

What a Unique Selling Proposition Really Means & Why Your Business MUST Have One

If you're interested in business and marketing, at some point you'll learn about the need to have a unique selling proposition. The Entrepreneur.com encyclopedia defines a unique selling proposition as follows:

“The factor or consideration presented by a seller as the reason that one product or service is different from and better than that of the competition.”

But what does that mean? How will a unique selling proposition help your business?

The problem with book definitions is that they rarely help with understanding what a term like this means. You can read textbook definition after textbook definition and never truly understand the core meaning.

So what exactly is a unique selling proposition, and how will having one help your business to succeed?

The Real Definition of a Unique Selling Proposition

A unique selling proposition is what your business stands for. It's what sets your business apart from others because of what your business makes a stand about. Instead of attempting to be known for everything, businesses with a unique selling proposition stand for something specific, and it becomes what you're known for. Let me explain.

Many businesses make the mistake of attempting to stand for everything when they first get started. They want to do everything well, and they want to be all things to all people. They want to be known for having the highest quality products AND the lowest prices. They want to have the best food AND the cheapest prices. They want to be known for the best burgers AND the most delicious salads AND the juiciest steaks and ribs.

The problem is this: When you attempt to be known for everything, you don't become known for anything..

Let's look at two hypothetical companies as an example.

Company number one offers web design, social media marketing, search engine optimization (SEO), copywriting, conversion optimization, PPC, and more. Company number two offers SEO and copywriting services, but they don't offer web design, social media marketing, conversion optimization, etc.

Now let's consider a customer – an experienced CEO who's looking for an SEO copywriter who can write content for his website. He also knows about both companies.

When he considers company one, he thinks of them as a web design company, and he doesn't even know they do SEO copywriting because they're best known for their web design. When he thinks about company two, he thinks of them as an SEO copywriting company, since that's their specialty.

When it comes time to choose a business to provide this service, which do you think he'll choose? The one who's known for web design generally, or the one who's known for SEO copywriting specifically?

The answer is number two.

Now of course, there are always exceptions. A large digital marketing agency can become known for many services and can fulfill all of those services since they have many employees and multiple departments.

But if a smaller business wants to steal some market share from a larger competitor, they're better off making a stand for something and becoming known for that thing rather than trying to do everything. Remember, if you want to stand out, i.e. if you want to "have a unique selling proposition," your business needs to stand for something because that's what you'll become known for. It's impossible to stand for everything.

Let's look at a few more examples.

Basecamp is a project management software developed by 37Signals, and it provides an excellent example of a successful unique selling proposition.

According to their website, Basecamp is used by millions of people as an "online project collaboration tool," and it's "the top choice of entrepreneurs, freelancers, small businesses, and groups inside big organizations." If you pay close attention to the second statement, you'll notice that it doesn't say that Basecamp is the top choice for large organizations and multi-national corporations. Instead, it talks about being the top choice for freelancers and smaller organizations. This is done on purpose.

37 Signals made the decision to create Basecamp as an online project collaboration tool for smaller organizations. They realized that if they tried to appeal to everyone, i.e. smaller organizations AND multi-national corporations, then the product wouldn't be awesome for anyone. The product would become too complicated for smaller organizations and would have the danger of being too simple for larger corporations.

Basecamp is the top choice for entrepreneurs, freelancers, small businesses, and groups inside big organizations.

For Basecamp their unique selling proposition becomes second nature. Their entire philosophy is about creating software that meets very minimal requirements and not feature-rich software aimed to please everyone.

Instead of compromising and making the product less effective by trying to appeal to everyone, 37 Signals took a stand to create a product for smaller organizations. Because of this, they've become the online project collaboration tool of choice for freelancers and smaller organizations. Instead of creating a product made for everyone but appealing to no one, they've become known for having the best tool on the market for a specific segment of the market.

Starbucks is another successful business that makes for a great case study on unique selling propositions. They went from a small coffee shop in Washington to one of the most recognized brands in America, and they transformed this country from a nation of Folgers drinkers to a nation of coffee connoisseurs.

How did they do it? You guessed it—they developed a unique selling proposition.

To become familiar with Starbucks' unique selling proposition, you can ask this question: "What does Starbucks stand for, and what is it that they're known for?" The answer is simple: They stand for premium coffee beverages, and they're known for the same.

They don't stand for premium coffee beverages AND the lowest prices. If they did, they wouldn't stand out from corner gas stations. Because they take a stand to provide premium coffee, they stand out from the corner gas stations that sell cups of coffee for \$0.99. If they instead tried to compete head to head with gas stations on price, quality would suffer, and their product wouldn't be unique. They wouldn't be able to stand for premium coffee.

They also don't stand for premium coffee AND gourmet breakfast sandwiches AND the most amazing smoothies AND the best prices. Yes, they've offered those products in different forms for different periods of time, but that's not what they stand for. They're not trying to be known as the amazing coffee, sandwich, AND smoothie place, and they're not trying to compete head to head with McDonalds or Jamba Juice. Instead, they're the convenient premium coffee cafe that happens to also sell breakfast sandwiches and smoothies if you want one while you're picking up your delicious coffee.

Don't be fooled! Although Starbucks does offer items other than coffee drinks, what they are uniquely known for is making high-quality coffee beverages.

If they tried to be known for everything, there wouldn't be anything to make Starbucks unique. Taking a stand as the premium coffee company makes sure they're unique and that they're known for something.

Zappos is another company with an excellent unique selling proposition. They're known as the most convenient, customer-friendly online store for buying shoes. They've attained this position by offering free shipping and free return shipping. The result is that people order multiple shoes at a time and return the ones they don't want. Sometimes this works in Zappos favor when customers keep the extra pairs, but other times it cuts into their margin and lowers profits.

Regardless, Zappos is known as the most convenient, customer-friendly online store for purchasing shoes. But they aren't known as the most convenient store for purchasing shoes AND the lowest prices. It would be impossible to do both. If they offered the lowest prices, there's no way they could offer free shipping and return shipping on multiple pairs of shoes for each customer.

Zappos has a unique selling proposition that is quite simple: have the best return policy ever. A return policy that removes the fear of buying online and buying shoes that might not fit.

Not only would this be impossible and force them into bankruptcy, but they also wouldn't stand out from the competition. Since many online stores compete on price, only offering the lowest prices wouldn't make Zappos stand out for any reason. By offering the most customer-friendly shipping policies and being known for the best customer service in their industry, Zappos stands out from the crowd by making a stand for the best customer service and free shipping, and they're able to sell shoes at a higher price due to the fact that they stand out from the competition.

What Will Your Business Stand For?

In order to have a unique selling proposition, you can't attempt to be known for everything. You have to make a stand for something. You have to choose what your business will stand for and what you'll be known for. By making a stand and choosing something that makes your business unique, you'll become known for that unique quality and stand out from the crowd.

So what will your business make a stand for? What will you be known for? Or what makes your current business unique?

Source: Joe Putnam, Neil Patel