

SBDC Article #3:

Creating Loyalty in your Business: Defining Value

Have you ever contemplated what sets your business apart from like businesses? If your products and services are perceived to be commodities, items or services that can be purchased from many places, the effects of an economic downturn can be particularly devastating.

Businesses that survive the downtimes and prosper against the competition have likely developed a Unique Value Proposition or UVP. This isn't a new concept at all. The term, coined more than 50 years ago, refers to a statement that you can develop describing why your business is unique. Why should your target customers buy their goods from you and only you? If you don't have an answer to this question, customers choose between you and the competition the only way they can... by whoever has the lowest price. In order to make current customers loyal when competitors are scrambling to take them away from you, you have to understand and use the principle of the unique value proposition.

Some examples of value propositions include:

Fedex: "When it absolutely, positively has to be there overnight."

Amazon: "Low price, wide selection with added convenience anytime, anywhere"

Google: "Find what you want quicker"

Notice that these examples of unique value propositions do not include customer service. That is because any business can claim to deliver good customer service and many businesses succeed. Today's customers expect good customer service at a minimum. What would set your service apart? Likewise, the examples do not rely on low price alone. As a small business, in many cases, you probably cannot compete based on price. What, other than price, sets you apart from competitors? How can you determine what your value proposition really is?

Developing a Unique Value Proposition is a matter of asking the right questions of the right people. Try the following approach:

Step 1: Interview a few of your top customers. These should be the type of customer you want more of. Ask them:

- Why they buy from you
- Why they come back to you for repeat purchases
- Why they come to you instead of the competition

Look for trends that help you identify your uniqueness compared to the competition. List the benefits of your product or service revealed in the conversations. What are your strengths? What is lacking in the industry and the competition?

Step 2: Interview your employees. Ask them what they think differentiates your business. Day to day contact with customers may give them unique perspectives. The

process will also help create buy-in from employees and make them feel empowered to help grow your business.

Step 3: Construct the value proposition. Use gathered information to find the solutions that you, and only you, provide to your customers.

Step 4: Use your value proposition! Publish it in your marketing materials, online, wherever you market your business. Communicate the statement to employees and throughout your establishment. Make sure your value proposition is reflected in every aspect of your operations. Make sure you can deliver on the proposition consistently.

The benefits of this exercise are many. You and your employees will feel more empowered to take on the challenges in marketing your business and your customers will feel more connected to your business and more motivated to return.

Want more information? Your local Small Business Development Center at Longwood University provides free resources to assist you in growing your business. That's our value proposition! Visit www.sbdc-longwood.com for more details.

Next week: More tools to help you create customer loyalty and build a stronger business.

Sheri McGuire is the Executive Director of the Longwood Small Business Development Center Network. The LSBDC provides free consulting services to small businesses throughout Southside Virginia. The Center is financially sponsored by Longwood University, the Small Business Administration, and Local Governments. For more information call 434-395-2086 or visit www.sbdc-longwood.com.