

USHCC Certificate Workshop

DOES YOUR CUSTOMER KNOW THEIR CUSTOMER: MARKET SEGMENTATION AND POSITIONING

Lightning Round

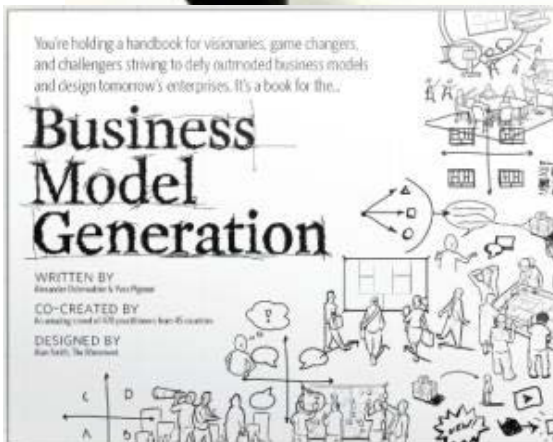
- Put your name on white paper if you want to share
 - Your Program (relevant, meaningful)
 - Best Practices
 - A Success
 - A Failing (that you learned from)
 - An Insight
 - Resources



Review from yesterday

- Business Model Canvas
 - How did you do? What questions came up as you worked through the canvas?
 - Box: Using the business model canvas and lean start-up method to examine a product or program (See PDF from FIELD)
 - Collective and fee in free out examples

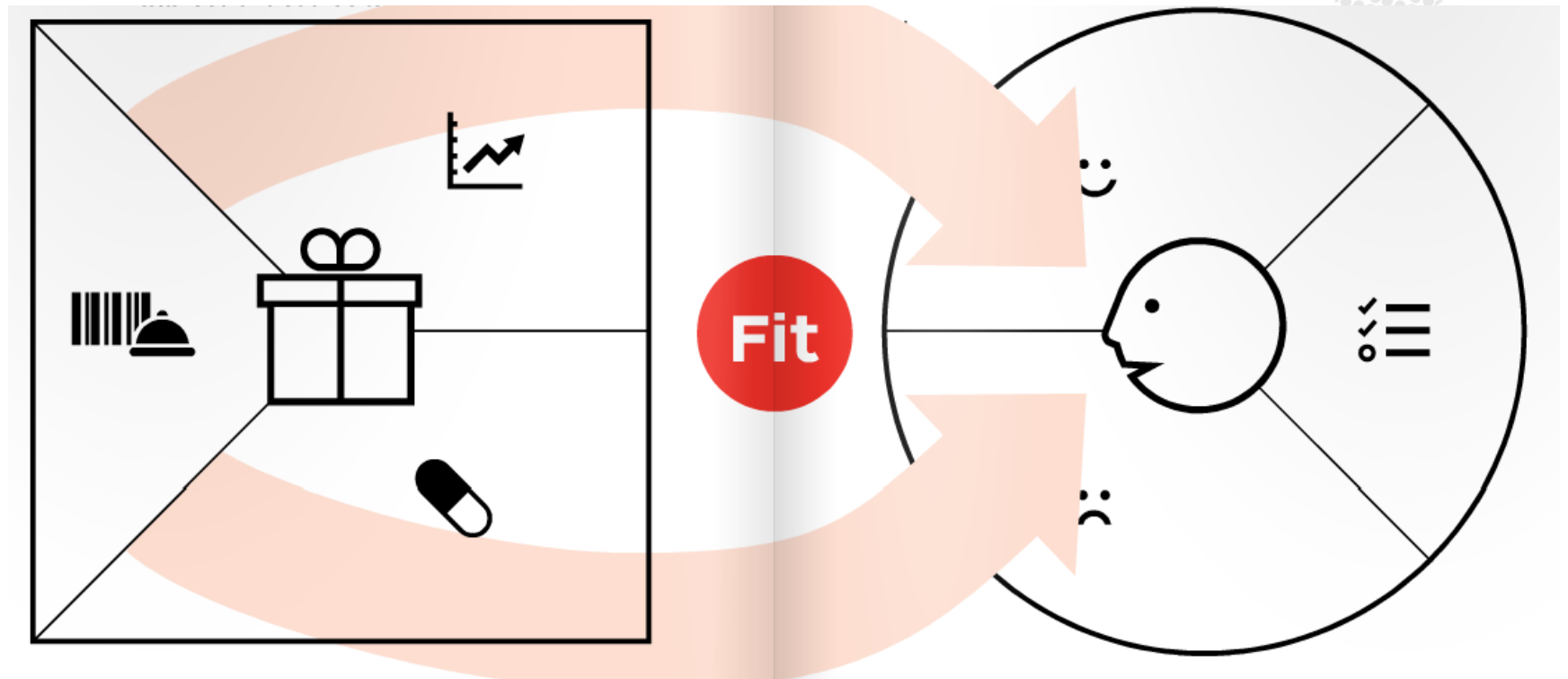
Business Model Canvas



Value Map



Customer Profile



What is the single necessary and sufficient condition for a business?



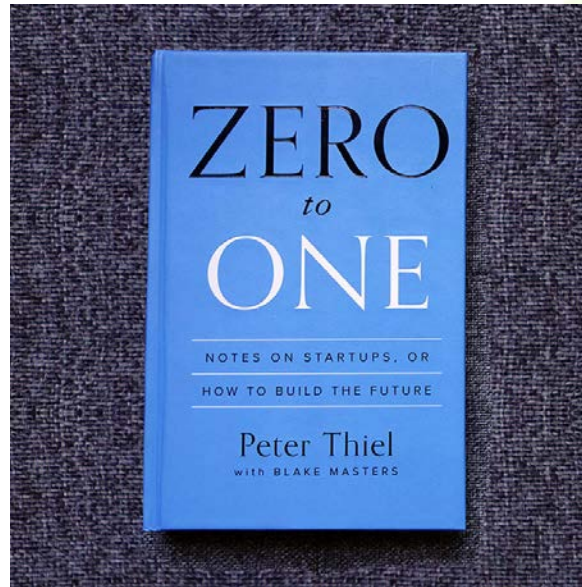
**Why is
innovation
such a
challenge?**



Breakthrough Innovations

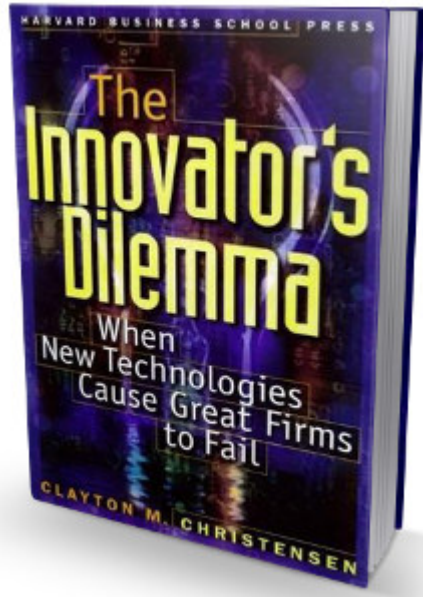
Is it
different?

Will it make
a difference?



If Fred Smith
would have
tried to fix the
post office,
he wouldn't have
created FedEx





The Growth Trap and Cognitive Inertia



Kodak

Breaking Through...

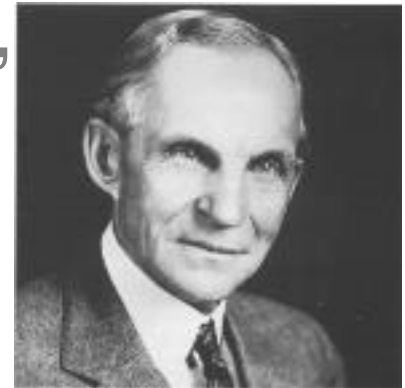


Prime



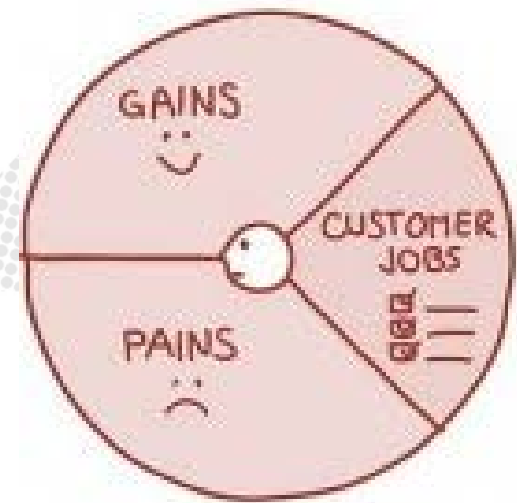
Envisioning unmet needs...

- Requires empathy
- “You’ve got to start at the user experience and work back to the technology”...who said that?
- “they’d have said a faster horse...”



So What's Next?

We need to dig further...



- How are we empathizing with our customer?
- How do we satisfy a customer's pain and/or provide gains for our customer?
- What jobs are they trying to accomplish?
- How do they currently accomplish them?
- Why are these alternatives not satisfactory?

High Value Jobs

Customer jobs describe what customers are trying to get done in their work and in their lives, as expressed in their OWN words.

Important



- Does failing the job lead to extreme pains?
- Does failing the job lead to missing out on essential gains?

Tangible



- Can you feel the pain?
- Can you see the gain?

Unsatisfied



- Are there unresolved pains?
- Are there unrealized gains?

Lucrative



- Are there many with this job, pain, or gain?
- Are there few willing to pay a lot?

Source: Value Proposition Design

Customer Pains – Some Trigger ?

- How do your customers define too costly? Takes a lot of time, costs too much money, or requires substantial efforts?
- What makes your customer feel bad? What are their frustrations, annoyances or things that give them a headache?
- How are current value propositions underperforming for your customers? Which features are they missing? Are their performance issues that are annoying?
- Social consequences? Feared risks? What's keeping them awake at night? What barriers keep your customers from adopting a value prop?

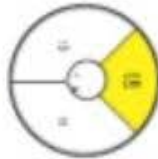
Customer Gains – Some Trigger ?

- Which savings would make your customers happy? In terms of time, money, and effort?
- What would make their jobs or lives easier?
- What positive social consequences do your customers desire? What makes them look good? Increases their status?
- What are your customers seeking most? Good design, guarantees, specific or more features?
- What current value props delight your customers? What specific features do they enjoy?
- What do your customers dream about?

Customer Validation Evidence

Job importance

Rank jobs according to their importance to customers.



+
Important



Insignificant



Pain severity

Rank pains according to how extreme they are in the customers' eyes.



+
Extreme



Moderate



Gain relevance

Rank gains according to how essential they are in the customers' eyes.



+
Essential



Nice to have



Value Map

- Products & services provide a list of what you offer...think of it as all the items your customers can see in your window
- Pain relievers describe exactly how your p/s alleviates specific customer pains
- Gain relievers explicitly outline how you intend to produce outcomes or benefits that your customer expects, desires, or would be surprised by

Kidogo

Kidogo is a Social Enterprise that Improves Access to High-Quality, Affordable Early Childhood Care and Education in Informal Settlements

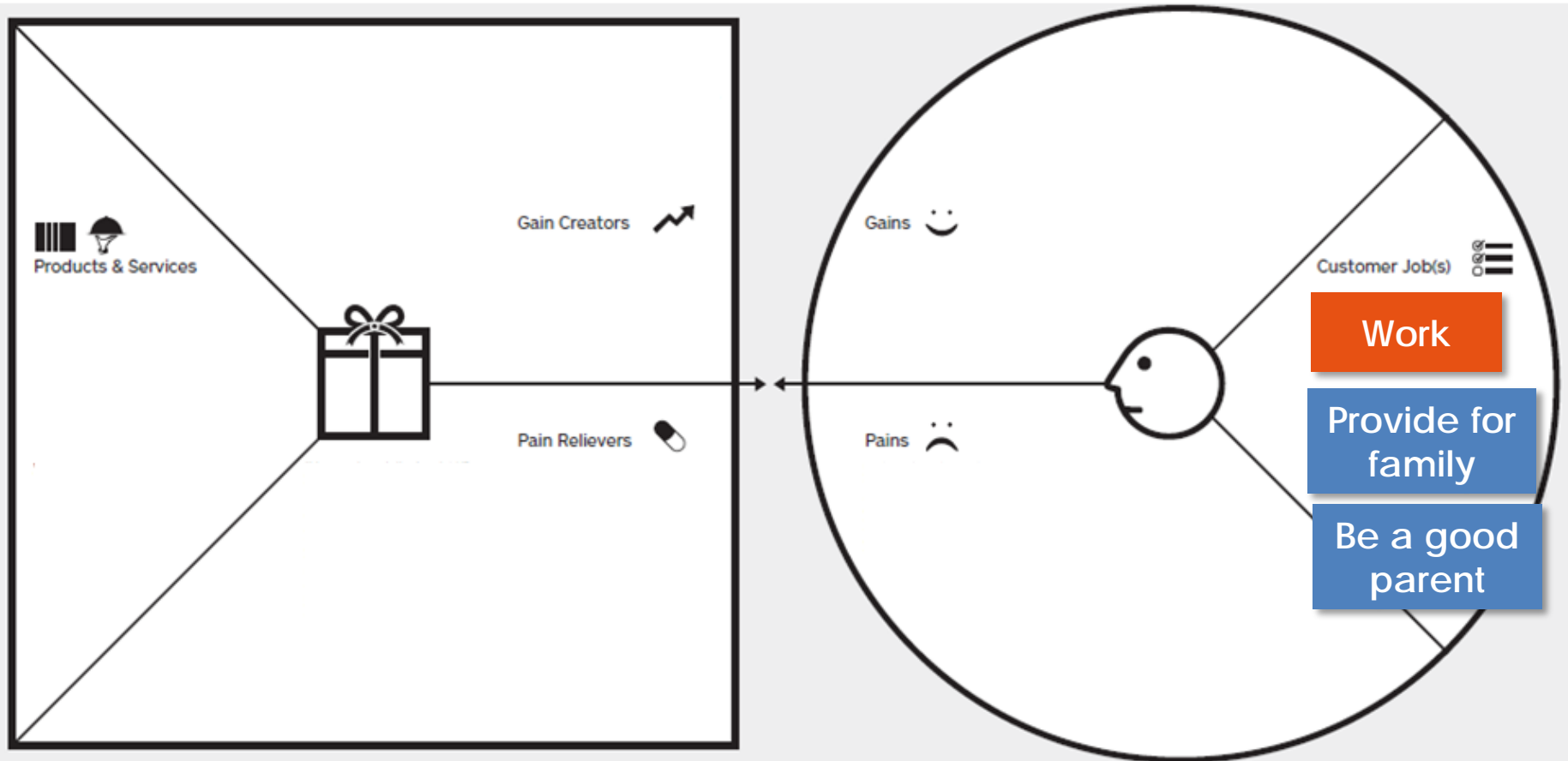
- What are the assumptions behind this value proposition?
- How can you validate the assumptions?
- Get out of the building exercise... potential customer interviews



VALUE PROPOSITION CANVAS

Product

Customer



Copyright Business Model Foundry AG
The makers of Business Model Generation and Strategyzer
Produced by: www.strategyzer.com

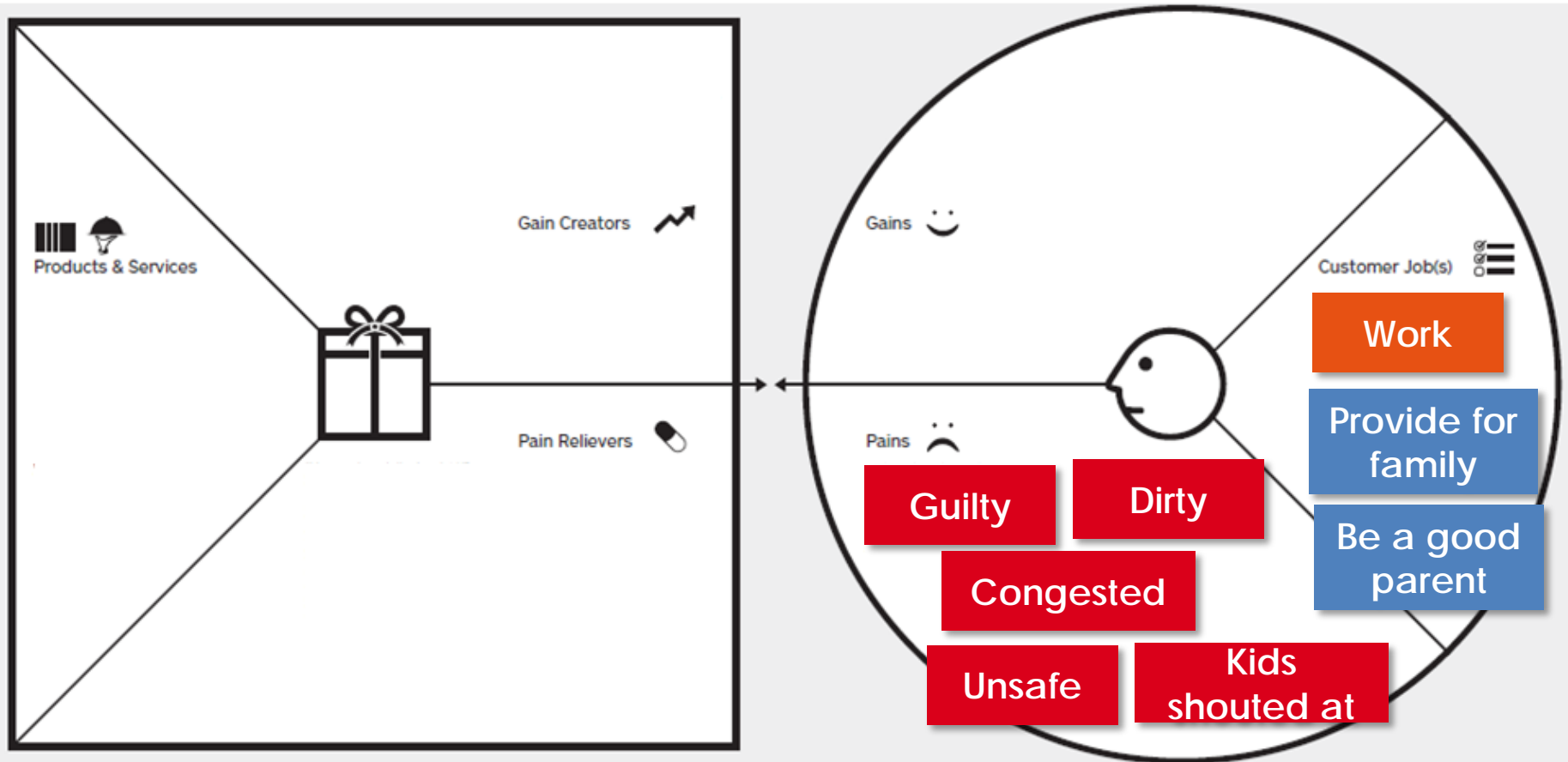
 **Strategyzer**
strategyzer.com

Team name: **Kidogo**

VALUE PROPOSITION CANVAS

Product

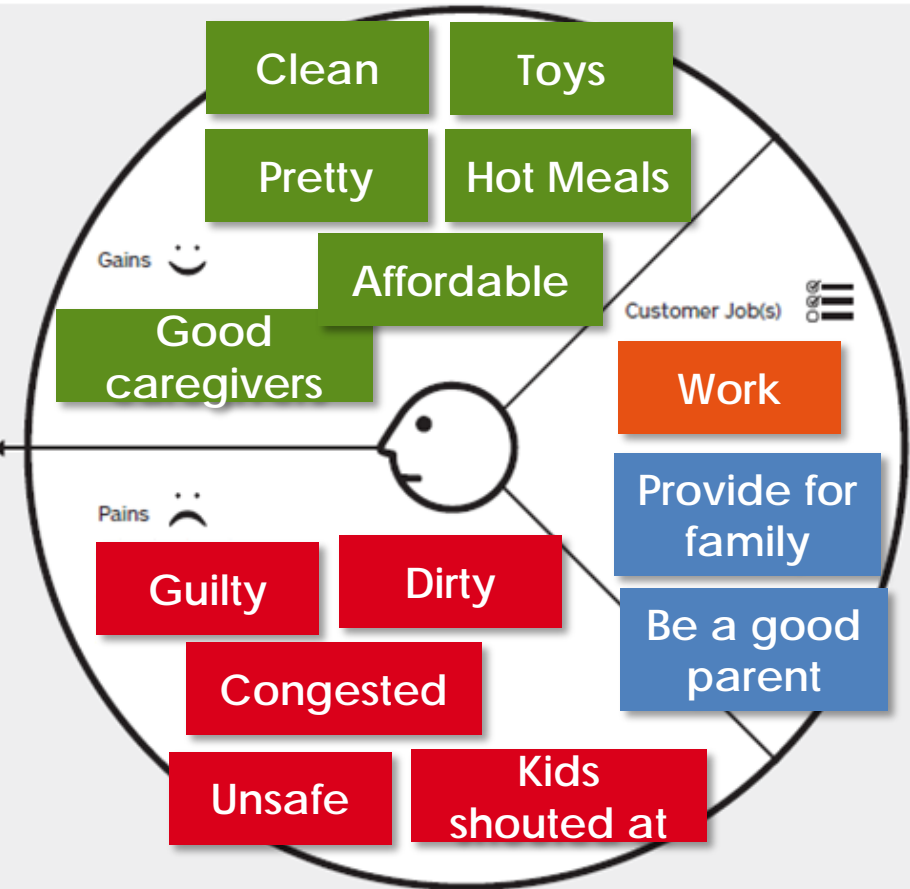
Customer



VALUE PROPOSITION CANVAS

Product

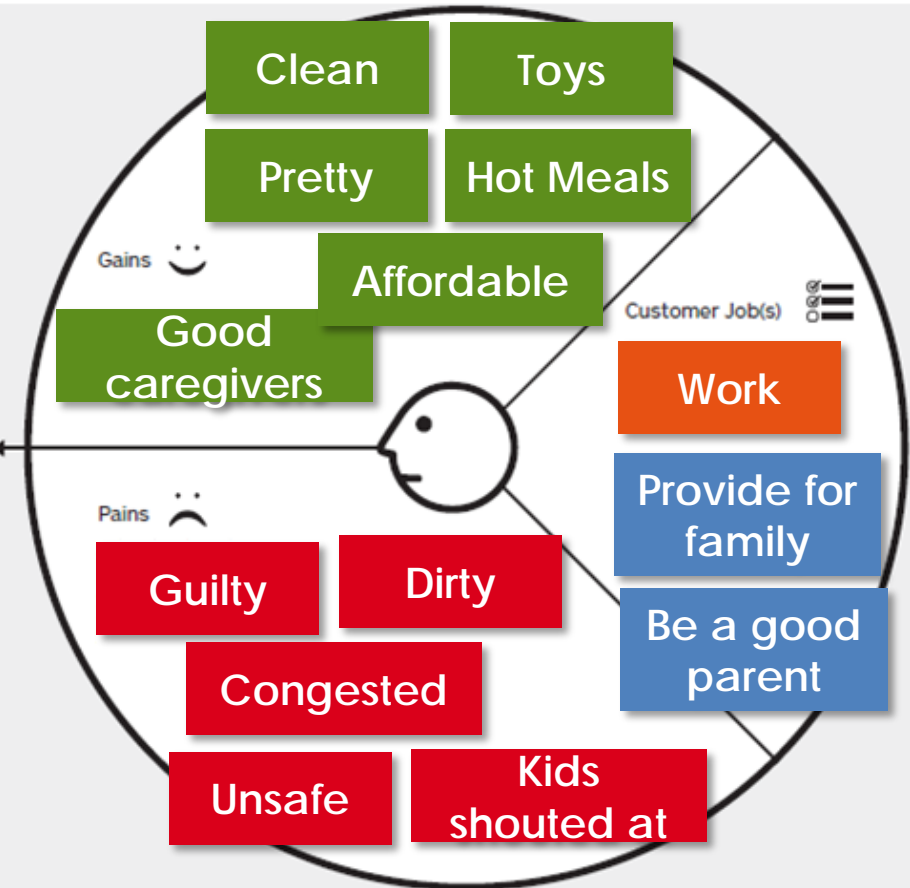
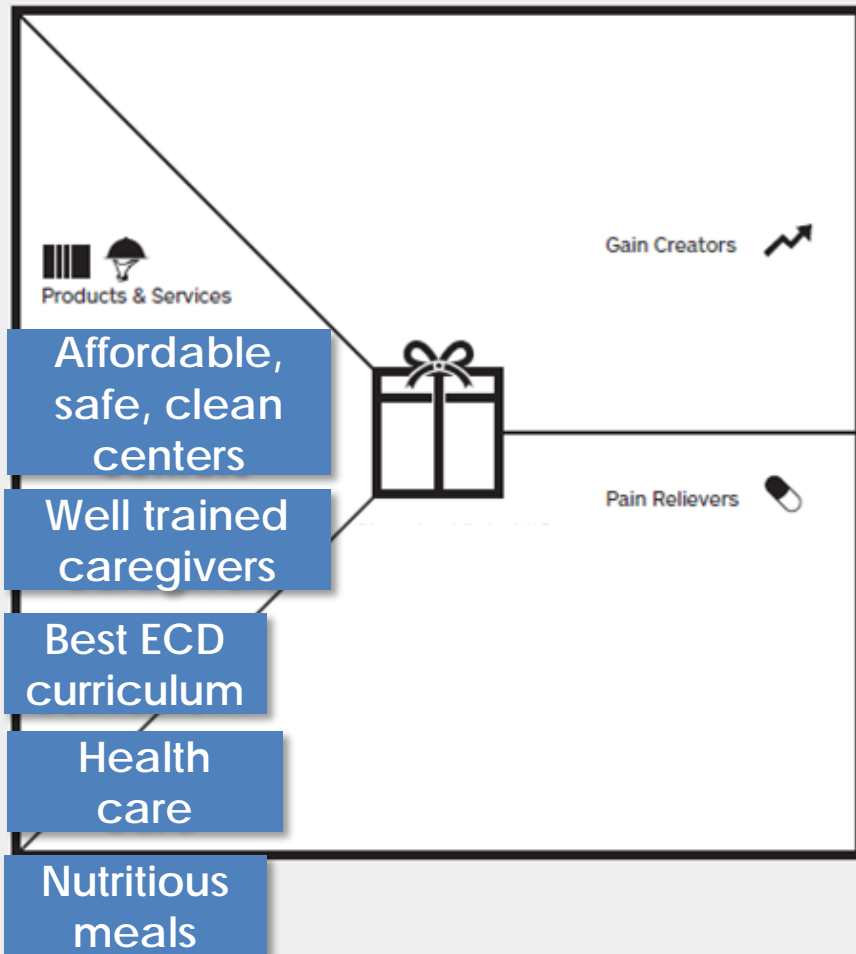
Customer



VALUE PROPOSITION CANVAS

Product

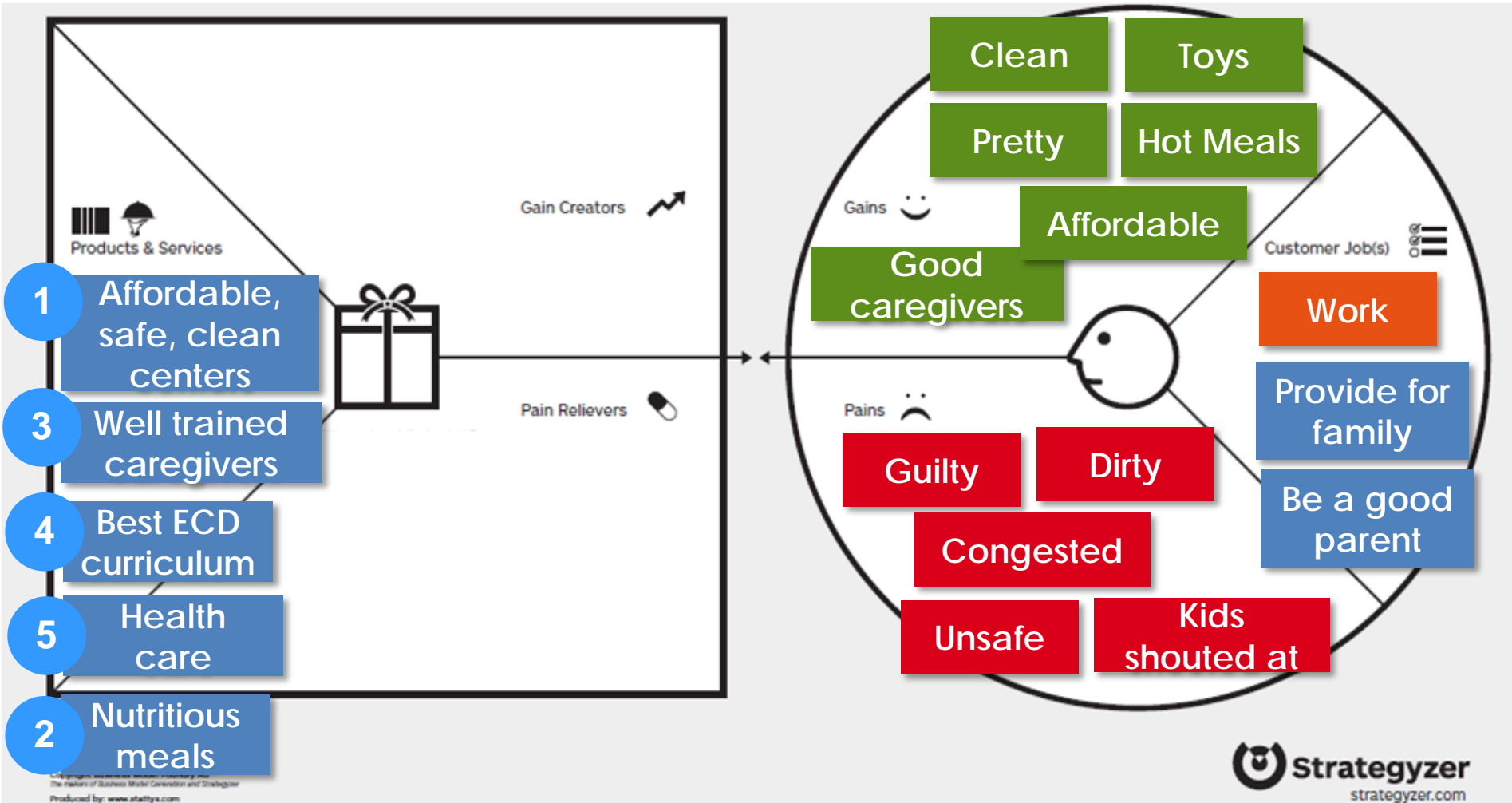
Customer



VALUE PROPOSITION CANVAS

Product

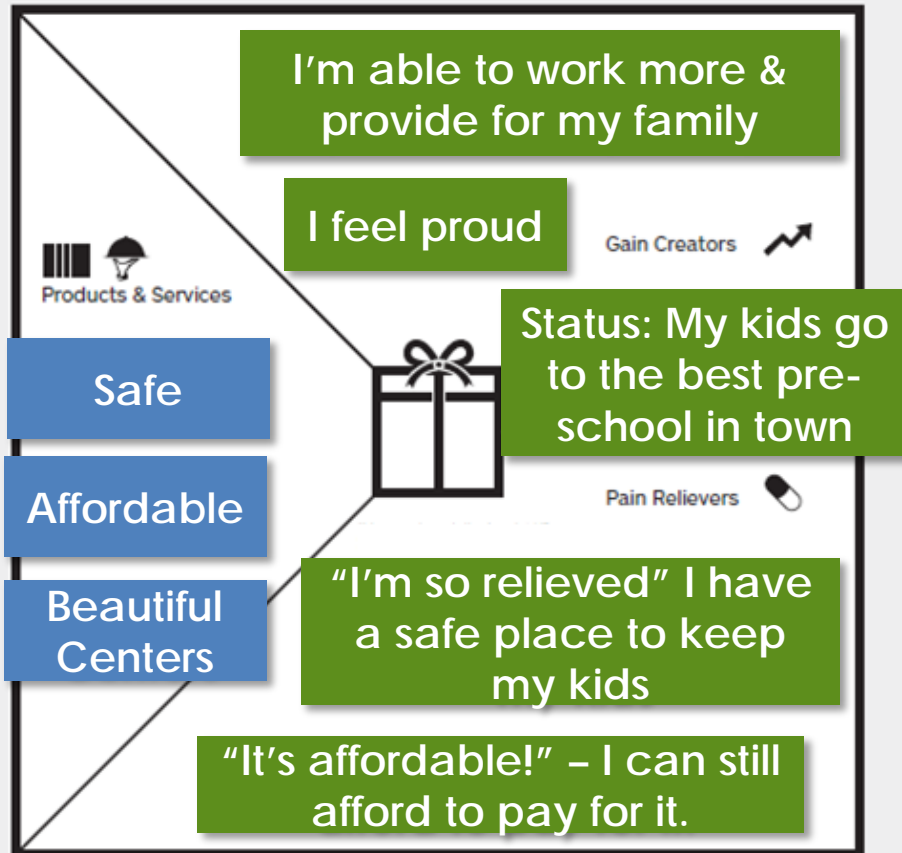
Customer



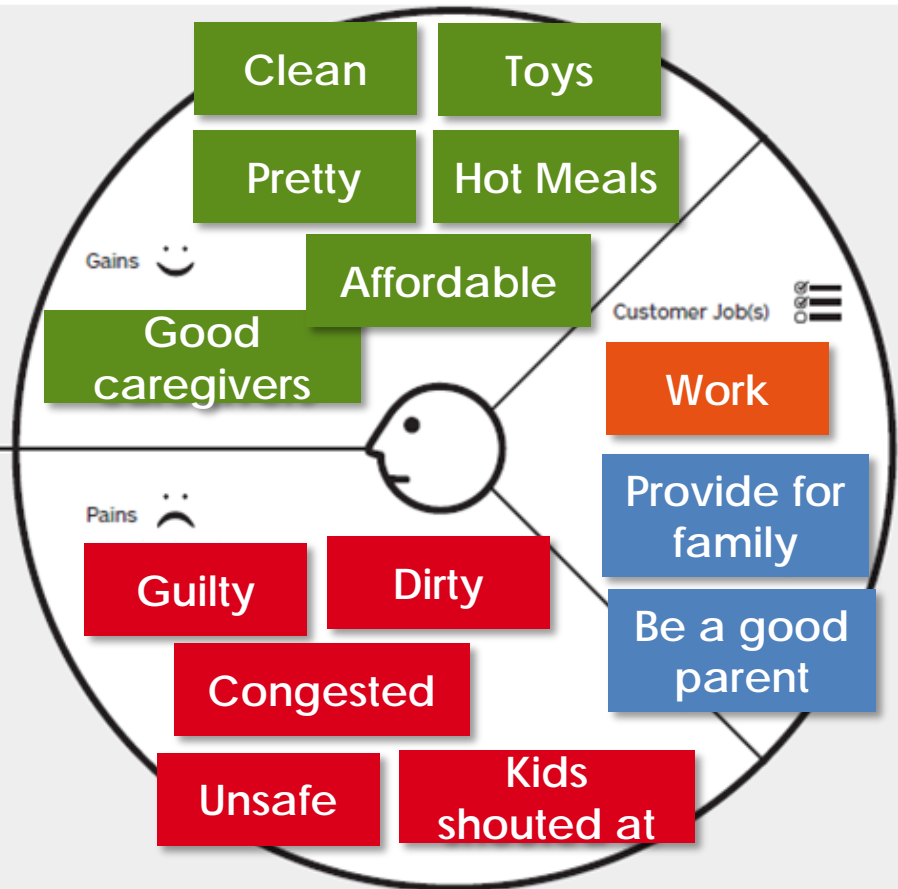
Team name: **Kidogo**

VALUE PROPOSITION CANVAS

Product



Customer

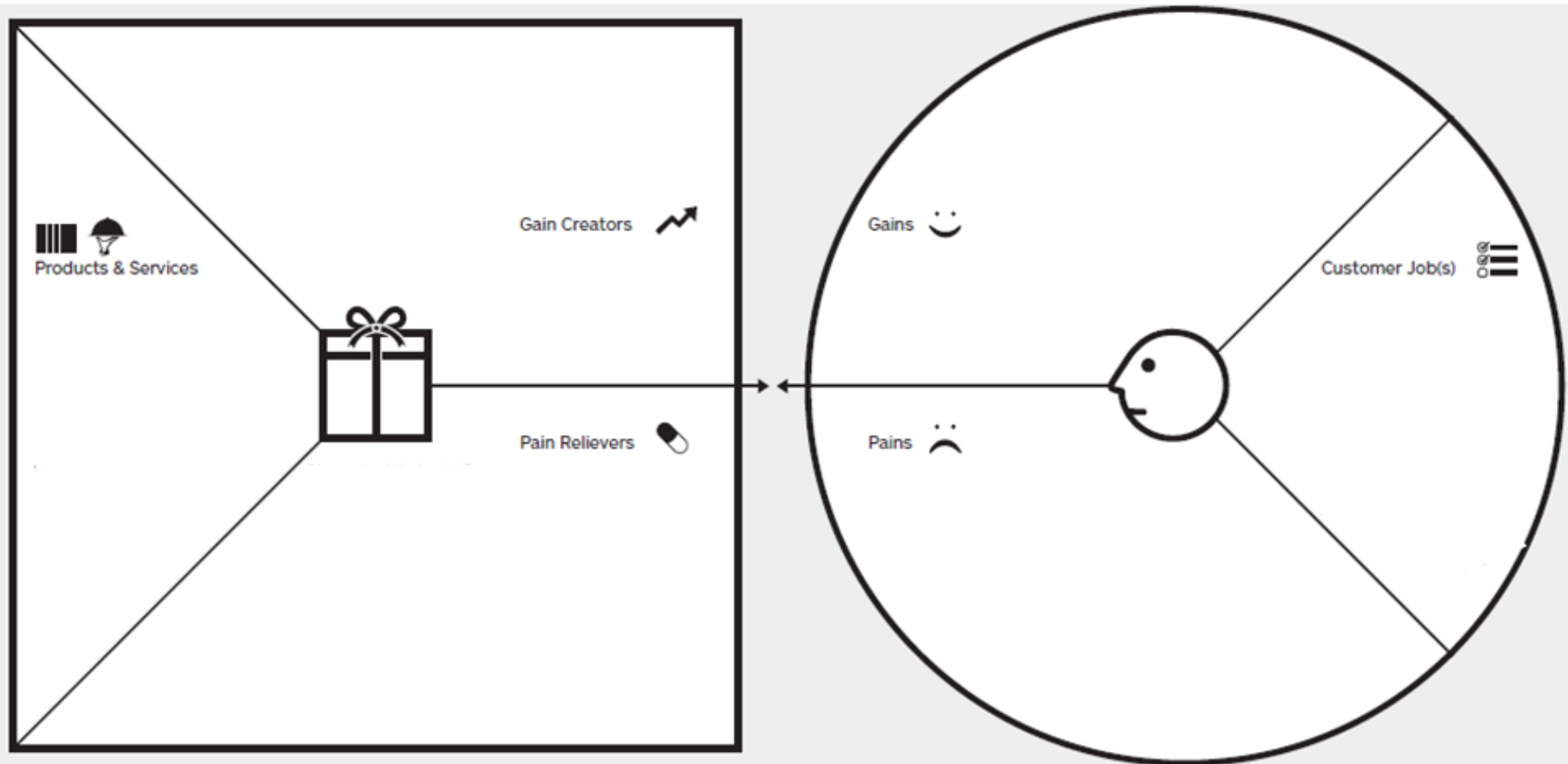




VALUE PROPOSITION CANVAS

Product

Customer



Team name:

S – T – P

Segmenting



Targeting

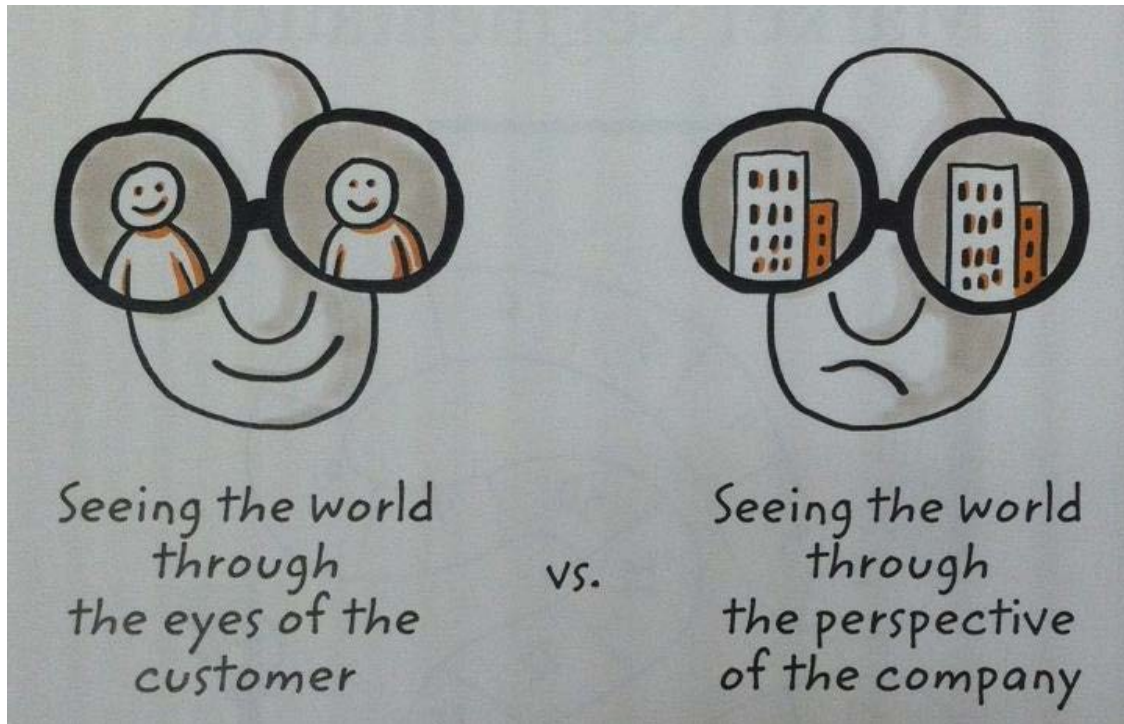


Positioning



Market Segmentation

A group of potential customers who share many characteristics and who would all have similar reasons to acquire a particular product or service



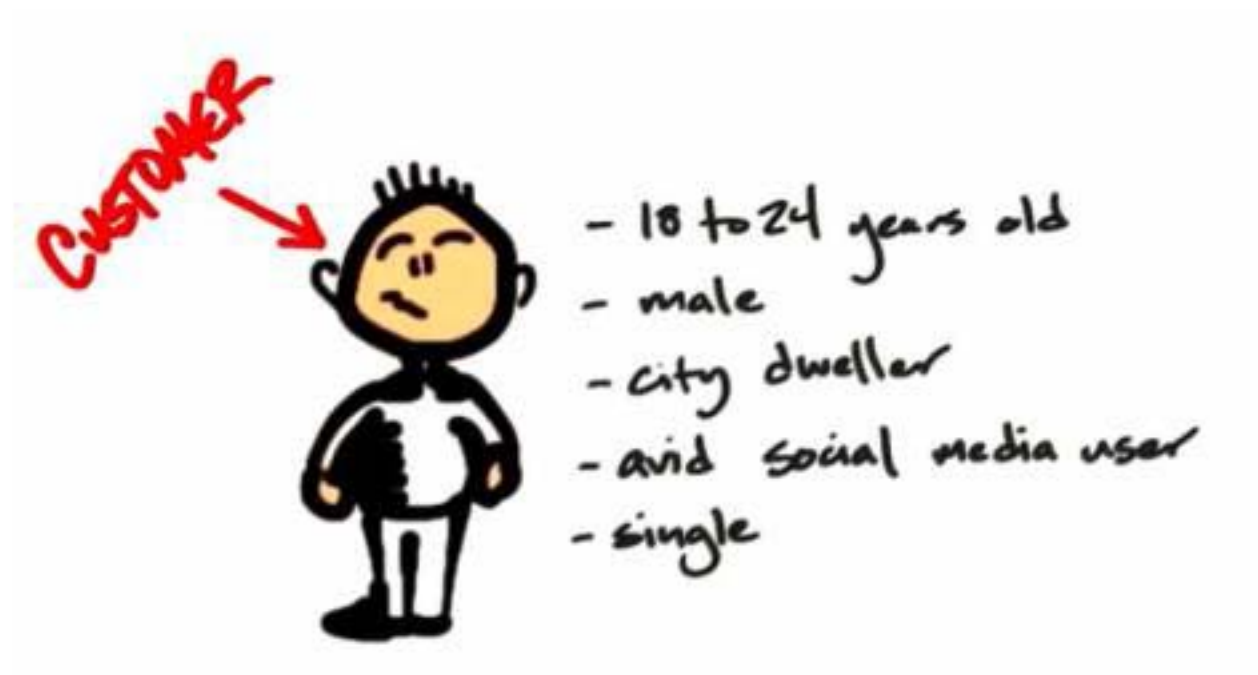
Source:
Bill Aulet,
*Disciplined
Entrepreneurship*

Market Segmentation Criteria

- Start with a broad perspective, then narrow
- Brainstorm to identify several potential segments
 - 3 – 4, perhaps looking back at your BMC
- Focus on end users, not organizations
 - eg teachers, not schools

Build a Customer Persona

- Aka: Archetype
- Do this for *each segment!*



Kidogo Archetype



Tell Me About Yourself:

Angelinnah: Female, 41 years old

Local factory employee: Earns 300 KES /day

Wake: 6am, Work: 7am-5pm, Family: 6-11pm

Wants to move into nice apartment in future

Current Child Care and Pains

3 Children, 2 in school: Age: 9, 6 and 2

Uses local baby care: Owned by cousin, basic food, pays 70KES, small & dirty, he cries a lot

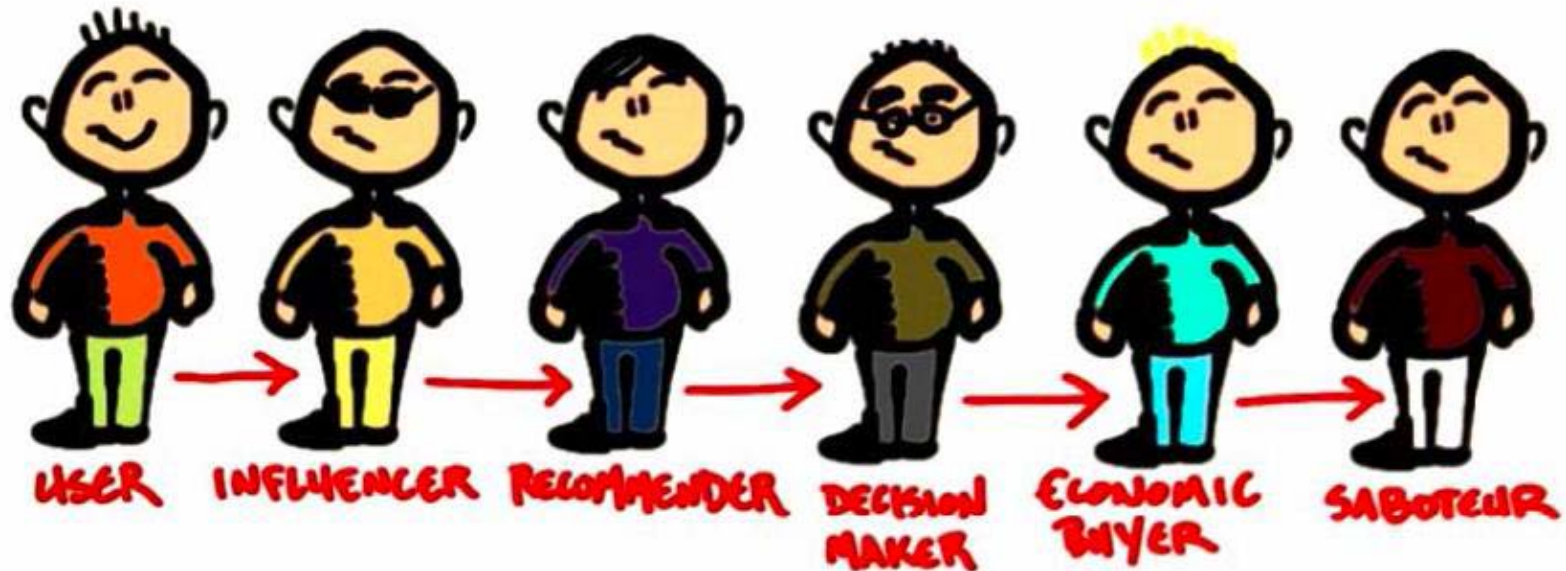
Hopes they get to go to college in UK or US!

Gauge Value Proposition

Selected “Best” Child Care when no prices shown; **selected “better” option** when prices shown

The Decision-Making Unit (DMU)

WHO'S THE CUSTOMER?
IN CONTEXT



Other Market Considerations

- Primary vs. Secondary Markets
 - e.g. Google
- Multi-Sided Markets
 - e.g. eBay

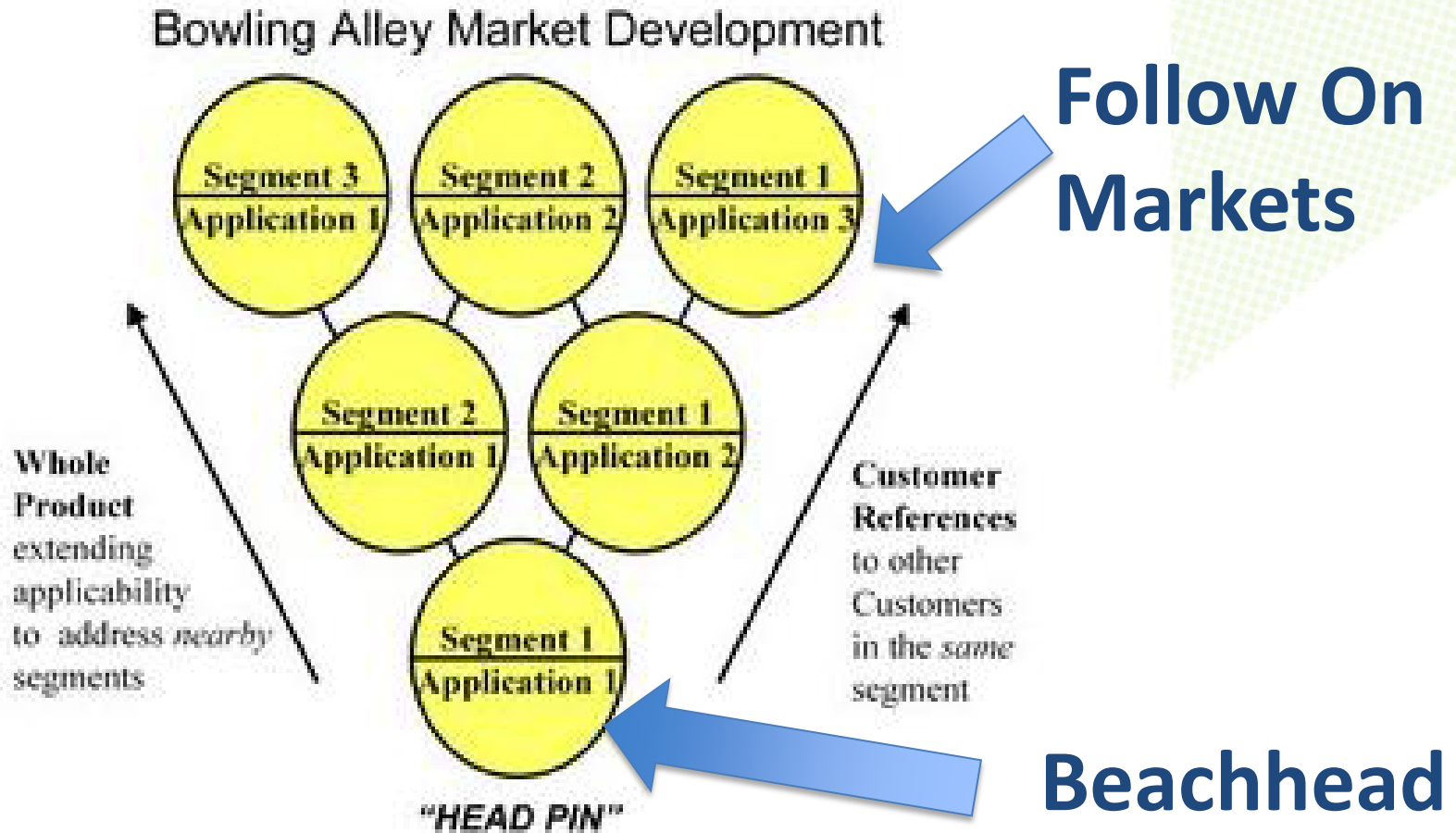
Targeting

- **Select a Beachhead!**
 - Segment your market
 - Target a segment you can dominate
 - Validate the problem/need/pain
 - Validate the proposed solution
 - Estimate the market size and growth

FOCUS!

Who is your Beachhead?

Your Head Pin?

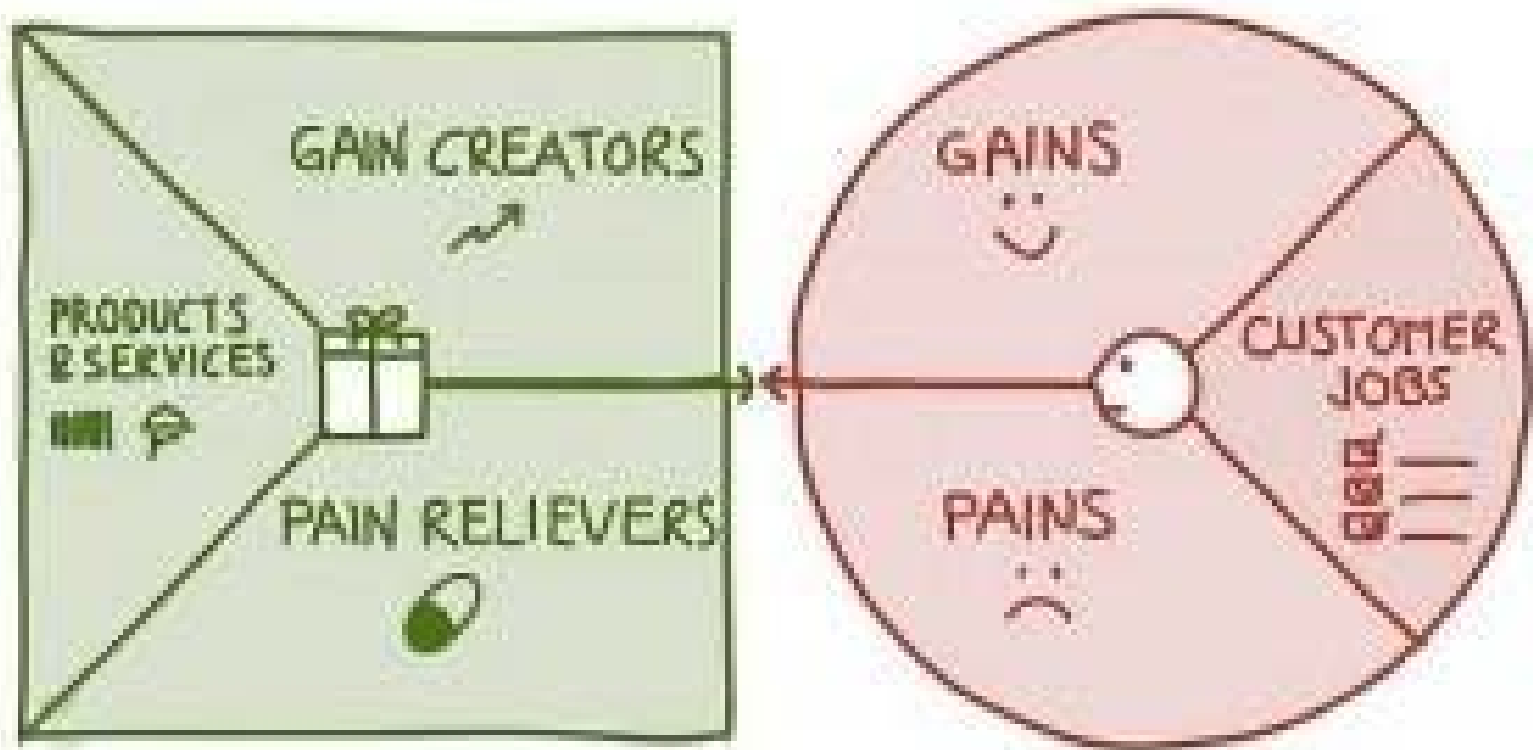


Targeting Criteria

- Is the target customer well-funded?
- Is the target customer readily accessible?
- Does the target customer have a compelling reason to buy?
- Can you today, with the help of partners, deliver a complete product?
- Is there entrenched competition to block you?
- If you win this segment, can you leverage to win additional segments?
- Is the market consistent with the values, passions, goals of the founding team?
- What is the total size of the market?

Now Revisit the Value Proposition

Product / Market Fit ???



Articulating the Value Proposition

Our



Products and Services

help(s)



Customer Segment

who want to



jobs to be done

by



verb (e.g., reducing, avoiding)



and a customer pain

and



verb (e.g., increasing, enabling)



and a customer gain

(unlike



competing value proposition

)

Takeaways

- It's not a “venture” until it has a “paying” customer
- Be sure to see the value through the eyes of the customer
- Focus on a beachhead for success
- Resist the urge to chase two rabbits