

INFO5992 Understanding IT Innovations

Tutorial 08 Group Worksheet

Value Proposition Canvas of Afterpay

Tutorial Time:

Tutor Name:

Group Name:

Q1. Based on the pre-reading information from last week and this week, try to analyse the **value proposition canvas** of Afterpay from following perspectives. Remember that Afterpay serves both consumers and retailers.

- Customer profile: (Customer jobs / Gains / Pains)
- Value proposition: (Product & services / Gain creators / Pain relievers)

Consumer Side

Customer Jobs:

- Afterpay customers are trying to balance their financial goals and responsibilities with their desire to enjoy their lives and make purchases that make them happy. Customers can make purchases that they might not be able to afford all at once, while still maintaining their budget and avoiding credit card debt. By using Afterpay, they can achieve both objectives by spreading out their payments and avoiding the burden of credit card debt.

Gains: *want*

- Financial flexibility: Customers want to be able to make purchases without worrying about paying the full amount upfront.
- Affordability: Customers are looking for ways to make purchases that fit within their budget. Afterpay's interest-free installments allow customers to pay for their purchases over time without incurring additional fees or charges.
- Convenience: Afterpay is a simple and easy-to-use payment option that allows customers to make purchases quickly and easily, without the need for a credit card or extensive paperwork.
- Increased purchasing power: By using Afterpay, customers can make larger purchases than they might otherwise be able to afford upfront, without incurring credit card debt or interest charges.
- Improved credit score: Because Afterpay does not involve a credit check or impact credit scores, customers can use the service without worrying about their credit history. This can be especially beneficial for customers who are trying to improve their credit score or establish a credit history.

Pains: *suffer*

- Financial stress: Customers may struggle to manage their finances and may be forced to make larger payments upfront. This could lead to financial stress and potentially even debt.
- Limited purchasing power: Customers may not have the same purchasing power. They may need to save up for longer periods of time before being able to afford certain items or may need to forego purchases altogether.
- Missed opportunities: Customers may miss out on certain deals or promotions that require immediate payment. This could prevent them from taking advantage of opportunities that could benefit them in the long run.
- Reduced convenience: Customers may have to plan their purchases more carefully, reducing the convenience of shopping.
- Potential for fraud: When making large purchases upfront, customers are at a higher **risk** for fraud or other security breaches.

Product & services: Afterpay is a buy-now-pay-later service that allows customers to split the cost of their purchases into four interest-free installment payments, due every two weeks. Here are some of the key features of Afterpay:

- **Instant approval:** Customers can apply for an Afterpay account and receive approval instantly, without the need for a credit check or application process.
- **Interest-free payments:** Afterpay does not charge interest on its installment payments, making it an attractive alternative to credit cards and other financing options.
- **Split payment:** Customers can split the cost of their purchase into four equal payments, due every two weeks. Customers are required to make their first payment at the time of purchase, with subsequent payments due every two weeks.
- **Automatic payments:** Afterpay automatically deducts payments from the customer's chosen payment method, making it easy and convenient to manage payments.
- **Late fee protection:** Afterpay charges a late fee for missed payments but offers protection against excessive late fees for customers who are experiencing financial hardship.
- **Mobile app:** Afterpay offers a mobile app that allows customers to manage their account, view their payment schedule, and make payments on-the-go.
- **Available at a wide range of retailers:** Afterpay is available at thousands of retailers in a variety of industries, including fashion, beauty, home goods, and more.

Gain creators

- **Increased affordability:** By allowing customers to split the cost of a purchase into four equal payments, Afterpay makes it more affordable for customers to make purchases they may not have been able to afford upfront. This creates a gain for customers who may have previously been unable to purchase certain items due to budget constraints.
- **Convenience:** Afterpay's mobile app and automatic payment system make it easy and convenient for customers to manage their payments and keep track of their payment schedule. This creates a gain for customers who value convenience and want a payment option that is easy to use and manage.
- **Flexibility:** Afterpay's interest-free payment plan and instant approval process provide customers with a flexible financing option that can be used for a wide range of purchases. This creates a gain for customers who may not have access to traditional credit or who prefer to avoid high-interest debt.
- **Improved financial management:** By breaking up the cost of a purchase into smaller, more manageable payments, Afterpay can help customers better manage their budget and avoid overspending. This creates a gain for customers who want to improve their financial management skills and avoid debt.
- **Increased purchasing power:** Afterpay's payment flexibility and convenience can help customers make larger purchases than they might be able to afford upfront. This creates a gain for customers who want to increase their purchasing power and buy items they may have previously had to save up for over a longer period of time.

Pain relievers

- **Financial flexibility:** Afterpay's interest-free installment payments provide customers with a more flexible financing option than traditional credit cards or loans. This can alleviate the pain of customers who may not have access to credit or who prefer to avoid high-interest debt.
- **Instant approval:** Afterpay's instant approval process allows customers to quickly and easily access financing without the need for a lengthy credit check or application process. This can alleviate the pain of customers who need to make a purchase quickly or who may not qualify for other financing options.
- **Budget management:** Afterpay's four equal payments over a six-week period can help customers manage their budget more effectively. By breaking up the cost of a purchase into smaller, more manageable payments, customers can avoid overspending and stay within their budget.
- **Transparency:** Afterpay's payment schedule is clearly outlined at the time of purchase, allowing customers to see exactly how much they will owe and when each payment is due. This transparency can alleviate the pain of customers who may be concerned about hidden fees or unexpected charges.
- **Late fee protection:** Afterpay offers protection against excessive late fees for customers who are experiencing financial hardship, which can alleviate the pain of customers who may be struggling to make their payments.

Retailers Side

Customer Jobs:

- Afterpay retailers are typically looking to increase their sales and customer loyalty. By offering Afterpay as a payment option, they can attract customers who might not be able to afford the full cost of a purchase upfront but are willing to make smaller payments over time.
- Afterpay can also help retailers reach a younger demographic that prefers to avoid credit cards and debt.
- Retailers who use Afterpay also benefit from increased average order values, as customers are often more likely to make larger purchases when they can split the cost into smaller payments.

Gains:

- Increased sales: By offering Afterpay as a payment option, retailers can attract customers who might not have been able to afford their products or services otherwise. Afterpay can increase the customer base and encourage repeat purchases, resulting in increased sales.
- Reduced cart abandonment rates: Customers who abandon their carts due to cost concerns may be more likely to complete their purchase if they can use Afterpay to split the cost into smaller payments. This can reduce cart abandonment rates and increase overall sales.
- Improved customer loyalty: Offering Afterpay as a payment option can improve customer satisfaction and loyalty, as customers appreciate the flexibility and convenience of the service.
- Reduced risk of bad debt: Afterpay assumes the risk of bad debt, meaning that retailers are guaranteed payment for their products or services regardless of whether or not the customer pays Afterpay. This can reduce the risk of financial loss for retailers.
- Access to a younger demographic: Afterpay is particularly popular with younger consumers who prefer to avoid credit cards and debt. By offering Afterpay, retailers can attract this demographic and build long-term relationships with them.

Pains:

- Decreased sales: Retailers may face decreased sales as customers limit their spending.
- Limited customer base: Retailers may miss out on a key demographic and limit their customer base among younger customers.
- Increased risk of fraud: When customers pay for large purchases upfront, there is a higher risk of fraud or other security breaches. Afterpay's payment system offers an added layer of security that may not be available through other payment methods. Without Afterpay, retailers may need to take on more responsibility for verifying payment information and ensuring security.

Product & services:

- Payment flexibility: Afterpay allows retailers to offer their customers the ability to split their purchase into four equal interest-free payments. This payment flexibility can help attract customers who may have been hesitant to make a larger purchase upfront.
- Easy integration: Afterpay is easy to integrate into a retailer's online checkout process, with plugins available for popular e-commerce platforms like Shopify and WooCommerce. This simplifies the setup process and makes it easy for retailers to start offering Afterpay as a payment option.
- Fraud protection: Afterpay offers fraud protection services to retailers, including chargeback protection and real-time transaction monitoring. This can help reduce the risk of fraudulent transactions and chargebacks, which can save retailers time and money.
- Instant approval: Afterpay offers instant approval for customers, which can help improve the checkout experience and reduce the risk of cart abandonment. This can help retailers increase their sales and revenue.
- Customer support: Afterpay provides customer support services to retailers and their customers, including phone and email support. This can help retailers address any issues that may arise and ensure a positive customer experience.
- Marketing support: Afterpay provides retailers with marketing support, including promotional materials and co-marketing opportunities. This can help retailers increase their visibility and attract new customers.

Gain creators

- Increased sales: By offering customers the ability to split their purchase into four interest-free payments, Afterpay can help retailers increase their sales and revenue. This creates a gain for retailers who may have struggled to attract new customers or increase their average order value.
- Reduced cart abandonment: Afterpay can help reduce cart abandonment rates by making it easier and more affordable for customers to make a purchase. This creates a gain for retailers who may have been losing sales due to high cart abandonment rates.
- Improved customer loyalty: Afterpay's payment flexibility and convenience can help improve customer loyalty and retention, as customers are more likely to return to a retailer that offers Afterpay as a payment

option. This creates a gain for retailers who want to build a loyal customer base and increase customer lifetime value.

- Reduced risk of fraud: Afterpay's fraud protection services can help reduce the risk of chargebacks and other fraudulent activities, which can save retailers money and reduce the impact of fraudulent transactions. This creates a gain for retailers who may have been losing revenue due to fraudulent transactions.
- Improved cash flow: Afterpay pays retailers upfront for each transaction, even though the customer pays in installments over time. This improves retailers' cash flow and helps them manage their finances more effectively. This creates a gain for retailers who may have struggled with cash flow issues in the past.

Pain relievers

- Increased sales: Afterpay can help retailers increase sales by making purchases more accessible to customers who may not be able to afford them upfront. This can alleviate the pain of retailers who may be struggling to attract new customers or increase revenue.
- Reduced cart abandonment: Afterpay can help reduce cart abandonment by allowing customers to split the cost of their purchase into four interest-free payments, making the purchase more affordable and manageable. This can alleviate the pain of retailers who may be losing sales due to high cart abandonment rates.
- Improved customer loyalty: Afterpay's payment flexibility and convenience can help improve customer loyalty by making it easier for customers to make repeat purchases. This can alleviate the pain of retailers who may be struggling to retain customers or build brand loyalty.
- Reduced risk of fraud: Afterpay's fraud protection services can help reduce the risk of chargebacks and other fraudulent activities, which can alleviate the pain of retailers who may be losing revenue due to fraudulent transactions.
- Increased order value: Afterpay can help increase order value by allowing customers to make larger purchases than they might be able to afford upfront. This can alleviate the pain of retailers who may be struggling to increase their average order value.

Q2. For each gain creator and pain reliever provided by Afterpay. Try to rank it on the value proposition pyramid.

Gain creators

- Increased affordability: Reduce Effort / Avoid Hassles
- Convenience: Simplifies / Saves Time /
- Interest-free: Reduces Cost /
- Increased purchasing power: Saves Time / Fun & entertainment /

Pain relievers

- Instant approval: Saves Time / Fun & entertainment /
- Transparency: Informs / Reduces Risk
- Late fee protection: Reduces Risk

Overall, mainly ranked to Functional Level, some may achieve Emotional Level