

BY KIRSTEN KOROSEC | FREELANCE WRITER
✉ editor@ama.org

Why They Should Buy

An effective value proposition communicates to potential customers the benefits that they'll experience by using your product over another. Here's how to define your 'why.'

What's your "why"? Why should customers choose your product over the competitors? What value or benefits will customers reap from your offering?

Crafting a value proposition requires you to look both inward and outward. Beyond just listing your brand's attributes, you have to ascertain what effects those attributes might have for customers and how those effects compare with those of a competing product. In other words, your value proposition should encompass—in as short a statement as possible—what your brand has to offer and how its attributes ultimately will benefit the purchaser.

"It's what will happen for your customers if they do what you're proposing rather than the alternative, such as going to a competitor. Will they save money? Reduce their inventory? Will they save time? Will they be entertained? Will they feel better about themselves?" says Michael Lanning, managing director and chairman of DPV Group, an Atlanta-based consultancy, and the author of *Delivering Profitable Value: A Revolutionary Framework to Accelerate Growth, Generate Wealth and Rediscover the Heart of Business*, who is credited with coining the term "value proposition" while working as a consultant at McKinsey in 1984.

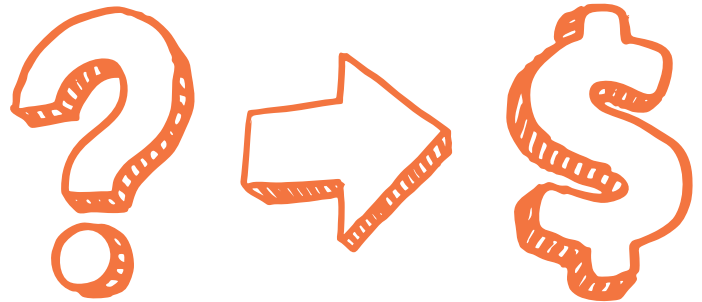
And this statement should inform not only your marketing and sales efforts, but also your internal practices such as business strategies, customer service structure, and even employee hiring and training. "It has to be integrated into everything you do," says John Jantsch, a marketing consultant and author of *Duct Tape Marketing: The World's Most Practical Small Business Marketing Guide*. "You have to live it, believe it, reinforce it."

Here's how to develop and deliver your own invaluable effective value proposition:

1. Define your 'why.'

Over and above the products that your company sells, what is it that you're doing? What's your higher purpose? From there, determine your company's core beliefs and bake them into everything that you do, from how you hire and compensate employees to how you develop products and serve customers.

Then look outward: How will your offerings benefit your customers? Rather than focusing on what your products' benefits are intended to be, spin it forward and figure out how your customers' businesses actually will be impacted by using your offerings.



2. Put yourself in their shoes.

You've designed the product to serve a specific function: Does it accomplish that goal? What ancillary benefits are the customers likely to enjoy? Based on who your target audience is and what they value, determine the solutions that your product could provide for them. Run tests. Do focus groups. Figure out how your product will impact the customers—both positively and negatively.

3. Talk to your clients.

A lot of companies are already solving customers' problems, but they've failed to communicate those solutions because they don't realize the full value of the results. Talking to a few of your best customers can help you get to the essence of what your value proposition is. Ask them what they love about your company, what you do that others don't. "And don't let them just say, 'You have great customer service,'" Jantsch says. "What does it look like? Get them to tell a story about it."

4. Make it unique and quantifiable.

Your value proposition should highlight what makes your product different. Don't make the mistake of highlighting price or any other "specialty" that can be easily duplicated by a competitor. Does your product enhance productivity? If so, by how much? If it's a new product, what unmet need is it providing?

5. Translate your value proposition into a more meaningful slogan.

Determining your value proposition initially could result in a statement that's written in "company speak" rather than in terms that your customers will understand, believe or remember. To create a slogan that resonates meaningfully with potential customers, translate your value proposition

into a marketable message that's suitable for your advertising, social media, website, promotions and sales efforts.

Companies often confuse mission statements, marcom slogans or brand attributes for their value propositions, but a true value proposition takes all of those company communications many steps further, Lanning says. For instance, while the mission statement presents goals, the value proposition explains how the company will achieve those goals. While the brand attributes describe the qualities of a product or service, the value proposition explains what results those qualities ultimately will yield for the customer.

The DPV Group is known for its thought leadership and prowess in developing value propositions, Lanning says, and those qualities play into the firm's own value proposition: "Via market-focused consulting and executive education, we help businesses use our unorthodox but proven DPV methodology and framework to creatively discover then rigorously align all functions and processes to profitably deliver truly breakthrough growth value propositions."

"That value proposition is not about *us*. It is about the ... business results that clients derive from working with us," he says. "As [former Harvard marketing professor] Ted Levitt said, 'The world wants holes, not drill bits.'" Make your value proposition about the holes—aka the results—rather than the means of creating them. **m**

KIRSTEN KOROSEC is a freelance writer based in Tucson, Ariz.

ama.com

For more on value propositions, visit MarketingPower.com/marketingnews.