

YOUR CORNER OF THE SPHERE...



By Stan Pohmer

We keep hearing the term “value proposition” in the context of identifying and communicating the specific reasons why consumers should be buying our industry’s products at your store. This is especially important not only because your customer is shared by every other retailer of any product in your marketplace, but also by the almost limitless virtual marketplace. What sets you apart? Why should you be their retailer of choice?

At first glance, the answer is relatively simple. You want to be high quality, low price, durable, offer exceptional customer service and expertise, conveniently located, well merchandised, provide a great experience, have a well-trained and personable sales team, and the list goes on. Oh, and all of this offered simultaneously.

But from experience, you know that great plans aren’t enough; the key to achievement is a function of execution. And you know, too, that it is impossible and resource (funds, time, effort) prohibitive to focus equal attention on being the best at everything to appeal to your customers; the result of lack of key focus is mediocrity on everything, and doesn’t set you apart from any of your competition.

Crafting Your Message

Your value proposition message should mirror your company’s core competencies — those attributes and activities you can perform and provide consistently better than your competition, the things that your customers look to you for and that you can perform flawlessly day in and day out.

To gain some focus, have your team list and rank all the things your consumer expects of you — the things that bring

them to your door and keep them coming back. Next to each attribute you identified, denote one of the following, based on your ability to deliver on them: exceeds customer expectations, meets customer expectations, and below expectations.

Ideally, if you’re truly honest with your assessment, you should have identified at least one, and possibly two or three, that you exceed expectations on, and on most of the others you meet expectations. If your strengths, the attributes that exceed expectations, are those that truly resonate with your customer, then you’ve identified your value proposition and this becomes the core of your marketing message. If, however, the top-ranked attributes you listed are not consistent with your strengths, then you’ve just identified your areas of opportunity to improve on.

One might expect that the most successful retailers exceeded consumer expectations in all focus areas. But the reality is that the successful retailers consciously dominated or chose to focus their resources on exceeding expectations in just two or three areas, while mostly meeting expectations in all the other criteria. In “The Myth of Excellence” by Fred Crawford and Ryan Matthews, they state: “What do customers want? For businesses to ‘wow’ them in one key area (say, Service), while the firm differentiates itself in a second (say, Product). Put the lion’s share of your time and resources into excelling in two areas, and it’s okay, even advisable, merely to meet expectations in the other criteria. In other words, dare to be average in the other three, resisting the ever-present temptation to spend just a little more on things your customer probably doesn’t care that much about anyway. In fact, if you’re spreading your precious assets peanut butter-style, evenly across all five attributes, you’re either wasting money or, worse, condemning all five to mediocrity.”

For Example

To put this philosophy into context, let’s look at some concrete examples at work. Wal-Mart dominates on the Price attribute, differentiates on Product and Convenience,

but just meets expectations on Experience and Service. By focusing most of their efforts on maintaining the emphasis on Price, the result is so powerful that consumers are willing to overlook any shortfalls in the other attributes.

Lowe's has positioned itself to be dominant in Experience, differentiates in Product, and meets expectations in Price, Convenience, and Service. Home Depot, on the other hand, dominates in Product, differentiates in Price and Convenience, and meets expectations in Service and Experience.

Nordstrom dominates on Service, differentiates in Experience and Product, meets expectations in Convenience, but is below expectations in Price. But because the Service image is so strong, it compensates for the lower Price measurement perception.

Where Do You Dominate?

Your opportunity is to identify those attributes and the components that are behind them that you can incorporate into your business that address and improve your customers' perceptions of what you offer. The challenge is to select those attributes where you want to dominate and differentiate vs. those where you simply want to meet customer expectations, and then determine what you need to do to take those under-performing attributes up the level of meeting expectations, providing you with a resource investment ... time, money, energy and people ... roadmap to reach your goals.

And remember that, in addition to going through this assessment process for your own operation, you also want to honestly benchmark your key competition so you can take advantage of their weaknesses and compensate for their strengths.

You know your customers better than anyone else, and you know what your capabilities are in meeting their needs and expectations. Now it's time for you to use this knowledge to carve out your corner of the sphere... 🌱

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