2F0(R06)

*“Replicating the products, services, candidates, and causes that came before is a corrosive exercise that leads to the erosion of loyalty & price. There is a better way!”*

If your company ceased to exist would your customer’s desires go unanswered? For many the answer is, “My customer’s desires would go unanswered only until they walked down the street to the next company that offers what I offer.” There is a one word description as to why this is so — *replication*.

Replication refers to the practice of creating or developing a product, service, candidate, or cause that is substantially similar to that which currently exist. Unfortunately most organizations, most of the time, follow the practice of replication. This is sad because replication always leads to a Marketplace Of Abundance; a marketplace in which there are more products, services, candidates, and causes than people need, want, or care to consider.

The Marketplace Of Abundance is almost always corrosive even though most replicated products extend the merit of their original counterparts. Why? Because replication extends merit at the expense of customer loyalty and price. There is little rational for expecting loyalty in an environment that satisfies desires simply by walking down the street. As for price...

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When all is said and done, the survival of an organization is determined by the attention paid to this short four-word question, “How much is it?”

Sellers pay primary attention to the first two words of the question, the “how much” part, because they assume price is the primary concern of customers. But that is not the case. The primary concern of customers is the determination of merit, not the discovery of price. The difference between the two is important.

Merit is a personal intrinsic assessment based on an individual's circumstances and/or state of mind. Price is an expenditure required to obtain a product. The natural order of things in the mind of a customer is to determine merit *before* considering price.

In the customer's mind the question is not, “How much is it?” In the customer's mind the question is changed round becoming, “It is how much?” A purchase decision is not primarily determined by the price offered, but rather on the approximation of the offered price to the inceptive merit felt by the customer.

The corrosive effect of replication on price is that it saturates the marketplace with products that are substantially similar to what customers have already evaluated. In the customer's mind (and in your mind too) an attempt to evaluate differences in merit between substantially similar products is valueless. In such a situation the only consideration is price. End of story!

One way to resolve this situation is to surrender to replication and create low priced products, promoted with messages designed for high frequency, large reach delivery systems. That is a valid business tactic that works for some folks, some times. But there is a catch. Replication is a paint by numbers exercise that perpetuates a repeating and corrosive cycle of competition, followed by price erosion, followed by consolidation. This cycle can be marginally successful for one or two survivors. For most it's an agonizing existence. Fortunately, there's a better way.

The natural order of things in the mind of a customer is to determine merit before considering price. The key to avoiding the pitfalls of replication is to realize that customers deem as meritorious those products, services, candidates, and causes that connect on a personal

intrinsic level. This deeply personal, and mostly emotional, evaluation provides the foundation for dealing with replication. To avoid replication, products **and their attendant messages** must connect to the personal, intrinsic determination of merit that customers are first and foremost looking to satisfy.

We must emphasize the importance of messaging at this point. A product has very little chance at success if the amount of time, talent, and money devoted to creating impactful messages — messages that connect to the customer's personal and intrinsic determination of merit — does not at least equal the amount of time, talent, and money devoted to creating the product. That may be tough to accept, but it's the truth!

Creating impactful messages isn't easy (although it isn't as hard as shaving an additional 1% off the price of a replicated product quarter over quarter) but it is required to exit the low cost seller's game. Happily, once a way is found to make the emotional connection, to create and promote a product in a way that resonates with the buyer's intrinsic assignment of worth, there will be a line of customers out the door.

There are numerous examples to support this claim. The most dramatic emerge from new organizations with no customers that become immensely successful in the face of existing suppliers with a huge resource advantage. Two of the more familiar are McDonalds, that grew to replace White Castle, and Starbucks, that captured a marketplace long dominated by such names as Maxwell House, Folgers, et al.

As we write this article, Apple's iPad is in high demand everywhere it is sold, including Wal-Mart, where it sells for the same price as it does everywhere else. Interestingly, Apple enjoys a market capitalization of 565 billion dollars while Wal-Mart has a market cap of 247 billion. Which company faces the bigger challenge: Apple, with the task of ensuring their future products continue to connect emotionally; or Wal-Mart, who must continue to find a way to wring another 1% out of the cost of groceries?

The answer lies in recognizing that replication is unsustainable. At some point there will be no more price reduction or logistic efficiency possible. Conversely, the upper limits of developing products and messages

capable of strong intrinsic connection, and high profit margins, are boundless.



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