

Value Propositions — Moving From ROI to VOI



By Cathi Hight

WHAT'S A VALUE PROPOSITION?

As a marketing definition, a value proposition is your promise to deliver the expected experience of your products and services; a description of what, how and why a product or service is important to a customer; and answers as to why a customer should buy your product or service.

In our world, value propositions are what is given to members when they join and how they benefit year after year. Developing strong value propositions is not difficult if you understand what's important to members and prospective members.

THE VALUE IS THE BENEFIT, NOT THE FEATURE

Is the membership directory the value proposition? Are networking events the benefits? What about discounts offered through affinity programs? The answer to all three of these is NO. They are features of what we offer, but they are not the benefits or value delivered.

What's the difference? A feature is simply a characteristic of a product or service. For example, when a commercial touts that a vehicle gets *40 miles to a gallon*, it is only promoting one of its features. A benefit explains what the customer gains by using the product or service. In this example, benefits would be *saving money on gas or only having to stop and fill up twice a month, saving you time*. Often, we promote membership by stating features. Anyone can make a list of features. But it takes more work to convert features into benefits that members or prospects value.

MOVE AWAY FROM ROI TO VOI

Your members may question the value of membership by asking, "What's my ROI (Return on Investment)?" Equating every dollar invested to an equivalent dollar in return is a losing battle for expressing value propositions, since benefits received aren't always monetarily quantifiable. The

term ROI is the measure of the value of "hard" or tangible benefits, whereas the newer term, VOI (Value on Investment), is the measure of the value of "soft" or intangible benefits that members experience.

An important emerging trend for chambers to embrace is to express value propositions in terms of VOI and to communicate benefits that go beyond a monetary exchange. ROI in the membership realm is not as significant as the intangible benefits delivered through VOI. Consider promoting the value of membership by using the acronym VOI and substituting "I" words, such as "information," "influence," or "impact" for "investment."

What is the value of the information provided by the chamber? How do members benefit from our influence over outcomes made by policy decision makers?

THE "SO WHAT?" FACTOR

People need to know what's in it for them. If our value proposition promotes "Monthly Business-After-Hours networking," does it answer the "So What?" factor for members? No, because it doesn't promote the benefits or value of the event. Value is always determined by the customer, so our value propositions need to tout benefits our members really appreciate.

There are two types of value propositions, and we need to use both. General Value Propositions (GVP) state benefits experienced and valued by all members. For example:

1. Our Legislative Meet-Up allows members to meet face-to-face with their representatives to share their perspectives and discuss how issues directly impact their businesses.
2. Each member receives a ribbon cutting, which generates publicity, photo opportunities and traffic to your location free of charge.

Unique Value Propositions (UVP) promote specific benefits experienced and valued by a segment of membership (e.g., solopreneurs, retailers). For example:

1. Small business owners qualify for group health insurance at the same rate as larger businesses. They can attract and retain highly skilled workers and provide benefits at affordable rates.

2. We offer over 100 networking events a year, so you can market your business to over 10,000 prospects cost effectively and be in front of your target audience consistently.

LET MEMBERS COMMUNICATE THE VOI

If you want to make sure your value propositions are communicating benefits effectively, ask your members to toot the VOI horn and listen carefully to how they say it. Here are some questions you might ask:

- Describe one chamber initiative you supported and how it positively impacted your business.
- How has the chamber helped you to develop new or stronger relationships with others in the community?
- Describe something new you learned as a result of a chamber program.
- How have you integrated best practices or ideas gained from being a member into your business or personal life?

Capture VOI statements through open-ended survey questions, blogs, and everyday interactions with members. Use members' language to craft the value propositions — they say it best and in ways that will resonate with others. Share them on your website, marketing collateral, and with prospective members.

The next time you are interacting with a prospective member, take some time to craft an effective value proposition that is tailored to that company's needs. Used correctly, this tool can enhance your ability to recruit the member and communicate the value delivered through what you offer. The best value propositions communicate what matters most to members. ☐

Cathi Hight is president of Hight Performance Group and has over 20 years of experience in performance improvement. She helps organizations build sustainable futures, improve processes, increase productivity, and develop staff and member loyalty. Cathi may be reached at (720) 304-0747 or via email: cathi@hightperformance.com.