



Creating Compelling Value Propositions

How to observe your customers' true motives
and design things they actually want

Isaac Jeffries



“Take whiskey. Why do some people chose Jack Daniel's, while others choose Grand Dad or Taylor? Have they tried all three and compared the taste?

Don't make me laugh.

The reality is that these three brands have different images which appeal to different kinds of people.

It isn't the whiskey they choose, it's the image.

The brand image is 90 percent of what the distiller has to sell. Give people a taste of Old Crow, and tell them it's Old Crow. Then give them another taste of Old Crow, but tell them it's Jack Daniel's. Ask them which they prefer. They'll think the two drinks are quite different.

They are tasting images.”

– David Ogilvy

You Already Love Value Propositions

Let's say you're invited to a dinner party.
What would you bring with you?
Chocolate? Wine? Flowers? Cheese?
I bet you can imagine how each of those would work.

But imagine if you asked your housemate to pick these up from the shops, and they returned with four blocks of cooking chocolate, a cask of white wine, a small fern, and a 1kg block of low fat tasty cheese.

It's safe to say that you'd be annoyed.
These are useless - well, not useless, they're all great value. But you weren't after value.
You were wanting to look sophisticated.
If you're honest, it was never about the items themselves.
It was about three things:

1. Saying "thank you" to your host.
2. Creating a talking point amongst the guests.
3. Bringing a little treat, something a bit special.

That's a Value Proposition. You were looking for something that ticked these boxes. It didn't matter if it was a food, drink or decoration. It just had to tick those three boxes.

This is the essence of every compelling Value Proposition, understanding what people want, and making it clear that you get where they're coming from.



I'd argue that almost all of our purchases follow this pattern. We are driven by deep priorities – aspirations, indulgences, fears and laziness.

Now that you've read this, you'll start seeing them everywhere.
More importantly, you'll start to see it what fuels your customers.
What's driving them?
How do we give them what they really want?

What is a Value Proposition?

A Value Proposition is the motivation behind each purchase a customer makes. We don't get excited by products or services, we're excited by *how they'll make our lives better*. e.g. You don't like the experience of going to the dentist, but you like looking attractive and you like avoiding the agony of mistreated teeth.

Your customers aren't interested in you or your products – they're interested in themselves.

They like what you can do for them.

They like how you make their lives easier.

They like the way you make them feel about themselves.

They like the way your worldview matches theirs.

They like what your brand says about them.

They like how you can change their world.

If we're going to communicate with customers, we need to first understand their preferences and requirements, then learn how to speak their language. This is the foundation of all sales – knowing your customer, pitching them something they'll love, then reminding them that they've made a good decision.

Good Value Propositions create happy customers.

Happy customers create strong businesses.



How This Guide Works

We'll identify some **common Value Propositions** that **appear in your daily life**. These are hard to un-see, and begin on page 6.

We'll look at **the anatomy of a Value Proposition**. Strategyzer created some helpful terminology that we can borrow, like "Jobs To Be Done", "Pain Relievers" and "Gain Creators". You can jump straight to page 16.

We'll look at some **patterns and principles across a range of industries**. These can be used as inspiration for your own products and services, helping you design messages that will entice new customers through your door. These begin on page 44.

We'll look at some **different ways of testing your new Value Propositions** with customers out in the real world. You might not think this sounds like fun, but it can save you a lot of time and money. You can skip to page 85.

This isn't the kind of book you need to read from cover to cover. It's here to answer whatever questions are on your mind, and provide inspiration that will help you think creatively about your own business. It's full of real-world examples, clever ads and thought-provoking quotes. I've also included a suggested reading list at the end, along with the various tools that can help you design and test ideas.



Value Proposition Safari

Let's have a look at some examples in the market.
For instance, what does Louis Vuitton sell?
Leather goods? Sort of, but not really.
What they sell is status, the type of class that money can buy. The customer didn't start out by saying:

"Gee, I don't have anything to hold all of my things when I'm out... if only someone sold a handbag... I'd happily pay \$6,500 to solve this predicament I'm in..."

That's why Louis doesn't sell itself as the most practical or functional bag.
It sells **an image, a lifestyle, success and prestige.**

Clearly it works; look at the knockoffs.
Why do people buy fake Louis in Bali?
Better yet, these people aren't Louis' target customers, so why do Louis care that they're buying fakes?
Because it diminishes the exclusivity of the brand.
The idea that the brand means something is what enables Louis to charge so much.



TOMS sell basic shoes for around \$70, but that's clearly not all they sell.

The shoes come with a story; the story of how your purchase also enables TOMS to give a pair to a person in the developing world.

One for One.

It's a catchy idea, easy to understand, and a story that's easy to share. That's TOMS' appeal.

If these shoes were sold under another name, minus the story, there's no way they'd command \$70, or a loyal following.

For some people, their concern around ethical fashion is something that genuinely pains them. TOMS feel guilt-free, and that's the pain reliever.

For others, the shoes give them the gain of a talking point, a great way to share the idea of a social enterprise with people unfamiliar with the term.

They also might just happen to like the look of the shoes.



McDonald's gets a bad rap, but I believe they do a lot of favours for millions of people every day.

The film *Super Size Me* pointed out the awful side effects from eating nothing but McDonald's for a month. A lot of people saw that movie, but was anyone genuinely put off? Not that I've seen.

That's because McDonald's' Value Proposition has nothing to do with health.

McDonald's is a treat.

McDonald's is a playground.

McDonald's is an oasis for groups on a road trip.

McDonald's is reliable; it tastes equally good at every store.

McDonald's is a safe place late at night.

McDonald's is an open bathroom when you're desperate.

McDonald's is enjoyable even if you only spend \$2.

McDonald's is a great way to end a big night on the town.

It's easy to look down your nose at their food or their nutritional information, but McDonalds *solves a lot of problems* for a wide range of customers.

I had my 6th birthday party at McDonalds, complete with happy meals, games in the playground, and a Ronald McDonald gift bag for all of the guests.

Can you imagine that happening at a Red Rooster or a Subway? McDonalds aren't focused on being the best hamburger, they're focused on delighting people.



Infomercials are like caricatures – they take the interesting parts of a product and blow them out of proportion. If you’ve watched much late night television, you may have seen some excited presenters raving about how this new mop will change your life, or how just two minutes of exercise will give you six-pack abs.

These are corny, and they’re effective. By focusing on how each features of the product works, they create a series of ideas about your new and improved life. You’ll see how the thing holding back your cooking was all the time you spend manually chopping up vegetables, or that a new blender will transform your diet.

Infomercial products are not magical, and in many cases they’re not even the best product in their category. What they do well is a combination of storytelling, suggestion and demonstration. They talk about people like you who were unhappy with a chore, who then tried this new product and ended up a happier, healthier person. Then they hit you over the head with the chance to try it yourself.

We can learn a lot from infomercials without imitating them. **How can we show customers what’s missing from their lives?**
Can we explain how this purchase will make them a better person?



This is a Radio Shack catalogue from 1991.
 Have a look at the products – fourteen different items.
 Do you notice anything about them?

Almost all of them are now in your phone.

Not literally of course, but they are all made obsolete.
 There is no longer a mainstream market for CD players,
 handheld calculators, tape recorders or answering
 machines.

The problems they solve are still very real, but are
 addressed by an indirect substitute, one device that you
 have with you at all times.

You aren't all that different from a person in 1991.
 You still want good music, the ability to record moments
 with your friends and family, to avoid speeding fines, to
 do calculations without counting on your fingers, etc.
 Those jobs are constant, but solutions will change over
 time.

That's why it's important to love and understand your
 customer.

If your focus is on delighting them or solving their
 problems, you'll stay in business.

Radio Shack®

AMERICA'S TECHNOLOGY STORE

PRESIDENTS' BIRTHDAY SALE!

All-Weather Stereo
Cut 34% 1188
 Reg. 17.95
 Realistic STEREO-MATE® AM/FM personal receiver shrugs off sand, water, #1-142. Includes extra ear buds. See Radio Shack.

AM/FM Clock Radio
30% OFF 1388
 Reg. 19.95
 Chronomatic™ 287 clock radio's compact size cuts rightstand clutter. #1-142. See Radio Shack.

In-Ear Stereo Phones
HALF PRICE! 788
 Reg. 15.95
 Realistic™ in-ear phones weigh just 0.6 ounce! With carry pouch. #33-977. See Radio Shack.

Micro-Thin™ Calculator
39% OFF 488
 Reg. 7.95
 Radio Shack EC-412 is almost the size of a credit card! Solar powered. #33-993. See Radio Shack.

DON'T DELAY! **3-DAY SPECIALS ABOVE GOOD SATURDAY THRU MONDAY ONLY!**

0% INTEREST!

NO PAYMENTS UNTIL MAY!
NO DOWN PAYMENT!

HURRY! OFFER ENDS TUESDAY FEBRUARY 19

COME IN AND TAKE ADVANTAGE OF THESE OTHER FANTASTIC VALUES!

INTRODUCTORY SPECIAL!

Save \$670

\$1599

Low As \$199 Per Month - Reg. Separate Items 2283.00

- 286-Based PC Compatible
- Color Monitor
- 20MB SmartDrive™ Hard Drive
- Easy-to-Use 10-in-1 DeskMate® Software #15-1623/1043/1045/1038

BONUS PACKAGE

- Lotus Spreadsheet For DeskMate
- DeskMate O&A Write
- Quicken
- 2-Button Mouse

TANDY® 1000 TL/3 Computer System

Mobile Cellular Telephone

Save \$100

\$199*

Low As \$19 Per Month - Reg. 299.00

Realistic™ mobile cellular telephone with Radio Shack extra antenna. Includes 100 minutes of free use. #17-024. See Radio Shack.

Deluxe Portable CD Player

Save \$40

159.95

Low As \$19 Per Month - Reg. 199.95

Realistic CD-3250 has 10-selection memory. Head phones extra. #41-007.

Tiny Dual-Superhet Radar Detector

Save \$60

79.95

Reg. 139.95

Realistic Road Patrol™ XIC® detector lets you drive with confidence. Detects X and K-band tones. #22-101.

Compact 10-Channel Desktop Scanner

Save \$30

99.95

Low As \$19 Per Month - Reg. 129.95

Realistic PRO-57 lets you catch the news as it happens. Hear police, fire, taxi, military, lots more. #20-101.

VHS Camcorder

Save \$100

\$799

Low As \$100 Per Month - Reg. 899.00

Realistic Model 192 includes video light for indoor shooting, 2-hr. battery. With accessories. #41-491.

Mobile CB With Channel Controls on Mike

HALF PRICE!

49.95

Reg. 99.95

Realistic TRC-430 lets you get highway info or help—you'll never have to drive "alone." #21-014.

Our Easiest-to-Use Phone Answerer

Cut 17%

49.95

Reg. 59.95

OUTPHONE™ TAD-241 answerer is ready to use—just plug it in. Has built-in announcement. #33-293.

3-Way Speaker With Massive 15" Woofer

Save \$110

149.95

Low As \$10 Per Month - Reg. 259.95

Optimus Mach Two™ system jumps out boxes you can't beat. 4" horn tweeter, 5" midrange. #43-402.

20-Memory Speed-Dial Phone

Cut 33%

29.95

Reg. 44.95

Radio Shack ET-292 Speed-Dialer™ is ideal for home or office. Tone-pulsar. #44-101. #44-102. #44-103. See Radio Shack.

Handheld Voice-Actuated Cassette Tape Recorder

40% OFF

2.995

Reg. 49.95

Realistic CTR-85 makes an excellent "notetaker" for students, secretaries or executives. #14-100.

Check Your Phone Book for the Radio Shack Store or Dealer Nearest You

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Apple presented three powerful Value Propositions in their advertising, which helped make them the market leader.

Firstly, they skipped the “*What?*” and went to “*So What?*”. Every other player talked about capacity in megabytes and gigabytes. The problem is, normal people can’t make much of that. Instead, Apple told them what they’d get:

1,000 songs in their pocket. In a time where 1,000 songs was a cabinet of CDs, this was astonishing.

Secondly, they captured **the joy of your favourite music.** The ads didn’t start with the product, they started with what the product will do for you. The ads are energetic, infectious, and make you imagine what you’d do if you had all of your favourite artists on hand at all times.

Thirdly, they made **a visually distinctive product.** Part of it was the design of the iPod itself, and it still stands up as a great looking machine. But the genius was in the white headphones, which for a few years became a fashion statement. It can’t have cost much more to make white headphones instead of black, and the results boosted sales tremendously.

Keep in mind, there were other brands with out there with larger capacities and better features – more songs, colour screens, etc. They didn’t make customers care, and their companies faded away.





IKEA sell furniture in an inconvenient manner.
Why are they so popular?
It's the satisfaction of "building" it yourself; a mixture of pride and money "saved" known as The IKEA effect – we value the furniture more because we made it.
People also wander the store for inspiration – stealing ideas that will make their houses feel modern, comfortable and inviting.

There's something wonderful about Lurpak's advertising. Something about the skill and mystery of cooking. Something about minimalism and quality beating overly complex, factory-made food.

Can I tell the difference between fancy butter and home brand butter in a dish? Probably not. That doesn't matter. This is about the story I tell myself while I'm at the supermarket, and how it makes me feel.



In 2014 the two major Australian supermarkets dropped the price of their store-brand milk. This presented a problem for brands like Pura, who needed a distinguishing factor to compete with these new discounts. Pura found a chemical difference in their product called Permeate, which was present in the store-brands but not theirs. These ads told customers that Pura was “Permeate Free” and held up a glass of milk with clear gel in the bottom - a disgusting visual designed to scare customer back to the name brand. **Customers had no idea what permeate was**, but the knew they didn’t want it in their milk.

Betty Crocker Cake Mixes bring you that Special Homemade Goodness

...BECAUSE YOU ADD THE EGGS YOURSELF

LIGHT, FLUFFY CAKES
They're made with famous Betty's Cake Flour...and you add the eggs!

RICH, MOIST CAKES
They're made with the finest premium quality cake shortening...and you add the eggs!

TALL, LUSCIOUS CAKES
They're genuine Betty Crocker mix, get all measured and blended. You get a full pound and a quarter of cake mix in every package...and you add the eggs! No wonder 9 out of 10 women, in hundreds of tests, said that cakes made with Betty Crocker Cake Mixes and their own fresh eggs gave them higher, richer cakes than the other cake mixes they tested.

GET SIMMER SIMMER... NO WATER HEAT HERE!
California Fiesta Cake

Just bake a big, moist, Betty, fresh egg cake with Betty Crocker's new YELLOW Cake Mix. Fill and top with whipped cream and sweet California canned Cling peaches. Quick, easy and oh so good.

Betty Crocker CAKE MIXES

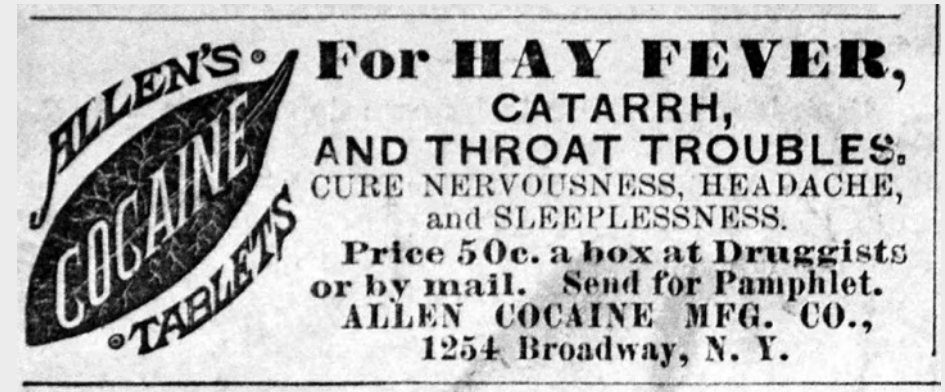
There are two kinds of cake mixes. This is the only nationally sold cake mix that you add the eggs—the only one that gives you that special homemade goodness.

Try All These Wonderful Betty Crocker Mixes: WHITE • YELLOW • DEVILS FOOD • GINGER BREAD

When Betty Crocker first launched their packet cake mix, they were met with a quiet response. It turns out that their simple, easy to mix recipe **was in fact too easy**, making women feel guilty for cutting corners while preparing a loving cake. Their solution was genius: they removed the powdered egg and instructed customers to add an egg of their own. No change to the overall recipe, but just enough “work” to make the customer feel like they had made it themselves.



Whilst we understand that mouthwash kills germs, we also don't believe in the "free lunch". Listerine found that customers didn't like mouthwashes without the sting – **that pain is how we know the mouthwash is "working"**. This isn't actually true, and there are now many brands that don't sting your mouth. But if you've grown up with the association of stinging = dead germs, then this painless option won't feel as satisfying. The same goes for your shampoo: the ingredients that foam up aren't the ones that clean your hair, they just *make you feel like it's working*.



It's easy to laugh at the way we used to understand the medicinal properties of different drugs, but our grandchildren will probably laugh at us too. Whilst customers may not have understood the active ingredients, they certainly loved what effects they had– that sore throat was a thing of the past with Allen's!



Limitations

Sigmund Freud said *"Sometime a cigar is just a cigar."* It's important to not get carried away, and remember that not every purchase has complex psychological meaning. **The most a Value Proposition can give you is an edge,** a moderate advantage, a nudge for customers who don't know how to differentiate all of their options.

If you're cutting corners and making misleading claims, customers will work it out and go elsewhere. Value Propositions are not trickery, they're a chance to cut to the chase and give people what they really want. **If what they want is simple or shallow, so be it.** The message doesn't need to be clever, it just has to work.

Anatomy Of A Value Proposition

To design a Value Proposition, we first need to understand our customer and their “Jobs To Be Done”. These jobs are the things that our customer feels compelled to do; the forces that drive their decision making.

We can break these down into three categories:

Functional Jobs – The practical things that need to get done, e.g. going to work, eating nutritious food, taking the kids to school, fixing a broken window, booking a table at a restaurant.

Social Jobs – The role you play in your social group, and the ways you’d like to be perceived.
e.g. being a responsible parent, being a good partner, looking professional and successful, fitting in with your tribe.

Emotional Jobs – The way you want to feel in life.
e.g. being competent in your career, the need to treat yourself, avoiding anxiety, not wanting to have to think about logistics, the desire to experience joy, the feeling of success.

This is more art than science, and draws heavily from the fields of consumer psychology and behavioural economics. We’re not dealing with rational, robotic customers; instead this is about the weird ways our customers make and justify their decisions.



JOY IS YOUTHFUL.

BMW EfficientDynamics 
Less emissions. More driving pleasure.

It’s also important to remember that not all jobs are equal in their weighting.

We want to build a shortlist, then find the most compelling jobs that will be prioritised.

We’d like to think that all of our decisions are functional – that we buy things that are practical, economical and high quality.
The reality is, we don’t focus on the functional, we focus on how the functional benefits make us feel.

Cars are a wonderful example – at first we tell ourselves that the job of a car is to get from A to B.

When we go car shopping, it soon becomes clear that there are a lot of other forces at work...

Functional Jobs

Some purchases are made based on functional requirements. There's no storytelling, no brand bias, no fluff. I just need a box of paperclips.

This is particularly apparent when a customer only has one option, or only recognises one version of a product.

Andy Lee said:

"If you don't buy home brand sugar, you're an idiot."

Maybe there's a design constraint, like if your kitchen can only fit a fridge up to 61cm wide, or if you have a fixed budget for a work purchase.

Things get messy when there's competition.

If there are five brands of paperclips, how will I make a quick decision?

Perhaps I pick the smallest box.

Perhaps I pick the biggest box.

Perhaps I pick the lowest cost per clip box.

Perhaps I pick the name brand.

That's why functional jobs are a starting point. Once I have to evaluate brands, we get into social and emotional territory.



Let's try out an example from our own lives:

When you last went to buy a car, what were your functional considerations?

Number of seats – because I have 0/2/5 kids

Boot space – it needs to be able to fit my two dogs

Pulling power – my job requires me to transport large boxes

Ease of parking – I work in the city and parking is narrow

Running costs – I don't want to spend too much each week

AUX port/Bluetooth – I want to connect my phone

Budget – I can spend up to \$15,000

Social Jobs

Like it or not, we spend a lot of time thinking about how other people will perceive us.

You'll have a sense of what your social role is, and will make decisions to support that role. It affects the clothes you buy, your choice of hairstyle, the music you play in public, even where you go on holiday.

Maybe you've seen this go wrong, like when my dad showed up in a "You Only Live Once" shirt in 2011.

Functionally it was a fine garment, but on a 53 year old man it sent a peculiar message. It also had a compelling Value Proposition to most fathers around the world – **"to embarrass my children"**.

When this is done well, it can be invisible, a case of *"People like us do things like this"*. You'll notice it when someone gets it wrong, when they show up with something that doesn't match their typical tribe and identity (like a mid-life crisis).

Our natural tendency is to try and feel comfortable. That means looking the part, and avoiding being shamed by our peers. By naming these preferences, we can understand how our customer thinks, and can start designing products and services that help them feel secure.



Let's look at some social considerations when buying a car:

Wanting to look professional – I can't show up to work in a run-down car

Wanting to look successful – It needs to look like I've made money

Hoping to attract "special friends" – It will impress my passengers

Fitting in with my colleagues – I don't want to seem different

Masculinity/Femininity – I don't want a "girly car" or "hoon car"

Participation – I want to go off-road with my friends on weekends

Environmental responsibility – To show that I'm socially conscious

Personal style – It should match my general lifestyle

Family connections – Buying my sister's old car will help her out

Emotional Jobs

Value Propositions are defined by the story we tell ourselves. Stories like *“This will give me peace of mind”* or *“These will make me feel beautiful”* or *“I am a good investor”*.

It might be the story behind the company and its founder, or the mental picture of how we'll use a product to create happy memories in the future.

For example, brands like Supreme or Patagonia are representative of an attitude and a movement. Rival brands offer better “value for money” but lack the same compelling story.

Emotional jobs are the feelings that shape our purchase decisions, leading us towards positive feelings instead of cold, rational logic.

Here are some emotional considerations when buying a car:

The wind through your hair – I want to enjoy my driving

Love of a brand – I have a Holden tattoo

Childhood dreams – I've always wanted a red convertible

Exhilaration – Hearing a roar when I accelerate

Removing stress – Parallel parking always makes me anxious

Dependability – I don't want surprise expenses

Environmental responsibility (again)– I have a strong dislike of fossil fuels

**Honestly now,
did you spend
your youth dreaming
about someday
owning a Nissan or
a Mitsubishi?**



There is still only one car that looks, feels, and performs like a Porsche 911: a Porsche 911. It is the one sportscar that manages to be both timeless and ahead of its time. And we're now making it very affordable for you to drive one. After all, we know how many decades you've waited.

PORSCHE®

Pains & Gains

For each customer segment, there will be a few standout jobs that really shape their decision making.

We call these Gains and Pains:

Gains are the **positive outcomes and states of being** our customers crave.

Pains are the **negative outcomes and states of being** our customers hope to avoid.

Again, these are not evenly weighted, so we need to determine which are novel and which are influential.

The difference between a Pain and a Gain is blurry, but it comes down to framing. Does my customer see their current situation as a negative, or is it adequate and they long for something more?

For example, men's and women's deodorant is virtually identical at a technical level, but is sold in very different ways. For men, it's about Gain Creation.

Axe/Lynx sell the idea of desirability, usually to teenage boys. Spray this on and girls will find you irresistible.

Rexona sell the idea of elite performance, the promise that you too can be like your favourite sporting hero.

Old Spice sell the idea of masculinity, the idea that your grandpa's favourite cologne is manly, and if you wear it you can be manly too.

All ridiculous when you think about it, and all extremely popular with their audience.



For women, it's about Pain Relief.

Dove sell the promise of reduced irritation, for people who are unhappy with normal deodorant.

Nivea sell shame aversion. Heaven forbid you were to have white marks on your top!

Rexona sell assurance, removing the fear of unexpected exercise causing you to break a sweat.

Is this demeaning? Absolutely.

Unfortunately, it also seems to work, today's marketers responding to the psychology of their customer.

When it comes to Pains and Gains, you get to choose whichever feels most appropriate for your customer.

Pains

"I spend far too much on fuel; I want something more efficient"

"My friends tease me about my old/ugly/rev-head car, and I'm embarrassed"

"My car is really hard to park; I want something that makes parking easier"

"I'm worried that my current car isn't safe, and I get nervous whenever I drive it"

"Our family car is cramped, and our kids hate going on holidays when they're squished in the back"

Gains

"Tesla is so cool; the Model X is my dream car"

"If I bought a 4WD, I would spend more time going camping"

"My clients would be impressed if I arrived to their office in a sleek, modern car"

"I'd like something that will have a high resale value, because I'll be selling it in two years' time"

"We'd like a car that has seven seats, as we might be having more kids in the future"

"I want something with a great sound system and lots of bass, I tend to sing when driving to work"



Features and Specifications

Now that we have some insight into how our customers think, we can start crafting compelling offers that scratch an itch.

Firstly, we'll list the features of our product or service. This is what we literally give customers, be it the items they receive, or the process they go through.

Let's keep going with our cars example. A car company might describe:

The number of seats, and their folding abilities

The size of the engine

The number/type of airbags

Fuel consumption per 100km

The size of the tray (for a ute)

The size/material of the wheels

Tech features like GPS, reverse cameras or Bluetooth

The "price" (which is never the final price)

Extended warranties and capped price servicing

The shape and style of the car

Any bonuses that are included in a special offer

Meet the Nissan Micra

Packed with personality, this five-door hatch is super affordable, a breeze on maintenance, and a genius on fuel. In the driver's seat, you'll love its expert handling and agile performance, complemented by a range of tech savvy features, including rear view camera and satellite navigation on the Ti model.

It's the ideal package of engineering, capability and functionality, designed to put some serious fun into your drive. Get the most out of your ride with the feature packed Nissan Micra.



This is a long list, which is probably why so many car advertisements rattle them off as quickly as possible. There's a slight problem: these things are all boring. Alloy wheels. *So what?* Rear spoiler. *Who cares?* 7.9L/100km. *Is that good?*

That's because customers don't care for features, *they care about what those features do for them.*

Gain Creators & Pain Relievers

Now let's reframe these features into two categories – Gain Creators and Pain Relievers.

Gain creators are the positive, improved states of being that come from those features.

Pain relievers are the negative, annoying states of being that the features remove.

Think of the pain reliever or gain creator as the second half of the sentence:

*"7.9L/100km, so you'll **save \$15 a week on fuel!**"*

*"ABS mean you'll **avoid more accidents!**"*

*"The modern, tough chassis will make you **look like a modern, tough bloke!**"*

*"The seven seats allow you to **be a supermum!**"*

*"The extended warranty means **peace of mind!**"*

*"The reputation of our brand ensures a **high resale value in the future!**"*

This is the leap from "What" to "So What?"

Instead of describing a product, we're describing benefits, because these address the Pains and Gains our customer brought to the table.

TRAILERING CONTROLS KEEP YOU IN COMMAND



Keep your trailer in line

Trailer Sway Control detects when your trailer is swaying and applies the truck's brakes, as well as the trailer's brakes using the available Trailer Brake Controller, to help bring it back in line.



Braking technology

The available Diesel Exhaust Brake System reduces the amount of conventional braking needed while towing or traveling downhill, slowing wear and tear on your brakes.



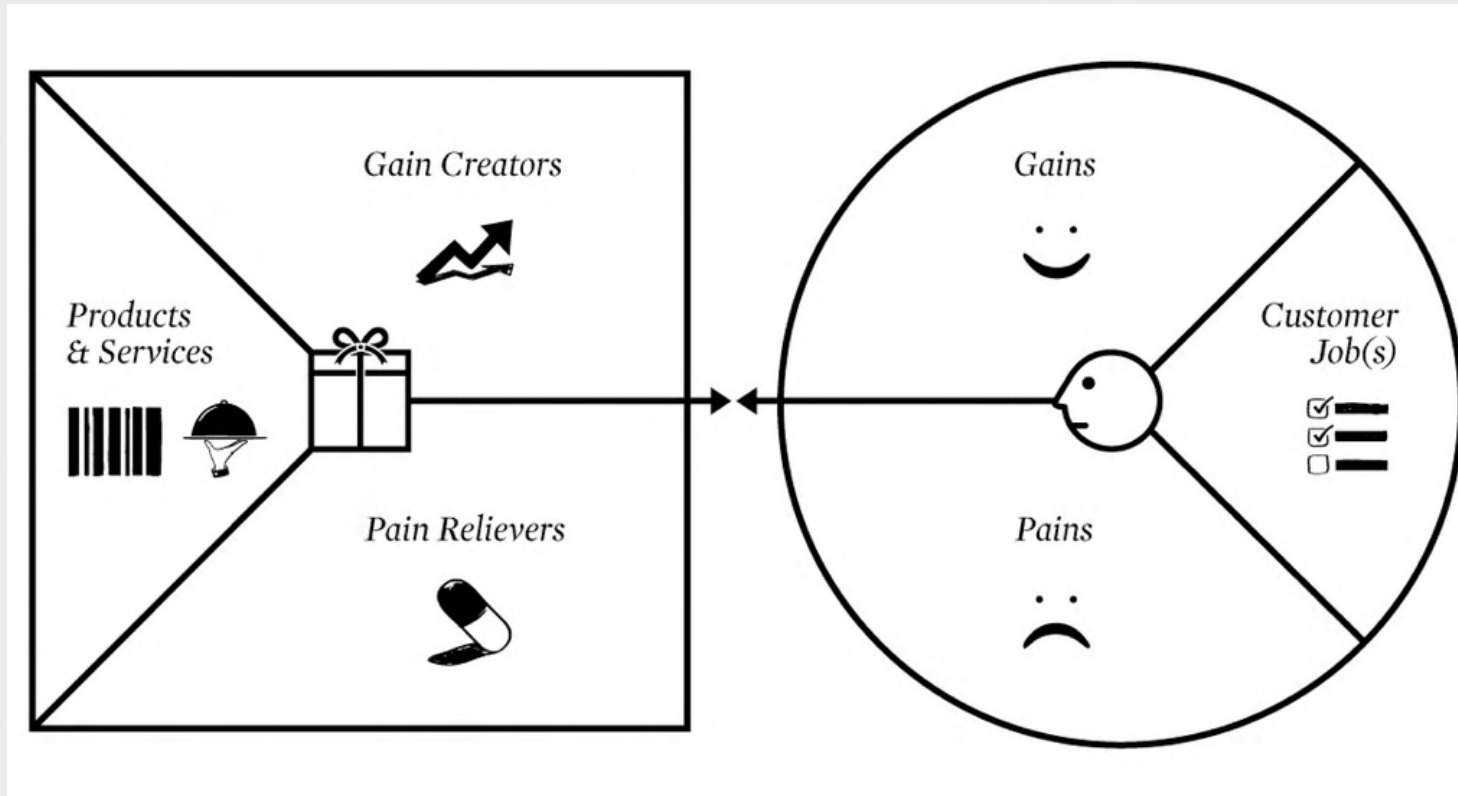
Rear Vision Camera

The center screen serves as a monitor for the available Rear Vision Camera, using dynamic grid lines to help when backing up or hitching a trailer.



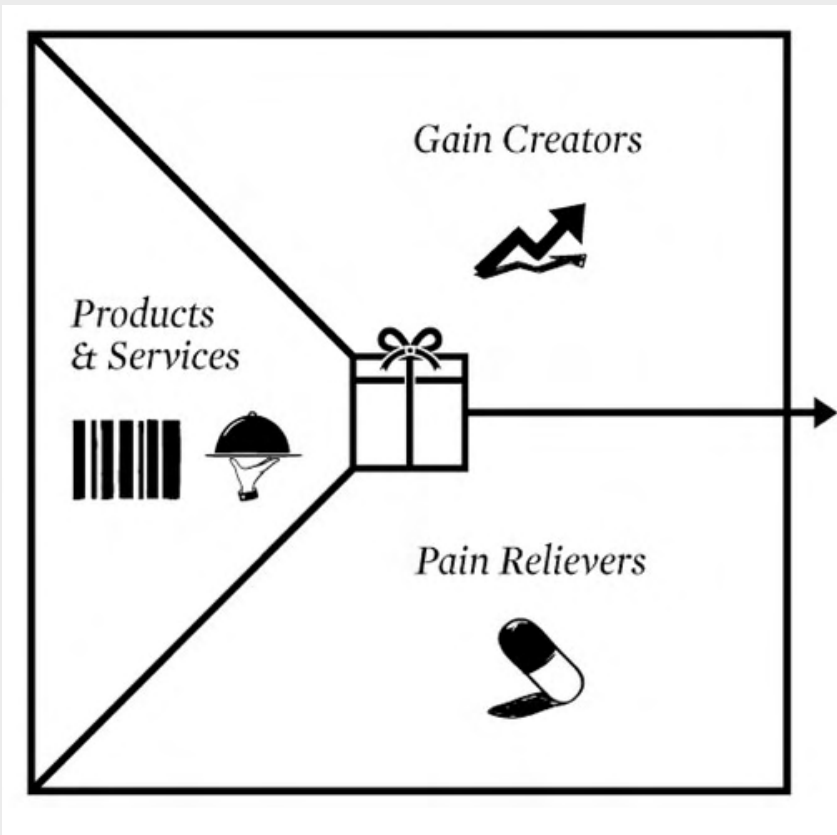
Getting there is just as fun. Jetta.  Das Auto.

The Value Proposition Canvas



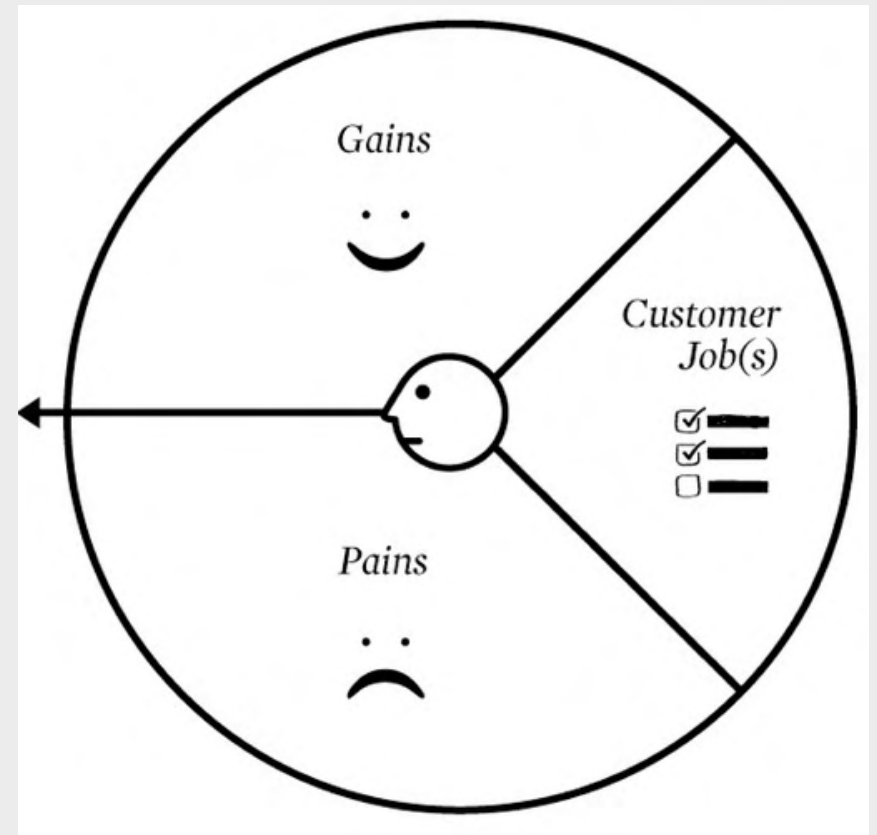
A Value Proposition Canvas lets us map out our customer and our product, **to see what is motivating them.** We can find new ways to pitch what we sell, as well as identifying new customers who might like us for different reasons.

When we can draw a connection between a motivated customer and the reason for buying our products, we have a Value Proposition, one which can be tested and validated. We can use the canvas, such as the one above, to brainstorm what these might be, then **confirm them with customers in the real world.**

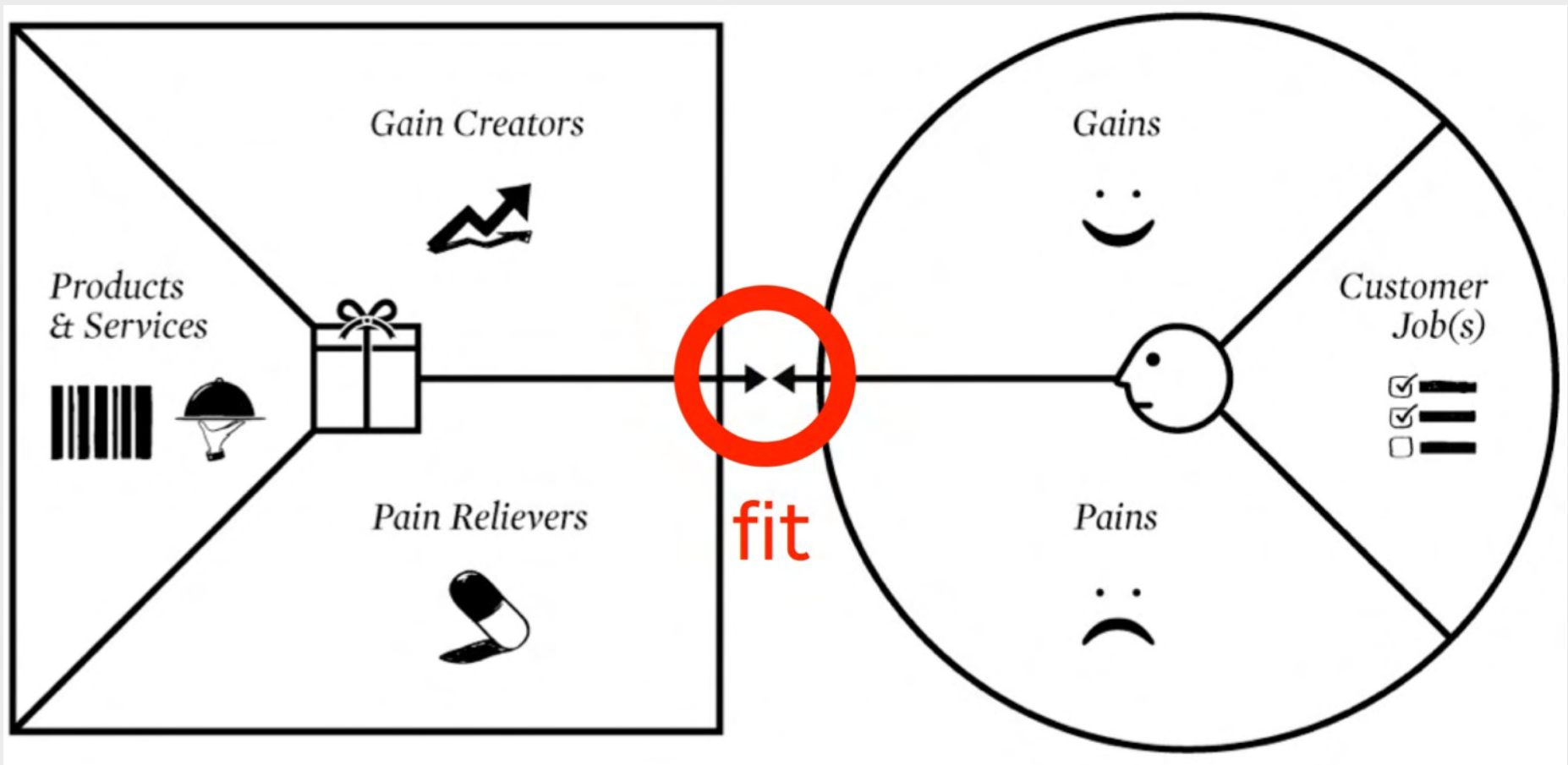


The **Product Canvas** describes the features and specifications of what we sell, and how those details lead to pain relievers and gain creators. This forces us to identify which features are most valuable to our customers, and explain why they should care about our advertisements.

It also nudges us to reverse-engineer the most attractive pain relievers and gain creators (e.g. *what would people love?*), and dream up the features that would entice new customers.



The **Customer Canvas** describes our customer's Jobs To Be Done, the driving forces that are constantly on their mind. We then break these into the gains and pains that our customer wishes to obtain/avoid. This can be tricky, but it makes us walk in our customer's shoes and identify what really motivates them. We want to understand which of these jobs are most lucrative, and rank the gains and pains from most to least compelling. We can then design our offerings to deliberately address these desires.



These two canvases are not supposed to be identical, but they should fit together. Unresolved pain points are a golden opportunity for innovation – sparking new ideas that can improve our customer’s lives. We also might see that our prominent product/service features don’t mean much to our customers, prompting us to either reframe their usefulness or design more relevant offerings. You can download a template at www.strategyzer.com/vpc

The great thing about these canvases is that they’re free – you can sketch out as many as you like in a notebook or on a napkin. Better yet, you can draw up a range of canvases for the same product with all of your prospective customers, or draft a range of offers that serve one particular customer. They say “*the first pancake is always lumpy*”, and your first canvas will probably be the same. With practice, you’ll start dreaming up short, sharp Value Propositions that will turn your customers’ heads.

Putting Them Together

Not all Value Propositions are valid - they only count **if they match our customer's desires**. If you offer something with lots of benefits, but your customer doesn't see how these would improve their life, you won't get the sale.

A good Value Proposition strings together the customer and their desires, and pairs it with a compelling description of how you can create a relevant gain or relieve a relevant pain.

We should be able to put it in a sentence:

"For customers who want..., we offer them..., which means..."

"Our... helps... who want to... by... and...."



ZIP AROUND FOR LESS

With such impressive fuel efficiency, you'll be zipping around town for less with more time between visits to the petrol pump. Designated driver? Yes please!

	88kW MAXIMUM POWER @ 6600 RPM
	5.8L/100km FUEL CONSUMPTION COMBINED
	135g/km CO ₂ EMISSIONS

"For entrepreneurs looking to start a cafe, our mentoring service will save them \$50,000 in costs and 18 months of delays."

"Our strength training program helps young men with depression who want to get fit and make new friends"

Three Kinds Of Fit

Strategyzer describes three kinds of fit between your customer and your Value Proposition:

Problem-Solution Fit, when you dream up an idea that could potentially satisfy a customer.

Product-Market Fit, when you have evidence that customers are happily buying your products and services, which is an iterative process.

Business Model Fit, when the money hitting your bank account proves that people love what your products and services are doing for them, and that you've found a business model that can scale up profitably.

I find the best way to understand this is to look at a string of good examples, then try it for your own company. In each one you're looking for two things:

What is the underlying Value Proposition?

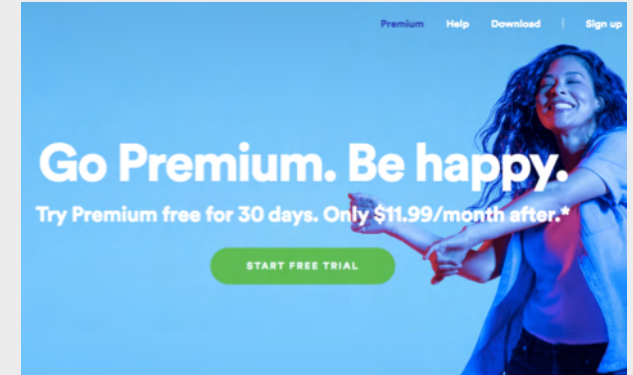
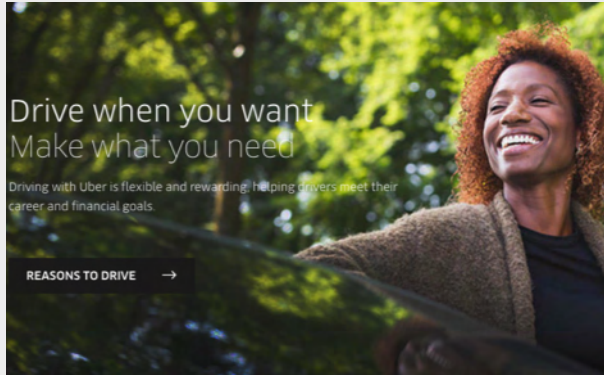
How did the brand convey this in an image or a few words?



*“Your customers are judge, jury
and executioner of your
Value Proposition. They will be
merciless if you don’t find fit!”*

- Alexander Osterwalder

Great Ad Examples



Uber

Uber has cut straight to the chase – their drivers have freedom and flexibility.

They're not looking for people who would have otherwise considered taxi driving.

They're not talking up the job satisfaction or the career progression.

Instead they're focusing on your goals, and how they can help you get there faster.

Netflix

Netflix has to entice customers away from their usual habits of owning physical media.

To do this, they emphasise the convenience of streaming, and the ability to participate in the latest pop-culture experiences.

To overcome the initial hesitation, they sweeten the process with the offer of a free month, removing any remaining objections.

Spotify

Spotify also have the task of moving customers away from an ownership model, and so they also go for the freemium approach.

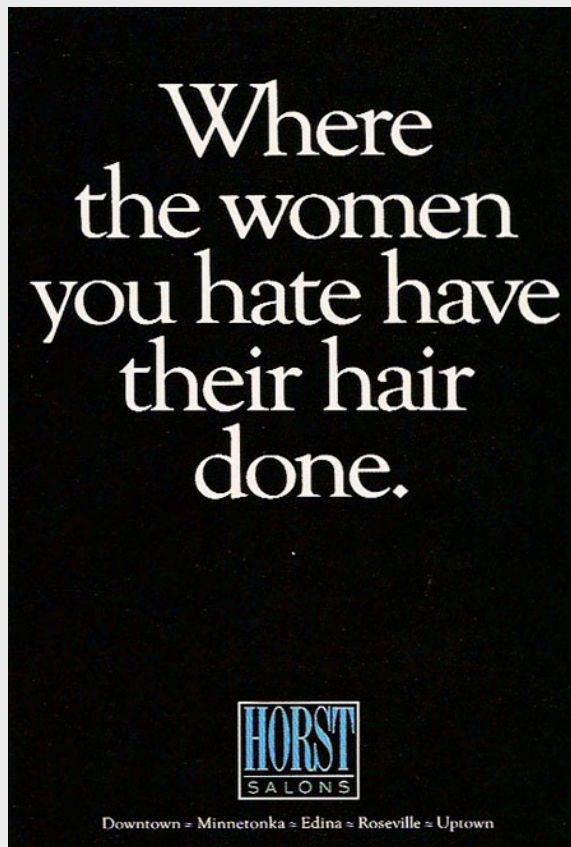
Their focus is on the happiness that your favourite music will bring you, rather than discussing the terms of the subscription.



Gyms

Many people are put off by gyms that take themselves too seriously, or promise transformations that are too good to be true.

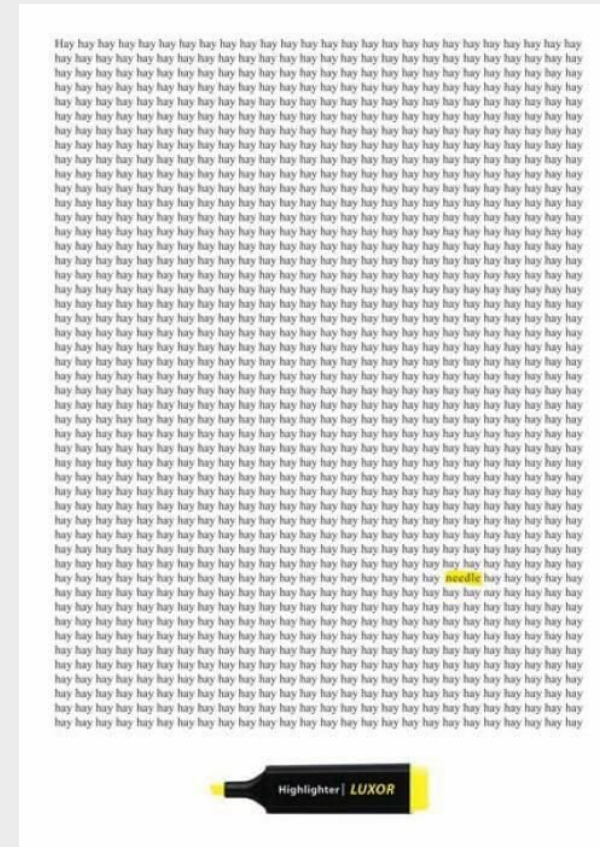
Here the appeal is that you can realistically achieve one thing, without the overpromise of a radically different lifestyle.



Hairdressers

Since each salon does not have a uniform service offering, each business competes on the experience and outcome from their treatments.

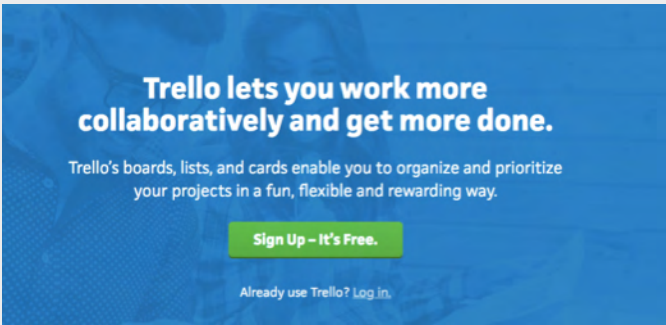
Instead of trying to seem cheap, Horst focus on the envy-inducing power of a good hairstyle, and use the social proof to drive the message home.



Highlighters

Luxor have gone for the “Show, not tell” approach here, cleverly conveying the power of their product.

The emphasis here is on the time you'll save, and the ability to command the eyes of those reading your documents.



Trello

Trello is a Kanban platform targeted at people who have never heard of Kanban. As such, they focus on the benefits you'll get from their platform: increased productivity, increased collaboration, more enjoyment in your work and more flexibility.

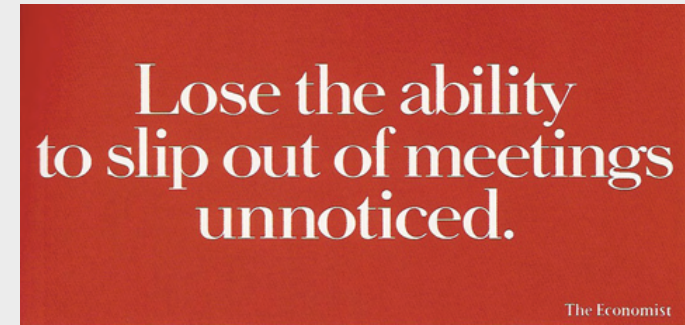
You might notice that they don't show the platform, since its simple layout doesn't intuitively match the promises offered here.



Gillette

Gillette are fending off their new rivals, Dollar Shave Club. To do this, they use the imagery of the dollar bill, and cover George Washington in cuts.

This is highlighting the pain of bad blades, inferring that a cheaper product will lead to worse results. They make no apologies for their price, showing disdain for the low-cost alternatives, and encouraging you to do the same.



The Economist

The Economist are not discussing their magazine or their articles. Instead, they emphasise the kind of person you'll be if you subscribe, in this case a more valuable, knowledgeable and sought-after professional.

The Economist are selling career progression, and the respectability of being a well-informed person.



Amnesty International

The challenge for NGOs is how to create empathy for beneficiaries who live on the other side of the world.

Amnesty are going for the heartstrings here, with a clever reminder that out of sight should not equal out of mind.

No mention of programs or campaigns, just a reminder that there are people out there who need your help, and that your generosity changes someone's life.



Adidas

In order to command a premium, a brand has to stand for something, preferably something that is hard to counterfeit.

Adidas are attempting to discourage people from buying knockoffs, and use a clever form of self-interest.

Instead of appealing to morals and ethics, they point out the pain and blisters that will come from fake products – all at the buyer's expense.

Like us on Facebook, and we will vaccinate zero children against polio.



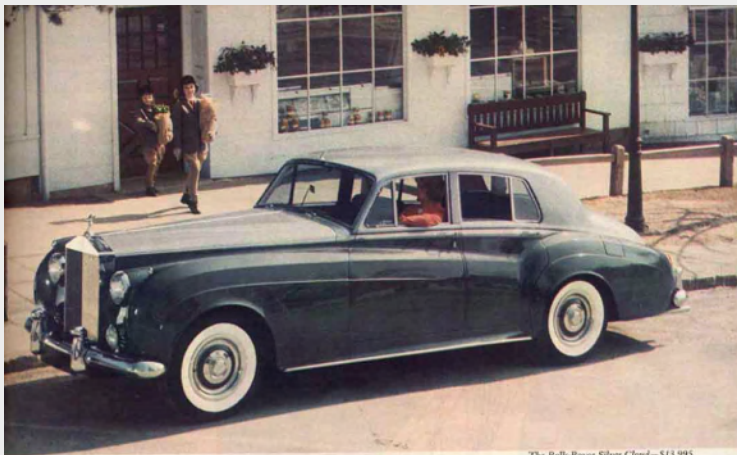
We have nothing against likes, but vaccine costs money. Please buy polio vaccine at unicef.se. It will only cost you 4 €, but will save the lives of 12 children.

unicef 

UNICEF

Charities are fighting against “slacktivism”, whereby customers get a warm feeling by “contributing” without actually making a donation.

UNICEF are trying to shatter that illusion, and prompt donors to associate dollars (not clicks) with impact.



The Rolls-Royce Silver Cloud—\$13,995

“At 60 miles an hour the loudest noise in this new Rolls-Royce comes from the electric clock”

What makes Rolls-Royce the best car in the world? “There is really no magic about it—it is merely patient attention to detail,” says an eminent Rolls-Royce engineer.

1. “At 60 miles an hour the loudest noise comes from the electric clock,” reports the Technical Editor of *THE MOTOR*. Three mufflers tune out sound frequencies—acoustically.
2. Every Rolls-Royce engine is run for seven hours at full throttle before installation, and each car is test-driven for hundreds of miles over varying road surfaces.
3. The Rolls-Royce is designed as an owner-driven car. It is eighteen inches shorter than the largest domestic cars.
4. The car has power steering, power brakes and automatic gear-shift. It is very easy to drive and to park. No chauffeur required.
5. The finished car spends a week in the final test-shop, being fine-tuned. Here it is subjected to 98 separate ordeals. For example, the engineers use a stethoscope to listen for axle-whine.
6. The Rolls-Royce is guaranteed for three years. With a new network of dealers and parts-depots from Coast to Coast, service is no problem.
7. The Rolls-Royce radiator has never changed, except that when Sir Henry Royce died in 1933 the monogram RR was changed from red to black.
8. The coachwork is given five coats of primer paint, and hand rubbed between each coat, before nine coats of finishing paint go on.
9. By moving a switch on the steering column, you can adjust the shock absorbers to suit road conditions.
10. A picnic table, veneered in French walnut, slides out from under the dash. Two more swing out behind the front seats.
11. You can get such optional extras as an Espresso coffee-making machine, a dictating machine, a bed, hot and cold water for washing, an electric razor or a telephone.
12. There are three separate systems of power brakes, two hydraulic and one mechanical. Damage to one system will not affect the others. The Rolls-Royce is a very safe car—and also a very lively car. It cruises serenely at eighty-five. Top speed is in excess of 100 m.p.h.
13. The Bentley is made by Rolls-Royce. Except for the radiators, they are identical motor cars, manufactured by the same engineers in the same works. People who feel diffident about driving a Rolls-Royce can buy a Bentley. *price.* The Rolls-Royce illustrated in this advertisement—*i.e.*, principal points of entry—costs \$13,995.

If you would like the rewarding experience of driving a Rolls-Royce or Bentley, write or telephone to one of the dealers listed on the opposite page.
Rolls-Royce Inc., 10 Rockefeller Plaza, New York 20, N. Y., Circle 5-1144.

March 1959

Rolls Royce

An incredible headline, this ad sells the promise of serenity – a calm tranquillity during your daily commute. The messaging is selling the social and emotional benefits from a luxury car, and the enjoyment you’ll experience each day.



SOMEWHERE ON AN AIRPLANE A MAN IS TRYING TO RIP OPEN A SMALL BAG OF PEANUTS.

Give us life at ground level, rolling along the endless highway on a Harley-Davidson. 800's depressed. Just tonight on chrome. The voice of a V-Twin ripping the open air. And elbow room stretching all the

way to the horizon. Maybe you too think this is the way life ought to be lived. Time to spread some wings. 1-800-445-2151 or www.harley-davidson.com. The Legend Rolls On.



Harley Davidson

Harley Davidson are world leaders in creating a tribe, with entire communities forming around a single brand of vehicle. This ad focuses on the joy of travel, or more specifically, avoiding the undignified travel of commercial airlines. They’re selling freedom and escape, and they make a strong argument.

Value Proposition Rankings

Not all Value Propositions are created equal. We can't be the best and the cheapest and the most exclusive and the most ubiquitous.

Instead, we want to understand which factors are most important to our customer, and tailor our message to make us their first choice. If our customers prioritise reliability, then **there's no point in being the cheapest**. If they're looking for something that will help them stand out from the crowd, we won't mention how many customers we have to date – if everyone owned a Rolex, they wouldn't be special.

The aim is to learn how our customers make trade-offs; what they're willing to drop, and what factors will become deal breakers.

The temptation is to create a huge list of Value Propositions, as if more were somehow better. A more effective approach is to create a list, then conduct some real-world tests that highlight what our customers value the most.

We're not asking *"Do you like..."* but *"Would you rather..."*. More specifically, we want to see which Value Propositions make customers reach for their wallets, not just tell us that they like our idea. The following pages feature some examples of companies who understood their customer, and created new, enticing offers.



Interesting Case Studies

Nestlé, makers of Blend 43, took a mundane product (coffee sachets) and made it desirable – the Nespresso machine that proudly sits in kitchens, offices and hotel rooms around the world, and feels a little bit luxurious.

They made little packets of coffee feel special, and through good design, made the pods and machines handsome enough that people would want to display them on their benches. Coffee pods were not an automatic success – Nestlé's Dolce Gusto system came out years earlier to a disinterested market.

That's the genius of their work: **they sell sophistication and a decent coffee, all at an 80-cent price point.**

It's not designed to compete with proper La Marzocco machines in cafes, and it's not supposed to compete with bags of beans; they created a market that didn't exist before.

Now we see a new battle forming, the challengers making their own Nespresso-compatible pods. Brands like Aldi, Vittoria and Oxfam enter the market with their own Value Propositions, but they will need to be clever to entice customers to switch.



Uber have built a loyal following; I know I've caught myself becoming their accidental spokesman to the uninitiated. So what is the appeal?

Let's look at the pain relievers: no cash changes hands, no paper receipts or credit card fees, you can see how far away your driver is and you can send your location to other people. In Australia, there's also some anti-taxi driver sentiment for a variety of unkind reasons. Uber have accidentally addressed that pain point, and people have responded positively.

Now the gain creators: free bottles of water, someone interesting to talk to, a potentially cheap fare (Uber Pool), a potentially fancy car (Uber Black), and the peace of mind that comes with a seamless experience.

The interesting question is around safety. Critics argue that you're hopping into a stranger's car, who could be anyone. Fans reply that the GPS tracker combined with the ratings system ensure that customers have someone looking out for them, and that poor driver behaviour is quickly penalised.

Now the question is: **which new brand will create a Value Proposition more compelling than Uber?**

Could it be Shebah, DiDi, Lyft or Ola?


What would make you give them a try?



ALL ABOUT EASY


Slip into chic with buttery soft slides, in two effortlessly fabulous styles.

[SHOW ME SLIDES ▶](#)




CUSTOMIZE YOUR SHOE

- Pick a shoe you like
- Choose your heel height
- Select from 100+ luxe materials



FIND YOUR PERFECT FIT

- Sizing from 2-15
- Half sizes available
- Narrow and wide fits available



HAPPINESS GUARANTEE

- Your shoes are crafted to-order
- Delivered in just 2 weeks
- Easy remakes or returns

Shoes of Prey let women design their own shoes online. The shape, base, colours, materials, accents, sizes, every detail chosen by you. You're probably going to pay \$200-\$250, including "free" delivery. Your shoes then arrive in a fancy package, with a picture of your shoe on the outside of the box for easier storage.

So what's the Value Proposition here?

It's the thrill of the process, designing your dream shoe, playing around with the different combinations, learning about what you like. **It's a fun, well-crafted experience** that gives the buyer a great story to tell when they're wearing them.

That's the Gain Creator. What about the Pain Reliever?

From my time helping women choose shoes, I notice a common theme: **frustration**.

Everyone has something weird about their feet: their foot is wide or narrow, the heel needs to be a certain height, the toes are long or short or they need an uncommon size of shoe.

Shoes of Prey remove this pain by giving you complete control over the specifications. No long days of trying on different pairs, instead you get a shoe that is engineered just for you.

What do Bunnings Warehouse sell?

The obvious answer is hardware, but we can look deeper:

Bunnings sell hardware for amateurs.

Why amateurs?

Because their Value Propositions are centred on two things – low prices, and being a one-stop shop.

Who does this appeal to? Busy people, working on their own houses, probably on weekends. The kind of people (like me) who don't have an eye for quality when it comes to hardware.

Bunnings have a famous guarantee: if another store is cheaper, they'll beat the price by 10%. It's a good offer, but can you imagine trying to "shop around" for a \$3 pack of bolts?

To save 30c? Of course not.

Bunnings don't actually have to be the cheapest, they just need the perception of being cheap, because it makes customers **feel confident that everything is a great deal.**

By contrast, Home Hardware goes in a completely different direction: *"Go where the tradies go"*.

Why would that matter? Because if the tradesmen go there, their stock must be of a high standard, and their staff must be knowledgeable. Bunnings and Home could sell the same hammer, at the same price, with two different Value Propositions – low prices vs high quality.

200mm Secateurs \$3⁹⁹

Seagrass Door Mat 60 x 36cm. 488205 **2 FOR \$2**

2L Twin Pack Covers up to 200 square metres. 308804 **\$12⁴⁵**

Cotton Calico Garden Gloves 180mm elastic cuffs. One size fits all. 088170 **97^c**

ozito 1800W Electric Chainsaw 355mm (14") bar, Oregon® chain, safety chain brake. 088308 **\$69**

2000W Electric Quartz Outdoor Heater Includes stand. 088905 **\$69**

MyoLine Straight Line Kitchen Sinks, Sponges & appliances sold separately. 088002 **\$798**

Self Adhesive Door Seal Full brush top. Plastic. 088002 **\$11**

“Warehouse prices can save you more”

PAUL, TEAM MEMBER

4L Endure Interior Low sheen white. 540023 **\$61⁹⁰**

RYOBI Power Tools 6.0Ah/18V NiCd. 088905/088906 **\$49** EACH

Kalanchoe 160mm pot. Adult plants. 088909 **\$7⁹⁸**

Redicote Internal Door 2040 x 820 x 25mm. Handles not included. 088170-100 **\$26⁹⁰**

GYPROCK Plasterboard 2400 x 1200 x 10mm. Recessed edge. 073140 **\$10⁹⁰** SHEET

1.8m Steel Step Ladder 100kg load rating. 088010 **\$44⁹⁰**

PACK OF 4

5W LED GU5.3 Warm White Globes 220 lumen light output. 19° beam angle. 433910 **\$35**

PRICE GUARANTEE
If you happen to find a lower price on a branded item **WE'LL BEAT IT BY 10%**
*Excludes some items, such as hardware and electrical products.

BUNNINGS warehouse

LOWEST PRICES ARE JUST THE BEGINNING . . .

Nine Dangerous Mistakes

Creating new business models is really tough – even the biggest brands struggle to stay profitable.

The major challenge is creating desirable Value Propositions: offers that are so compelling that our customers rush out to pay for them.

By avoiding these traps, you can create and test new ideas in cheap, easy ways, and build something that customers love.

1. Solving low value problems

Not all problems are created equal.

Humans have the tendency to constantly spot various parts of their lives that need improvement, but only a limited amount of resources with which to fix them.

Money is the obvious one, but there are also limitations on time, energy and brain cycles.

Therefore, we're not just looking for problems our customers encounter, but problems that are worth solving ahead of all others.

These stem from pain points that are really annoying our customer, or gains that excite and inspire them.

Our customers tell themselves a story about what their lives would be like if they made a change, then compare that with the cost of the solution.



In order to win that battle, our proposed improvement needs to look much more appealing than the money in their wallet.

Strategyzer has determined what constitutes a high value problem - it needs to be:

Important - serious consequences if it goes wrong

Tangible - they can see a result

Unsatisfied - nobody else has solved it

Lucrative - it's worth paying for a solution



2. Appealing to charity, not self-interest

When I was a kid, I used to claim I had two stomachs: one for dinner, one for dessert. I used this to rationalise why I was too full to eat more vegetables, but miraculously hungry enough for chocolate mousse.

This same shaky logic applies to our customers. People have a natural appetite for charity – it feels good to do something nice. But that appetite is quickly satisfied, whereas our appetite for self-interest is harder to suppress. If there are hundreds of other groups out there competing for that charity dollar, are we confident that we can consistently win?

What purchase will this customer want to make after they've made their charitable donations?

Once they've "ticked that box", they still need food, clothing, entertainment, transport, healthcare and relationships.

How do we incorporate those needs into what we sell?



3. Confusing supporters with customers

A customer is someone who pays you. Specifically, they're paying money in order to create a gain or relieve a pain. A supporter is someone who likes your brand and your story. They like your posts on social media, tell their friends about you and read all of your articles.

There might be an overlap of these two groups, but it's not a 100% correlation. When we're designing Value Propositions, we're looking at appealing to customers who generate revenue. Supporters are great, but if they don't buy your stuff, they're not the ones keeping you in business.

Would you rather **100 more supporters or 10 more customers?**

If your marketing attracts "Likes" instead of revenue, it's time to change your marketing. We need to focus on where our cash flow comes from, and double down on segments who are happy to pay for our services.

4. Assuming that customers are “Sophisticated Buyers”

Have you ever experienced “Sticker Shock”?

This is the unpleasant feeling when you discover how much something actually costs, which is much higher than what you’d previously assumed.

Outraged, you talk to others about your surprise - but they seem unfazed.

“Yep, that sounds about right, we paid something similar.”

This is known as being an “Unsophisticated Buyer” – someone without much knowledge of the industry, the process or a sense for what is “normal”. For example, I have no idea what is a normal amount to pay for graphic design, quantity surveying, legal fees, piano teachers or tunnel digging equipment.

A “Sophisticated Buyer” has seen it all before, able to spot a good deal when they see one. They know what can/can’t be promised, and speak your industry’s language.

Which term best describes your customer?

Is this their first time buying this sort of product/service?

Are they currently buying from your competitors?

It’s costly to get this wrong. If they’re new, then your communications and service design need to be adjusted accordingly. If they’re experienced, you can cut to the chase and focus on what makes you better than what they’ve encountered before.



Apple do this really well – their products are easy to use and are intuitively laid out. PC fans mock their simplistic design and underwhelming features, but they miss the point.

Apple aren’t selling to customers who would have otherwise built their own computer. Instead, they’re selling to people who want to know where the “Volume Up/Down” buttons are, and who value simplicity over performance or affordability.

Even if PCs are technically better in every specification, the intricacies on the argument are lost on the Apple fan.

They were never interested in those details.



5. Inventing customers to suit products

Invention is painful. When you're good at making something, you'll want to keep making it, and hope that your customers recognise your brilliance. Sometimes this works, but it's often dangerous – our optimism and laziness stops us from developing something fresh and compelling.

A way of using the Value Proposition Canvas is to keep everything on the left hand side static, and change the customer. Here's the trap: **we need to discover customers, not fabricate them.** Identifying new groups who would love our product for new reasons is great, but inventing a mythical "Perfect Customer" who just so happens to love everything we offer is distracting and unhelpful.

The Customer Canvas is an exercise in observation, not design. We can study them like we're David Attenborough, but not invent them like we're George R.R. Martin.



6. Clogging the canvas with “nice to haves”

People don't tend to make one decision for ten different reasons. Instead, **we make a decision for 1-2 reasons, then use a list of other reasons to justify it to ourselves later.** The proof of this is the concept of a deal breaker – the piece which, if removed, would lead to the customer walking away.

When we brainstorm, it's good to get as many ideas on the page/board as possible, without filtering or editing as we go. The next step is distilling the most important factors, which means keeping the “must haves” and removing the “nice to haves”.

This is particularly important when pitching these new value propositions to your team or to investors. A few stunning reasons are more valuable than twenty side benefits, making the concept much clearer and easier to test.

7. Designing something “as good” as the competition

Our behaviours are often influenced by invisible walls that keep us stuck on the same paths. These are known as Switching Costs – the barriers to making a change.

For example, **what would someone need to offer you to make you change bank, or phone company?** You probably wouldn't do it for a small bonus, like \$10 or a slightly better app. Instead, you'd need to be convinced that this new option is significantly better than what you've already got.

We call these “costs” because they take up a resource, like our mental energy, the time to fill in paperwork, and the nuisance of learning a new PIN or a new payment system.

Peter Thiel argues that a truly innovative product or service needs to be 10x better than the competition, otherwise it won't be embraced. How much better is yours?

8. Solving problems for beneficiaries, not customers

There is a temptation to focus on our beneficiary, which is not a bad thing in itself. However, this can become a distraction from our customer. Sometimes their interests are aligned, but they're often quite different. If we focus too much on why this business helps people in need, we lose sight of the real goal – making sales and thereby perpetually funding our mission.

“Buy this because it helps someone else” works for some of the people, some of the time.

“Buy this because you'll love it... and because it helps someone else” is a much more successful pitch.



9. Locking in your customer profile too early

Uncertainty is uncomfortable, so we naturally try to cement in our customer profiles. This limits our innovation - it's sometimes much easier to find new customers than it is to invent new services. Innovation can come through finding customers with similar pain points, or by **reimagining the way your product/service affects people's lives.**

For example, Instagram removed most of their app's initial features and retargeted towards a customer who wanted to share photos, which led to their rapid growth. There's also opportunity to think about customers who don't yet exist, but will in the future. What pains will they worry about, or what previously impossible gains will suddenly become accessible?

Each Industry Has Room

You might be thinking “*That’s all well and good for hardware or coffee, **but our industry is different***”. Maybe it is, but the underlying themes are the same. Each industry has space for several companies to co-exist, and they’re usually separated by their Value Proposition.

For example, most industries have “the cheap one” who competes on price, and “the premium one” that willingly raises prices in line with their image.

There might be companies that play on heritage and tradition, while others emphasise their innovation and technological superiority.

Maybe your industry has an authentic nationality, like Belgian chocolate or Italian suits.

Or maybe there’s a cheeky, rebellious brand that doesn’t take itself too seriously.

By understanding the various roles that are up for grabs, you’ll be well-positioned to create a new space for yourself in your industry.

This section looks at how designers, brewers, bottlers and watchmakers **sell the same underlying product**, adding a spin that transforms the story customers tell themselves.

Ask yourself – how can you take up a distinct position within your industry?



Industry Examples: Bottled Water

This has to be one of the ultimate challenges in Value Proposition design: how do you make bottled water seem like a desirable product?

How does each brand position itself to command (and defend) their fraction of this lucrative market?

Let's explore the subtle and powerful distinctions between how ten different brands sell their (virtually identical) products:



Mount Franklin

Mount Franklin is probably the most commonly sold bottle of water in Australia. It's the brand of choice for most cafes, service stations and sporting events. Ironically, it does not come from Mount Franklin at all, but a Coca-Cola bottling plant.

The value proposition here is **ubiquity and convenience** – the safe, popular choice. In fact, it's often the only choice available. It has also been known to trade on its charitable connections – with 10c from each pink-capped bottle going to breast cancer research, creating a perceived act of benevolence.



Thankyou

Thankyou have a refreshingly different pitch:

1. The **warm fuzzy feeling** of having helped someone in poverty today – and even see where your money goes through their Track Your Impact system
2. You can **save some money** – their water is 50c cheaper than Mount Franklin
3. You can **participate in something cool**. You might notice that none of these three points have anything to do with the product itself, and could be applied to virtually any commodity consumer good. That's exactly what Thankyou worked out, applying the same approach to soap and nappies.



Fiji

Fiji's message centres around the concept of **purity**. Customers are shown the oceanic, tropical paradise elements of Fiji, which are combined with minimalist labels.

This plays on their customers' desire for something clean, something natural, something far away from factories, trucks and diesel fumes.

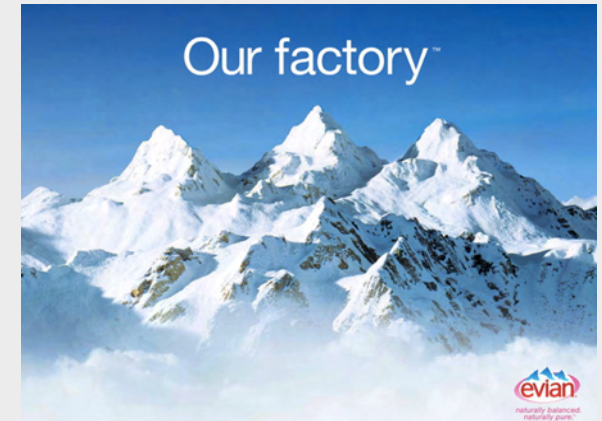
Never mind that the very concept of shipping water in from Fiji is disastrous for the environment, let's just close our eyes and picture ourselves sunbathing on white sands.



Pump

Pump have taken a different angle, focusing instead on water's role in physical activity and the need for immediate rehydration. It's for the busy, fit person who clearly has no time for screw-top lids.

Pump mimic the design and functionality of a reusable sports bottle, but place themselves in convenience stores as a single-use product. Their choice of name, shape and typography all reference the idea of movement – this is for active people with “no time to waste”. In that regard, Pump have cleverly **made water a piece of exercise equipment**, rather than a commodity.



Evian

Back in the day Evian was **sophistication in a bottle**. Everything about it said “Premium”: the French name, the package design, all the way through to their deliberately high price point.

High prices signify an investment – something you've decided to enjoy rather than something that fills a practical need. If you swapped the contents with generic spring water, nobody would notice, but if you dropped the price to \$1, then the appeal would be lost.

Of course, sceptics will want to remind you of what Evian spells backwards...



Woolworths

This applies to virtually any home brand bottle of water. It's sold as a purely practical pain reliever – you're about to go somewhere without readily available clean water, so you need to buy packs of 12 or 24 bottles at a time, which you then will keep in the boot of your car.

Woolworths makes no attempt whatsoever to appear socially conscious or cool – these would actually diminish their appeal of being as cheap as possible.

In this way, Woolworths sell **water as a tool** – it solves a functional job in a convenient way, and nothing more.



Voss

Voss have probably out Evian-ed Evian. In a time when plastic bottles are taboo, Voss come out with a **striking, elegant glass bottle that oozes sophistication**. It is heavy and impractical - unapologetically so.

Voss have gone all-in on the cool factor; through their bottle design, branding, and price point. Love it or hate it, it seems to be working.



Another Bloody Water

We all inherently understand how silly it is that we'd ever buy bottled water in Australia, and Another Bloody Water let us know that they're in on the joke.

That said, since you're in a situation where you DO need a bottle, **you may as well have a laugh about it**. Their packaging is funny, self-aware and self-deprecating; you'll be passing the bottle around to your friends to enjoy the refreshingly honest message. The only problem: why would customers buy a 10th, 11th or 12th bottle?



San Pellegrino

San Pellegrino's Value Proposition is that it is a dignified substitute. I've never seen anyone order a bottle for the taste, or for hydration. Instead, it's a substitute for alcohol, caffeine or sugar. How else do you explain restaurants charging \$10 for a 1-litre bottle? It's because it's **a replacement for beer or for coffee**, something interesting and respectable to drink.

Imagine if they switched from green glass to clear plastic. The product may be the same, but the charm would be gone.

blk.

WHAT HOW WHO WHERE TRADE

Pure, natural spring water with ancient organic minerals.

And yes, it is black. Fulvic is the ancient mineral that gives blk. its distinctive colour. It is also what makes it a superwater. Distilled over millions of years, this rare organic material, originating from pre-historic plants boosts the hydrating properties of water and quickly energises each cell. No carbs, no calories, no sugar, just serious hydration in a crisp, natural pure spring water.

blk.

Alkaline Fulvic Traces Mineral Infused Water

500 ml

blk.

blk.'s colour comes from the fulvic acid minerals in the water, and it's **incredibly eye-catching**. I'm more tempted to display it than to drink it, which sort of defeats the point of buying a bottle of water. There may also be another customer persona – someone who is looking for water with a certain set of minerals. Specifically, someone who wants to feel healthy, and believes that minerals are the key to their sense of wellbeing.

See how an insightful Value Proposition can make millions? Each company pays a fraction of a cent for the water itself, and spend the rest of their money on branding, marketing and distribution. These brands have crafted such unique, compelling Value Propositions for a dull product. What would each brand do in your industry? And what's stopping you from doing the same?

Industry Examples: Beer

Beer is an interesting product in that it is globally ubiquitous, has been popular for centuries and is generally made from the same basic ingredients. It's incredibly cheap to manufacture, and yet has quite a high retail price – I can buy 24 bottles for under \$40, and yet can also pay \$13 per bottle at a restaurant.

Surprisingly, the drinks I enjoy aren't the brands I like, and vice versa. In that way, the product and the Value Proposition are dissociated. This might explain why many of us grew up **drinking liquids that tasted foul, but sent the right social signals**. Let's take a closer look at the various value propositions used to position beer brands:



Dos Equis

The first time I ever heard of Dos Equis was from their famous advertising campaign about “*The most interesting man in the world*”, which went down in meme history.

This was a clever use of humour – focusing on the spokesman rather than anything about the beverage itself. It's over the top, but the association gets baked in: **Dos Equis = Charisma**.



Coors

Coors don't claim to be the best, the cheapest, the oldest or the tastiest.

They've chosen to be the coldest.

This is evoked through their imagery, their association with the Colorado Rockies, and even their can – the image turns blue when chilled.

Temperature is an odd choice of boast, but when you want a cold beer on a hot day, Coors have positioned themselves at the front of your mind.



Corona

Corona has typically been advertised with a small group of twentysomethings walking along a beach, and imagery of **summer and relaxation**.

The Value Proposition here is the link between idyllic events and the choice of beer, the idea being that Corona best matches this scenario.

This is done with the aim of a two-way connection: if Coronas are consumed in these stunning moments, then perhaps drinking Coronas will make my location seem more pleasant?



Carlton Draught

Carlton Draught made one of the most iconic advertisements of the last 20 years with The Big Ad.

Recently their messaging has changed, and their gain creators are centred on freshness – **“Brewery Fresh Beer”**.

This must be for customers who are concerned about the age of imported beers, and conjures up the idea that a recently brewed beer must be somehow better.

Funnily enough, this is the exact opposite of wine – can you image Penfolds advertising “Vineyard Fresh Grange”?



Stella Artois & Kronenbourg 1664

Stella draws on its heritage to great effect, and has built a sense of sophistication and authenticity. Kronenbourg even built it into their name, putting the legacy of the brand front and centre.

The brand’s history signals two things:

1. By **standing the test of time**, customers are confident of its quality.
2. It gives the sense of respectability – not something consumed by teenagers in a park.

These borrow strongly from their geography– their names are designed to be unmistakably European.



Fosters

Like so many artists and musicians, Fosters are not popular in their home town. Their marketing and value proposition centre on the novelty of **being Australian**, with a product that Aussies wouldn't be caught dead drinking.

I'm sure the same is true for many, many other brands – locals can see through the romance and focus on the underlying product, which often comes up short.



Pure Blonde

Pure Blonde have built their Value Proposition around the carbohydrate content of their beer – claiming to have 80% less than their rivals.

This taps into a pain point for their young, image-conscious customers: that beer leads to beer guts.

As such, their Value Proposition is not just about the health outcome, but the **guilt alleviation** – drinkers can have a few beers without feeling like they cancelled out a gym session.



Furphy

Furphy is a relatively new entrant, located predominantly in Victoria at the time of writing. Their two main gain creators are their taste – genuinely nicer than most domestic beers, and **the authenticity of the brand** – no pretention or posturing.

It conjures up the image of being a local craft beer, but to my disappointment, is actually made by one of the giant conglomerates. You'd think that if the beer tastes good, then the ownership shouldn't matter, but strangely it deflates the story.

“Writing advertising for any
kind of liquor is an
extremely subtle art.

I once tried using rational facts
to argue the consumer into
choosing a brand of whiskey.

It didn't work.

You don't catch Coca-Cola
advertising that Coke contains
50% more Cola berries”

- David Ogilvy



Industry Examples: Cologne

How do you sell cologne?

How do you convey a compelling Value Proposition about a smell without your customers inhaling it?

It's a bizarre industry.

A core product that costs a few dollars to produce, but sells for over \$100 per bottle, thanks to the power of marketing.

I have no idea what is actually in the product, just some visual representations like the ocean or a shirtless man in the woods. Even if you told me the ingredients (like Sandalwood or Amber), I still couldn't imagine what it would smell like.

I cannot be persuaded into buying something I don't like once I've tried it, but **I can be persuaded into trying something based on their advertisement and positioning.**

I will realistically not try more than 10-15 before making a decision, which rules out the vast majority of the available options.

The product itself has no literal Value Proposition; it's alcohol mixed with fragrance. The Gain Creators and Pain Relievers are stories the customer invents for themselves like *"This will get compliments"* or *"Maybe this can help me seem more professional"*.

So how do companies visually convey their Value Proposition?
Let's look at some examples...





Tommy Hilfiger called their cologne Eau De Prep. That's either repulsive or magnetic, and they're banking on magnetic. This is selling a lifestyle, one that's fun, fashionable and co-ed. **Smell like a rich young model with model friends.**



Davidoff have decided to play the Casino Royale card, evoking the idea that you can be like 007. No indication of how it smells, they've gone all in on the **"high roller"** theme.



D&G go for a nice balance here - formal yet unbuttoned, smouldering and sophisticated. The message here seems to be **"effortlessly cool"**. You can smell like someone important yet relaxed.



Versace have decided to go with something pretty blatant - this is about **being desirable**.
 Greek mythological imagery, the name Eros and a cold stare from a naked man.
 Confronting and provocative.



Issey Miyake has gone for the themes of nature and freshness, and this is a refreshing break from the dude parade.
Minimal, natural, clean.
 An unusual and clever approach, highlighting the textures of their ingredients.



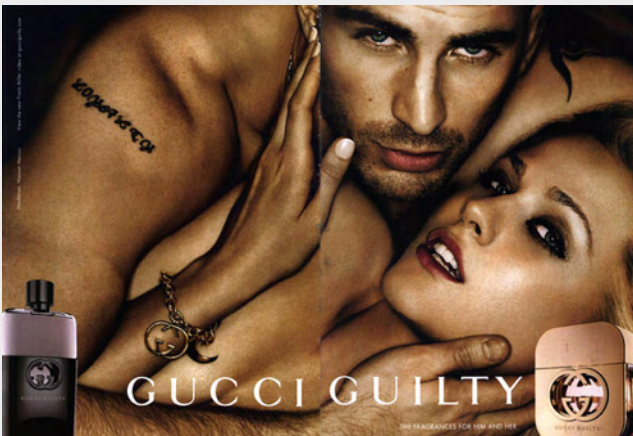
The value proposition here is...
 Masculinity?
 Freshness?
 Effortlessness?
 Summer?
 Desirability?
 A **bold choice for the bold gentleman**.



This one for John Varvatos is different, an image of **culture, refinement, simplicity and craftsmanship.** Not for everyone, but it will resonate with their customer base. Cleverly goes against the grain.



Another unusual take, Davidoff this time going for **bravery, wilderness and exploration.** The carefully positioned bike says much more than the bottle, and Ewan is a nice choice of model - manly yet well groomed.



Captain America here is going straight to the message of lust and desirability - **"women want you to wear this".** No refinement, just passion. Another example of a polarising ad, you will love it or hate it.



Here the idea is to borrow David Beckham's personal brand, and use it to sell an otherwise unbranded cologne. David is a good choice, appealing to both men and women, seen as **tough, courageous, fashionable and masculine.**

The other compelling Value Proposition?
It's affordable.



Money. Wealth. Success.

Status. Power. Opulence.

Can a cologne really deliver all that? Of course not, but why not have a taste of the high life with a replica gold brick on your bathroom sink?



Ralph Lauren have gone for a slightly different approach, one fuelled by racing, adrenaline, cars, freedom and performance.

Strong, striking and bold.

The product itself has nothing to do with cars.

Industry Examples: Watches

What's the difference between a watch and a timepiece?

A comma on the price tag.

People don't struggle with not knowing what time it is. Maybe 20 years ago that was a thing, but not these days.

You have a clock on your phone, computer, microwave, bedside table, oven, and TV.

So what separates a \$100 watch from a \$10,000 one?

"It's the reliability of the mechanical parts."

Rubbish. A \$50 watch does exactly the same thing as an expensive one.

"It tells you the date and where the moon is."

Really? You can't get that from your phone?

Let's see how a few different brand tackle this question:



TAG Heuer

What's the value proposition here? TAG Heuer have done something really interesting, created an ad that doesn't feature their product. Instead their focus is on **confidence and success**, and the characteristics of their ambassadors. *Cara Delevingne isn't even wearing a watch.*



Patek Philippe

This watch is framed as an heirloom: **the kind of thing you'll pass on to your children.** It's hard to put a price on something sentimental. The brand sends a message of refinement, one of good taste, success and modesty. The exact opposite of a gold Rolex. I really dislike this ad. That's ok, because I am not their customer. I do appreciate the clever positioning: Patek Philippe have found an idea and philosophy that clearly resonates with their target market.



Swatch

By contrast, Swatch have gone for a completely different approach:

Their aim is to be fashionable – **cool right now.**

“It’s fun, it’s my kind of style, and it wouldn’t be worn by a banker.”

It’s also affordable, an accessory you can love for a year or two, then **move on to the next thing.**

Swatch have forged an identity that is modern, energetic and ever-changing.



Skagen

Whilst Switzerland is probably known for being the home of the luxury watch, Danish brand Skagen have taken a different angle: they focus on minimalism.

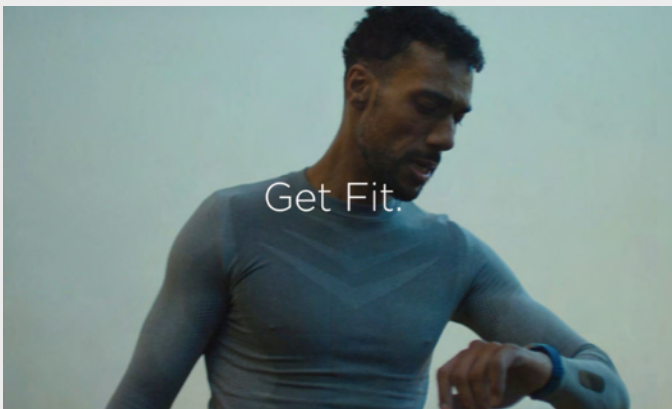
No complications, it just does one thing well, and is light on your wrist.

They know they have a unique aesthetic; it catches the eye without being obnoxious.

The low price point means it isn’t a lifetime commitment, but still looks dignified and expensive.

Skagen are a new player, and have taken a **“best of both worlds”** approach to their value proposition – **Patek Philippe style, at Swatch prices.**

Sometimes creativity comes from combining two existing trends.



Fitbit

Many traditional watch brands would not appreciate Fitbit being listed in their category, but it does the same functional task - and more.

They’re selling fitness: *“If I wear this, I’m more likely to exercise, and less likely to go to the drive-thru.”*

There’s the appeal of statistics - you can see exactly what you’ve done today, and track your progress. Then there’s the element of competition, which keeps you motivated and accountable.

The same core product, a watch for your wrist, but the display itself is almost irrelevant to their Value Proposition.

Principles

Now that you have an idea of your customer and your underlying Value Proposition, how do you create a compelling message?

I find the best way to get inspiration is to look at how other brands make their case.

This section will examine:

- Superiority** – how companies signal their strength
- Affordability** – how to have low prices without looking “cheap”
- Popularity** – how to use your customers as evidence of quality
- Substitution** – understanding your direct/indirect competitors
- Self-Interest** – why customers *really* make noble decisions

These are principles that are slow to change, and can be borrowed and adapted for your industry and customer.

Ask yourself: how can you apply the same principles to your products? Which messages resonate with you?



Principles: Positioning Yourself As The Best

How do companies position themselves in their customers' minds as being the best in their field?

Let's look at how brands in a variety of industries make their case:

Technical Superiority

An easy way to prove you're the best is to highlight the areas in which you're comparatively the strongest. Customers don't always understand those benefits, so the brand will often need to highlight **why this strength is so critical to performance.**

Microsoft are desperate to make comparisons with their rivals at Apple, and aren't exactly being subtle. If they can't beat Apple in their aesthetics, then they'll try to win on technical specifications.

Industry Recognition

Once an industry becomes a certain size, an awards system generally emerges. These endorsements can be incredibly compelling to customers. An Oscar winner gathers global interest. A bottle of wine covered in little gold medal stickers catches your eye. The words "Winner of..." increases appeal, **even if we've never heard of the awards.**

They're also easy to fake. The Gruen Transfer famously trademarked the name "Nine out of Ten Experts" so that they could claim "Nine out of Ten Experts Recommend..." whenever they like.



Compare to Mac.

It's easy to switch from Mac to Surface. Your new Surface will work well with iTunes, iCloud, and iPhone. And many of the gestures, shortcuts, and features are similar to what you already know.

The advertisement features a Microsoft Surface laptop in the foreground with a vibrant blue and yellow fractal pattern on its screen. Behind it, a Surface tablet is shown in its tablet mode. A silver Surface pen lies on the surface next to the laptop. The background is a plain, light color.



THE EXPERTS' CHOICE

AUSTRALIA'S BEST CARS

The advertisement features three white Hyundai cars (I30, Accent, and Elantra) parked on a dark, reflective surface. Above the cars, the text "THE EXPERTS' CHOICE" is written in large, bold, blue capital letters. Below each car, there is a small logo for "AUSTRALIA'S BEST CARS" with the year "2014" and "2015" indicated.



Physical Packaging

Grey Goose made their reputation by selling vodka in wooden crates, **the same way fine wines are displayed.**

They positioned themselves as a high-end product, and the drink itself cemented the claim.

Customers could not have known that until they'd tried the vodka, so the packaging plays a huge role in making the sale.

Imagine if they switched the liquid inside with a generic substitute.

Would the appeal still be there?

We're taught not to judge books by their covers...but that's exactly what we do.



Proximity and Association

Some brands appear to be premium by positioning themselves as the choice of influential, sophisticated people. For example, many brands have gained prestige by being official suppliers to the Queen of England – **if she approves, it must be the best.**

Some use celebrity endorsements, borrowing success and credibility in order to make their products more appealing.

This is the essence of ambassadors and influencer marketing.

Other brands go for pop culture, paying for product placement in film, television and music.

Reese's Pieces made good use of the film E.T. after M&M's pulled out. Abu Dhabi paid to feature in The Fast and The Furious Seven – with the hopes of making themselves a desirable tourist destination.



Heritage

Some brands will argue that to be the best, you need a long history and track record of quality and performance. These brands take every opportunity to highlight their longevity and their origins, as it distinguishes them as being “the real deal”.

Again, the skill lies in convincing customers why this matters. Old isn't a virtue, unless old means good.

Heritage works when history tells a compelling story, like Johnnie Walker or R.M. Williams. Both are expensive luxury brands, but the story of small Scottish distilleries and a South Australian stockman that add a certain charm.

Provenance

Some products have a “**right location**”. These are occasionally enforced by law (Protected Designation of Origin). For example, Champagne comes from the Champagne region of France, or else it's called Sparkling.

Sometimes these just “sound right”, like Italian Leather, Japanese Technology or German Engineering. Does geography always guarantee quality? Of course not. But this is about the story the customer tells themselves. It's why your Apple devices declare that they are designed in California and assembled in China.



3 Stars
Michelin Guide, 2017

Reservations

The Journey

The experience is a journey - a nostalgic trip full of playful memories and adventure - drawing on my childhood holiday memories, to hopefully inspire your own childhood recollections.

 Prepaid reservation for parties of 2-6

 £325 per person



Pricing

Price does not equal quality, but it signals quality.
In the mind of your customer, that's what really matters.

When your customer wants “The Best”, their price sensitivity goes out the window.

If your restaurant has a Michelin star, you can charge whatever you like and there'll always be a wait for a table.

In fact, higher prices might make the list even longer.

People want to buy their partners (or themselves) the most elegant jewellery, the finest foods, the fanciest clothes, the nicest cars, the largest TVs.

As Seth Godin said - *“Nobody gets a Suzuki tattoo”*.

Exclusivity

There's a horrible part of our psyche that takes delight in other people missing out on what we have.

We tell ourselves that **if it's common, it's not worth celebrating**. Some companies will use this scarcity – real or artificial – to enhance the standing of their products.

De Beers famously did this with diamonds – restricting their supply to make them seem rare and therefore the ultimate precious stone.

Cars like Lamborghini and Ferrari have notoriously long wait times – not because of an inability to produce more, but because this limitation cements them as being the best cars in the world. The more Ferrari's you see on the street, the less special each one becomes.



Ubiquity

There are some products that are deemed to have reached perfection – where no advancement is required.

Think of Toblerone, Post-it, Vegemite or Band-Aid; there may be technological improvements in the future, but these brands earn their place at the top because they are so common and iconic. **If we grew up with it, and our parents grew up with it, it must be extraordinary.** The market moves too quickly for mediocre products to stick around for that long.

Some brands are the best by virtue of being so ingrained in the culture.

Andy Warhol celebrated Coca-Cola for this exact reason:

“Everybody owns a piece of Coke.

What’s great about this country is that America started the tradition where the richest consumers buy essentially the same things as the poorest.

You can be watching TV and see Coca-Cola, and you know that the President drinks Coca-Cola, Liz Taylor drinks Coca-Cola, and just think, you can drink Coca-Cola, too. A coke is a coke and no amount of money can get you a better coke than the one the bum on the corner is drinking.

All the cokes are the same and all the cokes are good. Liz Taylor knows it, the President knows it, the bum knows it, and you know it.”

James Bond

Fictional brand ambassadors are incorruptible – they can remain cool without aging.

James Bond might be a caricature of sexism, racism and violence, but he's also **the personification of masculine elegance.**

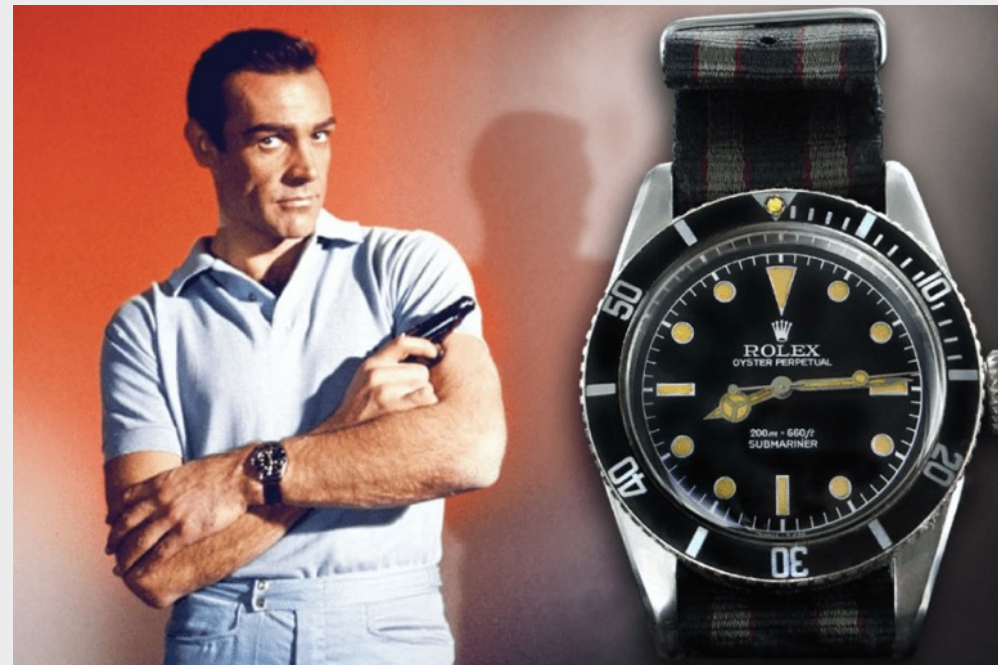
An endorsement from 007 can change transform the image of a brand, even if the real products don't actually offer Bond's array of gadgets.

There is nothing practical about these products, they're purely scratching social and emotional itches.

Seeing a product showcased in these movies elevates it to **"Dream Status"**, earning the admiration of the wearer their friends.

It is difficult to measure the ROI of these sponsorships: how many movies did it take for Omega to become associated with Bond over Rolex?

How many movies will it take the next brand?



Hip Hop

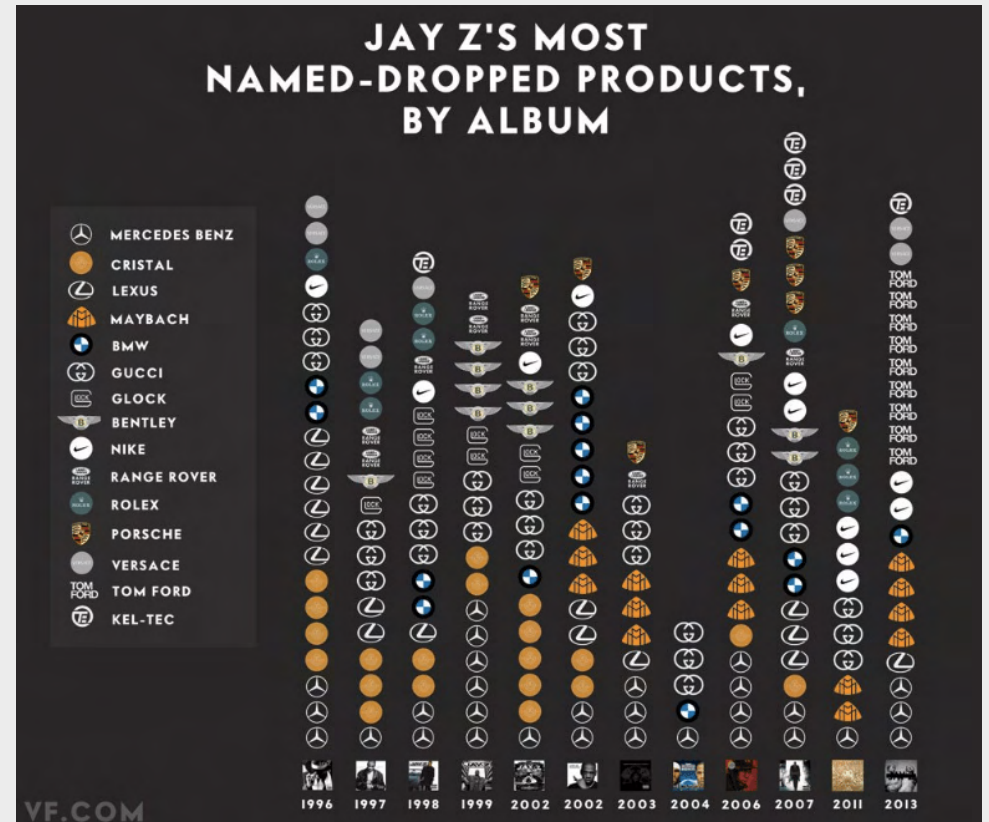
There's an interesting two-way street with products that get name-dropped in songs.

Artists use these brands as a way of **demonstrating their success and status**, whilst these brands **gain credibility from the future success and status of the artist**.

I suspect this works for three reasons:

1. The format invites the artist to brag. There aren't a lot of other genres that feature artists talking about their wealth and luxurious habits.
2. Lots of artists fake it until they make it, so they declare themselves to be customers of these brands as a self-fulfilling prophecy. In other words, there can be more artists claiming to be customers that there are artists who are genuinely customers.
3. It's really easy to have lyrics permanently embedded in your memory, whereas billboards and web ads are far less sticky.

This notoriety flows on to the brand's real market – elevating their status and reducing the customers' price sensitivity. If you can make customers believe that your brand is top-of-the-range, then you no longer have to compete on price. In fact, customers expect to pay a premium. Look at the resurgence of brands like Gucci, Rolls Royce and Hennessy. These companies aren't just retailers, car makers and cognac vendors – they're status symbols.



Principles: Positioning Yourself As The Cheapest

Price Beat Guarantee

At Officeworks, we don't just say low prices we aim to live them.

Our Price Beat Guarantee (PBG) means that if you find a lower priced identical stocked item that's in stock with a competitor (even if it's on sale), we will not only match it, we'll beat it by 5%.

Don't forget our price guarantee excludes the items listed below under the heading ["What items are excluded from the PBG?"](#).



In general, it's easier to compete on quality than on price. But if you get it right, being perceived as cheap can make you enormously successful.

Customers will look for ways to save money, but not at their own detriment. Don't believe me? **Think about the difference between "cheap and cheerful" and "cheap and nasty"**.

I'll bet you've experienced both, and I'll bet you can tell the difference. That's why low prices, on their own, are not a persuasive value proposition. The successful brands are the ones who are the right kind of cheap. Let's look at some examples:

Feeling like a secret

Being an insider is a wonderful feeling – recognition that you are special and deserve secret information. It's a feeling that can be manufactured. Companies will set up mailing lists, loyalty programs and exclusive benefits that reward their inner circle.

Think of department stores like Myer who host VIP shopping nights, or airlines like Jetstar emailing special offers to their frequent customers. Brands tell you that **you received a discount because you're worthy**, and this eliminates the natural suspicion of low prices. If everyone else had access to these same deals, they'd instantly lose their charm.

SECRETSALES.com
drop everything



Designer clothes, accessories, beauty
and homeware, all up to 70% off!

Discounts vs Low prices

There's a perceived difference between "a \$50 product" vs "a \$100 product that is 50% off".

We respond to those two offers differently, because the price signals which one is the better offer.

Discounts feel like a treat, like we **have access to something outside of our usual price range**.

We award ourselves the mental points of owning a high-value product, as well as the points for hunting down a bargain. It may well be that the company never intended to charge the sticker price, instead using the "original" price to display the item's worth, then using the "discounted" price to entice a sale.



Disdain for the full retail price

One tactic for creating permission to switch brands is to mock your more expensive competitors.

This is a fine balance, and it comes back to the principle of "Punching Up" vs "Punching Down" – mocking those in lower positions of power is considered distasteful.

This is an advantage for cheaper brands, who can use humour to poke fun at pretentious rivals, and highlight their empty, pompous claims.

Industry Super Funds use visuals to invite direct comparison, showing two similar people and their respective superannuation balances. The Industry SuperFunds member pokes fun at their friend's decision to pay higher fees, and therefore miss out on more money when they retire.

How It Works

Choose one of our three amazing razors. We'll give you a reusable handle and ship you replacement razor cartridges for a ridiculously affordable price. See, easy.

TRY THE CLUB



CHOOSE YOUR RAZOR

We've got a twin blade, 4-blade, and 6-blade option. They're all amazing.



AFTER YOUR FIRST MONTH...

Replacement razor cartridges ship automatically every month at the regular price (\$5, \$8, or \$11).

Explanations for low prices

To avoid suspicion, brands will often use a clever line to explain **how they can offer something of good quality for a low price**, e.g. *"Due to a shipping error, we've got too many..."* or *"Our End of Financial Year Sale means you'll save on..."*

Maybe the company will describe their business model to highlight exactly where the discount comes from.

Dollar Shave Club created one of the best ads in recent history to do just that.

IKEA use flat packs and warehouse style stores, making customers feel like they're working for their bargain.

JB Hi-Fi even use deliberately cheap fixtures and signage to create the impression of warehouse level prices.

Save money on the internet
so you can spend money on the internet

powered by
nbn

Fast, unlimited data for \$65/mth

Total min cost \$1560 over 24 months + \$24.90 P&H. Selected areas only. Plan suitability confirmed once active.

dodo
not as stupid as we look

So That...

What's the incentive to switch to a cheaper brand?

If your customer will be accepting something slightly less convenient or potentially lower quality, what do they get in return? Discounts and dollars saved are meaningless without a frame of reference.

What we need is a "So that...", such as

So that I can go on holiday to...

So that I can buy more of...

So that I can also buy a different...

Have you ever asked your employer to book you a cheaper hotel?

Of course not, because making a saving means nothing to you.

Per diems, however, allow workers to benefit from their thrifty decisions. If you choose McDonald's over a fancy restaurant, you get to keep the change, and buy whatever is your top priority.

Need some help finding a book?

We sell over 19 million titles at unbeatable prices with free delivery worldwide. Explore our bestsellers to find your next favourite book!

[Browse Bestsellers](#)

And don't forget we have **Free delivery worldwide on every book**

Low sticker price vs Low total spend

Why do bars have Happy Hour? Out of generosity?

No, it's because they know that a low sticker price (cheap drinks for a certain time) **will lead to a larger total spend** (the amount of food and drinks you buy over the whole night).

Aldi promote their comparative basket cost. They add up how much you'll spend buying staple items at Coles or Woolworths, then highlight how much cheaper that same set of items would have been at Aldi. That's because we don't get excited about saving 30c on baked beans, but we do like the idea of saving 30% off our total shopping bill.

Amazon and Book Depository are the same company, yet one advertises low book prices, whereas the other advertises free international shipping. It's completely irrational, but **most customers have a preference one way or another.**

I am always drawn to free shipping for some reason.

LAUNDRY DETERGENT 2.5 L \$7.62 \$3.05 per 1 L Unit price	LAUNDRY DETERGENT 1.5 L \$5.74 \$3.83 per 1 L Unit price
--	--

Budget airlines are notorious for this. We see a cheap fare, and start our booking process feeling like a winner. The base rate is cheap, but then come the taxes, baggage fees, seat allocation costs, food, in-flight entertainment, a request for a donation, then a payment fee. That "cheap flight" is now comparable in price to a full-service airline.

Our customer tends to pick a "rule of thumb" metric to gauge value. Does your customer look at the unit price, or the total amount spent? If it's the sticker price, then it might be worth creating a loss-leader item that grabs attention, then focusing on increasing the number of items each customer buys.

If it's the total price, then it's worth designing packages around a price point.

You can then find your competitor's equivalent and highlight the price difference – it's worth cherry-picking the flattering comparisons.

Principles: Using Social Proof

We don't like to think that we fall for advertising. We know that ads are full of half-truths, misleading indicators and unrealistic promises. But our brain can't process all the available information out there, so it looks for shortcuts.

One of these shortcuts is to follow what other people are doing. This is doubly true when it comes to people we like, and people we know. If our friends like a company, we'll take it seriously. So how does a company create the appearance of social proof? Let's look at some tactics and examples:

Review Aggregation

Reviews work when there's more choice than we can process.

If there are 2-3 options, **we trust our gut**.

If there are 200-300 options, **we trust the crowd**.

Think of Amazon reviews, with hundreds of individual opinions categorised by rating, and by how helpful others found them.

Or think of Zomato, thousands of customers casting a vote about the meal they just ate, leaving their praise and criticism.

Or think of TripAdvisor, allowing tourists to distinguish between the magical experiences, and the disappointments.

Funnily enough, I take reviews seriously, yet never leave any myself. This leads to bipolar opinions – we only think to write a review if we have a terrible or remarkable experience.

If the product or service is a 7/10, we move on with our lives.



What Members Say

AVERAGE CUSTOMER RATING

Overall	Story	Performance
4.5 (156)	4.5 (134)	4.6 (134)
5 star (105)	5 star (93)	5 star (93)
4 star (39)	4 star (27)	4 star (33)
3 star (6)	3 star (10)	3 star (4)
2 star (3)	2 star (2)	2 star (2)
1 star (3)	1 star (2)	1 star (2)

AUDIBLE.COM.AU REVIEWS | **AUDIBLE.COM REVIEWS** | **AUDIBLE.CO.UK REVIEWS**

Sort by: **Most Helpful**

Andrew
18/04/2016

"Rocked my world"
What an amazing book.
Recommend for anyone who is trying to learn about or is passionate about anything at all!

Was this review helpful to you? [Report this](#)

1 of 1 people found this review helpful

Overall ★★★★★
Performance ★★★★★
Story ★★★★★

Referrals

Once you've found a handful of customers, you may want to ask them for help. They probably know others exactly like them, and can arrange an introduction.

If you take a class, say in dance or karate, you may have been to a "Bring A Friend" night. If you love a hobby, chances are you've been talking it up, and have captured the interest of your friends. Trying something new is daunting, but going with a friend removes the risk. It's more fun for the initial customer too – they now have someone else to go with, and it increases their longevity.

Of course, the company will happily sweeten the deal. Both the current customer and their friend get a benefit (i.e. a discount or bonus), and the company doubles their audience without wasting their marketing budget. **Win-Win-Win.**

Uber do this well – offering incentives for customers who sign up their friends. The existing customer gets a discount, as does their friend. Uber know that the new customer will take the offer seriously because it comes through a trusted source, and once they've tried it, they won't look back. They've done exactly the same thing with UberEats, using social proof to overcome that initial hurdle of placing the first order.

ING do this too – offering up to \$100 for both the referrer and their friend. \$200 sounds like a lot to acquire a customer, but ING know that **an incentivised customer becomes an evangelist** – and a relatively cheap one at that.



Popular = Low Risk

Your customers might not even want to make a decision. What if they get it wrong? For most large purchases, the upside is minimal, and the downside catastrophic. They'd rather someone else made the call.

IBM took advantage of this. The old maxim was *"Nobody got fired for buying IBM"*.

Not that they were the fastest, or the cheapest, or most innovative. Just that **lots of other people have chosen them**, and therefore **you will be safe**.

It's the same way holidays are pitched. Your family might only have one holiday a year, so you can't afford to get it wrong. So where do we pick?

The same places as everyone else – unoriginal and reliable. It's easy to look down on clichés, but they exist for a reason: people like knowing what they'll get.

Fear Of Missing Out

Also known as FOMO, this stems from the idea that everyone else is having fun except us. This fear makes us active, going to events we don't like or buying clothes we don't want, in order to avoid being the odd one out. Clever companies use this fear, creating targeted offers that highlight how you're not quite "part of the in-crowd".

Tourism Australia had *"Where the bloody hell are you?"*

Yellow Pages had *"Not Happy Jan!"*

Media companies use *"Only available on (Netflix/Amazon)."*

The message is clear – our offering is so popular; you might want to join us if you want to remain relevant.



Popular = Good

Some brands will use their sales statistics as evidence of quality. Channel 9 is currently advertising The Big Bang Theory as “Australia’s Favourite Comedy”.

As if to say it’s popular and therefore must be good.

There’s another term for this – Lowest Common Denominator. But I can’t imagine Channel 9 advertising that.

We believe there’s safety in numbers –

“A million people can’t be wrong!”

Of course, history shows that they can.

They used to use this approach to sell cigarettes.

We now have lots of emphysema patients.

That doesn’t mean it was a good idea to smoke.

Our minds can’t objectively process many of these claims.

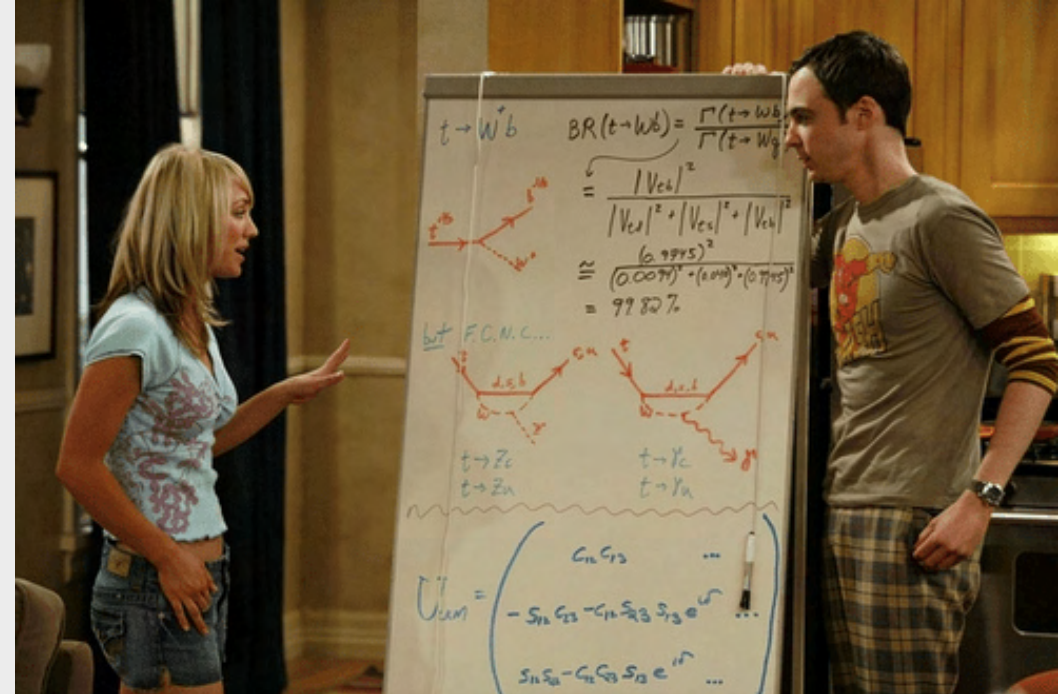
Fujitsu’s ads spend every summer calling themselves

“Australia’s Favourite Air”.

When did we vote on that? What was the question?

It’s ridiculous when you think about it.

But if you asked me to name three brands of air conditioner, Fujitsu are top of mind. They earned that spot by constantly telling me that they are our favourite.



AUSTRALIA’S FAVOURITE AIR™

Principles: Using Scarcity

Scarcity is intriguing – an ordinary product gains tremendous value, just because it is uncommon. How does that work? It turns out, there are two types of scarcity that can be used effectively, each with their own sets of trade-offs.

True Scarcity

Something can be considered truly scarce if there isn't much of it, and no more of it can be made.

For example, land in the city is scarce (especially in Melbourne), because no more can be created.

You can move further and further out of the city if you like, but there is a fixed amount of space within a certain distance of the CBD. Hence, an address in Collins St costs so much more than an address in the suburbs.

Paintings aren't scarce... until the artist dies.

There are only a certain number of Picasso's works, and no more can be created.

Anyone can own a print, but only a select few own an original.

Penfolds only release a certain number of bottles of Grange, which in turn boosts the value of each bottle.

This is magnified by time, as more and more of a particular vintage is consumed, the scarcer the market becomes for the remainders, pushing the value even higher.



This applies to services as well: an appointment with a medical specialist costs so much because there are so few specialists around.

A famous hairdresser can only perform so many cuts per day, so the value of an appointment increases as they become more and more well-known.

Popular cafes and restaurants have a queue out the door – and the owners love it.

Economics would suggest these places should expand their premises to accommodate more customers.

Behavioural economics however, knows that people love lining up – it's what makes the experience special.

It adds to the mythology, and boosts its reputation.

The scarce seating is a drawcard, not a drawback.

Artificial Scarcity

This is when a company has the ability to produce more of something, but **strategically chooses not to do so**.

This boosts the value of that item/service, as long as nobody changes the landscape.

Back in 2011, I was stunned to learn that people could invest in taxi medallions – the licence to operate a cab. I couldn't believe the price - \$500,000! My colleague was enamoured, since the government only issued a limited number, so each one became more and more valuable...

Until some pesky startup messed everything up with their vastly superior service that allowed anyone with a half decent car to get around the “rules”.

No more scarcity, no more Value Proposition for investors.

Diamonds are another great example – they're not actually rare. One company has a tight monopoly, buying all the available stones and then releasing a handful out to the market. If there was a higher level of supply (as is beginning to happen now), the value of diamonds would drop dramatically.

When I was growing up, the most valuable thing a kid could own was a Charizard Pokémon card. It was one of the most powerful cards in the game, and was quite uncommon. A good condition card went for \$40, which was an incredible amount at the time.

It was a piece of cardboard.

It cost exactly the same to make as any other foil card, but its rarity made it so much more valuable.

Imagine if they had put one in every box of cereal – everyone would have had one, making them almost worthless.



Pokemon Card 1st Edition Shadowless Charizard Ba

Condition: **New**

Price: **AU \$1,682.16**

[Buy It Now](#)

[Add to cart](#)

Best Offer:

[Make Offer](#)

[Add to watch list](#)

30-day returns

Longtime m

Pay only **AU \$1,598.05** [\[Show me how \]](#)

Postage: **AU \$14.02** Economy delivery from outside AU | [See d](#)

Item location: North Liberty, Iowa, United States

Posts to: Worldwide [See exclusions](#)

Delivery: Estimated between **Wed. 31 Oct.** and **Thu. 29 Nov.** €

Payments: **PayPal** | [See payment information](#)

Returns: 30-day, buyer pays return postage | [See details](#)

These two Value Propositions are compelling, but have their limitations. True scarcity works when you have a compelling story and the ability to create exclusivity.

For a customer to see serious value in an item, they need to tell themselves a story about the product and why it is special.

They need to know about Picasso's life, or the methodology behind a bottle of Grange.

They need to picture themselves in that suburb, and imagine the wonderful life they will lead as they embrace that area's stereotypes.

On the flip side, you can't continuously make more products/services without it dropping the value (and therefore the price).

Artificial scarcity is harder to sell, because there is no real shortage of supply. It stems from having a monopoly, and as we know, monopolies are both lucrative and delicate.

Take freemium services like Spotify, LinkedIn and Tinder.

The tech is there, but you've been artificially limited in what you can do for free. There is not a limited number of these features that everyone is fighting for: the company can create as many as they like. You're not paying for something rare, **you're paying for the convenience of having these once-scarce features.**

A business can control its sales (e.g. print more Charizards, issue more taxi medallions), but so can its competitors.



You can use the power of scarcity to increase perceived value. It might be through gradually releasing tickets to your event, making them perpetually close to being "Sold Out".

It might be by making your offerings more expensive – a price signal that will repel some customers but appeal to those with higher budgets.

It might be through restricting the amount of product that is available – abundance is suspicious, and having "only a few left" acts as a form of social proof.

Principles: Direct and Indirect Substitutes

Every entrepreneur needs to be able to articulate what their business is substituting for: either you're directly stealing market share from a rival, or you're indirectly stealing from someone outside of your industry.

Either way, customers have a finite amount of attention, time and money, so any new purchase is, in essence, a substitution. Therefore it is vital that we do two things:

- 1) Identify what our customer will be giving up – **what are they currently doing and why will they switch?**
- 2) Factor this into our Customer Journey – **where and when do we find them, and how do we best approach them?**

I find the easiest way to work out what you're substituting for is to look at a lot of other examples:

a bridge, a ferry and a tunnel do essentially the same thing – take people/cars across an obstacle. Choosing the wrong one can cost a city tens of millions of dollars.

There is a significant chance that autonomous vehicles don't just substitute our current cars, but instead substitute the concept of car ownership. Customers will pay for access to transport, rather than owning a vehicle that remains stationary for 90% of the day.



Henry Ford famously predicted his indirect substitution: *"If I'd asked customers what they wanted, they'd have said a faster horse"*.

We thought analogue radio would be substituted by digital radio, but that hasn't eventuated. Instead, all the functions of a digital radio have been outmatched by Pandora, Spotify, audiobooks, podcasts and smartphones.

Streaming services are becoming a substitute for TV stations, which is no surprise. The bigger surprise is that they are replacing TV studios, as they're now creating their own shows that delight viewers - deliberately designed to be binge-watched.

The train station magazine MX was substituted not by a competitor, but by WiFi. Given access to their favourite sites and pages, train commuters lost the need for additional entertainment on the way home.

Most forms of entertainment are indirect substitutes for one another. For example, watching live sport at the stadium vs at a bar vs at home. These also compete with cinema, theatre, stand-up comedy, restaurants, art galleries and live music.

Instagram has become a substitute for a number of magazines, especially those centred on fitness and celebrity gossip. It's also replacing traditional advertising channels, using ambassadors in ways that are more targeted and measurable than print or television.

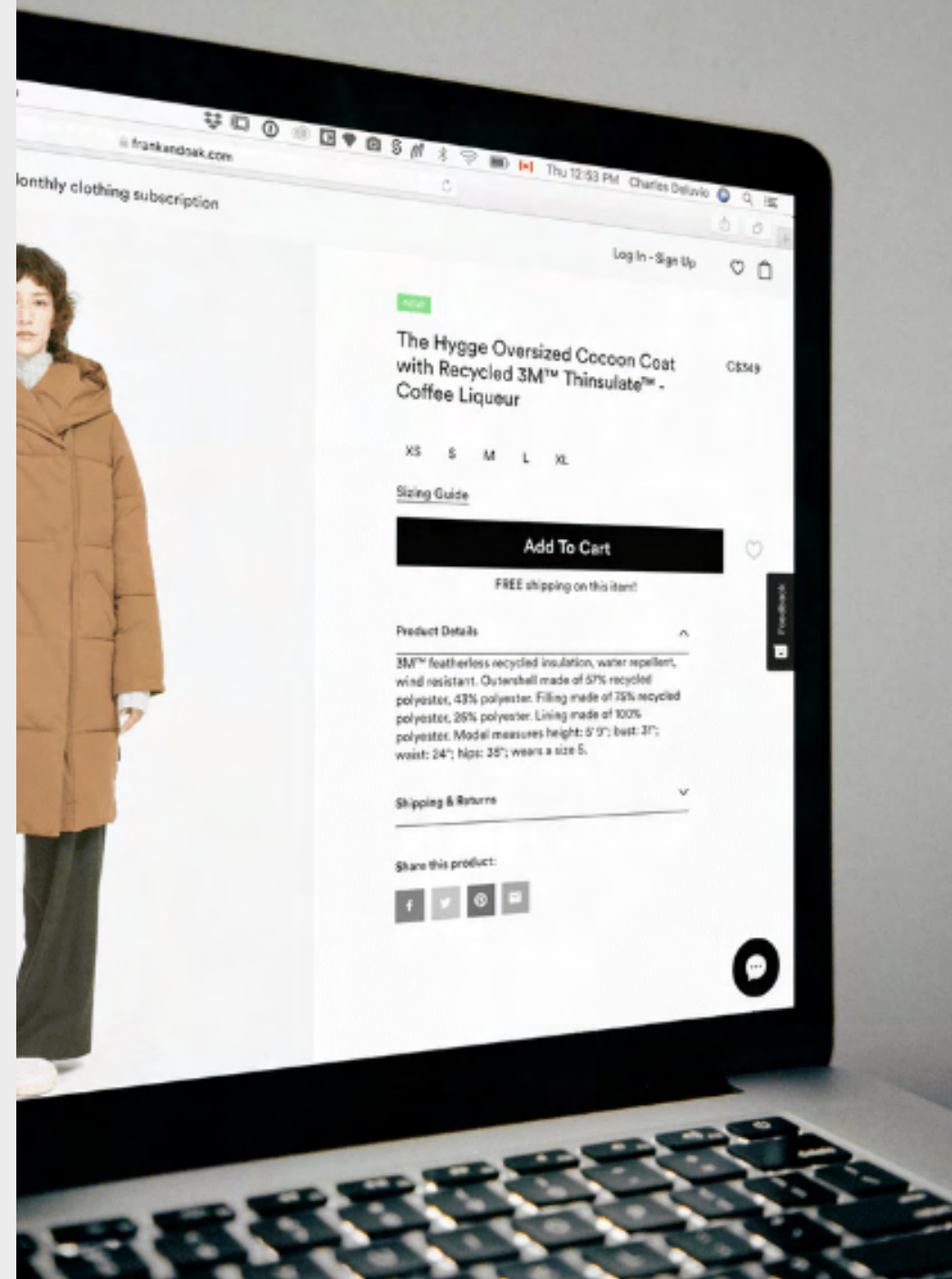
Interestingly, online shopping has only replaced some kinds of retail stores.

Amazon substituted for big box stores like Borders, but not boutiques like Readings.

ASOS substitutes for Myer, but not for Prada.

That's because they can substitute the product, but not the shopping experience.

It's not certain industries that are immune, but rather certain Value Propositions that are immune.



Digital cameras replaced film cameras, as was expected. What wasn't expected was the smartphone killing the digital camera just a few years later. It turns out, amateurs are happy with a built-in camera, and the more serious photographers want a DSLR.

Smartphones have also become a substitute for the alarm clock – we use our phone alarms rather than a standalone appliance, since our phones are always with us.

A lawnmower can be substituted by a range of options – Jim's Mowing, cobblestones, a goat, or even long grass. Sometimes the biggest competitor is that your customer decides to do nothing.

Co-working is replacing small offices – start-ups now jump from a co-working space straight to a mid-sized office of their own.

For large multinational companies, videoconferencing tools like Skype not only replace calls, but now replace international flights.

I take a few lessons from these examples:

- 1) Convenience trumps loyalty, and customers have short memories.
- 2) People don't think in terms of products, but in terms of improved lifestyles.
- 3) Mid-range offerings are more vulnerable than the ultra-premiums.
- 4) Ownership is less important than convenience.
- 5) Many people are just looking for "Good Enough".



Principles: Designing For Self-Interest

What is the lifeblood of every successful social enterprise? We'd like to think that the most important factor was "charity" or "ethics" or "intent" or "a shared vision for a better world". I'd argue the real answer is: self-interest. Social enterprises that work are the ones that are designed to keep each stakeholder happy.

Let's say it's a vegetable growing co-operative: farmers are happy because they'll receive higher incomes. Buyers are happy because they get better/closer/cheaper crops. Donors are happy because it ticks a tonne of their boxes, and is more cost-effective than the alternatives. Sponsor companies are happy because this fulfils one of their mandates, and is cheaper than handing out money every single year.

Everyone wins. Everyone is happy. Everyone looks noble on the surface. But each group has a deal-breaker, something which, if removed, would force them to withdraw from the arrangement. And funnily enough, **the deal-breaker generally isn't to do with the nobility of the project.**



The nice part is, these deal-breakers are predictable, and people will happily tell you what they are if you ask them.

- Farmers want cash crops they can actually sell
- Buyers want to fill gaps in their supply chain
- Donors want good stories and efficient impact metrics
- Sponsors want to keep communities happy

That's why social enterprise is so closely linked to the field of Value Proposition Design. To be successful in the long term, we need to solve a problem for each of our stakeholders; creating a gain or removing a pain.

Have a think about the social enterprises you know:
Are customers driven by the heart or by self-interest?

I buy Thankyou water because it's cheaper than Mount Franklin, Thankyou hand soap because it looks sophisticated and smells nice, and their hand sanitiser because I like the bottle.

We got rid of our social enterprise cleaners because they did a bad job and cut corners. It was a nice idea, it just didn't pan out.

I saw KeepCups for years and never wanted one because I didn't want to drink my coffee out of a plastic cup. Now I have a glass one and it's beautiful, so I use it daily.

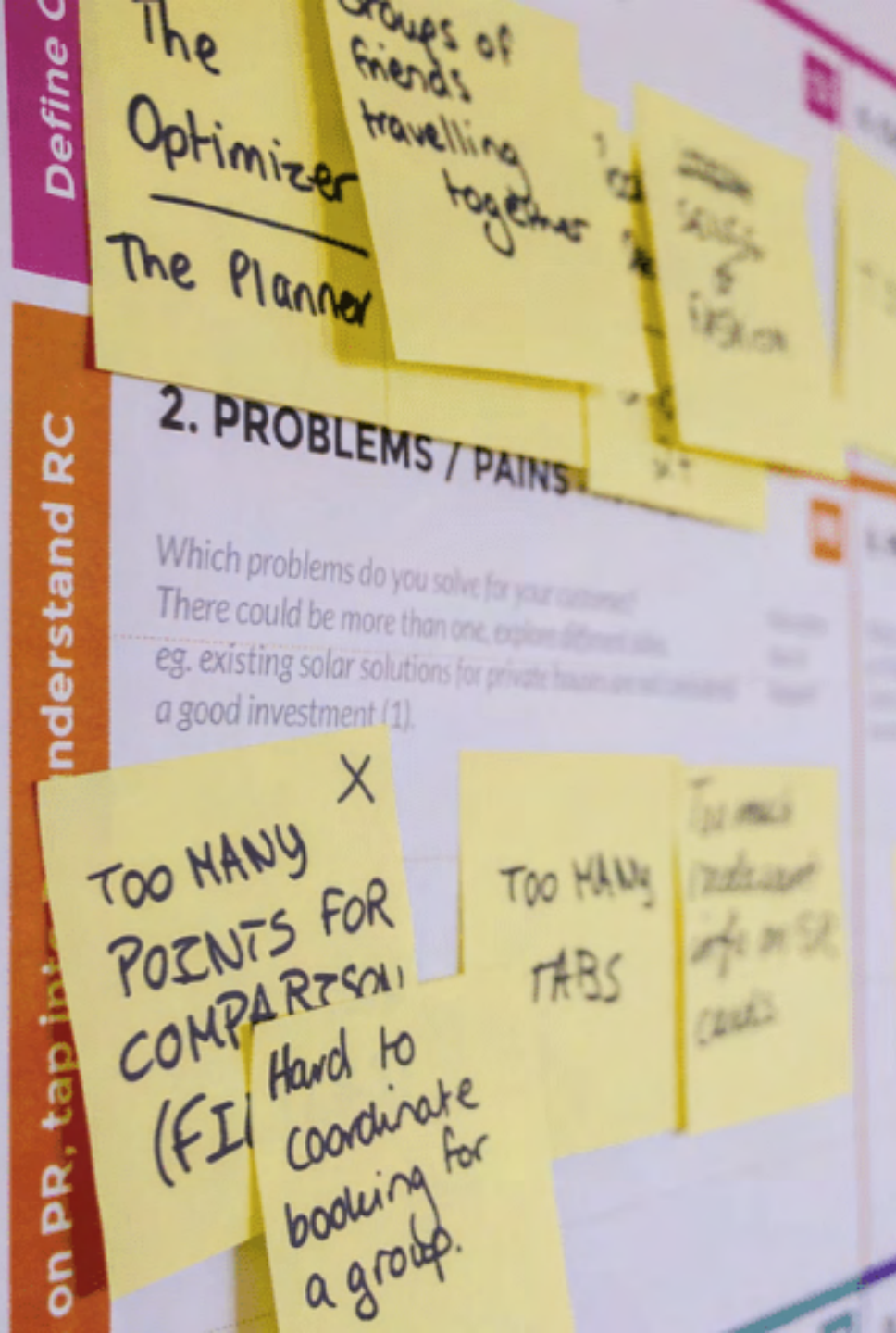
In our office we have a display of Who Gives A Crap toilet paper because it looks great. At home I go for a different brand because I can't be bothered ordering online, and because I think it's a better product.

Here's another way of looking at it:
to ignore the self-interest of your stakeholders is arrogance. Refusal to think about things from their perspective is short-sighted and inconsiderate.



People do not “owe you” because you’re building something socially positive. I haven’t seen many examples of this approach working in the long term. It does at first, because nobility, agreeability and personal favours can generate some initial momentum. But when times get tough (and cash flow becomes an issue), your stakeholders will drop the non-essentials in order to preserve what is most important to them.

If you want to stick around, design your social enterprise with Value Propositions that cater to their interests as well as yours.



“Innovation is hard because
*‘solving problems people
didn’t know they had’*

and

*‘building something no one
needs’*

look identical at first.”

Testing Your Value Propositions



We know our customer, and what we think they're looking for. We crafted an offer, hopefully it excites them. Now what?

The next stage can be confronting, because it can't be done from the comfort of an office.

It has to be done... out in the real world.

Steve Blank put it best: *"There are no facts in the building, so get the hell out there and talk to customers."*

That's because the next step is to check our assumptions – as cheaply and quickly as possible.



Right now, there are three possibilities.

We're spot on, and customers love the offer.

We're dead wrong, and customers hate or ignore it.

We're close, but customers think it's not quite worth it.

It's vital that we find out which case we're in.

If it's the first case, then testing reassures your team, and will help you pitch for investment.

If it's the second case, then we've been saved a lot of money stress and embarrassment.

If it's the third case, then we've been given an opportunity to tweak the product, message or price, to better capture our customers' interest. Either way, **testing is your friend.**

What are we testing?

We're first checking to see if our guesses about our customers' jobs, pains and gains were right.

Do our customers feel frustrated?

Are they focused on different issues and obligations?

Is the problem viewed as a gain or a pain?

Secondly, we're checking to see if our messaging is getting through. Do our customers make the connection between the feature and the benefit?

Thirdly, we're looking to see how they respond to the price point. The price tag is the best test of value proposition. This isn't about saying *"Our customer would love this gain..."* but instead *"Our customers would be happy to pay \$27 for this gain"*. They may want the Value Proposition, but not at any cost.

Crowdfunding does this really well. People will tell you they love you and your idea. The test is: will they pre-order it?

Do they love it enough to hand over their money?

This is where you get pure honesty. If they like the concept and won't pay the asking price, you know the value proposition isn't strong enough (or they're not your real customer).

Maybe we go back to the whiteboard, and see if we can make the offer even stronger, or try to address a different pain/gain. Yes it's disappointing, but we've also been spared a lot of frustration and money.

Your job is not to "create demand", but to respond to the demand that already exists. If you have to twist your customers' arms, you've either got the wrong customers or the wrong offer.



There are two good ways of creating new Value Propositions:

1. Keeping your current product/service, and brainstorm new customers who might have relevant pain points.
2. Keeping your current customer, and brainstorm new products and services that solve a problem for them.

Think of Netflix switching from DVDs to online streaming.

McDonald's launching their custom burger range.

Amazon selling e-readers as well as books.

Uber Pool & Black being pitched at different parts of the market.

Tesla going from luxury to affordability.

Then think about Kodak ignoring their customers' changing needs.

How Nokia valued complexity over design.

Arnott's thinking that people wanted Shapes to change their recipe.

Coca-Cola misreading customer interest in Stevia.

Masters assuming that customers had problems with Bunnings.

It can feel strange to put it into words, but it's a useful process to clarify why you're testing your Value Proposition. It creates clarity for your team, your investors, and most importantly, yourself.

Right now you're coming up with a tonne of reasons as to why you don't want to do a test. That fear, that hesitation, that nausea, all of it is exactly why you need to do it.

This is a gentle environment to learn harsh lessons, and a great way to build momentum and customer insights.

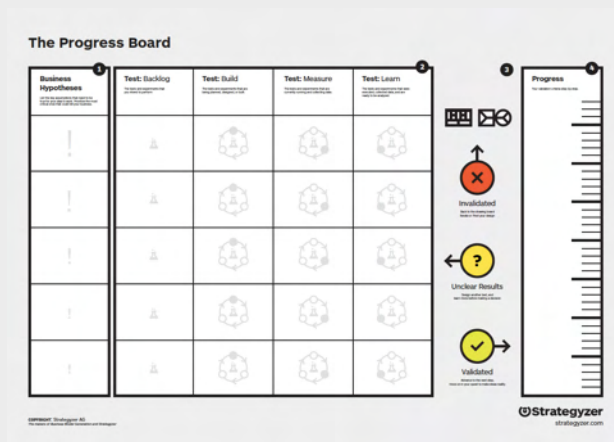
Best of all, these tools are free and testing is cheap.

You'll either have a win or an "A-Ha!" moment.

Now get the hell out there and talk to customers.



Tools For Value Proposition Design



Test Card Strategyzer

Test Name: _____ Deadline: _____

Assigned to: _____ Duration: _____

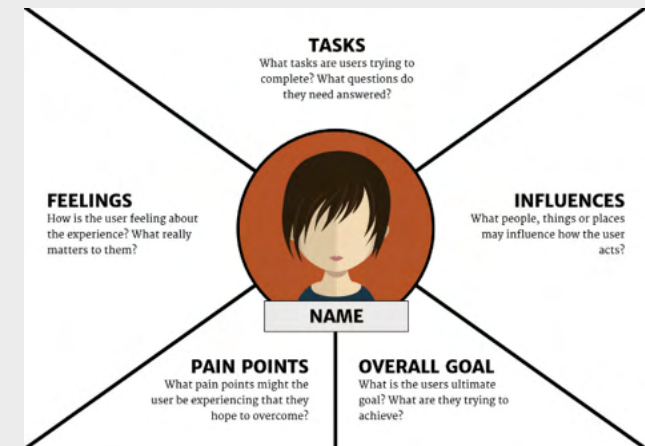
STEP 1: HYPOTHESIS
We believe that _____
Critical: ▲ ▲ ▲

STEP 2: TEST
To verify that, we will _____
Test Cost: _____ Data Reliability: _____

STEP 3: METRIC
And measure _____
Time Required: _____

STEP 4: CRITERIA
We are right if _____

Copyright Business Model Foundry AG The makers of Business Model Generation and Strategyzer



Strategyzer Progress Board

This chart helps keep track of your tests, as well as the various hypotheses that must be proven in order for your business to succeed.

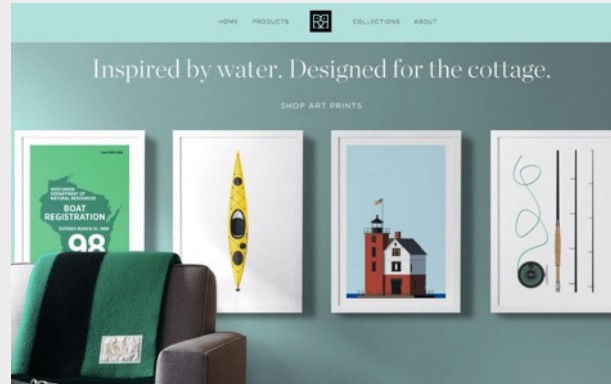
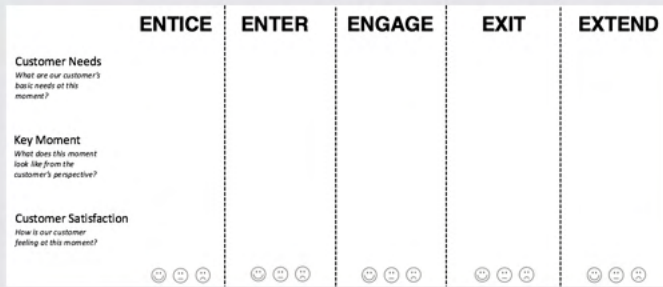
Strategyzer Test Card

A single page that asks you four questions before you run each test. This will help you stay on track and identify if there's a genuine opportunity.

Persona Maps

Visual diagrams of your various customers, how they think and what they focus on each day. These help create empathy and allow you to craft more personalised offers that will help with their daily lives.

CUSTOMER JOURNEY CANVAS



Customer Journey Maps

These charts help you identify the process customers go through in buying your products and services. You'll spot opportunities to improve their experience and remove the barriers that prevent people from finalising a sale.

One Page Websites

Simple landing pages that track how many prospective customers saw your offer, and records how many clicked on a button to learn more. They also add legitimacy to your new idea.

Shadow Tests

Creating "Buy Now" buttons that collect the details of interested customers. No money changes hands, they just highlight the true level of market interest in your concept.



Customer Interviews

Gathering insights about what really drives your customers' decision-making process, these often prompt new ideas for products and services.



Crowdfunding Campaigns

The chance to turn interest into dollars, and to see how many of your fans are willing to pay for what you're selling. These can save you a lot of stress and money, even if they're unsuccessful.



Prototypes

Creating a tangible offer to show prospective customers, drawing out more honest (and unexpected) feedback. You can even have a trial run in other people's stores, to see how retail shoppers engage with your product without the expense of rent and fitout.

Great Books

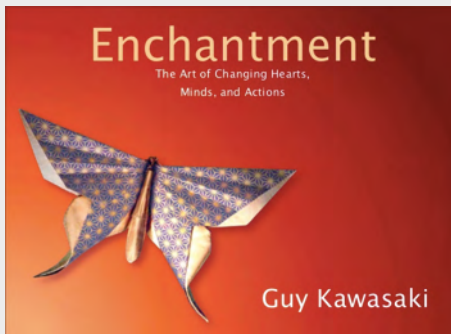


Value Proposition Design – Strategyzer

This book introduces the Value Proposition Canvas, a tool for mapping out customer preferences and the pain relievers/gain creators that may delight them. The second half of the book covers the testing process, with lots of useful tips for designing effective experiments.

Hacking Growth – Sean Ellis and Morgan Brown

A hefty manual on how to run proper growth hacks – small experiments that incrementally improve your sales. Over time, these add up to create impressive revenues, and prevent you from wasting your marketing budget on ineffective campaigns.



Enchantment – Guy Kawasaki

Guy stresses the importance of creating magical customer experiences, which create loyalty and repeat business. Lots of good examples, it's great inspiration for thinking about new ways to surprise and retain your customers.

A Beautiful Constraint – Adam Morgan and Mark Barden

A wonderful book for spotting new opportunities, especially the “Can-If” framework. Full of great stories and intriguing questions.



Ask Isaac

Creating a compelling Value Proposition is not a linear process, nor is it easy. Sometimes you need a friendly outsider to help separate the gold from the distractions.

If you'd like some help, please send an email to isaac@isaacjeffries.com.

I run workshops, strategy days, and am an advisor to a range of businesses and entrepreneurs.

You can also find a wide range of helpful articles at isaacjeffries.com and even sign up to my newsletter, where I send out links to eBooks and resources (like this one).

Thanks for reading this guide, I hope you use it to build something remarkable. Please let me know which examples and principles you found useful, I'm always keen to refine my teaching.

