

Previously on E&I...

Customer research techniques

A quick recap of Class 8

- ▶ Some customer research techniques
 - ▶ Personas
 - ▶ Customer Journey Maps
- ▶ Personas
 - ▶ An abstract representation of a stakeholder
- ▶ Customer Journey Maps
 - ▶ A visual tool integrating several aspects of the overall customer experience
- ▶ An introduction to competitive analysis
 - ▶ Competitive Outlook through the TES model
 - ▶ Not enough to know their name but what you do!

Homework time!

- ▶ You must have watched the material for
 - ▶ Flipped Classroom 7
- ▶ Submit your venture's competitive analysis

What went on in the last weeks?

- ▶ ~~Partial Exam~~
- ▶ ~~First presentation: February 26~~
- ▶ What you currently have:
 - ▶ Problem
 - ▶ Solution
 - ▶ Customer profile(s)
 - ▶ Some evidence from secondary sources
 - ▶ Personas
 - ▶ Competitive Analysis
- ▶ Not homeworks but part of the development process

What comes next?

- ▶ Second presentation: May 7
- ▶ A lot of groundwork
 - ▶ Developing a prototype
 - ▶ Getting out there to talk to people
 - ▶ Update and refine your prototype
 - ▶ Go deep into the industry/sector/market/segment
 - ▶ Market Research (demand estimation and marketing plan)
 - ▶ Primary Research (resources, funding)

ENTREPRENEURSHIP AND INNOVATION

Class 9 - How to write a winning value proposition

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Pontificia Universidad Javeriana in Bogotá, Spring 2018



To formulate a Value
Proposition you need some
ingredients...

...What generates value from the perspective of your
customers/users.

Attribute Value Mapping

- ▶ A tool to explore potential value-generating features in a good or service.
- ▶ When talking about an object we often focus on its attributes.
- ▶ In the case of services, a customer journey map allows us to see how users respond through the experience.

Attributes

- ▶ Answer the questions: What? How?
- ▶ Describe **a characteristic or component** of a good or service.
- ▶ They are concrete and objective, describe the way a product looks, what it is made of, what it does, etc.
- ▶ They can be quantified.

Let's list the attributes of this good



Values

- ▶ They answer the question: So what? (Why? What for?)
- ▶ They represent the **benefits associated to an attribute** from the customer/user perspective.
- ▶ They are subjective and they reflect a functional necessity (need), or an emotional, psychological, symbolic one (want).

Attribute Value Mapping

- ▶ A tool to explore potential value-generating features in a good or service.
- ▶ Just link each attribute to a “Why”.





Classwork 5

- ▶ Find 10 attributes for the following product.
- ▶ Link each attribute to a specific value.
- ▶ Pick the Top 3 attribute-value pairs.
- ▶ You have 3 minutes.





We are now ready to talk
about Value Proposition

What is a Value Proposition?

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

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.**

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 the value-generating attributes
 2. Express it
- ▶ We already have the ingredients!

How to identify it?

- ▶ List the core features of your product (no more than five):
 - ▶ Rank them from 1 to 5 on their **UNIQUENESS**
 - ▶ Where 5 means you overcome all other competitors in the feature and 1 you simply match the standards.
 - ▶ Rank them again from 1 to 5, now on their **APPEAL**
 - ▶ Where 5 is the one most relevant feature to solving the customer's problem and 1 the least relevant.

How to identify it

- ▶ Multiply each feature's uniqueness and appeal scores.
 - ▶ VGI = Uniqueness score x Appeal score
- ▶ The highest resulting number is the one that generates the most value for your customers.
 - ▶ VGI : Value-generation index
- ▶ **Pick the top 3** features in terms of their **VGI** 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.
 - ▶ 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**.
- ▶ **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. (5 to 1)
- ▶ **VGI Results:**
 - ▶ 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

- ▶ 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

- ▶ **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.**
- ▶ **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.



Phone

Create Password

City

Invite Code (Optional)

SIGN UP TO DRIVE →

Or sign up with your rider account.

By proceeding, I agree that Uber or its representatives may contact me by email, phone, or SMS (including by automatic telephone dialing system) at the email address or number I provide, including for marketing purposes. I have read and understand the relevant Driver Privacy Statement.



Easiest way around

One tap and a car comes directly to you. Hop in—your driver knows exactly where to go. And when you get there, just step out. Payment is completely seamless.



Anywhere, anytime

Daily commute. Errand across town. Early morning flight. Late night drinks. Wherever you're headed, count on Uber for a ride—no reservations required.



Low-cost to luxury

Economy cars at everyday prices are always available. For special occasions, no occasion at all, or when you just need a bit more room, call a black car or SUV.

REASONS TO RIDE →

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.**
- ▶ **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.

Classwork 6

- ▶ Now write a Value Proposition for the product we analyzed in Classwork 5
- ▶ Adopt the point of view of one of the customers
- ▶ You can do it in the same pairs as the previous exercise
- ▶ You have 5 minutes to complete it
- ▶ You will then share it with the course.

Some boxes you need to tick

- ▶ It must be very obvious that the **benefits outweigh 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, Vitamin or Vaccine?

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” **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 customers' decisions
 - ▶ Be creative but not confusing
 - ▶ Don't promise, do!
 - ▶ Remind customers of their pain: Before & after testimonials.
 - ▶ Guarantees might actually work.
 - ▶ You may need to repeat to be 100% clear: 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 customers value different things, with different importance
 - ▶ Attune the VP to your target segment.
 - ▶ Both in content and format!



Start riding
with Uber

SIGN UP →

Always the ride you want The best way to get wherever you're going

Tap a button, get a ride

Choose your ride and set your location. You'll see your driver's picture and vehicle details, and can track their arrival on the map.

Always on, always available

No phone calls to make, no pick-ups to schedule. With 24/7 availability, request a ride any time of day, any day of the year.

You rate, we listen

Rate your driver and provide anonymous feedback about your trip. Your input helps us make every ride a 5-star experience.



Start driving
with Uber

SIGN UP →

Work that puts you first

Drive when you want, earn what you need



Set your own schedule

You can drive with Uber anytime, day or night, 365 days a year. When you drive is always up to you, so it never interferes with the important things in your life.



Earn more at every turn

Trip fares start with a base amount, then increase with time and distance. And when demand is higher than normal, drivers earn more.



Let the app lead the way

Just tap and go. You'll get turn-by-turn directions, tools to help you earn more, and 24/7 support. And if you don't have a smartphone, we can connect you to one.



Comienza a
manejar con
Uber

REGÍSTRATE →

Sé tu propio jefe Maneja con Uber en Colombia



Maneja cuando quieras

En Uber no existen horarios, ni jefes que te digan cuándo y dónde trabajar. Elige la zona que mejor funcione para ti, empieza y termina cuando quieras.



Gana muy buena plata

Nuestros socios-conductores ganan hasta \$90.000 diarios y los mejores de ellos llegan a generar ingresos de hasta \$4.000.000 al mes. Tú también puedes hacerlo y ganar tanto dinero como quieras.



Regístrate de manera fácil

¿Tienes un carro y quieres manejar con Uber? ¡Genial! Inscribirte no te toma ni 5 minutos. Déjanos tus datos principales y comienza a ganar dinero en muy pocos días.

How to know what to change?

Here's a tool

The Value Proposition Globalization Matrix

- ▶ How to know what to adjust
- ▶ Within an archetype/persona in different contexts, not different types of customers

		The Offer	
		Same	Different
The Message	Same		
	Different		

Classwork 7

- ▶ Let's fill the Value Proposition Globalization for Uber's drivers VP

		The Offer	
		Same	Different
The Message	Same		
	Different		

The Value Proposition Globalization Matrix

- ▶ How to know what to adjust
- ▶ Within an archetype/persona in different contexts, not different types of customers

		The Offer	
		Same	Different
The Message	Same	Global Mix	Local Adaptation
	Different	Local Adaptation	Specific competitive differential

The tricky part? Perception is not an exact science

- ▶ Different customers 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 customers' language
 - ▶ Input the process with customer-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



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, bypasses Gmail's spam controls
- ▶ **Their value proposition?**
 - ▶ “Send better email. Sell more stuff.”

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- ▶ **Their value proposition?**
 - ▶ “Send better email. Sell more stuff.”
 - ▶ It includes what it does in the most concrete way, compares it to the competition. Mentions the extra benefit: more sales.
 - ▶ www.mailchimp.com

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Wordpress



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 customers?

- Listeners and content generators (musicians, labels, podcasters, etc.)

► What makes it unique?

- Direct engagement, no curation or interference.

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.

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 customers
2. Know your product
3. Know your competitors
4. Now write it!
 - ▶ Adopt the customer'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!



airbnb Value Proposition

N

EEEDS

- A place to stay in cities where hotels are fully booked
- Pay less than I would at a hotel
- Travel and spend less money on accommodation

A

PPROACH

- Not to build more hotel rooms
- To utilise existing and available rooms in a city
- Connect people with spare rooms to people who need somewhere to stay

B

ENEFITS

- "Live Like A Local"
- Stay in places where there are no available (or existing) hotels
- Stay in places that are not normally available to travellers

C

OMPETITION

- Existing hotel chains
- Hostels/BnBs etc.
- Private rentals
- Staying with friends/acquaintances



Value, Flow, Quality®
from emergn

A first working template

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 customers' words)
- ▶ Final draft: This search engine does not track you.



Trello is the free, flexible, and visual way to organize anything with anyone.

Drop the lengthy email threads, out-of-date spreadsheets, no-longer-so-sticky notes, and clunky software for managing your projects. Trello lets you see everything about your project in a single glance.

[Sign Up – It's Free.](#)



Why there's nothing quite like iPhone.

Every iPhone we've made — and we mean every single one — was built on the same belief. That a phone should be more than a collection of features. That, above all, a phone should be absolutely simple, beautiful, and magical to use.

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 alternative VPs and explain why you kept the one you kept.
- ▶ Show me the process!



What will we do for the
next three weeks?

The plan (including homeworks)

- ▶ By Monday, March 19
 - ▶ Step 4 (Individually)
 - ▶ Your group's Value Proposition
- ▶ You will get some feedback from me
- ▶ Talk to some customers (3 to 5) to validate it
 - ▶ Refine it with what you've learned.
- ▶ Monday, April 9 you will present an update on your projects.
 - ▶ Include everything you've learned!

Thanks for your attention!

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