**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’ 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 sttributed, 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, ambience, etc.
* **VALUE PROPOSITION CANVAS**

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| **JOBS to be DONE** | **CUSTOMER SEGMENT** |
| 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 or rides, discounts etc