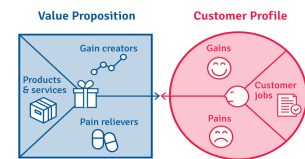


3.1.1 Value Proposition Canvas

- **Aim**

The Value Proposition Canvas (VPC) *“is a tool which can help ensure that a product or service is positioned around what the customer/consumer values and needs”* i.e., a tool to understand an organisation’s product or product-line value from the customer’s/consumer’s perspective. In



essence, it is a pledge to deliver, convey, and acknowledge value. It is also a customer’s/consumer’s conviction in how value (benefit) will be given, experienced, and obtained. A value proposition can be applied to a full company, or sections of it, as well as customer/consumer accounts, products, and services.

HE teachers will need to explain how to construct a value proposition based on a review and analysis of the advantages, costs, and value that a firm can give to its customers/consumers while teaching this technique to students in the classroom. The overall goal of their lecture should be to convey to students the concept of VPC, followed by its use and applicability. In the following sections, HE teachers will get a greater understanding on what is this tool is about (general) and how it can be used within the classroom to make students understand the concept in more detail. While teaching students about VPC, students will be able to gain better understanding on the benefits of employing VPC tool to understand customer/consumer preferences while purchasing a product or service.

- **Description**

VPC was developed by Alexander Osterwalder and Yves Pigneur to complement the business model canvas. Michael Lanning and Edward Michaels are credited with coining the term “Value Proposition” (VP) in a 1988 staff paper for the consulting company McKinsey and Co. The authors define value proposition as *“a clear, basic explanation of the benefits, both tangible and intangible, that the firm will provide, coupled with the approximate price it will charge each client segment for those services”*. This tool is basically a simple paper sheet with a large leftward square and the rightward circle. It is a geometrical collection formed by the customer segment canvas and the value proposition template. Together they are meant to impart an understanding of what features and functionalities a product should possess to meet the requirements of a particular category of users (customer/consumer).

The analysis of VPC is divided into six steps, based on the value proposition builder model:

- **Identifying** and analysing market sectors, specific clients, or target those clients for whom the solution has the potential to generate value and profitability.
- **Analyse** and identify the value experience that the organisation’s activities provide to clients. Positive, negative, and neutral experiences must be

characterised. The value proposition's effectiveness is dependent on getting real customer or employee feedback.

- **Define** the offering mix that will enable the defined target market segment to benefit from the value experience.
- **Examine** the benefits of the offers considering the value experience provided to the target market. Benefits have a cost component, which includes pricing and customer risks, allowing value to be calculated as "Value = Benefits minus Cost".
- The next point to consider is **alternatives** and **differentiation**: what other options does the market have for the product or service?
- To **guarantee** that the value proposition is substantiated, back it up with appropriate proof.

- **Key Features**

VPC can be shaped either of two circles or squares or other geometric patterns. VPC is formed around two building blocks – customer profile and a company's value proposition (Osterwalder *et al.*, 2014).

- **Customer Profile/Segment** – Conventionally, the introduction to the canvas commences with the right part responsible for the customer profile/segment. The circle is cut into three pieces where the tasks and expectations need to be defined – those that the customers are going to accomplish, as well as positive and negative experiences associated therewith. In this case, there is no engagement with the product but only with the end user's challenges.



Figure 1: Customer Profile

- **Gain** – the benefits which the customer expects and needs, what would delight customers and the things which may increase likelihood of adopting a value proposition.
- **Pain** – the negative experiences, emotions, and risks that the customer experiences in the process of getting the job done.

- **Customer Jobs** – the functional, social, and emotional tasks customers are trying to perform, problems they are trying to solve and needs they wish to satisfy.

In the customer profile/segment, clients' thoughts are considered and assessed. It is not about mind-reading but comprehending why they want to complete certain tasks, what causes the negative experience and how to exceed their expectations.

- **Value Proposition** – Similar to the customer profile/segment, the product-related value proposition section is divided into three parts. They correspond to the relevant customer profile section. Here, the focus is made on product features, functionality, and benefits that can be offered to not only attract customers but also meet their requirements from the right part.



Figure 2: Value Proposition

- **Gain Creators** – how the product or service generates customer benefits and provides extra value.
- **Pain Relievers** – a detailed description of how the product or service relieves client discomfort.
- **Products and Services** – products and services that generate profit and alleviate suffering, as well as those that support the production of value for the customers. In essence, here the focus should be on what can be offered to get the customer jobs done.

VPC is an excellent tool for marketing professionals, product owners, and value creators, as well as their teams, who are developing products and services for a specific audience. It is also useful for teams and organisations attempting to figure out how customers make decisions and what kinds of offers to make that will appeal to them.

- **Benefits**

A business model's value proposition canvas is crucial. It aids the organisation's decision-making and product positioning. It is more than a visual representation of what customers want. Organisations can tailor their strategy to meet the needs of their customers. This can aid in the creation of a product that customers desire. The most significant benefits of the VPC are:



Figure 3: VPC Benefits

A value proposition is a statement that defines the distinct, measurable, and demonstrable benefits that customers receive when they purchase a specific product or service. It should persuade customers that this product or service is superior to the competition. When customers choose that product or service above others as they perceive it to be of higher value, this proposition might give you a competitive edge. From this viewpoint, HE teachers and students using this tool in classroom, following is a glimpse of how it will benefit them and enrich their understanding on the use of VPC.

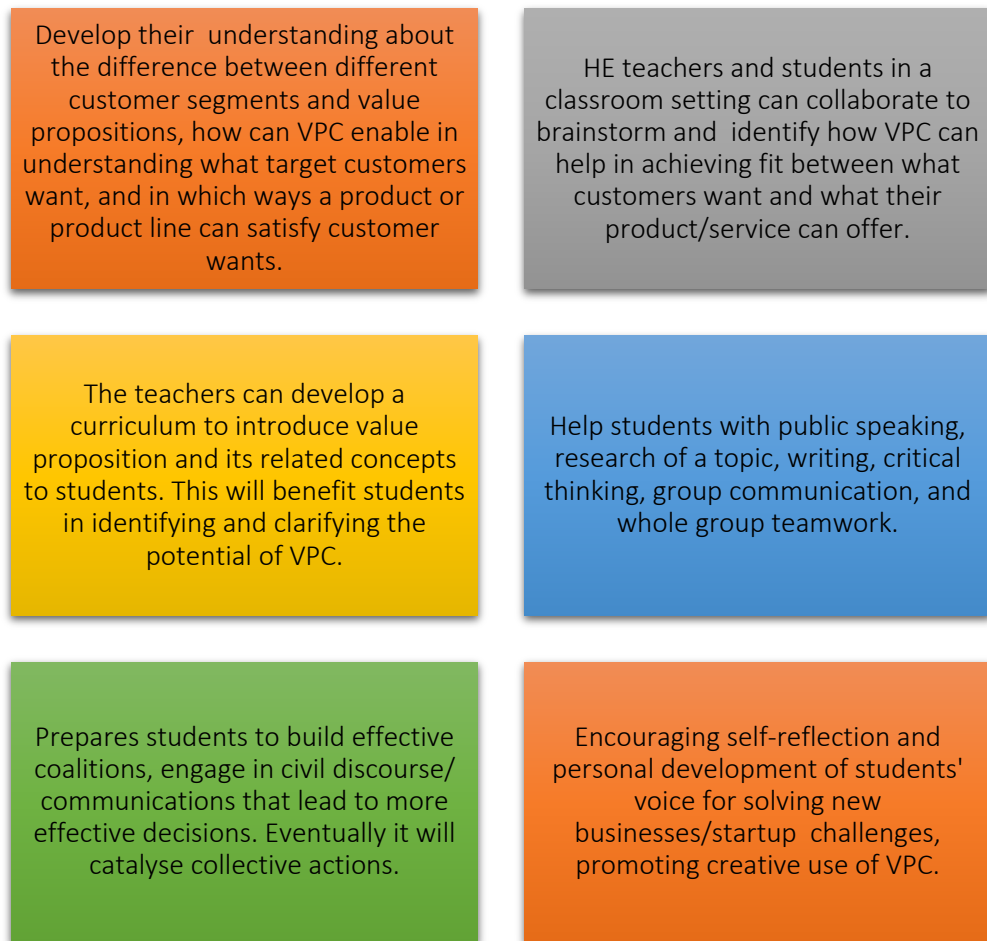


Figure 4: Benefits for Teachers and Students in Using the VPC

Using VPC model, HE teachers can get the courses ready such as preparing the requirements, description, course material, and instructor information. In addition to that displaying the course description, the number of students who are enrolled, ratings, and reviews feedback from students can be done. There are also some added features for the teachers, such as how to make good videos and to create their own fan base and to reach more students. There are some features for the students as well, such as system for taking notes, overlay the transcripts on the videos, used to create bookmarks and to communicate with HE teacher in Q/A.

- **Implementation**

- **Describe the Purpose**

- **General Overview:** The value proposition must first define the motivation for implementing VPC practises, as well as the difficulties that must be solved. The fundamentals of a proposition are simple to comprehend, such as why a customer should buy a product or service from a specific company. A value proposition should clearly explain how a product meets a need, communicate the intricacies of its added advantage, and explain why it is superior to competing solutions. The optimal value offer is short

and to-the-point, appealing to a customer's most important decision-making factors.

- **Classroom Activity:** A quick, ten-minute summary of the VPC topic should be given at the start of the class lecture, restating the course's objectives, and summarising the VPC idea. "What do you mean by marketing strategy?" and "How important is a company's brand to consumers?" are examples of questions that the teacher can ask the students. Some students may choose to volunteer their responses. Teachers must then form groups of 4 to 5 students utilising the knowledge gained above.
 - As an activity, provide each group a list of organisations from which to choose, organisations that are directly relevant to marketing strategy.
 - The goal of this classroom activity is for students to engage a group discussion within themselves to comprehend and describe the problem of why a particular organisation chose to use VPC. What made them a virtual private server provider? What aspect(s) of VPC does the organisation address, and how? Each student in the group can learn about the organisation by researching their website, the internet in general, and so on during this phase of the group-based activity. Each group can finish this conversation in 30 minutes.

○ **Implement the Tool**

- **General Overview:** Once the purpose and problem are clearly comprehended, the next stage is to identify the type of actions (or the questions you may want to ask) that relate to implementation of VPC:

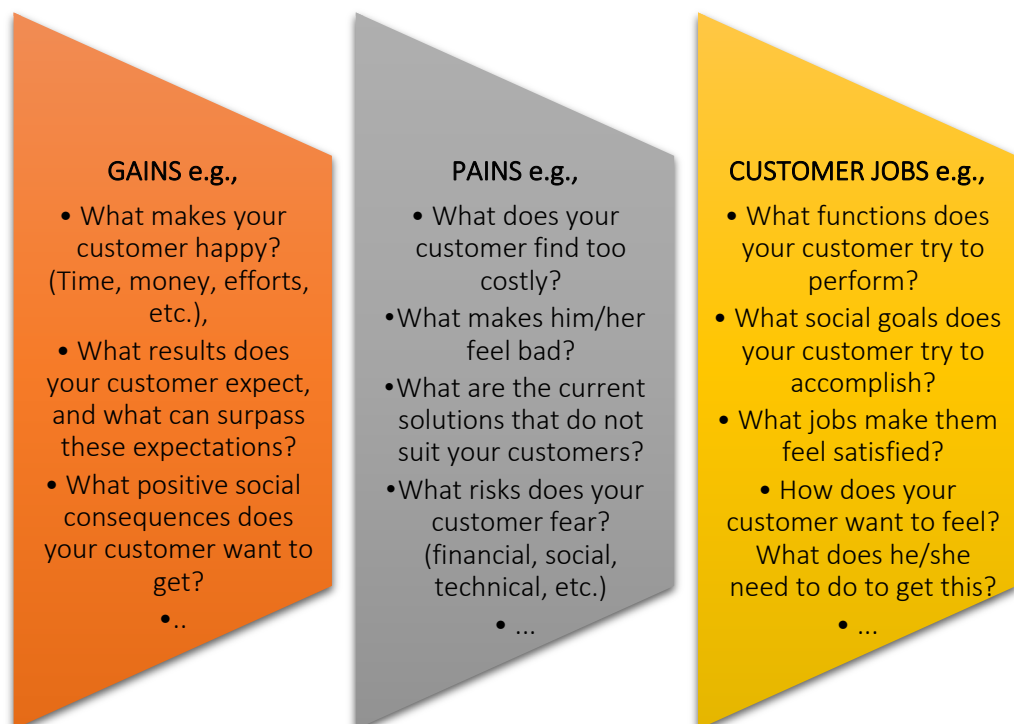


Figure 5: Examples of VPC related Questions in Action (*CUSTOMER PROFILE*)

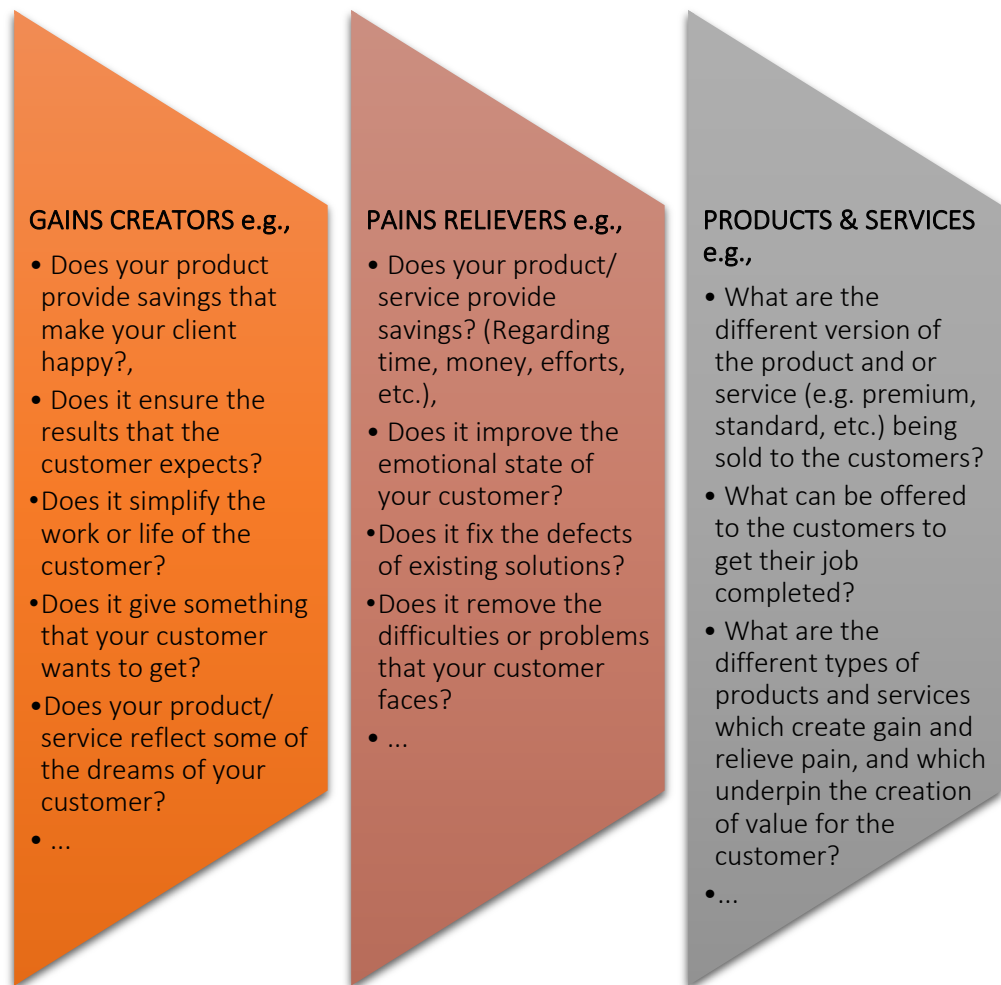


Figure 6: Examples of VPC related Questions in Action (*VALUE PROPOSITION*)

- **Classroom Activity:** After students have researched the organisation’s website or the online in general, investigated and understood their shift to VPC, they can begin debating and composing topics relating to the organisation using example questions like those shown in Figure 4. After the students have produced their ideas, the HE teacher can request that each group share their findings to the entire class. For their argument to make sense and flow, the students in the group can share (his/her) thought. They can then determine who will take the lead in presenting the findings. Each group can have a 10-minute presentation slot. Students can also share their findings by determining the potential positive and negative effects of general infrastructure on VPC.
- **Collect Data after Tool Implementation**
 - **General Overview:** Once leadership implements VPC practices in its true sense, they can consider evaluating each department’s positioning, resulting in collecting data (either via survey, focus groups, or interviews) to understand the outcomes of implementing VPC.
 - **Classroom Activity:** Once all the groups in the classroom have presented their findings related to their chosen organisation, the teacher can collate

the main points presented by each group, either by creating a self-constructed questionnaire or merely extract main points from their presentation of the tool.



- **Analyse the Data and Reflect on the Outcome**

- **General Overview:** Once data is collected, creating, and delivering value proposition is the next step towards the planning strategy.
- **Classroom Activity:** After aggregating the major points from the group presentations, the teacher has the option of providing feedback to each group after they have given, or allowing all the groups to present, collating the important points, and then providing feedback to each group at the conclusion. In either case, the teacher must provide feedback on the students' performance during the task. The teacher and students may have a dispute in this final section of the activity. Depending on the number of groups formed in the first stage, the teacher may opt to divide them into two groups, one to discuss the benefits of VPC and the other to discuss the drawbacks. Each faction can strive to persuade the opposite side to agree with their viewpoint. The goal of this group exercise is to assist participants comprehend and appreciate the overall value of VPC.

To summarise, a VPC framework works best in clearly defining what does target customer segment needs, and how a specific product and or service can satisfy their wants.

- **Examples of Organisations with their Value Proposition**

Real-life examples should ideally drive every concept. Here are some of the examples of big corporate giants with their value proposition:

<p>VPC aims at achieving a fit between what the customer wants and what product/service can offer to overcome pains and generate gains. Here is an example of Tesla value proposition use case as a FIT, rather than Misfit.</p> <table border="1" data-bbox="383 1456 909 1657"> <thead> <tr> <th>Value Map</th> <th>Tesla</th> <th>Customer Profile</th> </tr> </thead> <tbody> <tr> <td>Products & services: – Model S – Model X – Model 3</td> <td rowspan="3">FIT</td> <td>Jobs: – personal mobility – regular long-distance trips – be different from others</td> </tr> <tr> <td>Pain relievers: – growing network of charging points – developed interior ergonomics – 75 minutes to charge 100% with supercharging stations</td> <td>Pains: – insufficient number of charging points – lack of luggage space – slow charging</td> </tr> <tr> <td>Gain creators: – 8 years battery warranty – reputable brand – self-driving option</td> <td>Gains: – durable battery lifetime – brand recognition – interior ergonomics</td> </tr> </tbody> </table>	Value Map	Tesla	Customer Profile	Products & services: – Model S – Model X – Model 3	FIT	Jobs: – personal mobility – regular long-distance trips – be different from others	Pain relievers: – growing network of charging points – developed interior ergonomics – 75 minutes to charge 100% with supercharging stations	Pains: – insufficient number of charging points – lack of luggage space – slow charging	Gain creators: – 8 years battery warranty – reputable brand – self-driving option	Gains: – durable battery lifetime – brand recognition – interior ergonomics	
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<p>Amazon.com has evolved from an online bookstore to one of the most major online shopping platforms in the world. Amazon.com has developed from a struggling brand prior to the internet bubble bust in 2000, providing an excellent case study for analysing and explaining the potential for value proposition-driven innovation.</p>											





<p>As expected from Apple, a company known as much for its commitment to sleek, elegant product design as for its actual products, Apple reaffirms its value proposition in the copy for its iPhone line of products – specifically, the device’s design, the ease of use that has been a cornerstone of Apple’s design aesthetic since the launch of OS X, and the aspirational qualities that an iPhone supposedly offers the user.</p>	
<p>Unbounce’s value proposition is readily evident from the minute you arrive on the homepage, mainly the ability to develop, publish, and test landing pages without any I.T. help, as you might expect from a firm specialising in conversion rate optimisation.</p>	
<p>Slack has various advantages that support its basic value prop of making collaboration easier, which is the value prop of practically every productivity programme on the market.</p>	
<p>Uber’s distinctive value proposition, on the other hand, is something it does extremely well. With a single tap, client can summon a car to their location. Uber drivers are well-versed in the area and there is not direct cash involved in the transaction – all transactions are digital.</p>	

Table 1: Examples on the Use of VPC

- ***Additional Examples on the Use of VPC Tool***

Following are specific resources to understand VPC in more detail e.g., relevant articles.

- Articles:

- A Stakeholder Perspective of the Value Proposition Concept – [Link](#)
- Value Proposition Design: How to Create Products and Services Customers Want – [Link](#)
- Value Proposition Canvas: Identification of Pains, Gains and Customer Jobs at Farmers’ Markets – [Link](#)

- ***Links to General Learning Resources***

Following are general resources to understand VPC in more detail e.g., links to YouTube video clips.

- YouTube Videos:

- What is VPC? – [Link](#)
- What is VPC? – [Link](#)
- UBER’s VPC – [Link](#)