



Stanford eCorner

Mapping Customer Pains to Value Proposition

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Business model innovator Alexander Osterwalder lays out reasons to map a product or service's value proposition with the actual pains customers face. Using building blocks from his business model canvas framework, Osterwalder maps the relationship and discusses, with interviewer Steve Blank, how value is created.



Transcript

If you take here.... Yeah. ...the value proposition, you take the customer segment.... Yeah. ...and you look at the fit here, right? That's it. And, you take this.... Yeah. ...you blow it up like a magnifying glass. Okay. And, you start explaining why do you think this product or value proposition has a reason to be.

Why does that fit with the customer service, okay? Okay, why? So, let's draw this up here. Let's do a little test. Can you see - can you guess what this is? Can you guess what this is? A gift. It's a Tiffany Box. That's the best you can do? It's a value proposition. Can't you see that? Hey, look, come on, here, right? It's a value proposition. Let's try again. Okay, what is this? Customer segment. Customer! Exactly! Great! Okay, you won some chocolate; I have chocolate with me. So, what you basically want is a fit between the two, right? So, we already had that.

Okay. But, where it gets interesting is, if I have a visual map to start sketching this out and understanding it better. So, let's look at the customer segment first. First thing we want to do is we want to ask ourselves what jobs is this customer trying to get done. What do you mean by jobs? It means if there's a - if you're a web retailer and you want to sell salads to mothers, what is it you're trying to get done? Well, probably if it's a working mother, she wants to buy groceries in the most efficient way with losing the least time.... Absolutely. ...and all those kind of things. So, she's not buying salads; she's actually trying to solve her problem. She's trying to solve her problem and you're going to sketch out all those jobs that she's trying to get done. Got it.

Then you want to dig deeper and you want to ask yourself, well, what are the pains and the gains that she has here. So, you want to start sketching out here the pains. What are her pains when it comes to buying salads, right? Oh, there's a long line in the store, when she's finished from work, and so on. What are all the pains? And, then you want to sketch out what are the gains. She wants to have healthy food; that would be a gain; all those things that you learn in the market by talking to her, customer development, right? So, on this side, we observe everything around the customer segment, okay? So, we can start maybe with a hypothesis but we can even start with talking to customers. So, then we've figured out everything around the customer. Okay. Now, we want to look at what are we offering as a response? So, we're going to look at the left hand side, and let me use a different color here. So, again, we're talking about the value proposition here, okay? And, a value prop, is that my product? We try to avoid any type of buzzword in the canvas, right? Right. Probably the last one that survived is the value proposition.

Right. So, the value proposition could say, it's the offer, and the offer is composed of products, services, and if you're doing a software or web product, well, you could say even its features. Okay. We use the word features, alright. Wow! Now, you haven't yet described how your products and services.... Yeah. ...fit or relate to the jobs and the pains and the gains. Couldn't we just call those benefits or something or...? We could call these benefits over here. Yeah. Now, you want to describe how

exactly you're creating value, how exactly you're creating benefits for the customer.

So, the first thing you want to do is you want to describe how your products and services are. Can you figure out what this is? Let's try it again. What is this? It's not coffee, come on. It's a painkiller. You can see that, right? It's right beside here, pains, painkiller. So, you want to sketch out what are the painkillers, buying online in efficient ways so you don't have to stand in line. So, the last one is over here you start sketching out the gain creators. Now, this is just another canvas to zoom in, into one part of the business model; most importantly is you need to get both right. It's not just this; it's both together.