



MINUTE MARKETER

Value Proposition

**10 tactics for testing and crafting
messaging that brings your
value prop to life**

30-Minute Marketer

Value Proposition: 10 tactics for testing and crafting messaging that brings your value prop to life

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TACTICS YOU CAN LEARN OVER LUNCH

Welcome to *30-Minute Marketer* – a resource from MarketingSherpa featuring bite-sized tips for busy marketers.

In this report, we show you how to craft an effective value proposition. This is the most important—and possibly most challenging—thing a marketer will ever need to create, because it serves as the foundation for all of your other messaging. It must be short and succinct, yet at the same time must sum up the most important things customers need to know about your company or product.

Marketers often underestimate the importance of a value proposition—or they neglect their Value Proposition after its initial creation. In the [MarketingSherpa 2012 Lead Generation Benchmark Report](#), 67% of all respondents said they have a defined value proposition for their organizations, but 54% of those respondents do nothing to optimize their value propositions.

A real value proposition is a highly valuable and organic tool that must be generated from a need in the marketplace, and used to convince and convert even the most skeptical of buyers. And, just as a tool can become rusty, **value propositions must be tested and optimized over time to evolve with today's ever-changing marketplace.**

In this report, we'll show you:

- The question a value proposition must answer
- Why your value proposition must be unique
- Ways social media can help with the process
- How to refine and test your value proposition

We know you're in a hurry, so let's get started. We're eager to share these tips on how you can create an effective value proposition for your company or product.

Bobbi Dempsey
Editor, *30-Minute Marketer*

About 30-Minute Marketer

MarketingSherpa's *30-Minute Marketer* is designed with you, the busy marketer, in mind. We provide quick, simple tips that you can put into action right away.

For each *30-Minute Marketer*, we scour the vast MECLABS library of marketing research, from MarketingSherpa case studies and benchmark reports, to MarketingExperiments optimization tests and analysis. We highlight tips to help improve your marketing performance right now ... or, at least, by the time you're done with lunch.

Tactic #1: Define value proposition as an answer

Essentially, your value proposition is the answer to a single question in the mind of every visitor that lands on your website: *If I am your ideal prospect, why should I buy from you rather than your competitors?*

Your answer to this question is at the heart of all your online marketing campaigns. However, marketers often let intuition alone dictate this key piece of their marketing efforts.

A value proposition is not something that you dictate; it is something that you discover. No matter how intuitive your marketing senses, or how many other teammates agree with you, a value proposition cannot be solely a declaration from Marketing. It must be formed based on analysis of customer actions and feedback, and then tested.

Related Resources

[Ecommerce Optimization in 8 Minutes: How to increase the performance of your category pages with a clear value proposition](#)

[Value Proposition: Avoiding the curse of the 'Why Bother Brand'](#)

[Value Force: How to win on value proposition and not just price](#)

Tactic #2: Understand why marketers are intimidated by value propositions

As noted in the MarketingExperiments Web clinic, "[Powerful Value Propositions: How to Optimize this Critical Marketing Element – and Lift Your Results](#)," value propositions can be intimidating because they strive to combine small size — often 10 words or less — with a lot of substance. After all, those 10 words are supposed to convey the unique qualities of your company, and/or products and services.

It's no wonder marketers tend to shy away from one of the strongest and most inexpensive optimization strategies: re-crafting their value propositions.

Our research shows that most marketers have trouble with the following areas. Their companies:

- **have not identified** a value proposition
- **do not clearly express** value proposition
- **are not testing or measuring** value proposition

These three problems can feed upon each other, creating a negative cycle that hurts ROI.

Related Resources

[Value Proposition Development Online Certification Course Level 1](#)

[The MarketingSherpa 30 Minute Marketer to Value Proposition](#)

[Customer Value: The 4 essential levels of value propositions](#)

Tactic #3: Aim to be unique

Crafting a value proposition requires substantial reflection on what is unique about your company and your products and services. You must differentiate your offer from your competitors' offers. You need to excel in at least one element of value; in other words, you may match a competitor on every dimension of value except one, although more is better. In this way you become the best choice for your optimum customer.

To rate the quality and uniqueness of value propositions, MarketingExperiments uses this 1-5 scale:

1. Limited value to a small market. Extensive competition and/or few barriers to entry.
2. Substantial value to a medium-sized market. Limited competition and/or significant barriers to entry.
3. A product or service with strong product differentiation, but little competitive protection.
4. A unique product or service that is highly valuable to a large market, and strong competitive protection and/or extensive barriers to entry. This may take the form of a registered patent or limited access to product components.
5. A unique product or service that is highly valuable to a large market, and exclusive or near-exclusive control of essential product components. This may also include a registered patent.

If your value proposition does not rank as a 3 or better on the 1-5 scale, you should take a critical look at your core business to re-craft a value proposition that accurately reflects your capabilities.

Tactic #4: Perform competitive analysis

In the MarketingSherpa blog post, "[Marketing Optimization: 4 steps to discovering your value proposition and boosting conversions](#)," Paul Cheney says you should compare your potential value propositions with the claims of your main competitors. If any of your competitors can say the same thing about their products or business as you without completely lying, you don't have a strong enough value proposition.

Related Resources

[How to Write a Competitive Analysis \(with 3 free templates\)](#)

Tactic #5: Identify your ideal value proposition

In the MarketingExperiments Web clinic, "[Do You Have the Right Value Proposition?](#)," Flint McLaughlin, Managing Director, MECLABS, outlined simple steps any marketer can take to identify an optimal value proposition:

Step #1: Review Data

First, you are seeking to establish context, McLaughlin says. "A value proposition is predicated upon external factors (customer motivations, competitive offers, etc.) and therefore must be developed within the context of these factors. There are three data points our researchers use to establish this context.

1. *Current metrics* – What can your current metrics tell you about your website visitors? What pages, messages, products are generating the most response? Where are your visitors coming from? Where are they clicking? Often this kind of data can give you insights into the motivations of your customers.
2. *Previous campaigns* – What campaigns have been successful in the past? Which ones have not? This doesn't necessarily have to be online campaigns. Anything that can give you insight into your customer's motivation is an acceptable data point. If you don't already, keep a thorough record of every campaign and test conducted for review and analysis.
3. *Competitive analysis* – What do your competitors have that you don't? What makes you different? What are the claims they are making? How do you compare? Before conducting any test, researchers at MECLABS conduct a "Summary Competitive Analysis" in which three to five of the closest competitors are reviewed. You must understand how you stack up against your competitors."

Step #2: Compose Drafts

After reviewing the data thoroughly, McLaughlin says, you can begin to compose drafts of possible value propositions for your offer. "You are striving to craft five to 10 possible points of value based on the information gathered from the metrics in Step #1.

Your value proposition may take different shapes as it is affected by customer profiles. Different visitors will often have different levels of appeal for the different points of value you identify. As you draft, you should strive to identify and match the value proposition closely associated with each unique customer profile."

Step #3: Measure Force

Once you have identified the potential points (or categories) of the value proposition, you must begin to measure and refine their expression to be as strong as possible before testing. McLaughlin says you do this by measuring three essential elements:

APPEAL: The degree to which the value proposition is desired by the ideal prospect.

EXCLUSIVITY: The degree to which the ideal prospect can get this value elsewhere. Are you the only place where this offer is available? How unique is it? What sets it apart?

CREDIBILITY: The believability of your claim. If you had the exclusive rights to a legitimate cure for male-pattern baldness, your challenge wouldn't be appeal or exclusivity, it would be credibility. Your Value Proposition must be stated in such a way that it is instantly credible.

You will want to continue to refine your value proposition until you can articulate it in a single, instantly credible sentence.

Tactic #6: Use a PPC ad as a form of micro-testing

To discover language that best expresses your value proposition, you can micro-test using PPC ads. In a sense, micro-testing is a preliminary test to determine whether your new value proposition is clearly identified and

expressed. With micro-testing, you can explore whether your re-crafted value proposition merits a radical redesign of your pages or if you must re-engage with the processes of identification and expression.

In the Marketing Experiments blog post, "[How to Test Your Value Proposition Using a PPC Ad](#)," Austin McCraw says while it's easy to underestimate the value of a PPC ad, it can actually provide an invaluable resource for marketers trying to identify and craft an effective value proposition.

Think about it – how often do you find a testing environment that naturally keeps Value Proposition in isolation, provides strict constraints on the amount of words you can use, all the while, pitting you against your top competitors? McCraw addresses these questions individually:

1. **Value is isolated** – First, in a PPC ad you are primarily testing statements of value. It's *how* you craft a statement of value that determines the effectiveness of a PPC ad.
2. **Succinctness is forced** – Next, due to the constraints on the amount of characters per line, marketers are forced to tightly craft their statements of value. Remember, the most effective value propositions are the ones that can be stated in 10 words or less. PPC ads force you to do this.
3. **Competition is present** – And finally, with PPC, your competition is always a few pixels away, meaning that when running a campaign, you are directly testing your claims of value against your competitors'. Why should your ideal prospect buy from you rather than your competitors? Well, PPC enables your customers to vote directly.

"There are more reasons why PPC ads are uniquely suitable for testing value propositions (the low costs, quick statistical validation, the ability to isolate traffic sources, etc.), but the above three are probably the most noteworthy," says McGraw.

How do you set up a value proposition/PPC test?

Often, at MarketingExperiments, our researchers like to start a new research project by testing the core value proposition of an offer. For practitioners, this usually unfolds in the three stages below. As you can see, PPC plays a significant role in the process.

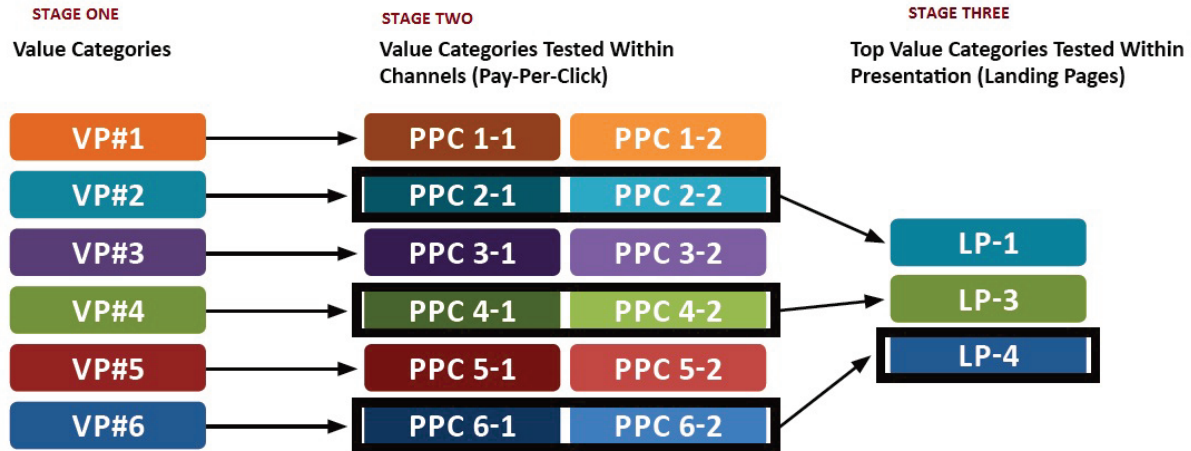
In **STAGE ONE**, the most compelling reasons why your ideal prospect should buy from you rather than your competitors are determined.

In **STAGE TWO**, you craft and test unique PPC ads for each of the compelling reasons identified in the first stage. Often, multiple PPC ads should be created for each concept to ensure optimal wording.

Create three to five variations of PPC ads and measure the clickthrough rate of each ad. The ad with the highest clickthrough rate identifies the value proposition that's most appealing to potential customers.

Finally, in **STAGE THREE**, you take the top performing concepts based upon the PPC testing and begin to integrate them (not necessarily in isolation) into the design of your landing pages to be tested.

THREE-STEP VALUE PROPOSITION TEST INVOLVING PPC ADS



McGraw notes that this three-staged process has been used by our researchers over and over to help companies identify and refine their core value proposition. “In fact, we just recently ran this exact test design to determine the optimal value proposition for a new product being launched by one of the largest organizations in Canada.

Overall, though this is a simple testing process, it can yield some of the most valuable marketing insights for your online efforts. And, in this way, something as peripheral as a PPC ad can contribute to something as foundational as a company’s value proposition.”

The last and final step in identifying your value proposition is to analyze results and interpret the insights applicable to your live marketing campaigns. Mostly, you will be identifying the most effective expression of value and then integrating throughout your conversion processes (something we will talk about next).

Note: While you can be confident that the highest-performing value proposition can be rolled out across your online marketing campaigns, keep in mind that the appeal of your value proposition will change with time. That is why it is essential that you record the insights learned from the results of the testing and begin planning for future testing.

As the market evolves and your competitors change, you will want to occasionally re-evaluate your value proposition.

Tactic #7: Understand Derivative Value Propositions

The answer to the basic question we mentioned in Tactic #1 will form your Primary Value Proposition. Many marketers stop there. However, every action you ask every type of customer to take requires a value proposition. Whether you’ve taken the time to state it explicitly or not, your potential customers subconsciously (and sometimes consciously) ask themselves the value of taking any action you ask them to take.

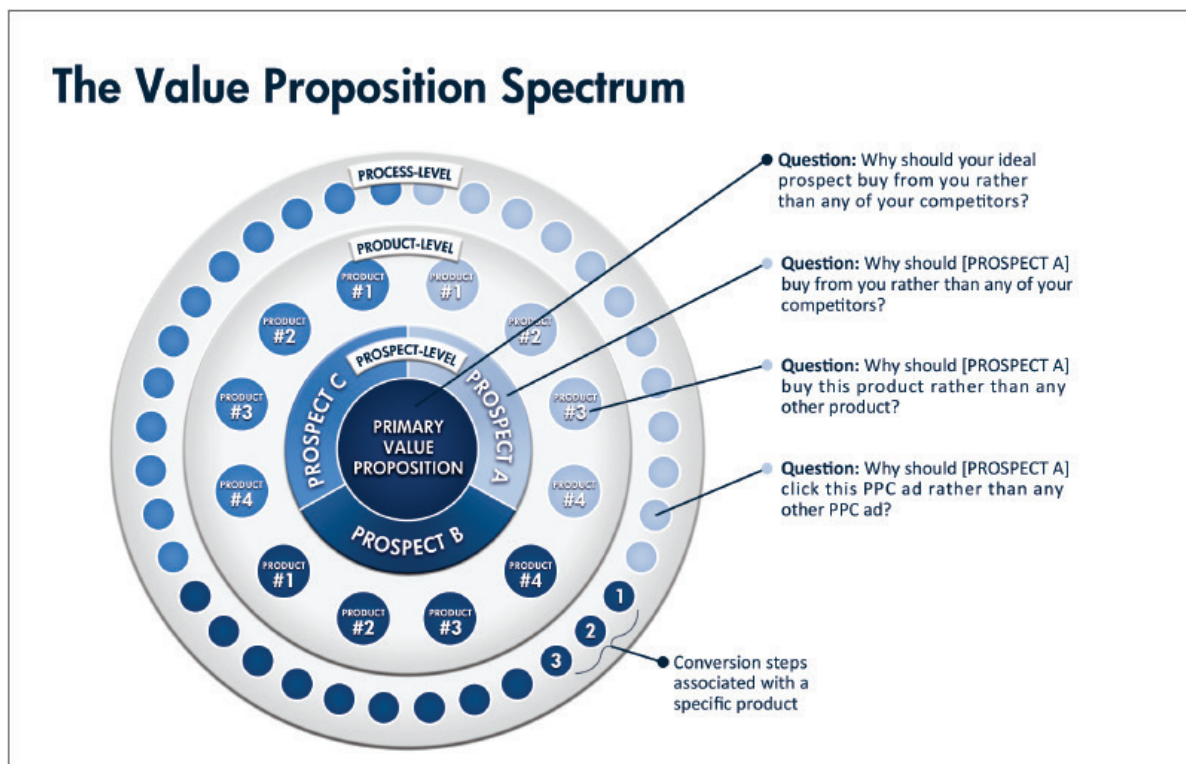
Here's why this is important to you as marketers: while you may not be in a high enough position where you are able to impact the Central Value Proposition of your company, you most likely can impact what we call Derivative Value Propositions. These can be used to craft copy, create headlines, design buttons and other call-to-action elements and tailor other elements of your marketing materials.

(Learn more about these in the MarketingExperiments blog post, "[Customer Value: The 4 essential levels of value propositions.](#)")

Here are the questions you need to answer for derivative propositions at three levels:

- **Prospect-level Value Proposition:** If I am a [particular prospect, e.g., college student], why should I [take this action, e.g., buy from you] rather than [this other action, e.g., any of your competitors]?
- **Product-level Value Proposition:** If I am a [particular prospect, e.g., college student], why should I [take this action, e.g., buy this mp3 player] rather than [this other action, e.g., any other mp3 player]?
- **Process-level Value Proposition:** If I am a [a particular prospect, e.g., college student], why should I [take this action, e.g., click this mp3 player ad] rather than [this other action, e.g., any other mp3 player ad]?

This concept—known as the Value Proposition Spectrum—is illustrated in the chart below.



Tactic #8: Use social media to discover derivative value propositions

In the MarketingExperiments blog post, [“Value Proposition: How to use social media to help discover why customers buy from you,”](#) Daniel Burstein says social media can be a valuable tool in helping you identify what your value proposition should be, and then test your ideas.

Here are a few ideas Burstein shared about how to listen for value proposition triggers using social media:

- “Set up searches for your brand and product names on Twitter, the same for your competitors, as well as searches about key hashtags and words customers might use to describe a problem your product solves or category your product is in. You can do this manually in Twitter, but more easily in free programs like TweetDeck or HootSuite. And, of course, paid programs like Radian6 offer even more advanced options.”
- “Also note, you might want to try a few variations if your company or product name is commonly misspelled. There are no copy editors on Twitter. For example, the search query I have set up in Tweetdeck for MarketingExperiments is – “Marketing Experiments OR MktgExperiments OR MarketingExperiments” (@MktgExperiments is our Twitter handle, which explains the abbreviation).”
- “Join LinkedIn Groups and/or Facebook Groups that your ideal customers might use. How can you find these groups? Start by asking current customers what groups they are members of. And don’t forget to join your competitors’ groups or “like” their fan pages to see what their customers are saying. (Really, the same could be said for old-school forums or message boards, but I don’t think they really count as social media.)”
- “Don’t overlook Google Alerts. You can set up alerts using the same type of keywords as you did for Twitter in step #1. Pay special attention to the “Type” field. Blogs, video, and discussions can be especially helpful. But the real-time search will likely be of limited value since Google dropped Twitter from that search – which is why the first bullet point is important.”

Using these tactics—plus taking every opportunity to engage with customers and prospects through social media—you should be able to build customer profiles and identify the issues and concerns of top interest to them. You can then evaluate your current messaging to see whether it aligns with these priorities.

Most likely, you will see room for improvement, so you should conduct a brainstorming session with your team to begin to craft some new value propositions.

Once you have come up with a few potential ideas to test, you can begin your analysis of them at a very high level by broadcasting these potential value propositions into the marketplace using social media. “You can use social media intentionally to test the appeal,” according to Flint McGlaughlin, Managing Director, MECLABS. “Good value propositions have a viral component and those with the strongest viral component are very, very promising.”

Mandi Frishman, Marketing Manager, Make Me Social, agrees. “Social represents an excellent opportunity for anyone who wants a better understanding of whether their value proposition is on target,” she said. “Build campaigns that test the strength of the value proposition by gauging engagement, awareness and purchases related to different types of messaging.”

Tactic #9: Look at your landing pages

Your landing page is often the first stop for visitors checking out your offers or products. It's important that your value proposition be conveyed effectively here. Remember the factors we discussed in Tactic #5: appeal, exclusivity and credibility. Be sure those are prominently incorporated into your landing pages.

For credibility, quantify your claims using specific numbers and stats whenever possible. Also, include third-party verification to support your claims whenever possible (in other words, let someone else do your bragging for you).

Tactic #10: Test everywhere and often

In MarketingSherpa's "[Marketing Research Chart: Top-rated tactics for developing value propositions that resonate and convert](#)," a survey of B2B marketers showed that only 20% of respondents considered testing value propositions through various media to be among their top tactics for developing the most effective value proposition.

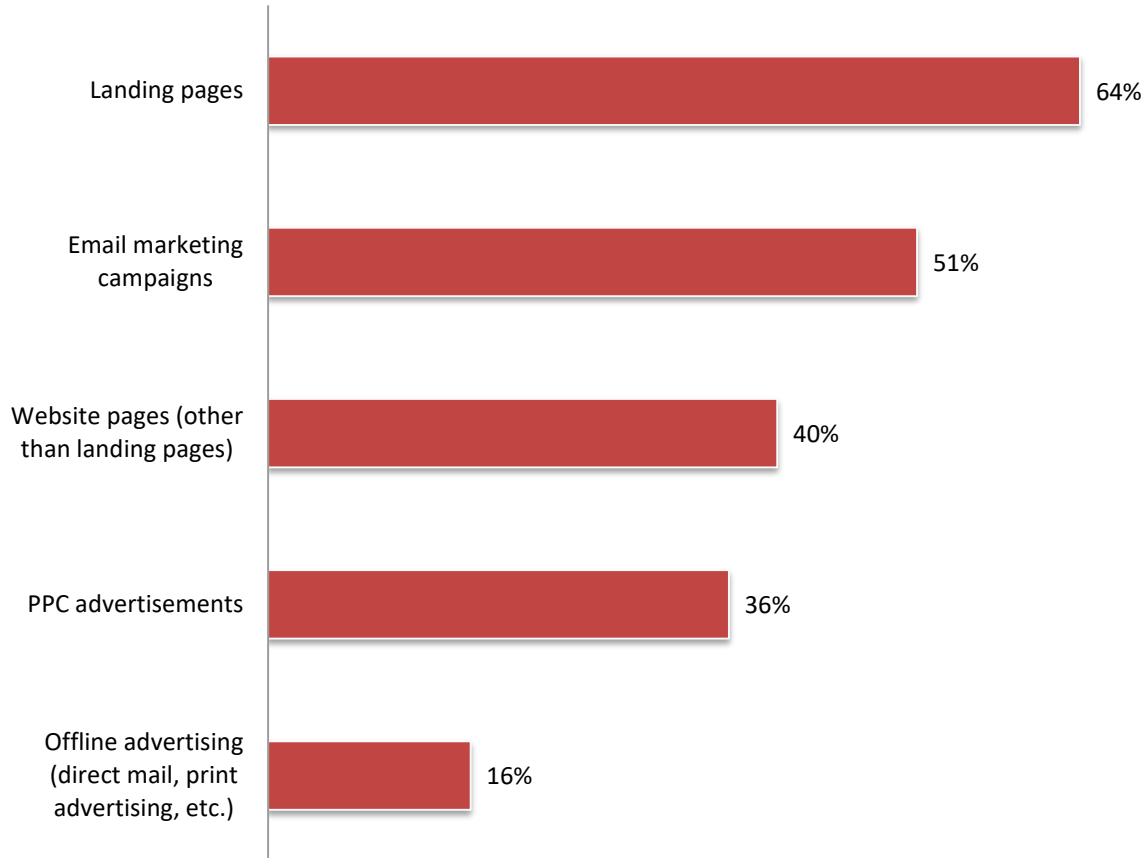
Considering how important your value proposition is—and how many opportunities you have to incorporate it (and thus test it) in your marketing materials—this should be a higher priority for marketers.

Your value proposition should be visible in every step of your sales process. Wherever you display it, you should test different phrasing, angles, and ideas to get deeper inside the mind of your customers. The better you know what they find valuable, the better you can serve them.

The following chart from the [MarketingSherpa 2012 Lead Generation Benchmark Report](#) shows the most effective methods for testing value propositions.

Chart: Most effective testing methods for value proposition

Q. Which methods have been the most effective at testing your value proposition? Select up to three responses.



Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey
 Methodology: Fielded January 2012, N=1,915

Useful Links and Resources:

This is the most information about value proposition we could give you in 30 minutes. If you'd like more information, you may want to take the online, on-demand, 3.5-hour [MECLABS Value Proposition Development Course](#).

[MarketingExperiments Blog: Value Proposition: 3 worksheets to help you craft, express and create derivative value props](#)

[MarketingExperiments Blog: Value Prop: Is there true value in your marketing proposition?](#)

[MarketingExperiments Blog: Value Proposition: A free worksheet to help you win arguments in any meeting](#)

[MarketingExperiments Blog: Value Proposition: How your peers find the most effective value prop](#)

[MarketingExperiments Blog: Value Proposition: Our research team answers your questions](#)

About MarketingSherpa LLC

MarketingSherpa is a primary research facility, wholly-owned by MECLABS, dedicated to determining **what works in marketing** via exclusive case studies, surveys, and results data analysis. Then we publish what we learn so our community of marketers and weekly readers can improve their results and train their teams.

Praised by *The Economist*, Harvard Business School's Working Knowledge Site and Entrepreneur.com, MarketingSherpa is distinguished by offering **practical, results-based marketing** information researched and written by a staff of in-house reporters.

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MECLABS deploys a rigorous methodology to conduct research. This research is compiled from:

- More than **10 years** of research partnership with our clients
- **1,300** experiments
- Over **1 billion** emails
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MECLABS has consulted with companies like Cisco, Johnson & Johnson, *The New York Times*, 1-800-Flowers, and NetSuite to optimize sales and marketing processes and achieve triple-digit ROI gains.


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Welcome to the MarketingExperiments Journal email for March 17, 2011. Every three weeks we send this high-level update of our research to 98,000 marketers. Today you'll find:

- The on-demand replay of [Do You Have the Right Value Proposition?](#), where we taught five simple steps to determine your optimal value proposition
- An invitation to our next Web clinic, where we will discuss proven strategies for [Converting Leads to Sales](#)
- An opportunity to [share your optimization and testing discoveries](#) with your peers at the 2011 Optimization Summit and receive a complimentary ticket to this inaugural event.

Our job is to help you do your job better. [Let us know](#) how we can help.

Daniel Burstein
Director of Editorial Content
MECLABS Primary Research

Resource #1

Do You Have the Right Value Proposition?
How to test, measure, and integrate your Value Proposition online

According to Dr. Flint McGlaughlin, there are five simple steps any marketer can take to identify their optimal value proposition. During this dense, yet very practical, Web clinic, he reviewed two recent experiments aimed at discovering value propositions that increase customer response.

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To support their ever-expanding research program, MECLABS has developed a series of science-based agency services, including:

- ▶ **Customer Research & Conversion**
- ▶ **Website Development & Design**
- ▶ **Product Creation & Launch**
- ▶ **Value Proposition & Brand Work**

MECLABS has conducted these science-based agency services in countries around the world spanning from Australia to Japan. They have worked with small startups and with many of the Fortune 50 leaders.

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