

## Short summary # 12

### Value Proposition



**Dr Alexander Osterwalder**

The value proposition shows the superior values that a company offers in terms of features of its offerings, including quality, efficacy, customer-experience, customer-satisfaction & service, esteem, making them more attractive compared to those of the competitors. It communicates to potential customers WHY they should prefer your offerings over others. Value proposition offers reasons or explains how customers receive better value for their money when they buy a company's product or service. particular the high value for the money of the potential customers so they can make informed decisions about buying product of the company. It clearly differentiates a company's product with that of the competitors.

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

Many companies may have great products or services, but that message is not clearly articulated to customers. In absence of that knowledge, customers continue to buy others products and the company may have shut down the business in spite of offering great value. Value proposition is not merely a statement. A company has to innovate the value proposition and then prepare the statement compellingly containing the details of the offerings to clearly articulate to potential customers.

The value proposition of a company must be clearly known to all members in the company for them to be able to comprehensively convey to outside stakeholders including prospects.

A value proposition would be termed successful if it can turn a prospect into a customer.

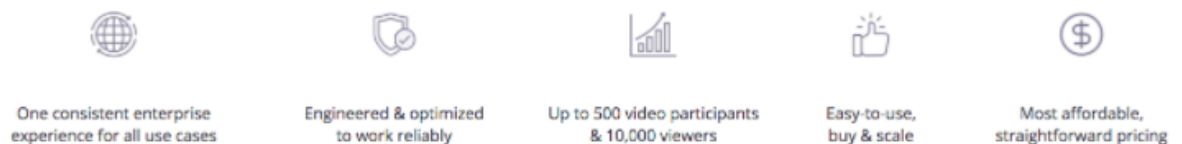
*A value proposition helps positioning your offerings explaining benefits and how well your solution solves the pain of the target audience and how is it distinctly better than the alternatives.*

The value proposition should be articulated lucidly for any one to obviously understand and should be conspicuously displayed in product packaging,

hoarding, website, and other customers touch points, website search engine optimization for , and more.

1. Shopify – The ecommerce platform made for you. Whether you sell online, on social media, in store, or out of the trunk of your car, Shopify has you covered. They further add: Get straight to growing your business. Let us handle the rest. [Another one: Anyone, anywhere, can start a business.]
2. Uber – The Smartest Way to Get Around.
3. Zoom Video and Web Conferencing – #1 Video Conferencing and Web Conferencing Service (Zoom has an industry-leading NPS score of 69 based on 2017 Wootric surveys. It further adds the 'WHY' and explains:

#### Why Zoom?



4. Apple iPhone – The Experience IS the Product.
5. Unbounce – A/B Testing Without Tech Headaches.
6. Slack – Be More Productive at Work with Less Effort ( second one: Slack makes it downright pleasant to work together.)
7. Digit – Save Money Without Thinking About It.
8. LessAccounting – Bookkeeping, Without the Hassle.
9. CrazyEgg – Website Behavior Tracking at an Unbeatable Price.
10. Grammarly – Great writing, simplified.
11. Apple iOS 14 – Looks brand new. Feels like home.

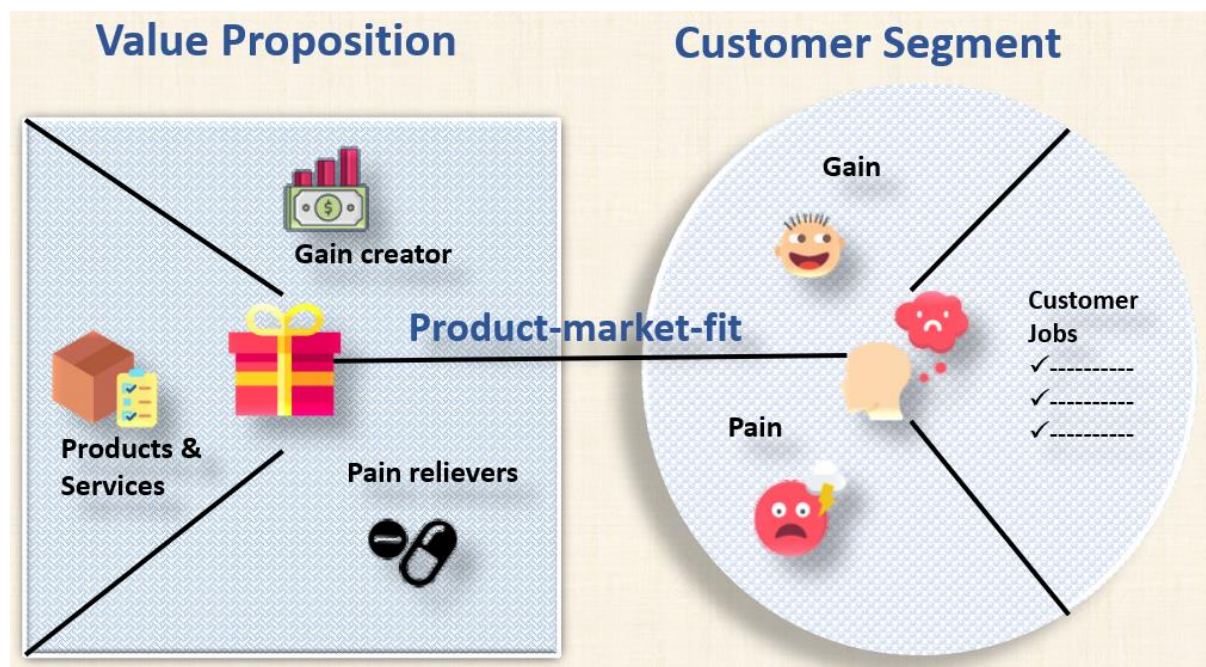
How to build your value proposition?

Thankfully Dr. Alexander Osterwalder has gifted us a canvas populating which you can graphically prepare and demonstrate the value proposition of an enterprise. It is one of the building blocks of his more extensive 'Business Model Canvas (BMC)'. The BMC illustrates a business model somewhat comprehensively in one canvas consisting of nine building blocks and value proposition is at the heart of the BMC.

The value proposition canvas (VPC) integrates two very important blocks of the BMC, i.e., the value proposition and customer segment. In the VPC, the customer segment is represented by a circle with three elements, i.e. i. customer jobs or the works that the customers want to get done, ii. the pain related to the jobs that is

bothering the customers, for which they are looking for a solution, iii. the gain i.e. the customers, besides solving their pain, would appreciate some additional benefits.

On the other side, the canvas (VPC) exhibits the value proposition in the form of a square and the elements consist of three components, i.e., i. the products or services that serve the customers' jobs or fulfil the customers' needs, ii. pain relievers i.e. the features of the products or services that alleviate the pain of the customers with better efficacy compared to those of the competitors, iii. the gain creator that gives the customers a sense of premium over the pain relieving. In the context the three elements in the 'value proposition' measure up or be adequate to fulfil those in the 'Customer Segment' we call it a '**product-market-fit**'.



Say, you come up with a new plant-based antacid medicine (say p-bam) and want to prepare your value proposition canvas. Acidity is commonplace and customers do have the pain and there are several standard antacid medicines. You have studied and listed the side-effects of the existing medicines and their limitations. Suppose p-bam neutralizes acidity quicker than existing products, it keeps acidity at bay for longer period of time, there is not much concerns about side-effects, and the natural ingredients provides some micronutrients helping the body to keep a balance. You can now prepare the VPC with the above data.

While explaining the superior value proposition of the products or services i.e., the value proposition it is a good idea to highlight the limitations of the existing solutions to place the comparison in right perspective. But one must be honest in

illuminating the limitations of the offerings of the competitors and not exaggerate them. Any falsification may boomerang and yield negative results.

Osterwalder provides a nice and easy framework to write a value proposition statement. Our -----○----- helps -----○----- who want to -----○----- by --  
---○----- and -----○----- and -----○----- unlike -----○-----

Fill in the blanks to complete the value proposition of a particular company.

Our p-bam helps people with acidity who want to get relief and more by eliminating acidity quickly and keeping the acidity at bay for at least five hours and providing valuable micronutrients unlike traditional antacids that last for a couple of hours and cause great deal of dangerous side effects.

### **Cautions!**

Value proposition is not a slogan. A slogan or tagline is a short, catchy construct of a few words that go alongside your brand name and logo. But value proposition should be meaningful when standing alone.

Never over-promise in a value proposition, i.e. do not lie about your offerings that is either untrue or not sustainable. A negative experience by a customer is a worse proposition than missing many customers.