

black and white marketing

Marketing Excellence for Your Business

Value Propositions

This template document discusses a businesses value proposition, the reasons for needing one, and practical advice on how to create one.

For more advice or help on value propositions contact me (andrew@blackwhite.uk.com).

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An Introduction

One common error is the belief that a value proposition is a Mission Statement or a companies 'tag line', this simply isn't the case.

A mission statement outlines the main strategic intent of a business (i.e. to make money; to be a leader; to gain market share etc.), its an internal focus, whereas a value proposition describes your position to your markets, and describes your position in relation to your competition.

A value proposition simply answers the question "why should someone buy from us?". It's a clear statement of the tangible results a customer gets from using your business, your products or services. The more specific your value proposition is, the better.

A value proposition can relate to an entire business or individual products lines or brands, if they encompass different market sectors or different decision makers.

One important factor behind Value Propositions is that they MUST BE believable, you may have the best quality product in the marketplace, but unless your market believes you that statement is not valid.

The basic Value Proposition statement looks something like this "Our customers and prospects will buy from us because".

Do I need a value proposition?

Yes. All businesses, no matter how small, would benefit from a clear, accurate Value Proposition.

A value proposition isn't simply a statement that you can create and then forget about, a value proposition should be an active tool that can be used internally to help employees understand the business your in and why customers should value you.

A value proposition should also be the starting point for internal marketing techniques (building customer values, branding, internal communications etc.) and also a starting point for understanding how you should communicate with your markets, partners and shareholders (via traditional marketing).

Creating a value proposition

Use the attached template to help you create your value proposition.

This form has been devised to help you understand and determine your top six prioritised factors. These factors should be things that affect your customers buying decisions, this may mean a little market research on your part, or you may already know the criteria that are important.

Place the buying decision criteria in order of importance.

In the next column decide on how much asset needs to be used to attain, develop and promote these decision criteria. The assets include resources, money, management, skills or tangible assets. Choose [Low] if attaining this criteria is easy, [Med] if it is somewhat difficult to attain, or [High] if its a difficult criteria to attain.

The next four columns are there to rate your main competitors and yourself, against these decision criteria.

What you may find is that all the criteria are classed as [High], that's OK and perfectly normal.

The **ideal** scenario is where the decision criteria is [High], your competitors rating is [Low] and yours is also [High].

The Template

Priority	Buying Decision Criteria	Assets [High][Med][Low]	Capabilities [High][Med][Low]			
			Top 3 competitors			
			us	#1	#2	#3
1						
2						
3						
4						
5						
6						

Worked Example

Priority	Buying Decision Criteria	Assets [High][Med][Low]	Capabilities [High][Med][Low]			
			Top 3 competitors			
			us	#1	#2	#3
1	Flexibility	High	H	M	L	M
2	Reliability	High	H	M	H	L
3	Customer Service	High	L	M	M	L
4	Reputation	High	H	M	M	M
5	Price Competitive	Low	H	H	H	L
6	Branch Locations	High	H	L	M	M

Note: this is just based on my personal perception, and is simply to serve as an illustration for training purposes.

Analysis

Based on this random example, I would suggest that the Value Proposition concentrates on the flexibility of the business.

This *example business* also scores better on Reputation and Branch Locations, and all these could be worked into marketing messages.

So if you want to produce a formal **Value Proposition statement**, it could read something like ... "Our customers and prospects will buy from us because we have a great reputation and provide flexible solutions".

This Template is also interesting as it suggests what any business' competitive advantage could be also.

Once you have settled on 2 or 3 Buying Criteria, its now desirable to maintain these over a period of years to keep your position in the market, and your customers mind.