

Marketing 101

Defining your business's value proposition

THE THINGS WE NEED TO KNOW

don't always come naturally. I have vivid memories of starting college. I had skated through high school; my homework and study habits were terrible, and I didn't realize I wasn't doing the work because my grades were always good. When I got to the university, all that skating caught up with me. I wasn't accustomed to working hard to get good grades, and the things I needed to learn were challenging, like how to read for retention (and not just speed), how to study for tests, and how to use reason and logic at a much higher level. I struggled the first semester. But eventually, I mastered those behaviors,

and they have served me well ever since.

It's tempting to think that if we're not naturals at something, we can never be good at it. But that's not true. We just need to dedicate ourselves to learning the new thing, and put up with the stress of the learning curve.

We have a similar issue today. Most people who own small jewelry businesses don't have a sophisticated marketing skill-set. In the past, small business owners were not required to understand marketing in a sophisticated way. They competed on a local basis or through trade venues.

Starting in the 1990s, big box stores began disrupting small business. But the

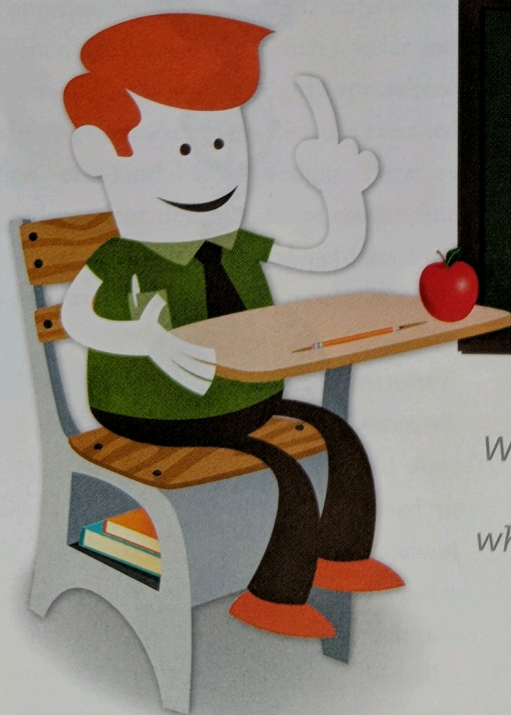
ability to compete with them on a marketing level did not exist. What small business has the funds to buy advertising on primetime TV and in major consumer magazines? So, competition changed, but the marketing tools didn't.

Then came the internet, and things changed again. Suddenly, small businesses were no longer competing with locals or familiar trade circles. Now, every small business owner must have the skills to compete on a global level, and that means developing sophisticated marketing skills.

MARKETING CLASS IS IN SESSION

Many business owners assume that being on social media, boosting ads, paying for some online ads, and having a website are sufficient. But that is a misconception. It is possible to do all those tasks, yet not gain marketing benefit from them, and that's how most people are wasting their marketing dollars today.

It's time to learn more sophisticated marketing skills, and I'm devoting this year's columns to walking you through marketing concepts. While you don't need to do all the marketing work yourself, you must understand the concepts. Without core knowledge, you will be at a disadvantage when hiring a marketing staff member or choosing an outsource partner. You won't be able to understand your staff or marketing partner's recom-



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mentations or question their methods. You also won't be able to analyze the impact on your business and plan for future spending.

LESSON 1: VALUE PROPOSITION

To kick things off in the right direction, take a moment to review your value proposition. Value proposition is core to marketing—without it, you're just spinning your wheels.

Value proposition is often described as a statement about your brand and what it stands for. I tell my clients that it must answer these three questions:

- Who are we (as a company or brand)?
- What do we do that makes us different?
- Why do we matter?

It's easy to answer what types of products you sell. Most people have a good sense of where their business falls on the competitive price spectrum. And you've likely put energy into highlighting something that is different about your business. But before you answer the value proposition questions, you may need to do some deeper thinking, which leads me to my next question...

What's your business proposition?

You'll need to give some thought to your business approach. For instance, are you trying to be a product leader who is constantly in development to offer the best, freshest, and most noteworthy products—a Starbucks coffee type?

Or are you more of the neighborhood café coffee type? Do you know the names of all your customers and how they like their coffee? Are you deeply involved in the community? Do people come to you more

for the personal touch than the coffee?

Perhaps you're neither of those. Perhaps you're the gas-station coffee—cheap and fast.

Once you articulate your business proposition, you'll do a much better job of answering the three value proposition questions.

Next, ask yourself what your differentiation is.

Unless you are a specialty tool or equipment company, it's very unlikely that your products or design are your differentiation. Even Apple is having a hard time differentiating on design these days, and it is one of the best-ever examples of this concept.

Your differentiation can't be "great service" either. Great service is not optional; it's a minimum standard necessary to compete.

Your differentiation must include thoughts about which customers you serve, your product offering, how you sell and service your customers, how and where you interact with your customers, and how you keep your customers coming back. Put a few great ideas together from these suggestions, and you may have a very compelling differentiation.

Now you get homework: Polish up your value proposition before next month's column. Then let's take your marketing knowledge to the next level. ♦



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