

Spr^o/_utTM

Performance *by* iKineo

The Value Proposition

MIKE PEARSE

You. Yes you, as a consumer, face between 3 000 and 20 000 marketing messages every day. These messages range from a classic search ad in Google, to a radio ad on your way home from work to a price tag in the shops. The question is, how many messages can you remember and why did those few marketing messages resonate with you and ultimately make you perform an action?

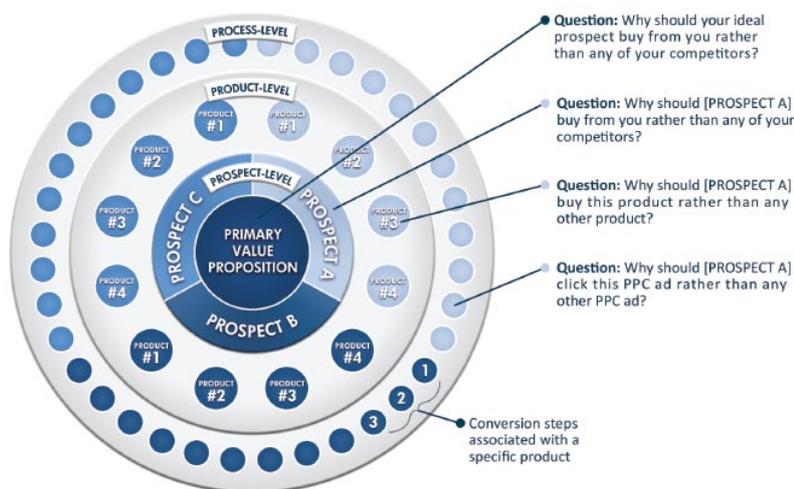
The simple answer to the above questions is The Value Proposition.

According to the Oxford Dictionary, the Value Proposition can be defined as ‘an

innovation, service or feature intended to make a company or product attractive to customers’. We (not just advertisers and marketers) must learn to formulate the perfect Value Proposition that will compel people to perform the all-important action.

So in the bigger picture in the process of persuasion, where does the Value Proposition fit in? This image from MECLABS.com displays the spectrum of Value Propositions. This case study will look into the Process-Level Value Proposition, as it encompasses the overarching process that one goes through when persuading someone to perform an action. It factors in the company’s unique-selling points, the product or service in question and the action you are trying to get the consumer to perform. ►

The Value Proposition Spectrum



Learn how the science of optimization can dramatically impact the financial performance of your sales and marketing funnels | [MECLABS.com/engage](https://meclabs.com/engage)

MECLABS

“Man is an Economic Animal in Search of Self-Importance”

In order to be able to craft a Value Proposition that will result in an action, one must understand the Psychology behind the perfect Value Proposition. This quote from Brian Woolf sums up the strategy that underpins what I believe to be the best method for creating the Value Proposition – “Man is an Economic Animal in Search of Self-Importance”. If the Value Proposition that you create benefits someone economically and will result in an enhanced perception of a brand or the reality of self-importance then a consumer is likely to buy into such a proposition. To take it a step further, I believe that consumers are influenced by their surroundings, and for this reason I decided to add an extra dimension of Added Value. All of these factors will be discussed and examined so that you may utilise these principles to produce the Value Proposition that will best encourage consumers to buy into whatever you may be selling.

1. ECONOMIC

The economic factor within selling a product or service will always be the first and most important factor to consider when creating a Value Proposition. A certain percentage off, a discount or special are always winning propositions. Nothing will beat a Value Proposition that offers a product or service for ‘free’. I guess that’s the best way to get someone to buy into whatever you selling. It’s a pity that a ‘free’ give away doesn’t result in high revenue and makes you and your clients rich. Therefore, this is where one has to find the balance between running a promotion to get potential customers interested and making a positive return on investment. I suggest getting creative here, not on the numbers side, but in the way in which you pitch the price of a product to the target market. ►



If anyone has seen *Wolf of Wall Street* (click the link above), it's not about the pen's price or features that make the sale but rather the buyer's need for that pen. This is what I mean by creative. Formulate your Value Proposition in such a way that makes the economic factor either immensely irresistible or of no significance whatsoever. Be sure to mention the promotion or special you are running is directed to a specific person (ie. You) and that the promotion will run for a limited period of time. This brings us to the next important factor to consider when creating the perfect Value Proposition.

2. SELF-IMPORTANCE

The second most important factor to consider when creating the Value Proposition is self-importance. As an advertiser you must consider "What is in it for the consumer?" Yes cost will play a major role in persuading a consumer to act, but there are other ways to convince someone to act. Create a Value Proposition that will make the consumer's experience exclusive and rewarding. Such an experience may result in positive feedback from consumers and possibly lead to a growth in the number of loyal consumers. There are numerous methods to make a consumer feel important, such as rewarding someone for their action or adding a personal touch. Again get creative with the way in which you feature this into your Value Proposition. Airlines provide

the best examples of making consumers feel exclusive and that their loyalty is rewarded. Follow [this link](#) to see the kind of treatment a consumer experiences with Delta Airlines. Within this webpage one can see the extent to which Delta ensures that a customer, who has paid the extra fee to travel in First Class, will appreciate and enjoy every step of the travelling process. From speedy check-ins, accelerated security, priority boarding, all the in-flight entertainment, dining, Wi-Fi and the lie flat bed (that comes with a duvet and pillow) certainly provide many perks for the First Class Traveller. That is a Value Proposition that I believe, if one can afford, is hard to turn down due to the exclusivity and the level of guaranteed satisfaction as a result of the services offered by the airline. ►

3. ADD VALUE

The last factor to consider when creating the Value Proposition is Added Value. This concept also revolves around adding value to a consumer's experience, although it has to do more with the softer benefits. Mike Capizzi and Terri Gaughan define a soft sell as an intangible consideration extended to consumers. These intangible considerations, generally add value to the consumer's experience, making them feel a sense of accomplishment and fulfilment, and encouraging them to make repeat purchases. Opportunities such as loyalty programs, newsletters, environmentally friendly drives, and giving back to the community all add softer value to a consumer's purchase.

Woolworths and My School Cards provide the perfect example to showcase a Value Proposition that utilises the add value concept. Have a look at the following [link](#). The 'Pay It Forward' Campaign donated R5 for every soccer ball purchased, with 34 000 purchased before the 2010 Soccer World Cup. As a consumer, although Woolworths may not be the most likely place for one to purchase a soccer ball, the fact that you have the potential to add value to a foundation that supports under-resourced schools, will indeed impact your decision on whether or not to act in purchasing a soccer ball.

Thus if a Value-Proposition includes a factor that adds value then there is a likelihood that a brand may influence potential consumers into acting. ►

Adding value to the consumer's experience makes them feel a sense of accomplishment and fulfilment, encouraging them to make repeat purchases

These three factors of Economic, Self-Importance and Added Value all play a pivotal role within the Value Proposition. I believe that when creating a Value Proposition, the winning formula is to try and add combinations of all of these into that proposition. Be sure to word it in such a way that sounds special and unique to that consumer in that specific time period. And lastly ensure that the value-proposition is truthful. A consumer must have some form of validation once they have acted. But most importantly remember that these Value Propositions should ensure that more people act and engage with you and your brand. So find a way to measure the impact of the value-proposition.

This bring us to the all-important section of testing. Once you feel that you have formulated the winning value-proposition, test it. Run this proposition in such a way that will show you which of the propositions work the best and which ones need tweaking. Google AdWords provides the perfect platform to test your value-propositions. Construct various versions of an advertisement, with differing Value Propositions, and determine which one's result in more clicks and conversions. The click through rate will show you which Value Propositions are most likely to be the most effective in making people perform the required action. Use the most effective ads in your campaigns.

In conclusion, I hope to have shed some light on the very important and somewhat tricky area of the Value Proposition. Use the above framework to create a Value Proposition and tweak it into an offer that consumers will not be able to resist. ■
