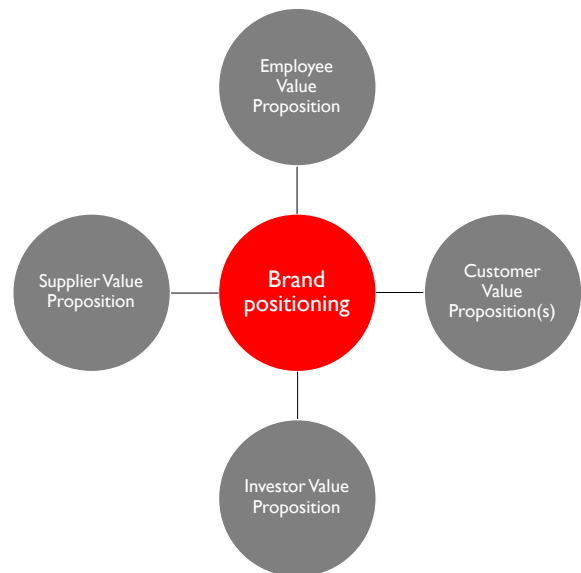


USPs

CVPs

EVPs



Something profound happened to marketing in the 1940s.

Previously, businesses had largely taken for granted that if a product could be made and sold at a reasonable price, then it would find a market. The primary task of the marketer was consequently to find that market and to sell, sell, sell.

But the mid-1940s witnessed the emergence of a new philosophy: a growing consciousness that economic activity is fundamentally about the (profitable) fulfilment of human wants. In practical terms, this meant that businesses became interested in understanding whether their products adequately met the desires of the consumers they were made for. Another expression of this new philosophy was the introduction of a more careful and considered product planning process: the marketing department and the product department became jointly responsible for product planning, testing and development.

The implications of this new philosophy were significant and lasting: marketing was no longer a linear process of selling a given product; it became a continuous process of understanding, planning, delivering and improving. This also affected the activities marketing agencies were expected to undertake: playing a greater role in determining the characteristics desired in products through more accurate insight into the wants and needs of consumers, and then applying this insight to develop more compelling campaigns for selling the resulting innovation to consumers.

The vocabulary used by marketers and their agencies expanded accordingly: 1940s marketing literature explored the distinction between 'invention' (defined by the US' National Research Council as 'a radical departure from previously existing products or processes') and the development of new products and processes that grow out of older ones. There was also a fascination with the product 'idea': where new product ideas should come from, how they should be refined and tested, and how to distinguish between the 'great' and the 'merely good' (questions we continue to struggle with nearly a century later).

Perhaps ironically, the term 'proposition' was coined by an Ad Man who was firmly committed to the art of selling: Rosser Reeves, of the Ted Bates Agency. Dissatisfied with the effectiveness of trying to sell a vague 'idea' of a product, in 1961 he published a more specific theory of the 'Unique Selling Proposition' (USP), which he defined in three parts:

1. Each advertisement must make a proposition to the consumer. Not just words, not just product puffery, not just show-window advertising. Each advertisement must say to each reader: "Buy this product, and you will get this specific benefit."
2. The proposition must be one that the competition either cannot, or does not, offer. It must be unique—either a uniqueness of the brand or a claim not otherwise made in that particular field of advertising.
3. The proposition must be so strong that it can move the mass millions, i.e., pull over new customers to your product.

Reeves developed the theory of a USP to more effectively advertise products that already existed, but generations of marketers and innovators have since embraced the concept of a proposition as a way to make sure that the product itself is more effective in creating value: hence the shift in language from 'selling proposition' to 'value proposition'. The theory of propositions has also expanded beyond products to embrace brands, services and experiences, although the basic idea remains the same: to create value in any meaningful sense, something has to satisfy an important and unmet (or undermet) benefit.

So, what does a great value proposition look like?

If you're a fan of simplicity, Marty Neumeier's "Onlyness" test is a fairly direct evolution of Reeves' theory of a USP into a single-minded statement for positioning a brand (or product or service or experience). Neumeier's statement seeks to answer one simple question:

What makes you the "only"?

The basic idea is that if you can't explain in a few words why your brand (or product or service or experience) is good and different, then you're in trouble:

OUR OFFERING IS THE **ONLY** CATEGORY THAT BENEFIT.

The reason it's called a 'test' is because it's designed to be used as a planning tool, not a way to make a compelling ad. In Neumeier's own words:

*"You can't advertise your way to onliness
– you have to start with it."*

Focus is absolutely critical to a successful onliness statement: the point is not to list the twenty possible features that your brand delivers, but to focus on the one truly compelling and differentiating benefit that will most set you apart. The onliness test is also a close relation to the Five Ws, which can be used as a way to develop and structure the statement. One of the examples Neumeier uses to illustrate this approach is Harley Davidson, which is the only:

What: motorcycle manufacturer
How: that makes big, loud motorcycles
Who: for macho guys (and macho wannabes),
Where: mostly in the United States,
Why: who want to join a gang of cowboys,
When: in an era of decreasing personal freedom.

Not everybody buys in to the idea that a brand, product or service can be boiled down to a single, simple benefit. In a 2020 HBR article, Dr Graham Kenny introduced the mathematical concept of combinatorics to value proposition development: the basic idea is that people don't choose products, services or brands because of a single benefit, but because of the combination of benefits they deliver. His view is that developing a successful value proposition should begin by understanding the target customer and the (unique) combination of benefits that will make them happiest. Success lies in outperforming the competition on this

combination of relevant factors, rather than focusing exclusively on any single one. The result is a more nuanced value proposition that contains a broader set of features.

Dr Kenny uses the example of a family-owned Greek restaurant: George, the owner, is struggling for ideas to lift sales. Dr Kenny's advice is to consider the factors that affect people's choice of restaurant, including food type, price, service quality and décor, and to identify the unique combination of these that will most appeal to George's target market. Neumeier's onliness test suggests George should focus on a single point of difference; Dr Kenny's combinatorics suggests George should adopt the opposite approach. I really feel for George.

So, which approach is best?

The most compelling (and helpful) voice I've come across when it comes to value proposition development belongs to Curtis R. Carlson, who is probably most famous for running the business that created and subsequently sold Siri to Apple (but let's not hold that against him). His approach to value proposition is based on an NABC framework, which is designed to focus attention on four topics:

- **Need:** The offering should fill a significant gap in the market.
- **Approach:** The offering should meet customers' needs in a unique, compelling, and defensible way and present an attractive business model for investors.
- **Benefits** relative to costs: The offering should provide obviously superior value for customers.
- **Competition:** Customers should find the offering consistently more appealing than the alternatives.

The framework remedies some of the most common errors Carlson observed in value proposition development (and innovation more generally):

- Innovators fail to pay sufficient attention to customers' needs, which should be the foundation of the proposition. Too many people fall in love with an idea before they figure out

how it will make a meaningful difference to people.

- Innovators often over-rely on what people say they are seeking, rather than identifying the real need. Henry Ford's 'faster horses' quote is relevant here, but the [Kano model](#) and [Jobs To Be Done](#) are more helpful ways to avoid this.
- Innovators often waste time and money on an ill-defined approach.

The last of these three errors is the one I come across the most: because value proposition development falls within the scope of marketing, it's often dismissed as marketing fluff. In fact, it's the exact opposite: the very definition of pointlessness in business is to invest time and money in developing a brand, product, service, or experience without a clear idea of what it is supposed to achieve. Done well, proposition development should be an example of marketing at its least fluff.

What does this all mean in practical terms?

Firstly, Carlson's NABC framework is a great way to structure and develop a working value proposition. His approach is much closer to the philosophy of value-creation that emerged in the 1940s. In the author's own words:

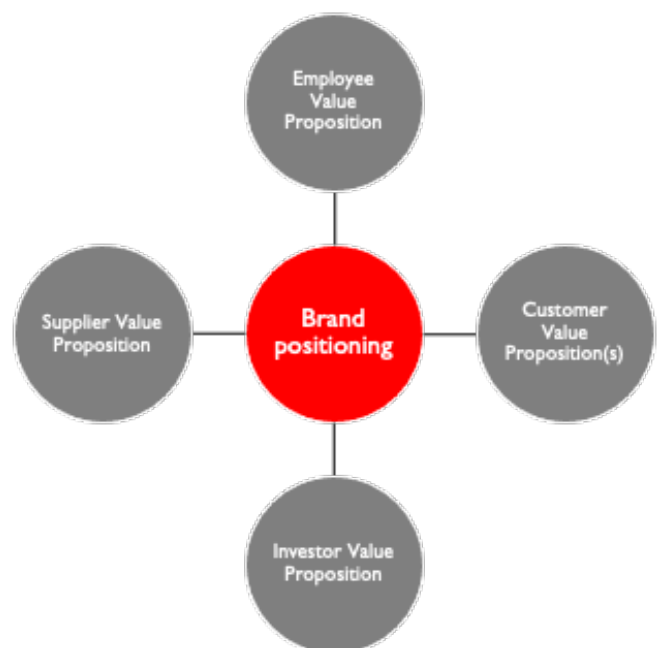
"Value creation begins when someone has an insight about how to solve an unmet need and is motivated to turn that insight into a product or service."

Although the NABC framework was developed with customer-facing offers in mind (what we generally refer to as Customer Value Propositions or CVPs), it's just as suited to offers designed for employees (Employee Value Propositions or EVPs), investors, suppliers and partners. The framework is a helpful way to make sure that every product, service and experience that is developed and delivered by an organisation has a clear role and delivers meaningful value to its intended audience.

However, that's not quite the full picture. The NABC framework is rigorous but it is designed to communicate an innovation idea to a group of interested professionals. It contains a level of detail that the intended audience is unlikely to need or want. Marty Neumeier's onliness statement is a

much better way to package up a value proposition for public consumption, although if I'm being honest I am generally not quite so formulaic in constructing a value proposition statement: as long as it summarises clearly and succinctly what's different and desirable about the product, service or experience, then I'm happy. I also find it helpful to complement the statement with a set of (typically three) supporting messages, which can be used to communicate the specific combination of key benefits to the intended audience.

The final observation I would make about value propositions is that in my experience they don't work particularly well at a brand level. Most brands need to sell more than one product and service. They generally need to communicate to a diverse set of audiences, from customers and colleagues to investors, partner businesses, the media, regulators, and the public at large. The brand has to act as a unifying force that draws together a varied set of products, services and experiences into a coherent whole. And the specificity and detail of an NABC or an onliness statement doesn't work for brands that need to stretch across multiple audiences, needs, occasions, products, services and use cases... Which is most brands. This is why I prefer a higher-order statement of ambition at the brand-level: something closer to a purpose statement or a vision or mission statement, which can function as a unifying idea for the entire offer.



As I've mentioned [elsewhere](#), I'm apathetic about what the brand-level positioning statement itself is called, as long as it sets a clear and long-term ambition. The measure of a good brand positioning is that it can be used to provide a strong direction for value proposition development. And one of the measures of a good value proposition (regardless of whether its intended for a customer, a colleague or any other audience) is that it clearly supports the broader brand ambition. To illustrate this point, here's my interpretation of how the McKinsey purpose and EVP fit together:

McKinsey & Company



Purpose:

“To create positive, enduring change in the world.”



EVP:

“Put your talents to use where opportunities are limitless and every day makes a difference.”



Supporting messages:

1. Exciting work that makes a difference
2. Colleagues and mentors at the top of their fields
3. Endless opportunities to grow with a group that takes on the world's toughest challenges

The purpose statement is broad by design: it has to apply to every activity McKinsey undertakes anywhere in the world. The EVP statement translates the purpose in a way that builds on the specific benefits McKinsey believes its employees (and future employees) are motivated by, which are then stated more explicitly in the supporting messages. The supporting messages could easily have come from an NABC approach and the EVP ensures these link to the ambition described in the brand purpose statement.

The result is a mutually reinforcing relationship between the brand purpose and the value proposition: the brand sets an overarching ambition, while the proposition brings this ambition to life for a specific audience in a way that creates value. Each element contributes to the wider system to achieve the twin goals of difference and desirability.

This is what I like about value propositions: they fill in the blanks left behind by brand positioning. They are vehicles for translating grand statements of ambition into relevant, useful, meaningful and specific ways to add value to people's lives. As such, they represent the unglamorous but crucial side of brand strategy that has its roots in the new marketing philosophy of the 1940s: the bit where we make the fluffy stuff function.