Problem Definition & Customer Value Proposition
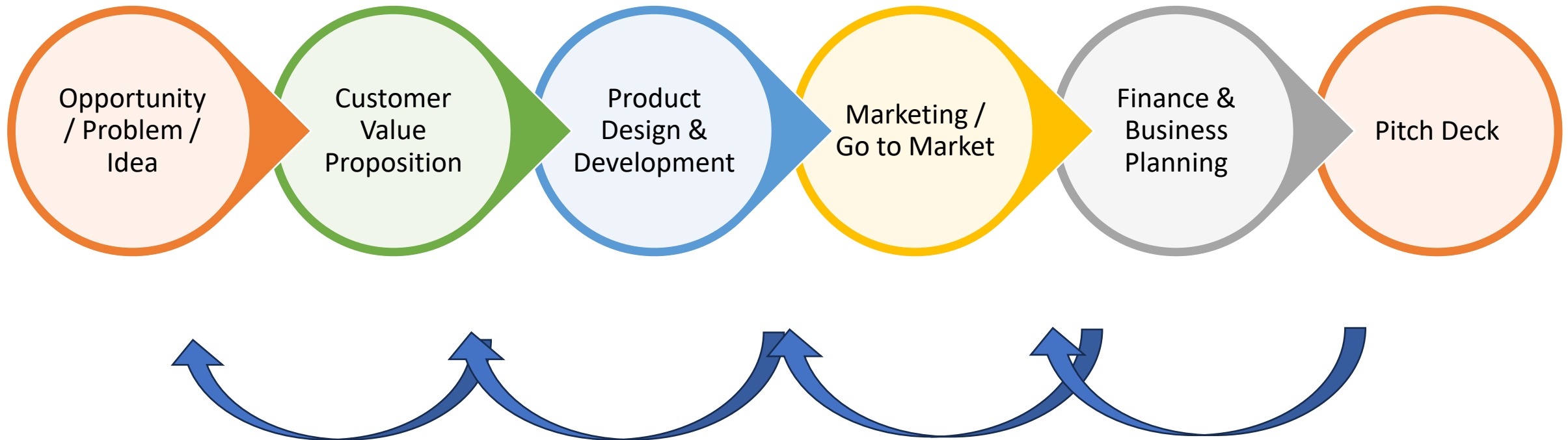**20th & 21st Jul 2024**

Process for Start up Creation

Continuous Learning & Iterative Process

Opportunity / Problem / Idea

Customer Value Proposition

Product Design & Development

Marketing / Go to Market

Finance & Business Planning

Pitch Deck

1. **Problem of counterfeit/fake medicines**

2. **Air conditioners should maintain room temperature**

3. **Made in India Drones/Jets/Planes**

4. **Rental Electrical appliances**

5. **Multi-sensor Smart Tshirt to track health parameters for athletes / senior citizens**

6. **Need health parameter oriented to Indian people, not to Western standards**

7. **Mental Health Tracking through an app**

8. **Kinetic Energy conversion/transformation to electricity**

9. **Safety app**

1. **Student Mentoring Platform for under privileged students**

2. **Making wheelchairs navigate stairs**

3. **Robots to collect garbage from water bodies**

4. **Self-service Farmer App to solve crop issues**

5. **Scholarship Platform (Only listing or more ?)**

6. **Robo-Doctors ? Or Tele medicine ?**

7. **Microplastics collection & recycling**

8. **Modular Upgradable Mobile Phone**

**Learn the difference between Problems / Opportunities / Ideas**

1. **Student Mentoring Platform / Scholarship Platform**

2. **Making wheelchairs navigate stairs**

3. **Robots to collect garbage from water bodies. Microplastics collection & recycling**

4. **Self-service Farmer App to solve crop issues**

5. **Robo-Doctors ? Or Tele medicine ?**

6. **Problem of counterfeit/fake medicine – Scanning the packaging**

7. **Made in India Drones/Jets/Planes**

8. **Mental Health App (Tracking or Companion ?) / Safety App**

9. **Senior Citizen Emotional Care or Holistic Care**

10. **Modular Upgradable Mobile Phone**

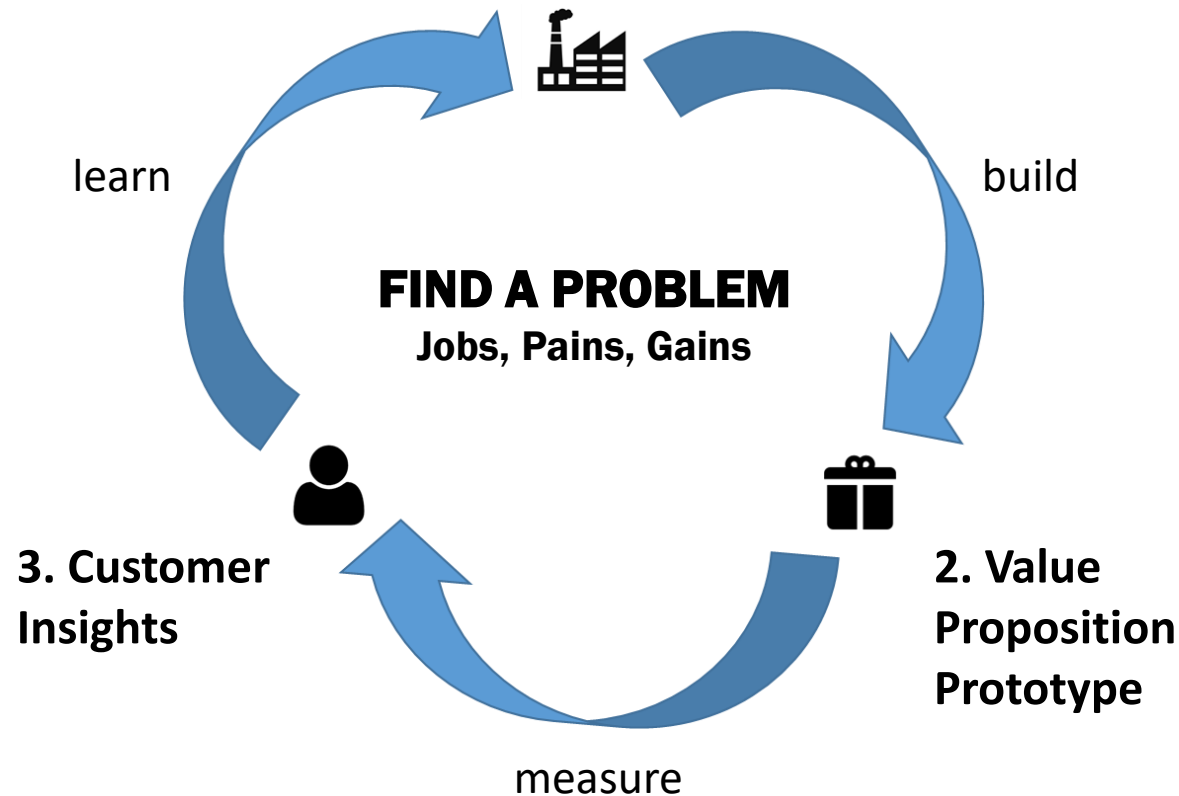## Learn the difference between Problems / Opportunities / Ideas
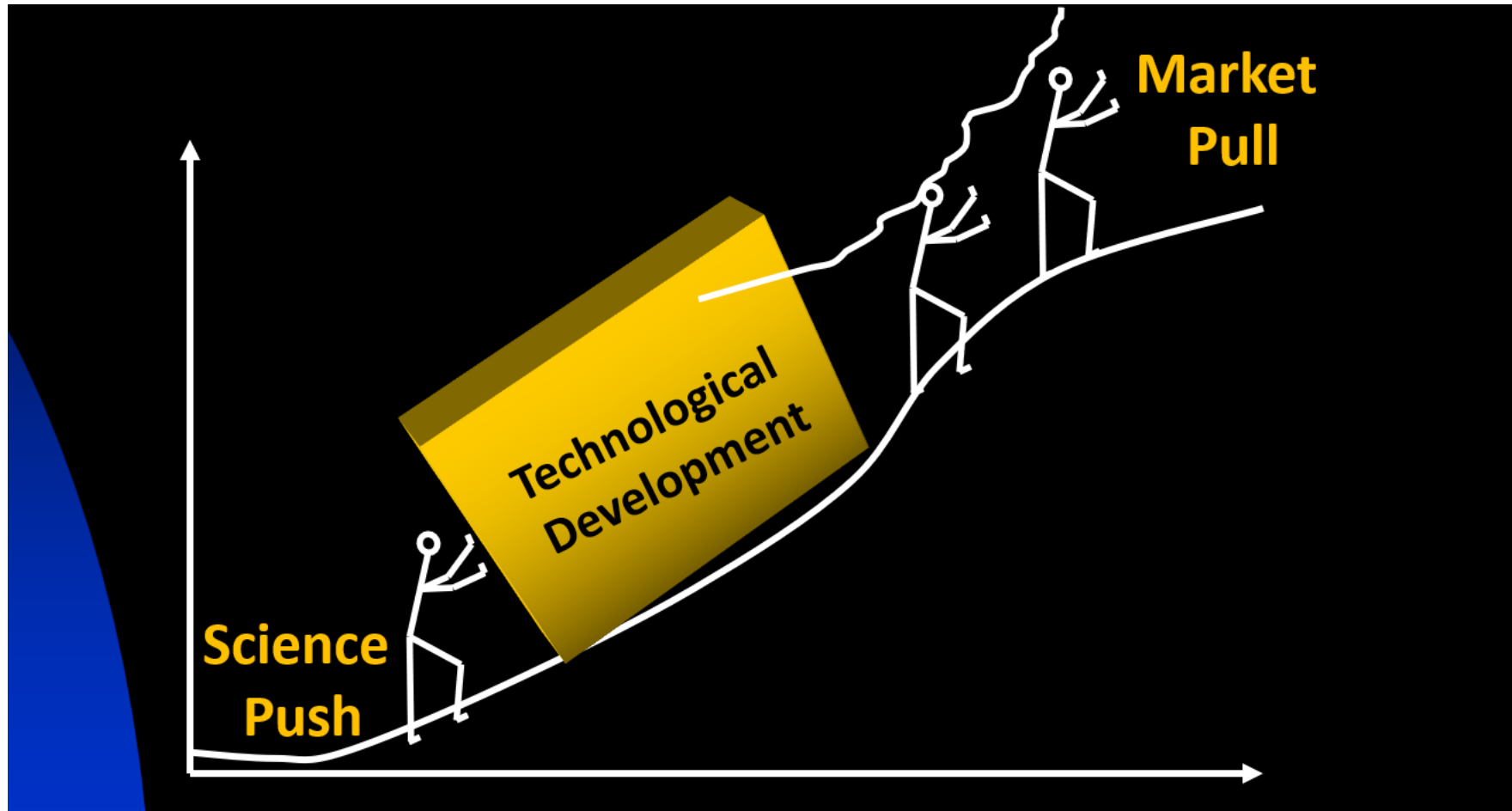
Building the Customer Value Proposition

Technology Push

Solution Available
(invention, innovation, technology)

Market Pull

Problem Discoverable
(jobs, pains, gains)

learn

build

FIND A PROBLEM
Jobs, Pains, Gains

learn

build

FIND A SOLUTION
Idea, POC, Prototype

3. Customer Insights

2. Value Proposition Prototype

2. Adjust Technology (and resource) needs

2. Value Proposition Prototype

measure

measure

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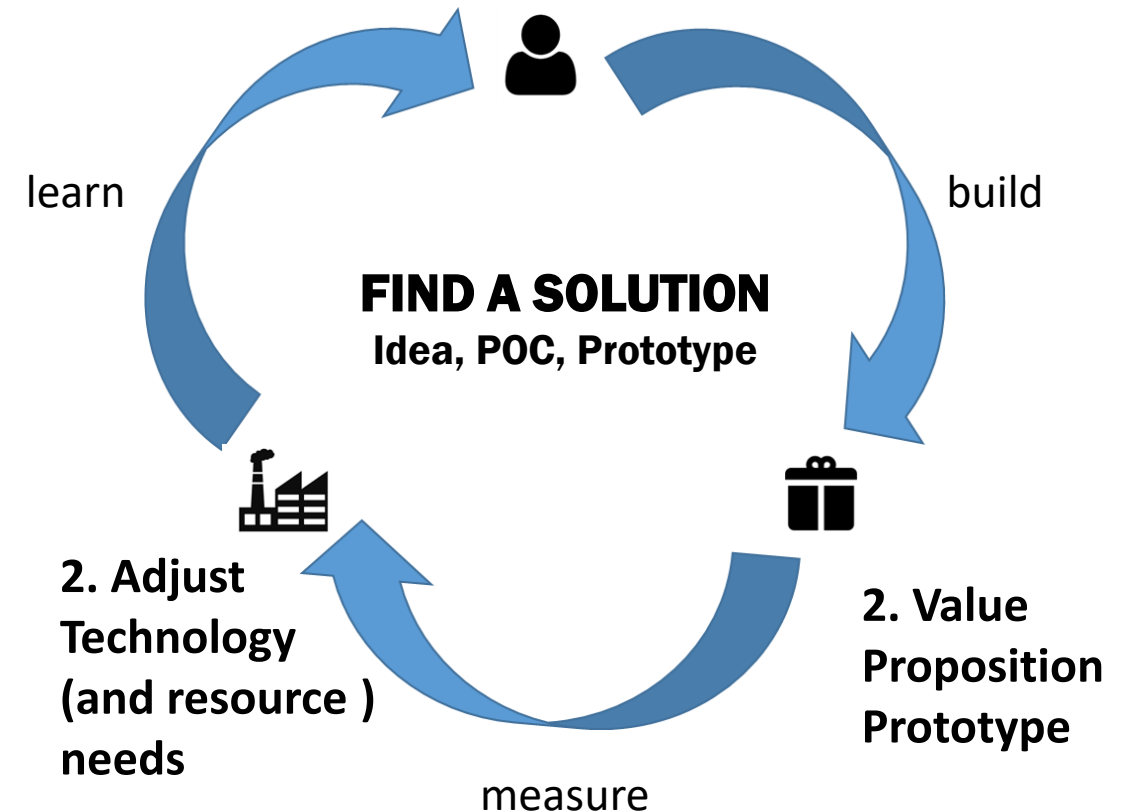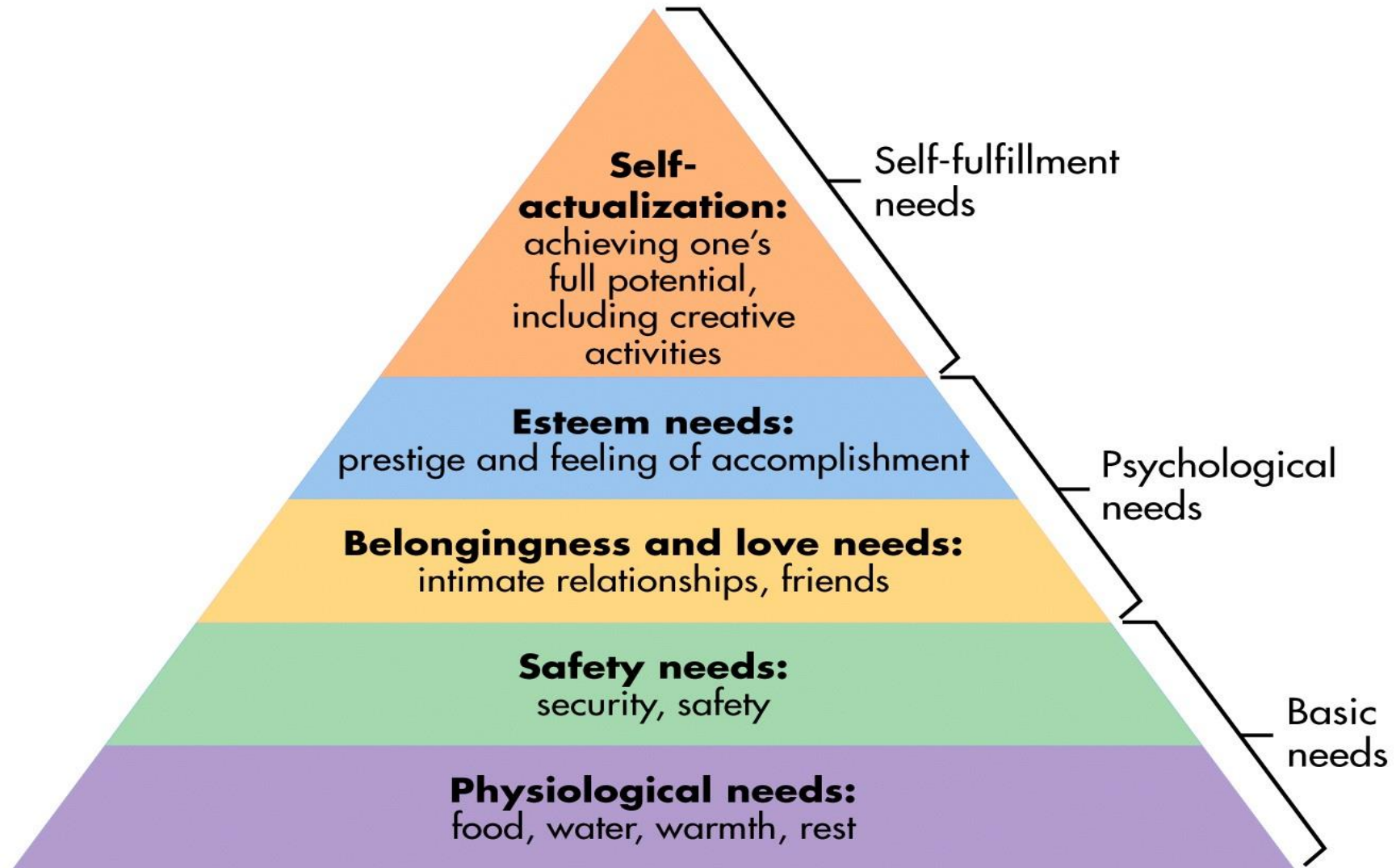
Maslow's Needs Hierarchy

Uncovering Unmet Needs or Problems

- Becoming the Customer : **Discovering problems**

- **Anthropological Excursions** : Live with and observe customers

- Talking to customers to learn the **voice of the customer**

  - Indirect questions to discover wants and needs by leading customers through the ways they currently solve problems

  - Questions about functions rather than products

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- **How is this need being satisfied ?**

- **Is the present method inefficient ? Ineffective ? Can it be improved ? How**

- **What is good about the current method of satisfying the need?**

- **Why will the new method be better and succeed ?**

- **What is the relative cost of the current and the proposed methods ?**

- **Has an Unmet Need been discovered ?**

- **Has an Unmet Need been discovered ?**

- **Is this Problem worth solving ?**
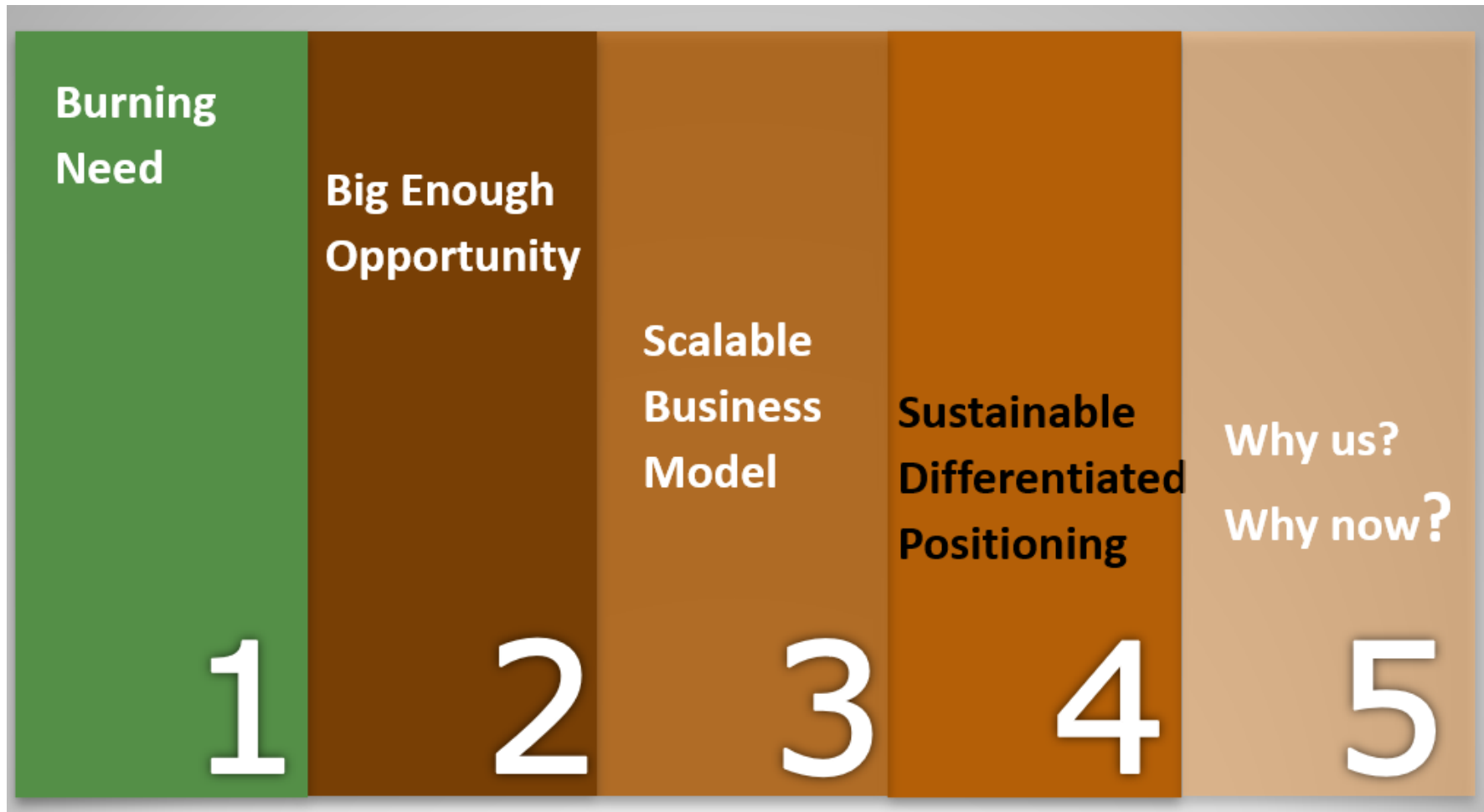
Burning Need — 1
Big Enough Opportunity — 2
Scalable Business Model — 3
Sustainable Differentiated Positioning — 4
Why us? Why now? — 5

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TECHNOLOGY RISK

MARKET RISK

make something people want and

sell it profitably to many of them in perpetuity.

BUSINESS MODEL RISK

SCALING RISK

DEFENSIBILITY RISK

TAM = how big is the universe

Total Available Market

Served Available Market

Target Market

Customer #1

SAM = how many can I reach with my sales channel

Target Market (for a startup) = who will be the most likely buyers

Market Segmentation

- **Mass Market** : Focus on one large group; e.g. consumer electronics

- **Niche Market** : Specific segments; i.e., supplier-buyer relationships like auto parts manufacturers

- **Segmented** : Different needs and problems

  - banks and professional services (engineering, consultants)

  - Lifestyle consumer products

- **Multi-sided platforms**:

  - credit card companies; i.e., card holders and merchants

  - e-commerce platforms

Customer Segmentation

- **Demographic**
  - **Age, Gender, Income, Occupation, Family Status**

- **Geographical (Often included in Demographic)**
  - **Global, National, Regional, State, City/Town/Village, Locality**

- **Psychographic**
  - **Psychology, Lifestyle, Personality, Social Status**

Rachel
Small Business Owner

- Social Media Marketing
- Key decision-maker

Demographics

- Age 32-39
- Skews female
- $90,000/yr
- Urban location
- Master's degree
- Married, no kids

Goals and Challenges
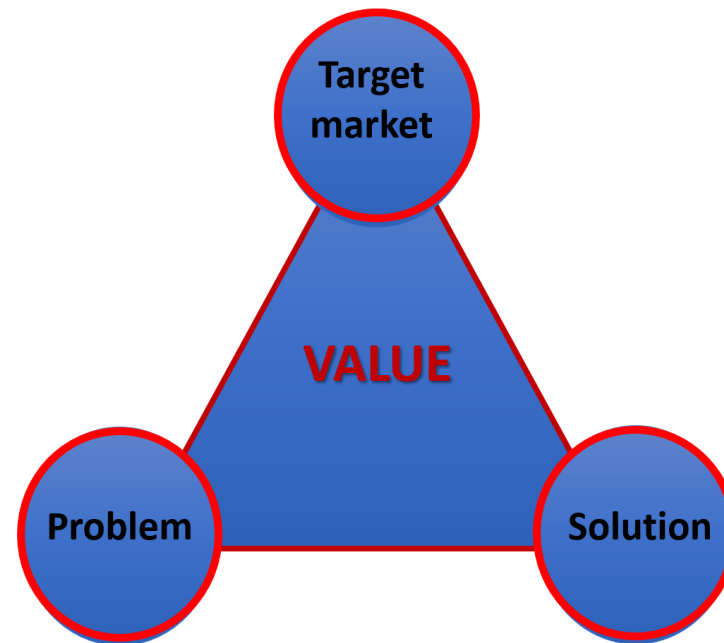
- Save time online
- Find interesting content to share
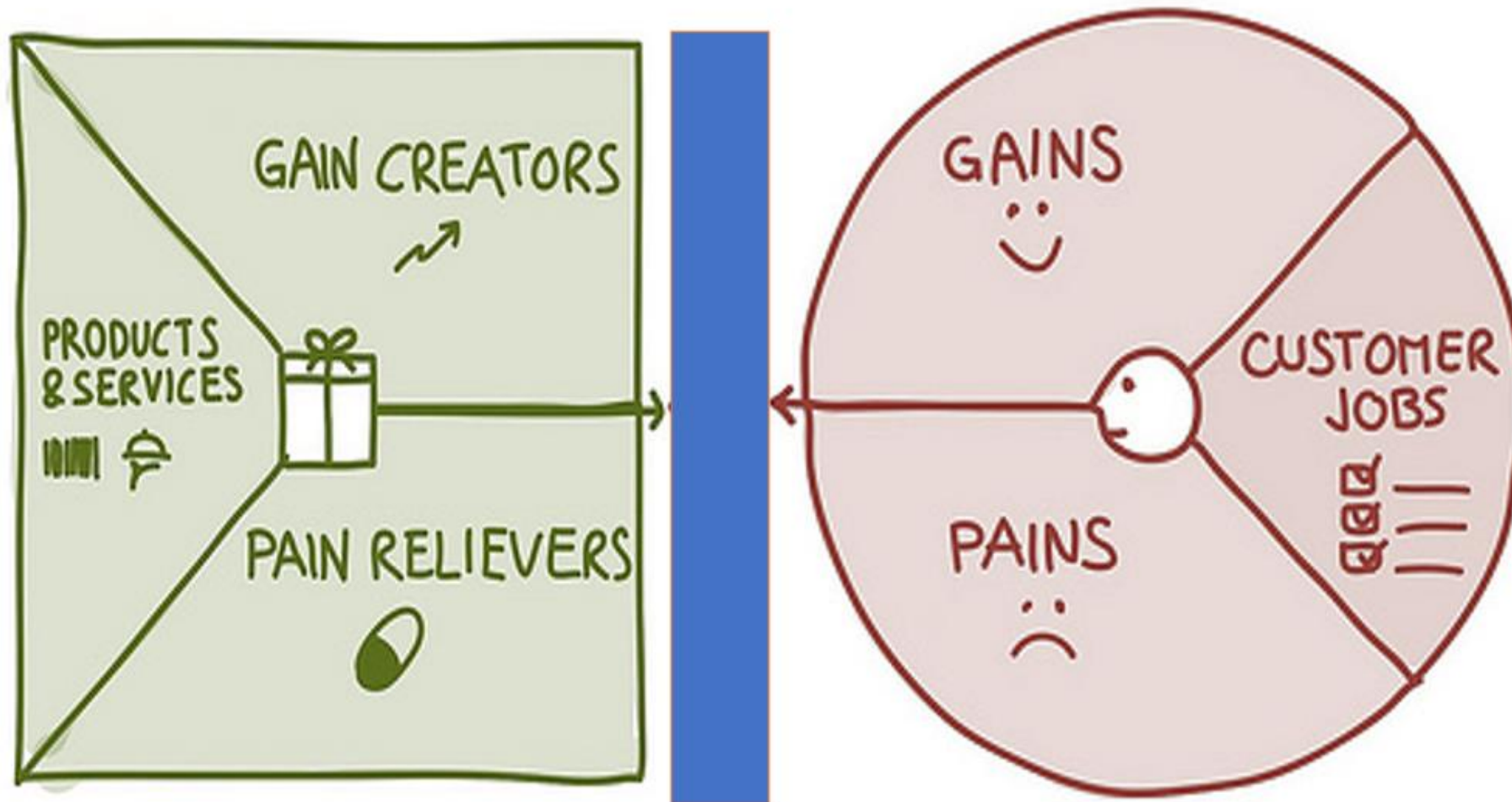- Maximize social media resources

How we can help

- Schedule posts to a queue
- Content suggestions

www.tellmeyourgoal.com

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- **Value : worth, importance/relevance or usefulness**

- **Value and Price: Value (what you get) = worth of the social and economic benefits a customer pays (price; in monetary terms) for an offering**

Value Proposition : A Reference
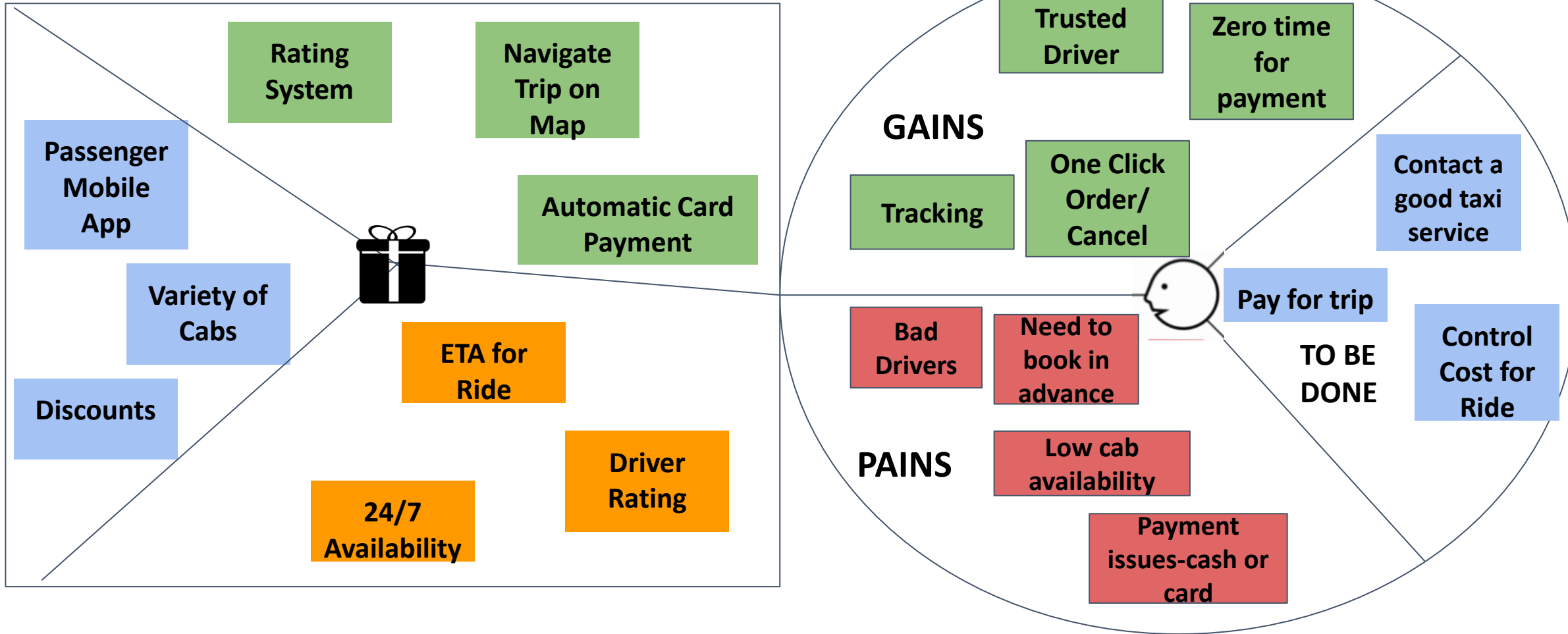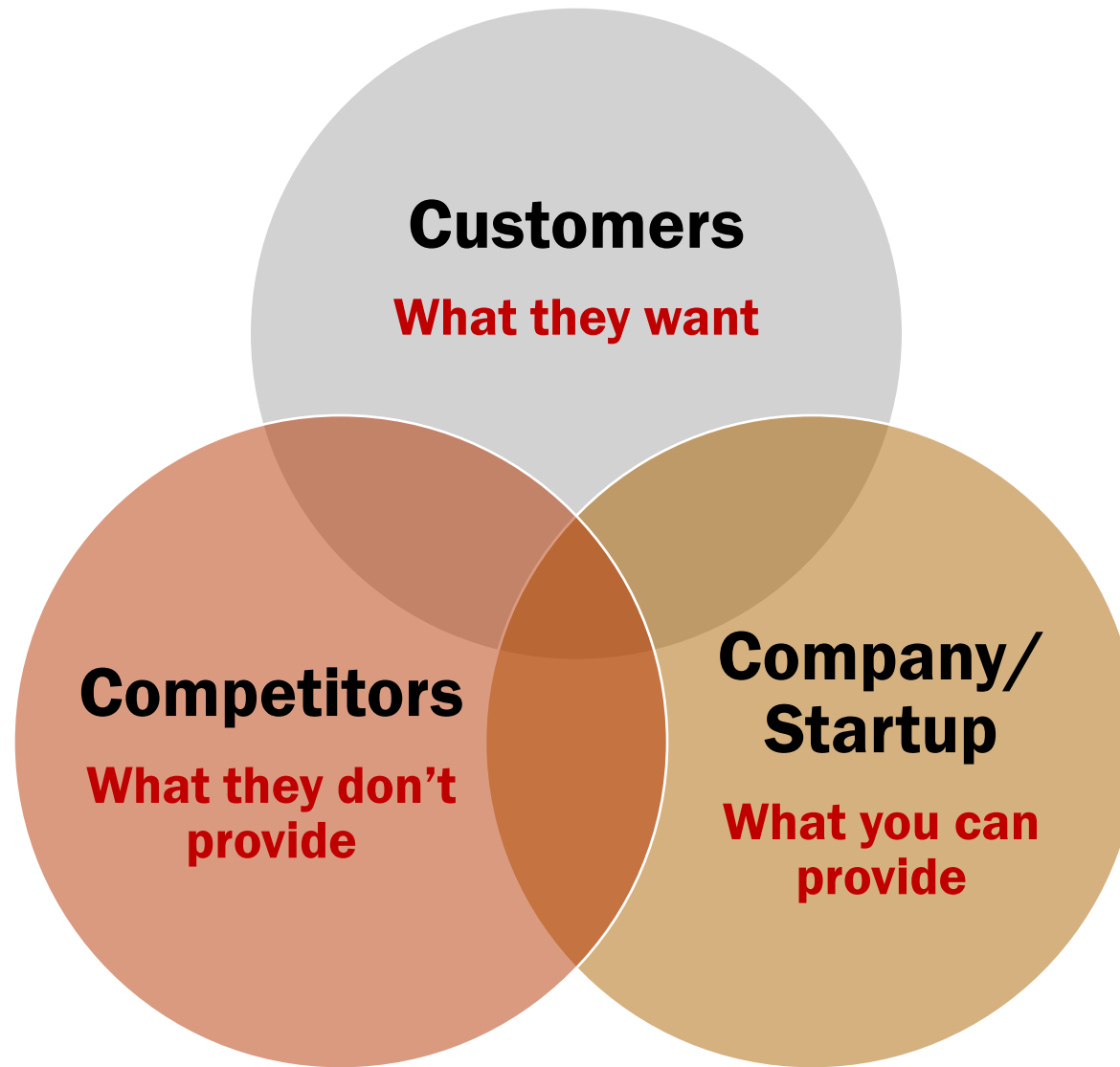
"Google is the **world's largest search engine** that allows **Internet users** to find **relevant** information **quickly** and **easily**."

"Google uses a **patented page-ranking algorithm** to make money through **ad placement**."

What is it?
Who is it for?
Why is it valuable?

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What therefore are Value Propositions

- Is a bundle of products and services that create value

- Describes why a customer should buy the product / service

- Targets a well-defined customer segment

- Convinces prospective customers that a particular product or service

    - will add MORE VALUE or BETTER solve a problem than competitive products or services

- Value Propositions can be Quantitative (Price, Speed, Efficiency ..)

- Value Propositions can also be Qualitative (Design, Customer Experience ..)

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Writing a Winning Proposition

Concept Format

- Insight

- Functional Benefit

- Reason to Believe

- Emotional Benefit

Jacob's Concept
"Feel Good Snacking"

I love to eat between meals, but it's not always easy to make the healthy choice when it comes to snacking. (insight)

Jacob's crackers are a tasty and healthy way to snack between meals. (functional benefit)

Because they're made with the simple goodness of carefully selected ingredients and have 8 essential vitamins and minerals. (reason to believe)

Jacob's allows me to feel good about snacking. (emotional benefit)

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Elevator Pitch

[name of the product or service] helps [customer segment] solve [problem] by [solution] that is better than [competitors] because [distinguishing attributes].

Example: Nespresso helps expresso-lovers solve having to go out of the office to get an expresso by providing a way to have expresso in the office that is better than coffee-shops because its easy to make and tastes better.

APPLE HAS COMPLETE DOMINATION OVER SMARTPHONE MARKET NOW

Apple has lorded over global smartphone market for years. It had 85% share of industry's profit and 45% share of revenue in 2023. Where it lagged in the past was share of volume, i.e. number of units sold. A recent report suggests that the company became top seller by units too in 2023—overtaking Samsung that had the volume share lead for 12 years.

■ Apple ■ Samsung

Global sales (mn units)
- 2020: Apple 203, Samsung 257
- 2021: Apple 236, Samsung 272
- 2022: Apple 226, Samsung 262
- 2023: Apple 235, Samsung 227

Revenues ($bn)
- 2020: Apple 275, Samsung 201
- 2021: Apple 366, Samsung 217
- 2022: Apple 394, Samsung 234
- 2023: Apple 383 (Samsung results awaited)

Profit ($bn)
- 2020: Apple 57, Samsung 24
- 2021: Apple 95, Samsung 31
- 2022: Apple 100, Samsung 43
- 2023: Apple 97 (Samsung results awaited)

Market cap ($bn)
- 2020: Apple 2,300, Samsung 501
- 2021: Apple 2,900, Samsung 442
- 2022: Apple 2,100, Samsung 293
- 2023: Apple 3,000, Samsung 402

In India, volume share of iPhone has risen from 1% to 6% between 2019 and 2023. Among smartphones of over ₹50,000, Apple has nearly 70% volume share

Source: Apple, Samsung official data, Statista, Refinitiv & ET Telecom   (Figs rounded off)

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- Units sold
- Value Sold : Revenue / Turnover / Sales Value
- Profit : Price – Cost
- Market Cap = Valuation

- **Value** : What is delivered by a company to its **CUSTOMERS**

- **Valuation** : As perceived / seen by **INVESTORS**

- **Companies / startups need to do a good job of delivering value to their customers; Valuation will automatically follow**