

# LECTURE 5

**VALUE PROPOSITION:** Key benefits offered by a company to their customers

- Value proposition is a statement that clearly defines the benefits a company's products and services will deliver to its customers
  - Value is worth, importance or usefulness to the customer
  - Value proposition states who the customer is and describes the values offered to the customers
- **FIVE VALUES OFFERED TO A CUSTOMER:**
  - **Product:** Performance, quality, feature, brand, selection, search, safe
  - **Price:** Fair, visible, consistent, reasonable
  - **Access:** Convenient, location, nearby, at-hand, easy to find
  - **Service:** ordering, delivery, return, check-out
  - **Experience:** emotional, respect, ambiance, fun intimacy, relationship, community
- **TYPES OF VALUES:**
  - **Primary/ Secondary values:** One dominating value proposition and the second value to differentiate the offering and the remaining value must meet the industry norms
  - **Unique Selling Proposition(USP):** It is a short version of the firm's value proposition which explains the key benefits of the firm's offering as compared to a key competitor. Eg: Apple: performance, brand name
- **Perceived Benefits v/s Perceived Costs**
- During decision-making, customers compare the characteristics of a product with those of competing products
- Value is created when product distributed, eg: design, service or support, matches with the specific customer needs: *Kambil et al., 1996*
- **Value:** Product features, service and support, reputation, emotional connect, brand, experience the product etc.
- **PERFA FRAMEWORK: Performance, Ease of Use, Reliability, Flexibility, Affectivity**
- **AMAZON:**
  - **Performance:** Available all the time, product diversity, product review
  - **Ease of Use:** At one click purchase, payment on delivery
  - **Reliability:** Return policy, on time delivery
  - **Flexibility:** Change delivery location/date
- **PPASE FRAMEWORK: Product, Price, Access, Service, Experience**
  - **Product:** Performance, ease of use, safe, quality etc
  - **Price:** fair, consistent, reasonable etc
  - **Access:** convenient location, near-by, easy to find etc
  - **Service:** Ordering, delivery, return, checkout, etc
  - **Experience:** Emotional, respect, fun, ambiance, etc.

- **VALUE PROPOSITION CANVAS**

<b>JOBS to be DONE</b>	<b>CUSTOMER SEGMENT</b>
Gain Creators	Gains
Pain Relievers	Pains
Products and Services	Customer Jobs:
Finding the solution of the customer's problems and to provide a SOLUTION	Includes the tasks that customers are trying to DO. Problems they are trying to solve and the needs they want to satisfy

- **BENEFITS OF THE VALUE PROPOSITION CANVAS:**

- Understanding the customer- needs and expectations
- Developing a product in accordance with your customer need
- Finding your product- market fit
- Avoiding producing something that **nobody** wants
- Saving time and money

- **CUSTOMER'S JOB:**

- **Functional Job:** DAY to day job, travelling etc
- **Emotional Job:** Feel happy, fun, good experience, etc
- **Social Job:** Get Status, make network etc
- **Eg: Ola Cab:** on demand Cab, local travelling; **Tesla:** personal mobility, be different from others, image of success

- **CUSTOMER'S PAINS:**

- Everything that annoys you customer while they are performing their JOB
- Eg: Negative experiences, challenges, risks involved, costs, safety etc
- **What is expensive for my customer?** Time, cost, effort, etc
- **What makes my customer feel bad?** Frustrations, disappointments, physical pain, etc
- **Negative consequences for my customer:** losses of power, status, money, time, trust, etc.
- **The main difficulties and challenges that my customer's faces:** physical, intellectual or emotional, etc.
- **EG:** Ola Cab: pricing, long waiting time, safety, respect, clean cab etc.

- **CUSTOMER GAINS:**

- **Benefits that a customer expects or wishes**
- Even something that would surprise them positively
- May be functional, emotional, social or financial
- Everything that delight them and make their life easier, more joyful or more successful
- **Ola Cab:** cashless payment, trusted drivers, tracking, one-click order/ cancellation

- **PAIN RELIEVER:**

- Fixed, affordable, lean fares, no waiting time, criminal background check

- **GAIN CREATOR:**

- Online payment facility, rating system, navigate trip, easy to find unknown addresses

- **PRODUCTS AND SERVICES:**

- Mobile app for cab booking, variety of rides, discounts etc