

Unique Selling Proposition

Introduction

This item explains how to develop a unique selling proposition for your business or a product or service. It explains what a unique selling proposition is and how you use it. It then takes you through a process to identify the features of your product or service, to convert the features into benefits that the customer will recognise and finally to identify which benefits you are going to use to develop your USP. It uses the example of an optician to show how the process can be used.

What it is

'USP' means unique selling proposition. It is one of the basics of effective marketing and business that has stood the test of time.

A USP can help customers by saving them time when they are considering buying a product or service. By stating simply and clearly why your product or service is different, it will stand out from the competition. You can use a different USP for every product or service within your range. Alternatively, you may decide to use a company-related USP, such as high levels of customer service.

Why it is important

Every business needs a USP for its products and services. To stand out in today's crowded market place you must be either BETTER or CHEAPER than your competitors.



The process of identifying a USP helps you to focus on the key benefits that help to sell your products or services and contribute to your profits. You can also use your USP to provide a focus for, and therefore improve the effectiveness of, your promotion and sales activities.

If you want to see examples of USPs in practice, then advertising is a good place to look. Advertising agencies have limited space to convey all the features and benefits of a particular product or service. So, in just a few words, they seek to communicate how the company is different and what customers can expect when they buy the product or service. A couple of examples from a recent daily newspaper include:

- Citroen want to draw attention to the fact that not only do their cars have new gizmos and gadgets (as do the other manufacturers' cars) but that theirs have been designed with the customer in mind (unlike other manufacturers'): "Technology as it should be: 100% useful".
- Olympus cameras want potential purchasers to know that a new model can do all the things that a professional would want but without requiring the expertise, expense and effort required to set up and produce quality results: "All the features of a professional camera without the fuss".

A thought: if you find that your customers are switching to competitors or buying purely on price

- have you identified the USPs for your products and services?
- if so, are you communicating your USPs clearly to customers?

What you need to know

One of the advantages of USPs is that it is a very easy concept to understand. You just need to concentrate on making it work for your business.

Before you start to use it, it helps to know:

- The features of the product or service you wish to promote
- How and why the customer uses the product or service
- Features of your competitors' product or service

You may already have this information from your own experience, from your sales team or from past market research. If not, call a few customers and get their help – most customers are happy to tell you why they bought your product. Make sure that they are representative of all your target customers and encourage them to give you an unbiased view.

When finances allow, this information should be verified through market research, whether you carry this out yourself or use outside help.

What you should do

Here are some steps to work through to define a USP for one of your products or services.

1. Start with the product or service that you most want to succeed, has the greatest potential or provides the largest contribution to your profits. If you want to identify your most profitable product or service, take a look at the '10- minute 18-20 Rule'
2. List all the main features of the product or service. Features describe what your product or service does. Your list should include features such as quality, service, delivery, price, and functional or technical characteristics.
3. Convert each feature into one or more benefits. While features describe what your product or service does, a benefit describes what customer need it fulfils. Converting features into benefits is very important because customers buy benefits, not features.

A simple technique which makes the task of converting features into benefits much easier, is to use the words "which means that..." after stating the feature. Therefore, what the feature "means" to the customer is the benefit that they derive from it. If, at the first attempt, the result of "which means that..." is not a specific customer benefit, simply use the words again until it becomes one. Here are some examples for an industrial machine:

Feature	...which means that...Benefit
Reliability	The machine is available more hours of the working day
Operating speed	The machine produces 10% more widgets than comparable machines
Ease of use	The machines requires minimal training for operators



4. Some benefits will be more important to the customer than others. Look down your list of benefits and rank them in priority order.
5. Consider each benefit in turn and indicate whether this benefit is:
 - standard to all competing suppliers' products or services (S)
 - something that is different and special to you (D) – these are candidate unique selling propositions.
6. If all your benefits are rated 'S', then this indicates that there are no obvious differences between your products or services and those of your competitors. In this case there are two things you can do:
 - Consider how your company scores against your competitors on those benefits that the customer considers to be most important. Look for those benefits where your rating is high and shows the biggest difference between you and the competition. This analysis will reveal whether you have particular strength that may be exploited in a similar way to a USP.
 - Consider how you could develop your product or service features to deliver new customer benefits that are not provided by other suppliers.
7. Repeat this process for all other major products or services.
8. When you have done this, think about your promotional activities.

What to do now

When you have defined a USP for each of the products or services you are considering, then you should decide what your message should be and how to communicate it to your target audience. For more information on planning your marketing communications, take a look at the 10-minute Promotional Mix).

Where to find out more

A good way to learn about identifying and using your USPs is to watch marketing communications from other companies, for example their advertisements, mail shots and press articles. See if you can spot what the company see as their USP and the message they are using to communicate with their target audience.

An example in practice

Let us look at the example of a local optician.

The table shows how the optician has identified the features of the service (step 2), converted the features into benefits that customers will value (step 3), ranked the benefits in order of importance (step 4) and identified the benefits as being 'standard' or 'different' (step 5).



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Features	Customer Benefit ("which means that...")	Importance (/10)	Standard or Different
40 minute eye tests	Customers can expect a detailed eye examination	9	S
Competitive prices	Customers will not pay more than at comparable local practices	9	S
Qualified dispensers	Customers get professional advice on lens options and frame styles	8	S
Wide range of frames	It is likely that a frame will be available in the style that you want	8	S
Friendly and personal service	The practice cares about its customers	7	S
Instant photo machine	Customers can see what they look like in different frame styles	7	D
Automatic reminders for next eye test	Customers don't have to remember when they are next due for an eye test	5	S
	... which means that ...		
	Customers know that the health of their eyes will be monitored <u>for</u> them at suitable intervals		

Note the last feature relating to eye test reminders did not yield a clear customer benefit at the first attempt, so the techniques were reapplied. On the second attempt a clear customer benefit does result.

You can see in this example that only one feature is unique to this optician, the special photo-equipment which allows the customer to see how they look in a small selection of frames and in doing so helps them to make the final choice. This is helpful because display frames have clear lenses, which means that customers with a sight correction and wearing the new frames cannot see themselves clearly in the mirror. These special photographs

enable the customer to wear their own spectacles and see clearly how they look from different angles.

This equipment, and the customer benefit it delivers, therefore provides a USP for the optician. This USP can be highlighted in promotional activity, and hopefully, as this benefit is important to the customer (7/10), attract new business.



However, no USP will last forever. Competing opticians may notice that this service is being provided and may experience the loss of customers. In this case, after some time (perhaps two years) all competing practices will provide this service and the service will become a standard offering. The optician therefore needs to go through this process once in a while, particularly after a competitor has launched a new service to catch up or try to get ahead.



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