

COMMUNICATING THE VALUE PROPOSITION

How to turn a brilliant product idea into a resounding marketing success

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Do you have a great idea for a product or service but you are not sure whether people will buy it? Does your organization have a great concept, but you have not yet figured out how to explain it to customers in a way that will click with them? Does your organization already offer a great product or service, but customers do not seem to know about it or fully understand and appreciate the value it can bring to them?

Here we offer a simple process based on decades of experience in helping businesses communicate great ideas to customers in ways that resonate with them and gets them to buy and use your product or service. On the surface, it is deceptively simple: focus on what's in it for the customer, based on a real understanding how customers use your product¹ and what he or she gets out of using it.

This process can help you turn your brilliant new product and/or service into an equally brilliant communication plan that will deliver the results you should expect. You can do this by clearly articulating your idea in ways that resonate with your customers, and overcomes the three important challenges in communicating your idea:

- **Clarity:** Will customers clearly understand your idea, how to make the best use of it, and how it will improve their lives?
- **Differentiation:** Will customers clearly understand how your idea is different and better from other products or solutions available to them?
- **Credibility:** Will customers believe that your idea is better than their alternatives and that you can actually deliver that idea?

FIRST THINGS FIRST: DO YOU REALLY HAVE A GOOD IDEA?

Effective communication is the last step in a series of business activities that start with a thorough understanding of the customer, the development of a product or service that can better meet customer wants and needs, and the creation of a process to actually make the product and/or deliver the service.

So, before working on communication, you need to ask yourself whether you really have a good idea that customers will care about. In other words, do you have a *value proposition* that can meaningfully improve the experience of customers? We suggest that you need to be able to answer the following questions:

1. Do you know who is the primary target customer?

In many cases, this will not be the person or even company who buys from you, but rather the person or business who will use the product and derive benefits from it. He is the primary driver of the entire chain. It may be a consumer at the

¹ Product in this article means product or service or a combination of product and service

- end of a chain of resellers, a commercial or industrial user of the product, or even a designer or engineer who specifies the use of the product.
2. **What do you want the target customer to do?**
Is it just to buy the product? Or do they have to use the product in a new and different way? Do they need to think differently about the category and how to evaluate it? Do they have to find ways to sell the benefits of the product to their customers?
 3. **What do they get from using the product?**
How does the use of the product improve their lives or their business? What are the “resulting experiences” from using the product? If business customers, how does your product improve their revenues and/or reduce their costs?
 4. **How does the use of your product compare to their competing alternatives?**
This could mean other products by other manufacturers, or simply the status quo, i.e., doing what customers are currently doing, or even simply doing nothing.

Are you confident in your answers to these questions? Do you believe that, if your target customers did what you want, they would be better off than with any alternative? If not, you need to further explore and analyze your market and capabilities. But if so, you have a superior value proposition – a great idea.

SO YOU DO HAVE A GREAT IDEA. DO YOU HAVE A WAY TO MAKE IT HAPPEN?

If you conclude you have a product that represents a strong value proposition for your customers, you of course need to be able to actually make the product – or operate the service – as intended.

And, if your primary customer is not the business that actually buys from you, you will need to figure out how to get intermediaries on board, such as brokers, distributors, wholesalers, retailers, etc., or such as manufacturers who use your product as a component of theirs.. In this case, we suggest you use a concept we call “Supporting Value Proposition” to make sure you have a compelling way for intermediaries to support the delivery of your value proposition to your primary customers. The intermediaries normally want to deliver better solutions to the primary customers down the chain, but they want to do this in a way that improves their business as well. It will help if you can answer the same four questions above for each of the critical intermediaries in the chain.

YOU HAVE A GREAT IDEA, YOU KNOW HOW TO MAKE IT HAPPEN. HOW CAN YOU COMMUNICATE IT TO YOUR CUSTOMERS?

There are many ways to communicate or “sell” the idea to your customers. Choosing the right way can make all the difference in the eventual success or failure of your idea.

Before you get lost in all the options, and the many creative ways to use these options, we believe you need to have a clear and simple *communication strategy* based on a thorough understanding of the key challenges you will face in communicating the idea (i.e., your

value proposition). The key issues you need to explore in developing this strategy are clarity, differentiation, and credibility.

THE THREE CHALLENGES IN COMMUNICATING A VALUE PROPOSITION

1. **CLARITY** - There are two issues that need be clearly understood by the target audience:
 - a. **What is needed for customers to clearly understand how to buy and use the product?** At times, this can be trivial because the product does not require any changes in the way customers buy and use the product from their current practices. Often, however, new products require changes in the way customers evaluate the alternatives or they may require changes in the way products are used. For example, new compact fluorescent or LED lighting fixtures require new evaluation tools which include vast differences in product life, and aspects of light quality which have not played an important role in evaluating conventional light fixtures. A communication strategy for these new fixtures needs to educate customers how to evaluate these new alternatives and give customers tools that are useful in this new context.
 - b. **How can we help customers clearly understand how the new product or service will improve their business and/or their life?** This is the critical step where product attributes and specifications need to be rearticulated in ways that are meaningful to customers.

If they are consumers, how will using your product and doing business with your company specifically improve some aspect of their lives? How will you help these consumers recognize and appreciate these improvements, rather than only hear vague or generic promises?

If they are business customers, how will your product and doing business with your company improve their business? Will they save money, improve their own product quality, increase their sales or improve employee satisfaction? If so, by how much? In many cases, the actual improvement depends on many variables in the customer's operation. In such situations, it may be important to help customers develop and implement measures that help them understand the degree of improvement in their particular business. Effective communication requires a great deal of specificity – not vague promises of some improvement that cannot be measured. Customers need to be able to evaluate alternatives and need specific measures to compare products – and put price differences in the context of measurable changes in other areas of their business. In other words, the changes in end result need to compare favorably to the change in cost/price to the customer.

Many products will contribute to the life or business of customers in a number of important ways. It is important to understand how to clearly communicate each of these “resulting experiences” so that they will be clearly understood by the customers. In some cases, this may require measures and specifications, in some cases, this may require studies, and in some cases, it may just require expressing the product benefits in language that is meaningful to customers. Not all end results can or should be expressed in quantitative terms. Sometimes, a meaningful articulation, description or visualization of the end result is much more helpful to customers.

2. DIFFERENTIATION

For each resulting experience, your communications must ensure that customers understand how it will be different from the competing alternatives. Most strong value propositions will have some resulting experiences that are better than competing options, some experiences that will be the same, and maybe some experiences that will actually be inferior. The latter are the “trade-offs” that may be necessary to get an overall better experience. For example, Southwest Airlines offers lower fares and no fees, but it does not offer seat reservations or interline ticketing and baggage transfers. Thus, travelers who want to benefit from the lower cost, will need to settle for whatever seat is still open when they board the plane, and will need to handle their own transfer arrangements if they connect with another airline.

What to emphasize, about what to reassure customers, and what to ignore?

At this stage in the process, it usually helps to examine which resulting experiences should be communicated to customers. Clearly, in most cases, the emphasis will be on resulting experiences that are important to customers and are clearly superior to competing alternatives. It is very important to help customers understand how the product will improve their business, using quantitative measures as discussed above. In the end, this is where the sale needs to be made.

In many cases, beyond this focus on the clearly superior resulting experiences, it is also necessary to reassure customers that other also-important resulting experiences will not be inferior. The customer needs to be reassured that they will not have to compromise on these other experiences, in order to get the superior results your product offers. It usually does not require much effort to communicate these comparable resulting experiences, since they are equal to what customers are currently familiar with. In some cases, it may require some effort if customers would expect to get a trade-off. For example, if customers expect Fiat to be a less reliable car based on historical experience, but in fact it will be equally reliable, it will be important to reassure them that the new Fiat is different and comparable in quality to other cars.

Lastly, it will be important to decide whether to address trade-offs in communicating the value proposition. In some cases, it may be best to not mention the trade-off in initial communication, but be prepared to address it if and when customers realize the potential negative experiences. This can work well when the trade-off is in less important areas which many customers can be expected to ignore and/or simply accept. For example, the lower gas mileage in SUVs is well known and may not need to be addressed in selling the vehicles.

With other trade-offs, it may be better to include it in some form in the initial communication to avoid disappointments later in the process. L'Oreal's " ... it's more expensive, but I am worth it" is a classic in addressing a premium pricing issue head on. The same may be needed for many commercial and industrial products. In many cases, it helps to acknowledge a premium price and help the customer put the added cost into appropriate perspective, i.e., show that the added value is much greater than the higher price.

3. CREDIBILITY

Once the resulting experiences are clear to customers and customers understand how they are different from their competing options, there is one last hurdle to overcome: What is needed for customers to believe in the promise? Customers are naturally skeptical of promises in advertising and sales communication. They have had many experiences where actual results did not live up to the promises made in selling a product or service.

There are many ways to add credibility to the promise of the resulting experiences. Some key options are as follows:

a. Demonstration

Often, a demonstration of actual product performance is a simple and effective way to achieve credibility for the promised resulting experiences. Whenever possible, 'real-life' demonstrations are most effective, because they reduce the suspicion that the demonstration has been rigged. They also tend to be more involving and interesting than videos or pictures. They tend to be particularly important for hard to believe promises, or promises that are new to the world.

b. Samples

In some cases it is best to let customers experience the product on their own, using it the way they ordinarily would. This is common in consumer products, but is often effective in B2B products as well. A test drive in a new car works like a sample. It lets customers see and experience for themselves how the new product works in the context of their personal environment. It tends to work best for products that are clearly superior to

current alternatives, and do not require any significant changes in the way customers use the product.

c. Case studies

In some situations, it is not practical to do an actual demonstration, because the product has to work in the context of a complex business. In such cases, actual studies of the product compared to alternatives may provide the necessary credibility. It will help a great deal, if the studies are performed by a credible expert or institution. On new products, it can sometimes help to have case studies of other similar products, since there may not be sufficient experience available to help sell the new product. The use of clinical studies in communicating resulting experiences for new drug products is an obvious example.

d. Testimonials

In some cases, it is possible to add credibility to a promise with the testimony of satisfied customers. Business services, such as consultancies depend greatly on satisfied customers who can advise potential new clients. Testimonials have also been used effectively on many consumer products. This allows the seller to dramatize how their product has led to meaningful improvements in the lives of other people.

PULLING IT ALL TOGETHER

With all this work done, you can now hand your product over to your communications experts, whether they be internal (Sales, Marketing Communication, etc.) or External (Advertising or PR Agency, Broker, etc.).

You have a clear strategy of *what* you need your experts to communicate:

1. The target customer
2. What you want customers to do
3. What will be their resulting experiences
4. How these resulting experiences differ from the alternatives

And you have a clear strategy of *how* you need them to communicate, to achieve:

1. **Clarity** - what customers should do and the key resulting experiences they will get
2. **Differentiation** – how the resulting experiences are different from competing options
3. **Credibility** – why customers should believe that your product can, in fact, give them the resulting experiences you are promising