

Previously on E&I...

Tools to identify costumers' needs, with a twist

A quick recap of Class 3

- ▶ A review on the way good customer research questions could look like
- ▶ A very hands-on study of:
 - ▶ Push - Pull strategies
 - ▶ Functionality vs. Application

Homework time!

- ▶ Submit it now, in case you have not done so already.

ENTREPRENEURSHIP AND INNOVATION

Class 4 - How to formulate a winning Value Proposition

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Pontificia Universidad Javeriana in Bogotá, Spring 2017

Everything you always wanted to know about value propositions

But were too afraid to ask?

What is a Value Proposition?

- ▶ Very roughly speaking, **what the costumers buy from us.**
 - ▶ Not the product, what gives it **value!**
- ▶ Remember the first day of class?
- ▶ *Value*: How much am I willing to pay to ease my pain.
 - ▶ Bayer, the Aspirin pill or a cure for headaches?
 - ▶ Coca Cola, some soft drink? A thrist quencher? A tasty soft drink? Happiness?

Let's define a Value Proposition

- ▶ **Value Proposition:** A concise statement, combining words and images, which explains what benefits you provide, to whom, and how you do it better than anyone else.
 - ▶ It thus comprises:
 - ▶ The **problem** you solve,
 - ▶ The ideal **customers** you target,
 - ▶ The **competitive advantage**.

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Some characteristics

- ▶ A Value Proposition is **packed with information**, it
 - ▶ Outlines our solution to the problem the customer has,
 - ▶ Justifies why they should get the solution from us,
 - ▶ Explains any additional benefits the customers might expect.
- ▶ However, **it is brief**, appealing, simple, **something you can prove**.
- ▶ It is not a slogan, nor a vision statement.
- ▶ Your customers will decide whether to buy or not based on it
 - ▶ There is only one chance to make a first impression!

How to formulate one?

- ▶ It's a two-step process:
 1. Identify it
 2. Express it
- ▶ We already have all the ingredients to formulate one!

How to identify it?

- ▶ You must **very clearly know the problem** you solve.
- ▶ List the core features of your product (not more than five):
 - ▶ Rank them from 1 to 5 on their **UNIQUENESS**, with 5 being the one where you overcome all other competitors and 1 the feature you simply match the standards.
 - ▶ Rank them again from 1 to 5, now on their **APPEAL**, with 5 being the one most relevant to solving the customer's problem and 1 the least relevant.
- ▶ Multiply each feature's uniqueness and appeal scores. The highest resulting value is the one that generates the most value to your customers.
- ▶ Pick the top 3 features and save them for the next stage.

How to write it?

- ▶ Put the three features carried over from the previous stage in a single sentence.
- ▶ Now evaluate:
 - ▶ Does it explain why a customer would be attracted to my product?
 - ▶ Is it different to the competitors'?
 - ▶ Can it be better expressed through graphs, does it need visual aids?
 - ▶ Is it clear, persuasive and brief?
- ▶ If you answer any of those negatively, repeat the process.
- ▶ Finally, test it with some customers and analyze their feedback.

Let's try it for Uber

▶ What is it?

- ▶ An app that lets you take a cab more **efficiently**.
- ▶ **The problem it solves?**

▶ Core Features

- ▶ No cash, No hailing, No phone calls, Safer, No need to convey departure point, No need to convey the destination.

▶ Rank

- ▶ *Uniqueness*: No hailing. No phone calls. No cash. Safer. Departure. Destination. (5 to 1)
- ▶ *Appeal*: No hailing. Safer. No cash. No phone calls. Destination. Departure.

▶ Result

- ▶ No hailing. No cash. No phone calls.

Let's try it for Uber

- ▶ **Single Sentence Trial:**

- ▶ Uber is an app that lets you take a safe ride wherever you are, without calls, and completely cashless.
 - ▶ No hailing. No cash. No phone calls.

Let's try it for Uber

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 - ▶ **No hailing**. No cash. **No phone calls**.

▶ The real one:

- ▶ Uber is the smartest way to get around. One tap and the car comes directly to you. Your driver knows exactly where to go. And payment is completely cashless.

Let's try it for Uber

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▶ The real one:

- ▶ Uber is the smartest way to get around. One tap and **the car comes directly to you**. Your driver knows exactly where to go. And payment is **completely cashless**.

▶ *Common elements:*

- ▶ What it is? An App, though it is implicit in the “real” one (tap).
- ▶ Core features? No hailing or calling, it comes to you. No cash.
- ▶ Short and sweet, something you can prove.

Some boxes you need to tick

- ▶ It must be very obvious that the **benefits** obtained **outweight the costs**
 - ▶ You won't include the price, but keep this analogy in the back of your mind:
 - ▶ Would you buy a medicine that had too many side effects?
 - ▶ “A fast and safe stop to headaches” (Aspirin)

Some boxes you need to tick

- ▶ It must stress what makes you different from the competitors
 - ▶ No need to mention the rivals, but make it clear:
 - ▶ “Just eat”
 - ▶ A food delivery system. No cooking, no cleaning, etc.
 - ▶ It does not include things you still do when you buy from us: paying in cash and calling, probably.
 - ▶ It overlooks the not-going part: frozen food already does that.
 - ▶ An irrelevant benefit, not unique to our value... but implied!

Some boxes you need to tick

- ▶ It must **guide** the costumers' decisions
 - ▶ Be creative but not confusing
 - ▶ Don't promise, do!
 - ▶ Remind costumers of their pain: Before & after testimonials.
 - ▶ Guarantees might actually work.
 - ▶ To be clear, you may need to repeat: Use other formats!
 - ▶ You have their attention for 5 to 30 seconds.

Some boxes you need to tick

- ▶ It must be **concrete and believable**
 - ▶ You can't be the best in everything, it's good enough to be the *top dog* in one feature.
 - ▶ Choose it and highlight it!
 - ▶ Even better, let the customer tell you.
 - ▶ If you have the data, flaunt it!
 - ▶ Testimonials, awards, success rate, etc.

The tricky part? Perception is not an exact science

- ▶ Different costumers value different things, with different importance
 - ▶ Attune the VP to your target segment.
 - ▶ Both in content and format!
 - ▶ Selling a new trash can but not stressing the positive environmental impact?
- ▶ You must speak the costumers' language
 - ▶ Input the process with costume-researched data,
 - ▶ Co-create it with them,
 - ▶ Test your VPs and keep the best one!

Let's look at some good examples

From class 1, actually.

MailChimp

- ▶ **What is it?**
 - ▶ A free email service to send mass email
- ▶ **What it does? (AKA: The problem it solves)**
 - ▶ It makes marketing email easier to process, faster, by-passes Gmail's spam controls
- ▶ **Their value proposition?**
 - ▶ "Send better email. Sell more stuff."

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 - ▶ www.mailchimp.com

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Wordpress

VP: “Create your new website for free.”

- ▶ **What is it?**
 - ▶ Not tied to the word blog, but rather website.
- ▶ **What it does?**
 - ▶ Helps you create and host a website for free.
- ▶ **What makes it unique?**
 - ▶ The best? The easiest? The fastest? No, just **free!**
- ▶ **Who are the costumers?**
 - ▶ Both personal site creators and (small) businesses.

Weebly

VP: “The easiest way to make a website”

- ▶ **How it differentiates from the rivals?**
 - ▶ Intuitive editor
 - ▶ Great looking results
 - ▶ Flexible for businesses

Weebly

VP: “The easiest way to make a website”

- ▶ **How it differentiates from the rivals?**
 - ▶ Intuitive editor: The easiest!
 - ▶ Great looking results: Not included because results may vary.
 - ▶ Flexible for businesses: If you pay for them.

SoundCloud

- ▶ **What is it?**
 - ▶ A streaming platform for musicians and listeners to share tracks.
- ▶ **What it does?**
 - ▶ It allows listeners to easily subscribe and follow their favorite artists, also suggesting similar artists.
- ▶ **Who are the costumers?**
 - ▶ Listeners and content generators (musicians, labels, podcasters, etc.)
- ▶ **What makes it unique?**
 - ▶ Direct engagement, no curation or interference.

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VP: “Find the music you love. Discover new tracks. Connect directly with your favorite artists”.

- ▶ Notice it does not engage the musicians as costumers
- ▶ Does not mention the “free” part, nor that it is ad-free (that might change)
- ▶ Puts an emphasis on YOU and your taste.

Spotify

- ▶ www.spotify.com
 - ▶ A big library, the graphic part stresses that..
 - ▶ Curation is a main selling point, thus the playlists.
 - ▶ Variety is signaled by the “every moment” bit.
 - ▶ The “Premium” part is there for a reason
 - ▶ We don’t lie, there will be ads and limitations for free users.

DuckDuckGo

VP: “The search engine that does not track you.”

- ▶ Main selling point: Google IS evil!
- ▶ What is it? A search engine.

To summarize...

What we need to do in order to formulate a winning VP is

The Ingredients

1. Know your costumers
2. Know your product
3. Know your competitors
4. Now write it!
 - ▶ Adopt the costumer's view, answering: "I want to buy this product because it will...", "What I value the most from this good is...", "This good beats the competition because..."
 - ▶ Make them feel you've read their mind: Go and ask them, then use the phrases that come up the most!
 - ▶ A first working template can be:
 - ▶ ACTION VERB --- OBJECT OF THE ACTION --- CONTEXTUAL INFORMATION

Let's reverse-engineer DuckDuckGo

ACTION VERB --- OBJECT OF THE ACTION --- CONTEXTUAL INFORMATION

- ▶ **What is it?** A search engine.
- ▶ **The Problem?** Lack of privacy.
- ▶ **The Solution?** We do not track your search behavior.
 - ▶ Action: Not Track
 - ▶ Object of the action: Your search behavior
 - ▶ Context: Not needed
- ▶ A first draft: Our search engine does not track your search behavior.
- ▶ Second draft: We do not track you. (in the costumers' words)
- ▶ Final draft: This search engine does not track you.

Step 4

- ▶ Individually, write the value proposition for a pair of self-heating slippers.
- ▶ No more details needed, you fill in the blanks:
 - ▶ Material? Single use?
 - ▶ Male, female?
 - ▶ Technology behind?
- ▶ Provide a couple of alternatives and explain why you kept the one you kept.

Exam prep?

- ▶ Feel bad not “studying” for the partial exam?
- ▶ Relax! If you completed Steps 1 through 4, and paid attention in class, you’re more than ready.
- ▶ Need some reassuring?
- ▶ Just read this:
 - ▶ Uber case study-ish
 - ▶ <https://www.theguardian.com/technology/2017/jan/29/uber-app-changed-how-world-hails-a-taxi-brad-stone>





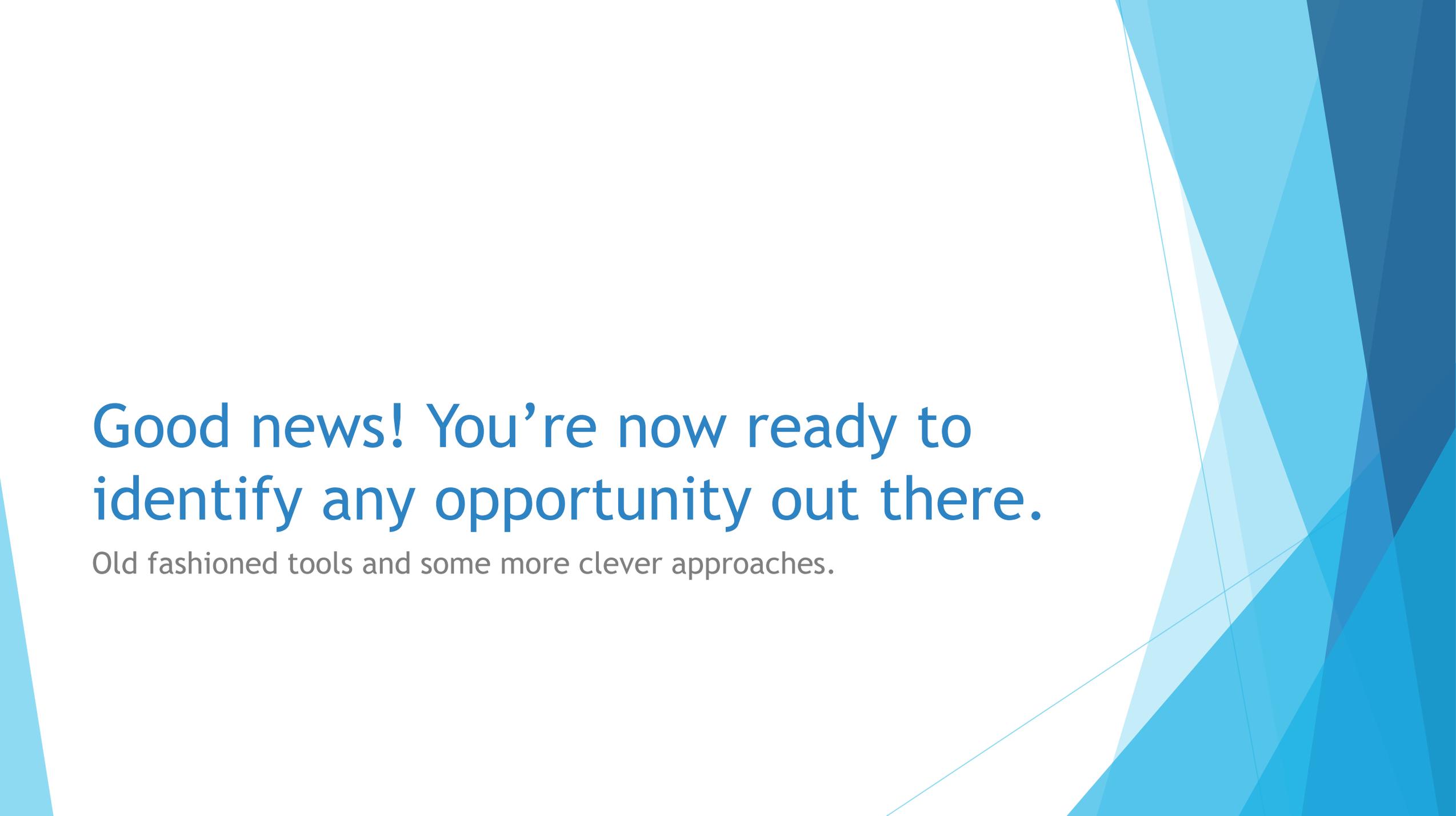
Volunteers?

1. Benchmarking
2. Market analysis techniques

Let's now use Brian Eno's way to make you think outside the box

Classwork 3

- ▶ We will use Oblique Strategies to shake-up those ideas
- ▶ In the groups you have formed, I will give you one of your solutions from Activity 1 and one from somebody else. The same for Activity 2.
- ▶ I will shuffle my Oblique Strategies deck and you must apply the drawn phrase to either of the 4 solutions you have received.
- ▶ You will have 30 minutes to work.
- ▶ You will then present the old product and its redesign to the class.
- ▶ Focus on explaining how that changes the problem you are solving, the target costumers, the way it would be sold, etc.

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The overall composition is clean and modern, with the text centered on the left side of the frame.

Good news! You're now ready to
identify any opportunity out there.

Old fashioned tools and some more clever approaches.

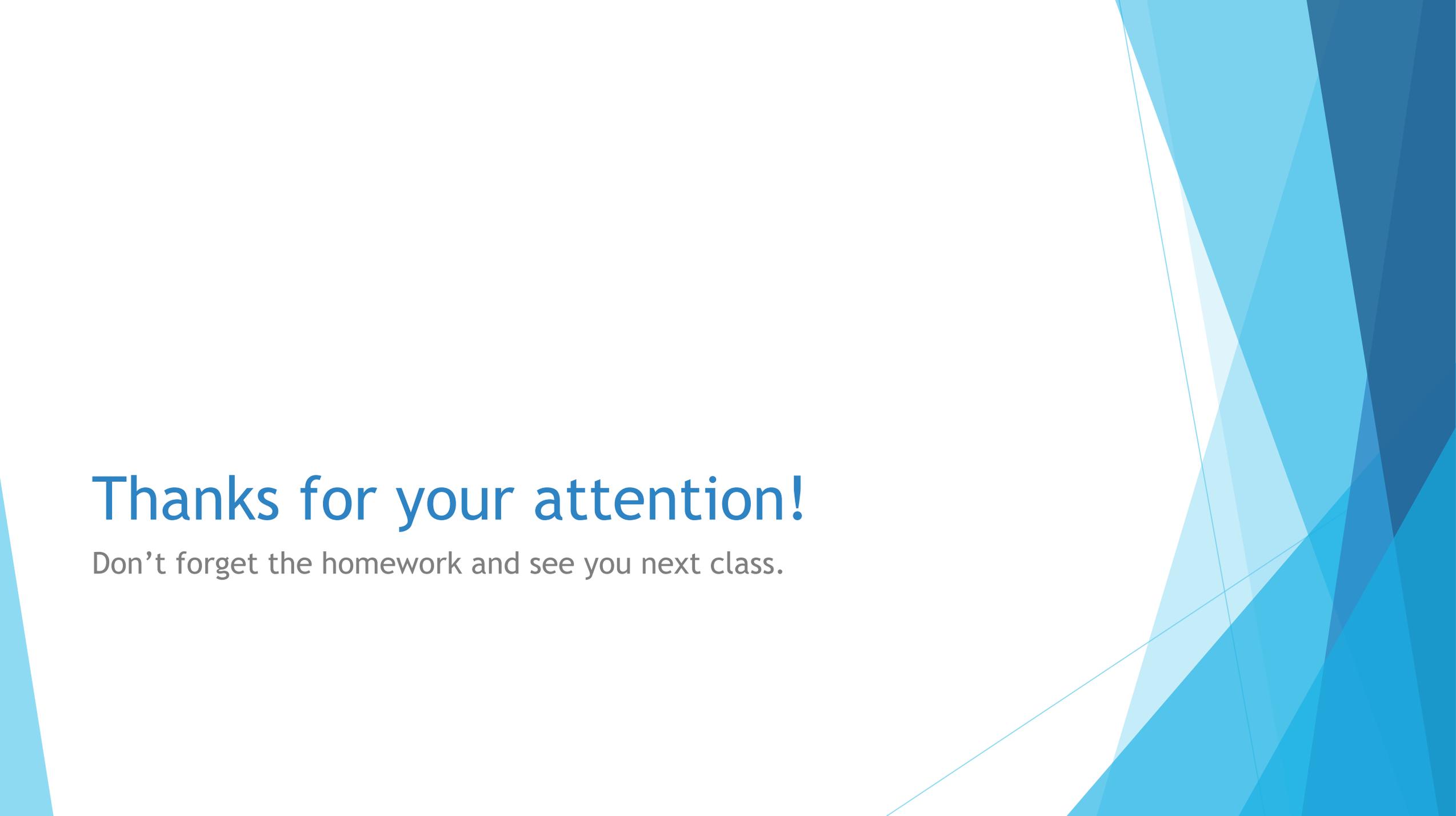
What about the other two approaches?

Guess what I just thought you?

What about the other two approaches?

Guess what I just thought you?

- ▶ **Functionality versus application**
 - ▶ Activities 1 and 3.
- ▶ **Push and pull** are marketing terms, but...
 - ▶ Push when I take my product to you: Activities 1 and 3.
 - ▶ Pull when I adapt to your demands: Activity 2 in general and some of Activity 1.

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side of the slide, creating a modern, dynamic feel.

Thanks for your attention!

Don't forget the homework and see you next class.