



## The Importance of Building Your Company's Own Value Proposition.

*By Tahreem Sheikh – Analyst, Seefeld Group*

### **Background – Value Proposition is the Heart of Marketing, but is Often Overlooked**

Over the years at Seefeld Group, we have had the opportunity to observe many clients in various industries who are in need of marketing research and consultation. Whether we are focusing on brand health, product launches or sales message development, the research results and insights discussions often lead our clients back to the broader discussion of **what is your value proposition?**

Those that understand and are able to articulate their value proposition inherently gain a better understanding of their product offerings, marketing efforts, commercial decisions and corporate strategies. **Your value proposition is the foundation of everything you are communicating to your customers**, so it is essential for your business to be in control of the message being shared. The purpose of this paper is to highlight the importance of that value proposition and outline a simple approach to help businesses develop one.

### **The Road to a Successful “Value Proposition” Starts by Correctly Understanding its Definition**

A simplified phrase used to explain value proposition in easy-to-use terms is “it is what a company does”. Unfortunately, this turns the focus to the tangible, visible or noticeable exchange of goods or services a given company has with its client. A value proposition is not a tag line or slogan, it is much more fundamental and consequential and thus requires much deeper thought and a profound understanding of what business you are really in and why it matters to customers.

In reality, value proposition goes a lot deeper than the surface level transactions. It can be seen as a single pillar or nucleus to which all other marketing activities and even wider business decisions are and should be linked to. A more accurate term to describe it is **“what value do you bring to your clients and how do you make their lives better”**.

## **Want to Create More Brand Value – Differentiate What you Sell from Competitors**

Especially in today's EVERYTHING-AS-A-SERVICE economy, selling on value becomes more important than ever. When competitors have the ability to develop increasingly similar products, **highlighting the value your company and product specifically bring to customers is the ultimate differentiator**. This is not simply about a launch of a new type of furniture, a new aircraft model, new data, or even a new software platform. Rather the focus should always be on how those offerings address your target clients' needs and improve their lives in ways that customers define. For example, you are not offering a chair; you are offering the ability to sit back and relax after a long day of work in a way that all other existing chairs simply cannot do for the specific market you are speaking to.

This may sound like marketing jargon to make your product seem grander than it is, but the exercise of exploring what your value proposition actually is and how it is developed can actually uncover a lot more about your competition, your customers and even your own company than you previously knew.

## **Your Company Brand Likely Also Needs a Strong Value Proposition**

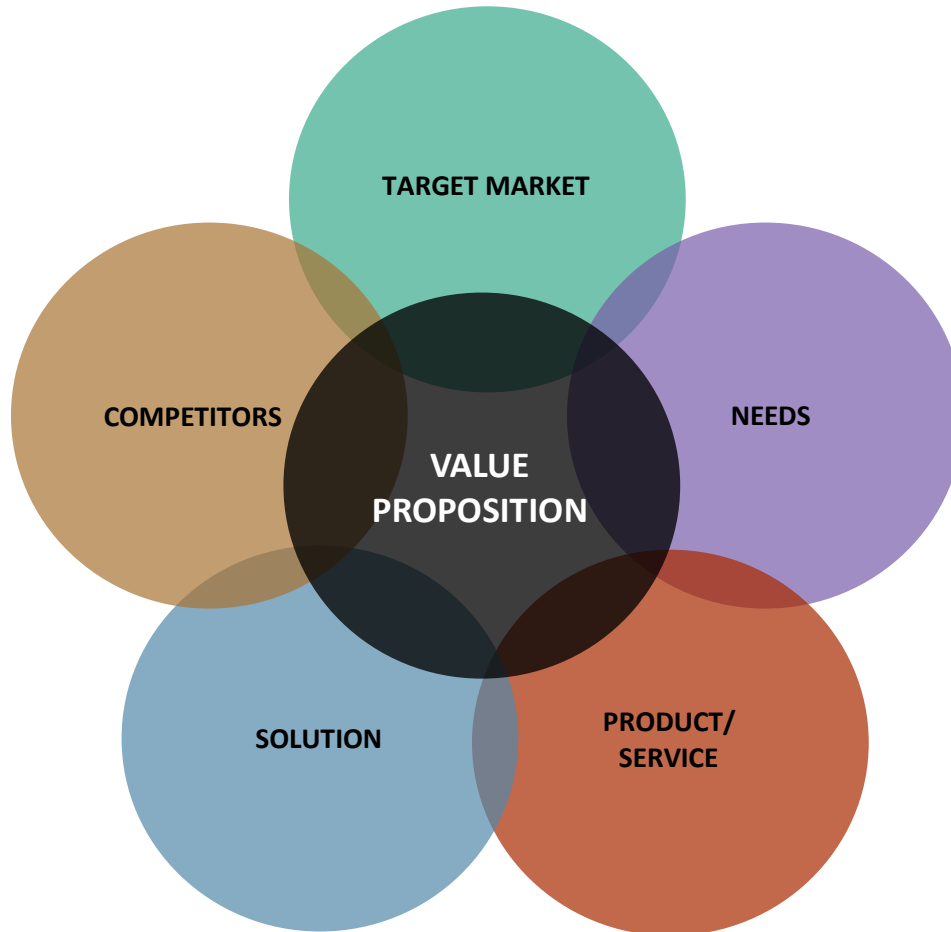
To zoom out even further, the value proposition doesn't always need to reflect the benefits of a single given product. Your brand and company can have an overarching value proposition that is reflected in all your products even if they are catering to different market segments. In fact, we often see large companies break off and create new brands in order to reflect a different value proposition and product class that does not align with their existing offerings. Budget friendly car manufacturers introducing newer luxury brands is one clear example of this.

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## **A Winning Value Proposition - Follow the Checklist for Success**

A basic approach/exercise to develop a general understanding of what your company's value proposition is to focus on 5 key aspects of your offering. This exercise will help you see for yourself how your company is different and what drives customers to embrace what you sell.

## Key Elements of a Strong Value Proposition



### **1. Who is It for? – *Who are the Groups of Customers Most Receptive to What you Sell?***

Establish your target market. Learning about the market, customer preferences and consumer behaviour allows you to figure out who your brand is best suited for, and which segments are most in need of the benefits or **value** it brings. Having a good understanding of your audience also simplifies the process of developing a brand identity and marketing messages that are consistent with your value proposition. Demographics is not target marketing. Rather you should first see what types of customer attitudes and needs are most pre-disposed to your products and company and then discover the group among who these points of view are most prevalent.

### **2. Why do they need it? – *Why is what you sell essential to your customers and not accessed via competitor offerings***

Identify the main problem your brand is solving, the core need that is being addressed, where you will have the most impact and value added for the customer. (1) provides an understanding of the customer and (2) explains the gap and opportunity in their needs that is not being fulfilled at the moment. If your industry provides a product / service that is offered by more than one competitor, think of secondary needs that require use of your own brand in order to fulfill.

**3. What is it? – Explain your Product in Terms That Illustrate How it Addresses Customer Needs**

It is necessary to mention what your product or service actually is. This may seem straightforward and well-defined to those internally working with the product or brand but thinking from the customer's perspective, it often needs to be more clearly explained so that they have as close to a complete understanding of the offering as possible. Customers do not have all the context that those developing the products do so a well thought out, yet concise and compelling description of the product is a key ingredient of the value proposition.

**4. What does it provide? Define Customer Outcomes That Stem Directly from the Benefits of Using of Your Company's Product/Service Specifically**

Once the product is accurately described, you can speak to the value you are bringing to customers. How does the product (#3) address the need (#2) for the target customer (#1). This step orients you to **address the solution you are offering**, not just the features of your product. The core of your value proposition is what you are providing beyond the surface level. A good way to appreciate this is to think inversely as to how a customer's life would be adversely effected if they could not experience your company's unique product or service – what are they missing out on?

**5. How does it differ from others? Explain What You Provide to Underscore That Which Competitors Cannot**

Finally, how is whatever you are offering different from the other competing products in the market. Why is your product unlike the others? Differentiation in highly competitive sectors is becoming increasingly challenging and setting yourself apart solely on features is a missed opportunity. Describing why competitors are not in the position to match the value you bring to your target market is an essential piece to developing your value proposition, establishing your place in the market, and gaining a competitive edge.

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Can you answer these 5 questions? If so, you have the necessary ingredients to develop a strong value proposition for your brand. If not, you may be in need of **targeted market research tools** to help gather necessary inputs to start the process.

**Marketing Research – A Lasting Value Proposition Needs to be Built from Understanding Customer Needs, Brand Perceptions, and a Thorough Evaluation of Competition**

A lot of information is required to address these 5 aspects, and it then needs to be synthesized into a value proposition comprised of a few clear and easy to understand sentences. When it comes to collecting the appropriate information to develop the value proposition, market research becomes a critical device.

Customer surveys and market analysis, such as those offered by **Seefeld Group**, can provide insights into what the customer needs are, and which segments will be most receptive to your

product. Internal executive interviews and brand research allows you express your product and how it meets the specific needs your target market has. A competitor and industry analysis will outline what the map of the sector currently is, where there are openings and whether or not your product can successfully compete with others in the industry.

**Once a Strong Value Proposition is Developed – Be Sure to Apply it to all Aspects of your Marketing Mix and Customer Experience**

The inputs and insights gathered through strategic and targeted marketing research are not limited to developing your value proposition. The same findings can be applied to developing key supporting elements, such as an enriched brand identity, strengthened sales messages, new product offerings and even a complete marketing plan.

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