

# The Practical Approach of Creating “Unique Selling Proposition” To Boost Your Sales And Profits By Positioning Your Company As The Only Choice In The Market

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## INTRODUCTION

Most business people have heard the term Unique Selling Position (USP) bandied about, often when the subject of sales or marketing comes up. Very few understand what it really is, what its significance is on your ability to sell, and most importantly, how to create one. It's tricky and not something you learn overnight, but it is critical to the success of your business. In order to successfully market your product or service, every business owner needs to focus on what's special and different about his or her business. Positioning is about making your offering different from, and more valuable than, your competitors' offerings and placing that idea in the minds of a target group of customers. Positioning attracts customers by creating a positive and unique identity for your company and its offerings. Positioning is vital for distinguishing your offering from everybody else's. In a world where there are more and more products and services every day, your customers are on an advertising overload all the time. So they pick something to believe and hold that notion until a message breaks through and persuades them to change.

## WHAT MAKES YOU MORE UNIQUE, MORE VALUABLE, AND MORE VISIBLE IN THE MARKET?

You've heard the old saying "Differentiate or Die" right? In our highly competitive world, you have to be **unique** and **fill a special niche** to be successful in the marketplace. Yet one of the most harmful mistakes small businesses make is not being unique and positioning themselves as the best choice in the market. A USP is that distinct and appealing idea that sets you and your business, or practice, favorably apart from every other generic competitor. The possibilities for building a USP are unlimited. It's best, however, to adopt a USP that dynamically addresses an obvious void in the marketplace that you can honestly fill. Beware: It's actually counter-productive to adopt a USP if you cannot fulfill the promise. Having a USP will dramatically improve the positioning and marketability of your company and products by accomplishing 3 things for your company:

**1.Unique** - It clearly sets you apart from your competition, positioning you as the more logical choice.

**2.Selling** - It persuades another to exchange money for a product or service.

**3.Proposition** - It is a proposal or offer suggested for acceptance.

Your USP is the force that drives your business and success. It can also be used as a “branding” tool that deploys strategy with every tactical marketing effort you use such as an ad, a postcard, or a website. This allows you to build a lasting reputation while you're making sales. The ultimate goal of your USP and marketing is to have people say to you... **"Oh, yes, I've heard of you. You're the company who..."** and then respond by requesting more information or purchasing.

Federal Express (FedEx) dominated the package shipping market with the following **USP: "Federal Express: When it absolutely, positively has to be there overnight."** The deployment of this USP allowed Federal Express to emerge as the dominant leader in the industry, taking market share rapidly, and also increasing its sales and profits.

In today's competitive market, your business cannot thrive if you are using the same old "me too" marketing that everyone else is using. Your small business absolutely positively has to have a USP that **"cuts through the clutter"**, separates you from the competition, and positions your company as the best choice and the **ONLY** choice. Building your USP takes some effort, but it is absolutely worth it because of the added advantage your company will have in the market. Using a powerful USP will make your job of marketing and selling much easier, enabling your company to

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more easily increase company sales and profits for the same budget.

## **SOME GOOD CURRENT USP EXAMPLES**

The following are 6 powerful USPs that alleviate the "pain" experienced by the consumers in their industries.

### **❖EXAMPLE #1 - PACKAGE SHIPPING INDUSTRY**

**Pain** - I have to get this package delivered quickly!

**USP** - "When it absolutely, positively has to be there overnight." (Federal Express)

### **❖EXAMPLE #2 - FOOD INDUSTRY**

**Pain** - The kids are starving, but Mom and Dad are too tired to cook!

**USP** - "Pizza delivered in 30 minutes or it's free." (Dominos Pizza)

(This USP is worth \$1 BILLION to Dominos Pizza)

### **❖EXAMPLE #3 - REAL ESTATE INDUSTRY**

**Pain** - People want to sell their house fast without losing money on the deal.

**USP** - "Our 20 Step Marketing System Will Sell Your House In Less Than 45 Days At Full Market Value"

### **❖EXAMPLE #4 - DENTAL INDUSTRY**

**Pain** - Many people don't like to go to the dentist because of the pain and long wait.

**USP** - "We guarantee that you will have a comfortable experience and never have to wait more than 15 minutes" or you will receive a free examination."

### **❖EXAMPLE #5 - COLD MEDICINE INDUSTRY**

**Pain** - You are sick, feel terrible, and can't sleep.

**USP** - "The night time, coughing, achy, sniffing, stuffy head, fever, so you can rest medicine." (Nyquil)

### **❖EXAMPLE #6 - JEWELRY INDUSTRY**

**Pain** - The market hates paying huge 300% mark-ups for jewelry.

**USP** - "Don't pay 300% markups to a traditional jeweler for inferior diamonds! We guarantee that your loose diamond will appraise for at least 200% of the purchase price, or we'll buy it back."

## **SOME UNIQUE PROPOSITIONS THAT WERE PIONEERS WHEN THEY WERE INTRODUCED**

❖**Head & Shoulders:** "You get rid of dandruff"

❖**Olay:** "You get younger-looking skin"

❖**Domino's Pizza:** "You get fresh, hot pizza delivered to your door in 30 minutes or less -- or it's free."

❖**M&M's:** "The milk chocolate melts in your mouth, not in your hand"

❖**Wonder Bread:** "Wonder Bread Helps Build Strong Bodies in 12 Ways"

## **MARKET SEGMENTATION**

Market segmentation is the science of dividing an overall market into key customer subsets, or segments, whose members share similar characteristics and needs. Because it involves significant market research, market segmentation can be costly. But it is particularly important for small businesses, which often lack the resources to target large aggregate markets or to maintain a wide range of differentiated products for varied markets. Market segmentation allows a small business to develop a product and a marketing mix that fit a relatively homogenous part of the total market. By focusing its resources on a specific customer base in this way, a small business may be able to carve out a market niche that it can serve better than its larger competitors. In general, customers are willing to pay a premium for a product that meets their needs more specifically than does a competing product. Thus, marketers who successfully segment the overall market and adapt their products to the needs of one or more smaller segments stand to gain in terms of increased profit margins and reduced competitive pressures. But the potential gains offered by market segmentation must be measured against the costs, which in addition to the market research, required segmenting a market and may include increased production and marketing expenses.

Alexander Hiam and Charles D.Schewe identified six steps that companies take into consideration in the market

*Indian Journal of Marketing • June, 2010 25*

segmentation process:

- ❖ **First Step:** The first step is to determine the boundaries of the market. In completing this step, a marketer should use a formal business plan to develop a broad definition of their business, and then consider the offerings of both direct and indirect competitors to gain information about the basic needs of the consumers in the market.
- ❖ **Second Step:** The second step in the process is to decide which variables to use in segmenting the market. Many companies fall into the trap of collecting data on as many variables as possible and then attempting to sort through it later to draw meaningful conclusions. Instead, Hiam and Schewe recommend that marketers use their knowledge of the market to select a few relevant variables in advance. This approach is generally less expensive and will likely provide more useful results.
- ❖ **Third Step:** The third step in the market segmentation process is actually collecting and analyzing data, which involves applying market research tools. The goal in analyzing the data is to identify market segments that are internally homogeneous, yet are distinctly heterogeneous with respect to other segments.
- ❖ **Fourth Step:** The fourth step is to develop a detailed profile of each market segment, which involves selecting those variables that are most closely related to consumers' actual buying behavior.
- ❖ **Fifth Step:** The fifth step in the market segmentation process is to decide which segment or segments to serve. In targeting a particular segment, a marketer should look for opportunities (i.e., customers with unsatisfied wants and needs) that provide a good match for the organization and its resources. It is important that the marketer consider not only the size and potential profitability of a market segment, but also whether the company's skills, technologies, and objectives would enable it to meet the needs of that segment better than its competitors.
- ❖ **Sixth Step:** The final step in the market segmentation process involves developing a product and marketing plan that will appeal to the selected market segment. In order to position a product effectively, a small business must identify the attributes that are most important to consumers in the segment, and then develop an overall marketing strategy that will attract consumers' attention. Positioning can be usefully applied during the earliest stages of product design, when a company first identifies who its target customers will be in terms of demographic, geographic, and behavioral characteristics.

## UNDERSTANDING CONSUMER PERCEPTIONS

A number of tools exist to help marketers understand the consumer perceptions that underlie purchase decisions such as:

❖ **3-1: Perceptual Map:** A perceptual map is a graph that can portray various product positioning options in a visual manner. Marketers can create perceptual maps from market research data in order to identify consumer needs that are not being fulfilled. For example, say that consumers were asked to rate home computers on the following attributes:

- a) Ease of use
- b) Availability of service
- c) Processing speed
- d) Data storage Capacity

**These four attributes could be combined into two perceptual dimensions:**

- ❖ **Utility** (consisting of ease of use and availability of service), which would appeal to non-experts who needed a basic computer for business or personal use.
- ❖ **Technical** (consisting of processing speed and storage capacity), which would appeal to experienced computer users who wanted the latest in technology. Then, each brand of home computer could be represented on the graph according to consumers' perceptions of the product.

If most computer manufacturers touted their products' technical attributes, there might be an opportunity for a new market entrant who emphasized ease of use and service.

However, it is also important to understand the relative importance that consumers place upon the different dimensions. In the home computer market, for example, consumers ultimately want both utility and technical characteristics, but vary in the importance they place upon each product dimension. "The implications of these importances for positioning are significant," according to Urban and Star. "It is necessary to understand preference differences within the targeted market segments because they are important in selecting a position for a brand and in

determining the competitive structure within the segment. When preferences vary within a segment, positions and physical product features may vary considerably. If preferences are relatively homogeneous within a segment, the positions of competing brands will be relatively similar, and the quantity of advertising and promotions will be the critical competitive weapons."

It is also important to note that price is not represented in the home computer perceptual map, whereas, price definitely has an effect on the final purchase decision made by consumers. Marketers can reflect the importance of price by adding a dimension to the perceptual map, so that it becomes a cube, or by dividing the dimensional coordinates of each brand by its average price. The resulting map would show "utility per dollar" and "technical attributes per dollar," or the tradeoffs consumers make between the original dimensions and price. Finally, small business owners need to consider the fact that perceptual maps show "overall dimensions of evaluation and not detailed features," as Urban and Star noted. "Feature selection is critical in positioning, however, because features are an important determinant of overall perception and choice." In fact, product features influence both consumer perceptions and product pricing.

## **POSITIONING OPTIONS**

Once marketers have mapped consumer perceptions of competing brands and gained an understanding of the target segment, the next step is to select a position for their products. In positioning a product within a market segment, marketers should try to maximize the share of consumer choices attained by their product in order to achieve long run profitability for the firm. Strategies that can help marketers to maximize share include adding features desired by consumers or advertising to improve consumer perceptions. Both of these strategies can be costly, however, so it is important for companies to balance the cost of making such expenditures with the payoff.

**Marketers have several different positioning options available to them such as:**

- ❖ One positioning option is quality emphasis, which includes not only defect free production, but also product design and customer service that meets or exceeds customer expectations.
- ❖ Another positioning option available to marketers involves offering unique features or benefits that consumers are unable to find in competing products, from environmentally-friendly production aspects to trendiness. Ideally, such features and benefits grow out of the company's unique sources of competitive advantage in the marketplace. This makes it difficult for competitors to match the features and benefits without incurring high costs. "If we develop a unique competitive advantage on a dimension of importance to a significant portion of the market, we can enjoy a substantial share and high margins," Urban and Star noted. Of course, continued market research and innovation are necessary to maintain such a competitive advantage.
- ❖ Last option available to marketers is to position products across different, yet overlapping, market segments. It is important to note, however, that since some consumers may belong to both segments, positioning claims for a product should never conflict.

To avoid confusing consumers, it may be necessary to use a different brand name for the product in each segment, or to make a broad appeal to both segments and then change the positioning slightly within each segment.

## **DEVELOPING THE POSITIONING STATEMENT AND TAG LINE**

Rosser Reeves was the author of the phrase, "Unique Selling proposition" or USP, which is a unique message about itself versus the competition that each business or brand should develop and use consistency in its advertising and promotion.

There are several questions to ask about your business to determine a USP:

- ❖ What is unique about your business or brand versus direct competitors? Your company will probably have a whole list of things that sets you apart.
- ❖ Which of these factors are most important to the buyers and end users of your business or brand?
- ❖ Which of these factors are not easily imitated by competitors?
- ❖ Can you construct a memorable message (USP) of these unique, meaningful qualities about your business or brand?
- ❖ How will you communicate this message (USP) to buyers and end users? Marketing tools to communicate USPs include media advertising, promotion program (e.g. direct marketing), packaging and sales personnel.

## HOW TO PRACTICALLY CONSTRUCT A UNIQUE USP

Your USP is the very essence of what you are offering. Your USP needs to be so compelling that it can be used as a headline that sells your product or service. Therefore, since your company wants to optimize all your marketing materials for maximum results, create it before anything else (such as advertisements and marketing copy).

You should follow this easy 7-step process and pen down your ideas on paper:

### STEP 1: USE YOUR BIGGEST BENEFITS

Clearly describe the **biggest** 3 benefits of owning your product or service. Your prospect doesn't care if you offer the best quality, service, or price. You have to explain exactly WHY that is important to them. Think in terms of what your business does for your customer and the end-result they desire from a product or service like yours. So, think about what are the 3 biggest benefits you offer.

### STEP 2: BE UNIQUE

The key here is to be unique. Basically, your USP separates your company from the competition, sets up a "buying criteria" that illustrates your company as the most logical choice, and makes your company's product or service item unique (Your company/product and not your competitor's).

Write your USP so it creates desire and urgency. Your USP can be stated in your product itself, in your offer, or in your guarantee:

❖ **PRODUCT:** "A unique baseball swing that will instantly force you to hit like a pro."

❖ **OFFER:** "You can learn this simple technique that makes you hit like a pro in just 10 minutes of batting practice."

❖ **GUARANTEE:** "If you don't hit like a pro baseball player the first time you use this new swing, we'll refund your money."

### STEP 3: SOLVE AN INDUSTRY "PAIN POINT" OR "PERFORMANCE GAP"

Identify which needs are going unfulfilled within either your industry or your local market. The need or "gap" that exists between the current situation and the desired objectives is sometimes termed as a "performance gap". Many businesses that base their USP on industry performance gaps are successful.

For example, Dominos Pizza used the "Pizza delivered in 30 minutes or it's free" USP to become wildly successful. This worked because of the need or "gap" in the market. After a long day at work, Mom and Dad are too tired to cook. But the kids are starving and don't want to wait an hour! They want pizza NOW. Call Domino's!

So, what are the most frustrating things your customers experience when working with your company or your industry in general? Alleviate that "PAIN" in your USP and make sure your company delivers on its promises.

### STEP 4: BE SPECIFIC AND OFFER PROOF

Consumers are skeptical of advertising claims companies make. So alleviate their skepticism by being specific and offering proof when possible.

### STEP 5: CONDENSE INTO ONE CLEAR AND CONCISE SENTENCE

The most powerful USPs are so perfectly written, you cannot change or move even a single word. Each word earns your company money by selling your product or service. After your company gets your USP written, your advertising and marketing copy will practically write itself.

Now, take all the details about your product(s) and service(s) (that you have generated after penning down your ideas), generated from the steps above and sculpt them into one clear and concise sentence with compelling salesmanship fused into every single word.

### STEP 6: INTEGRATE YOUR USP INTO ALL OF YOUR MARKETING MATERIALS

Variations of your USP will be included in ALL of your marketing materials such as your:

❖ Advertising and sales copy headlines;



- ❖ Business cards, brochures, flyers, & signs;
- ❖ Your "elevator pitch", phone, and sales scripts;
- ❖ Letterhead, letters, & postcards;
- ❖ Website & Internet marketing.

## STEP 7: DELIVER ON YOUR USP'S PROMISE

Be bold when developing your USP, but be careful to ensure that your company can deliver. Your USP should have promises and guarantees that capture your audience's attention and compels them to respond to your company. Having a strong USP can make your business a big success or a big failure if your company doesn't deliver on it, thereby ruining your reputation. In the beginning, it was a challenge for Federal Express to absolutely, positively deliver overnight, but they developed the system that allowed them to deliver on the promise consistently.

## HOW TO TEST A CREATED USP

The simple test of determining whether your company has constructed a unique USP for your business is whether it sells for your company or not. If it sells your business or brand, your USP is meaningfully different. For example, if your company decided to provide free delivery service to your customers because no one else in your segment is doing it, your company has created a USP based on service that your company is communicating to the intended target buyer. If, however, your company offers free delivery service because everyone else in your segment does so and your company needs to provide it simply to keep up with the competition, it's not something that sets your company apart and should not be the focus of your company USP.

For many small scale industries or small businesses, packaging, sales material, and sales personnel may be the only marketing tools affordable. It is even important to clearly determine your USP to communicate with these limited means.

## CONCLUSION

Every business owner needs to focus on what it is to 'successfully market his or her products or services'. Having the correct market segmentation through understanding consumer perceptions and product or service positioning helps your company to find out the unique USP in this competitive business environment. Positioning is vital for distinguishing your offering from everybody else's in a world where there are more and more products or services every day. A USP is the distinct and appealing idea that sets you and your business apart from other generic competitors. A USP can be used as a "branding" tool that deploys strategy with every tactical marketing effort that a company uses such as an advertisement, a postcard, or website. This allows your company to establish a lasting reputation while your company is making sales. The ultimate goal of your USP and marketing is to have people say to you... *"Oh, yes I've heard of you. You're the company who..."* and then respond by requesting more information or purchasing.

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