

Defining Your Unique Edge - Part 1

Developing a Unique Selling Proposition or Extra Value Proposition

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“Why should I do business with you, above all other choices I have, including doing nothing, or sticking with whatever I am doing now?”

A tough question, and one of the most important questions to answer in business today. Your answer to this question forms what, in marketing circles, is referred to as your Unique Selling Proposition, or USP for short.

Discovering or creating the USP for your company is typically the first and most fundamental marketing project you must complete as you begin to grow your business. It is the very cornerstone of any successful marketing plan.

What is a Unique Selling Proposition?

Your USP is the compelling attribute of your company that distinguishes it from the competition. It's the message that gets sent over and over again to prospects and clients. It's the key message that must be integrated into and communicated by all marketing efforts. The USP illustrates for all, the reason you are in business.

Nothing unique? Create an Extra Value Proposition instead.

Many of my clients feel that they have a “generic business” and there is nothing that really distinguishes it from the competition. When this is the case, you need to create an Extra Value Proposition or EVP for short. An EVP is, basically, that “something more” you offer that the

competition does not, something that creates extra value in the minds of your customers and therefore gives people an additional motivation to buy from you.

How might an EVP approach work for your “generic” business? Let’s say you are one of a half-dozen hair salons in your town. All hair salons offer the same basic services: haircut, color, perm, and nail care are all standard in this industry. But what if *your* salon offers extra value in the form of a “traveling” hairstylist who makes house calls to do special hairstyles for proms and weddings? Or what if you offer complimentary chair massages for clients while they are sitting under the hair dryer or drying their nails, or a 10% discount for a haircut on each client’s birthday? Identifying that “something extra” is the way you can create the *perception* of “uniqueness” where none exists.

Your USP/EVP can take form in three ways.

1) Price Leadership

The first form your USP can take has to do with price - you can be the price leader. Simply put, this means that you have the lowest prices. Be careful with this approach - there can only be ONE price leader in any market. And for small businesses, it is usually a big mistake to try to go this route: it’s a race to the bottom and there inevitably will be someone else who can come in cheaper.

2) Differentiation

The second shape your unique message can take is about differentiation. You differentiate yourself by creating or defining an advantage your business has, by doing more, doing it better or by doing something extra that your competitors don’t.

This is how you avoid having to compete on price. There are almost always reasons, other than price alone, that can differentiate your business from a competitor. The trick is to figure out what it is about your company, your products/services, your policies and procedures, your people or your location that will distinguish you from all others in the minds of your customers - reasons that go beyond the price of the product or service.

Not doing this successfully is the reason that the big superstores (or industry equivalents) can come into a market and, on average, put 7-15 local companies out of business. Often, local businesses do not bother to differentiate themselves in any way. They compete only on price, and when these small businesses try and compete on price against a larger competitor, they lose every time. However, if those same small businesses were able to look closely, they would discover they probably offer something the “big boys” can’t. Identifying that “something” is how you differentiate your business, and build a successful USP/EVP around it.

3) Focusing

The third way to stand out from the crowd is called focusing. Focusing is when you narrowly define your market, and then within that market you either become the price leader or you differentiate yourself in some way.

Here’s how this can work. At one time, my brother owned a Peugeot, an expensive car to maintain. Initially, there was only one dealership in his area that did all the service on these cars. They had a fancy showroom and high overhead, and they charged high fees for car service.

Some very smart guys, who worked for this dealership, saw a potential business opportunity. They opened their own Peugeot service center, a small garage in an industrial area that lacked the flash of the big dealership. Because of their lower overhead, they were able to do the same work for significantly less money. They positioned themselves in a narrow market – Peugeot service – and then became the price leader within that market.

All 3 approaches can work together

As you begin to develop your USP, you may find that you use all three of these approaches to create your uniqueness. You may position yourself as the price leader in a certain product or service you offer. At the same time you may have a policy or procedure that differentiates you from your competitors, and in addition you may be able to segment your marketplace into specific niches using the focusing strategy.

In Part 2 of this article, we'll look at the four steps to developing your company's USP or EVP, as well as some strategies for making your USP concise and effective.

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