

Module

Value Proposition Canvas & Business Model Canvas

UTM

Value Proposition Canvas

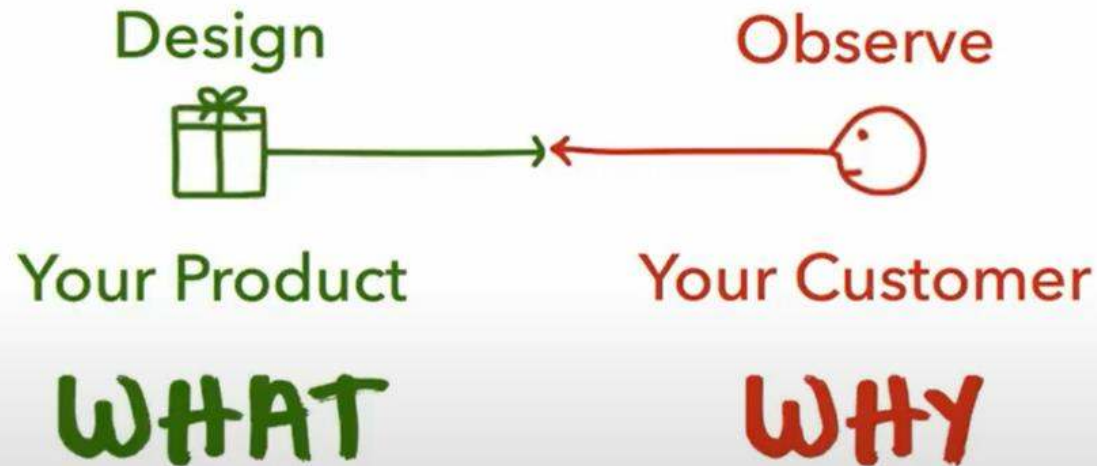


The big Question?





Achieving Fit



**Different Values Attract
Different Customer**

Who, Where, What, How much?



**RM1.50
to
RM5.00**

Who, Where, What, How much?



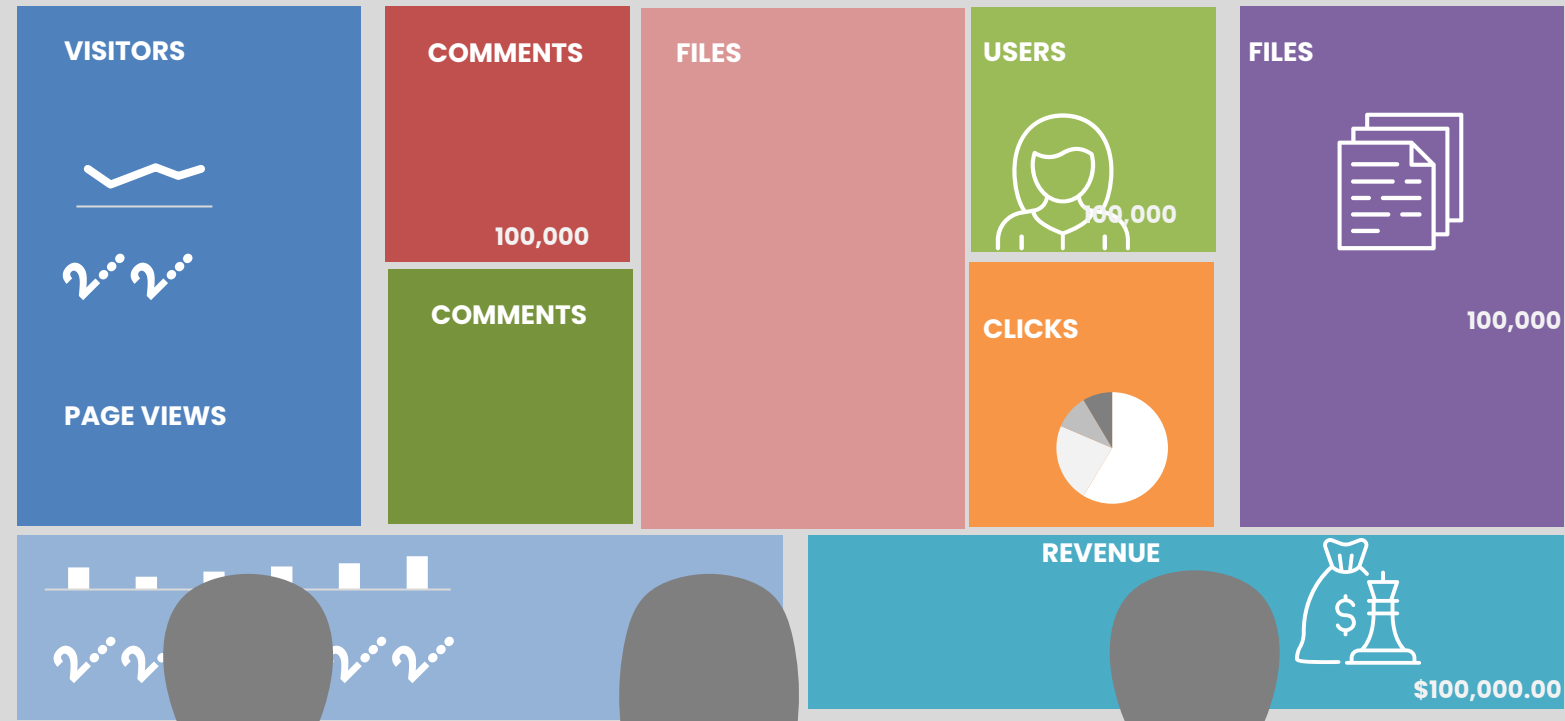
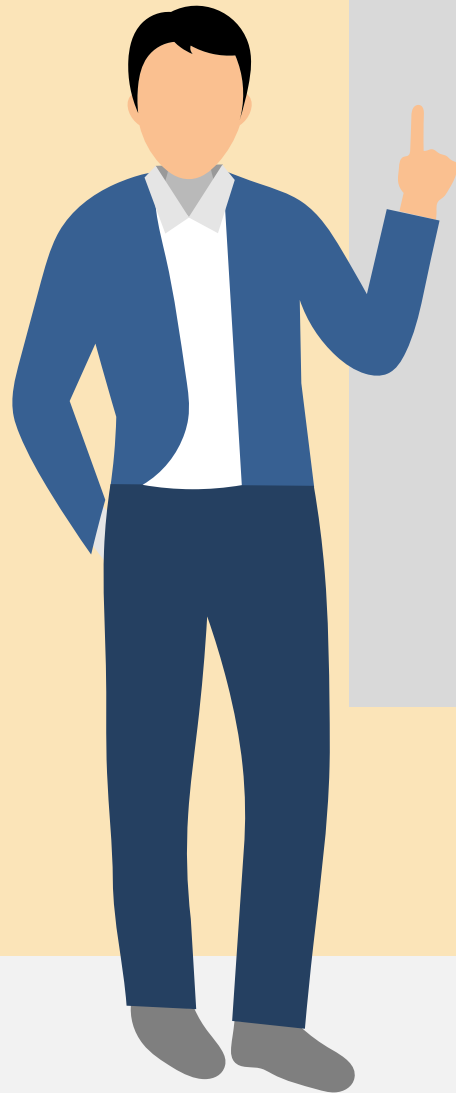
**RM5.00
to
RM10.00**

Who, Where, What, How much?

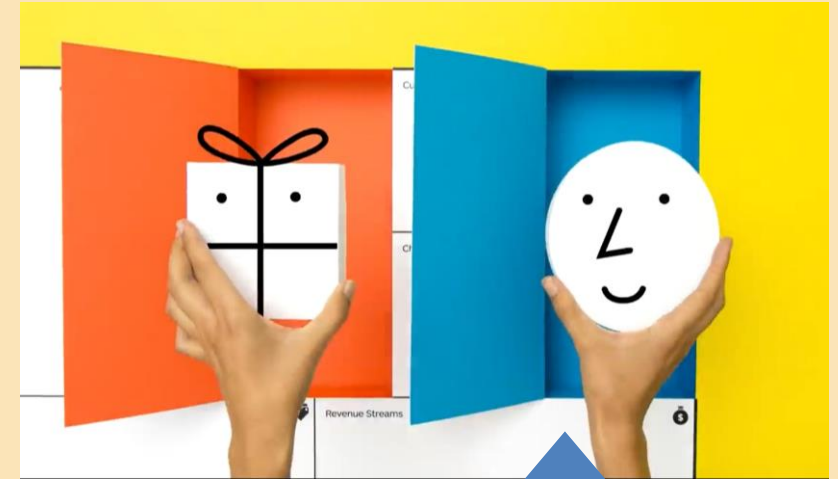


RM25.00 to
RM100.00

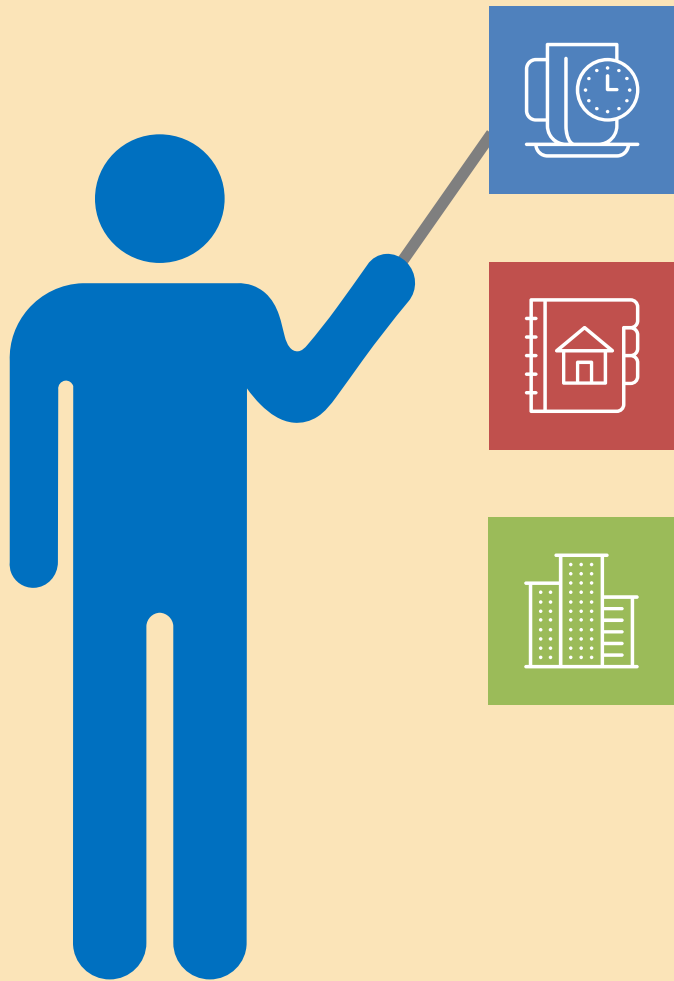
Revisiting the Business Model Canvas



Matching your Value Proposition with your Customer Segment



Achieving Fit



Identify Your Customer Target/Segment

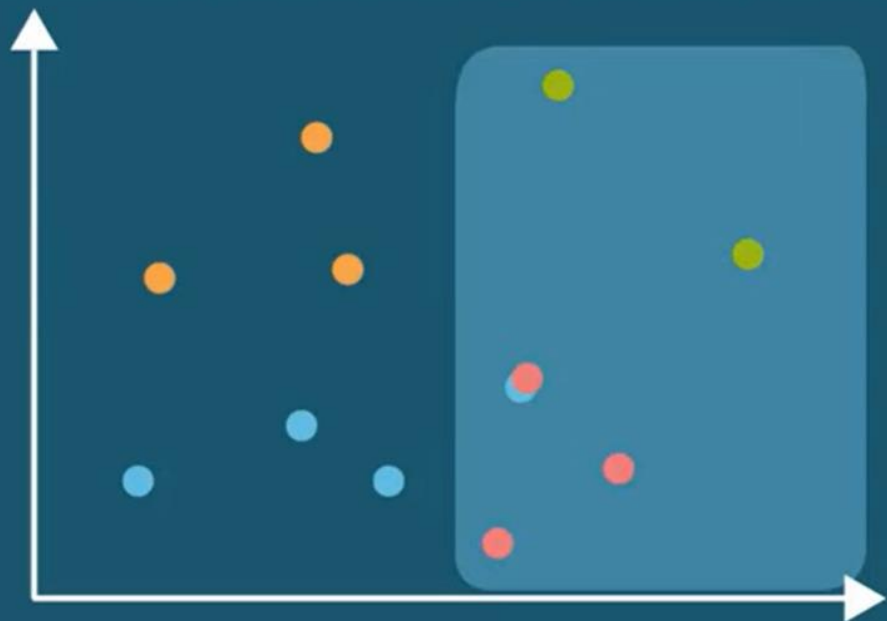
Develop Your Customer Profile

Develop Your Value Map

Identify your customer target

Targeting

Evaluating potential profits from segments and deciding which segments to focus on

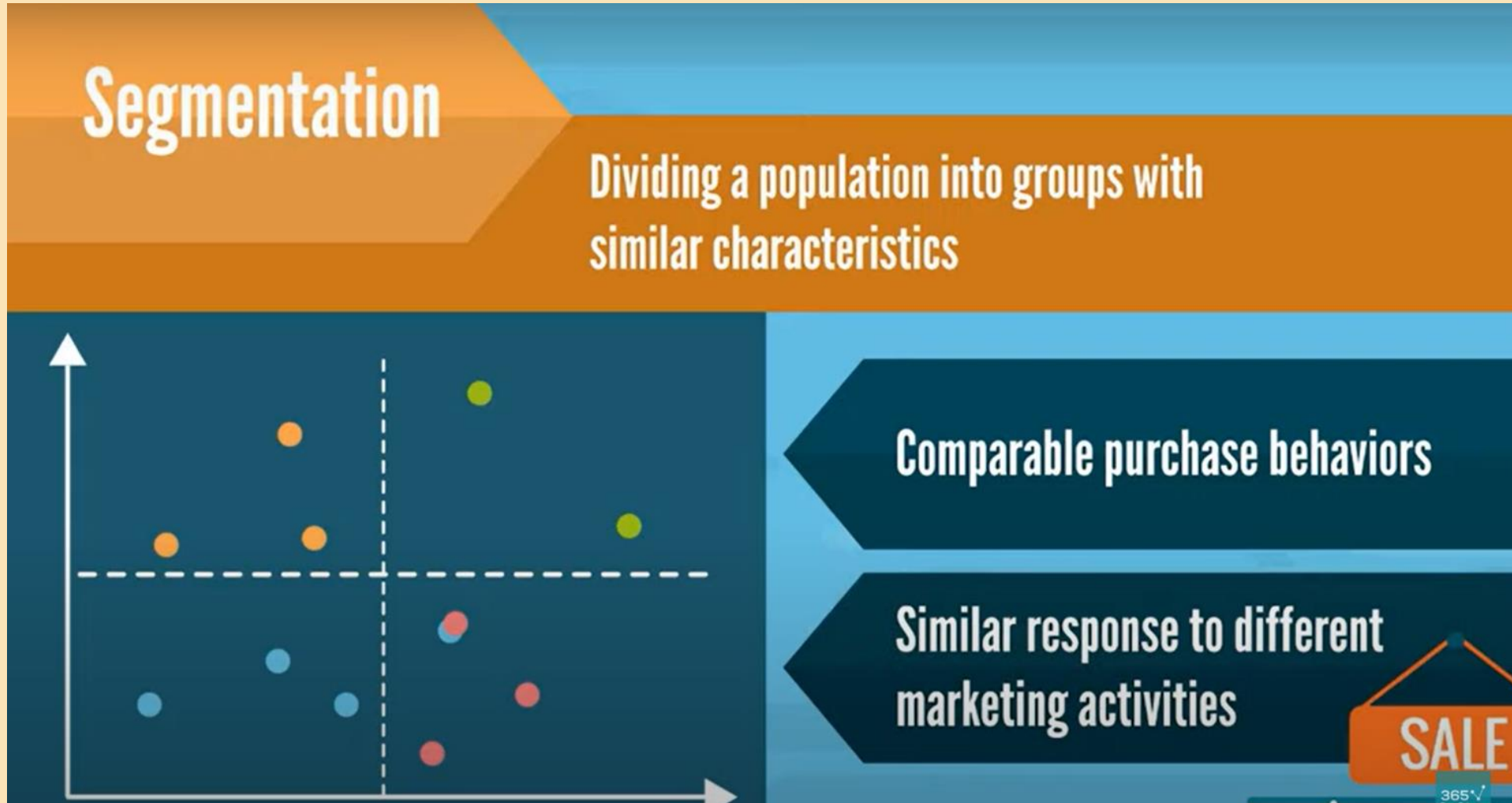


Consideration factors:

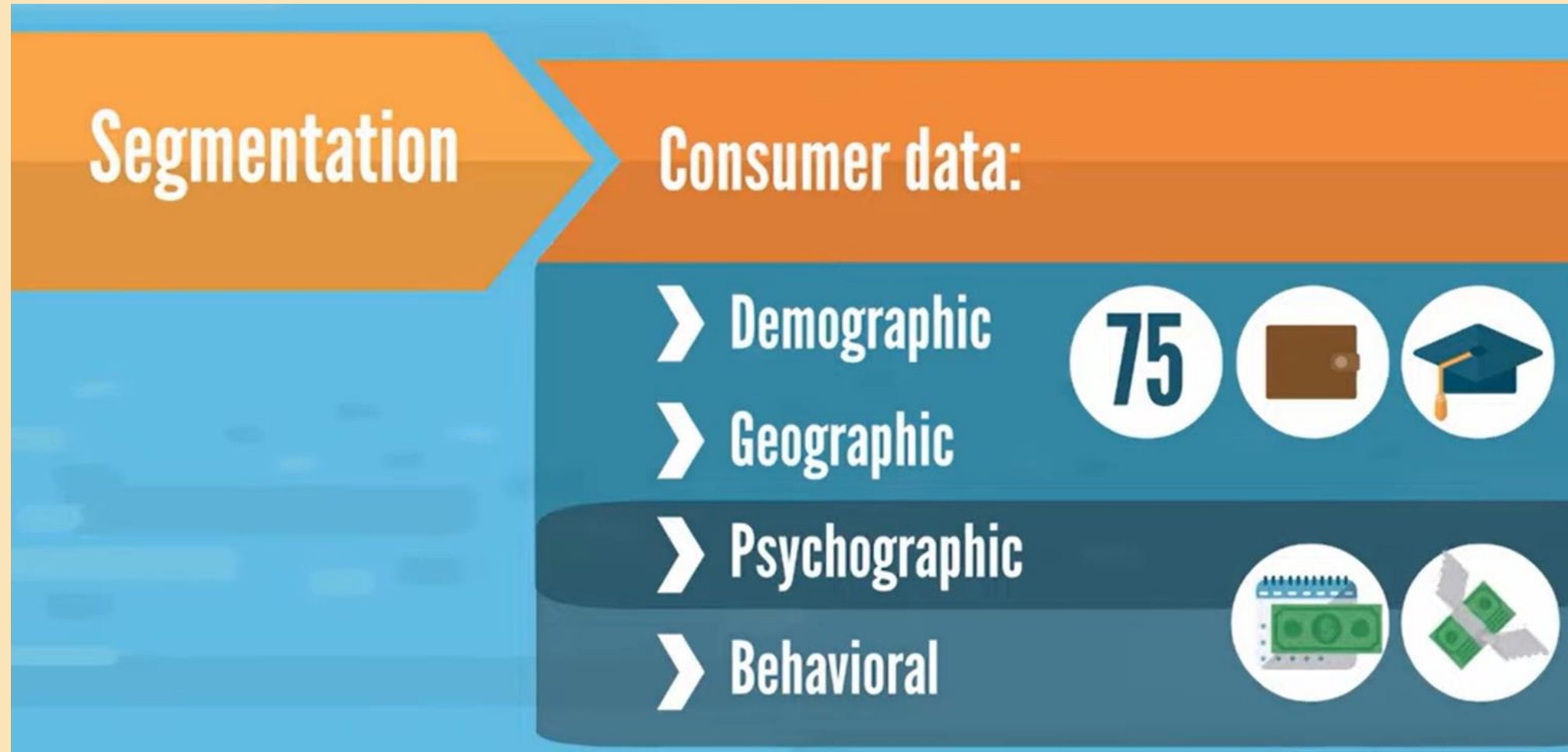
- Segment size
- Expected growth
- Competitors' offerings

365 DataScience

Focus on specific customer segment



customer segmentation bases



Workbook Exercise 1: Customer Segment

Using your post it note, please complete the task

START

1 Who are they?

2 Where are they?

3 What will they do with your product or service?

4 Are you selling in a physical channel or in a virtual or web channel?

8 What other products do they buy currently?

7 What price range would they be willing to buy

6 How does your product or service resolve their needs?

5 How important is your product to them?

9 What are their demographics, psychographics, and interests?

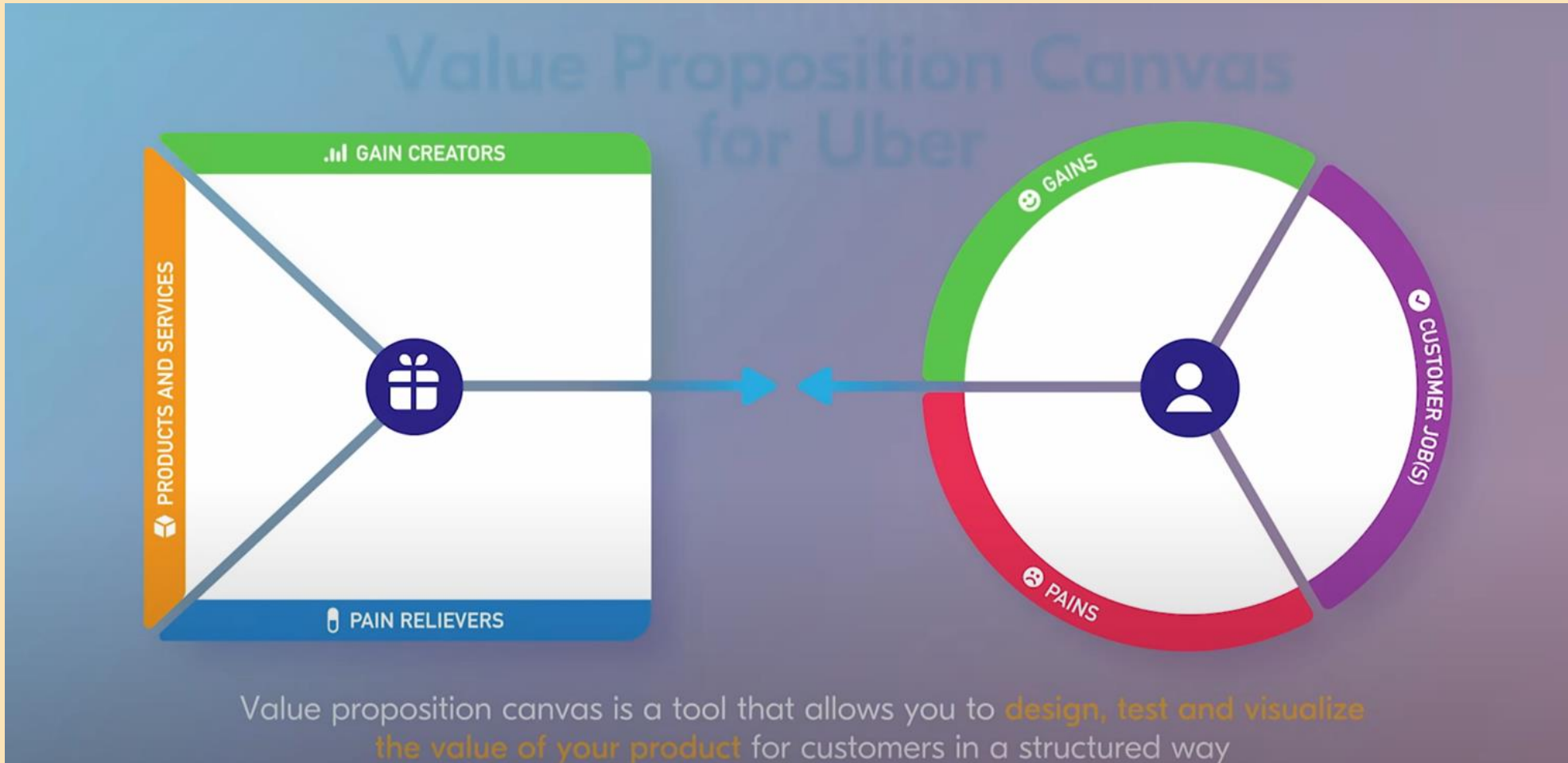
10 How frequent are they using similar product or service?

11 How do they respond to information and promotional activities?

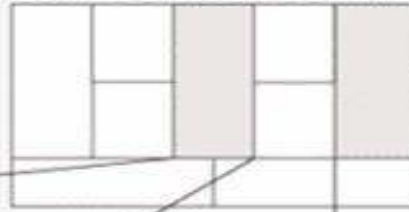
12 Are they buying for functionality? Value for money? Image and ego?

END

value proposition canvas



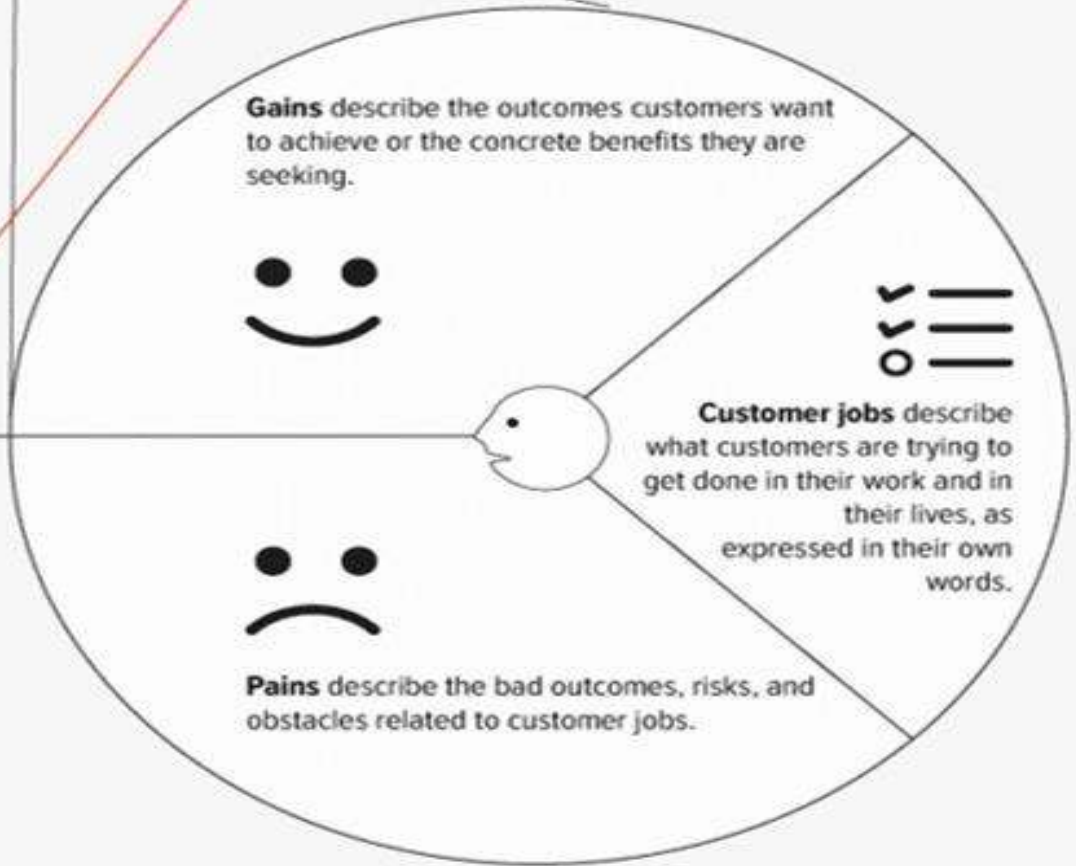
BUSINESS MODEL CANVAS



You achieve **Fit** when your value map meets your customer profile - when your products and services produce pain relievers and gain creators that match one or more of the jobs, pains, and gains that are important to your customer.



VALUE MAP



CUSTOMER PROFILE

FIT

profiling your customer segment

Understanding People: The Self & Customers



HUMAN MOTIVATION
Avoiding Pain or Gain Pleasure?



customer profile canvas

Gains

Describe **positive outcomes** the customer expects **when the job is getting done**

Pains

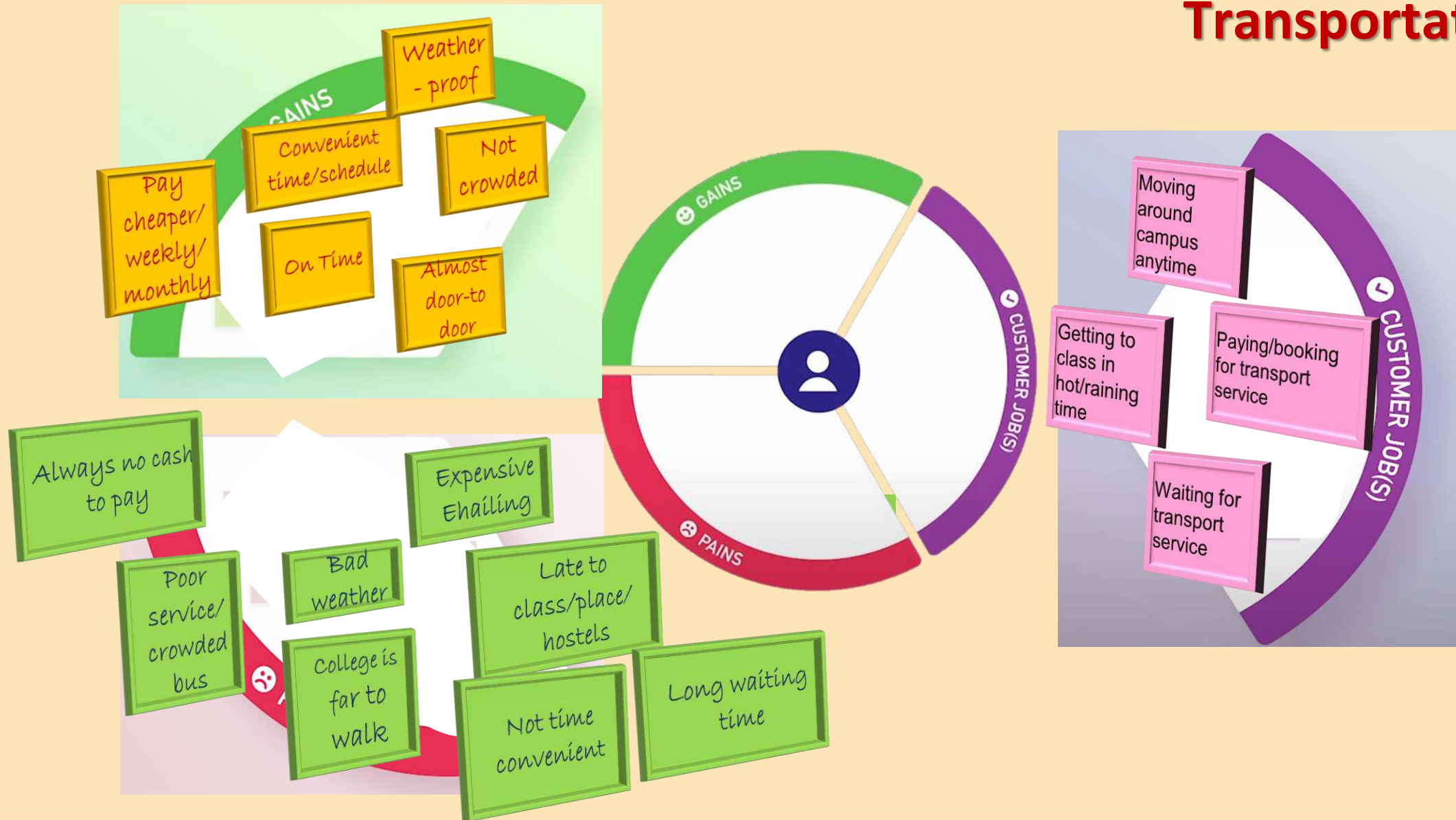
Identify **blockages and problems** your customers may face trying to get the jobs done



Customer Job(s)

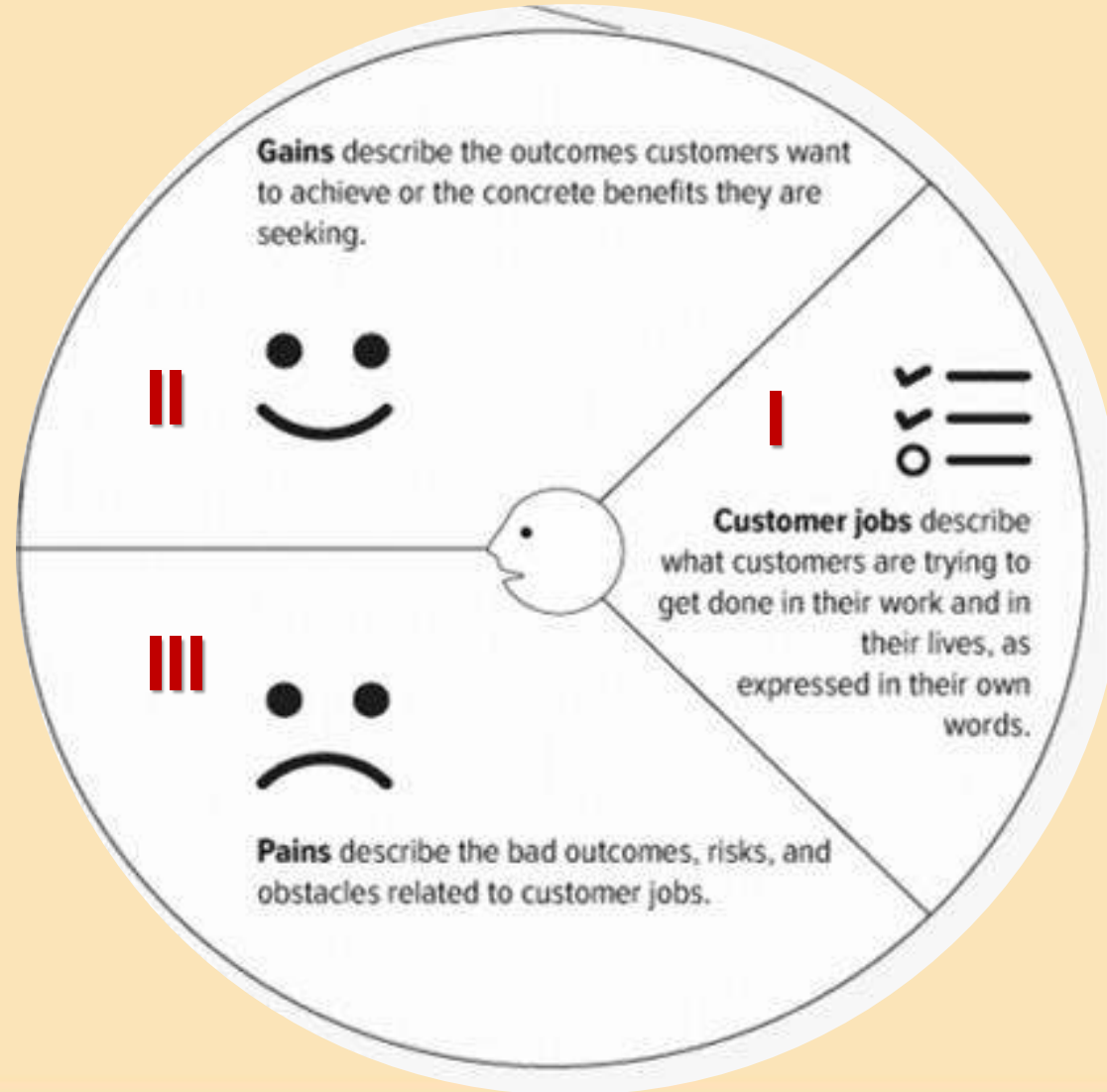
List the **functional, emotional, social jobs** your customers need to have done

Example of customer profile canvas: in-campus Transportation



Workbook Exercise 2: Customer Profile Canvas

Using your post it note, please complete the canvas



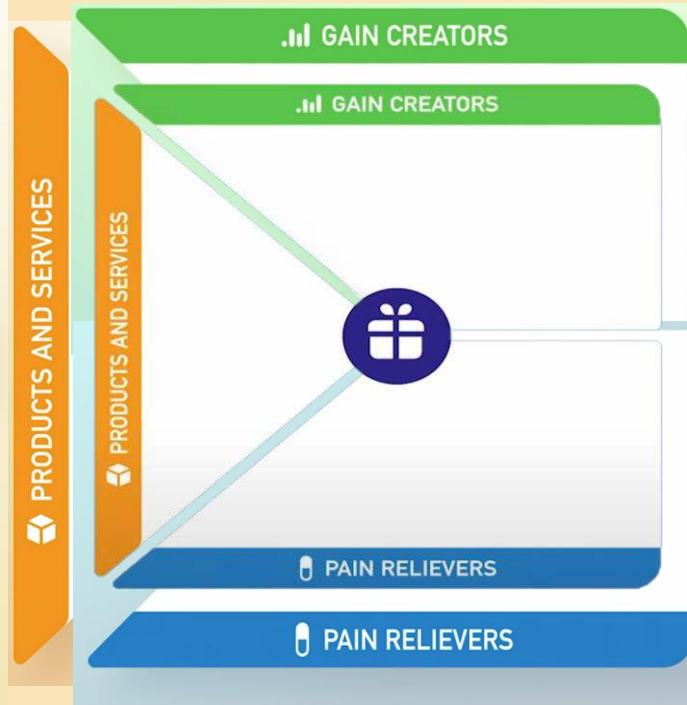
value map canvas

Products & Services

Name **products and services** your value proposition offers to get the jobs done



value map canvas: Transportation

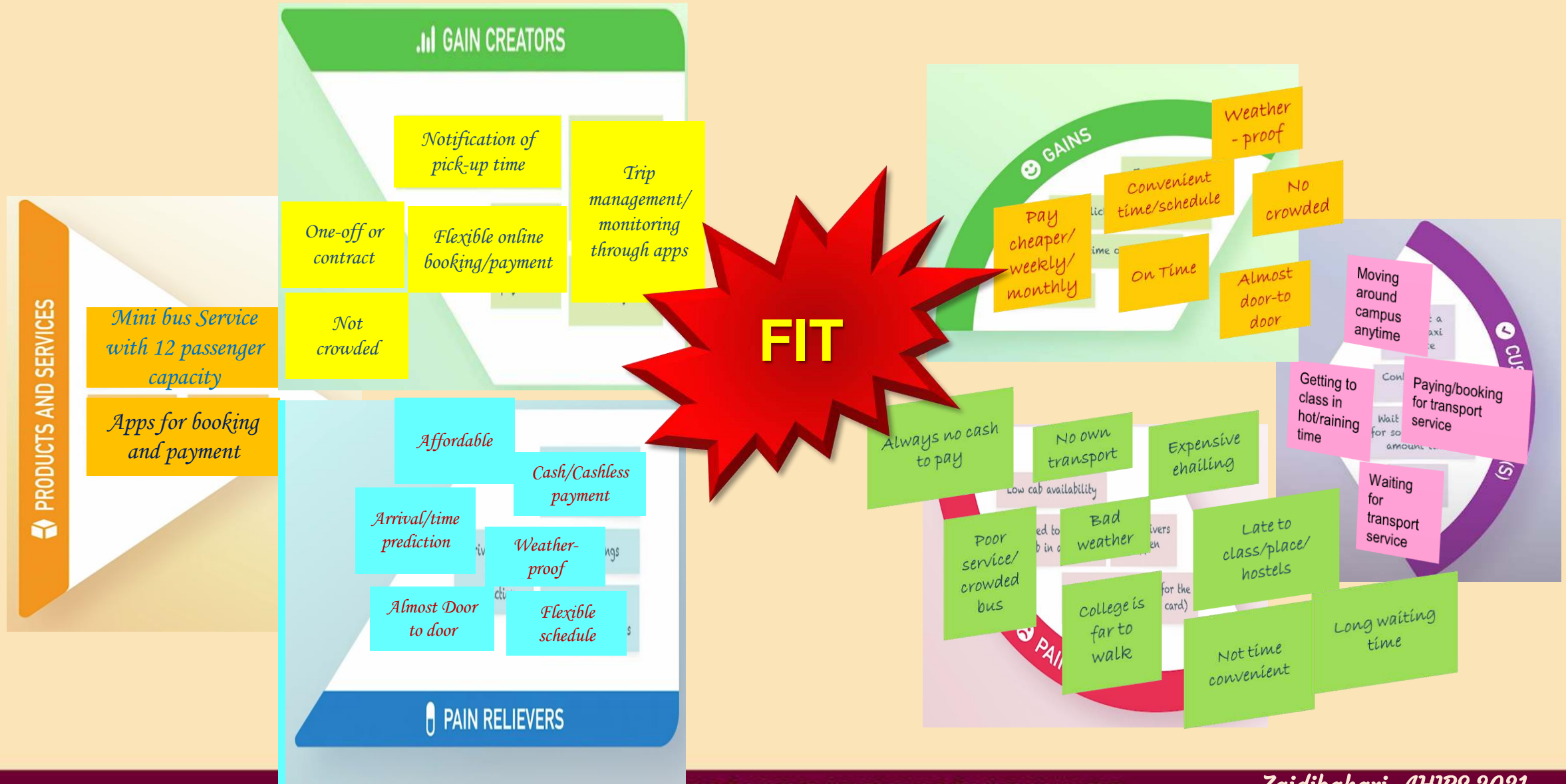


Workbook Exercise 3: Value Map Canvas

Using your post it note, please complete the canvas

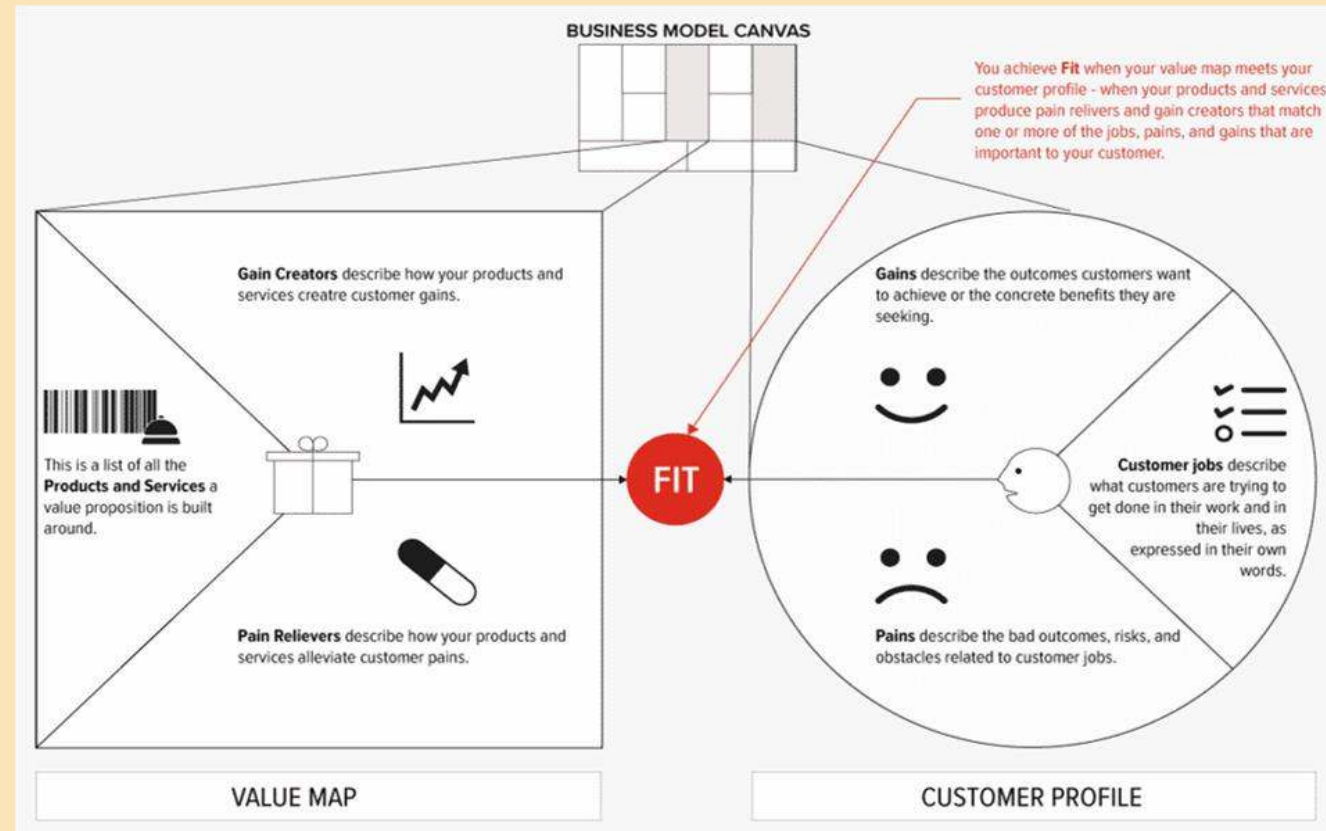


Fit between Customer Profile and Value Map

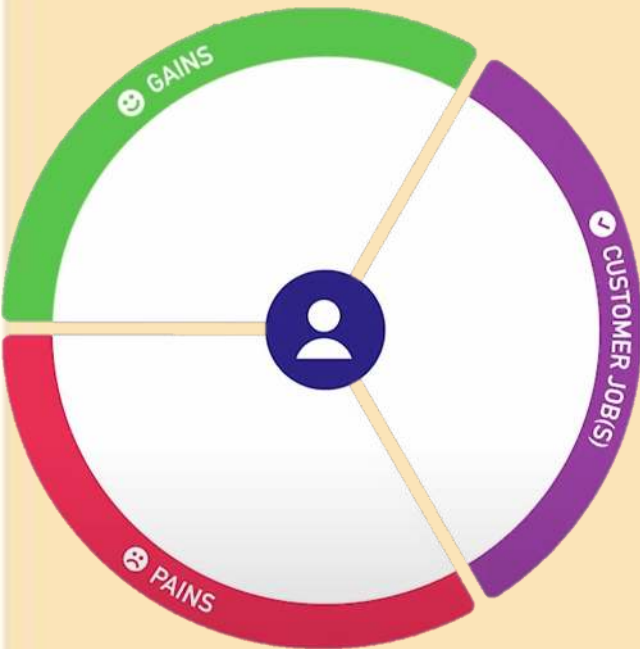


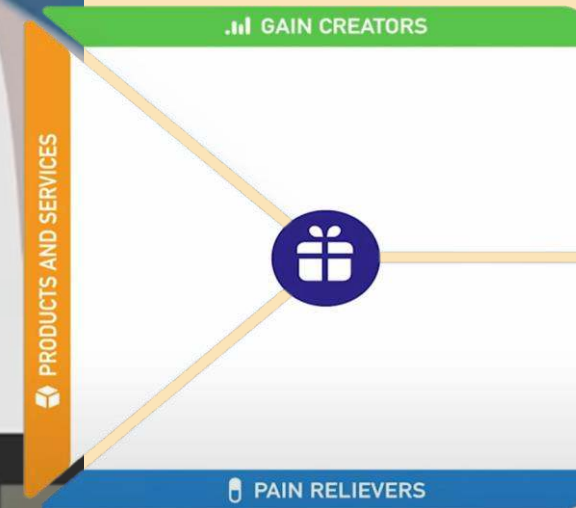
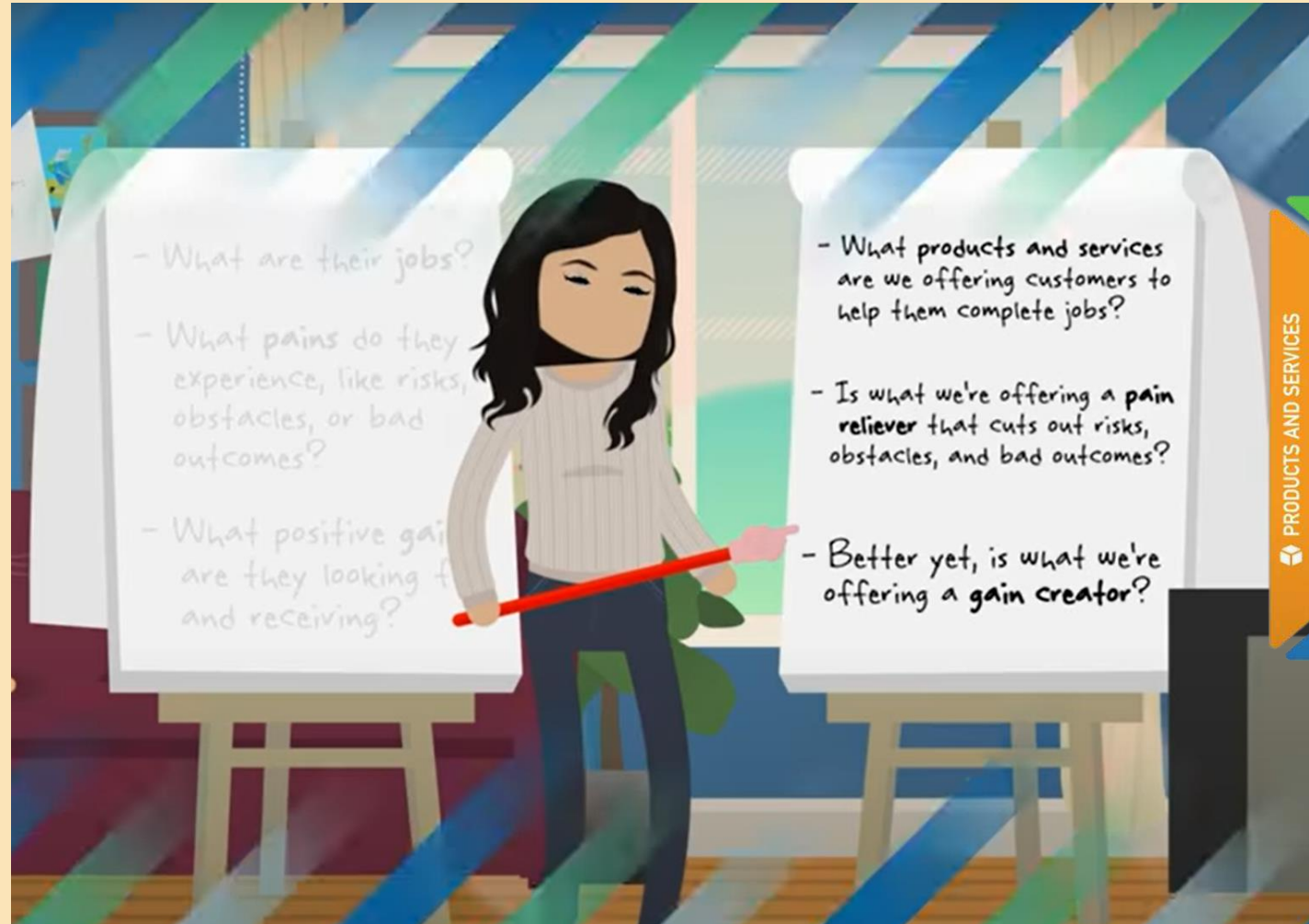
Workbook Exercise 4: Customer Proposition Canvas

Based on your customer profile canvas and value proposition canvasses, please identify the fit of each product benefits to your customer's pains and gains



Module Summary





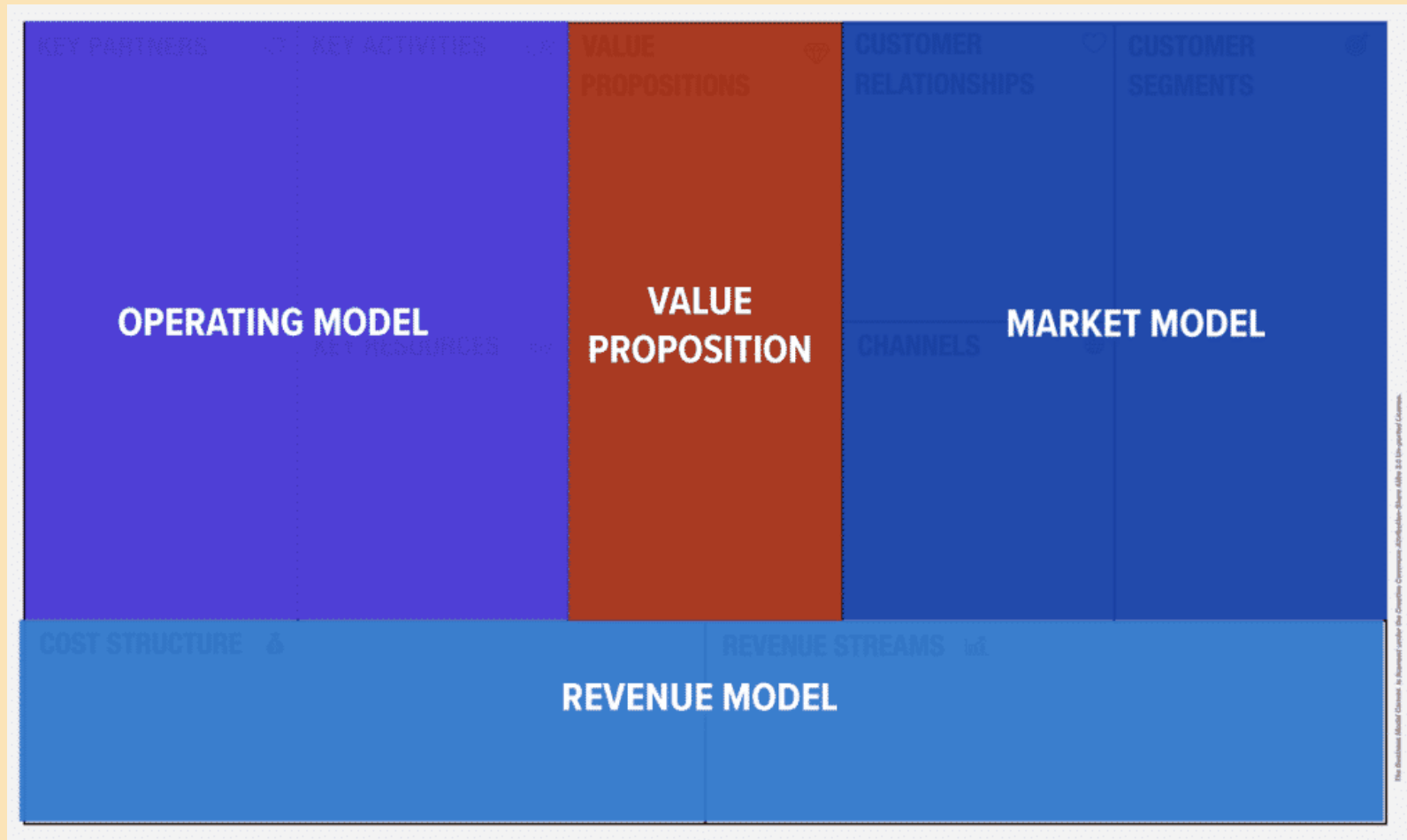
Business Model

- “Business Model describes the rationale of how an organization creates, delivers and captures value”

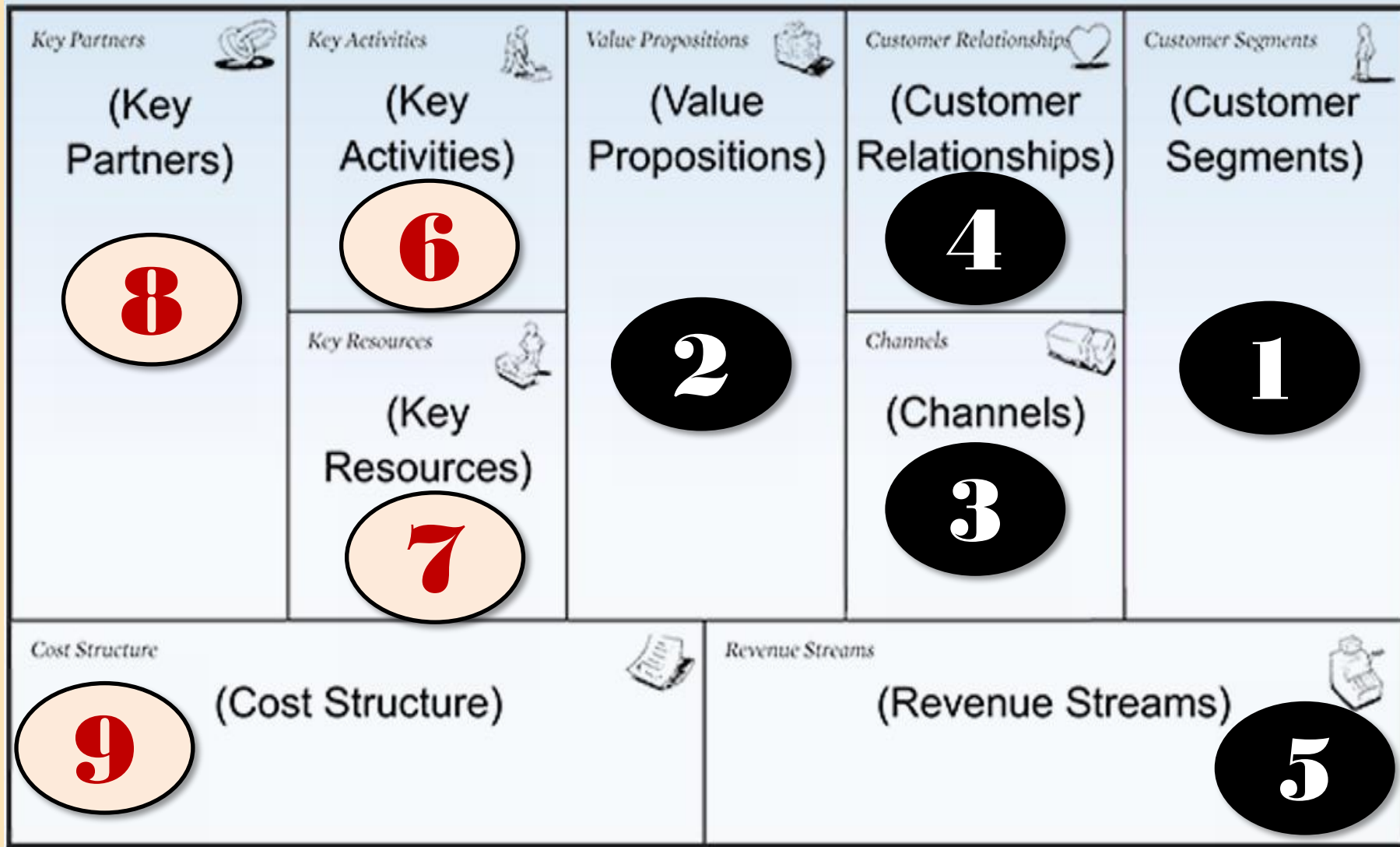
Alex Osterwalder, “Business Model Generation”

- Business Model includes all activities to **make, promote, sell, deliver and support** your product

Business Models



Business Model Canvas



Customer Segments



- ✓ For whom are you creating value?
- ✓ Who are your most important customers?
- ✓ Which customers and users are you serving?

Levels?

- **Mass market:** no different between segment
 - **Niche market:** a small specialized market
 - **Segmented:** different segments are chosen
- **Diversified:** two segments with totally different needs and problems

Value Proposition



- ✓ What is the unique about your service to the customers?
- ✓ Does your value proposition satisfying customers need or solve their problem?
- ✓ What bundles of products and services are we offering to each customer segment?
- ✓ What is the reason the customer choses you?

Characteristics:

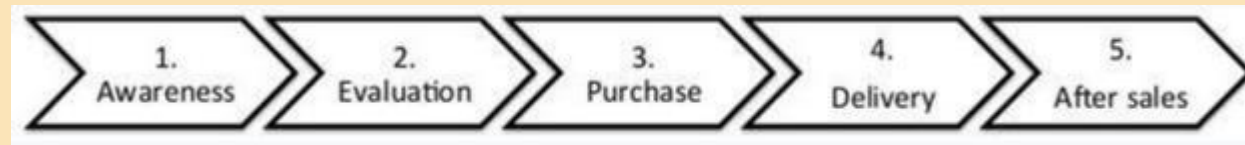
- Newness
- Performance
- “getting the job done”
 - Design
 - Brand/status
 - Price
- Cost reduction
- Risk reduction
- Accessibility
- Convenience/usability

Product/service strategies focusing on value to customers

Channels



- ✓ How your Customer Segments will be reach or connected ?
- ✓ How do you distribute your product or service that you offer?



Promotion Channel:

- Advertising
- Promotion
- Packaging
- Web/online/viral

Distribution channel:

- Direct selling, Online service, Outlets, franchises, retails, strategic alliances, agents and etc

Promotion and Place Strategies to disseminate information and deliver values (product/service) to customers

Channels

When addressing this building block, you must determine how to connect the value proposition with the target customer. The term “channels” refers to three different facets of making connections—communication, sales and logistics.

Communication Channel

Communication refers to the channels you use to communicate with your potential customers. Do you communicate through direct personal contact, interactive media or mass media (or by using a combination of methods)? The proliferation of communication channels, partially due to the emergence of the Internet in the 1990s and smartphones in the last decade, offers every company a wealth of communication options. Each communication channel has its own strengths and weaknesses that impact its suitability for your purpose. Furthermore, cost considerations influence the range of options available to you. Independent of which channels you end up choosing, the objectives for your activities are related to guiding potential customers through the stages of the buying process.

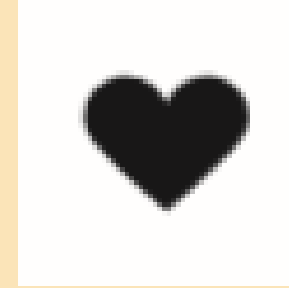
Logistic Channel

Logistics refers to the channels you use to physically deliver your product solution to the customer. While most software and other digital products can be delivered over the web, certain products (e.g., fresh produce, large and/or heavy equipment) might be more complex to deliver. In some cases, challenging logistics could suggest that the product solution must be manufactured or assembled close to (or at) the point of use.

Sales Channel

The sales channel is where buyers and sellers agree on the transaction. While there are many communication options, there are fewer sales channels. Typical sales channels include direct (over the phone or in person), via intermediary such as an agent, wholesaler or distributor, retail and web. Key factors to consider when determining which channel to use include the complexity of your product solution, the cost of the channel, and its physical or geographical reach. Aside from mass-market products, most startups (including Internet startups) deploy a direct sales model in the early stages to learn how customers buy and what messages work well. Finding a repeatable sales process is essential to a startup’s success, as the absence of such a process will slow the company’s growth and limit its potential. A repeatable sales process means that the sales’ key characteristics are relatively stable from one transaction to another, including transaction value, length of sales cycle, buying centre and delivered product. Read more about sales metrics to better understand the sales process.

Customer Relationships



- ✓ What type of relationship does each of your customer segments expect you to establish and maintain with them?
 - ✓ Which ones have you established?
- ✓ How are they integrated with the rest of your business models?
 - ✓ How costly are they?

Examples:

- Personal assistance
- Dedicated personal assistance
 - Self-service
- Automated services
 - communities
 - Co-creation

Promotion Strategies to retain and maintain existing customers and develop customer loyalty

Customer relationships

What type of customer relationship do your customers expect to have with you? The nature of the relationship can follow directly from your value proposition. For example, suppose that you develop a new security software program. Once a customer buys your software, they would expect you to “be around”—to provide updates and support if required. However, if you discovered a new recipe for chocolate, your customers might not expect you to “be around” to the same degree. In this case, they would expect to have a transactional relationship with the brand, which can be facilitated through your web and social media presence. Other important considerations include the cost of the relationship and the level of personal interaction required. Can the interaction be automated or does the customer expect a 24/7 concierge-style service?

Workbook Exercise 1: Value Proposition

Using your post it note, please complete the canvas



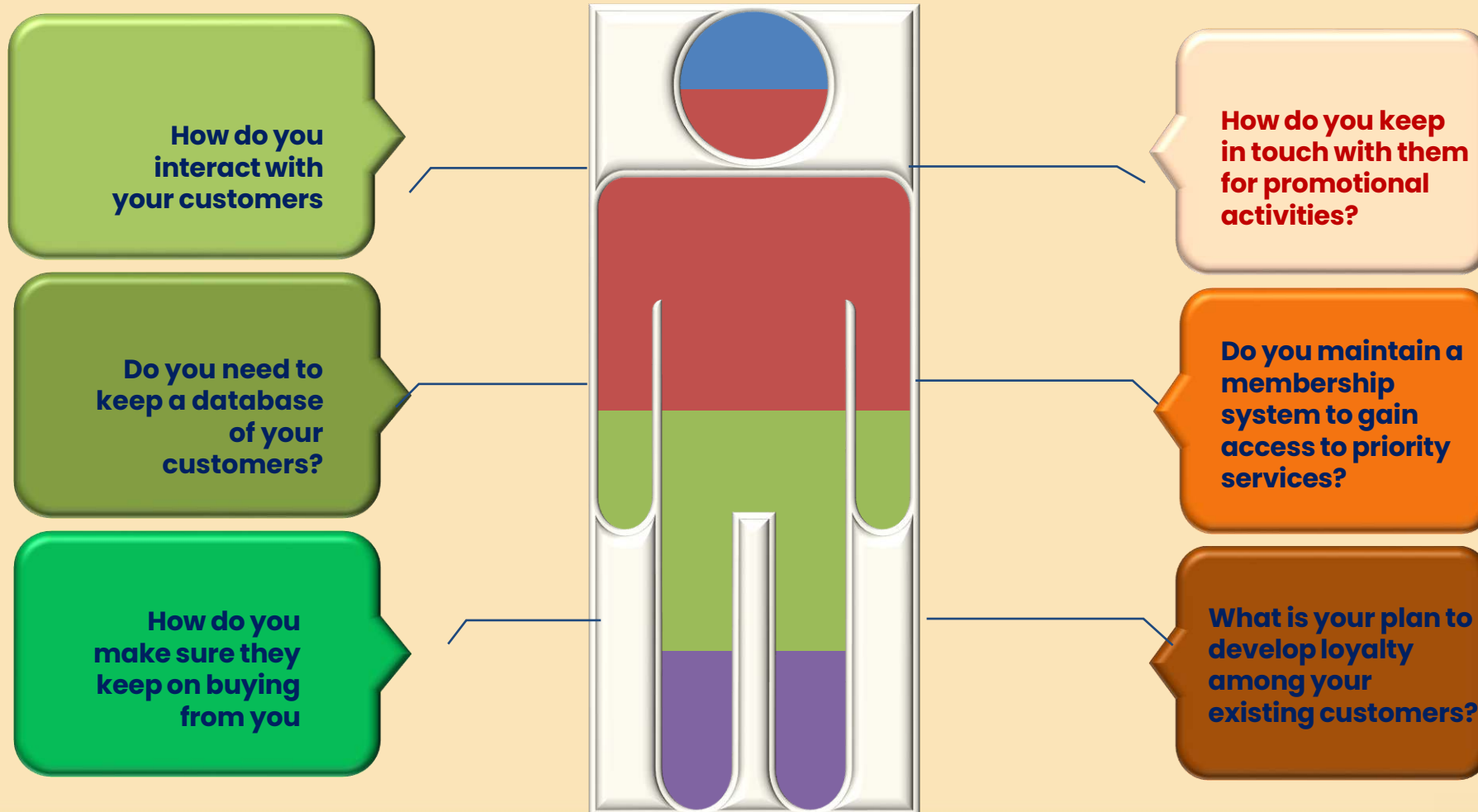
Workbook Exercise 2: Channels

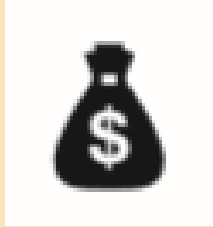
Using your post it note, please complete the canvas



Workbook Exercise 3: Customer Relationship

Using your post it note, please complete the canvas





Revenue Streams

- ✓ For what value do your customers want to pay?
- ✓ What kind of activities and service that you offer that generate income for your company?
- ✓ How much does each revenue stream contribute to overall revenues?

□ *Example:*

Sales of goods, licensing, consultation fees ,
Asset sale, Usage fee, Subscription fee,
Lending/renting/leasing, Brokerage fee
Advertising fees, etc.

Price strategies

Fixed pricing

- List price
- Product feature dependent
 - Customer segments dependent
 - Volume dependent

Dynamic pricing

- Negotiation (bargaining)
- Yield management]
- Real-time market

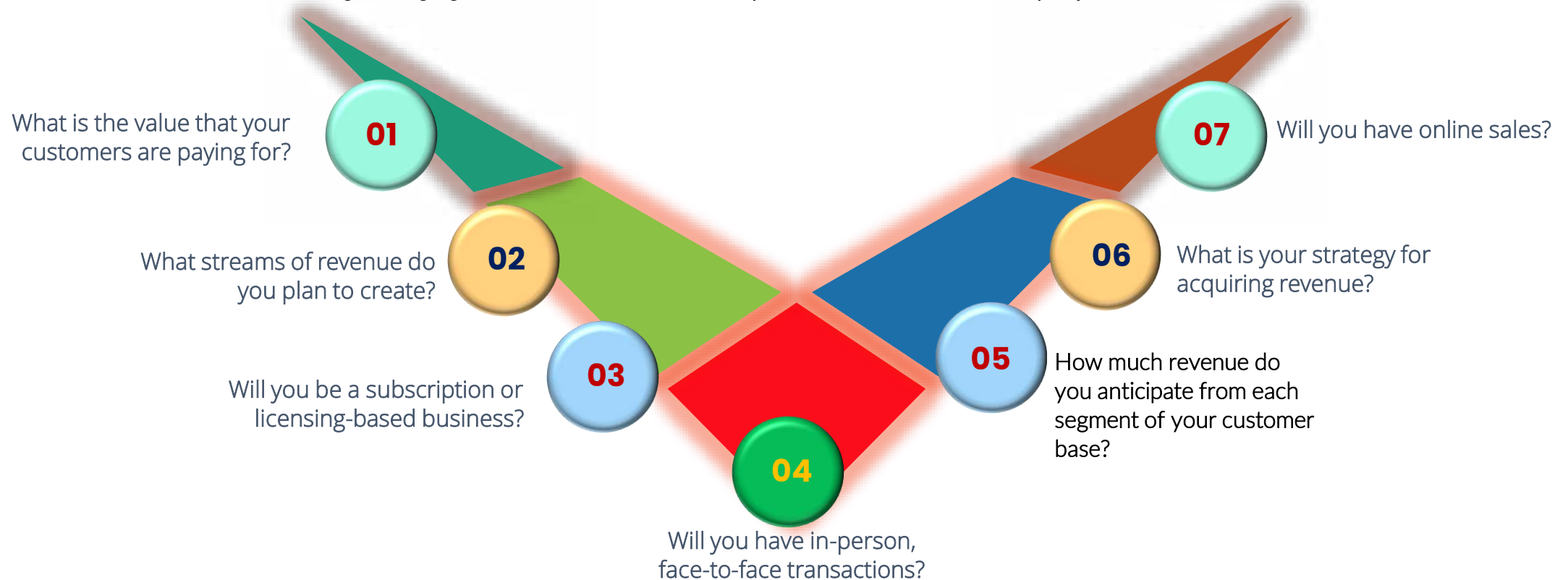
Price Strategies to enable customers assess your value proposition

Workbook Exercise 4: Revenue Streams

Using your post it note, please complete the canvas

Revenue streams articulate how you generate money by selling, renting or leasing products and services. A revenue stream could be transaction-based (i.e., a one-time payment) or through recurring revenue (ongoing payments for continuing or post-sale services, such as subscriptions). You can generate revenue in several ways:

- Asset sales: Selling the ownership rights for a product or service to a buyer.
- Usage fee: Charging the customer for the use of a product or service for a specific term.
- Subscription fee: Charging the customer for using a product regularly and consistently.
- Lending/leasing/renting: The customer pays for the exclusive rights to an asset for a specific period of time.
- Licensing: The customer pays to use the company's intellectual property.
- Brokerage fees: Revenue is generated by serving as an intermediary between parties.
- Advertising: Charging the customer to advertise a product or service on a company-owned channel



Key Activities



- ✓ What is your key activities that has to be carried out in order to make your business model work?
- ✓ Which activities do you need to perform well in generating revenue?
 - your distribution channels?
 - your customer relationships?
 - Revenue streams?

Activities:

- Production/manufacturing
 - Problem solving
 - Develop/Design
 - Innovation
 - Networking
 - Sales
 - Marketing
 - Promotion
 - Service
 - Maintenance
 - Packaging/delivery
 - Order processing

Key Resources



- ✓ What kind of resources do you need to generate your business?
- ✓ Assets can be owned, lease or obtained by making use of the key partners
 - your distribution channels?
 - your customer relationship?
 - your revenue streams?

Types of resources:

- Physical assets and facilities
 - Intellectual properties (brand, patents, copyrights, data)
 - Financial and capital
- Human resource: managerial and operational
- Technology: hardware and software
- Raw materials and input

Key Partners



- ✓ Who are your key partners?
- ✓ Who are your key suppliers?
- ✓ Which key resources are you acquiring from which partners?
- ✓ Which key activities do partners perform?

- ✓ Financial institutions
- ✓ Government agencies
- ✓ Other companies
- ✓ Contractors and OEM manufacturers
- ✓ Labour contractors/agents

They can be strategic alliance between non-competitors, joint ventures from different industries, buyer-supplier relationship or strategic partners between competitors.



Key Activities, Key Resources and Key Partners

Key Activities

The principal activities you list in your Business Model Canvas should cover how you will fulfill your value proposition, reach your customer segments and maintain productive customer relationships while generating revenue. There are three basic categories for this section:

- Production: This covers the design, manufacture and delivery of a product in significant quantity and quality.
- Problem solving: Finding new solutions to individual problems that are faced by customers.
- Platform/network: Creating and maintaining a platform that can support partner or third party products or services.

Key Resources

What resources are required to engage in your key activities, create your value proposition and generate revenue? These resources include:

- human (employees),
- financial (cash, credit lines, liquid assets),
- intellectual (brands, patents, copyrights, intellectual property) and
- physical (real estate, equipment, inventory).

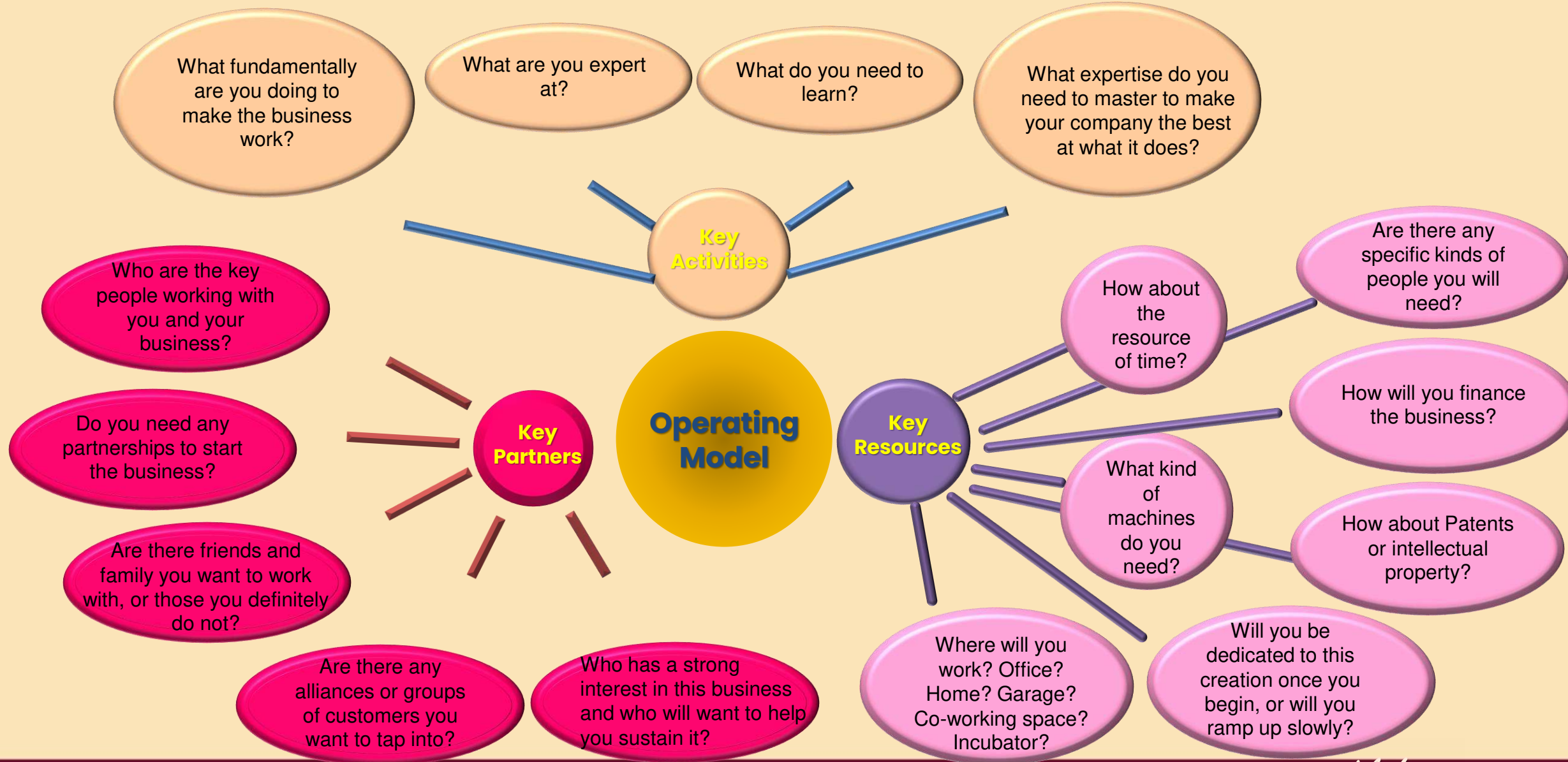
Key Partners

Who can go it alone these days? In this square jot down all the suppliers and external companies you need to carry out the key activities. These can be:

- strategic partnerships between non-competitors,
- partnerships with new partners, a partner you're developing new business with or
- suppliers who will ensure the reliable delivery of supplies or raw materials.

Workbook Exercise 5: Operating Model

Using your post it note, please complete the canvas



Cost Structure

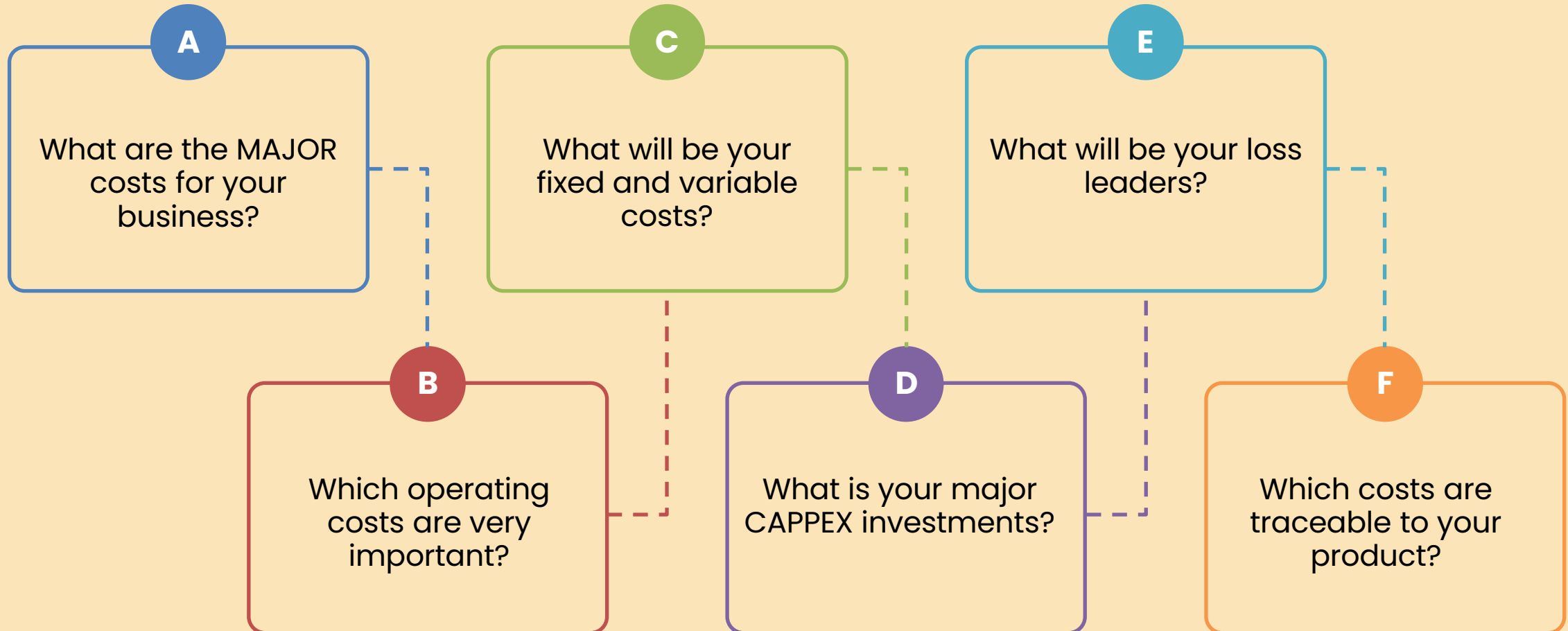


- ✓ What are the most important costs inherent in your business model?
 - ✓ Which key resources are most expensive
 - ✓ Which key activities are most expensive

- Production: Materials and input
 - Delivery and sales
- Marketing and promotion
 - Salaries and manpower
 - Overheads
 - Fixed costs
 - Variable costs
 - Periodic
 - Activity-based

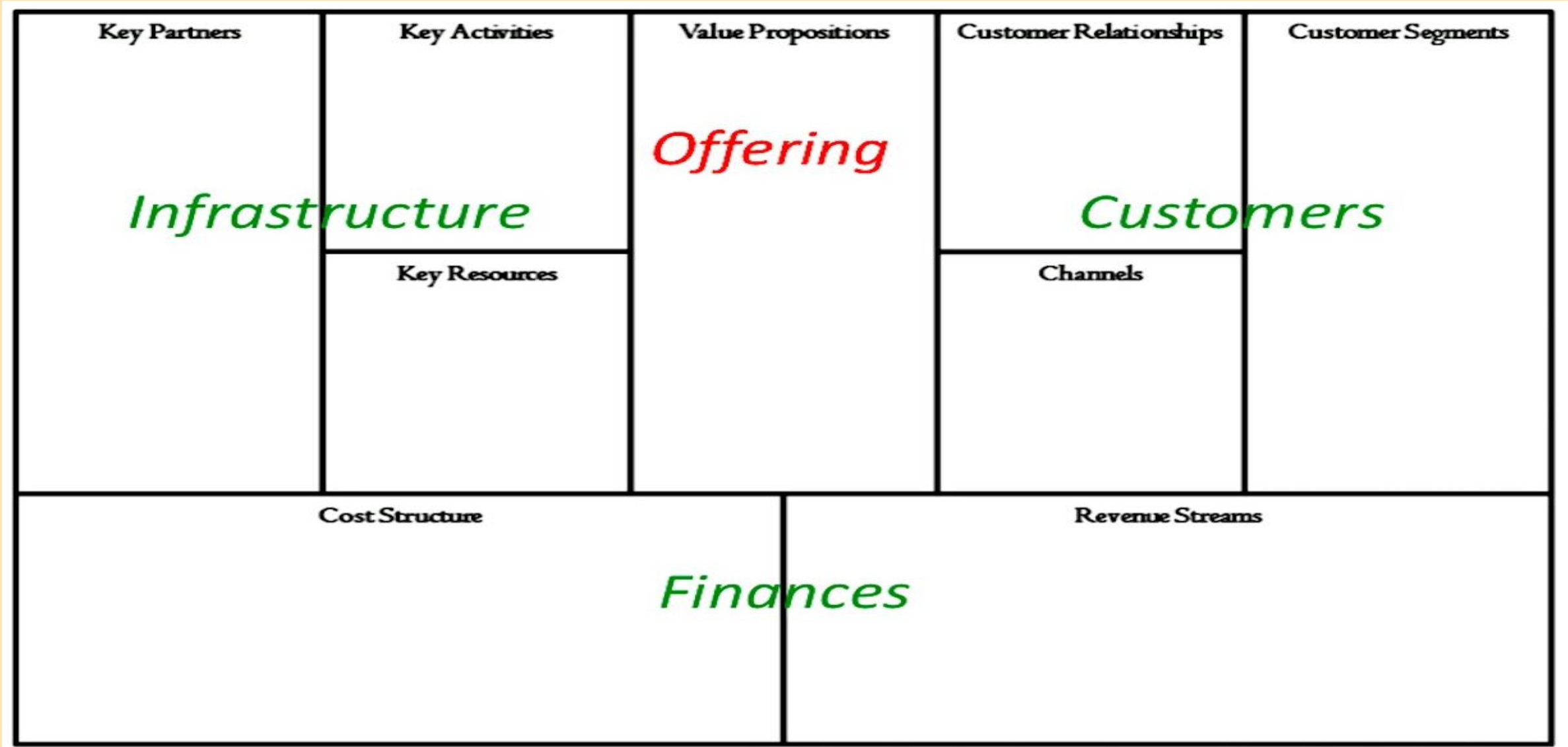
Workbook Exercise 6: Cost Structure

Using your post it note, please complete the canvas



Workbook Exercise 7: Completing the Business Model Canvas

Using your post it note, please complete the canvas



Thank you