

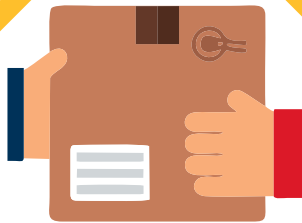


Information Booklet

Sales and Marketing

1

CREATE A UNIQUE SELLING PROPOSITION (USP) for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objectives

- To explain the importance of unique selling proposition as a major factor that differentiates a product from its competitors
- To explain the process of planning and creating an effective selling proposition

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a Concept and Importance of a Unique Selling Proposition (USP)

The Unique Selling Proposition (USP) is a perceived or real sales and marketing advantage of a product or service over its competition. The USP concept states that such campaigns convinced customers to switch brands. A marketing guru Theodore Levitt, a professor at Harvard Business School, suggested that, "Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage". The concept of differentiation is the foundation of concept of USP, it has become the most vital element in the marketing jargon. This concept relates to marketing of generally similar products with "minor variations" that are emphasized upon consumers when making a choice.

b Defining a USP



A Unique Selling Proposition (USP) refers to the presence of a unique benefit in a service, product or brand that enables it to stand out from its competitors. As the term implies, the unique selling proposition must be a feature that highlights product benefits that are meaningful to consumers. Successfully communicating the USP is a key element of branding. The hysteria to use USP in the product/service advertisement has led the concept to be used very informally and sometimes mistakenly. Some researchers lament that the USP is widely misunderstood. However, all of this signifies potency of this concept.

Target Audience - What You Want to Offer

Considering the widely practiced use of USP in advertising, it seems that advertising is the art of communicating the desired features to the target audience. There are three basic rules for an advertisement to truly cover the idea of USP.



Benefit Statement:

Each advertisement must make a proposition to the consumer. Each advertisement must tell the potential consumer "Buy this product, for this specific benefit". Think about the benefits and value of product or service for people who will buy the product or service. e.g., "Peaceful sleep on a Diamond Foam" and "Aaram ka hay naam".



Uniqueness:

The proposition must be the one that the product's or service's competition cannot or does not offer. It must be unique-either in the brand or a claim the rest of that particular advertising area does not make e.g., "Life-time guarantee" or 12 years guarantee of a Diamond Foam.



Attract Customers:

The proposition must be strong enough to attract new customers as well as potential customers. Facts are great but appealing to peoples' emotion is better. Think about 'pain points' – how will this product improve their life or business? This way a business can attract more customers e.g., "Treating your loved ones like royalty".

Product Features - Distinctive Benefits of the Product

The USP approach is recommended where the product category is characterized by high levels of technological innovation or some similar manner of product differentiation. A clear USP helps costumers to understand differences between brand offerings in a category, and may also help costumers to form a positive attitude towards the brand.

In order to determine an appropriate USP for any given brand, marketers must:

1

Undertake extensive research of the category as well as consumers.

2

Locate a space in the market.

3

Ensure that the feature is unique and valued by potential customers.

4

Have a key point of difference to use (that no one else is offering) when trying to sell the product or service.

Sell with Passion and Confidence

Sellers also need to try selling the product to themselves; this is so they know they are passionate about the business and confident that it can succeed. This is exactly what every business should be looking into whether it is home delivery service from the store or all-organic food at the restaurant.

Differentiation

In markets which contain many similar products, using a USP is a smart method of differentiating the product from the competition. Products or services without differentiation have the risk of being seen as a commodity by the customer, thus lowering price potential. That's why having a unique selling point is essential to have a successful business that can handle competition and possible future comers in similar markets.

The desktop personal computer market is one example with many manufacturers and the potential for new manufacturers at any time. Apple used the slogan "Beauty outside, Beast inside" for its Mac Pro campaign to differentiate its product as "beautiful" compared with any other desktop computer. Buyers of this product were willing to pay a premium price, compared with technically similar desktop computers. Apple differentiates itself with a focus on aesthetics and cutting-edge technologies.

Competitive Advantage – Explain the Problem You Solve

The following are examples of Unique Selling Propositions solving a problem. What is commonly considered a slogan is enhanced with a differentiating benefit of the product or service. Typically, the uniqueness is delivered by a unique process, ingredient, or system that produces the benefit described.



Tullo Banaspati and Cooking Oil:

"Amman Tullo mein Pakao, Hamain sehat mand banao." used a mother's concern for family to use a brand.



Head & Shoulders:

"Clinically proven to reduce dandruff" 1961 Pyrithione Zinc was found, after 10 years of research, to be an ingredient that was actually effective in eliminating dandruff where other products were not effective. Adding the name "Shoulders" to the product name also indicated that the product eliminated the tell-tale white marks on clothing caused by dandruff flakes falling from the hair.



Domino's Pizza:

"You get fresh, hot pizza delivered to your door in 30 minutes or less-or it's free" 1973-1993. "You Got 30 Minutes" 2007. Domino's uses what it calls the "make line" and other systems to make pizzas quickly.



FedEx:

"When it absolutely, positively has to be there overnight" 1978-1983. FedEx was the first company to specialize in overnight air freight and first to implement package tracking.



Pakistan International Airlines:

"Great people to fly with."

Create a Sales Slogan – Announce Your Promise

One can create a Unique Selling Proposition (USP) as follows:

Step 1: Describe your target audience, for developing a benefit proposition

In order to define a USP, the first step is to describe the target audience. The target audience has to have some specific characteristics of personalities e.g., income, tastes or education etc. or share some common demographics e.g., age group, gender and occupation etc.

Step 2: Explain the biggest problem you solve

The next step is to identify the pain point or the problem a business is going to solve with the product or service.

Step 3: Create a list of the biggest distinctive benefits you provide

In order to define a benefit statement a business must identify a few benefits and values that its product or service is going to create.

Step 4: Convert the benefits into promise, "define your promise"

Once the value or the benefit that the product or service can create is defined, state it as a promise for the customers.

Step 5: Try different combinations and rework

Create different statements of promises of value with different combination of benefits and promises and try to identify the most potent description.

Step 6: Cut it down to a few words

In order for the USP to become formidable, it must be concise. One must reduce the words and jargon in creating the USP, as it has to be in as few words as possible.

Following these steps, a USP can be created which will provide a plus on the competition with every option generated. USP essentially implies a promise or a pledge that a business makes with its customers. The message, at the end, is for customers and the business is dependent upon the same customers, therefore, it is important to realize that “Be bold when developing your USP but be careful”.

Remember FAB?:

Features **Advantages** **Benefits**

Use FAB to get to the core of what makes a product sell
and helps to craft the USP and Value Proposition



"F"
Features

the tech specs
- what's in the
box



"A"
Advantages

what it does
better than the
competition



"B"
Benefits

how it relieves a problem or
fulfills a desire for the customer -
this is always associated with
creating positive feelings or
relief to a customer

Additionally, some of the areas a business needs to look into as it tries for a USP include a distinctive Point of Difference (POD) with competitors verses a related Point of Parity (POP) and competitive advantage.

The points of difference is the differentiating factors between the products under consideration and likewise the point of parity is the commonality between value or benefits of two products.

Cut it Down - Review the Unique Selling Proposition (USP)

It is important to review the USP a business develops for marketing its products or services. A great way to review USP is gather a pool of employees and ask them to share feedback on USP. One can also gauge the public reaction to USP by testing it with a selected sample of customers as it is being designed for them so it is important that it attracts them.

Conclusion



A Unique Selling Proposition (USP) is a marketing approach which advertises a unique benefit in a service, product or brand that is meaningful to its consumers and enables it to stand out from its competitors. According to advertising norms, successfully communicating the USP is a key element of branding strategy.



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