How to create products and services customers want.

Get started with...

Value Proposition Design

strategyzer.com/vpd

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WILEY



Strategyzer

Series

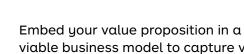
Sequel to

Business Model Generation

International Bestseller
30+ Languages







viable business model to capture value for your organization. To do so, you can use the Business Model Canvas. a tool to describe how your organization creates, delivers, and captures value. The Business Model, and Value Proposition Canvas perfectly integrate, with the latter being like a plug-in to the former that allows you to zoom into the details of how you are creating value for customers.

The refresher of the Business Model Canvas on this spread is sufficient to work through this book and create great value propositions. Go to the online resources if you are interested in more or get Business Model Generation,* the sister publication to this book.

Customer Segments

are the groups of people and/or organizations a company or organization aims to reach and create value for with a dedicated Value Proposition.

Value Propositions

are based on a bundle of products and services that create value for a Customer Segment.

Channels

describe how a Value Proposition is communicated and delivered to a Customer Segment through communication, distribution, and sales Channels.

Customer Relationships

outline what type of relationship is established and maintained with each Customer Segment, and they explain how customers are acquired and retained.

Revenue Streams

result from a Value Proposition successfully offered to α Customer Segment. It is how an organization captures value with a price that customers are willing to pay.

Key Resources

are the most important assets required to offer and deliver the previously described elements.

Key Activities

are the most important activities an organization needs to perform well.

Key Partnerships

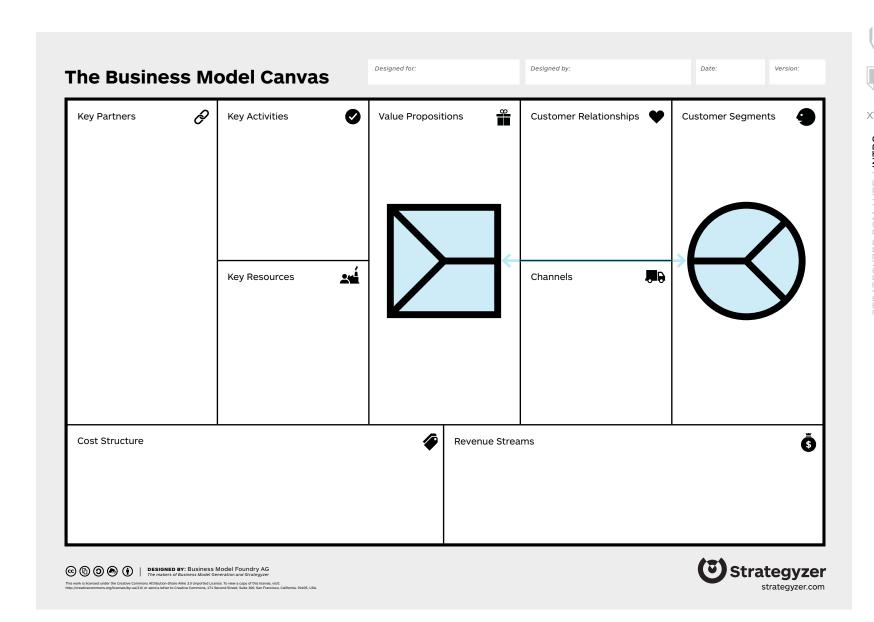
shows the network of suppliers and partners that bring in external resources and activities.

Cost Structure

describes all costs incurred to operate a business model.

Profit

is calculated by subtracting the total of all costs in the Cost Structure from the total of all Revenue Streams.



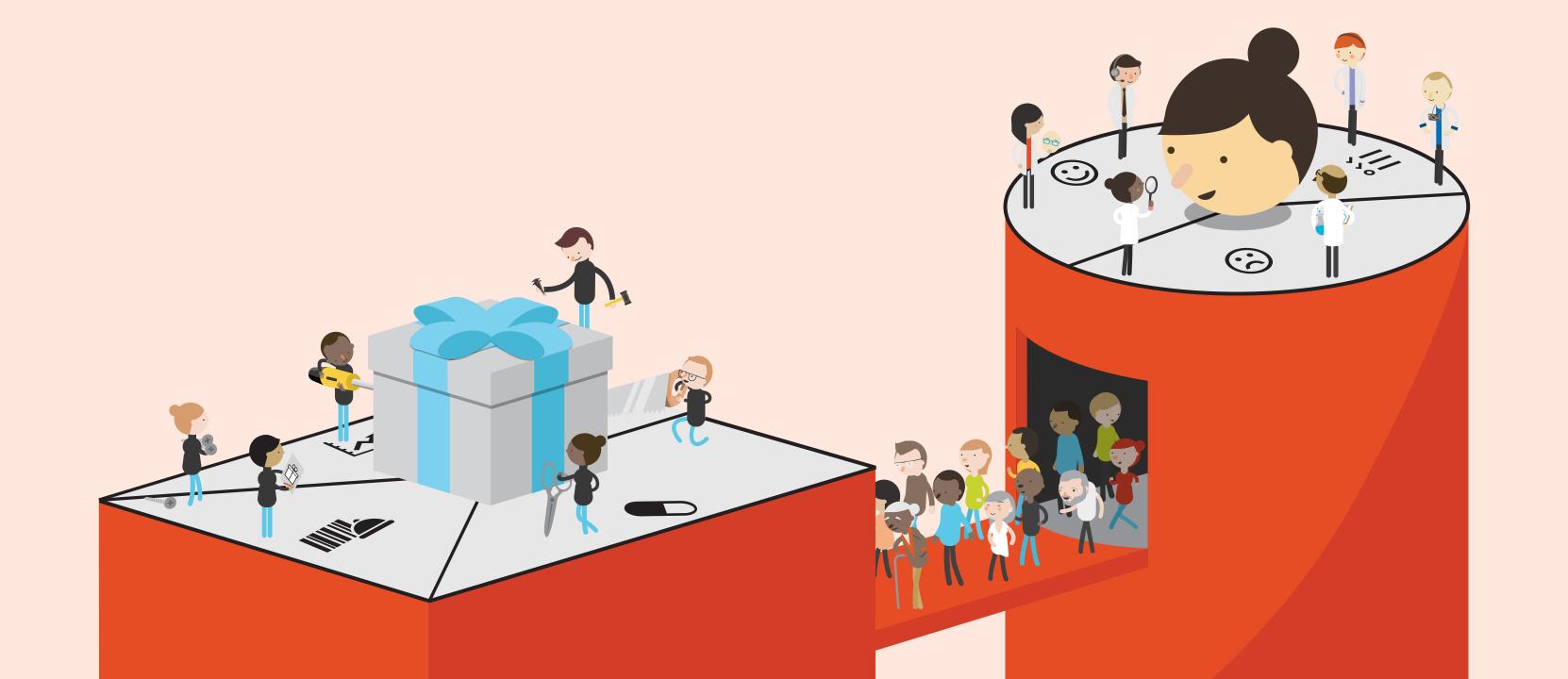


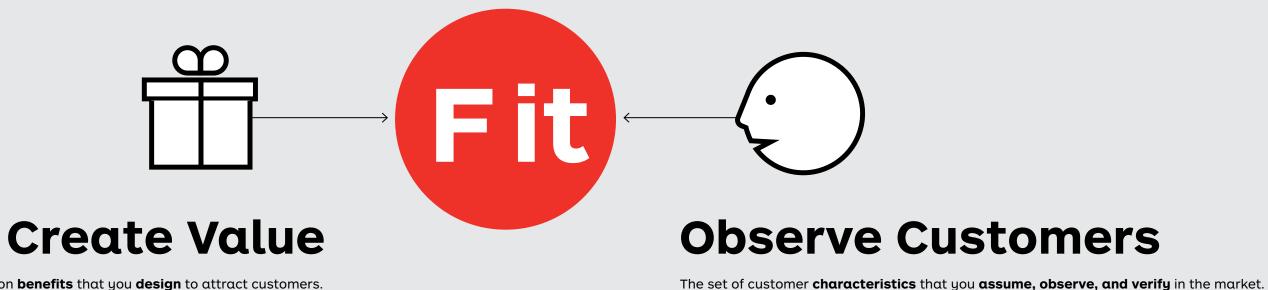
^{*}Business Model Generation (2010), Osterwalder and Pigneur

CCMMCS



The Value Proposition Canvas has two sides. With the Customer Profile ^{p. 10} you clarify your customer understanding. With the Value Map ^{p. 26} you describe how you intend to create value for that customer. You achieve Fit ^{p. 40} between the two when one meets the other.





The set of value proposition **benefits** that you **design** to attract customers.

DEF-I-NI-TION

VALUE PROPOSITION

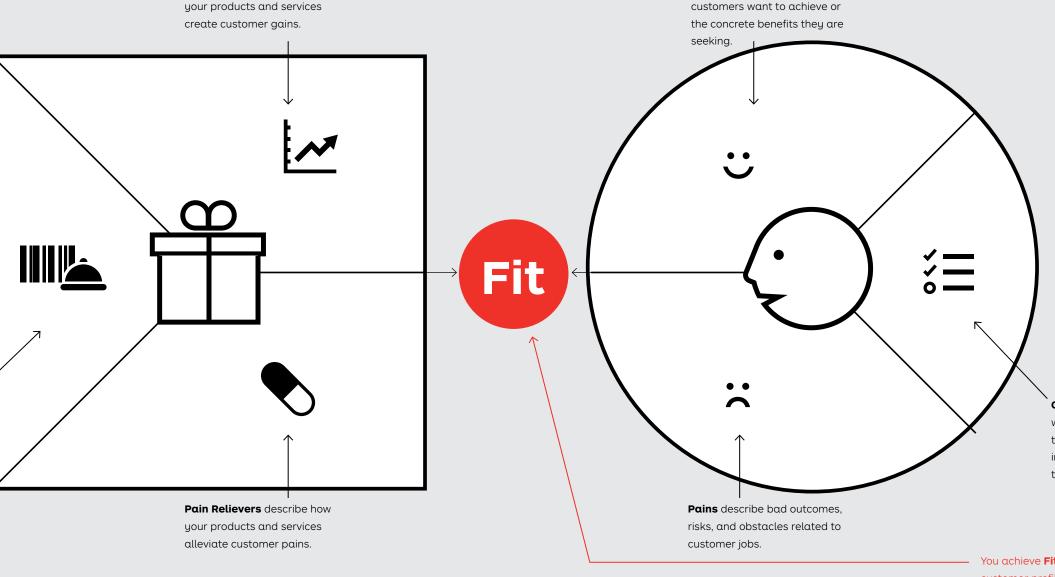
Describes the benefits customers can expect from your products and services.

Value Мар

The Value (Proposition) Map describes the features of a specific value proposition in your business model in a more structured and detailed way. It breaks your value proposition down into products and services, pain relievers, and gain creators.

> This is a list of all the **Products and Services** a value proposition is

built around.



Gains describe the outcomes

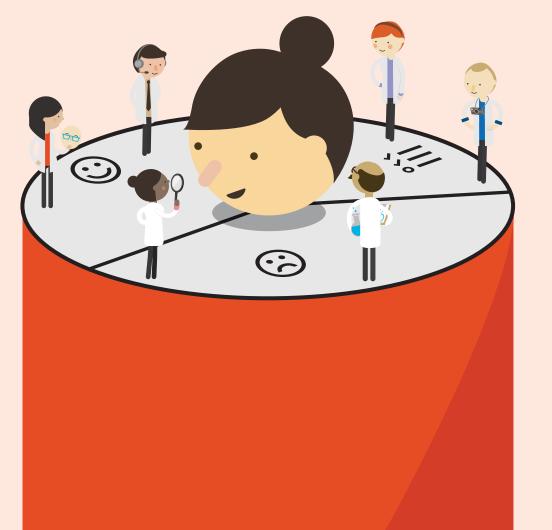
Gain Creators describe how

Customer **Profile**

The Customer (Segment) Profile describes a specific customer segment in your business model in a more structured and detailed way. It breaks the customer down into its jobs, pains, and gains.

Customer Jobs describe what customers are trying to get done in their work and in their lives, as expressed in their own words.

You achieve **Fit** when your value map meets your customer profile — when your products and services produce pain relievers and gain creators that match one or more of the jobs, pains, and gains that are important to your customer.



Customer Jobs

Jobs describe the things your customers are trying to get done in their work or in their life. A customer 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 important from your perspective might not be a job customers are actually trying to get

Distinguish between three main types of customer jobs to be done and supporting jobs:

Functional jobs

When your customers try to perform or complete a specific task or solve a specific problem, for example, mow the lawn, eat healthy as a consumer, 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, look trendy as a consumer or be perceived as competent as a professional.

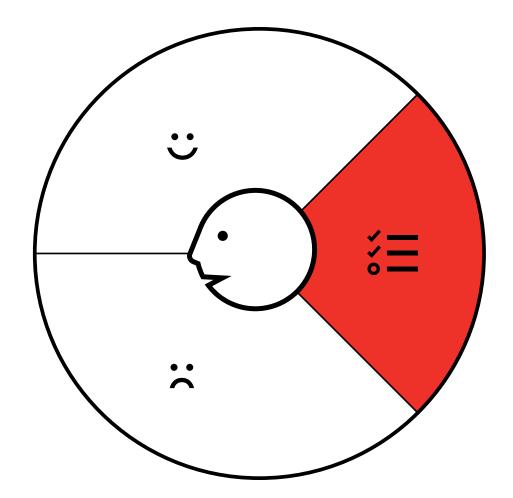
Personal/emotional jobs

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 the feeling of job security at one's workplace.

Supporting jobs

Customers also perform supporting jobs in the context of purchasing and consuming value either as consumers or as professionals. These jobs arise from three different roles:

- BUYER OF VALUE: jobs related to buying value, such as comparing offers, deciding which products to buy, standing in a checkout line, completing a purchase, or taking delivery of a product or service.
- COCREATOR OF VALUE: jobs related to cocreating value with your organization, such as posting product reviews and feedback or even participating in the design of a product or service.
- TRANSFERRER OF VALUE: jobs related to the end of a value proposition's life cycle, such as canceling a subscription, disposing of a product, transferring it to others, or reselling it.



Job context

Customer jobs often depend on the specific context in which they are performed. The context may impose certain constraints or limitations. For example, calling somebody on the fly is different when you are traveling on a train than when you are driving a car. Likewise, going to the movies with your kids is different than going with your partner.

Job importance

It is important to acknowledge that not all jobs have the same Important importance to your customer. Some matter more in a customer's work or life because failing to get them Insignificant done could have serious ramifications. Some are insignificant because the customer cares about other things more. Sometimes a customer will deem a job crucial because it occurs frequently or because

it will result in a desired or unwanted outcome.



^{*} The jobs to be done concept was developed independently by several business thinkers including Anthony Ulwick of the consulting firm Strategyn, consultants Rick Pedi and Bob Moesta, and Professor Denise Nitterhouse of Depaul University. It was popularized by Clay Christensen and his consulting firm Innosight and Anthony Ulwick's Strategyn.

Customer Pains

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

Seek to identify three types of customer pains and how severe customers find them:

Undesired outcomes, problems, and characteristics

Pains are functional (e.g., a solution doesn't work, doesn't work well, or has negative side effects), social ("I look bad doing this"), emotional ("I feel bad every time I do this"), or ancillary ("It's annoying to go to the store for this"). This may also involve undesired characteristics customers don't like (e.g., "Running at the gym is boring," or "This design 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 the time to do get this job done accurately," or e.g. "I can't 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 e.g. "A security breach would be disastrous for us").

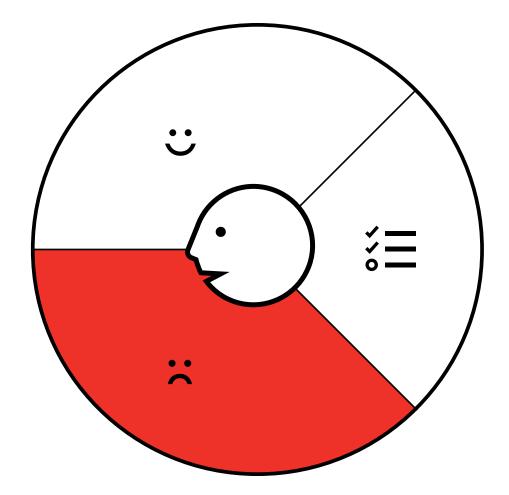
Pain severity

A customer pain can be extreme or moderate, similar to how jobs can be important or insignificant to the customer.



Tip: Make pains concrete.

To clearly differentiate jobs, pains, and gains, describe them as concretely as possible. For example, when a customer says "waiting in line was a waste of time," ask after how many minutes exactly it began to feel like wasted time. That way you can note "wasting more than x minutes standing in line." When you understand how exactly customers measure pain severity, you can design better pain relievers in your value proposition.



The following list of trigger questions can help you think of different potential customer pains:

- How do your customers define too costly? Takes a lot of time, costs too much money, or requires substantial efforts?
- · What makes your customers feel bad? What are their frustrations, annoyances, or things that give them a headache?
- How are current value propositions underperforming for your customers? Which features are they missing? Are there performance issues that annoy them or malfunctions they cite?
- What are the main difficulties and challenges your customers encounter? Do they understand how things work, have difficulties getting certain things done, or resist particular jobs for specific reasons?
- What negative social consequences do your customers encounter or fear? Are they afraid of a loss of face, power, trust, or status?
- What risks do your customers fear? Are they afraid of financial, social, or technical risks, or are they asking themselves what could go wrong?
- What's keeping your customers awake at night? What are their big issues, concerns, and worries?
- What common mistakes do your customers make? Are they using a solution the wrong way?
- What barriers are keeping your customers from adopting a value proposition? Are there upfront investment costs, a steep learning curve, or other obstacles preventing adoption?



O Download trigger questions

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.

Seek to identify four types of customer gains in terms of outcomes and benefits:

Required gains

These are gains without which a solution wouldn't work. For example, the most basic expectation that we have 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, since Apple launched the iPhone, we expect phones to be well-designed and look good.

Desired gains

These are gains that go beyond what we expect from a solution but would love to have if we could. These are usually gains that customers would come up with if you asked them. For example, we desire smartphones to be seamlessly integrated with our other devices.

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.

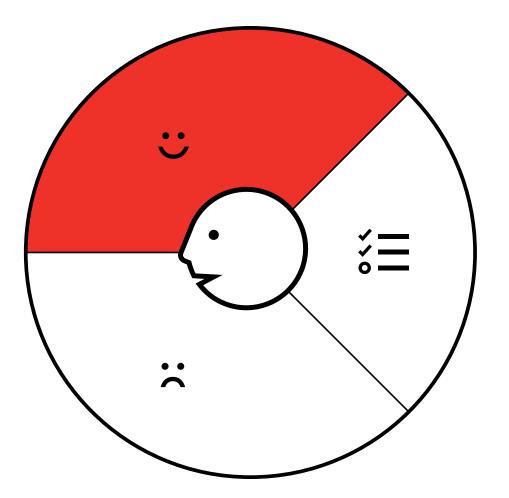
Gain relevance

A customer gain can feel essential or nice to have, just like pains can feel extreme or moderate to them.



Tip: Make gains concrete.

As with pains, it's better to describe gains as concretely as possible to clearly differentiate jobs, pains, and gains from one another. Ask how much they'd expect or dream of when a customer indicates "better performance" as a desired gain. That way you can note "would love an increased performance of more than x." When you understand how exactly customers measure gains (i.e., outcomes and benefits), you can design better gain creators in your value proposition.



The following list of trigger questions can help you think of different potential customer gains:

- Which savings would make your customers happy? Which savings in terms of time, money, and effort would they value?
- What quality levels do they expect, and what would they wish for more or less of?
- · How do current value propositions delight your customers? Which specific features do they enjoy? What performance and quality do they
- What would make your customers' jobs or lives easier? Could there be a flatter learning curve, more services, or lower costs of ownership?
- What positive social consequences do your customers desire? What makes them look good? What increases their power or their status?
- · What are customers looking for most? Are they searching for good design, guarantees, specific or more features?
- What do customers dream about? What do they aspire to achieve, or what would be a big relief to them?
- How do your customers measure success and failure? How do they gauge performance or cost?
- What would increase your customers' likelihood of adopting a value proposition? Do they desire lower cost, less investment, lower risk, or better quality?



Download trigger questions

Profile of a "Business Book Reader"

We chose to use potential readers of this book to illustrate the customer profile. We deliberately went beyond jobs, pains, and gains merely related to reading books, since we intended to design an innovative and more holistic value proposition for businesspeople in general.

The customer profile sketched out on the right is informed by several interviews we conducted and thousands of interactions we had with workshop participants. However, it is not mandatory to start with preexisting customer knowledge. You may begin exploring ideas by sketching out a profile based on what you believe your potential customers look like. This is an excellent starting point to prepare customer interviews and tests regarding your assumptions about customer jobs, pains, and gains.



Gains are benefits, results, and characteristics that customers require or desire. They are outcomes of jobs or wanted characteristics of a value proposition that help customers get a job done well.

The more tangible and specific you make pains and gains, the better. For example, "examples from my industry" is more concrete than "relevant to my context." Ask customers how they measure gains and pains. Investigate how they measure success or failure of a job they want to get done.

Make sure you deeply understand your customer. If you have only a few sticky notes on your profile, that probably indicates a lack of customer understanding. Unearth as many jobs, pains, and gains as you can. Search beyond those directly related to your value proposition.



method

You should know your customers' social and emotional jobs in addition to their functional jobs, which are usually easier to identify

Make sure you go beyond a superficial understanding of jobs. Why do customers want to "learn new knowledge"? It might be that they want to bring new methods in to their organization. Ask "why" several times to get to the most important jobs.

Make sure you don't just consider jobs, pains, and gains related to a value proposition or product in mind. Identify those (e.g., "Business books are too long") as well as other extreme pains (e.g., "lack of time" or "get boss's attention").

Ranking Jobs, **Pains, and Gains**

Although individual customer preferences vary, you need to get a sense of customer priorities. Investigate which jobs the 20 majority consider important or insignificant. Find out which pains they find extreme versus merely moderate. Learn which gains they find essential and which are simply nice to have.

Ranking jobs, pains, and gains is essential in order to design value propositions that address things customers really care about. Of course, it's difficult to unearth what really matters to customers, but your understanding will improve with every customer interaction and experiment

It doesn't matter if you start out with a ranking that is based on what you think is important to your potential customers as long as you strive to test that ranking until it truly reflects priorities from the customer's perspective.



Job importance

Rank jobs according to their importance to customers.



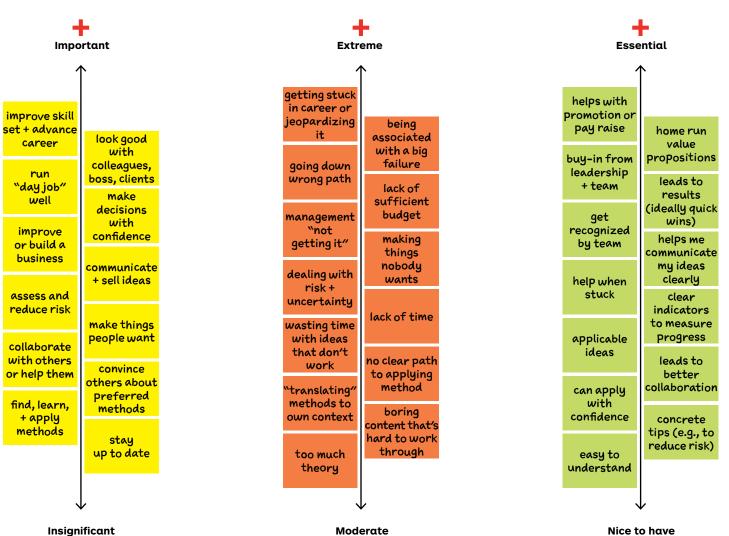
Pain severity

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.



Step into Your Customers' Shoes

Visualize what matters to your 22 customers in a sharable format

OUTCOME

1 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.



Select customer segment

Select a customer segment that you want to profile.



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.



Identify customer pains

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



Identify customer gains

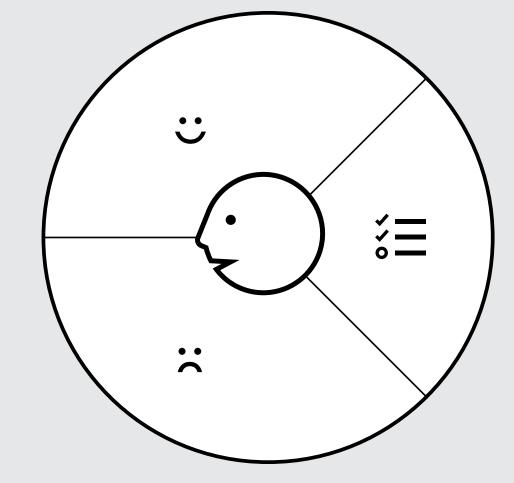
What outcomes and benefits do your customers want to achieve? Write down as many gains as you can come up with.



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 nice to have gains at the bottom.

Customer Profile



Best Practices for Mapping Jobs, Pains, and Gains

Avoid frequently committed mistakes when profiling a customer, and instead follow these best practices.

X Common Mistakes

Mixing several customer segments into one profile

Mixing jobs and outcomes

Focusing on functional jobs only and forgetting social and emotional

Listing jobs, pains, and gains with your value proposition in mind

has the choice between

business books, consul-

tants, YouTube videos, or

even completing an MBA

program or training. Go beyond the jobs, pains, and gains you intend or hope to address with your value proposition.

Identifying few jobs, pains, and gains

Being too vague in descriptions of pains and gains

✓ Best Practices

Make a Value Proposition Canvas for every different customer segment. If you sell to companies, ask yourself if you have different tupes of customers within each company (e.g., users, buyers).

Jobs are the tasks customers are trying to perform, the problems they are trying to solve, or the needs they are trying to satisfy, whereas others" might be more gains are the concrete outcomes they want to achieve — or avoid and eliminate in the case of pains.

Sometimes social or emotional jobs are even more important than the "visible" functional jobs. "Looking good in front of important than finding a great technical solution that helps complete the job effectively.

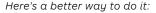
When you map your A good customer profile customer, you should is full of sticky notes, proceed like an anthrohave a lot of pains and pologist and "forget" what you are offering. expect or desire a lot of For example, a business gains. Map out all your publisher should not (potential) customers' map jobs, pains, and important jobs, extreme gains merely related to pains, and essential books, because a reader gains.

Make pains and gains tangible and concrete. because most customers Rather than just writing "salary increase" in gains, specify how much of an increase a customer is seeking. Rather than writing "takes too long" in pains, indicate how long "too long" actually is. This will allow you to understand how exactly customers measure success and failure.

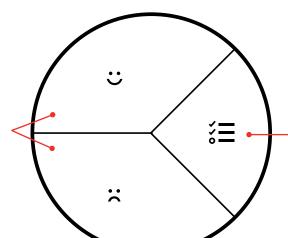


Pains vs. Gains

When you get started with the customer profile, you might simply put the same ideas in pains and gains as opposites of each other. For example, if one of the customers' jobs to be done is "earn more money," you might start by adding "salary increase to gains" and "salary decrease" to pains.



- Find out precisely how much more money the customer expects to earn so it feels like a gain and investigate what decrease would feel like a pain.
- In the pains, add the barriers that prevent or make it difficult to get a job done. In our example the pain might be "my employer doesn't aive raises."
- In the pains, add the risks related to not getting the job done. In our example the pain could be "might not be able to afford my child's future college tuition."





Ask "why" several times until you really understand your customers' jobs to be done.

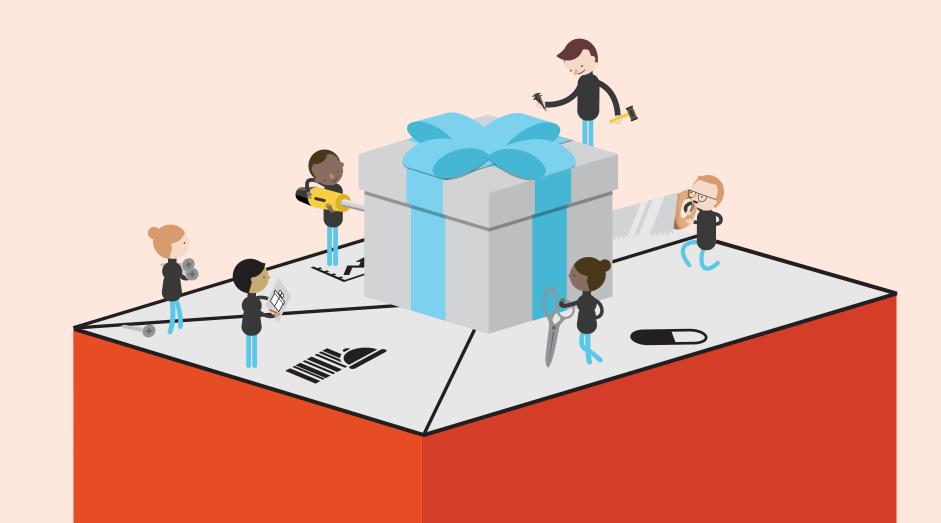
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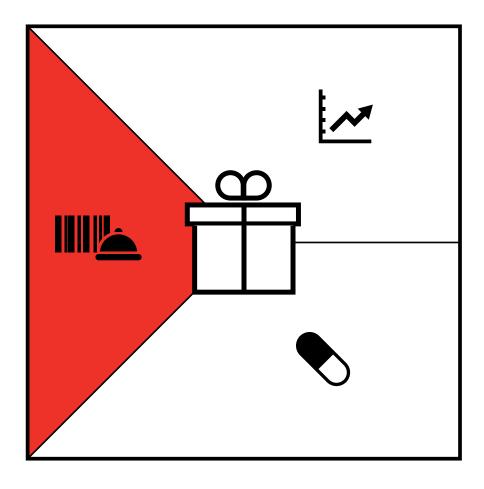
Another issue when you get started with the customer profile is that you might settle with a superficial understanding of your customer's jobs. To avoid this, you need to ask yourself why a customer wants to perform a certain job to dig deeper toward the real motivations.

For example, why might a customer want to learn a foreign language? Maybe because the "real" customer job to be done is to improve his CV. Why does he want to improve his CV? Maybe because he wants to earn more money.

Don't settle until you really understand the underlying jobs to be done that really drive customers.

Value Map





Products and Services

This is simply a list of what you offer. Think of it as all the items your customers can see in your shop window - metaphorically speaking. It's an enumeration of all the products and services your value proposition builds on. This bundle of products and services helps your customers complete either functional, social, or emotional jobs or helps them satisfy basic needs. It is crucial to acknowledge that products and services don't create value alone only in relationship to a specific customer segment and their jobs, pains, and gains.

Your list of products and services may also include supporting ones that help your customers perform the roles of buyer (those that help customers compare offers, decide, and buy), co-creator (those that help customers co-design value propositions), and transferrer (those that help customers dispose of a product).

Your value proposition is likely to be composed of various types of products and services:

Physical/tangible

Goods, such as manufactured products.

Intangible

Products such as copyrights or services such as after-sales assistance.

Digital

Products such as music downloads or services such as online recommendations.

Financial

Products such as investment funds and insurances or services such as the financing of a purchase.

Relevance

It is essential to acknowledge that not all products and services have the same relevance to your customers. Some products and services are essential to your value proposition, some are merely nice to have.







Pain Relievers

Pain relievers describe how exactly your products and services alleviate 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 that prevent them from doing so.

Great value propositions focus on pains that matter to customers, in particular extreme pains. You don't need to come up with a pain reliever for every pain you've identified in the customer profile — no value proposition can do this. Great value propositions often focus only on few pains that they alleviate extremely well.

The following list of trigger questions can help you think of different ways your products and services may help your customers alleviate pains.

Ask yourself: Could your products and services...

- produce savings? In terms of time, money, or
- make your customers feel better? By killing frustrations, annoyances, and other things that give customers a headache.
- fix underperforming solutions? By introducing new features, better performance, or enhanced quality.
- put an end to difficulties and challenges your customers encounter? By making things easier or eliminating obstacles.
- wipe out negative social consequences your customers encounter or fear? In terms of loss of face or lost power, trust, or status.
- eliminate risks your customers fear? In terms of financial, social, technical risks, or things that could potentially go wrong.
- help your customers better sleep at night? By addressing significant issues, diminishing concerns, or eliminating worries.
- limit or eradicate common mistakes customers make? By helping them use a solution the right
- eliminate barriers that are keeping your customer from adopting value propositions? Introducing lower or no upfront investment costs, a flatter learning curve, or eliminating other obstacles preventing adoption.

Relevance

A pain reliever can be more or less valuable to the customer. Make sure you differentiate between essential pain relievers and ones that are nice to have. The former relieve extreme issues, often in a radical way, and create a lot of value. The latter merely relieve moderate pains.







Gain Creators

Gain Creators describe how your products and services create customer gains. They explicitly outline how you intend to produce outcomes and benefits that 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 that are relevant to customers and where your products and services can make a difference.

The following list of trigger questions can help you think of different ways your products and services may help your customers obtain required, expected, desired, or unexpected outcomes and benefits.

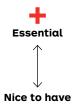
Ask yourself: Could your products and services...

- create savings that please your customers? In terms of time, money, and effort.
- · produce outcomes your customers expect or that exceed their expectations? By offering quality levels, more of something, or less of something.
- outperform current value propositions and delight your customers? Regarding specific features, performance, or quality.
- make your customers' work or life easier? Via better usability, accessibility, more services, or lower cost of ownership.
- create positive social consequences? By making them look good or producing an increase in power or status.
- · do something specific that customers are looking for? In terms of good design, guarantees, or specific or more features.
- fulfill a desire customers dream about? By helping them achieve their aspirations or getting relief from a hardship?
- · produce positive outcomes matching your customers' success and failure criteria? In terms of better performance or lower cost.

- help make adoption easier? Through lower cost, fewer investments, lower risk, better quality, improved performance, or better design.
- help make adoption easier? Through lower cost, improved investments, lower risk, better quality, improved performance, or better design.

Relevance

A gain creator can produce more or less relevant outcomes and benefits for the customer just like we have seen for pain relievers. Make sure you differentiate between essential and nice to have gain creators.



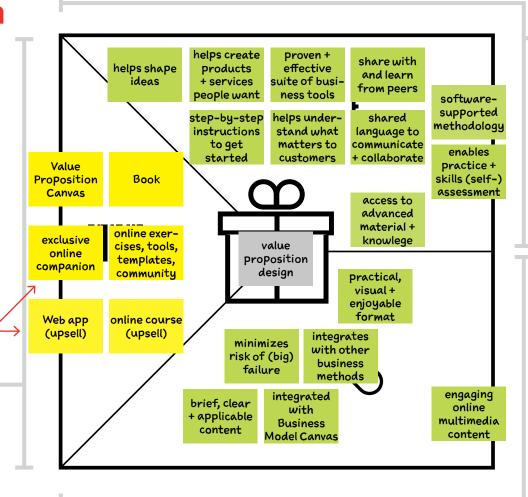


Mapping the Value Proposition of Value **Proposition** Design

Remarkable value propositions focus on jobs, pains, and gains that matter to customers and achieve those exceedingly well. Again, you should not try to address all customer pains and gains. Focus on those that will make a difference for your customer.

> It's okay to aggregate several value propositions into one.

"Naked" list of the products and services that your value proposition builds on to target a specific customer segment.



Pain relievers outline how exactly your products and services kill customer pains. Each pain reliever addresses at least one or more pains or gains. Don't add products or services here.

Gain creators highlight how exactly your products and services help customers achieve gains. Each gain creator addresses at least one or more pains or gains. Don't add products or services here.





Formal Map of how we believe the products and services around this book create value for customers



Your Products and Services Create Value

OBJECTIVE

Describe explicitly how your products and services create value

OUTCOME

1 page map of value creation

Instructions

Sketch out the value map of one of your existing value propositions. For example, use one that targets the customer segment you profiled in the previous exercise. It's easier to get started with an existing value proposition. However, if you don't have one yet, sketch out how you intend to create value with a new idea. We will cover the creation of new value propositions more specifically later on in this book.

For now:

- 1. Grab the Customer Profile you previously completed.
- 2. Download the Value Map.
- 3. Grab a set of small sticky notes.

(a) Download the Value Map pdf

4. Map out how you create value for your customers.

The Value Map





List products and services

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



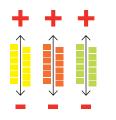
Outline pain relievers

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.



Outline gain creators

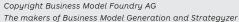
Explain how your products and services currently create expected or desired outcomes and benefits for customers. Use one sticky note per gain creator.

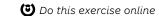


Rank by order of importance

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







Pain relievers vs. Gain creators

Pain relievers and gain creators both create value for the customer in different ways. The difference is that the former specifically addresses pains in the customer profile, while the latter specifically addresses gains. It is okay if either of them addresses pains and gains at the same time. The main goal of these two areas is to make the customer value creation of your products and services explicit.



What is the difference with the pains and gains in the customer profile?

Pain relievers and gain creators are distinctly different from pains and gains. You have control over the former, whereas you don't have control over the latter. You decide (i.e., design) how you intend to create value by addressing specific jobs, pains, and gains. You don't decide over which jobs, pains, and gains the customer has. And no value proposition addresses all of a customer's jobs, pains, and gains. The best ones address those that matter most to customers and do so extremely well.

Best Practices for Mapping Value Creation

X Common Mistakes

List all your products and services rather than just those targeted at a specific segment.

reliever and gain creator fields.

Add products and services to the pain Offer pain relievers and gain creators Make the unrealistic attempt to and gains in the customer profile.

that have nothing to do with the pains address all customer pains and gains.

✓ Best Practices

Products and services create value only in relationship to a specific customer segment. List only the bundle of products and services that jointly form a value proposition for a specific customer segment.

Pain relievers and gain creators are explanations or characteristics that make the value creation of your products and services explicit. Examples include "helps save time", and "welldesigned."

Remember that products and services Realize that great value propositions don't create value in absolute terms. It is always relative to customers' jobs, ing which jobs, pains, and gains to pains, and gains.

are about making choices regardaddress and which to forgo. No value proposition addresses all of them. If your value map indicates so, it's probably because you're not honest about all the jobs, pains, and gains that should be in your customer profile.