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?
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

Decision Maker $$$$$
Economic Buyer $$$
Recommenders
Influencers
Users

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

Assembled a Solution out Parts

Been Actively Looking for a Solution

Is Aware of Having a Problem

Has a Problem
Customer Problem

Has / Acquire a Budget
Assembled a Solution out Parts
Been Actively Looking for a Solution
Is Aware of Having a Problem
Has a Problem
Customer Problem

- Has / Acquire a Budget
- Assembled a Solution out Parts
- Been Actively Looking for a Solution
- Is Aware of Having a Problem
- Has a 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?
Hospital purchasing decision tree

- **Unions** (Saboteur)
- **Other departments** (Saboteur)

- **Capital Spending Committee** (Decision maker, Influencers)
  - **Lead doctors** (Influencers)
  - **Sales representative** (Recommender)

- **Hospitals** (Economic buyer)
  - **MammOptics**

- **Doctors and patients** (Users)
  - **Insurance** (Reimbursement)
Private practice purchasing decision tree

- Private breast radiologists
  - Saboteur

- Private Doctor
  - Decision maker
  - Economic buyer

- Peer doctors
  - Recommender

- Sales representative
  - Recommender

- MammOptics

- Doctors and patients
  - Users

- Insurance
  - Reimbursement
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.