
The Value Proposition



Agenda

- Definition of Value Proposition
- Use of Value Proposition and Origin
- Creating your own Value Proposition
 - Critical components
 - Ineffective value propositions
- Develop Value Proposition for L-RAMP

Value Proposition

“A brand’s value proposition is a statement of the functional, emotional, and self-expressive benefits delivered by the brand that provide value to customers in the target segment. A balanced value proposition is the basis for brand choice and customer loyalty, and is critical to the ongoing success of a firm.”

(O’Guinn, Allen, Semenik 4E, p. 234)

What is a Value Proposition?

- Identifies
 - *target market*
 - *key benefits*
- Explains
 - *cost and benefits*
 - how that *combination is superior* to other choices
- A value proposition is NOT
 - a mission statement
 - an elevator pitch
- = A sales pitch; Unique Selling Proposition

Use of Value Proposition

- Originated in Private sector -
 - customer segment and core differentiation
 - positioning as influence on the buying decision.

Example:

- Dell Computers

- 1990s - Social Sector

- Why donors/funders/investors would want to part with their money in exchange for a specific product or service

Example:

- SMM irrigation pump in East Africa
 - recoup investment in one year, doubling total annual income.
 - Increased nutrition, education and business investment

Creating your Value Proposition

Asserts the
VALUE of the
offering

- For:** List **target customers or beneficiaries**. Group them and ultimately define **THE** customer or beneficiary.
- Who:** Define the **need or opportunity**. What is critical issue?
- The:** Name your product, service or concept. Place the product, service, or concept into a generally understood category
- That:** Quantify the **benefits** of the product, service, or concept. Identify the single most compelling benefit

POSITIONS
the value

- Unlike:** List the **competitors** and competitive alternatives –
- Our:** **Differentiate** the product, service, or concept. Set it apart from the competition.



Example: IDE India

For: small scale rural farmers using surface irrigation

Who: lose over 50% of usable water to surface runoff annually

The: IDE-India low-cost drip irrigation system is an advanced irrigation device

That: inexpensively and completely eliminates water loss from surface irrigation

Unlike: currently used, expensive and large-scale drip systems

Our: product is a customized, modular and scalable system that consistently reduces water loss and increases farmers' yields

For: List **target customers** or beneficiaries.

Who: Define the **need or opportunity**, i.e. what critical issue for customer or beneficiary?

The: Name the product or service or concept and place the product, service, or concept into a generally understood category.

That: Quantify the **benefits** of the product, service, or concept. Identify the single most compelling benefit

Unlike: List the **competitors** and competitive alternatives

Our: The primary **differentiation** of the product, service, or concept.



Sample Value Proposition

Arravind Eyecare System

- For the millions of people in India with cataract blindness, the Aravind Eye Care System provides diagnosis, treatment, and post-operative care with a 100% safe, 90% chance of cure, and free for those who cannot afford to pay the approximately \$300 cost (which is less than 1/10 of the cost of comparable care)

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- Unlike:** List the **competitors** and competitive alternatives
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Ineffective Value Propositions

Ineffective Value Propositions do not:

- clearly identify the benefits or the beneficiary.
- identify the problem being solved or why the problem is important.
- differentiate the organization from the competition.

- Examples:
 - “We offer training classes in a wide variety of areas”
 - “Our product improves communication and morale”

Make your Value Proposition Come Alive

Evidence and Quantification makes your value proposition more *persuasive* and *credible*

- Useful tools:
 - Experience for the customer/client/beneficiary
 - Experts add depth and credibility
 - Examples

Implementing the Value Proposition

- Communicate it to all functional areas in the organization
- Build buy-in and commitment across the entire organization
- Allow for continuous improvement and evolution

Create your Own Value Proposition

For: List **target customers or beneficiaries**. Group them and ultimately define **THE** customer or beneficiary.

Who: Define the **need or opportunity**. What is critical issue?

The: Name the product, service or concept and place the product, service, or concept into a generally understood category.

That: Quantify the **benefits** of the product, service, or concept. Identify the single most compelling benefit

Unlike: List the **competitors** and competitive alternatives –

Our: **Differentiate** the product, service, or concept. Set it apart from the competition.

Remember, your value proposition must:

1. Clearly identify the benefits or the beneficiary.
2. Identify the problem being solved or why the problem is important.
3. Differentiate the organization from the competition

