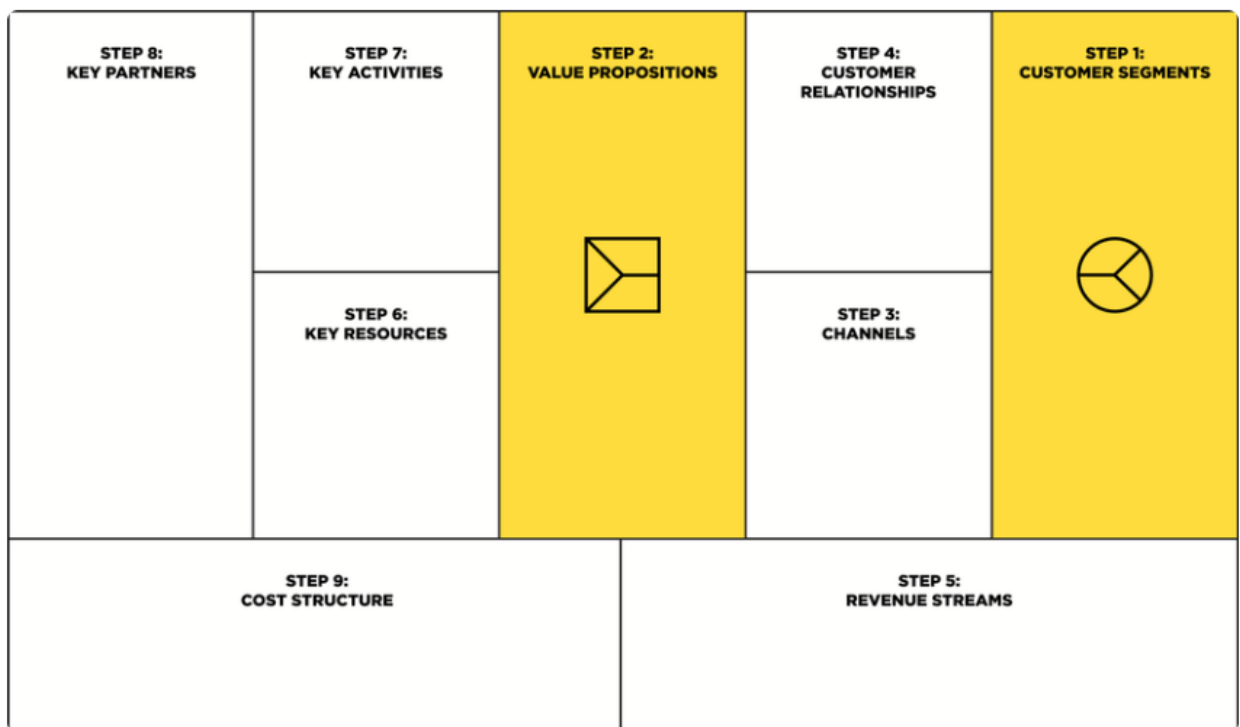


The Value Proposition Canvas

At the heart of any business model is a value proposition that describes the benefits your products and services offer to the consumer. To reflect value to the organization, embed your value proposition into the business model. This can be done using a business model template, a tool that describes how your organization creates, delivers and captures value.

The value proposition canvas is designed to explain in accessible language the benefits that consumers (users) will receive after buying (trying) your product or service.

To develop a value proposition canvas, it is necessary to take two blocks from the business model: a value proposition and a customer segment.



A business model canvas that combines the main elements of a business strategy on one page.

Business value

Will help create value propositions "from scratch" or improve existing ones. At the end, the business will get a holistic view of its product.

Creation process:

The value proposition canvas contains 2 blocks:

A value map or value proposition map is structured and describes in detail the features of a specific offer.

Value (services, unique characteristics of the product) = benefit for the user.

A customer profile (customer segment) is a structured and detailed description of a certain segment of users or a person. This block describes: benefits (what the customer wants to achieve), customer tasks (these are all the things customers are trying to achieve in their work and life) and pains (these are the barriers that prevent them from achieving what they want).

Step 1. Choose the customer segment or persona you need

To begin, you need to decide who you will be developing or improving your value proposition for. It may be:

A customer segment is a certain group of people united by a common problem or need.

A persona is an image of users that includes: their motives, goals, problems and behavior.

Step 2. Customer profile: customer jobs



In this block, you need to describe everything that your customers are trying to do in their professional or personal life:

- ✓ Tasks that people try to complete and implement.

- ✓ Problems that people are trying to solve;
- ✓ Needs that people try to satisfy.

Let's talk in more detail about the types of tasks:

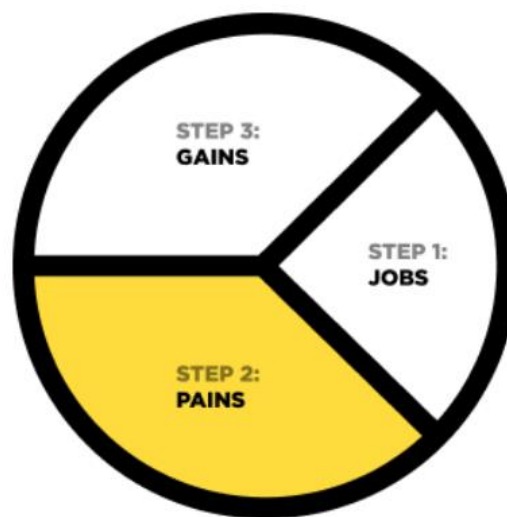
Functional tasks. This is a task or a solution to a specific problem. Tasks can be both personal and professional. For example, mowing the lawn or making an annual report of the company's expenses;

Social tasks. Such tasks are related to the formation of the desired image in society. For example, having a good appearance or occupying high positions at workplaces;

Personal or emotional tasks. This is getting certain emotions. For example, peace of mind or feeling safe in your home;

Auxiliary tasks. These are tasks that help the client achieve his goal.

Step 3. Customer profile: customer pains



You need to describe the various irritants, barriers, and challenges that customers face before, during, or after attempting a task.

Step 4. Customer profile: benefits for the customer (gains)



You need to describe the results and benefits that your client wants to achieve. Of course, the customer expects that your product will have some list of advantages, but do not forget about the unexpected benefits that will be a pleasant surprise for him.

What are the advantages (benefits):

A benefit is needed. This is a benefit without which your solution will not work. For example, a person who buys his own car must have a driver's license;

Expected benefits. In short, your customer expects to receive something other than the main benefit, but in principle they can do without it. For example, you buy a new BMW X5 xDrive45e (electric drive), and you expect this car to be safe for all passengers, because this car received the maximum 5 points in Euro NCAP tests (European car safety assessment program);

Desired benefit. This is a benefit that goes beyond what is expected from our solution, but if there is an opportunity, we can add it. For example, change the color of the car interior;

Unexpected benefits. These are the advantages (benefits) of your product or service that go beyond the wishes and expectations of the client. For example, after buying a car, an official BMW dealer in Ukraine will give you a set of winter wheels.

Step 5. The question "How can we ...?"

Once we have created a customer profile, we can begin formulating a POV (point of view) for creating a solution.

Searching for answers to the question "How can we ...?" will lead you to the creation of a product that will contain value.

Example:

How can we help [taxi drivers] who want to [keep the car interior clean] because now it [needs to be cleaned] every 2 days to [customer satisfaction] and leave good ratings?

Step 6. Value map: products & services



You have a list of prioritized tasks (step 2). Now you need to come up with solutions that will solve these problems, problems or needs.

Products and services can be:

Material. These are manufactured products and services. For example, a mobile application for remote control of a car;

Intangible value. These are copyrights and licenses;

Digital or virtual. For example, downloaded movies, music or books from the Internet;

Financial. Leasing, insurance, lending or various investments.

Step 7. Value map: pain relievers



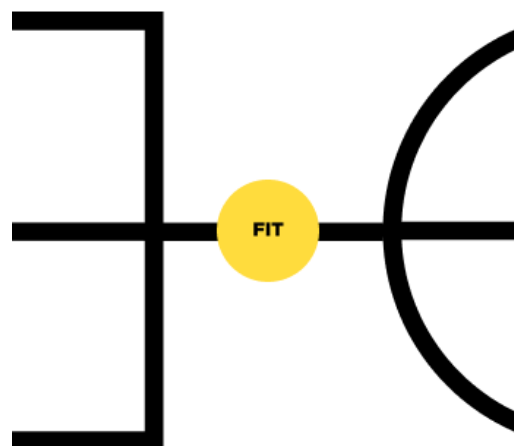
You must describe how your product or service plans to eliminate customer pain or reduce the factors that annoy your customers before, during, or after completing tasks or that prevent them from completing them.

Step 8. Value map: gain creators



You must describe how your product or service will benefit the customer. Focus on the benefits that will be important to customers, that will show your solution in the best possible way.

Step 9. Fit



Relevancy is achieved when your value proposition map = customer profile.

This means that when your product or service benefits people or relieves them of pain, fulfills customer tasks of varying complexity, helps them cope with problems and benefits themselves, then you have achieved compliance.

Achieving compliance is very difficult, but maintaining it at the same level or improving it is much more difficult.

Striving for compliance is the essence of creating a value proposition canvas.

Compliance occurs when you:

You understand the client's task > alleviate their unbearable pain > create significant benefits.

Step 10: Use a template with gaps (ad-libs) to expand your value proposition

Such a template forces you to define exactly how you are going to create value.

This template is a kind of continuation of POV, but already with a solution.

Example:

Our [car interior care kit] helps [motorists] who want to [keep their car interior clean] by [it contains the perfect all-in-one car care kit] that will help [resolve 99% of existing problems] with [innovative formulas of our products].

Resources

1. Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation.
2. Alexander Osterwalder, Yves Pigneur, Alan Smith, Gregory Bernarda. Value Proposition Design: How to Create Products and Services Customers Want.
3. What is the Value Proposition Canvas? Available at:
<https://www.b2binternational.com/research/methods/faq/what-is-the-value-proposition-canvas/>