

Value Proposition

YV Prakash & Ramesh Loganathan

A value proposition tells prospects why they should do business with you rather than your competitors, and makes the benefits of your products or services crystal clear from the outset.



Value In The Eye Of Beholder i.e. Customer

Discover what job a customer is trying to do.

To get to jobs-to-be-done, ask them to tell you about a typical day.

What are her biggest pains?

To understand pain points, learn what keeps your customer up at night.

How does she define gain?

Dig under the known and obvious challenges in your customer's life to uncover unarticulated needs and pains.



Which features alleviate the pain?

Which create a new unexpected gain?





BECOM



Easiest way around



Anywhere, anytime

Daily commute. Errand across town. Early morning flight. Late night drinks. Wherever you're headed, count on Uber for a ride—no reservations required.



Low-cost to luxury

Economy cars at everyday prices are always available. For special occasions, no occasion at all, or when you just need a bit more room, call a black car or SUV.

Key elements of the Uber value proposition:

- One tap and a car comes directly to you
- Your driver knows exactly where to go
- Payment is completely seamless
- No reservations are required



Why there's nothing quite like iPhone.

Every iPhone we've made — and we mean every single one — was built on the same belief. That a phone should be more than a collection of features. That, above all, a phone should be absolutely simple, beautiful, and magical to use.

Apple's (iPhone) value proposition, offering unique experience



Crazy Egg is like a pair of x-ray glasses that lets you see exactly what people are doing on your website.



Like, showing you where people are clicking... and where they aren't.



Or how many people scroll down your page (and where most people stop).



Or where those people are coming from to begin with, and who clicks on what the most!

"CrazyEgg: Like a pair of x-ray glasses"

All your tools in one place.

Connect all the tools you use to Slack and avoid all that constant switching between apps. Set up your integration so that you get all your notifications directly within Slack—from support requests, code check-ins, and even logs to sales leads—all of them searchable in one central location.

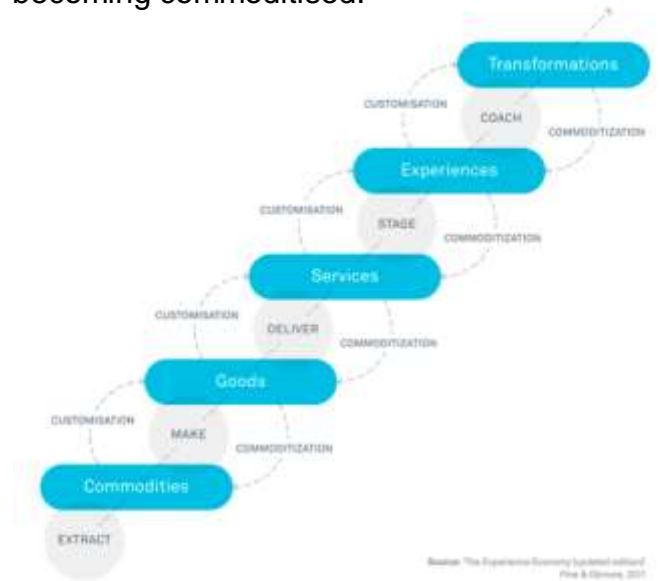


"Slack: All your tools in one place."

The Experience Economy

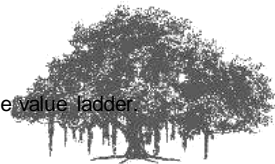
Most businesses exist in a competitive environment.

As the landscape in which they operate matures, businesses need to evolve the value of their offering, or risk becoming commoditised.



The Progression of Economic value is a model created by Pine and Gilmore to help business leaders understand how offerings move up and down the value ladder.

<https://www.marketingmag.com.au/hubs-c/cameron-p1-what-customers-want/>



Differentiation Advantage

” Something unique that is valuable to **buyers** *beyond* simply offering a low price”

Differentiation advantage :

“premium” >> cost of providing the differentiation

differentiation opportunities depends on the characteristics of the product

Supply side (Your Startup) :

resources and capabilities >>> create uniqueness (better than competitors).

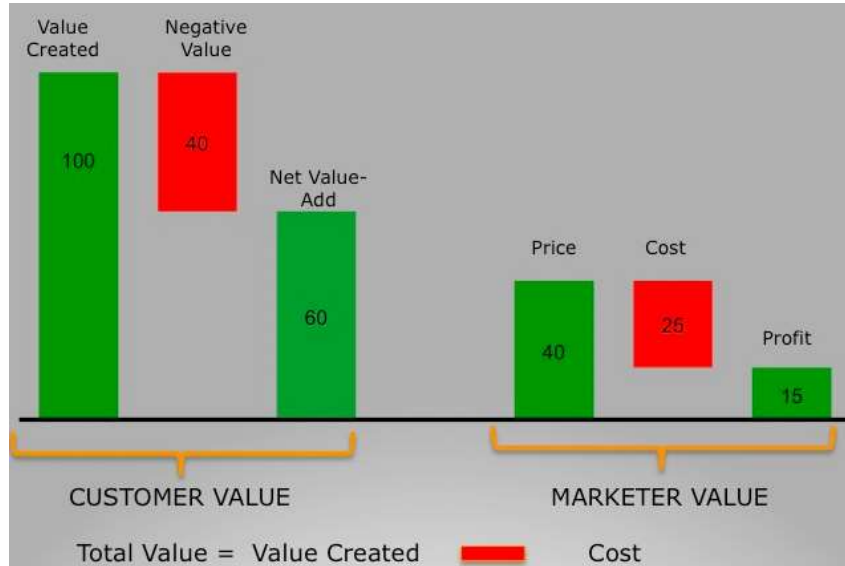
Demand Side (Your Customers):

Insight into customers and their needs and preferences



Where Did The Price Go?

$$\begin{aligned}\text{Customer Value} &= \\ \text{Value Created} - \text{Price}\end{aligned}$$



$$\begin{aligned}\text{Marketer Value} &= \\ \text{Price} - \text{Cost}\end{aligned}$$

$$\text{Total Value} = \text{Value Created} - \text{Cost}$$

<https://iterativepath.wordpress.com/2010/02/21/the-value-equation/>



The Value Waterfall



Maximizing Value

The total value can come in the form of:

1. Incremental revenue
2. Decrease in costs
3. Relationship value

The diagram shows the word "Value" in large orange letters with a grey upward-pointing arrow behind it. To its right is an equals sign followed by a fraction. The numerator of the fraction is the word "Benefits" in green, with a grey upward-pointing arrow behind it. The denominator is the phrase "Cost of Securing the Benefits" in red, with a grey downward-pointing arrow behind it. A horizontal grey line separates the numerator and denominator.

$$\text{Value} = \frac{\text{Benefits}}{\text{Cost of Securing the Benefits}}$$



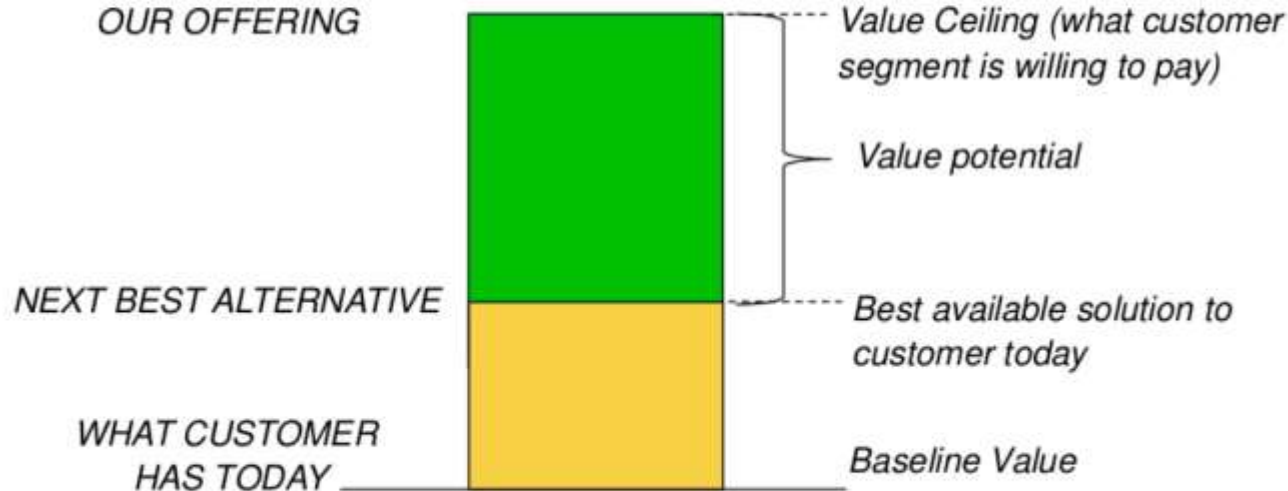
Value Perception

Customer

What is the problem to be solved with the offering?

Supplier

- How does my offering compare to the Next Best Alternative?



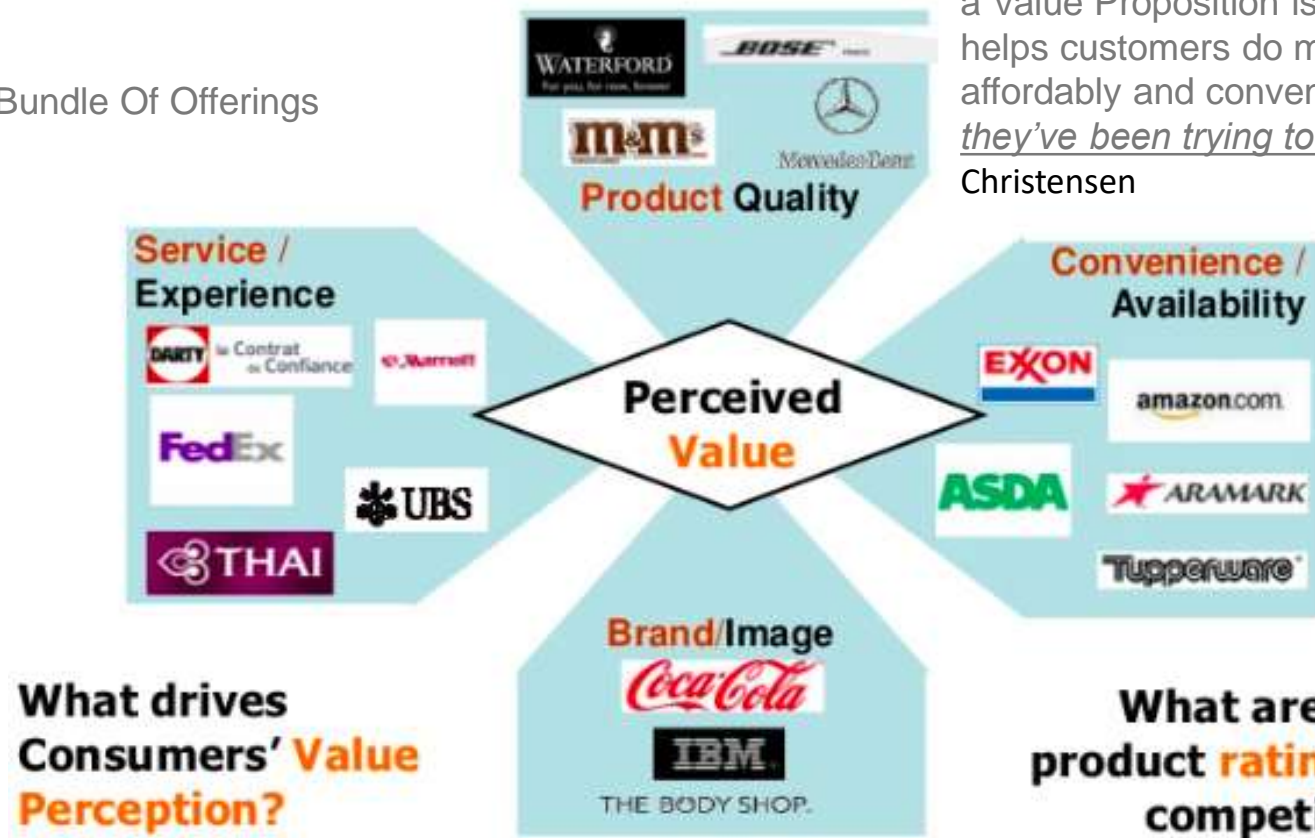
Value is always relative to the Next Best Alternative



Value Proposition

A Bundle Of Offerings

a Value Proposition is a product that helps customers do more effectively, affordably and conveniently a job they've been trying to do. – Clayton Christensen





Source: strategyzer.com



Value Proposition Template

- **Step 1: What's great about you?**
- **Step 2: What do others have to offer?**
- **Step 3: Who do you want to attract and what are they looking for?**
- **Step 4: Why should they choose you**
- **Step 4: Why should they choose you**

- Value Proposition template..

1. For **[our customer]**
2. who **[has this problem]**
3. our **[product]**
4. provides **[a summary of the solution/offering]**.
5. With **[our brand]** you **[list your main USPs]**.

In the case of Uber, this may read:

1. For **young, tech-savvy, taxi users**
2. who are looking for a **cheaper, more convenient solution**
3. our **ride-sharing app**
4. provides **fast, reliable rides in minutes.**
5. With **Uber**, you **just tap the app and a car comes directly to you without needing to pre-book, and it's easy to pay with seamless payments through our app.**

2 minute Pause



Def_Business Model

A business model describes the rationale of how an organization creates, delivers, and captures value



The Business Model Canvas

A shared language for describing, visualizing, assessing, and changing business models



CS

1 Customer Segments

An organization serves one or several Customer Segments.



VP

2 Value Propositions

It seeks to solve customer problems and satisfy customer needs with value propositions.



CH

3 Channels

Value propositions are delivered to customers through communication, distribution, and sales Channels.



CR

4 Customer Relationships

Customer relationships are established and maintained with each Customer Segment.



RS

5 Revenue Streams

Revenue streams result from value propositions successfully offered to customers.



KR

6 Key Resources

Key resources are the assets required to offer and deliver the previously described elements ...



KA

7 Key Activities

... by performing a number of Key Activities.



KP

8 Key Partnerships

Some activities are outsourced and some resources are acquired outside the enterprise.












CS

9 Cost Structure

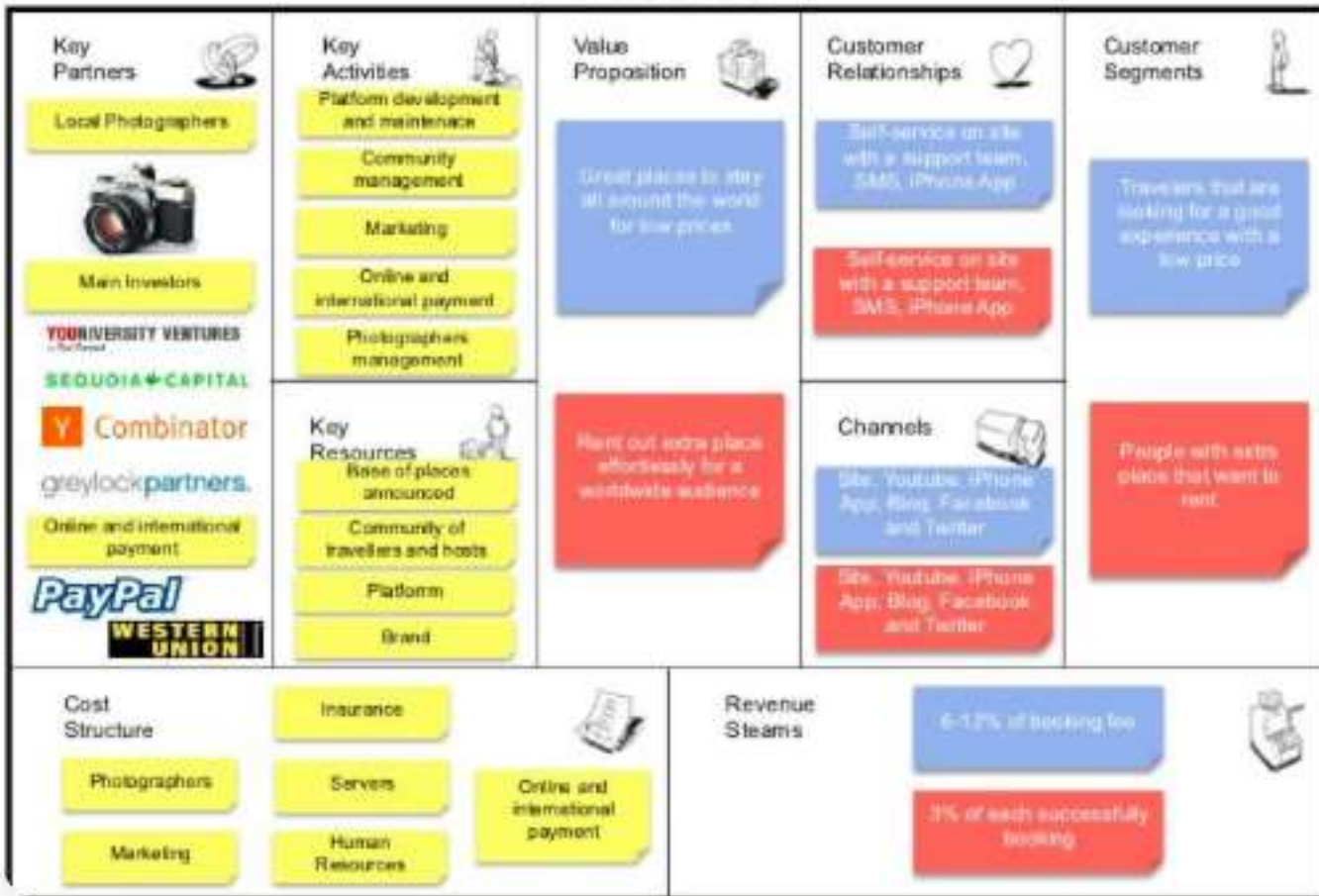
The business model elements result in the cost structure.

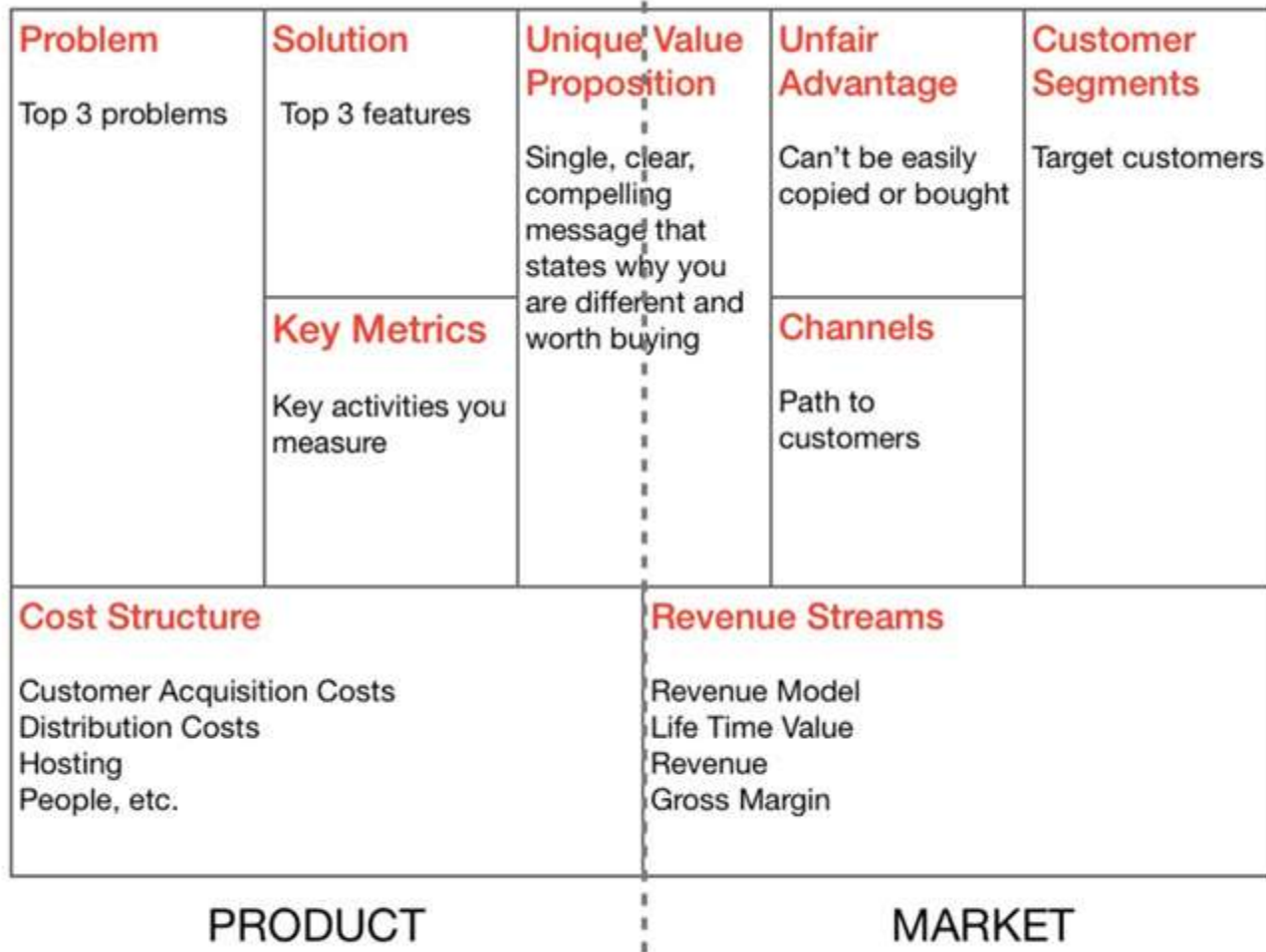
The Business Model Canvas

Key Partners 	Key Activities 	Value Proposition 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

For a large poster-size version of The Business Model Canvas, visit www.businessmodelgeneration.com.







Business Model Generation

A Handbook for Visionaries, Game Changers, and Challengers

Written by
Alexander Osterwalder and Yves Pigneur

Design
Alan Smith, The Movement

Editor and Contributing Co-Author
Tim Clark

Production
Patrick van der Pijl

Co-created by an amazing crowd of
470 practitioners from 45 countries



John Wiley & Sons, Inc.

