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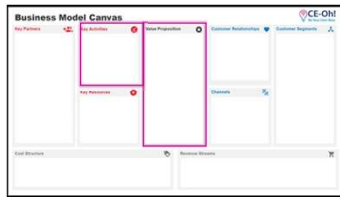
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## Focus

The information you learn will help you further develop your value proposition as well as help you to fine-tune your customer relationships and channels areas of your business model canvas and workbook. You will also want to add notes to the "Key Activities" area of your workbook and canvas.



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## Warm-up Activity

Imagine that you've gotten a job in marketing for a dietary supplement company. Their research shows that their largest markets are women in their 30's and men in their late 40's?

Would you use the same marketing campaign and language for everyone, or would you target your ads in ways you think would be most appealing to each audience?

Why or why not? If you target your ads, how would they be different?

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## Vocabulary

Here is the **vocabulary** for this module.

<b>accessibility</b>	<b>groupthink</b>
<b>benefits</b>	<b>mindshare</b>
<b>brand</b>	<b>product positioning</b>
<b>brand mark</b>	<b>problem statement</b>
<b>customization</b>	<b>value</b>
<b>convenience</b>	<b>value proposition</b>
<b>features</b>	

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## Key Learning Objectives

Let's introduce our key learning objectives.

- You will be able to differentiate between benefits and features
- You will be able to identify and describe what value proposition means and identify the value of a product by constructing the value formula and choosing the correct criteria for each area of the formula
- You will be able to identify five ways you can promote values that you can consider including in your business plan



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## Value Proposition

What is a **value proposition**?

Your value proposition is the core of your competitive advantage and distinguishes you from your competitors.



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## Value is Determined by Benefits and Features



### Value

Describes what something is worth



### Features

What the product does or how it works



### Benefits

Why customers will want to buy the product

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## Benefits vs. Features

reference: <https://www.amazon.com/primeinsider/about>

Amazon Prime will **deliver your purchase for free in two days or less** (features) so that you can **get your items quickly** (benefits).

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## Benefits vs. Features

reference: <https://www.amazon.com/primeinsider/about>

Amazon Prime will **deliver your purchase for free in two days or less** so that you can **get your items quickly**. Because your items arrive quickly, **you can skip going to the store.**

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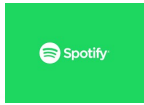
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### More Real-World Value Propositions

Let's take a look at some popular brands that offer online services and their value proposition.



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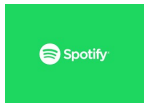
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### Spotify



**Soundtrack your life** – let Spotify identify music for your mood and moment.

Stop and Think: Do you use Spotify?  
What is its value to you personally?



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### Pinterest



**Discover ideas for any project or interest, hand-picked by people like you.**

Stop and Think: Do you use Pinterest?  
What is its value to you personally?



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**Weebly**

**The easiest way to make a website.**

Stop and Think: Do you use Weebly?  
What is its value to you personally?

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**Value = Benefits - Costs**

To find the value of a product or service, we use a very simple formula.

**Value = Benefits – Costs**

So, what's the value of Weebly?

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**Value = Benefits - Costs**

**Ease**

**Extras**

**Customizable**

**Lower Fees**

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**Value = Benefits - Costs**



-  **Time to build site**
-  **Learning curve**
-  **Extra charges**
-  **Limitations**

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**Weebly's Value Proposition Summary**

Weebly is a good site if you need to develop a web presence at a low cost

Great idea for most small businesses

Weebly may not offer much value, depending on what you need



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**Problem Statements**




**Step 01**  
Define the problem

**Step 02**  
Describe the facts

**Step 03**  
Identify the risks

**Step 04**  
Identify the rewards

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### Create a Problem Statement

1. Define the problem
2. Describe the facts around the problem (data vs. feelings)
3. Identify the risks of not solving the problem
4. The rewards for solving the problem

Once you have the problem statement, use that information to create a value proposition.

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### Sample Problem Statement

Let's walk through another example, starting with our problem:  
Americans struggle with effective weight loss.

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### Sample Problem Statement

**FACTS:** An estimated 45 million Americans go on a diet each year, and Americans spend \$33 billion each year on weight loss products. Yet, nearly two-thirds of Americans are overweight or obese. Obesity is a chronic disease that requires lifelong treatment and medical care.

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### Sample Problem Statement

**RISKS:** From self-consciousness to physical limitations, many people feel that their size is keeping them from being the person they truly are. People who are overweight are also at higher risk for developing serious health problems, such as heart disease, diabetes, high blood pressure, high cholesterol, stroke, arthritis, and gallbladder disease.

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### Sample Problem Statement

**REWARDS:** Our Weight Management Program is dedicated to management of obesity using comprehensive, clinically proven methods that provide results. We will guide and encourage you as you learn how to make lifelong changes in eating behavior, food choices, and activity levels. We can help you reach your goals through eating plans, behavioral support, and exercise. It's not easy, but we will surround you with like-minded people and be with you every step of the way to a happier, healthier life.

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### Value Proposition Discussion



Discuss a company that offers a product or service that you personally enjoy. Share the following information:

Company Name

Value Proposition

Benefits they offer (at least two)

Costs (at least two)

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### Business Process

The successful companies we listed earlier (Spotify, Pinterest, and Weebly) were also able to create value for their customers through **customization** of their products. Each of these products was designed to be customer-centric; in other words, they can be personalized to meet the wants and needs of their customers rather than a one-size-fits-all approach.



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### Branding

"Your **brand** is your promise to your customer. It tells them what they can expect from your products and services, and it differentiates your offering from that of your competitors. Your brand is derived from who you are, who you want to be, and who people perceive you to be."



Source: <https://www.entrepreneur.com/encyclopedia/branding>

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## Product Positioning



**Product positioning** is a form of marketing that presents the benefits of your product in a targeted way.

It helps differentiate the product or service from others.

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## Brand Marks



Begin with a logo or **brand mark** and a tagline...

"Just do it"

Golden arches logo

"Like a good neighbor, \_\_\_\_\_ is there."

Large companies benefit from **mindshare**



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## Groupthink

The Oxford Languages Dictionary defines **groupthink** as "the practice of thinking or making decisions as a group in a way that discourages creativity or individual responsibility."



"Now that you are all my little drones,  
I encourage you to speak my mind."

Source: <https://www.entrepreneur.com/encyclopedia/branding>

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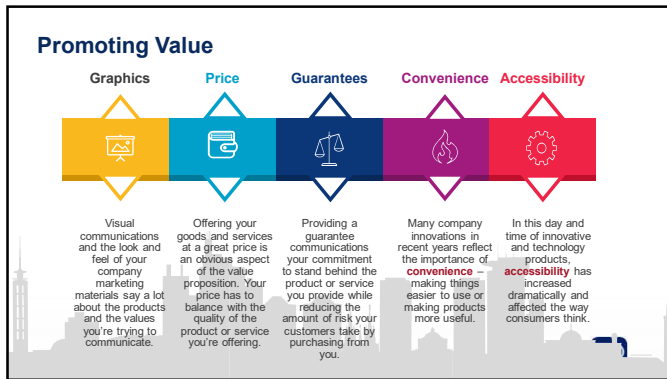
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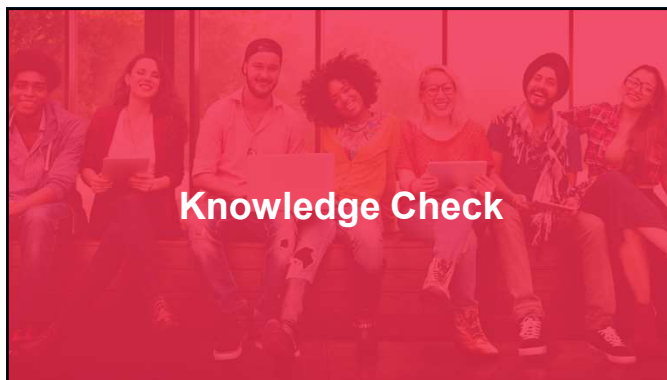
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### Multiple Choice Question

 In our discussion of benefits and features, we differentiated benefits from features. Benefits describe how your product or service can help a consumer. Which of the following statements is a benefit?

- ☐ Fruit is nutritious, lower in calories than many processed foods, and packed with vitamins
- ☐ Choosing fruit over processed foods makes you healthier and more satisfied
- ☐ Fresh fruit can be found at local farmer's markets, grocery stores, and restaurants
- ☐ Fruit costs less per serving than other sweet treats

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### Multiple Choice Question



Which of the following best describes what a feature is?

- ☐ How your customer will benefit from your product or service
- ☐ Facts about what your product or service is able to do
- ☐ Information about how your product or service will make your customers feel

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### Multiple Choice Question



Value =

- ☐ Features – Cost
- ☐ Benefits + Features
- ☐ Benefits – Cost
- ☐ Cost + Benefits

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**Choose the correct criteria for each area of the formula Value = Benefits - Cost**

	Benefit	Cost
Your time to do the work yourself	<input type="checkbox"/>	<input type="checkbox"/>
Easy to work with	<input type="checkbox"/>	<input type="checkbox"/>
Lower fees than competitors	<input type="checkbox"/>	<input type="checkbox"/>
A learning curve to use the product efficiently	<input type="checkbox"/>	<input type="checkbox"/>
Add-ons that make the product useful at an additional cost	<input type="checkbox"/>	<input type="checkbox"/>
Higher cost than competitors	<input type="checkbox"/>	<input type="checkbox"/>
Customizable	<input type="checkbox"/>	<input type="checkbox"/>
There's a toolbox of extra services or products	<input type="checkbox"/>	<input type="checkbox"/>

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### Multiple Response Question



Which two of the following four possible answers contribute to creating a great value proposition?

- ☐ It distinguishes you from your competitors
- ☐ It includes your brand mark, color pallet, and slogan
- ☐ It highlights the benefits of your product or service
- ☐ It avoids making promises your company doesn't intend to keep

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### Multiple Choice Question



Which of the following was NOT discussed as a value proposition that you can consider offering your customers?

- ☐ Graphics and design
- ☐ Price
- ☐ Guarantees
- ☐ Convenience
- ☐ Morals
- ☐ Accessibility

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### Value Proposition Jigsaw

Remember this discussion of Amazon's value proposition?

Amazon Prime will **deliver your purchases for free in two days or less**, so that you can **get your items quickly**. Because your items arrive quickly, you can **skip going to the store and eliminate the hassle of walking around and waiting in long lines**.

- **Orange = Feature**
- **Blue = Benefit**
- **Purple = Value Proposition**

Create a value proposition in a Google Doc then post the link to the Google Doc with your value proposition in the Value Proposition forum. We encourage you to take what you've learned in this module as well as what you pick up from your peers in creating a value proposition for your personal small business.

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## Reflection

Let's revisit our original warm-up questions:

Now that you've learned about value statements, how will you market your product in a way that reaches your audience?

How will you communicate these values to potential customers and investors?

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## Compare and Contrast

Take a moment to reflect on your learning and comparing and contrasting your answers.

What we learned about:

Accessibility  
Brand mark  
Features  
Product positioning  
Value proposition

Benefits  
Customization  
Groupthink  
Problem statement

Brand  
Convenience  
Mindshare  
Value

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We discussed and differentiated between benefits and features. Features focus on what a product or service will do, while benefits talk about the advantage customers will receive from the product and/or service.

Value propositions describe how your products or services solve or at least improve the problems your customers face, they provide benefits your customers should expect, and explain why customers should choose to purchase from you rather than your competitors.

We identified five ways you can communicate value to your customers including graphics and design, price, guarantees, convenience, and accessibility. This isn't a definitive list. Take some time this week to reflect and try to think of more ways companies can communicate value, you may want to include your ideas in your own plans for your small business.

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**Accessibility**

The quality of being easy to obtain or use



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**Benefits**

Why customers will want to buy a product;  
what it will do for them and how it will  
impact their lives



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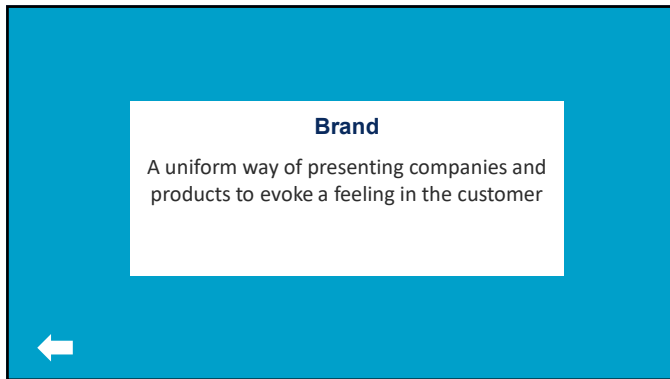
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**Brand**

A uniform way of presenting companies and products to evoke a feeling in the customer

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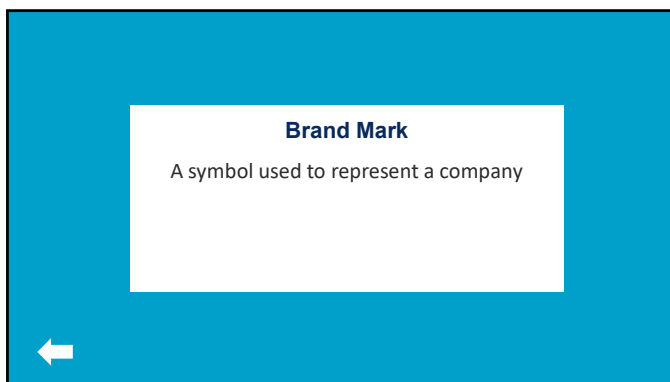
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**Brand Mark**

A symbol used to represent a company

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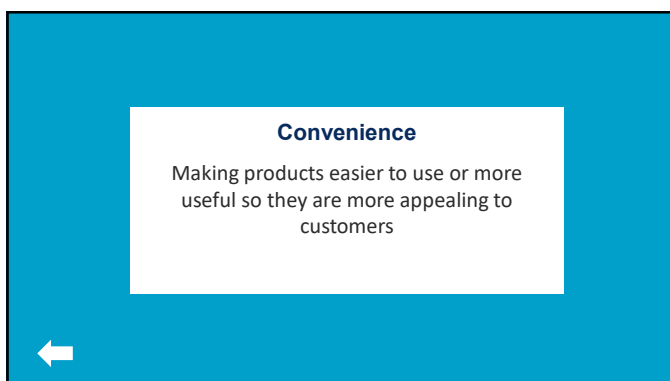
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**Convenience**

Making products easier to use or more useful so they are more appealing to customers

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**Customization**

Tailoring products to meet the specific wants and needs of a customer



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**Features**

Description of what a product does and what it includes



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**Groupthink**

Thinking or making decisions as a group in a way that discourages creativity or individual responsibility



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**Mindshare**

The popularity of a product or company that benefits large companies



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**Product Positioning**

Making your product stand apart from the competition by focusing on differences between your product and other similar products



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**Problem Statement**

A statement that helps entrepreneurs clearly identify the facts and issues that inspire them to create their specific product or service



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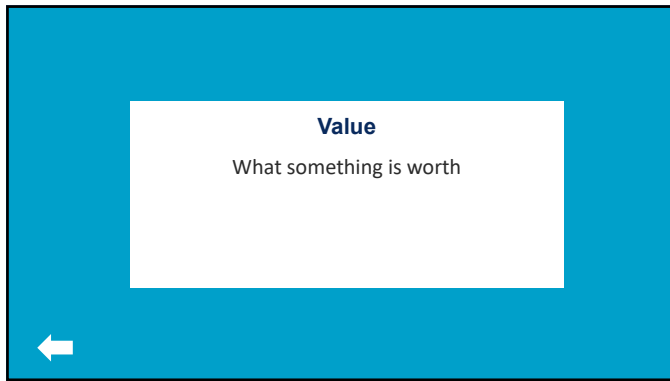
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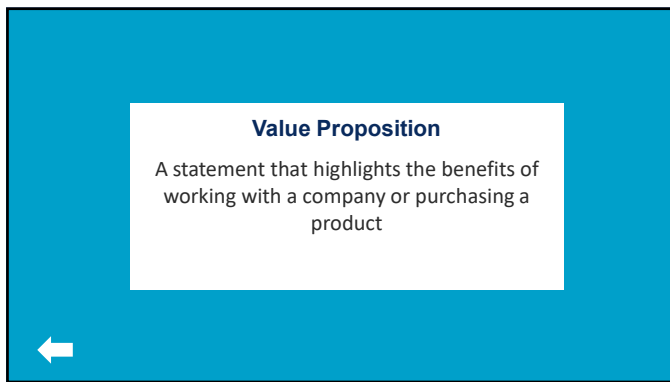
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