

**VALUE PROPOSITION**  
**CANVAS-**  
**AMAZON**



**BY**  
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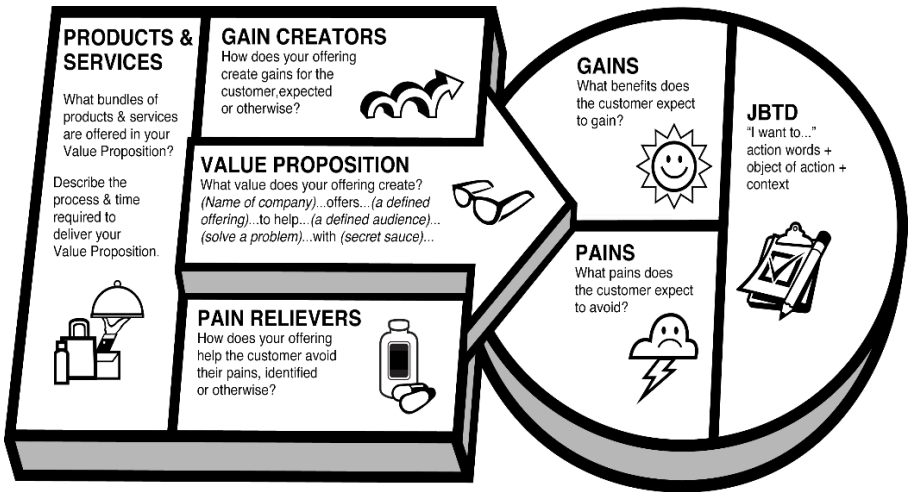
**MARKETING**

# What is the Value Proposition Canvas?

The Value Proposition Canvas is a tool which can help ensure that a product or service is positioned around what the customer values and needs.

The Value Proposition Canvas was initially developed by Dr Alexander Osterwalder as a framework to ensure that there is a fit between the product and market. It is a detailed look at the relationship between two parts of the Osterwalder’s broader Business Model Canvas; customer segments and value propositions.

The Value Proposition Canvas can be used when there is need to refine an existing product or service offering or where a new offering is being developed from scratch.



## ADVANTAGES:



The Value Proposition Canvas helps the firms to systematically understand the customers wants and then it creates products and services that perfectly match their needs. It collects customer information in a simple way that suits their needs and requirements which allows a more effective design of **business model**. Eventually, this will lead to profitability and no time will be wasted on developing ideas that customers may not be interested in.

## COMPANY BACKGROUND:

### AMAZON - A suite of value propositions

Amazon started as an online book store. But over the years, through acquisitions and internal developments, the company now offers a suite of value propositions to sometimes very distinct types of customers.

#### 1. Kindle: Easy to read on the go

The **Kindle** doesn’t appeal to everyone.

we hear people saying:

- “I can’t read on a screen.”
- “I prefer the feel of holding a physical book.”
- “I love the smell of a new book.”

These people aren’t Kindle users. Amazon knows that they target a particular audience.

These people have a few things in common. They love reading—often more than one book at a time. They’re often on the go (commuting or traveling). So, they want to travel light.

And so, the Kindle offers a great customer experience.

#### 2. Prime: Anything you want, quickly delivered

**Prime** represents the quintessential value proposition of online convenience.

It serves an audience of people who tend to be in a hurry. If they need something, they cannot be bothered going to a shop and don’t want to wait more than a day before it gets delivered.

The free one-day delivery is at the core of the customer experience. But people also like how privileged they feel. It’s not for everyone... and this sense of exclusivity is also comforting.

On top of that, Amazon bundles free fast delivery with many add-ons such as Amazon Video and Kindle Unlimited. This is a great deal and reassures those who feel concerned about subscribing to Prime.

And many more to explain...

# AMAZON.IN

30/06/2020



## VALUE PROPOSITION CANVAS

### COMPANY INTRODUCTION

**Amazon** is an American multinational technology firm based in Seattle that aims on e-commerce, digital streaming, cloud computing, and artificial intelligence. It is considered to be one of the Big Four technology companies, along with Google, Apple, and Microsoft. It has been referred to as "one of the most influential economic and cultural forces in the world" as well as the world's most top and valuable and.



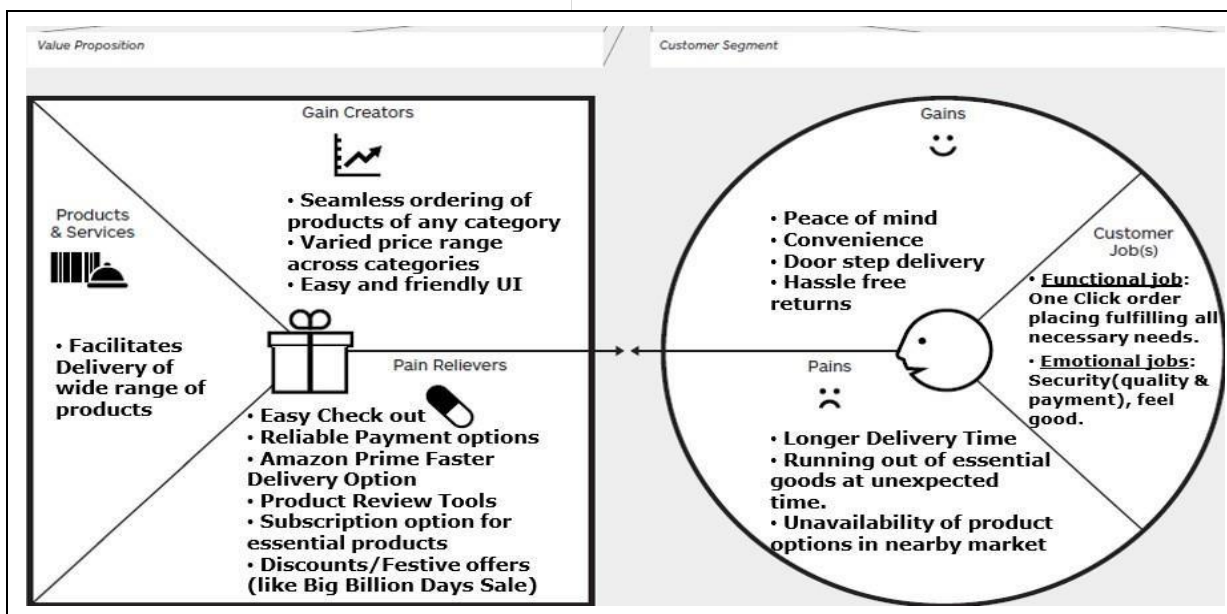
Amazon is also known for its disruption strategies of well-established industries through technological innovation and mass scale. Amazon is the largest Internet company with respect to revenue in the world. At the sametime it is considered as the second largest private employer in the United States and one of the most valuable company of the world.

Amazon was founded by Jeff Bezos in Bellevue, Washington, on July 5, 1994. Initially the company started as an online marketplace for books but later expanded to sell electronics, software, video games, apparel, furniture, food, toys, and jewellery. In 2015, Amazon defeated Walmart and became the most valuable retailer in the United States.

In 2017, Amazon acquired Whole Foods Market for US\$13.4 billion, increasing Amazon's footprint as a physical retailer.

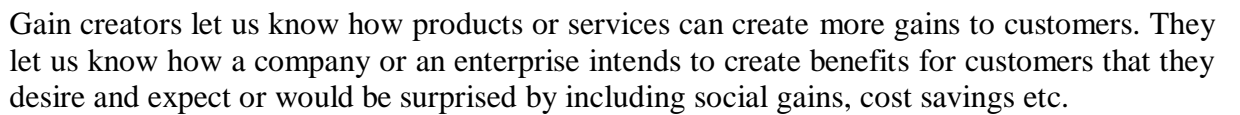
In 2018, it was announced that Amazon is also providing services as two-day delivery service, Amazon Prime, had surpassed 100 million subscribers worldwide.

Amazon provides downloads and streaming of video, music, and audiobooks through its Prime Video, Amazon Music, Twitch, and Audible subsidiaries. Amazon also provides publishing arm, Amazon Publishing, a film and television studio, Amazon Studios, and a cloud computing subsidiary, Amazon Web Services.





## GAIN CREATORS

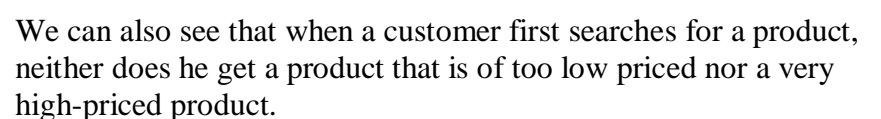


There are mainly 3 gain creators for Amazon that we have identified:

Amazon provides a seamless ordering method that is very easy for even first-time users of the site. The product, when mentioned in the search bar for purchase, also shows related products along with the products you want to purchase. They also show offers and discounts and products from different brands



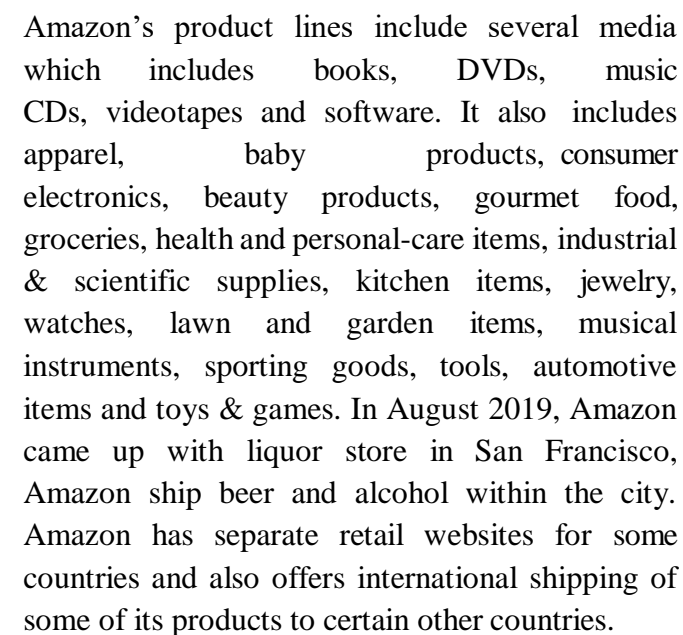
Amazon provides products starting from a price range as low as less than 500 to higher price ranges. The customer can choose from the required price range.



He gets one that is of moderate pricing and can choose from all the three as per his desire

The user interface of amazon is very easy for anyone to understand. Just as we open the mobile or desktop app, we can see that there are different categories of products mentioned and one can choose directly from it.

If not, he can also go and search for the specific product. The *filter* feature also helps to filter out price ranges and also use product features to filter products like color, size, etc. The checkout interface is also easy to adapt to.



Amazon.com has a number of products and services available, including:

- Amazon Fresh, Amazon Prime, Amazon Web Services, Alexa, Appstore, Amazon Drive, Kindle, Fire tablets, Fire TV, Kindle Store,
- Music Unlimited, Amazon Digital Game Store
- Amazon Studios, Amazon Wireless

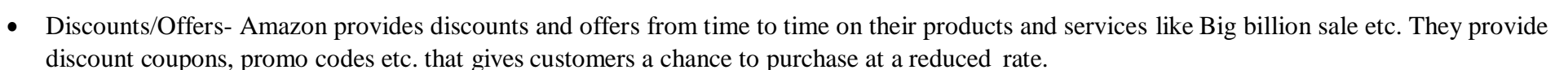
These wide range of product categories cater to all customer segments

## PAIN RELIEVERS

The Value Proposition Canvas helps the firms to systematically understand the customers wants and then it creates products and services that perfectly match their needs. It collects customer information in a simple way that suits their needs and requirements which allows a more effective design of **business model**. Eventually, this will lead to profitability and no time will be wasted on developing ideas that customers may not be interested in.

In case of Amazon some of the pain relievers include:

- **Easy check out-** The company has an easy check out where when we proceed, we can opt for an express delivery time slot or a scheduled delivery slot
  - **Reliable payment options-** Amazon is a safe, secure and guaranteed website that provides an easy method of payment that is authorized and recognized in the site itself. They do not ever accept payment or ask for payment outside the website.
  - **Amazon prime delivery-** They provide prime delivery where the products are delivered earlier than the time they usually take. Most of the time delivery charges in this case is also free of cost.
  - **Product review tools-** Amazon provides various review tools for the products like
    - ✓ Feedback Express
    - ✓ Feedbacks
    - ✓ Kibly
    - ✓ AMZShark
    - ✓ Feedback Five
- 





The value Proposition Canvas was developed by **Dr. Alexander Osterwalder** as a framework to ensure that there is a fit between the product and market.

# CUSTOMER SEGMENT



## GAINS

**Peace of mind** -Amazon.in Marketplace is safe, secure and guaranteed. It provides you with a convenient method of payment and is the only authorized and recognized form of payment on Amazon.in

**Convenience**-Amazon is known to have one of the most customer-friendly return policies in the eCommerce world. With easy to read and understand return and refunds terms, Amazon makes it incredibly easy for customers to return products and get refunds.

**Door step delivery** – Amazon provides Doorstep delivery in all cities where Amazon Fresh is available. We need to Choose a 2-3-hour time slot that works best for our schedule. They'll leave our items on our doorstep.

**Discounted Morning Delivery** to eligible addresses at minimum cost

No minimum order value required for **FREE** Standard Delivery.

**Prime Early Access**- Get early access to Lightning Deals on Amazon.in. if opted for prime account

**FREE One/Two-Day Delivery**- Amazon Prime's two-day-shipping policy guarantees that customers will get their packages within two days from when Amazon ships it, not from the time of ordering. Prime one-day shipping will be the same

**FREE Scheduled Delivery** - Scheduled Delivery is available for products like TV, AC, refrigerator, washing machine, furniture, microwave and treadmill which are Amazon Prime Eligible. You can place an order for any of these items and select a date and time for your delivery.

## PAINS

**Longer Delivery Time**- Amazon doesn't provide one/two-day delivery to certain addresses nor the door step delivery to gated or secure apartments.

**Stocks out:** Running out of essential goods at unexpected time, sometimes Amazon suddenly show an item out of stock even after the acceptance of the order and refund the money which frustrates the customers and may result in losing them

Unavailability of product options in nearby market

**Poor Customer support** - issues where the CS Agent not being able to resolve the problem

**Multiple steps** to be followed and many details are asked when it comes to returning an expensive gadget

Takes long time to exchange/return an electronic gadget compared to others



## CUSTOMER JOBS:

Customer jobs is based on the “jobs-to-be-done” concept, which describes about any important problem or issue that the customer is trying to solve, or any needs that they are trying to content.

Basically, customer jobs can be of the following types based on the kind of job the customer is trying to get done, they are functional, social and emotional jobs. When a customer tries to solve or perform a specific task it becomes a functional job. Trying to look good or gaining power or status specifies social jobs; and the feeling that the customer may seek, or the sense of security, aesthetics come under emotional jobs.

Therefore, customer jobs is an important component under the customer segment of the value proposition canvas and Amazon mainly fulfills the functional and emotional jobs of the customers.

### Functional jobs:

Amazon ensures that all the tasks or needs of the customers are fulfilled just in one click without much hassle or difficulty. Through the wide range of products of different categories, the company ensures that the customer's issue or problem is solved.



### Emotional Jobs:

Amazon also gives a feeling of security and happiness to its customers. With its wide product portfolio ranging from essentials to clothes and accessories amazon ensures that the customers get exactly what they are looking for. It also ensures high quality products/services and secure payment gateways, thus guaranteeing the customers that their money and needs are given the utmost priority by the company.



# CONCLUSION:

A robust and impactful Value Proposition is essential for AMAZON or any business to effectively engage and connect with customers, partners, stakeholders, and critically internal employees, by clearly communicating how it is different, better and worth purchasing from. The Value Proposition is central to the overall business model and should form the anchor for all decision-making, operations, and customer engagement.

• Gives direction

A Value Proposition of Amazon gives you direction by defining your ideal target audience right up-front, and then identifying and understanding a core need and desires that you look to satisfy with your planned solution.

• Creates focus

Amazon’s robust Value Proposition will help them to identifying the fundamental initiatives, activities and aspects of their business that will have the greatest impact on meeting the defined target audience’s needs.

• Improves customer understanding and engagement

The Value Proposition helps Amazon engage with customers in a compelling and resonant manner by understanding how they view you, and your products or services.

• Increases effectiveness of marketing

The Value Proposition will help Amazon directs their marketing efforts to concentrate on those activities that will generate the greatest results. By truly understanding the desired customers and their core need that you’re solving for, Amazon will be able to focus on the channels and vehicles that are most relevant, and will effectively communicate the benefits and advantages of your solution.