

Value Proposition

October 10, 2018

EE 492 Senior Design Project Planning

Value Proposition

- ▶ It's about solving a need or want
or
- ▶ Creating a gain for the customer



Value Proposition

- ▶ Statement or assertion of value or worth



2 General Types of Value Proposition

1. Pain Killers/Gain creators

- ▶ Pains = Cost, time lost, opportunity cost
- ▶ Gains = Revenue, time savings

2. Needs vs. Wants



What is the value proposition of this product?





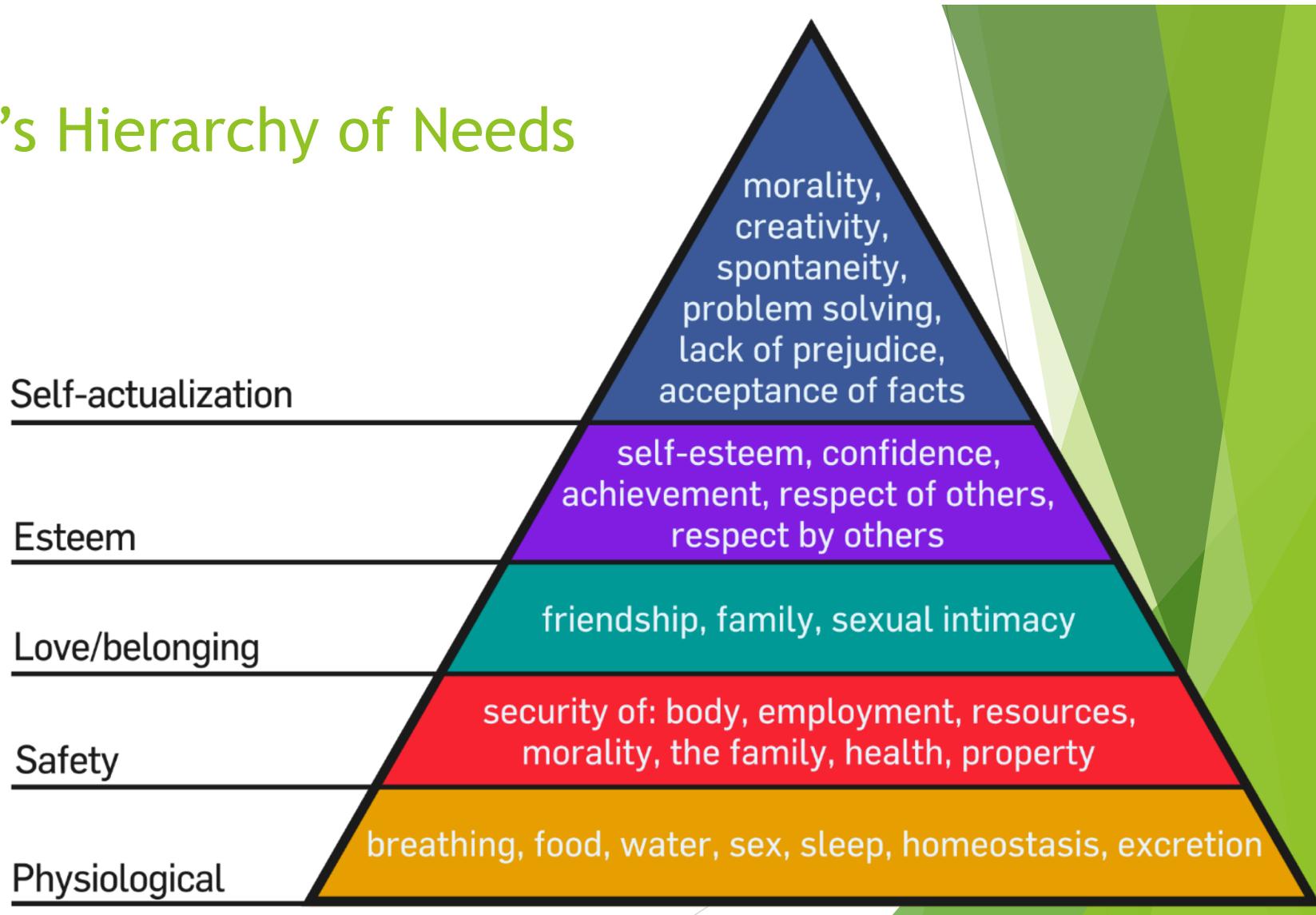
<http://www.honda.co.th/civic>

New **CIVIC**

ONESHIFT.COM



Maslow's Hierarchy of Needs



Common Mistakes

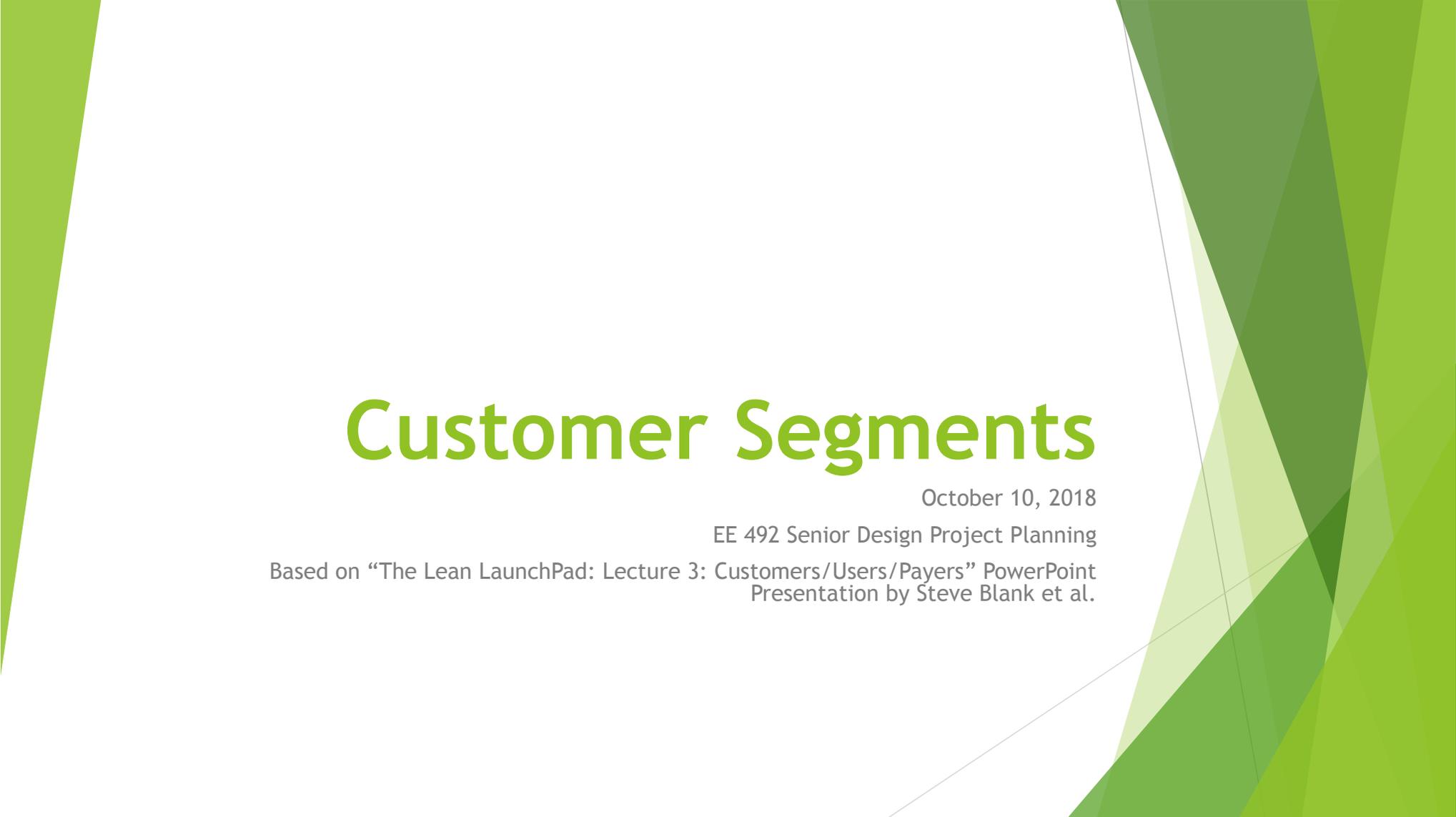
- ▶ Features
- ▶ Technical improvement vs. value
- ▶ “Nice to have”
- ▶ Not quantifiable/measurable



Final Observations

- ▶ You are testing claims about your value propositions against your customer segment(s)
 - ▶ Not your product
- ▶ There must be a 1-1, 1-2, or 1-3 match between your customer segments and your value proposition





Customer Segments

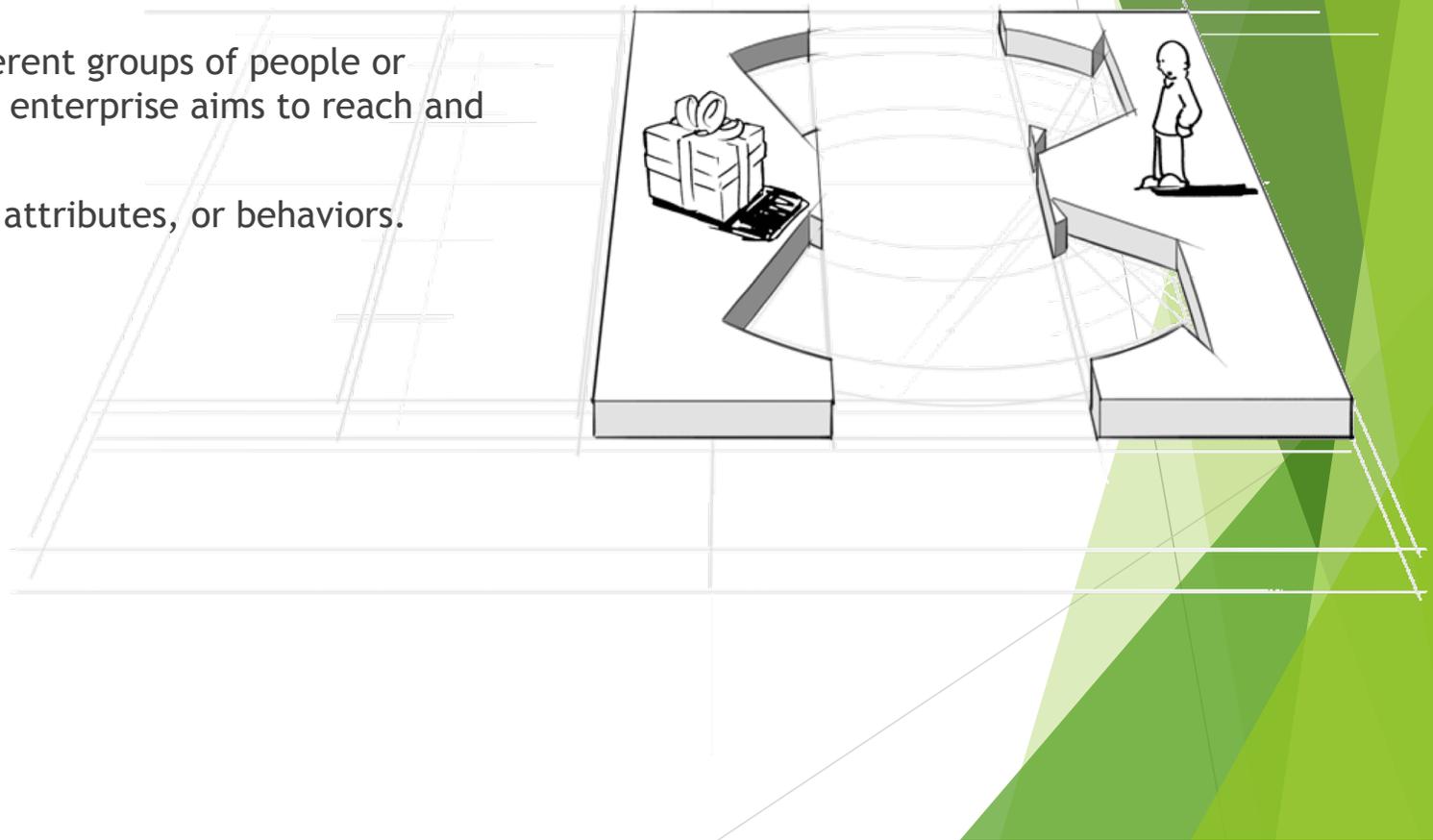
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Based on “The Lean LaunchPad: Lecture 3: Customers/Users/Payers” PowerPoint
Presentation by Steve Blank et al.

Customer Segments

- ▶ Defines the different groups of people or organizations an enterprise aims to reach and serve.
- ▶ Common needs, attributes, or behaviors.



Day in the Life

- ▶ Rank each job according to what you believe is of significance to the customer
 - ▶ Crucial or trivial?
 - ▶ How frequently?
 - ▶ In what context?



Customer Types



Also think about potential Saboteurs, Intermediaries



Corporate Customers

Business to Business (B to B)



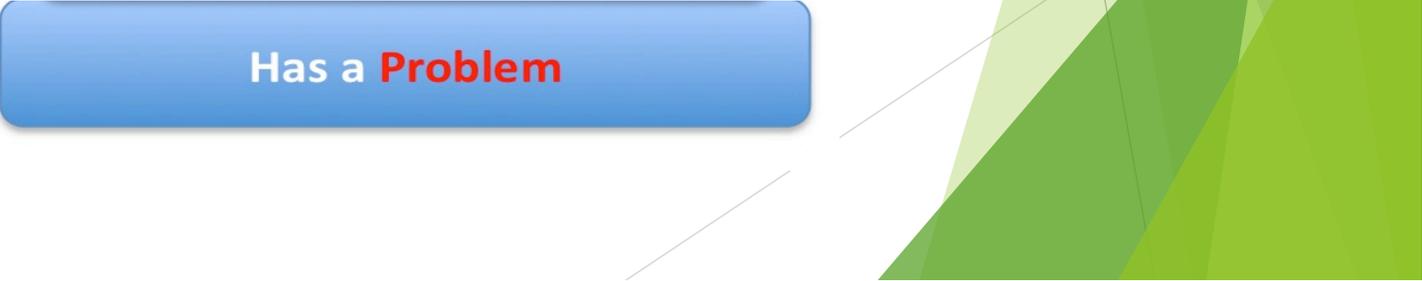
What do they want to do?

- ▶ *Increase revenue?*
- ▶ *Decrease costs?*
- ▶ *Get new customers?*
- ▶ *Keep up with or pass competitors?*
- ▶ *How important is it?*
- ▶ *Problem or a Need?*



Customer Problem

Has a **Problem**



Customer Problem

Is **Aware** of Having a **Problem**

Has a **Problem**



Customer Problem

Been **Actively Looking**
for a **Solution**

Is **Aware** of Having a **Problem**

Has a **Problem**



Customer Problem



Customer Problem



Customer Problem



Who's the Customer in a Company?

- ▶ User?
- ▶ Influencer?
- ▶ Recommender?
- ▶ Decision Maker?
- ▶ Economic Buyer?
- ▶ Saboteur?
- ▶ Archetypes for each?

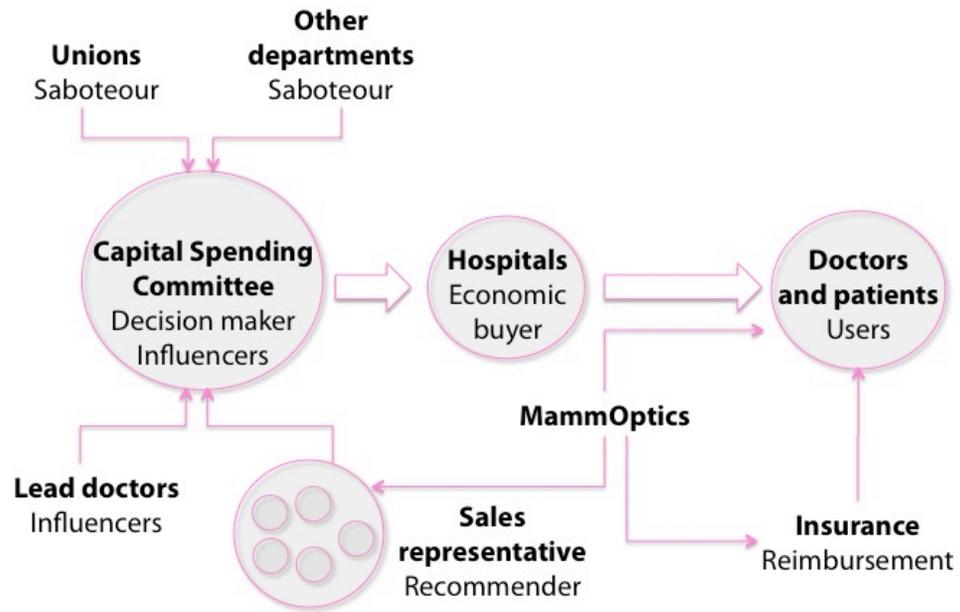


Pass/Fail Signals & Experiments

- ▶ *How do you test interest?*
- ▶ *Where do you test interest?*
- ▶ *What kind of experiments can you run?*
- ▶ *How many hypotheses do you test?*

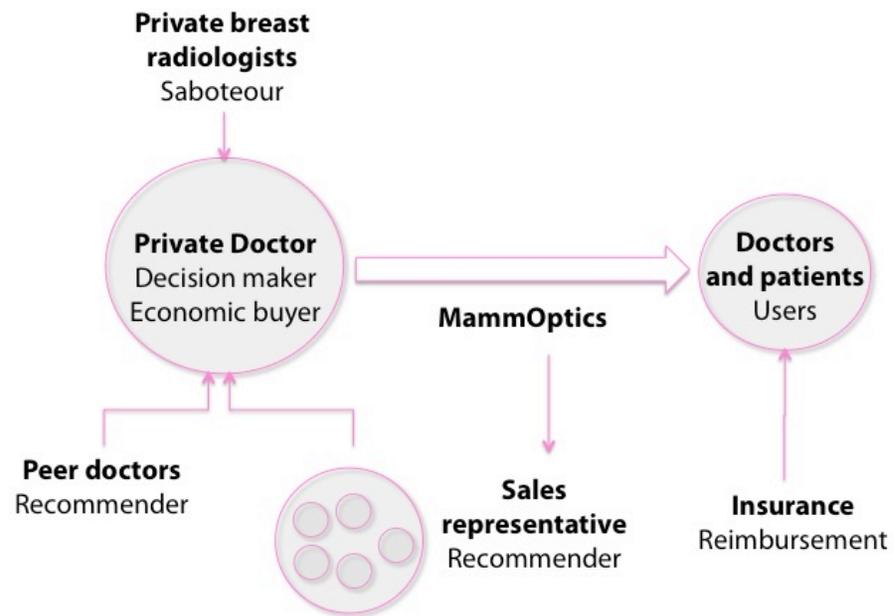


MammOptics Hospital purchasing decision tree



MammOptics

Private practice purchasing decision tree





Consumer Customers

Business to Consumer (B to C)



What do they want you to do?

- ▶ *Does it entertain them?*
- ▶ *Does it connect them with others?*
- ▶ *Does it make their lives easier?*
- ▶ *Does it satisfy a basic need?*
- ▶ *How important is it?*
- ▶ *Can they afford it?*



About your Consumers

- ▶ *Do they buy it by themselves?*
- ▶ *Do they need approval of others?*
- ▶ *Do they use it alone or with others?*



Multi-sided Markets or Platforms

- ▶ The platform must attract and serve all groups simultaneously in order to create value.
- ▶ The platform's value for a particular group depends substantially on the number of users on the platform's "other sides."



Example: Google's Business Model

▶ AdWords

- ▶ Tailors online campaigns to specific searches
- ▶ Value to advertisers depends on the number of people reached by Google
 - ▶ Gmail, GoogleMaps, Picasa, etc.
- ▶ Google AdSense allows third parties to earn a portion of Google's advertising revenue by showing Google ads on their own sites.

▶ **Google makes money from advertisers, while subsidizing web surfers and content owners.**