

INFO5992 Understanding IT Innovations

Week 8: Commercialisation II

Customer Development Process, Innovation
Management and Value Proposition Canvas

Semester 1, 2025



Acknowledgement of Country

I would like to acknowledge the Traditional Owners of Australia and recognise their continuing connection to land, water and culture. I pay my respects to the first nations people and their Elders, past, present and emerging.



Copyright warning

COMMONWEALTH OF AUSTRALIA

Copyright Regulations 1969

WARNING

This material has been reproduced and communicated to you by or on behalf of the University of Sydney pursuant to Part VB of the Copyright Act 1968 (**the Act**).

The material in this communication may be subject to copyright under the Act. Any further copying or communication of this material by you may be the subject of copyright protection under the Act.

Do not remove this notice.

UoS Semester Outline

Week		Learning Outcomes	Lectures
Module 2: Innovation Framework			
Week 01	L01, LO2, LO3	Unit of Study Introduction, Administrivia, Definition of IT Innovation, Importance of Innovation to a Country, General Purpose Technologies, Overview of Emerging Technologies	
Week 02	LO4, LO5	Innovation Frameworks I: Dynamics of IT Innovation, Dominant Design	
Week 03	LO6	Innovation Frameworks II: Disruptive Innovation, Innovator's Dilemma, Value Chain & Value Network	
Module 2: Development of Key Intellectual Property in the Modern Age			
Week 04	LO7	Introduction to Open Innovation and Closed Innovation Distributed Innovation I: Product Platforms, Web APIs	
Week 05		Distributed Innovation II: Crowdsourcing, Free and Open- Source Software, Open Data	
Week 06		Distributed Innovation III: Platform Ecosystems, User Innovation	
Module 3: Commercialisation Process and Business Strategies for Emerging Technologies			
Week 07	LO8	Commercialisation I: Startup vs Traditional Companies, Lean Startup Methodology and Agile Development	
Week 08		Commercialisation II: Customer Development Process, Value Proposition Canvas	
Mid semester break			
Week 09	LO8, LO9	Commercialisation III: Innovation Management, Business Model Canvas	
		Commercialisation IV: Capital & Fundraising for IT Innovation	
Week 10	LO11, LO12	Organisational Cultures and Structures Supporting Innovation, Judging IT Innovation	
Module 4: Innovation At-Scale			
Week 11	LO10	Innovation Ecosystem: Silicon Valley and Australia	
Week 12	N/A	Course Review Innovation Pitch Presentation	
Week 13	N/A	Innovation Pitch Presentation	
Final Exam			

The startup – 3 key principles

- Customer Development
“get out of the building”
 - including hypothesis-driven experiments with customers, pivoting etc.
- Business Model Canvas
“Sketch Out Your Hypotheses.”
- Agile software development
“Quick, Responsive Development.”

Steve Blank, Why the Lean Start-Up Changes Everything, Harvard Business Review, 2013, <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>

Customer development

Steve Blank

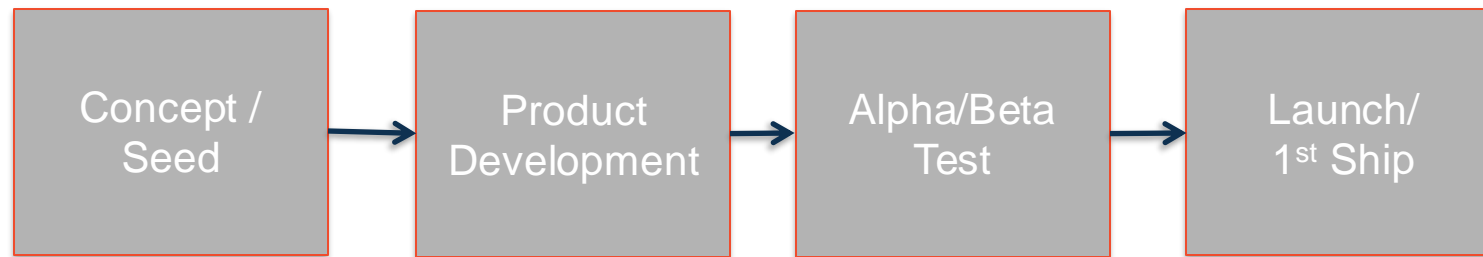
What's wrong with the New Product Introduction Model (for startups)

- “The 9 deadly sins of the New Product Introduction Model”:
 1. Assuming “I know what the customer wants”
 2. The “I know what features to build” flaw
 3. Focus on Launch date
 4. Emphasis on execution instead of hypotheses, testing, learning and iteration
 5. Traditional business plans assume no trial and no errors
 6. Confusing traditional job titles with what a startup needs to accomplish
 7. Sales and marketing execute to a plan
 8. Presumption of success leads to premature scaling
 9. Management by crisis leads to a death spiral

Source: Steve Blank and Bob Dorf, *“The Startup Owner’s Manual”* (2012)

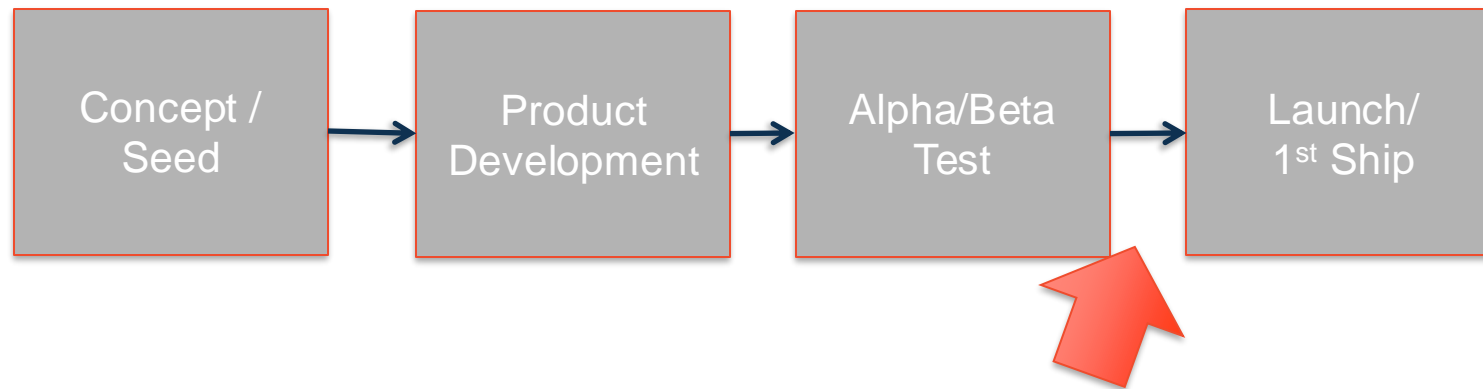
Introducing new products to a market: Traditional model

New Product Introduction model:



Introducing new products to a market: Traditional model

New Product Introduction model:



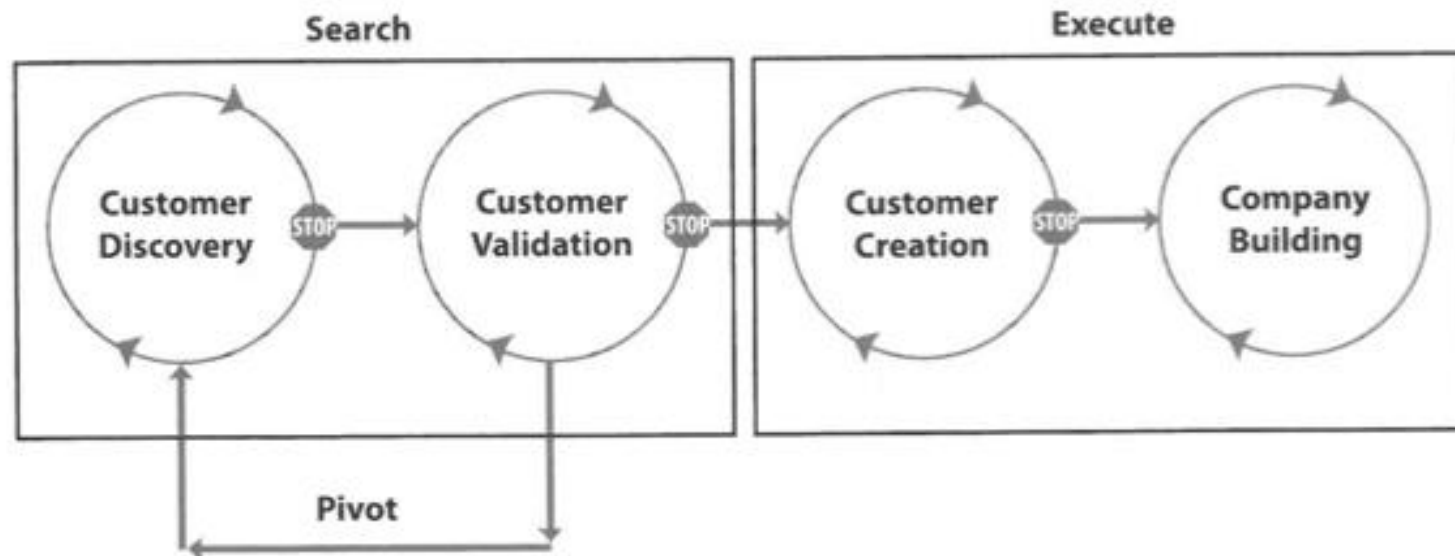
First contact between product and customer.
Too late!

“No business plan survives first contact with customers” – Steve Blank

Alternative approach for startups: Customer Development Process

Customer Development Process:

Works where customers are unknown, product features unknown, market unknown, basis of competition unknown – i.e.
Designed to solve “the 9 deadly sins”



Customer Development Process (Figure 2.1)

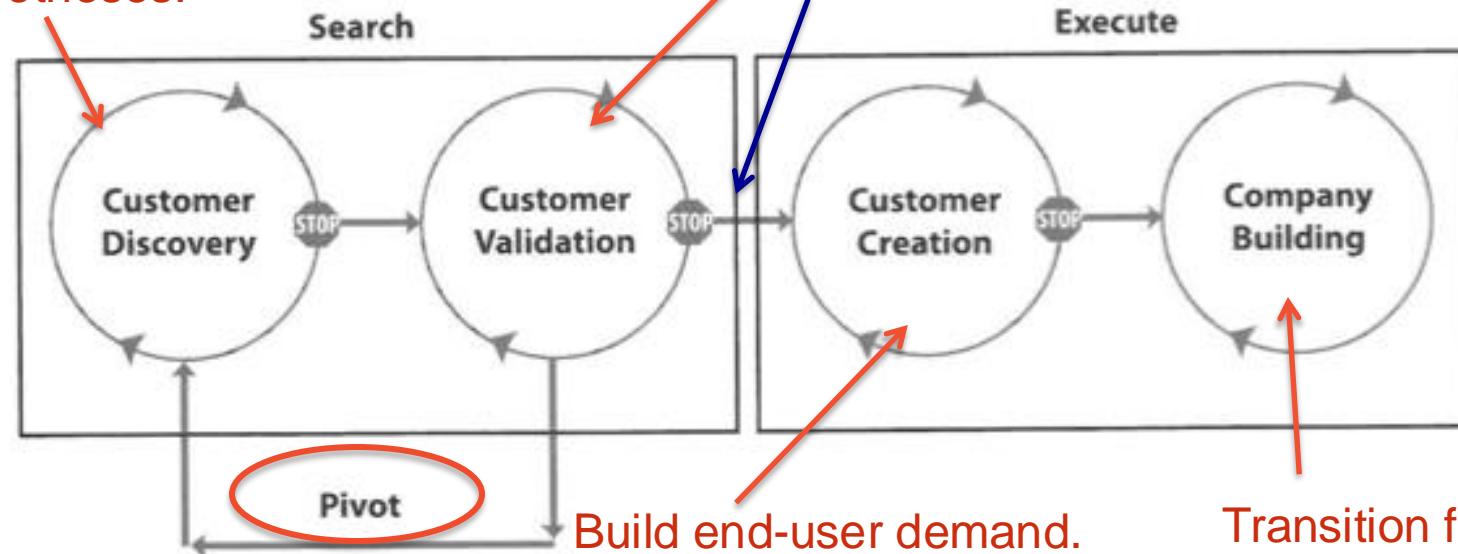
Source: Steve Blank and Bob Dorf, “The Startup Owner’s Manual” (2012)

Alternative approach for startups: Customer Development Process

Capture vision and turn it into business model hypotheses.
Develop plan to test hypotheses with customers.
Test hypotheses.

Test whether related business model is repeatable and scalable

Product/market fit



Build end-user demand.
Build sales channel.
Scale business.

Transition from startup to typical company

Source: Steve Blank and Bob Dorf, "The Startup Owner's Manual" (2012)

Customer Discovery

Phase 1 – Forming Hypothesis

- a) State problem and solution hypothesis
- b) Develop a hypothesis for the business model canvas

Phase 2 – Testing the problem

- a) Get out of the building
- b) Build wireframe or prototype
- c) Test your understanding of customers' problem or need

Phase 3 – Test the solution

- a) Build low fidelity app or prototype
- b) Test your understanding of the customers' agreement that you have the solution
- c) Test whether your solution matches with the customer

Match: Product-Market fit -> Match between Value Proposition and Customer Segment

Phase 4 – Verify or Pivot

- a) Do people agree you are solving a high value problem or need?
- b) Do you understand your business model enough to start test selling?
- c) Is it big enough to be a business?

Customer Validation

Phase 1 – Get Ready and Sell

- a) Acquire/ activate customers
- b) Build high-fidelity MVP
- c) Develop sales collaterals
- d) Develop sales roadmap

Phase 2 – “Test sell”

- a) Get out of the building and sell to evangelists and early adopters

Phase 3 – Develop positioning

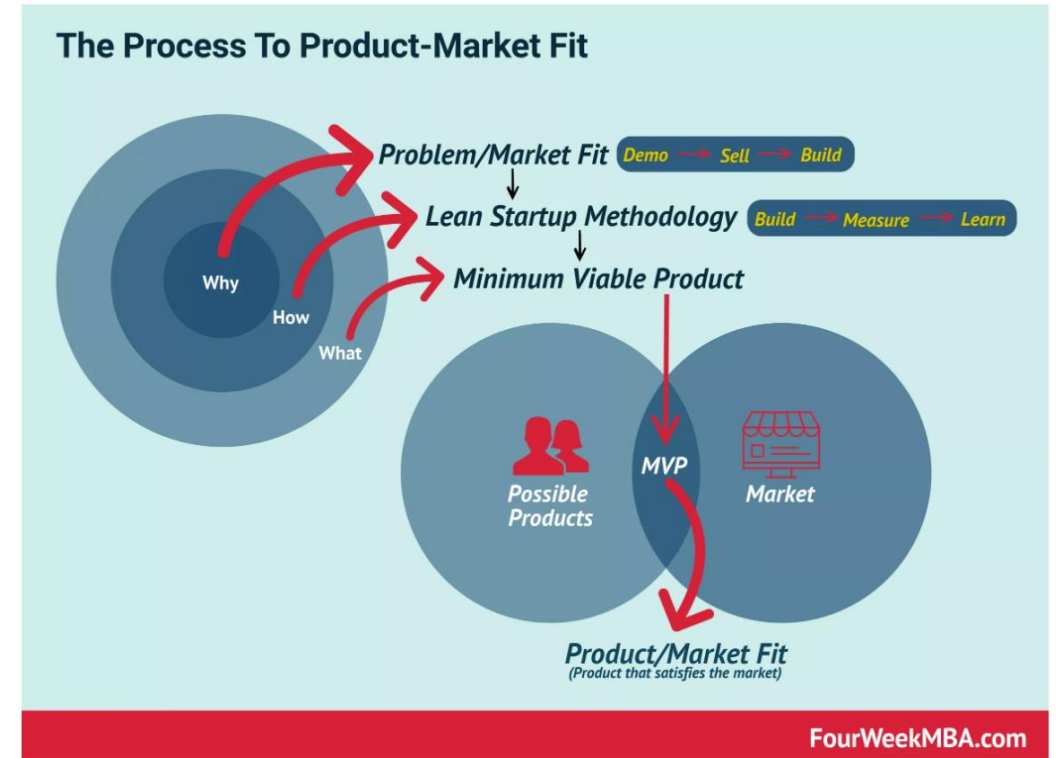
- a) Develop corporate and product positioning
- b) Based on customer feedback, how should we describe what we do?

Phase 4 – Verify repeatable and scalable business model

- a) Are you ready to scale marketing and sales?

Product-Market Fit

- A degree to which a product satisfies a strong market demand.
- A step in between customer validation and customer creation
- Steve Blank



<https://fourweekmba.com/product-market-fit/> (Apr'25)

The Customer Development Manifesto (The 14 Rules)

Rule 1. There are no facts inside your building, so get outside

Rule 2. Pair Customer Development with Agile Development

Rule 3. Failure is an integral part of the search

Rule 4. Make continuous iterations and pivots

Rule 5. No business plan survives first contact with customers so use a business model canvas (more soon)

Rule 6. Design experiments and test to validate your hypotheses

...

The Customer Development Manifesto (The 14 Rules)

Rule 7. Agree on market type. It changes everything

- Bringing a new product into an existing market
- Bringing a new product into a new market
- Bringing a new product into an existing market and trying to:
 - Re-segment that market as a low-cost entrant
 - Re-segment that market as a niche entrant
 - Cloning a business model that's successful in another country

...

There Are Four Types Of Startups

Steve Blank

www.steveblank.com
@sgblank

Source: Steve Blank and Bob Dorf, *"The Startup Owner's Manual"* (2012)

https://www.youtube.com/watch?v=6y3Wlrgp_NY

The Customer Development Manifesto (The 14 Rules)

— ...

Rule 8. Startup metrics differ from those in existing companies

Rule 9. Fast decision-making, cycle time, speed and tempo

Rule 10. It's all about passion

Rule 11. Startup job titles are very different from a large company

Rule 12. Preserve all cash until needed. Then spend

Rule 13. Communicate and share learning

Rule 14. Customer development success begins with buy-in

Agile Development

***How can project management be done for
innovation?***

Background

- In innovation projects, there are many unknowns:
 - Feasibility of idea may be unknown
 - Product or process concept may be vague
 - Target customers may be unknown
 - The way to make revenue may be unknown
- Some companies attempt to use traditional project management approaches for innovation projects
 - This often fails

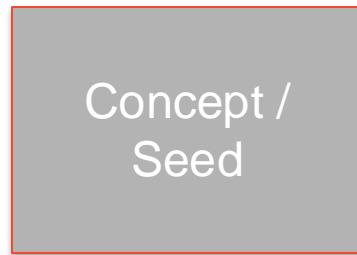
Introducing new products to a market: Traditional model

New Product Introduction model:

Works where customers are known, product features can be specified in advance, the market is well-defined, and the basis of competition is understood

Introducing new products to a market: Traditional model

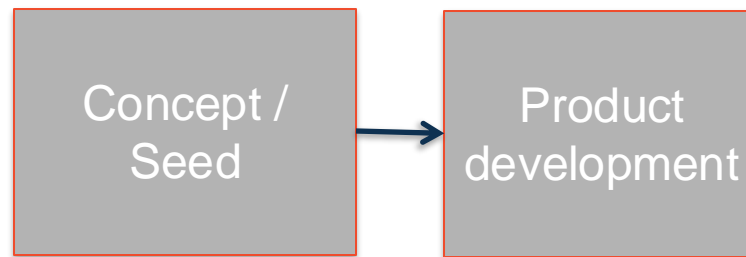
New Product Introduction model:



Come up with concept
Define product and product features
Determine customers
Do market research (statistical and some interviews)
Develop business plan

Introducing new products to a market: Traditional model

New Product Introduction model:



Specify market requirements

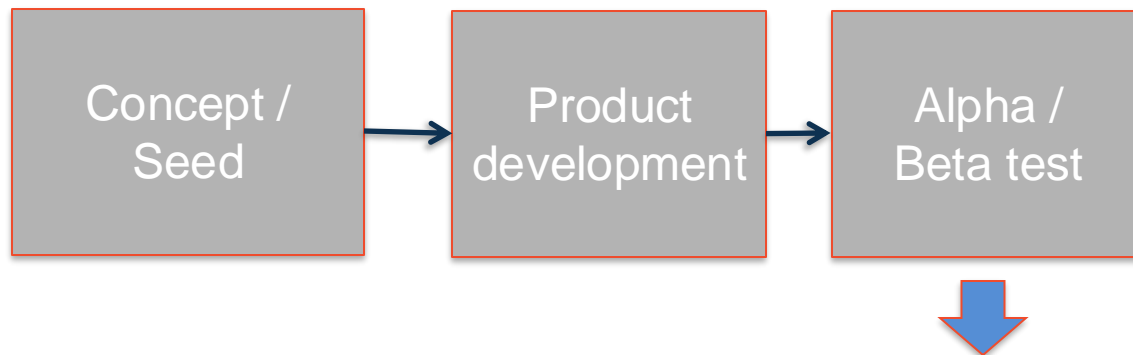
Develop product/service - typically using waterfall model:

Requirements, design, implementation, testing, maintenance

Promote future product/service

Introducing new products to a market: Traditional model

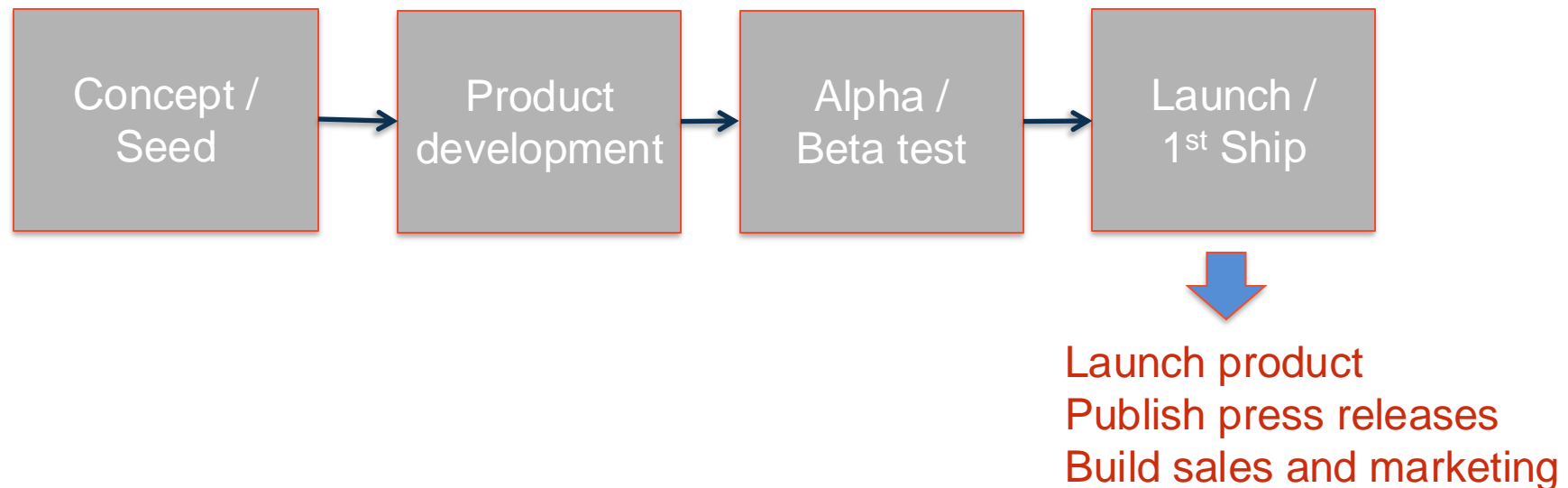
New Product Introduction model:



Sign up alpha/beta customers
Run alpha/beta trials
Develop sales and marketing materials
Get channel partners and build sales organisation

Introducing new products to a market: Traditional model

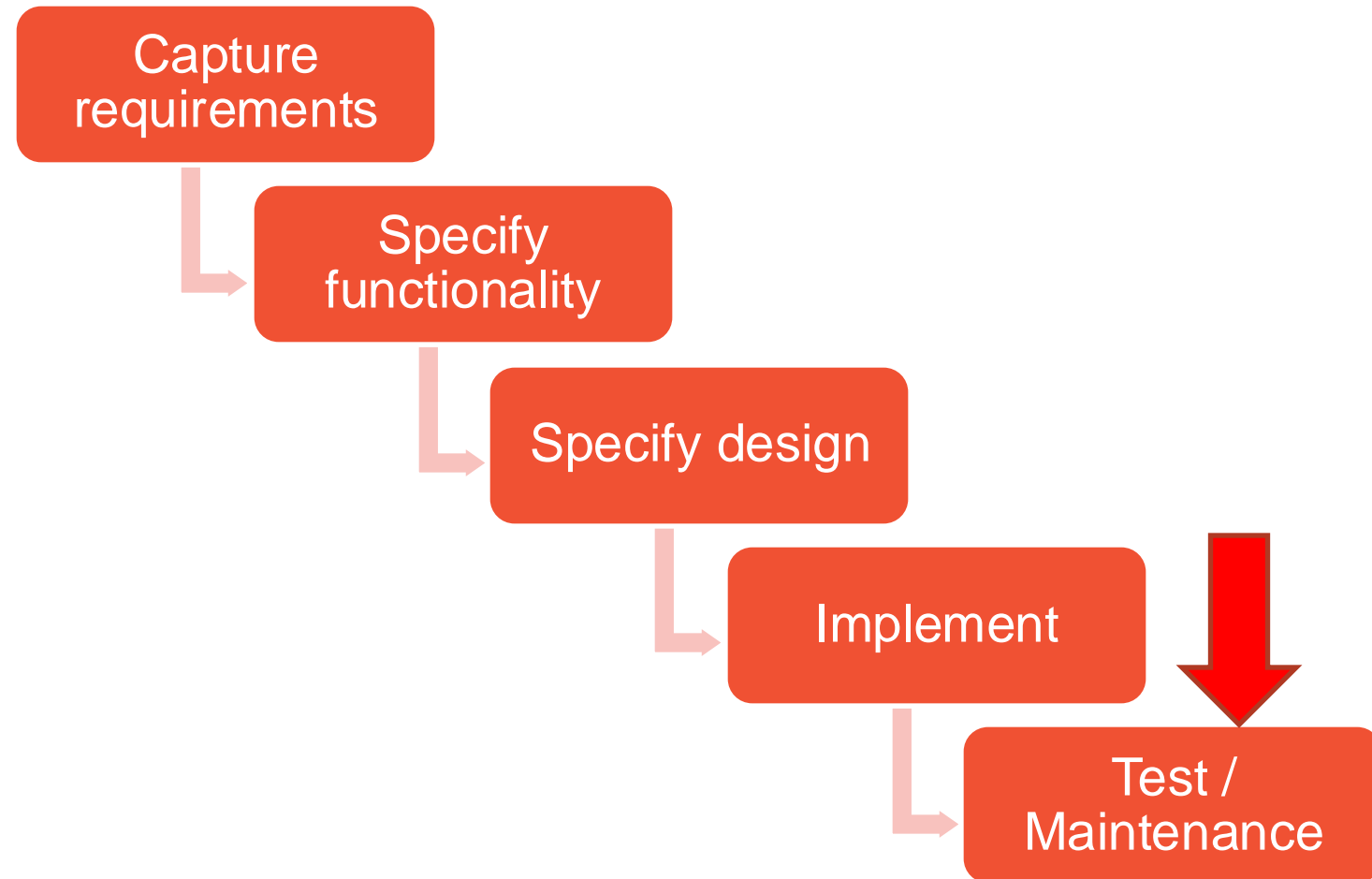
New Product Introduction model:



***What's wrong with this model when there is high degree of uncertainty?
(e.g. where customers are unknown, needed features unknown, basis for competition not known)***

Problems with the traditional model

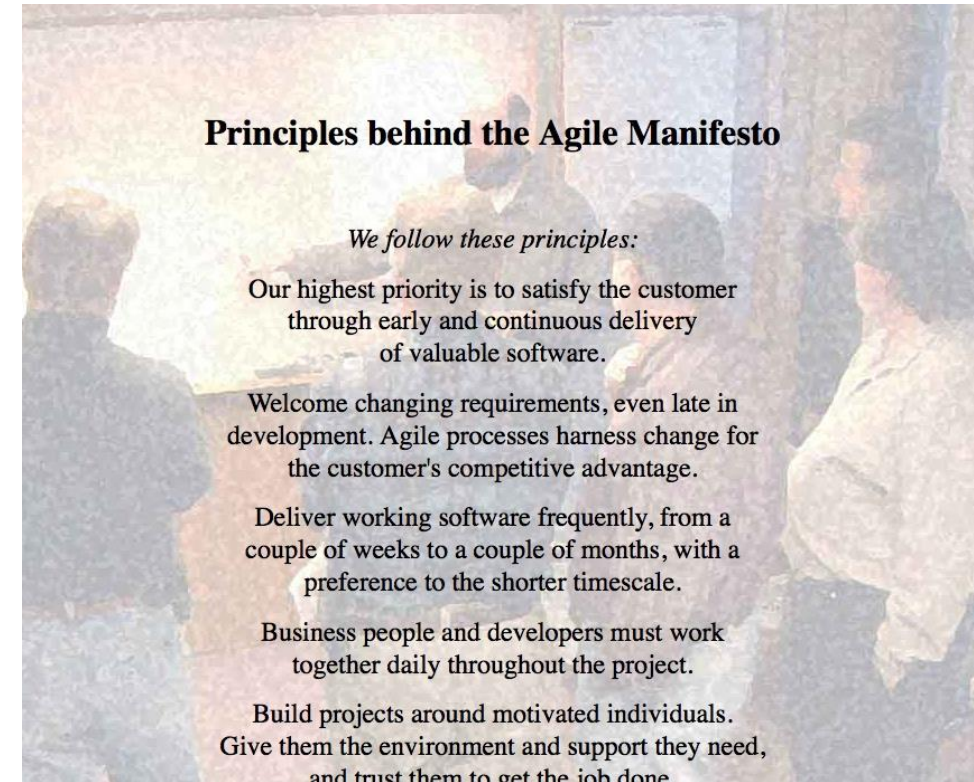
- Impossible to know all requirements in advance
 - The project takes time so the requirements at the time of capture may be different from those at the time of delivery
 - Some requirements are only clear when users are using the product
 - Too long to get customer validation of product



“The Agile Manifesto” (2001)

- We are uncovering better ways of developing software by doing it and helping others do it. Through this work, we have come to value:
 - Individuals and interactions over processes and tools
 - Working software over comprehensive documentation
 - Customer collaboration over contract negotiation
 - Responding to change by following a plan

<http://agilemanifesto.org/principles.html> (Apr'25)



Success of agile approaches on projects

CHAOS RESOLUTION BY AGILE VERSUS WATERFALL

SIZE	METHOD	SUCCESSFUL	CHALLENGED	FAILED
All Size Projects	Agile	39%	52%	9%
	Waterfall	11%	60%	29%
Large Size Projects	Agile	18%	59%	23%
	Waterfall	3%	55%	42%
Medium Size Projects	Agile	27%	62%	11%
	Waterfall	7%	68%	25%
Small Size Projects	Agile	58%	38%	4%
	Waterfall	44%	45%	11%

The resolution of all software projects from FY2011-2015 within the new CHAOS database, segmented by the agile process and waterfall method. The total number of software projects is over 10,000.

Source: The CHAOS Manifesto by the Standish Group 2015
referred to by <http://www.infoq.com/articles/standish-chaos-2015> (Apr'25)

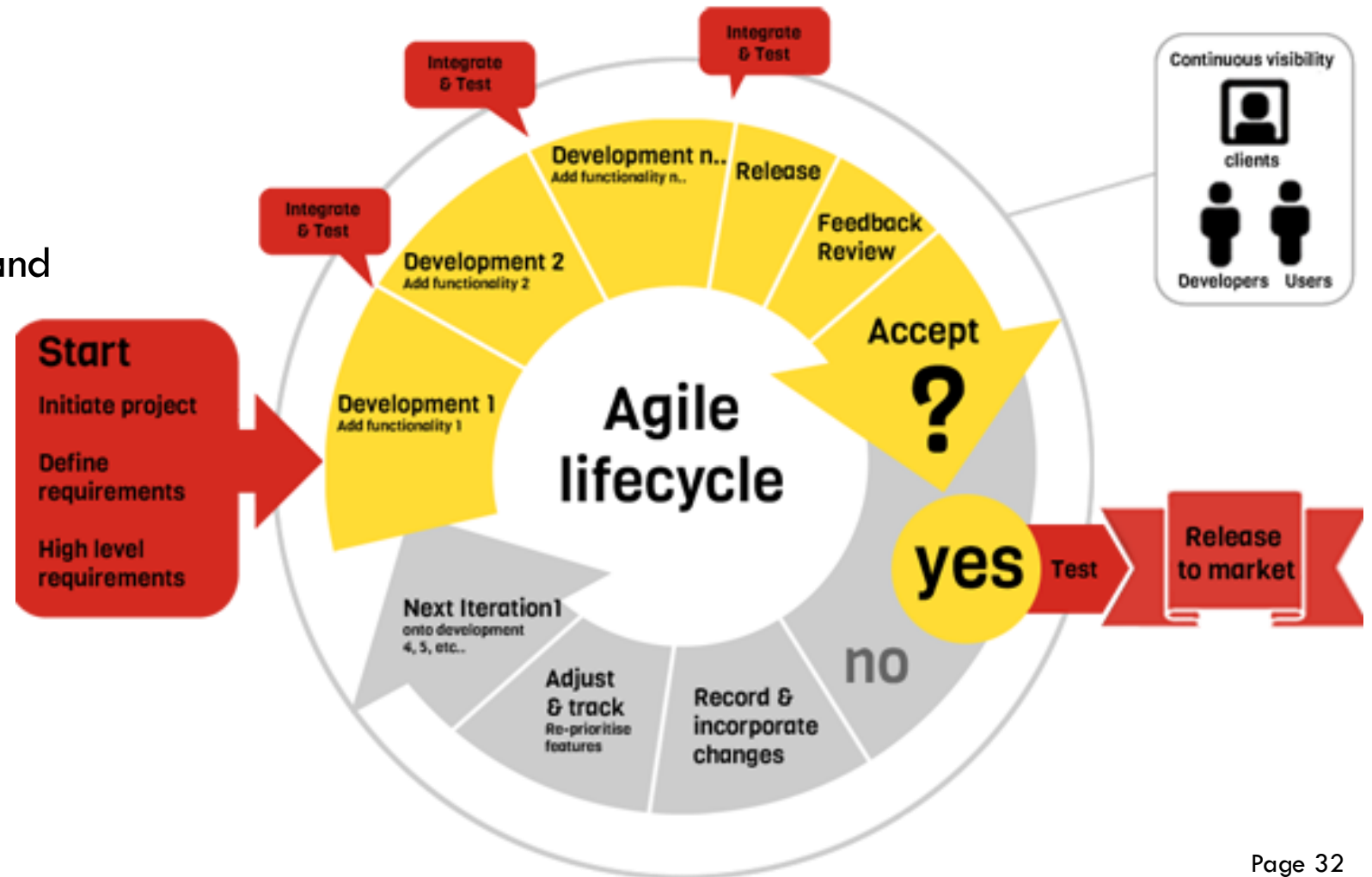
PROJECT SUCCESS RATES AGILE VS WATERFALL



[Standish Chaos Report 2021 — SUCCESS THROUGH SAFE](#) (Apr'25)

Agile development

- Iterative, incremental and evolutionary
- Efficient and face-to-face communication
- Very short feedback loop and adaption cycle
- Quality focus



Agile Alliance - Key Agile Concepts (Management)

- **User Stories:** In consultation with the customer or product owner, the team divides the work into functional increments called "user stories." Each user story is expected to contribute to the overall product's value. E.g., "**As a** shopper, I want to be able to search for products on the website **so that** I can easily find what I am looking for"
- **Daily Meeting:** Each day at the same time, the team meets to bring everyone up to date on the vital information for coordination: each team member briefly describes any "completed" contributions and any obstacles that stand in their way.
- **Incremental Development:** Nearly all Agile teams favour an incremental development strategy; in an Agile context, each successive version of the product is usable, and each builds upon the previous version by adding user-visible functionality.

Agile Alliance - Key Agile Concepts (Management)

- **Iterative Development:** Agile projects are iterative as they intentionally allow for "repeating" software development activities and potentially "revisiting" the same work products.
- **Team:** A "team" in the Agile sense is a small group of people assigned to the same project or effort, nearly all of them on a full-time basis. A small minority of team members may be part-time contributors or have competing responsibilities.
- **Milestone Retrospective:** Once a project has been underway for some time, or at the end, all of the team's permanent members (not just the developers) invest from one to three days in a detailed analysis of the project's significant events.
- **Personas:** When the project calls for it - for instance when user experience is a major factor in project outcomes - the team crafts detailed, synthetic biographies of fictitious future product users; these are called "personas."

Principles behind the Agile Manifesto

1	Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.	7	Working software is the primary measure of progress.
2	Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.	8	Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.
3	Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.	9	Continuous attention to technical excellence and good design enhances agility.
4	Business people and developers must work together daily throughout the project.	10	Simplicity--the art of maximizing the amount of work not done--is essential.
5	Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.	11	The best architectures, requirements, and designs emerge from self-organizing teams.
6	The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.	12	At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

<https://www.agilealliance.org/agile101/12-principles-behind-the-agile-manifesto/> (Apr'25)

Three common forms of Agile development

- There are at least a dozen agile innovation methodologies, which share values and principles but differ in their emphases. Experts often combine various approaches. Here are three of the most popular forms and the contexts in which each works best.

	SCRUM	KANBAN	LEAN DEVELOPMENT
Guiding Principles	Empower creative, cross-functional teams	Visualize workflows and limit work in process	Eliminate waste from the system as a whole
Favorable Conditions for Adoption	Creative cultures with high levels of trust and collaboration, or Radical innovation teams that want to change their working environment	Process-oriented cultures that prefer evolutionary improvements with few prescribed practices	Process-oriented cultures that prefer evolutionary improvements with overarching values but no prescribed practices

Common Agile methodologies

- **Lean Methodology** eliminates **waste** by selecting only the truly valuable features for a system, prioritising those selected, and delivering them in small batches. It emphasises the speed and efficiency of development workflow and relies on rapid and reliable feedback between programmers and customers.
 - It focuses decision-making authority and ability on individuals and small teams since research shows this to be faster and more efficient than a hierarchical control flow.
 - Lean concentrates on the **efficiency of the use of team resources**, trying to ensure that **everyone is productive** as much of the time as possible.
 - It concentrates on **concurrent work** and the **fewest possible intra-team workflow dependencies**.
 - Lean also strongly recommends that **automated** unit tests be written at the same time the code is written.

The Lean Startup

MVP, Product Market Fit etc

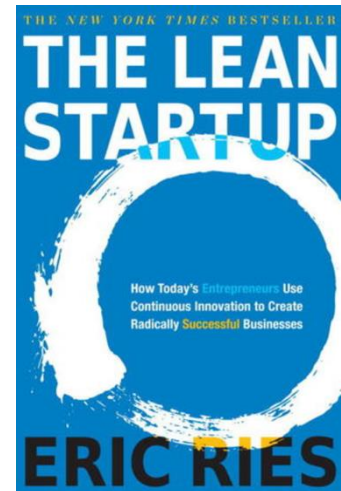
The Lean Startup

- Eric Ries developed the concept of “The Lean Startup”
- Combines Steve Blank’s Customer Development process with Agile Software Development
- Video of Eric Ries speaking, Oct 2011:
- <https://www.youtube.com/watch?v=tNw4Ht75DvA>
- (10 minutes)
- <https://www.youtube.com/watch?v=fEvKo90qBns>



www.theleanstartup.com

Eric Reis
Software
developer/entrepreneur



The Lean Startup by Eric Ries



- Learn Faster
- Code Faster
- Measure Faster

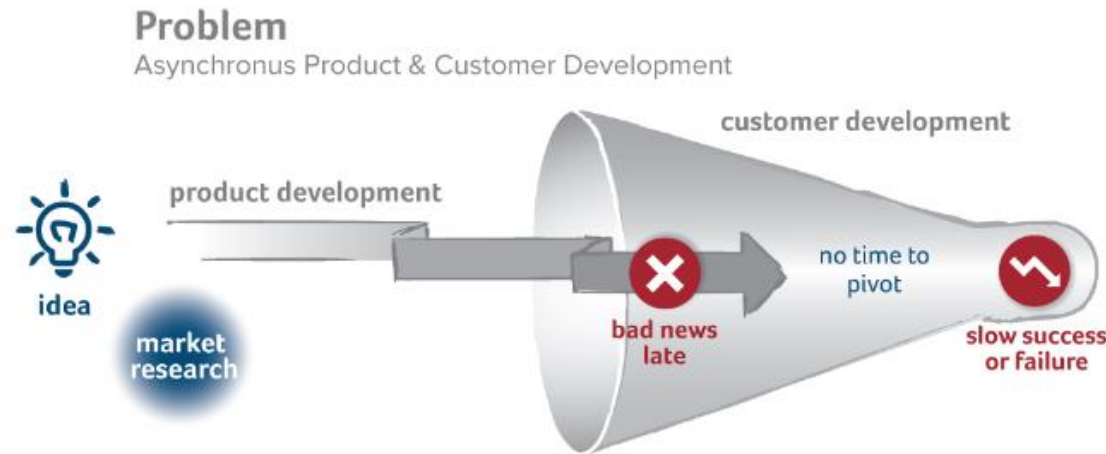
<http://theleanstartup.com/principles> (Apr'25)

The Minimum Viable Product (MVP)

- Definition (from Eric Reis):
“the minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”
- The MVP is a crucial solution for new product releases, balancing the need for essential features with the risk of overwhelming complexity.

“Customer discovery in the quickest time frame with minimum effort”

The Minimum Viable Product (MVP)



Frank Robinson,
CEO, SyncDev, Inc.

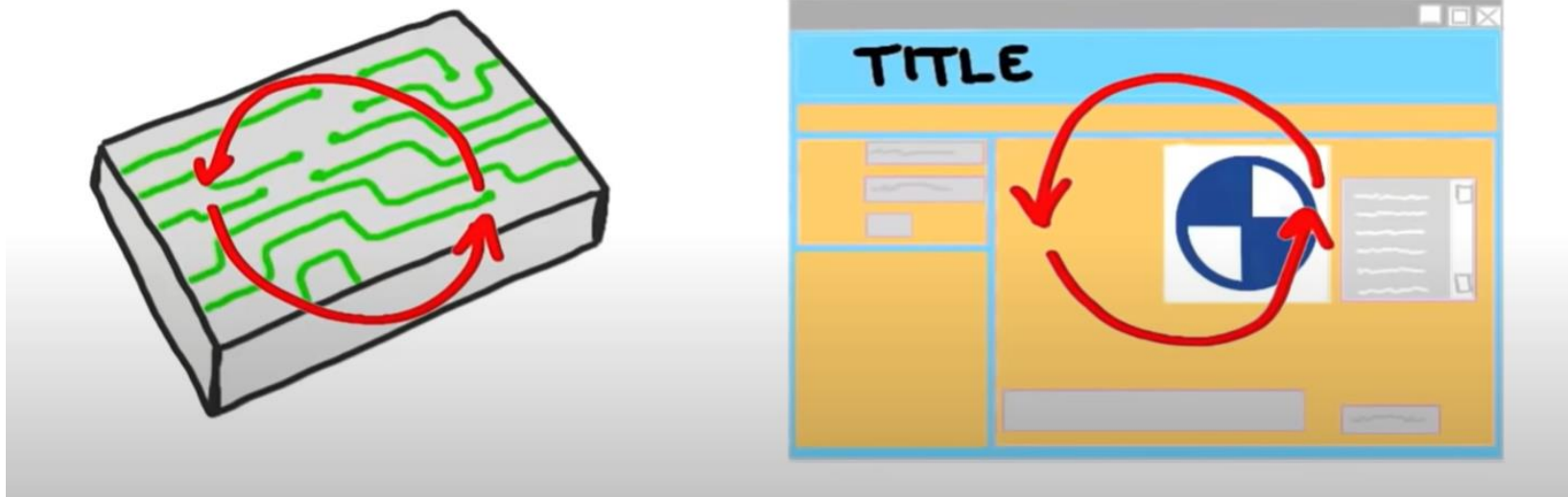
“When I first said ‘minimum viable product’ I never had to repeat myself. The words went viral right before my eyes.”

<http://www.syncdev.com/minimum-viable-product/> (Apr'25)

The Minimum Viable Product (MVP)

THE ART OF THE MVP

· NOT a minimal product



Steve Blank

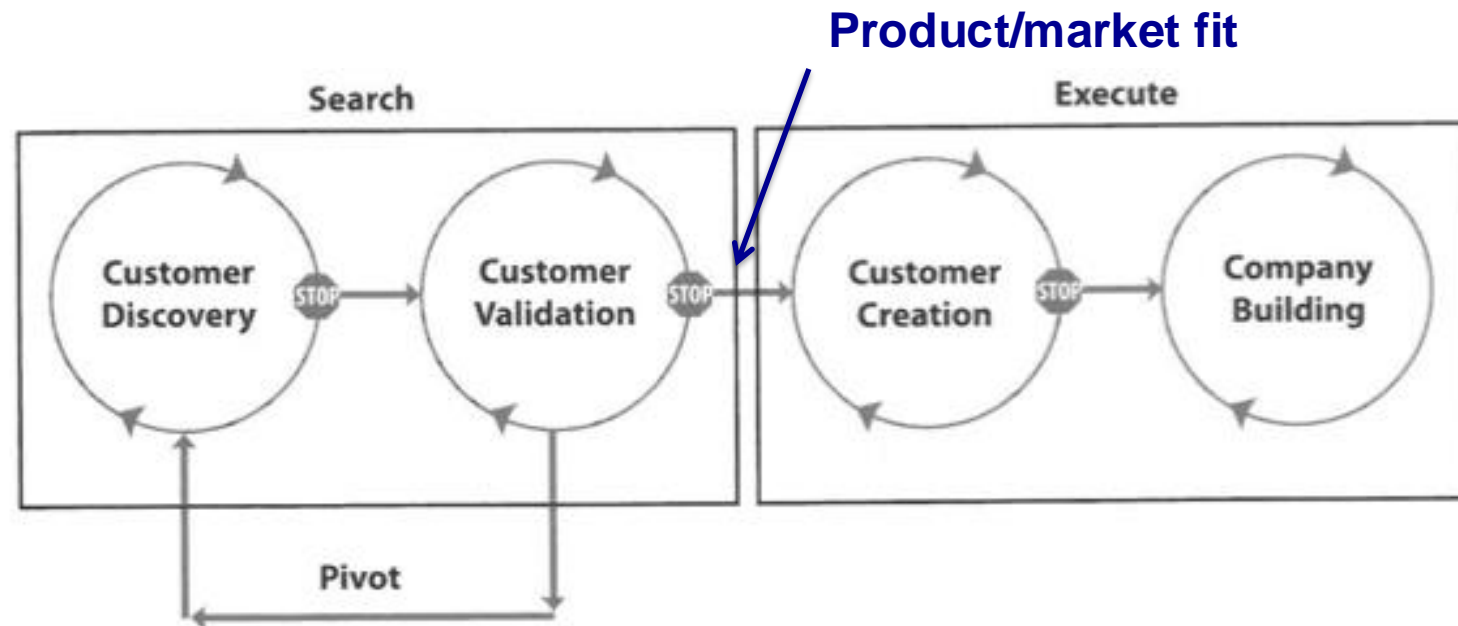
<https://www.youtube.com/watch?v=Fj0qsAyKPN8>

The Minimum Viable Product (MVP)

1. **Entrepreneurs are everywhere** - You don't have to work in a garage to be in a startup.
2. **Entrepreneurship is management** - A startup is an institution, not just a product, so **it requires a new kind of management** specifically geared to its context.
3. **Validated learning** - Startups exist not to make stuff, make money, or serve customers. They exist **to learn how to build a sustainable business**. This learning can be validated scientifically by running experiments that allow us to test each element of our vision.
4. **Innovation accounting** - To improve entrepreneurial outcomes and hold entrepreneurs accountable, we need to focus on the boring stuff: measuring progress, setting milestones, and prioritising work. This **requires a new kind of accounting** specific to startups.
5. **Build-measure-learn** - The fundamental activity of a startup is to **turn ideas into products, measure how customers respond**, and then **learn whether to pivot or persevere**. All successful startup processes should be geared to accelerate that feedback loop.

Recap:

Customer Development Process



Product-Market Fit

- A degree to which a product satisfies a strong market demand.
- A step in between customer validation and customer creation
- Steve Blank

Product-Market Fit

- Definition (Marc Andreessen): “Product/market fit means being in a good market with a product that can satisfy that market.”
- You can always feel **when product/market fit is not happening**.
 - The customers aren't quite getting value out of the product, word of mouth isn't spreading, usage isn't growing that fast, press reviews are kind of "blah", the sales cycle takes too long, and lots of deals never close.

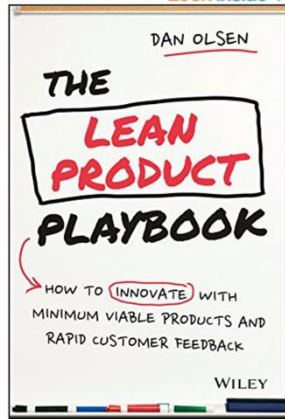


Marc Andreessen

<https://youtu.be/zfOsP3PmI1U>

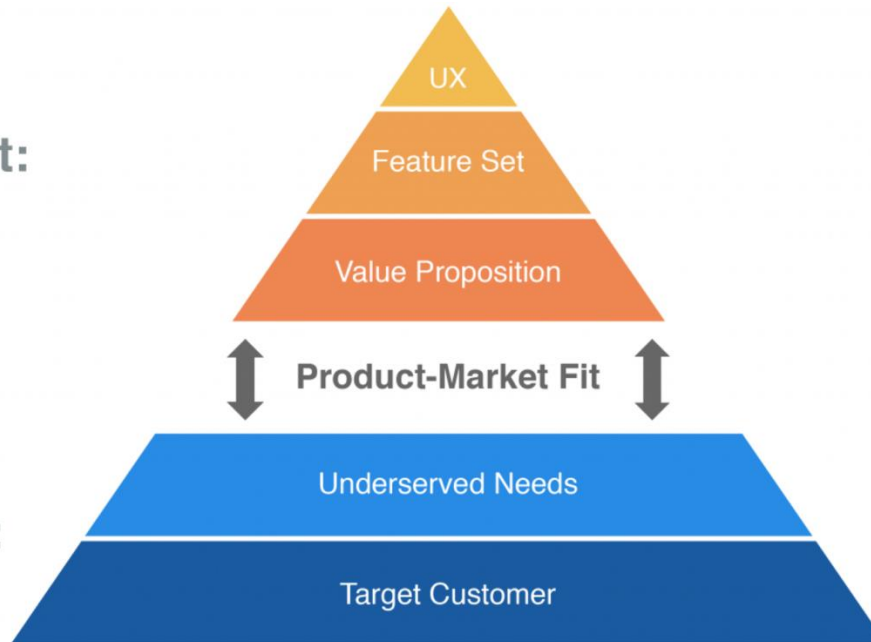
<http://web.stanford.edu/class/ee204/ProductMarketFit.html> (Apr'25)

Product-Market Fit Pyramid for Lean Product Process



Product:

Market:



The Product-Market Fit Pyramid

- Test your MVP with customers
- Create your MVP prototype
- Specify your Minimum Viable Product (MVP) feature set
- Define your value proposition
- Identify underserved customer needs
- Determine your target customer

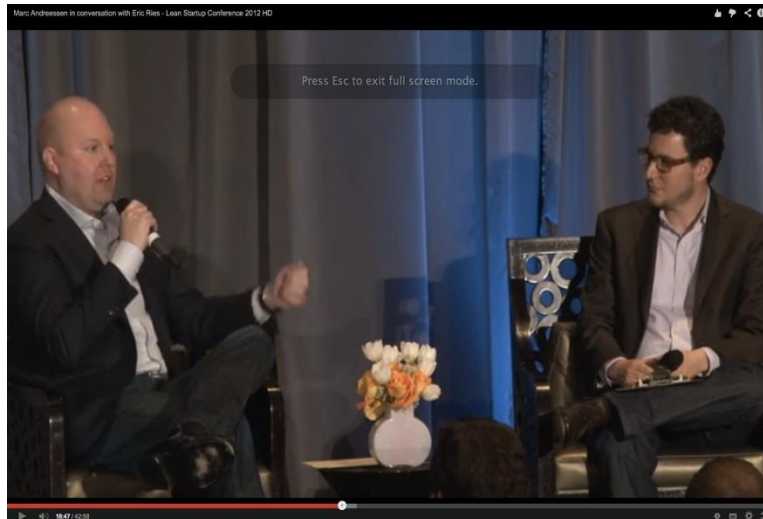
Differences between the Lean Startup approach and the traditional approach (for established companies)

Lean	Traditional
Strategy	
Business Model Hypothesis-driven	Business Plan Implementation-driven
New-Product Process	
Customer Development Get out of the office and test hypotheses	Product Management Prepare offering for market following a linear, step-by-step plan
Engineering	
Agile Development Build the product iteratively and incrementally	Agile or Waterfall Development Build the product iteratively, or fully specify the product before building it
Organization	
Customer and Agile Development Teams Hire for learning, nimbleness, and speed	Departments by Function Hire for experience and ability to execute
Financial Reporting	
Metrics That Matter Customer acquisition cost, lifetime customer value, churn, viralness	Accounting Income statement, balance sheet, cash flow statement
Failure	
Expected Fix by iterating on ideas and pivoting away from ones that don't work	Exception Fix by firing executives
Speed	
Rapid Operates on good-enough data	Measured Operates on complete data

Steve Blank (2013)

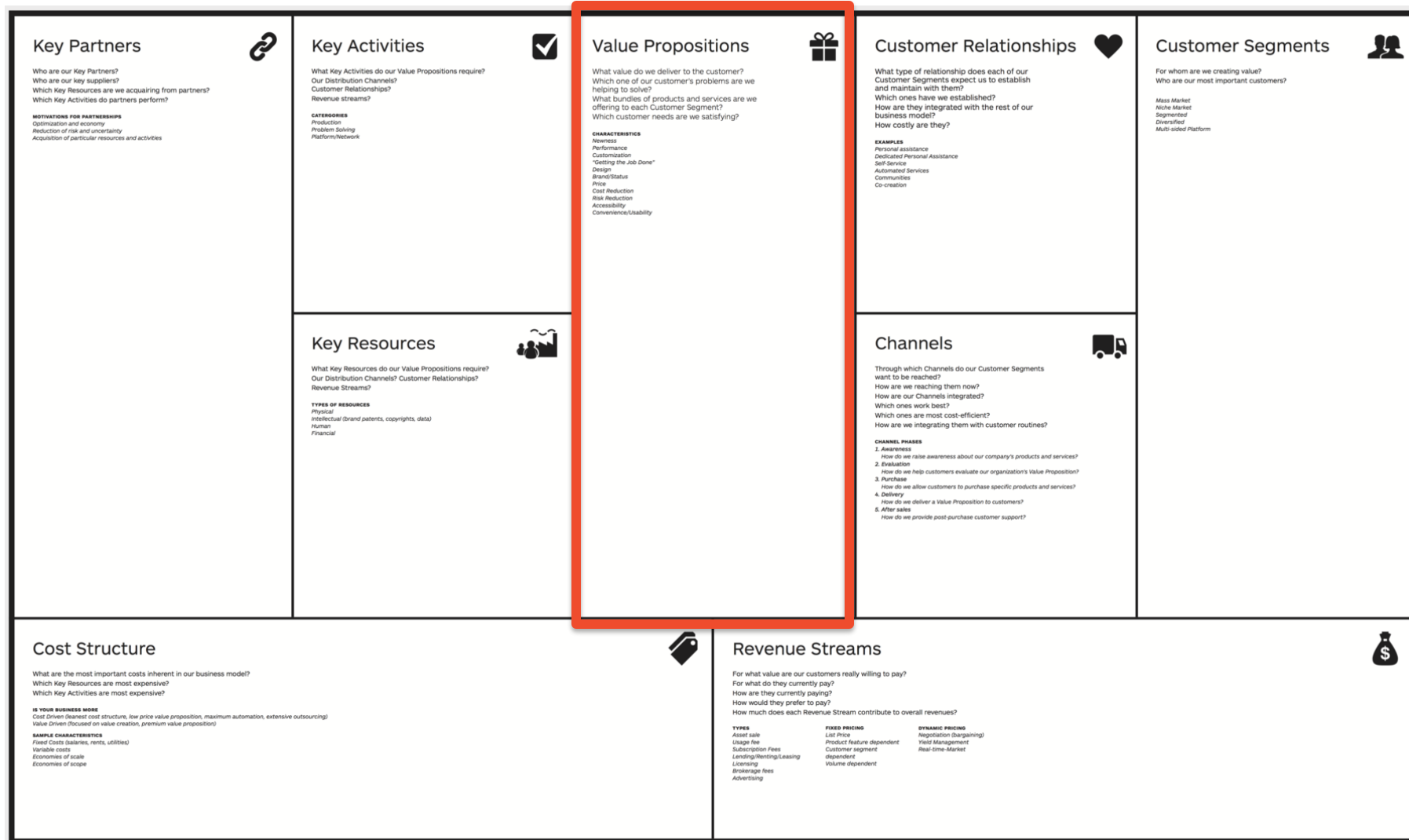
Good sources of tips for startups

- Steve Blanks' blog – <http://steveblank.com>
- Paul Graham's articles – <http://paulgraham.com/articles.html>
- Andreessen Horowitz 'software is eating the world' – <https://a16z.com/>
- “Lean Startup” isn't all you need to know - Marc Andreessen on role of lean startup - <https://youtu.be/GGui1AB66k8?t=2416> (from 40:16 to end)



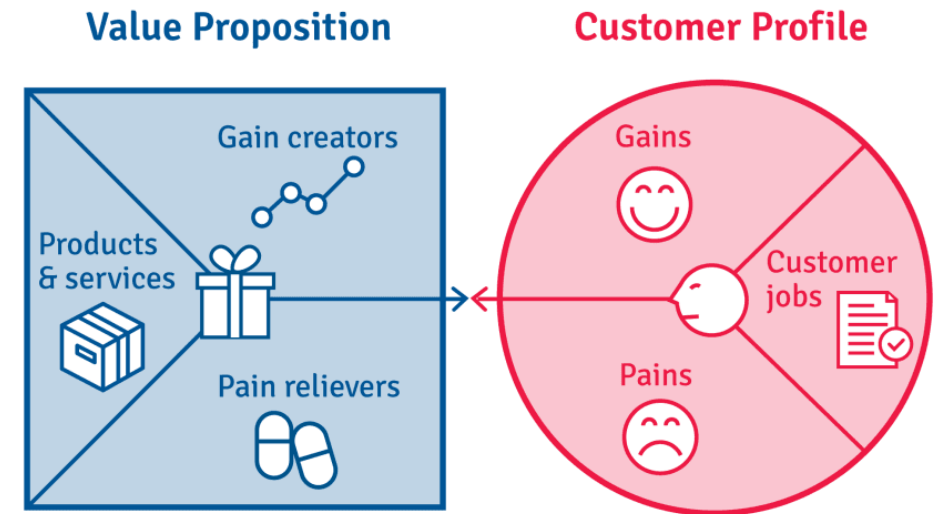
Value Proposition Canvas

Part of the Business Model Canvas



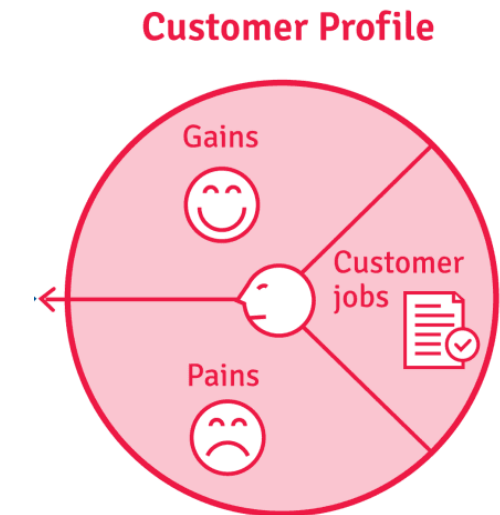
Value Proposition Canvas

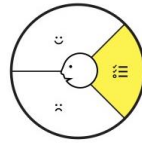
- The Value Proposition Canvas helps you to design and test great value propositions in an **iterative search** for what customers want. Value proposition design is a never-ending process in which you must **constantly evolve the value proposition(s)** to keep it relevant to customers.
- The Value Proposition Canvas has **two sides**. With the **Customer Profile**, you clarify your customer understanding. With the **Value Map**, you describe how you intend to create value for that customer. You achieve Fit between the two when one meets the other.



Part 1: Customer Profile

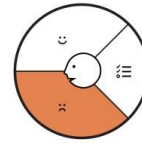
- The Customer Profile describes **a specific customer segment** in your business model. It analyses what the customer does (customer jobs) and, in doing so, the gains that the customer wants and the pains it experiences.
- There are three components:
 - Customer Jobs: Describe what customers are **trying to accomplish** in their **work and lives**, as expressed in their own words.
 - Gains: Describes the outcomes customers **want to achieve or the benefits** they are seeking
 - Pains: Describes **terrible outcomes, risks, and obstacles** related to the customer's job.





Job importance

Rank jobs according to their importance to customers.



Pain severity

Rank pains according to how extreme they are in the customers' eyes.



Gain relevance

Rank gains according to how essential they are in the customers' eyes.

+
Important



Customer Pains: negative emotions, undesired costs or situations, and risks the customer (could) experience before, during, or after getting the job done.

+
Extreme



+
Essential



Customer Gains: benefits the customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, cost savings, etc.

Customer Jobs: Describes what a specific customer segment is trying to get done. This could be tasks they're trying to complete, problems they're trying to solve, or wants or needs they're trying to satisfy.

Step into Your Customers' Shoes

OBJECTIVE

Visualize what matters to your customers in a shareable format

OUTCOME

One page actionable customer profile

How good is your understanding of your customers' jobs, pains, and gains? Map out a customer profile.

Instructions

Map the profile of one of your currently existing customer segments to practice using the customer profile. If you are working on a new idea, sketch out the customer segment you intend to create value for.

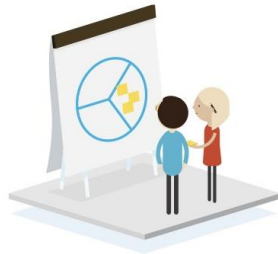
1. Download the Customer Profile Canvas.
2. Grab a set of small sticky notes.
3. Map out your customer profile.



1

Select customer segment.

Select a customer segment that you want to profile.



2

Identify customer jobs.

Ask what tasks your customers are trying to complete. Map out all of their jobs by writing each one on an individual sticky note.



3

Identify customer pains.

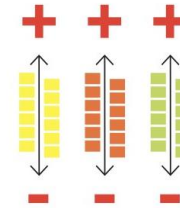
What pains do your customers have? Write down as many as you can come up with, including obstacles and risks.



4

Identify customer gains.

What outcomes and benefits do your customers want to achieve? Write down as many gains as you can come up with.



5

Prioritize jobs, pains, and gains.

Order jobs, pains, and gains in a column, each with the most important jobs, most extreme pains, and essential gains on top and the moderate pains and

<https://uxdesign.cc/building-real-life-products-from-scratch-with-value-proposition-canvas-ecc02bf45dab>
(Apr'25)

Customer Jobs

- Jobs describe what your customers are **trying to accomplish** in their work or lives. A customer's job could be the tasks they are trying to perform and complete, the **problems they are trying to solve**, or the **needs** they are trying to **satisfy**. Make sure you **take the customer's perspective** when investigating jobs. What you think of as necessary from your perspective might not be a job customers are trying to get done.

Functional Jobs	When your customers try to perform or complete a specific task or solve a specific problem , for example, write software, write a report, or help clients as a professional.
Social Jobs	When your customers want to look good or gain power or status , these jobs describe how customers want to be perceived by others. For example, they are perceived as competent as a professional or look trendy .
Personal & Emotional Jobs	When your customers seek a specific emotional state , such as feeling good or secure. For example, seeking peace of mind regarding one's investments as a consumer or achieving job security at the workplace.

Customer Pains

- Pains describe **anything that annoys your customers** before, during and after trying to get a job done or prevents them from getting a job done. Pains also describe **risks**, that is, potential bad outcomes related to **getting a job poorly done or not at all**.

Undesired outcomes, problems and characteristics	Pains are functional (e.g. a solution doesn't work or doesn't work well, or has adverse side effects), social ("I look bad doing this"), emotional ("I feel bad every time I do this"), or ancillary ("it's annoying to do it"). This may involve undesired characteristics customers do not like (e.g. the user interface is ugly).
Obstacles	These are things that prevent customers from even getting started with a job or that slow them down (e.g. "I lack time to get this done accurately" or "I cannot afford any of the existing solutions").
Risks (undesired potential outcomes)	What could go wrong and have important negative consequences (e.g. "I might lose credibility when using this type of solution" or "A security breach would be disastrous for us").

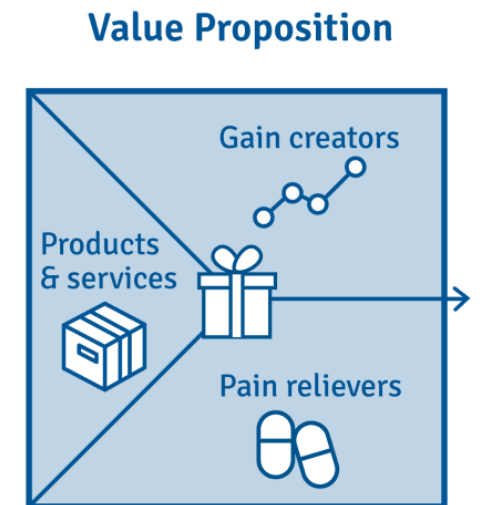
Customer Gains

- Gains describe the **outcomes and benefits your customers want**. Some gains are required, expected or desired by customers, and some would surprise them. Gains **include** functional utility, social gains, positive emotions and cost savings.

Required Gains	These are gains without which a solution wouldn't work . For example, the most basic expectation from a smartphone is that we can make a call with it.
Expected Gains	These are relatively basic gains that we expect from a solution , even if it could work without them. For example, we expect phones to be well-designed and look good since Apple launched the iPhone.
Desired Gains	These gains go beyond what we expect from a solution , but we would love to have them. These are usually gains customers would come up with if you asked them. For example, we want smartphones to integrate with our other devices seamlessly.
Unexpected Gains	These are gains that go beyond customer expectations and desires . They wouldn't even come up with them if you asked them. Before Apple brought touch screens and the App Store to the mainstream, nobody really thought of them as part of a phone.

Part 2: Value Map

- The Value Map describes **how you create value for your Customer Segment**. It is a **combination of** gain creators and pain relievers that addresses the pains and gains of your customers.
- There are three components:
 - Product offering: It is the **product offering** and its **associated features**.
 - Gain Creators: It describes how your product offering and its associated features **create customer gains**.
 - Pain Relievers: It describes how your product offering and associated features **alleviate customer pain**.



Part 2: Value Map



1

List products and services.

List all the products and services of your existing value proposition.



2

Outline pain relievers.

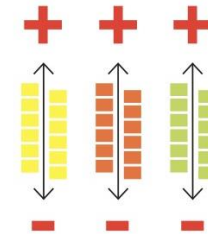
Outline how your products and services currently help customers alleviate pains by eliminating undesired outcomes, obstacles, or risks. Use one sticky note per pain reliever.



3

Outline gain creators.

Explain how your products and services currently create expected or desired outcomes and benefits for customers. Use one sticky note per gain creator.



4

Rank by order of importance.

Rank products and services, pain relievers, and gain creators according to how essential they are to customers.

Product Offering

- This is simply your product offering, including the list of features.

Types of Product Offering:

Digital	Products such as software as-a-service (SaaS), marketplace platforms, music streaming etc.
Physical/ tangible	Goods, such as manufactured products.
Intangible	Products such as copyrights or services such as after-sales assistance.
Financial	Products such as investment funds and insurances or services such as the financing of a purchase.

Pain Relievers

- Pain Relievers describe **how exactly your product offering alleviates specific customer pains**. They explicitly outline how you intend to eliminate or reduce some of the things that annoy your customers before, during or after they are trying to complete a job or prevent them from doing so.
- Great value propositions focus on **pains that matter to customers**, particularly extreme pains. You do not need to develop a pain reliever for every pain identified in the customer profile – no value proposition can do this. **Great value propositions often focus only on a few pains** that they alleviate exceptionally well.

Gain Creators

- Gain creators describe **how your product offerings create customer gains**. They explicitly **outline** how you intend to **produce outcomes** and **benefits** your customer expects, desires, or would be surprised by, including functional utility, social gains, positive emotions, and cost savings.
- As with pain relievers, gain creators don't need to address every gain identified in the customer profile. Focus on those relevant to customers and where your product can make a difference.

Part 3: Fit

- You achieve fit when customers get excited about your value proposition, which happens **when you address important jobs, alleviate extreme pains**, and create essential gains that customers care about.

Value Proposition Pyramid

Value Proposition Pyramid

SOCIAL IMPACT



Self-transcendence

LIFE CHANGING



Provides hope



Self-actualization



Motivation



Heirloom



Affiliation/belonging

EMOTIONAL



Reduces anxiety



Rewards me



Nostalgia



Design/aesthetics



Badge value



Wellness



Therapeutic value



Fun/entertainment



Attractiveness



Provides access

FUNCTIONAL



Saves time



Simplifies



Makes money



Reduces risk



Organizes



Integrates



Connects



Reduces effort



Avoids hassles



Reduces cost



Quality



Variety



Sensory appeal



Informs

Functional

Value Proposition	Definition	Example
Saves time	Saving time in tasks or transactions	Target, REI and other retailers have in-store pickup for online orders and/or same-day rush delivery from store.
Simplifies	Reducing complexity and simplifying	Amazon's 1-Click feature simplifies the order checkout process.
Makes money	Helping to make money	Google's AdSense helps independent blogs and websites to generate advertising revenue.
Reduces risk	Protecting from losses	Charles Schwab's Accountability Guarantee refunds fees if clients are not fully satisfied with the investment product.
Organises	Becoming more organized	The Container Store helps people organize their possessions at home.
Integrates	Integrating different aspects of life	Square offers invoice management, payroll and other services that integrate billing functions into its point-of-sale hardware and software.
Connects	Connecting with other people	Energy drink maker Red Bull sponsors extreme sports competitions and communities that connect enthusiasts around the world.
Reduces effort	Getting things done with less effort	Facebook added the ability to send money directly to friends via its Messenger app.
Avoids hassles	Avoiding or reducing hassles	Zappos offers free shipping and generous return policies.
Reduces cost	Saving money in purchases, fees or subscriptions	Nordstrom, J. Crew and other retailers introduced budget brands.
Quality	Providing high-quality goods or services	USAA delivers high-quality insurance, banking and investment products and services tailored to its members—those who have served in the military and their families.
Variety	Providing a variety of things to choose from	Fitbit has branched out from a simple step counter to different products for everyday users and high-performance athletes.
Sensory Appeal	Appealing in taste, smell, hearing and other senses.	Starbucks acquired tea company Teavana and bakery La Boulange to improve its non-coffee products.
Informs	Providing reliable and trusted information about a topic	Vanguard added low-fee advice to its core investment services.

Emotional

Value Proposition	Definition	Example
Reduces anxiety	Helping people worry less and feel more secure	Discover allows cardholders to instantly freeze and unfreeze their accounts without canceling their cards.
Rewards me	Providing benefits for being a loyal customer	Starwood has earned strong customer loyalty among frequent travellers through a robust rewards program.
Nostalgia	Reminding people of something positive in the past	Volkswagen's Beetle line of cars emulates the popular design originally created in the 1930s and produced through the 1970s.
Design & aesthetics	Providing an appealing form or design	Apple's attention to design has helped differentiate its computers, smartphones and other products from those of competitors.
Badge value	Representing achieved status or aspirations	Prada's understated luxury clothing and accessories are designed to be recognized by fashionistas.
Wellness	Improving people's physical or mental state	Westin added fitness equipment in some guest rooms, "superfoods," and exercise clothing rentals to reposition the brand as part of the well-being movement.
Therapeutic value	Providing therapeutic value or well-being	Dr. Scholl's products aim to soothe a broad range of foot conditions.
Fun & entertainment	Offering fun or entertainment	Norwegian, Royal Caribbean and other cruise lines offer almost round-the-clock entertainment ranging from indoor sky diving to bumper cars to art auctions.
Attractiveness	Helping people feel more attractive	Victoria's Secret created bold retail designs in an undergarment industry that had been quiet and discreet.
Provides access	Providing access to information, goods, services or other valuable items	CVS Health added in-pharmacy clinics that provide basic medical services and assorted wellness services.

Life Changing

Value Proposition	Description	Example
Provides hope	Providing something to be optimistic about	Fitbit sells wearables designed to help people to live a healthier and fitter lifestyle, as well as for other purposes such as reducing weight.
Self-actualisation	Providing a sense of personal accomplishment or improvement	Students whom undertake online courses on Udemy or Coursera engage in their own personal and/or professional development.
Motivation	Spurring people to achieve their goals	Spotify added a music-streaming feature for runners that detects their tempo and finds music to match it.
Heirloom	A good investment for future generations	Bitcoin positions itself as an alternative to currencies and gold to store and retain value for the current and future generations.
Affiliation and belonging	Helping people become part of a group or identify with people they admire	Facebook enables people to connect with people whom they know, as well as new people based on common interests.

Social Impact

Value Proposition	Description	Example
Self-transcendence	Helping other people or society more broadly	When Tesla sells an electric car, the driver is helping humanity in its fight against climate change.

What have you learnt today?



<https://www.menti.com/als8rtp8hahz>

<https://forms.office.com/r/JWTGfgHf3h>

Fully anonymous feedback form
for INFO5992 students (2)

