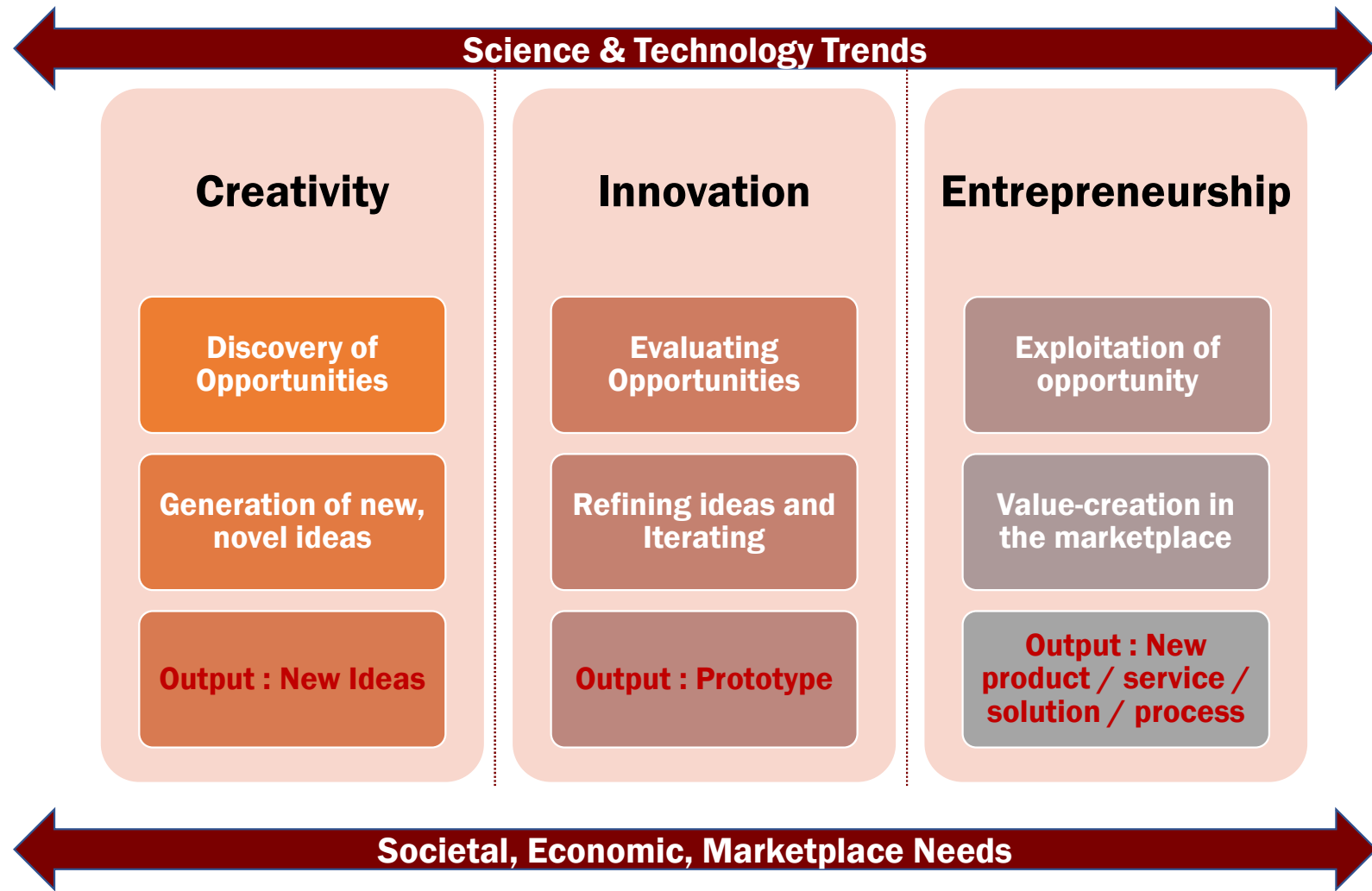


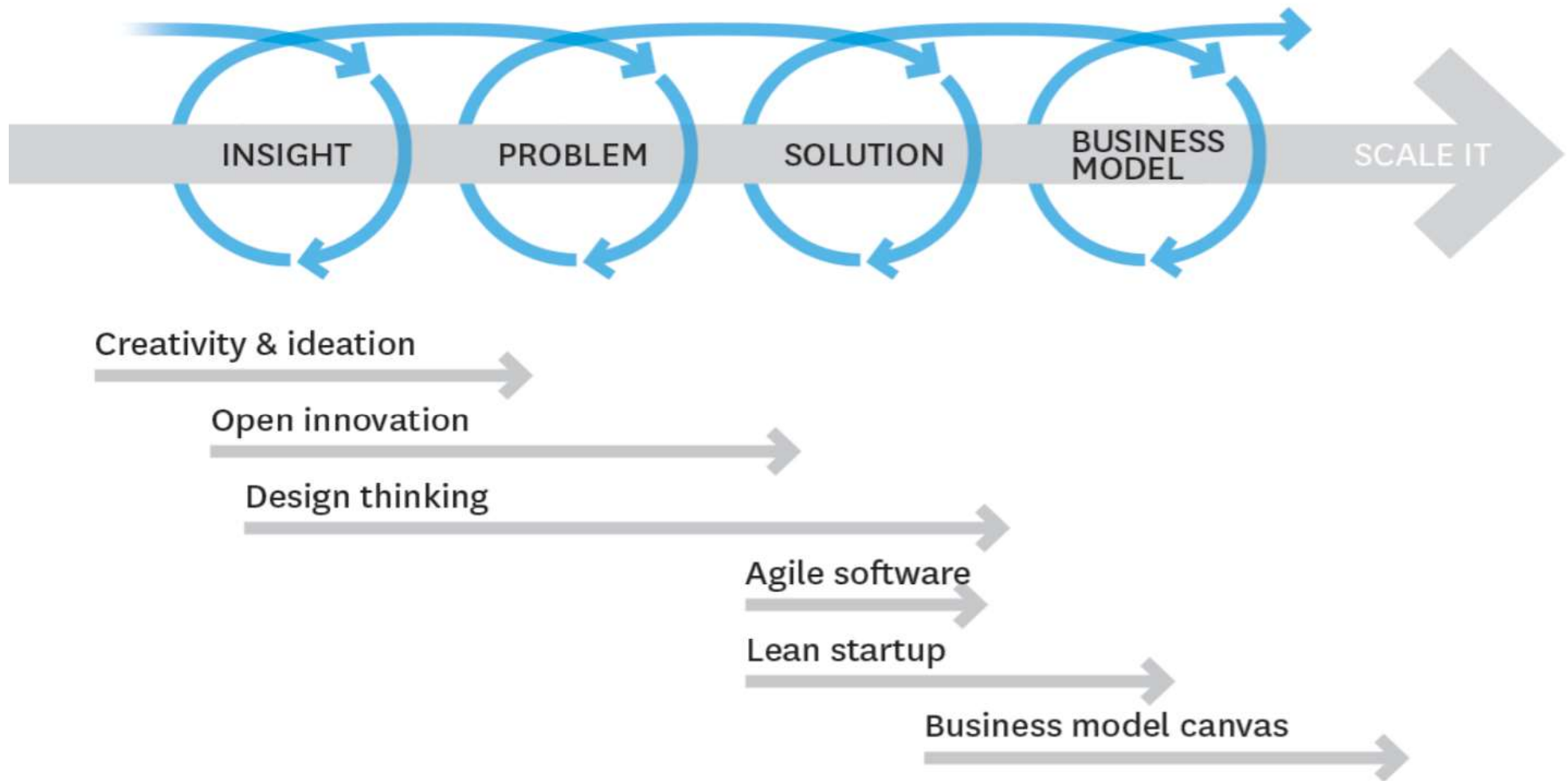
Problem Definition & Customer Value Proposition

28th Dec 2022

Creativity - Innovation – Entrepreneurship continuum



How the Innovation Process Works



SOURCE NATHAN FURR AND JEFF DYER

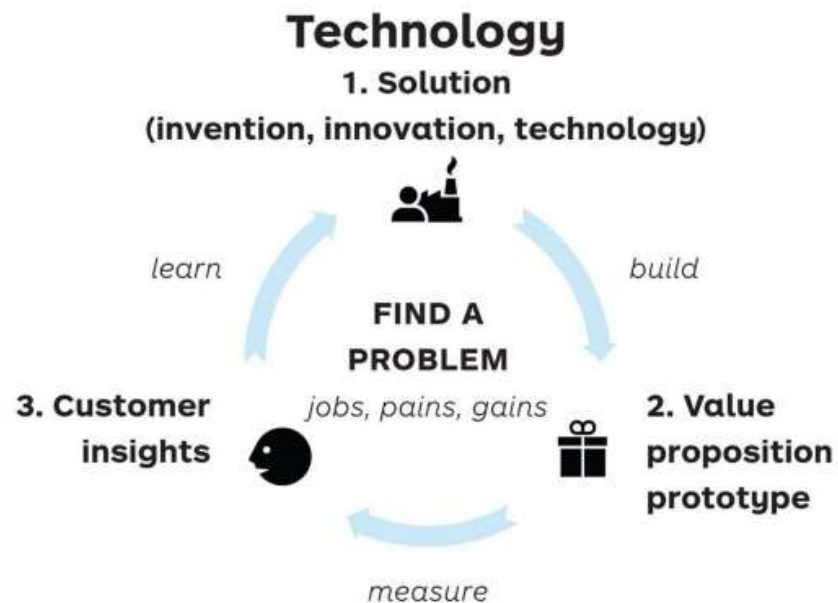
HBR.ORG

Building the Customer Value Proposition

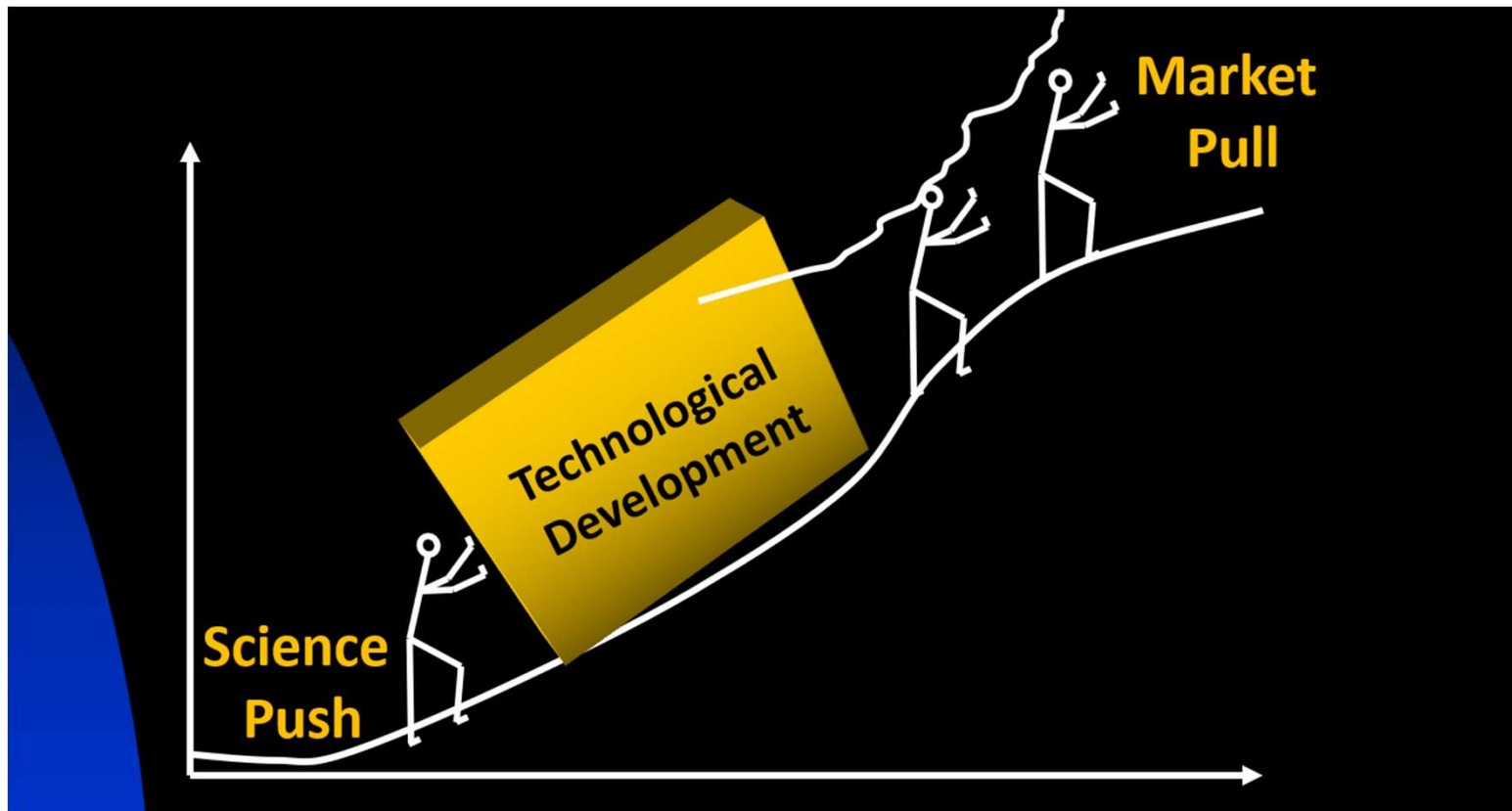


**Technology
Push**

**Market
Pull**



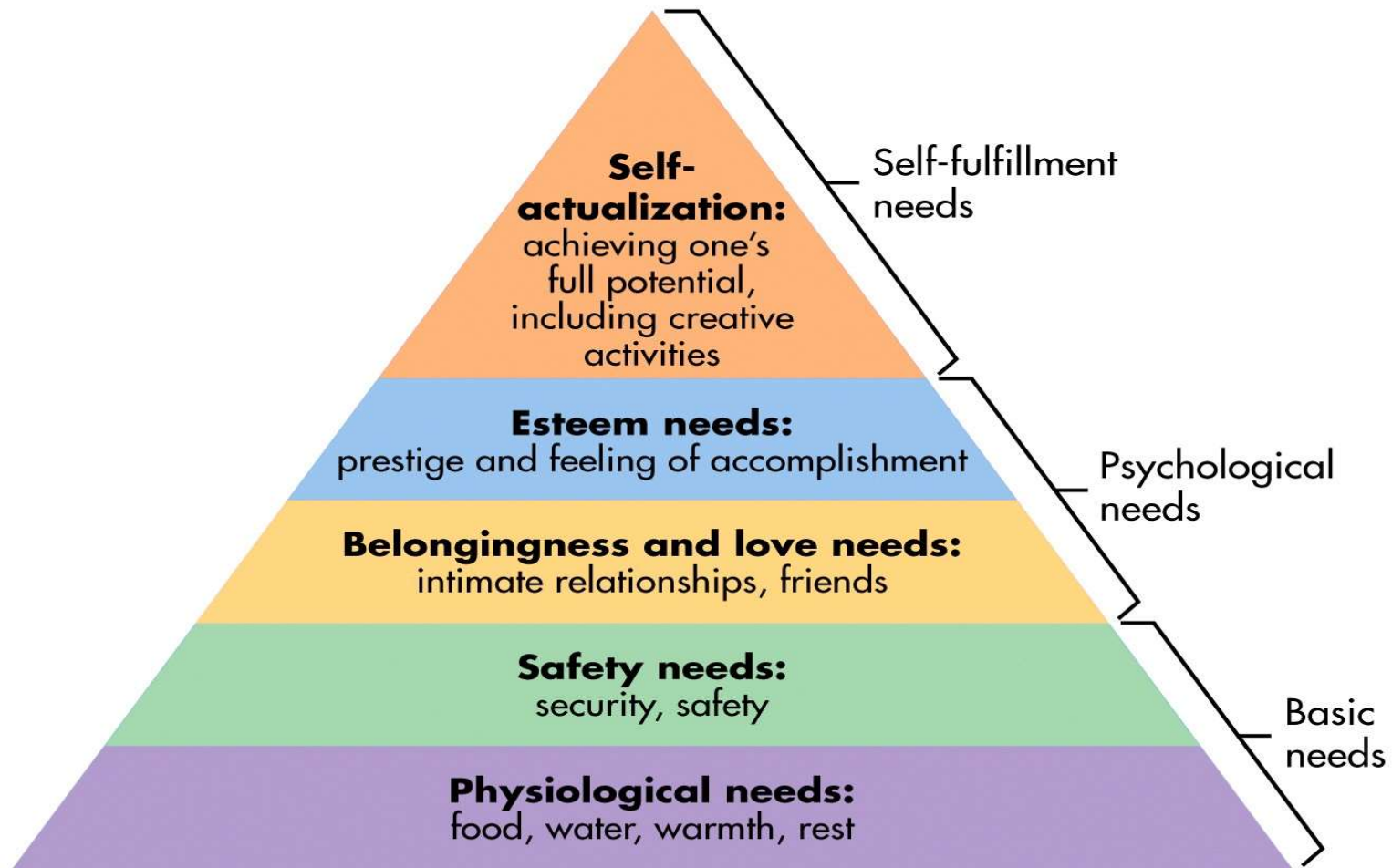
Technology Push & Market Pull



World – Sustainable Development Goals (UN)



Customer Needs – Unmet, underserved



Offerings (Product / Services) – Value or Worth

Uncovering Unmet Needs or Problems



- **Becoming the Customer : Discovering problems**
- **Anthropological Excursions** : Live with and observe customers
- **Talking to customers to learn the voice of the customer**
 - Indirect questions to discover wants and needs by leading customers through the ways they currently solve problems
 - Questions about functions rather than products
- **Customer Prototypes**
 - Draw pictures or create collages of people in the target market

Analysis of the Need

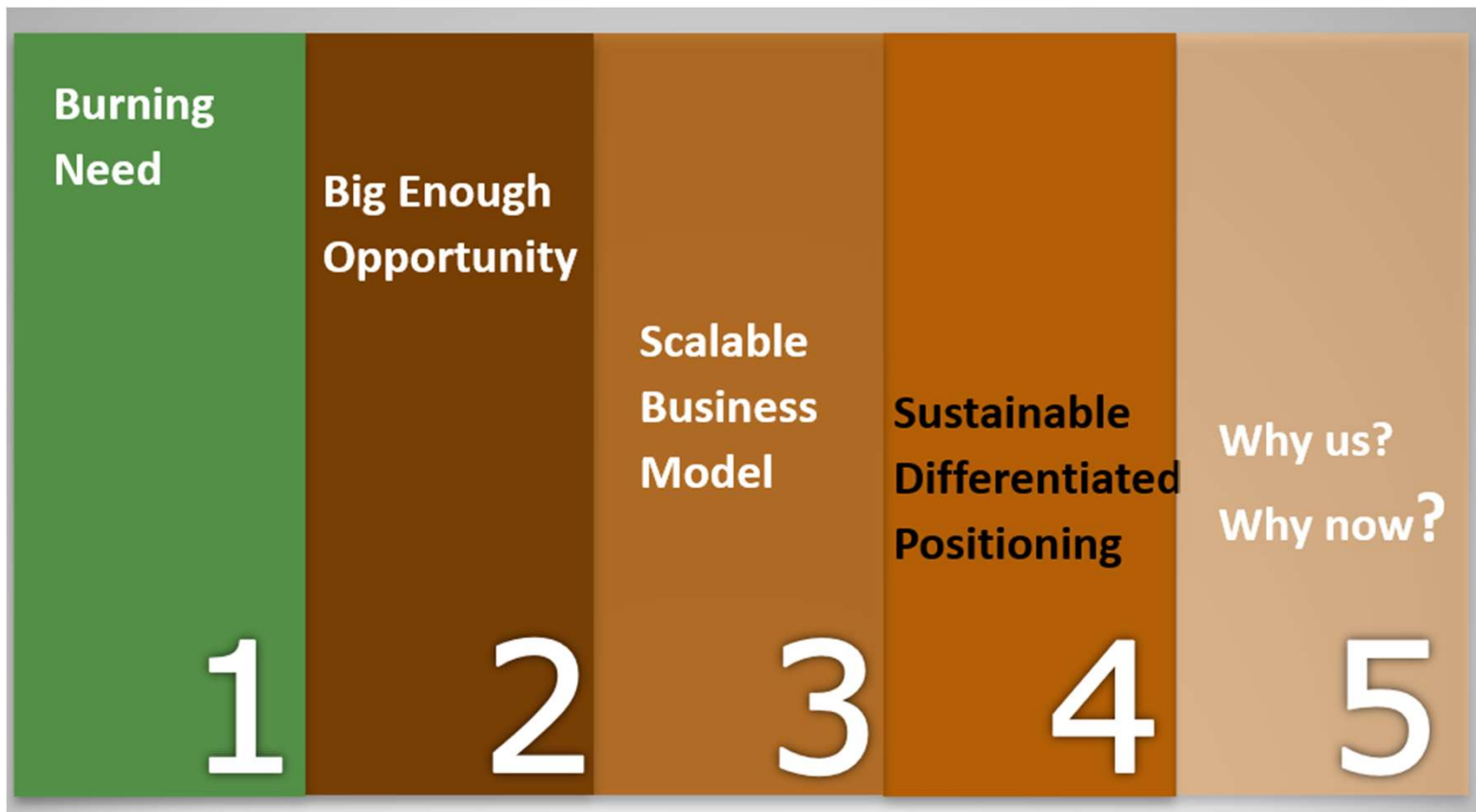


- **How is this need being satisfied ?**
- **Is the present method inefficient ? Ineffective ? Can it be improved ?
How**
- **What is good about the current method of satisfying the need?**
- **Why will the new method be better and succeed ?**
- **What is the relative cost of the current and the proposed methods ?**
- **Has an Unmet Need been discovered ?**

Defining the Problem , Identifying Opportunities



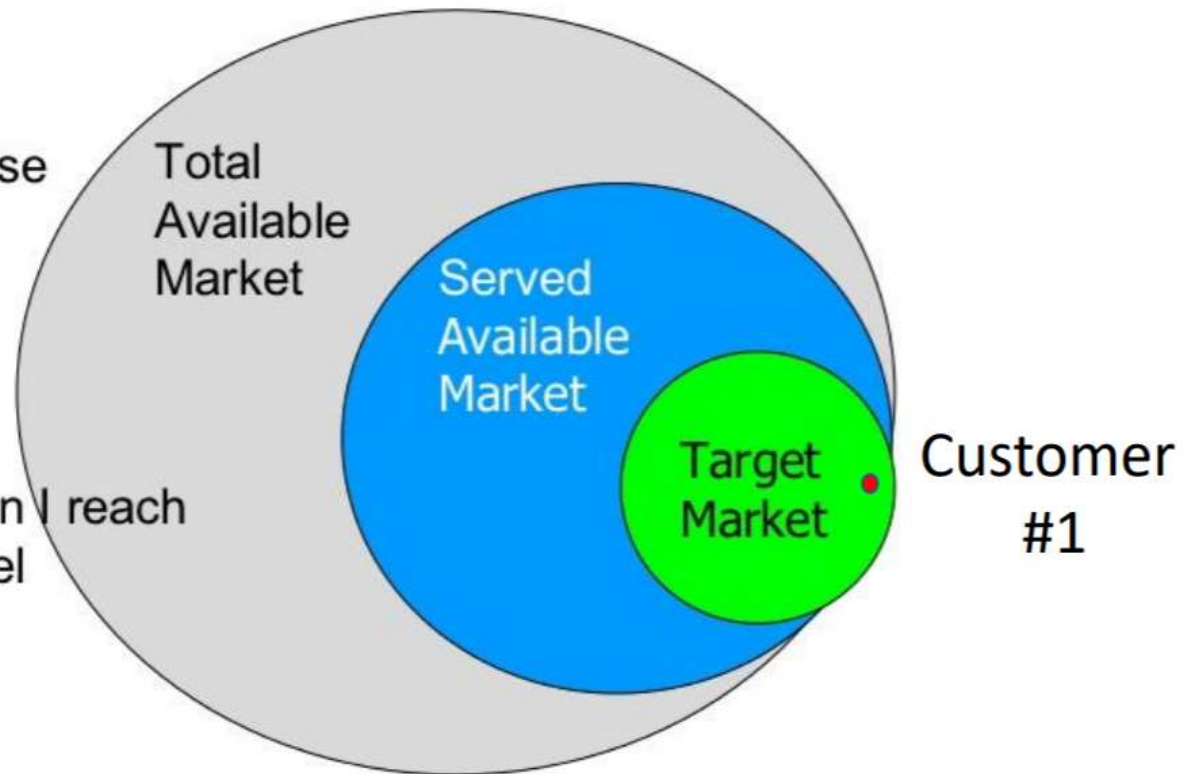
- **Has an Unmet Need been discovered ?**
- **Is this Problem worth solving ?**



Defining Target Markets & Customers

TAM = how big is the universe

SAM = how many can I reach
with my sales channel



Target Market (for a startup) =
who will be the most likely buyers

Market Segmentation



- **Mass Market** : Focus on one large group; e.g. consumer electronics
- **Niche Market** : Specific segments; i.e., supplier-buyer relationships like auto parts manufacturers
- **Segmented** : Different needs and problems
 - banks and professional services (engineering, consultants)
 - Lifestyle consumer products
- **Multi-sided platforms**:
 - credit card companies; i.e., card holders and merchants
 - e-commerce platforms

Customer Segmentation



- **Demographic**
 - **Age, Gender, Income, Occupation, Family Status**
- **Psychographic**
 - **Psychology, Lifestyle, Personality, Social Status**
- **Behavioral**
 - **Quantum of usage and Occasion of usage**
- **Geographical**
 - **Global, National, Regional, State, City/Town/Village, Locality**

What is the customer's persona ?



Rachel Small Business Owner



- Social Media Marketing
- Key decision-maker

Demographics

- Age 32-39
- Skews female
- \$90,000/yr
- Urban location
- Master's degree
- Married, no kids

Goals and Challenges

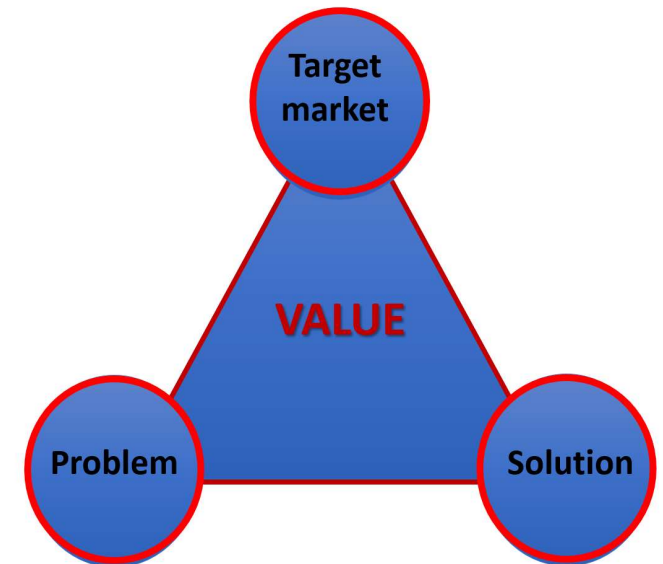
- Save time online
- Find interesting content to share
- Maximize social media resources

How we can help

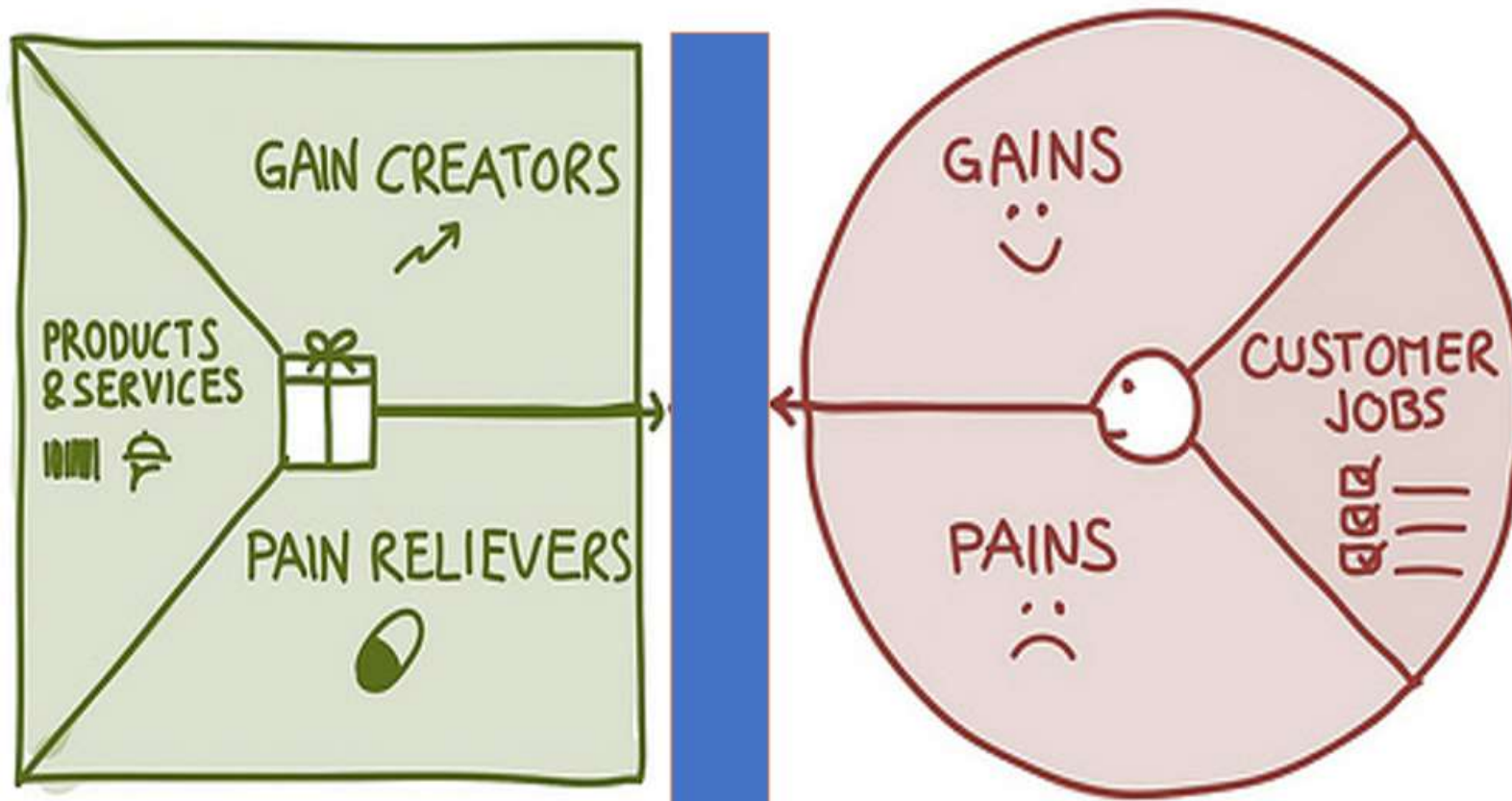
- Schedule posts to a queue
- Content suggestions

Elements of Value

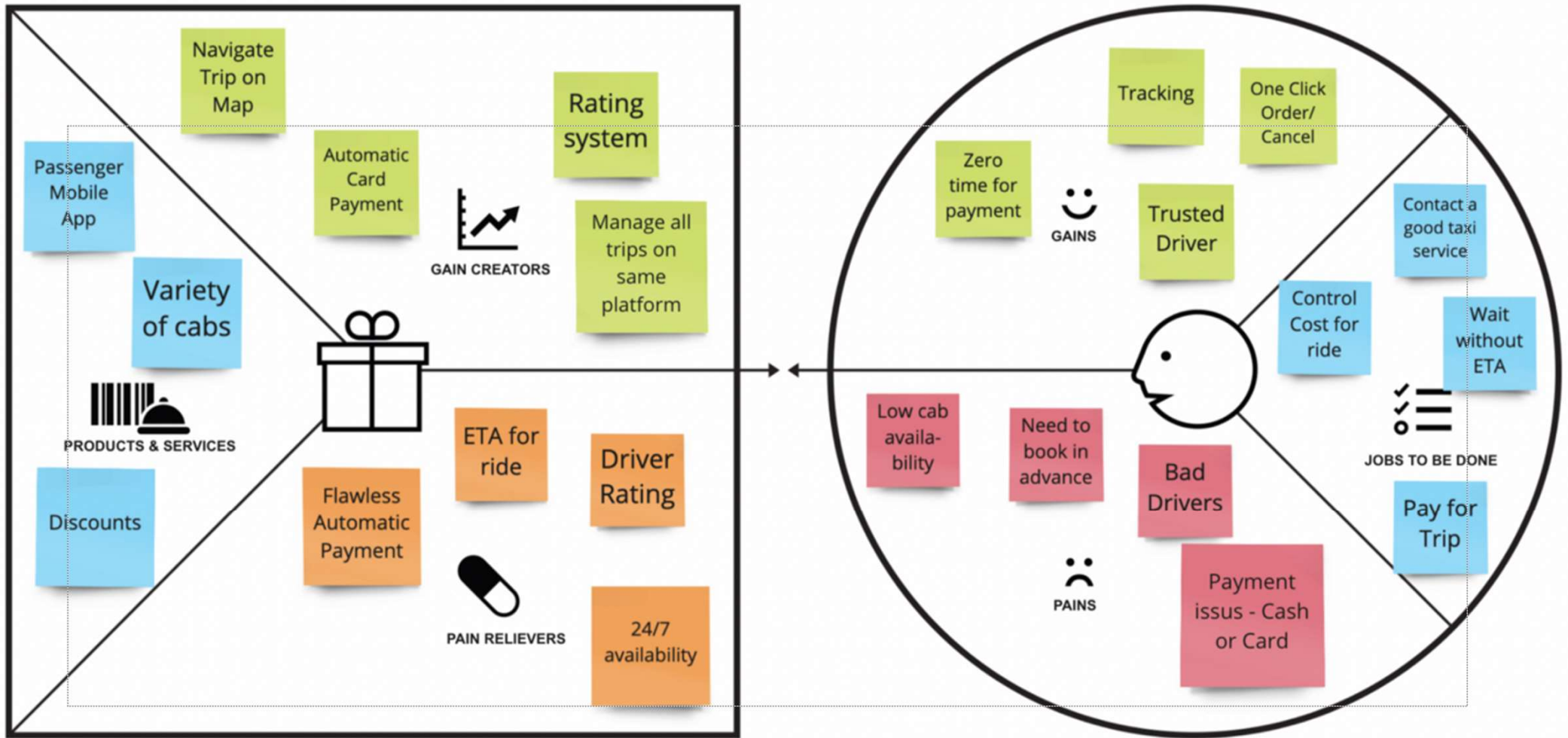
- **Value : worth, importance/relevance or usefulness**
- **Value and Price: Value (what you get) = worth of the social and economic benefits a customer pays (price; in monetary terms) for an offering**
- **Most technology-based products are initially focused on functionality and performance**
- **Values Offered to a (Technical) Customer:**
 - **Product (Functionality, Performance)**
 - **Service (Technical Service, Consulting)**
 - **Price**
 - **Access (Sales Channels; Sales Cycle)**
 - **Experience**



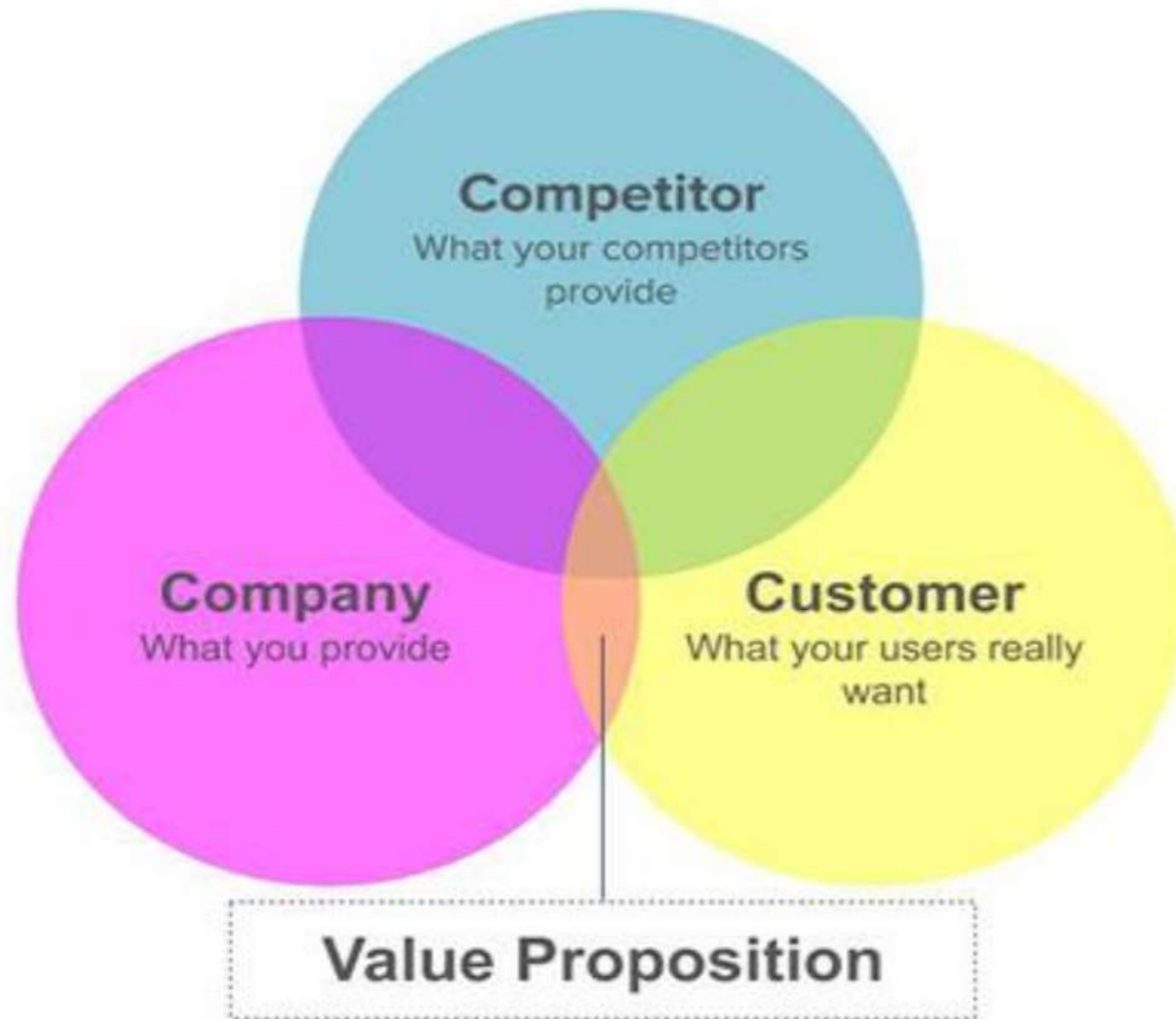
How do we create our value proposition?



Value Proposition: A Reference



How do we create our value proposition?



What therefore are Value Propositions



- **Is a bundle of products and services that create value**
- **Describes why a customer should buy the product / service**
- **Targets a well-defined customer segment**
- **Convinces prospective customers that a particular product or service**
 - **will add MORE VALUE or BETTER solve a problem than competitive products or services**
- **Value Propositions can be Quantitative (Price, Speed, Efficiency ..)**
- **Value Propositions can also be Qualitative (Design, Customer Experience ..)**

Google Proposition : Which one resonates ?



**“Google is the
world’s largest
search engine that
allows Internet
users to find
relevant
information quickly
and easily.”**

**“Google uses a
patented page-
ranking algorithm
to make money
through ad
placement.”**

What is it?

Who is it for?

Why is it valuable?

Product Definition



- **What will it do ?**
- **Who will buy it ?**
- **What is the context in which this product will be bought ?**
- **What are the major competitors ? Or replacements**
- **What are its rough dimensions ?**
- **What functional features should it have ?**
- **What are the psychological descriptors of the product ?**

Product or Service or Solution or Offering

Writing a Winning Concept



Concept Format

- Insight
- Functional Benefit
- Reason to Believe
- Emotional Benefit

Jacob's Concept

"Feel Good Snacking"

I love to eat between meals, but it's not always easy to make the healthy choice when it comes to snacking. (insight)

Jacob's crackers are a tasty and healthy way to snack between meals. (functional benefit)

Because they're made with the simple goodness of carefully selected ingredients and have 8 essential vitamins and minerals. (reason to believe)

Jacob's allows me to feel good about snacking. (emotional benefit)

Product Design: Design Thinking: User Empathy



Goal: Understand user journey

Observe:

- Watch people doing the activities. Go to the place where they do those tasks
- Listen more, ask less.
- Do not ask leading questions.

Fall in love with the problem, not the solution:

- Go with an open mind.
- Do not show them the solution.
- People will tell you their solutions, not their problems.

Understand holistic journey:

- Ask what they did before and what they will do after the task
- Ask what they typical day looks like.
- What are the most time consuming tasks during their day.
- What are the biggest barriers in completing the task

Credit : Milind Kopikare

Ground Rules for Customer Interviews



- Explore customer pains and gains with **Fresh Ears**
- **Listen more** than you talk
- Look for **non-verbal** cues
- Ask **Why's**. A set of Why's.
- You are not there to sell, you are there for **Learning**
- Do **not jump** to your solution eg our prototype does this
- **Cut short** failed interviews
- Follow up, seek permission, send **a thank you** message
- Keep **doors open**

Good and Bad Questions



- **Ask open ended questions:**
 - Answers should not be a simple yes or no.
 - E.g: Do you use a CX product? v/s How do you manage the customer experience?
- **Do NOT ask binary questions**
- **Do NOT ask hypothetical questions:**
 - If you were a product manager, what would you do about CX?
 - Reason is people get overly fictitious and imaginative without any grounding to reality
- **Do NOT ask leading questions:**
 - “If you could increase your CX NPS by 10%, would you be interested?”

Credit : Milind Kopikare