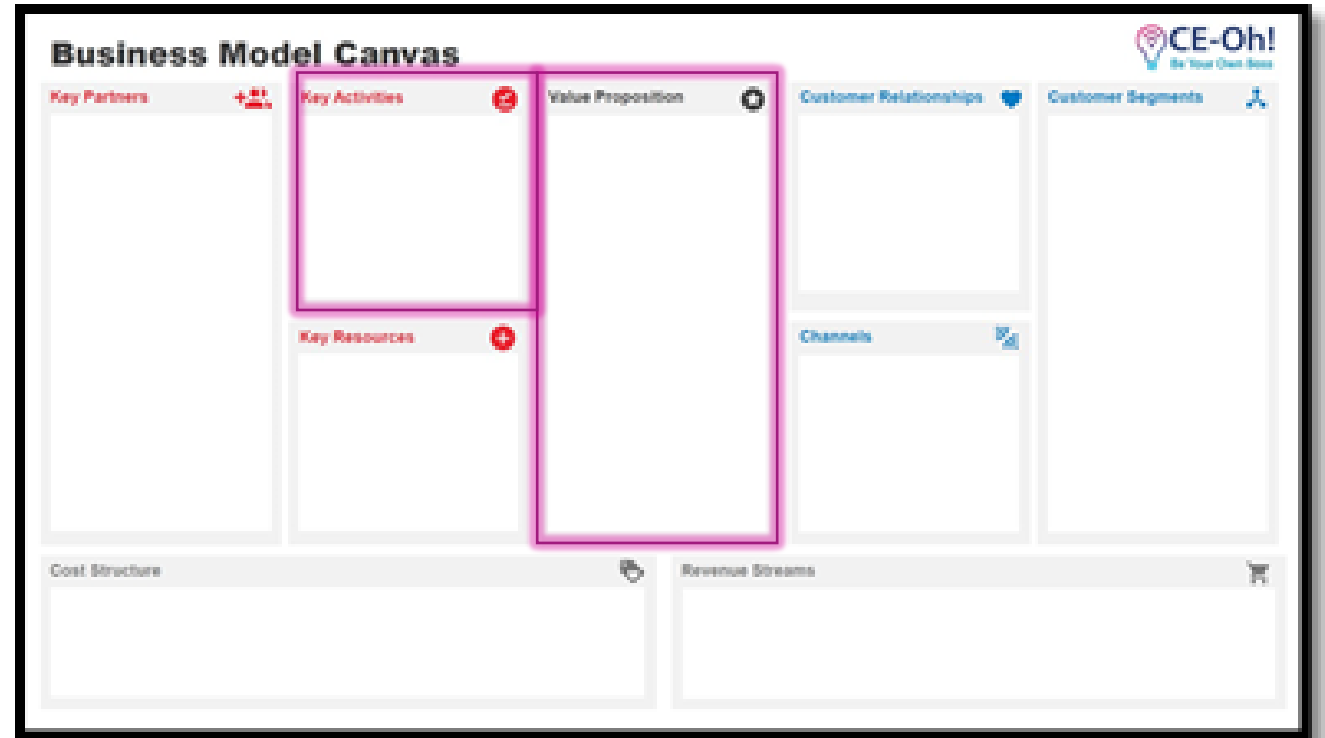




Focus

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.



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?



Vocabulary

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

accessibility

benefits

brand

brand mark

customization

convenience

features

groupthink

mindshare

product positioning

problem statement

value

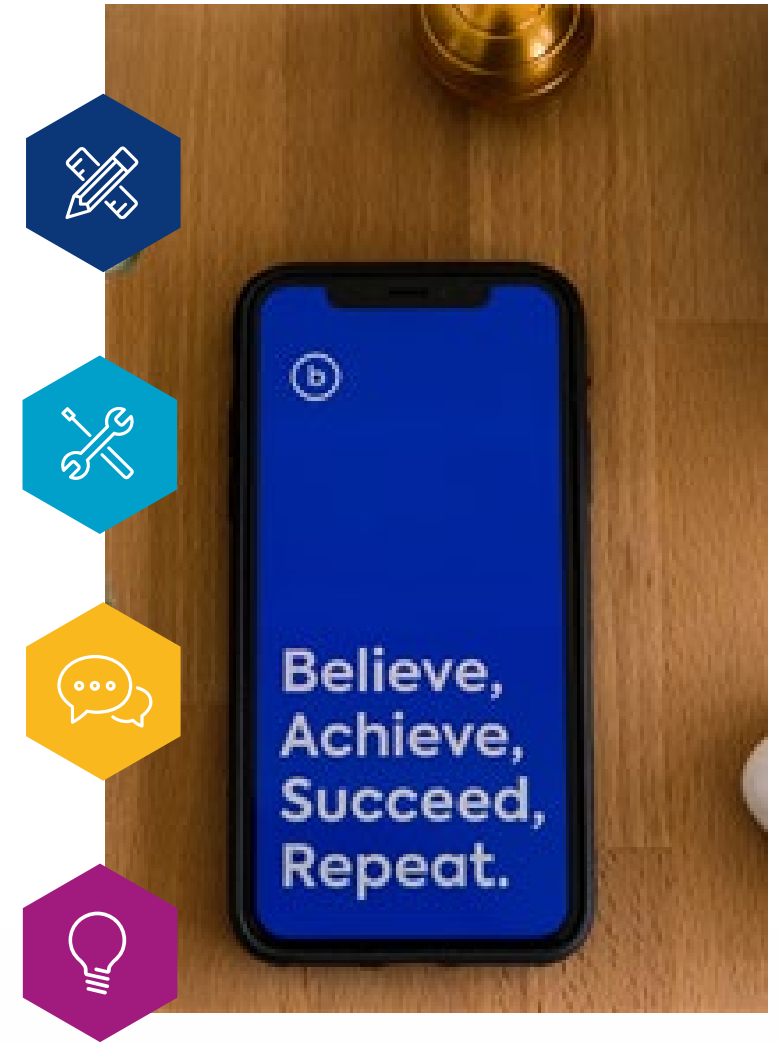
value proposition



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



Value Proposition

What is a **value proposition**?

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



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

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)**.



Benefits vs. Features



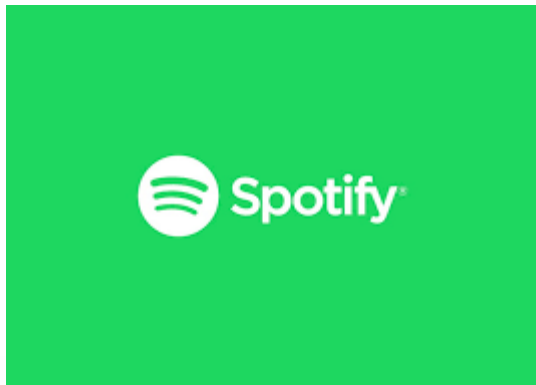
reference: <https://www.amazon.com/primeinsider/about>

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.***

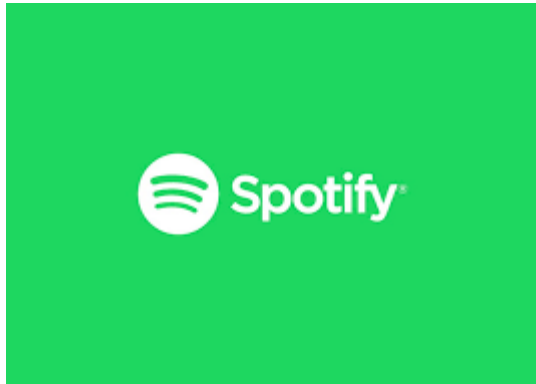


More Real-World Value Propositions

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



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?



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?



Weebly



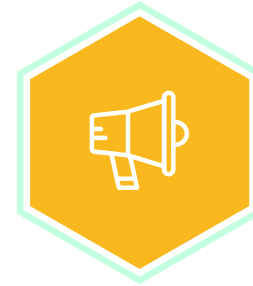
The easiest way to make a website.

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



Value = Benefits - Costs

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



$$\text{Value} = \text{Benefits} - \text{Costs}$$

So, what's the value of Weebly?



Value = Benefits - Costs



Ease



Extras



Customizable



Lower Fees

Value = Benefits - Costs



Time to build site



Learning curve



Extra charges



Limitations

Weebly's Value Proposition Summary

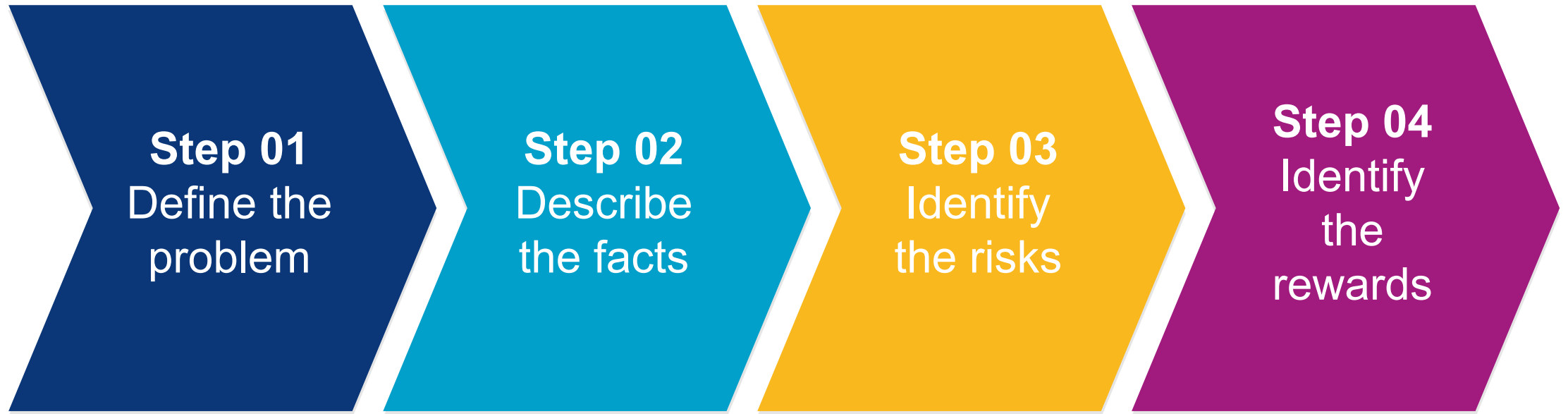
Weebly is a good site if you need to develop a web presence at a low cost

Great idea for most small businesses

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



Problem Statements



TOMS® Shoes Problem Statement Example



1. Problem

There are people in the world without shoes



4. Rewards

Providing shoes to these at-risk children will lower child mortality



2. Facts

The consequences can be fatal



3. Risks

Without shoes, continued risk of death and disease



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.

Sample Problem Statement

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



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.



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.



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.



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)

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.



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.”



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



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.

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**



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.”**

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



Promoting Value

Graphics



Visual communications and the look and feel of your company marketing materials say a lot about the products and the values you're trying to communicate.

Price



Offering your goods and services at a great price is an obvious aspect of the value proposition. Your price has to balance with the quality of the product or service you're offering.

Guarantees



Providing a guarantee communicates your commitment to stand behind the product or service you provide while reducing the amount of risk your customers take by purchasing from you.

Convenience



Many company innovations in recent years reflect the importance of **convenience** – making things easier to use or making products more useful.

Accessibility



In this day and time of innovative and technology products, **accessibility** has increased dramatically and affected the way consumers think.



Knowledge Check

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

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

Multiple Choice Question



Value =

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



Choose the correct criteria for each area of the formula $\text{Value} = \text{Benefits} - \text{Cost}$

	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"/>

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

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

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.



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?



Compare and Contrast

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

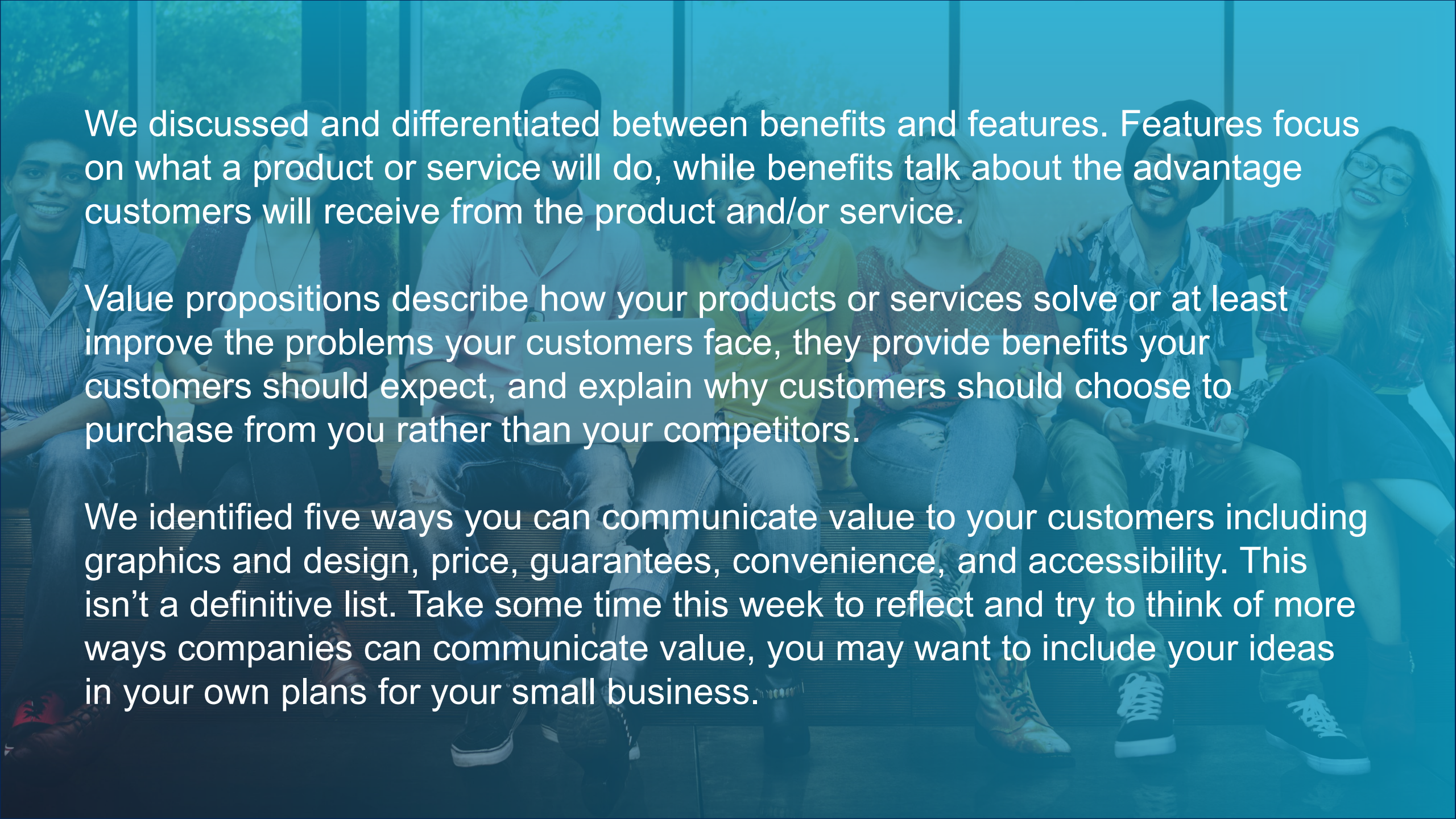
What we learned about:

Accessibility
Brand mark
Features
Product positioning
Value proposition

Benefits
Customization
Groupthink
Problem statement

Brand
Convenience
Mindshare
Value



A group of seven diverse young adults are sitting on wooden steps in front of a large window. They are all smiling and looking towards a laptop held by one of the individuals. The scene is brightly lit, suggesting a sunny day outside. The overall mood is positive and collaborative.

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.



Accessibility

The quality of being easy to obtain or use



Benefits

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



Brand

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



Brand Mark

A symbol used to represent a company



Convenience

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



Customization

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



Features

Description of what a product does and
what it includes



Groupthink

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



Mindshare

The popularity of a product or company that
benefits large companies



Product Positioning

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



Problem Statement

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



Value

What something is worth



Value Proposition

A statement that highlights the benefits of working with a company or purchasing a product

