Value proposition
TAMK, Finland

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Interreg
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Silver Entrepreneurs

The Business Model Canvas

Designed for:	Designed by:	Date:	Version:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
How do we raise awareness about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

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Strategyzer
strategyzer.com

What is a value proposition?

- The value proposition is at the heart of the entire business. The value proposition is about how our customers benefit from our service or product.
- Value proposition refers to the advantage of creating value for customers compared to competitors.
- The company's value proposition is the cornerstone of operations.
- Customers select the products and services they want according to what produces the most value for them.

What value proposition means?

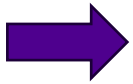
- The value proposition can be based for example on novelty, performance, customization, getting things done, design, brand/status, price, after-sales service, accessibility, usefulness or other value-adding features.
- For each customer segment, a carefully designed combination of products and services must be created to meet their needs.
- The combination of benefits that the company offers to its customers can be innovative or existing promises with added features and characteristics.

What value proposition means?

- In the value proposition, appeal can also be made to people's emotions. By creating a story for the value proposition, customers become attached to it. The interest sparked by novelty attracts customers and visibility. A story that appeals to emotions makes customers loyal.
- A razor blade in itself is not yet a value proposition, but when it is accompanied by the slogan "The Best a Man Can Get!" then we are talking about a value proposition.

Creating value for customers

The value of the company's offering to the customer: Benefits and sacrifices experienced by the customer



The value of the competitors's offering to the customer: Benefits and sacrifices experienced by the customer

Customer benefits
saving
good quality
ease
safety, healthiness
expression of one's own values
individuality
adventure, excitement
entertainment, amusement

Sacrifices experienced by the customer
amount paid
time spent on information acquisition
time spent on purchase
purchase effort
learn how to use the product

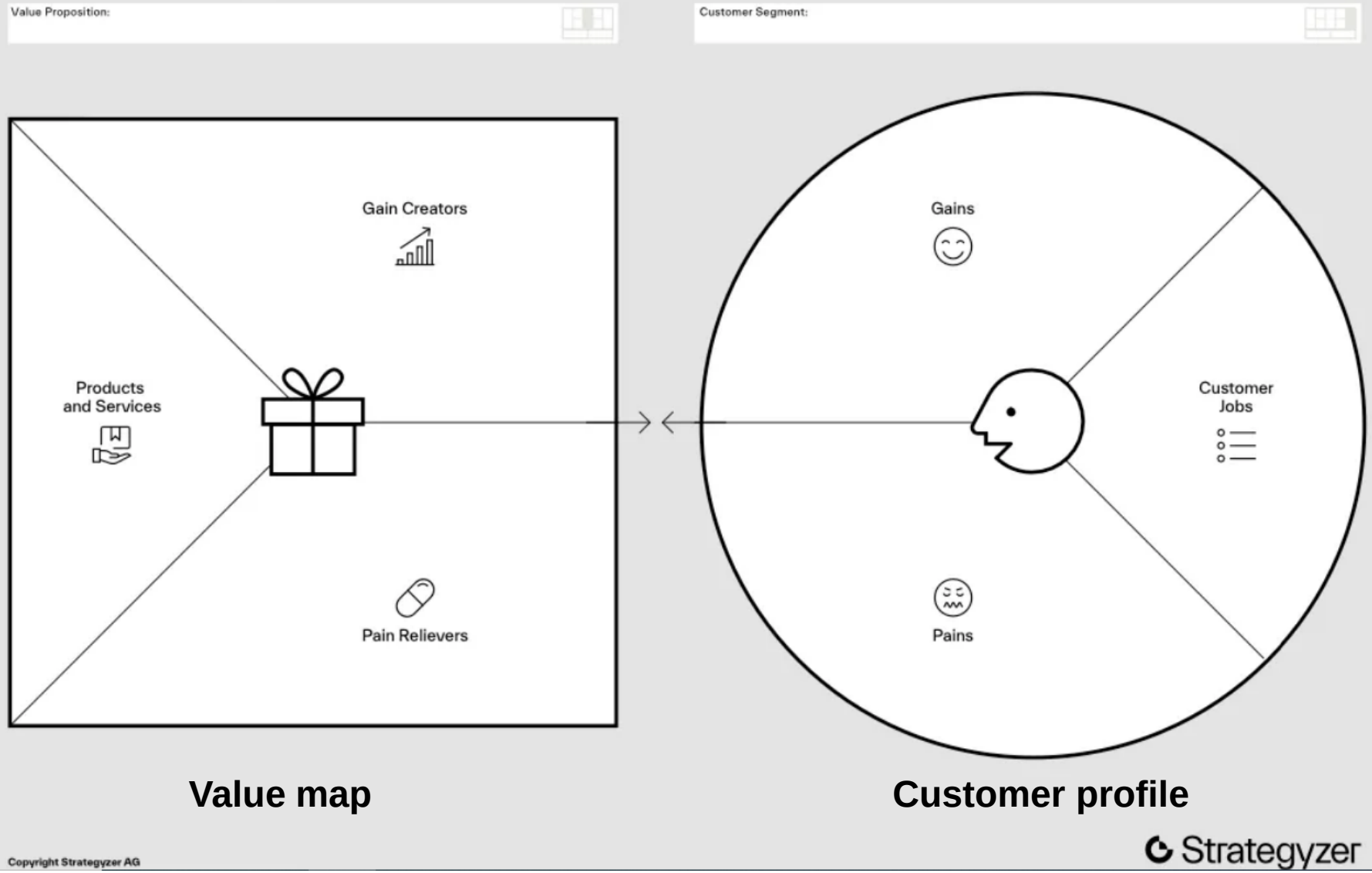
Examples of value propositions

- Find a company with an interesting value proposition. Share it with others in your group.

Value Proposition Canvas (VPC)

- The tool helps to ensure that there are willing buyers for the service or product we offer in the market.
- Used to look who is your customer or segmets of your customers.
- What do your customer want to achieve?
- VPC's goal is to find the best possible product package in which identifying the benefits (gains) and sacrifices (pains) associated with the product.

The Value Proposition Canvas



https://www.youtube.com/watch?v=j2xkecQb4so (suomeksi)

10 characteristics of a good Value Proposition

1. Fits into a business model.
2. Is focused on the most important jobs, pains and gains of the customer.
3. Focuses on jobs, pains and gains not (yet) addressed.
4. Are not only functional, but also emotional and social.
5. Becomes focused on few jobs, pains and gains, but solves them extremely well.
6. Are aligned with how the customer measures success.
7. Are different from what the competition is already responding to directly.
8. The value proposition is better than the competition on at least one dimension.
9. Are focused on jobs, pains and gains that many people have or that people are willing to pay money for.
10. Is difficult to copy.

Lähde: https://gustdebacker.com/value-proposition-design/

Value Proposition Canvas (VPC)

- You can use this tool to develop customer expertise. With VPC, you'll notice what needs to be learned about customers, and you can test the value proposition.

- VPC also helps identify customer segments. You'll be able to develop customer thinking and get ideas materialized.

Task

Use Value Propostion Canvas.

- Start with the customer job. What job does the customer want to do better with your help?
- Write on the notes the difficulties/pain that the customer encounters before, after and during their work tasks.
- Write down on sticky notes all the benefits that the customer expects, hopes for or can surprise the customer with. List all your company's products or services.
- Describe how your product or service creates value for the customer, either by reducing the customer's pain or increasing the customer's benefit.

References

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https://www.youtube.com/watch?v=ReM1uqmVfP0

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