

# BASICS OF ENTREPRENEURSHIP

## UNIT - II

### Opportunity & Customer Analysis



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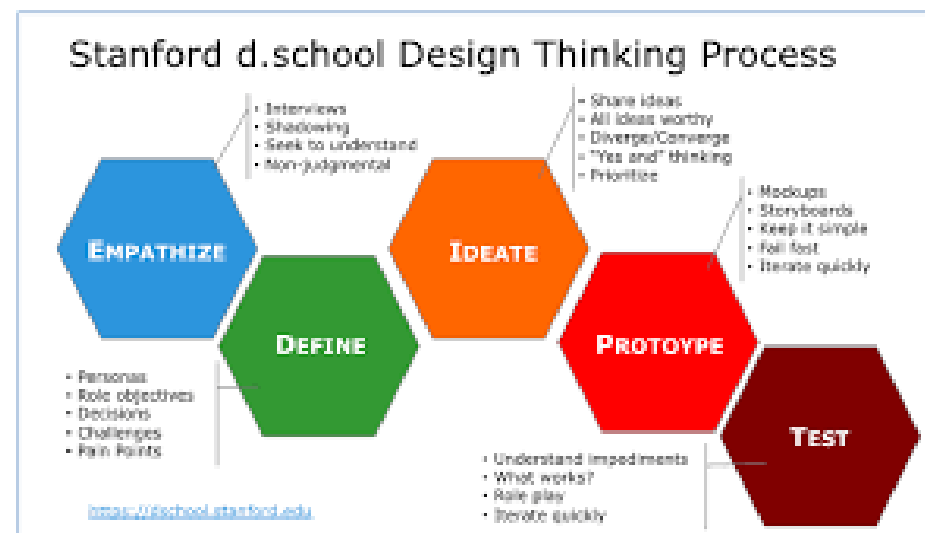


*Because, Life is all about taking the right decisions*

**Sreenidhi Institute of Science and Technology  
Yamnampet, Ghatkesar, Hyderabad, Telangana-501301**

## Unit – II: Opportunity & Customer Analysis

- ✓ Identify your Entrepreneurial Style,
- ✓ Methods of finding and understanding Customer Problems,
- ✓ Run Problem Interview,
- ✓ Process of Design Thinking,
- ✓ Identify Potential Problems worth Solving,
- ✓ Customer Segmentation,
- ✓ Niche Marketing and Targeting,
- ✓ Craft your Values Proportions,
- ✓ Customer-driven Innovation.



# Determining Your Entrepreneur Style

- As a business owner or business professional there is great value in understanding our entrepreneurial style.
- We are all unique. We have natural strengths and weaknesses. We have experience and knowledge gained over the years.
- When we do we can put ourselves in situations that suit our natural entrepreneurial style. We can be more successful with less effort.
- Decisions become easier and more natural. Activities become more enjoyable. Work becomes a pleasure. Confidence builds and radiates.
- It also allows us to identify roles and activities that are not natural for us. In these situations we can find partners or suppliers with complimentary strengths.
- Entrepreneurs are leaders who can see into the future with inspired vision, championing highly competent teams to make the seemingly impossible possible.

# Entrepreneurial Style depends on Person



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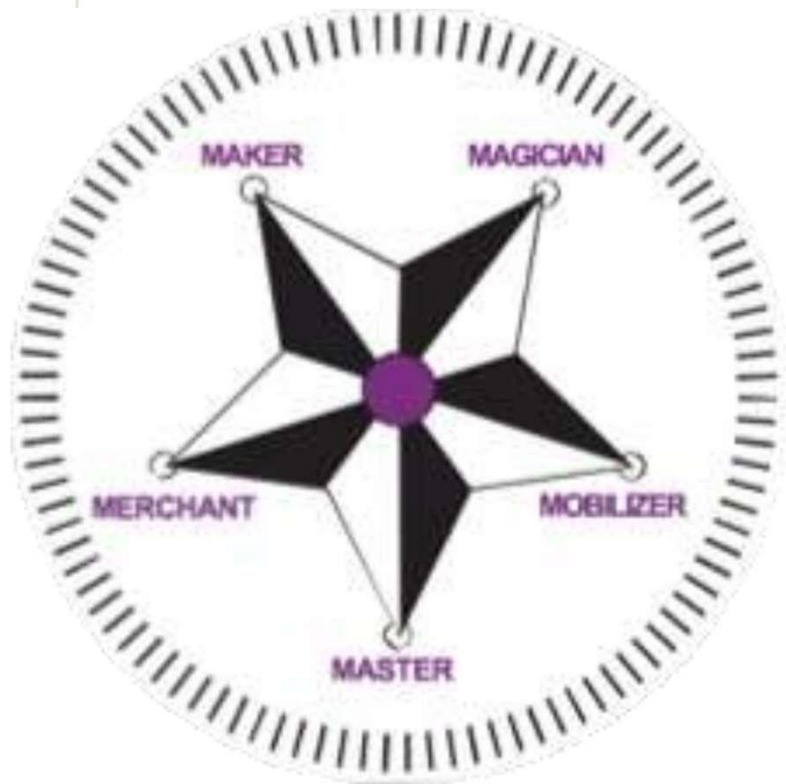
## LEFT BRAIN

THINK IN STRAIGHT LINE  
LIKE STRUCTURE  
OBJECTIVE  
ANALYTICAL  
LOGICAL  
LINEAR

## RIGHT BRAIN

SPONTANEOUS  
SUBJECTIVE  
IMAGINATIVE  
SEE THE BIG PICTURE

# Different types of Entrepreneurial Style



## FAMOUS MAKER



**HENRY FORD**, FOUNDER OF FORD

Henry Ford revolutionized production and manufacturing, thereby making automobiles (which were then a luxury) accessible to masses.

## FAMOUS MERCHANT



**RICHARD BRANSON**, FOUNDER OF VIRGIN GROUP

Richard Branson is one of the most celebrated entrepreneurs, who has made a mark in everything from music to space tourism.

## FAMOUS MAGICIAN



**STEVE JOBS**, FOUNDER OF APPLE AND PIXAR

Steve Jobs was a visionary and radical entrepreneur, best known for his perfection and great design. He revolutionised personal computers, animated movies, music, phones, tablets, and digital publishing.

## FAMOUS MOBILIZER



**MUHAMMAD YUNUS**, FOUNDER OF GRAMEEN BANK

Muhammad Yunus is a Bangladeshi social entrepreneur, banker, economist, and civil society leader who founded the Grameen Bank and pioneered the concepts of microfinance and microcredit.

## FAMOUS MASTER



**BILL GATES**, FOUNDER OF MICROSOFT & GATES FOUNDATION

Bill Gates, undoubtedly an expert at computer programming, revolutionized the software industry by introducing the Windows OS. He is also a great leader and a highly influential philanthropist.

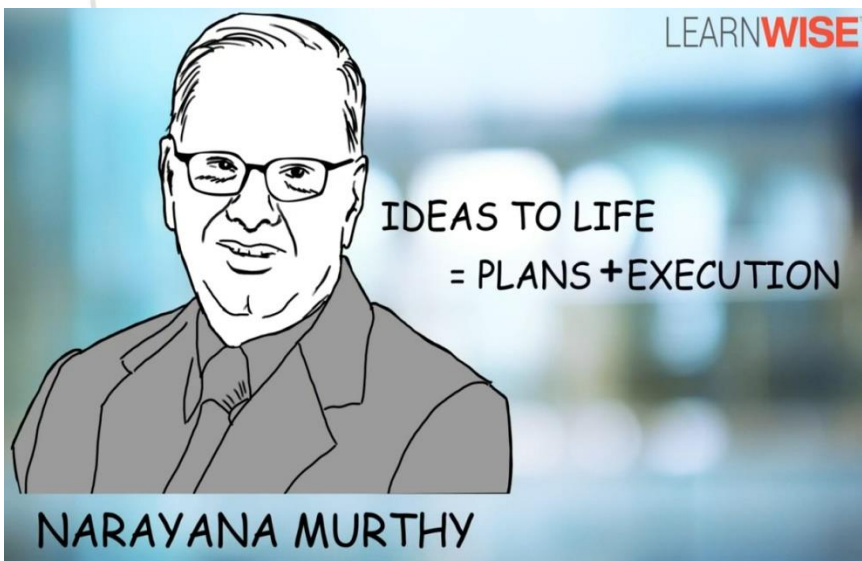
# Different types of Entrepreneurial Style

## Maker

Makers bring ideas to life through tangible plans. A maker sees the big picture and the smallest details, simplifies complex problems -- their strength lies in execution. Simply put, they're great at getting things done. Makers prefer processes and systems over people, and apply their organizational skills across fields.

ARE YOU...  
ORGANIZED?

ARE YOU...  
ALWAYS PLANNING  
AHEAD?



- In Control
- Goal Oriented
- Work Independently
- Bigger Pic=sum of small
- Process and Systems

# Different types of Entrepreneurial Style

## Merchant

Merchants are often on the lookout for the next big thing — they quickly spot a market opportunity, an unmet need, and identify how to match demand with supply. They often tweak or improvise on existing ideas, and innovatively apply concepts from other industries.

- Good at Improvising
- Quick and Spot marketing
- Apply Ideas of other Industries
- Make Profitable Business



**KISHORE BIYANI**

LEARN**WISE**™

FOUNDER OF  
**FUTURE GROUP**

# Different types of Entrepreneurial Style

## Magician

Often challenging the status quo, the Magician dreams of what can be. He or she takes risks that aren't always calculated, navigates uncharted territory, and stays ahead of the market. Magicians are the ones creating the future, surprising their customers and competitors. These are the visionaries and rule-breakers who ask - "why not?"

- Brimming of New Ideas
- Questions Offen
- Go with Instinct
- Take Risk

# Different types of Entrepreneurial Style

## Mobilizer

Mobilizers are the connecting thread - they connect ideas, people, and resources and are great at building relationships and high-energy teams. They are often involved at the grass-roots level, and tend to focus on large-scale social problems and act as catalysts to bring about systemic change.

- People Person
- Enjoy working with People
- Bring people together
- Create Social Impact

- Detail Oriented Person
- Perfectionist
- Some thing to learn
- Highly skilled

## Master

Experts in their own right, Masters are highly skilled and knowledgeable individuals with great passion for their chosen field. They adhere to high quality standards and expect the same of others. An expert is often looked up to as a role model, thought leader, or influencer in their industry.

# Methods Of Finding and Understanding Customer Problems

## **1. How do Entrepreneurs learn what my customer really needs or wants?**

- There are many traditional methods of obtaining data about customers such as surveys, focus groups, interviews, and secondary research.
- These methods are very effective and in the right situations can provide insights about customers that inform business models and organization designs.

- Use the following questions to record your observations on customer problems.
  - Go out, look around you, and identify a problem that you can spot. Explain the context as well.
  - What opportunity can you perceive from the above problem?
  - Who is the Customer?
  - What according to the customer are the main problems?
  - What is the job to be done?
  - What job is currently getting done?
  - How is the customer getting the job done today OR how is the customer addressing this problem today?
  - Estimate the market size. Your assumption will do.
  - Does this seem to be a problem worth solving? Explain. If you think that this is not a problem worth solving, then you should look for another problem that you can solve.

- For a complete case study of the above questions with answers, [click here to download](#).
- Direct observations of a potential customer's activities will provide those insights.
- Some companies (developing apps) use a “test and learn” method of releasing a beta version of their app to see how customers use it and gather direct customer feedback.
- Over a period of time, refinements are made to the app until it is considered ready or out of beta testing.
- Sometimes at this point, the developer shifts from a free app to a for purchase app because they have discovered most of their customers needs and wants and have now met them.

## 2. How do we design business model to give customers what they want?

- We deliver those services or products in a distinctive way. This is as important or even more important than knowing what customers wanted in the first place.
- Unfortunately, many companies struggle to deliver because they fail to change how they operate.

**EXAMPLE :** A client who set up a large standardized back office to facilitate customer/vendor billing.

- Although the support services were very efficient and met internal productivity requirements, they proved difficult for customers to navigate and ultimately drove customers away.
- The result was very happy internal users but frustrated external customers.
- Instead of structuring the organization to better deliver services to customers, the company was distracted by the internal operational ease.

- To avoid this, ensure that the business model is a reflection of the key customer problem(s) plan solve.
- Then, we must align work activities, reward systems, metrics, culture, and structures to the strategy and business model.
- This alignment approach is not a quick shuffling of the organization chart, but it is a thoughtful (and in some cases, ongoing) effort to holistically align the entire organization and the related processes, systems, structures, metrics, rewards, and talent.

# Running Problem Interviews

- By now, you have identified a problem that you feel is worth solving.
- However, you need to talk to customers to understand their “worldview” or their point of view about the problem before coming up with a solution. You also need to validate and double-check that this is indeed a problem worth solving and is rated as critical from the customer’s point of view.
- The **Problem Interview** is your chance to check or validate your thoughts/views about the problem you identified earlier.
  - Do you think this is a must-to-address problem or not?
  - What are the demographics of those who state that the problem is a must-to-address problem?
  - How are people addressing this problem in the present times?

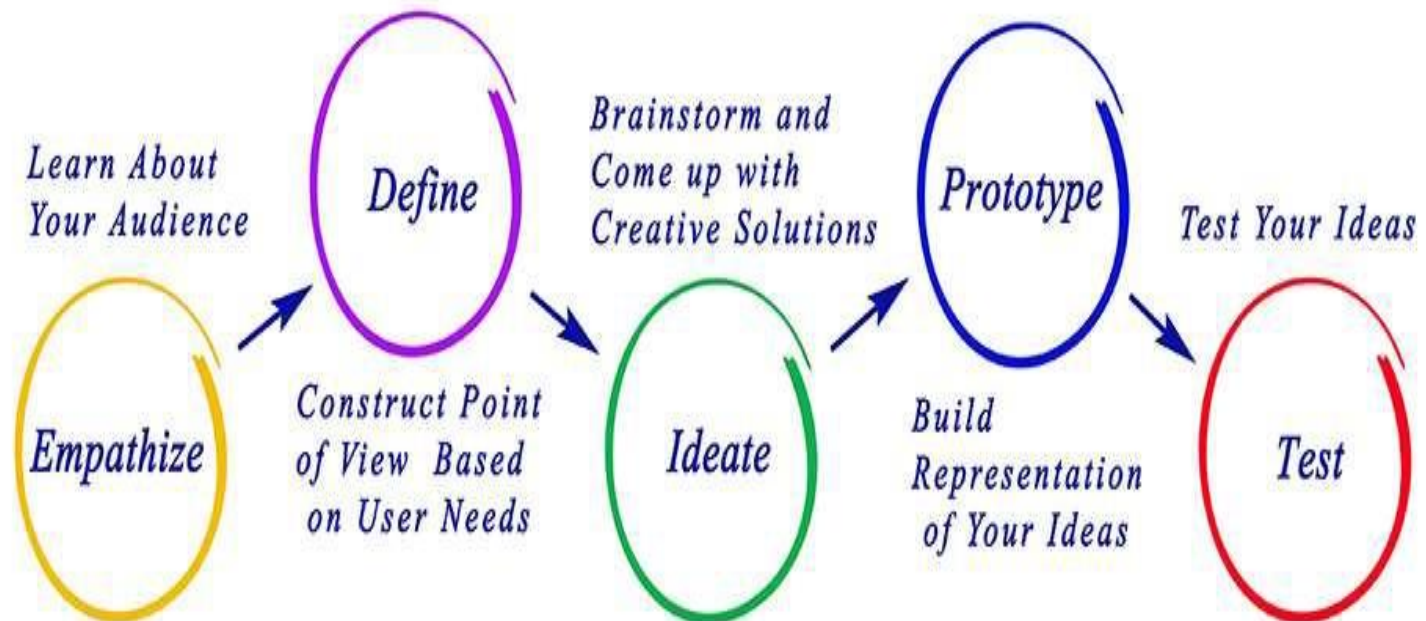
Interviewing at least 10 people on these questions will help you identify if the identified problem is actually worth solving. For more details on best practices during a Problem Interview, [click here](#).

# Design Thinking

- **Dynamic Concept:** The dynamic concept of ‘design thinking’ that fully caters to the **user-oriented, prototype-centered** process of innovation ideally suited for **product, service** and business design.
- **Systematic Approach:** Design thinking is a systematic approach to handling **problems** and generating **new opportunities**. The concept is pertinent to any field and purpose.
- **Iterative Process:** Design Thinking is an iterative process in which we seek to understand the user, challenge assumptions, and **redefine problems** in an attempt to identify **alternative** strategies and solutions that might not be instantly apparent with our initial level of understanding.
- **Solution-based :** At the same time, Design Thinking provides a solution-based approach to solving problems. It is a way of thinking and working as well as a collection of hands-on methods.
- **Customer Experience :** To build a new product or customer experience or even take the business to the next level, this approach touches everywhere.

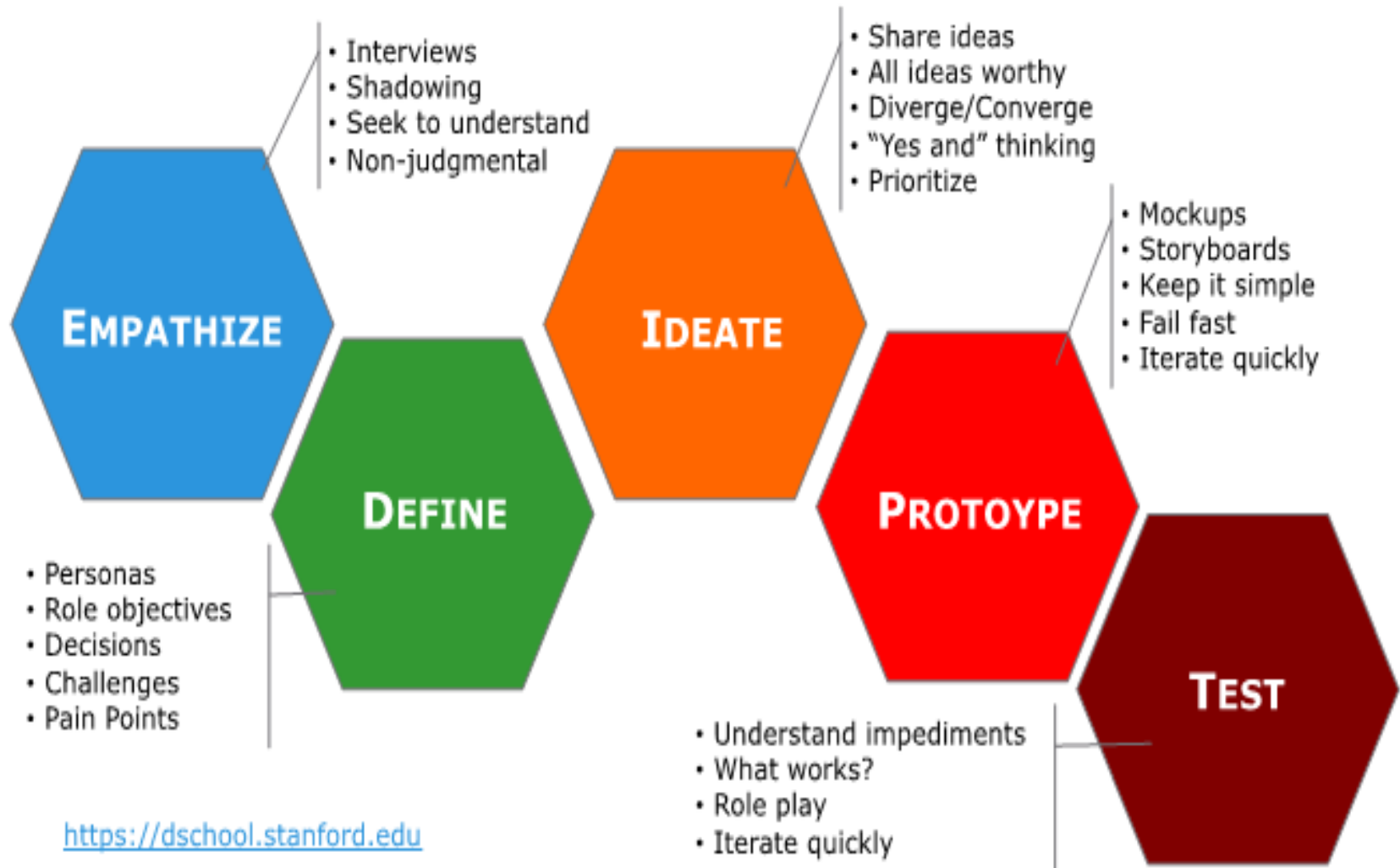
# Process of Design Thinking

## *Design Thinking Process*

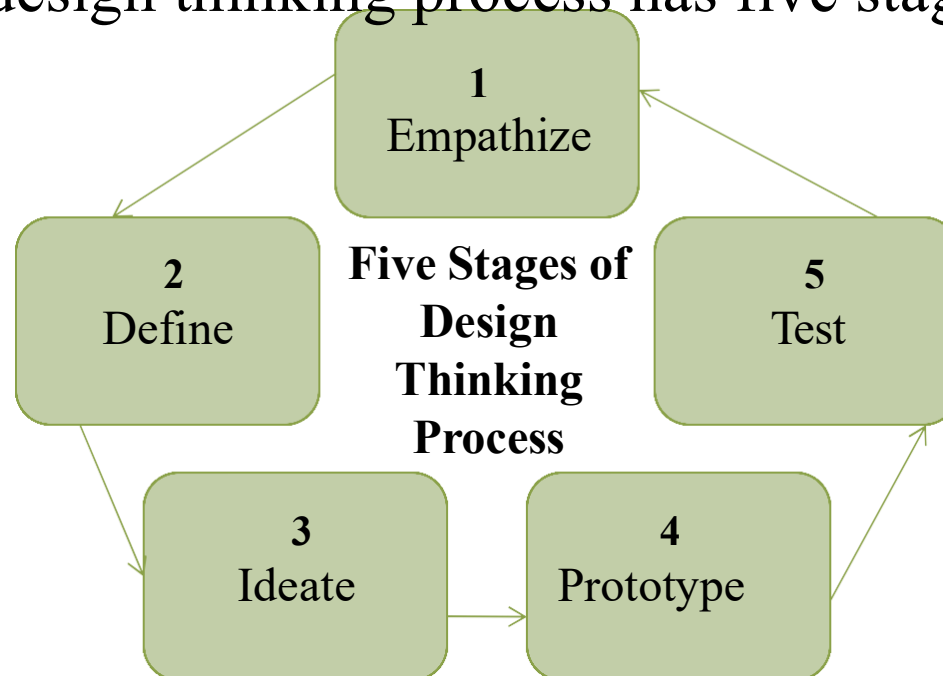


# Process of Design Thinking

## Stanford d.school Design Thinking Process



- Let us distinguish the design thinking process with the usual innovation process. The regular innovation process consists of four stages – Ideate, Define, Design and Develop.
- These stages have to be synced efficiently so as to foster innovation in an organization. On the other hand, design thinking process has five stages-



## 1. Empathize:

- Empathizing is **central** to the design thinking process.
- It highlights the significance of listening to the **requirements** and wants of our customers relative to the **particular problem**.
- The approach aids us in saving our discoveries and learning's during this stage in a **systematic way** such as **empathy maps**.

## 2. Define

- Here we combine all the insights **collected** at the time of listening and **observing** people. That means we start to **define** a problem.
- An aspect that design thinking proves vital at is **framing** a problem in a clear manner so that we end up devising **solutions** and exploring **opportunities**.

### 3. Ideate

- So, now as the problem or the opportunity is clearly framed, we can search for methods to handle it. We should spur as **many ideas** as possible. Yes, we **brainstorm** or ideate.
- Design thinking stresses that during this phase we shouldn't ignore **ideas** that seem obvious or easy. Any idea can sprout a brilliant concept.

### 4. Prototype

- Prototyping brings the solutions into **vision**. Different methods are involved in it such as **sketching, rapid prototyping** and many others.
- No matter whatever method you opt, the core purpose of this stage remains the same, that is, we intend to create rough drafts of solutions to decide if these will prove **beneficial** for the problem.

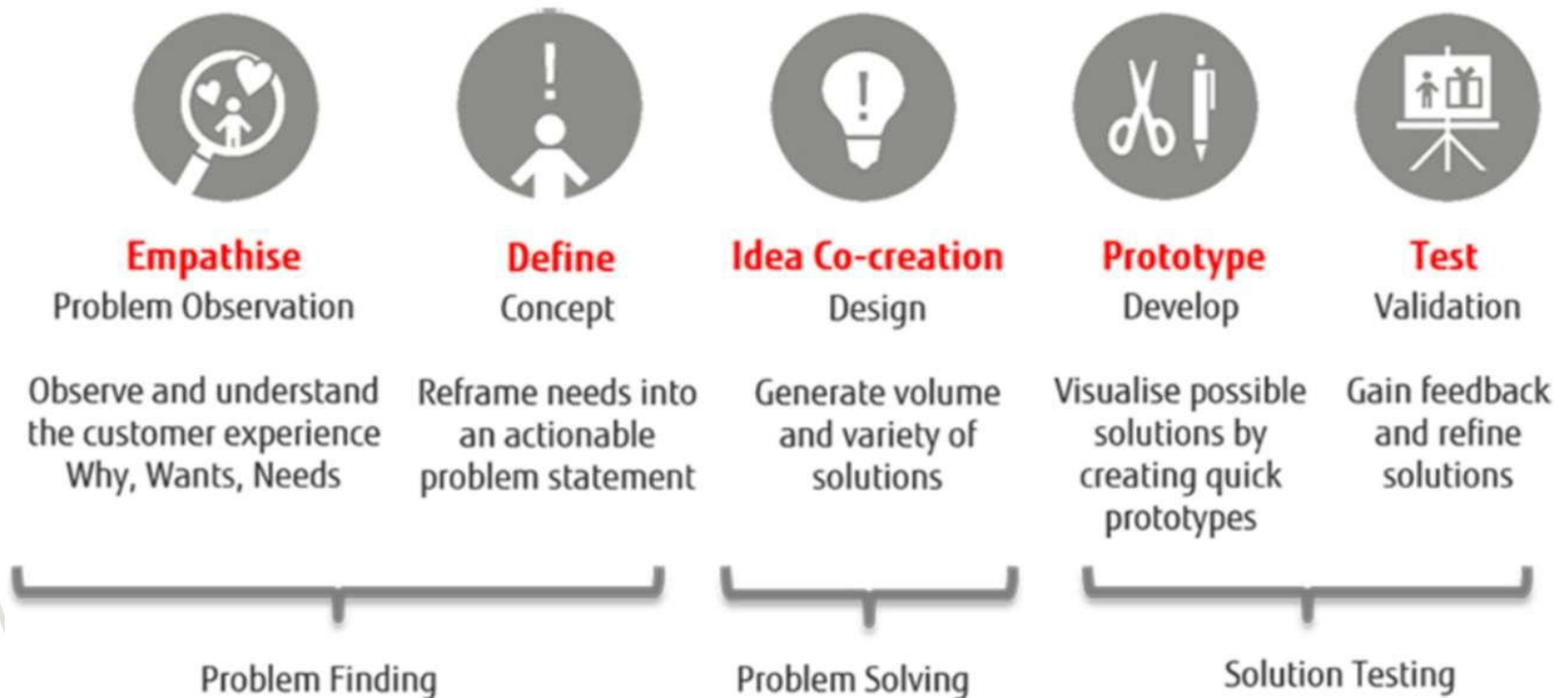
### 5. Test

- In this stage, we test our prototype with the customers so as to monitor the response and deem whether the solution **satisfied** them or not.

# Summary of the stages of Design Thinking

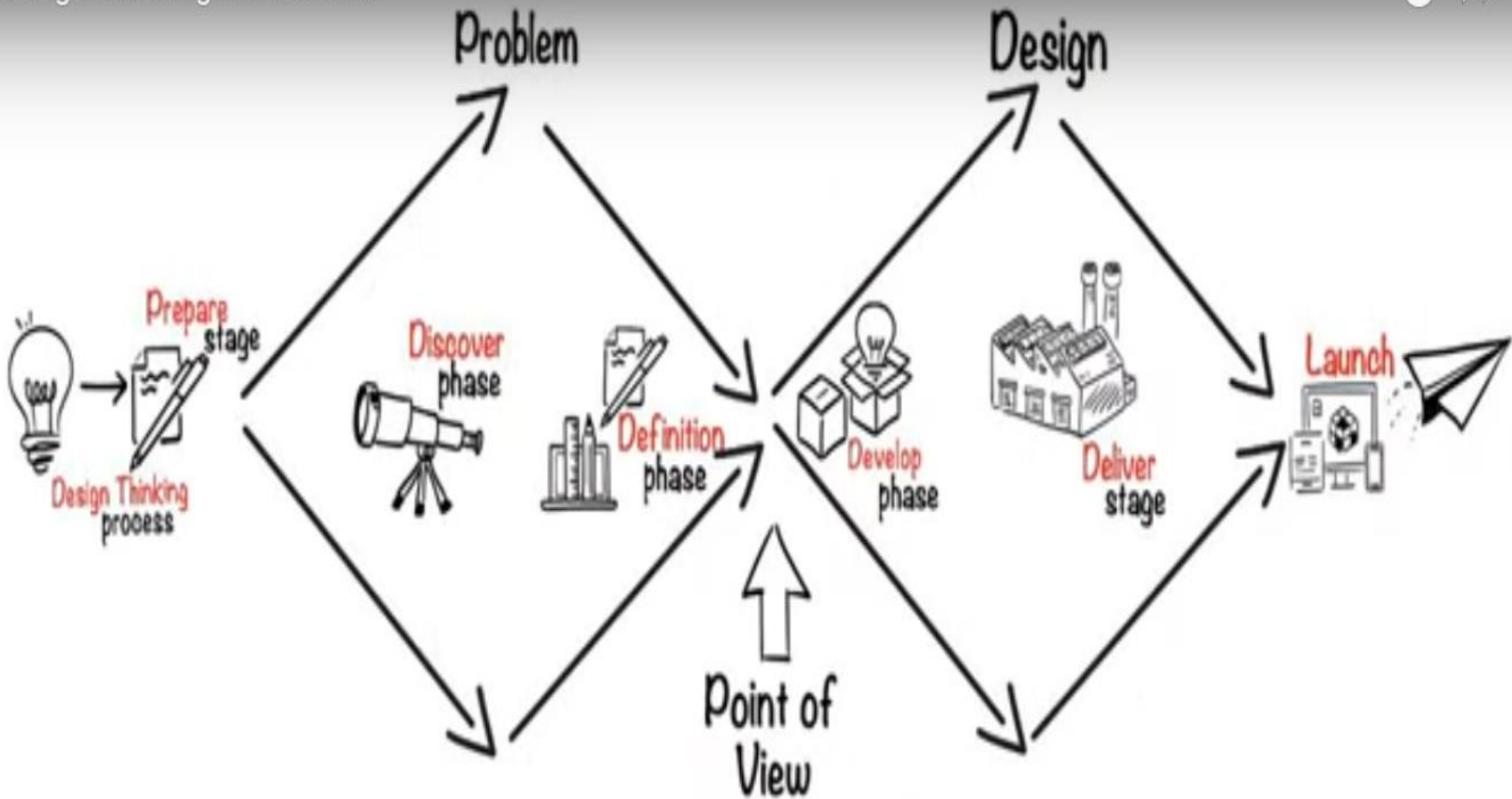
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- **Empathize** – with your users
- **Define** – your users' needs, their problem, and your insights
- **Ideate** – by challenging assumptions and creating ideas for innovative solutions
- **Prototype** – to start creating solutions
- **Test** – solutions



# Summary of the stages of Design Thinking

Design Thinking In Business



## The Power/Advantages of Design Thinking

- Thinking in design empowers the designers to create the **right features** for the **right people**.
- It **ensures** that designers **deal** with **real user problems** and thus avoid creating something that is undesirable.
- Design thinking gives the edge to pass the **right decisions** when it comes to forming features.
- The concept allows the designers to **pose right questions, create right features** and engage with the clients effectively.
- They can do the calculation as to whether a particular feature will **fit** in the **product** or not or if it will serve a real user problem?



# Market Segmentation

Market segmentation is the activity of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers based on some type of shared characteristics.

1. **Geographic Segmentation**
2. **Demographic Segmentation**
3. **Psychographic Segmentation**
4. **Behavioristic Segmentation**

Each segment created by this process should be unique, identifiable, accessible, measurable, durable and substantial.



# Market Segmentation

## 4 Types of Market Segmentation

iEduNote.com

### Geographic

- Region
- County size
- City Size
- Population Density
- Climate

### Demographic

- Age
- Gender
- Family size
- Family Life cycle
- Income
- Occupation
- Education
- Religion
- Race
- Nationality

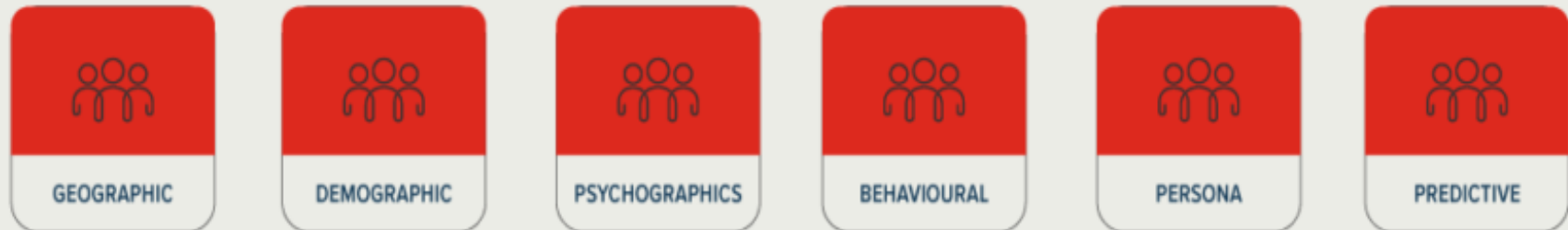
### Psychographic

- Social class
- Lifestyle
- Personality

### Behavioral

- Purchase occasion
- Benefits sought
- User status
- Usage rate
- Loyalty status
- Readiness state
- Attitude toward product

# CUSTOMER SEGMENTATION



	Where	Who	Why	What	Who, What, Why, Where	Who and When
SIMPLE						
WHAT IS IT?	Geographic segmentation divides customers into groups based on their location.	Demographic segmentation divides customers into groups based on census data.	Psychographic segmentation divides customers into groups based on personal interests and motivations.	Behavioural segmentation divides customers into what do - online/offline.	Persona segmentation divides customers into groups based on a blended data, as well as customer goals.	Predictive segmentation uses historical behavioral patterns to predict and influence future customer behaviors.
EXAMPLES	Countries Cities Urban, Suburban, Rural IP Addresses	Age Income Family/Single/Couple Gender Education	Interests Personality Lifestyle Social Status Activities, Interests, Opinions Attitudes	Benefits Sought Occasion Usage Rate Loyalty Buyer Readiness Actions taken e.g. online	Jobs to be done Pain/Gains Demographic data Psychographic data Behavioural data	Unsupervised Learning Supervised Learning Reinforcement Learning
WHY USE IT	Dynamic Pricing Ease of use Country/Language differences Localized offers - stores	Easy to use Good for store profiling Ideal for life stages Good to supplement with other data	Uncovers motivations and reasons for product and brand purchases	Ideal for identifying patterns and triggers during buying process. Helps to tailor marketing to different stages.	Provides a rich profile of a customer segment. Proves a foundation to test hypothesis and testing to optimize results.	Uncovers hidden buying clusters of customers. Helps with customer discovery.



# Market Segmentation: Geographic

## Geographic Segmentation

- Based on geographic variables, the market is segmented by dividing it into different geographical units such as **nations, regions, states, countries, cities**, or neighborhoods.
- A company may choose one or a few **geographical** areas to **operate** in. Or it can decide to operate in all areas but pay **attention** to geographical differences in needs and wants.

# Market Segmentation: Geographic

4 Types of Market Segmentation	
Variable	Typical Breakdowns
<b>Geographic Market Segmentation</b>	

Region	<ul style="list-style-type: none"> <li>• Pacific,</li> <li>• Mountain,</li> <li>• West North Central,</li> <li>• West South Central,</li> <li>• East North Central,</li> <li>• East South Central,</li> <li>• South Atlantic,</li> <li>• Middle Atlantic,</li> <li>• New England.</li> </ul>	County size	<ul style="list-style-type: none"> <li>• Huge (USA, INDIA, BRAZIL, Russia),</li> <li>• Big (France, South Africa, Saudia Arabia, Mexico),</li> <li>• Medium (Vietnam, Bangladesh)</li> <li>• Small (Nepal, Estonia, Tunisia)</li> </ul>
		City Size	<ul style="list-style-type: none"> <li>• Under 20,000;</li> <li>• 20,000-50,000;</li> <li>• 50,000-100,000;</li> <li>• 100,000-250,000;</li> <li>• 250,000 – 500,000;</li> <li>• 500,000-1,000,000;</li> <li>• 1,000,000 – 4,000,000;</li> <li>• 4,000,000 and over.</li> </ul>
Population Density	Urban, Suburban, Rural		
Climate	Northern, Southern		

# Market Segmentation: Demographic

## Demographic Market Segmentation

Age	<ul style="list-style-type: none"> <li>• Below 13</li> <li>• 14 – 18</li> <li>• 19 – 25</li> <li>• 26-35</li> <li>• 36-45</li> <li>• 46-55</li> <li>• 56+</li> </ul>	Gender	Male, Female
		Family size	1-2, 3-4, 5+
		Family life cycle	<ul style="list-style-type: none"> <li>• Young, single;</li> <li>• young, married, no children;</li> <li>• young, married, the youngest child under 6;</li> <li>• young married, youngest child 6 or over;</li> <li>• older, married, with children;</li> <li>• older, married, no children under 18;</li> <li>• older, single;</li> <li>• other</li> </ul>

Demographic segmentation involves dividing the market into groups based on different variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, and nationality. Demographic factors are the most popular bases for segmenting customer groups and are, therefore, widely used. Demographic segmentation has certain merits.

# Market Segmentation: Demographic

<b>Income</b>	Under \$10,000; \$10,000-\$20,000; \$20,000 – \$35,000; \$35,000-\$50,000; \$50,000 – \$70,000; \$ 70,000 – \$100,000; \$100,000 and over	<b>Education</b>	Grade school or less; some high school; high school graduate; some college; college graduate
<b>Occupation</b>	Professional and technical; managers, officials, proprietors; clerical, sales; artisans, craftsmen, forepersons; operatives; farmers; retired; students; homemakers; unemployed,	<b>Religion</b>	Hindu, jain, Muslim, Catholic, Protestant, Jewish, others
		<b>Race</b>	White, Black, Asian, Hispanic
		<b>Nationality</b>	American, British, French, German, Scandinavian, Latin American, Middle Eastern, Japanese

# Market Segmentation

- In psychographic segmentation, buyers are divided into different groups based on social class, lifestyle, or personality characteristics.
- People belonging to the same demographic group may have very different psychographic characteristics.

Psychographic Market Segmentation	
Social class	Lower lowers, upper lowers, working-class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	Achievers, believers, strivers
Personality	Compulsive, gregarious, authoritarian, ambitious

# Market Segmentation

**Behavioral segmentation involves dividing a market into groups based on consumer knowledge, attitude, use, or response to a product. Here, we will discuss some behavioral variables that are used in segmenting markets.**

<b>Behavioral Market Segmentation</b>	
Purchase occasion	A regular occasion, special occasion
Benefits sought	Quality, service, economy
User status	Nonuser, ex-user, potential user, first-time user, a regular user
Usage rate	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness state	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile



# Market Targeting

A target market is a group of consumers or organizations most likely to buy a company's products or services. Because those buyers are likely to want or need a company's offerings, it makes the most sense for the company to focus its marketing efforts on reaching them. Strategies of marketing are as follows.

Strategy	Explanation
Single Segment Strategy	Entrepreneurs focus on one marketing segment which is either the most profitable or the most aligned with the offered products/services.
Multi-Segment Strategy	Entrepreneurs target several segments at once either because some segments seem attractive or there are some significant synergies in marketing to multiple segments. Such marketing can be done using differentiated or undifferentiated products depending on the requirement.
Unsegmented Strategy	Entrepreneurs market their products or services to the entire market because either the market is very small or they believe that the needs of the various segments do not vary significantly.
Micro Segment or Niche Strategy	Here, entrepreneurs focus all their energies on the Niche segment. Startups often use this strategy. Though niche segments do not interest large companies, breaking into a niche segment can be advantageous to startups.

## Identify Potential Problems, Customer Segmentation and Targeting

- **Targeting, or “segmenting” these people means you’ll be able to build, efficiently using your resources to impress and attract your potential customers.**
- **First, figure out the need for your product or service, focusing on what problem it can solve.**
- **Then refine your target market by identifying who has bought your product or service already.**
- **This includes target demographics, audience type, and any other attributes about your target customer segment.**
- **If your product or service is brand new, a good alternative might be looking at your competitors to get additional insights.**

## ➤ **How to Identify and Analyze the Target Market**

1. What are the features of your business, products or services?
2. What are the benefits of these features?
3. How do the benefits help the user?
4. How does your target market shop?
5. What is the typical age and gender of your target market?
6. What is their average income and education?
7. What are their common interests? These can include attitudes, values and lifestyle.
8. Is your target market comfortable with online?
9. What are the web and offline marketing methods engage them?

# How to Identify and Analyze the Target Market

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## 1. Gather Information.

Some of the business questions you'll be addressing include:

- i. Is the **potential market** for your product or service large enough?
- ii. Do you need to **alter** your business **idea** to best **appeal** to this **audience/customer**?
- iii. Should you **tailor** your product or service in some way to maximize effectiveness?
- iv. How can you target your marketing efforts to **optimize** reach with the most promising potential buyers?

## **2. Create Customer Profiles and Market Segments.**

**Those consumers who find your product or service appealing often share similar characteristics.**

### **Demographic criteria will include:**

- Age, Gender, Location
- Education level, Income level
- Marital or family status, Occupation
- Ethnic background

**Psychographic Criteria** : Goes a little deeper, painting a more complete picture of your audience:

- Interests, Hobbies
- Values, Attitudes
- Behaviors, Lifestyle preferences

Every industry, business and product is different, so these lists are by no means the end-all-be-all — more of a starting point to evaluate market segment size and opportunity.

### 3. Be specific.

- **Narrowly defining your target customer is more of an art than a science. Try to be as specific as possible.**
  - In reality, identifying a specific target audience helps ensure that you make decisions that are dictated by your customers, which sets you up for long-term success.
  - **Drill down** to the **audience** truly their attitudes, Beliefs and Pain points
  - Understanding their **age** and **income** is the first step, but drilling down to the core customer problem is what will help set your products — and brand — apart from the competition.
- ### 4. Tap existing resources.
- Doing a quick search online, will often find existing resources that can help pull together information about the industry, the market segment, the competition and the ideal potential customer.

## **5. Look at your competition.**

1. What's their market positioning?
2. **What** are customers actually **purchasing** from them?
3. How about their **pricing**?
4. What are their customers **willing** to **pay**?
5. Would they pay more if you offered something **extra**?
6. What are customers saying on social **media**?
7. What social media channels are they interacting with the most?
8. What other interests do they list on their personal social media pages?

## **6. Conduct your own primary research.**

It involves gathering data directly from consumers.

**Focus groups:** Get feedback from a small group of consumers who fit your ideal customer profile via Q&A sessions and group discussions.

## 7. Business in a fresh light.

- **Do you feel there are enough potential customers within your target audience to start a brand new business?**
- **Will your target market benefit from your product or service?**
- **Will this target market see a true need for it? Will they come back repeatedly to purchase?**
- **Do you understand what drives your target market to make buying decisions?**
- **Can your target market afford your product or service? If so, how frequently can they buy?**
- **Answering these questions will help understand if we are truly ready to jump into business to appeal to a different market.**



# WHAT IS NICHE MARKETING?

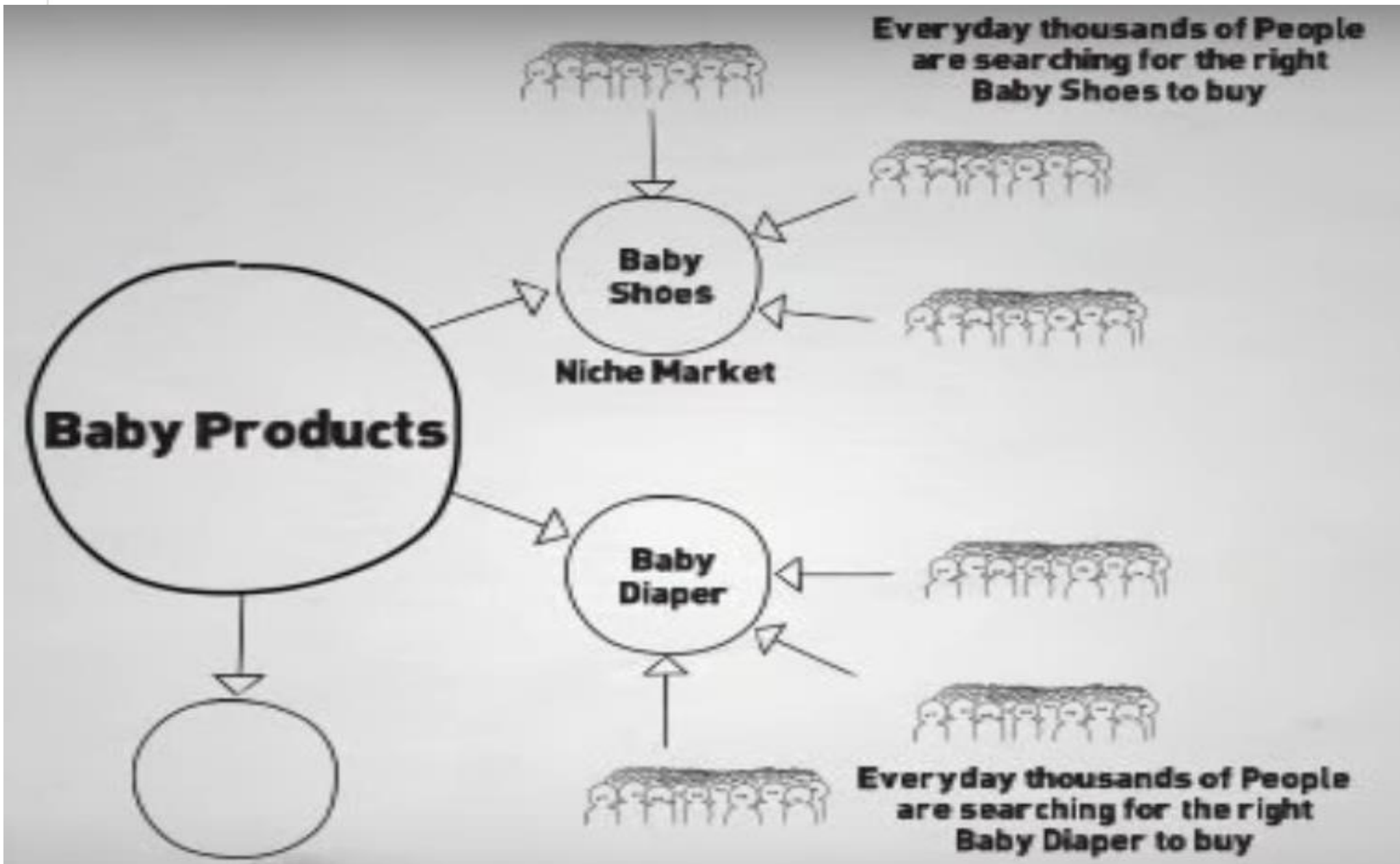
*Niche Marketing is a special area of demand for a product or service*

A niche market is a specialized market in which a limited and clearly defined range of product is sold to a specific group of customers. Every product can be defined as its market niche.

**Niche Market,**

- **need to specialize**
- **Need to be different**
- **be able to stand out from the crowd**

# Niche Marketing



## Niche Market

- **Specific** group of customers
- Do not aim at a general **market**
- Beating your **competition** by identifying untapped niches
- Offering **more specific**, valuable information to a more targeted audience which is more likely to convert
- Position your brand as **narrowly** as is economically possible.
- Become the **specialist** that anticipates the needs of your **target**.
- Realize your brand is now "media" competing against all other media.



# Niche Marketing

A niche market is the subset of the market on which a specific product is focused. The market niche defines the product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that it is intended to target. It is also a small market segment.

Niche Marketing is the best way of targeting for a new venture (startup) because Niche Marketing

- Allows Sensible use of Resources
- Makes marketing easy
- Helps identify clients easily
- Helps the venture gain expertise easily and quickly
- Helps the venture gain repeat business and referrals



Example : **The North Face** started as a player in the niche market, as a “speciality outfit brand for **mountaineers**”. Today, it is a part of the larger market, as a highly successful apparel brand.

# Value Proposition

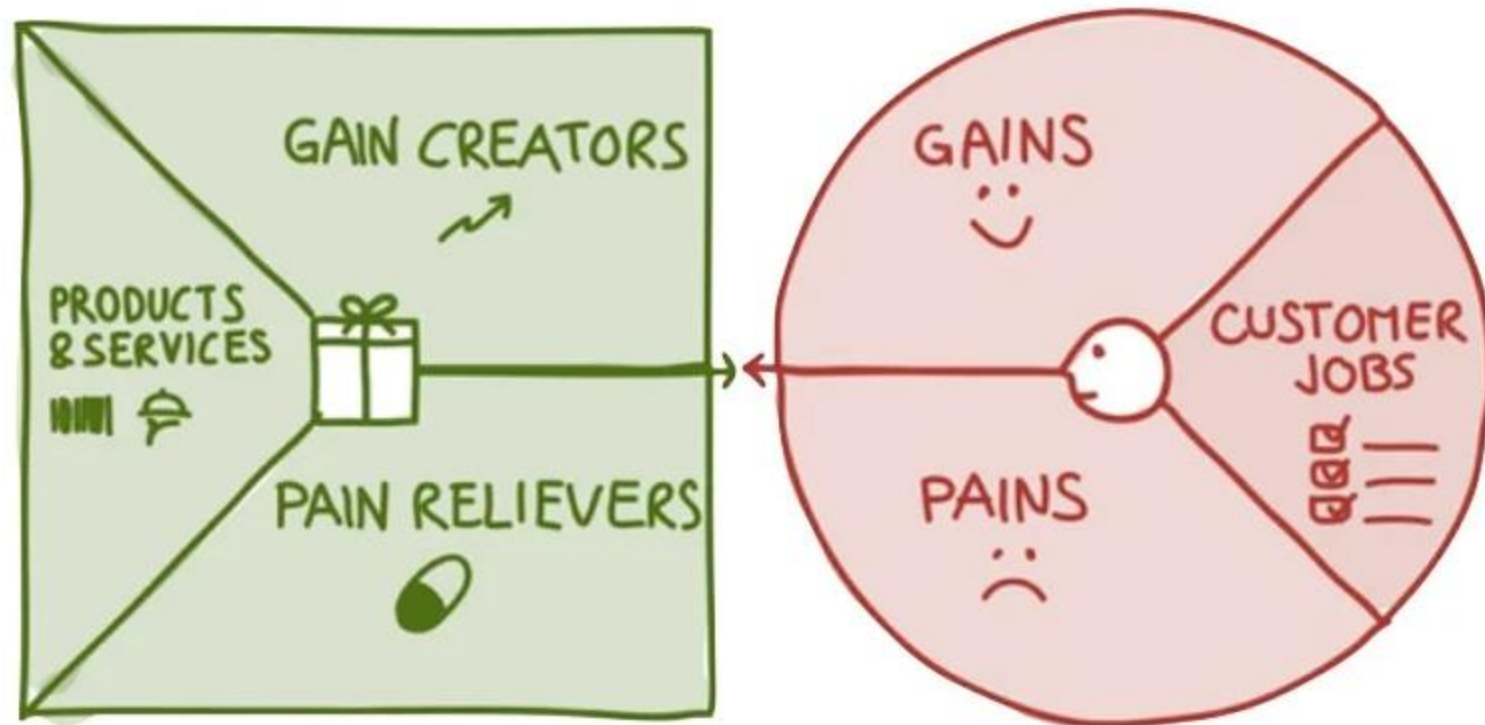
A value proposition is a statement that answers the 'WHY' someone should do business with you

## HOW TO WRITE A UNIQUE VALUE PROPOSITION

- 
1. **SPECIFIC** BENEFITS
  2. **PAIN-FOCUSED**
  3. **EXCLUSIVE**

# Value Proposition

Typically, a **value proposition** is a sentence or paragraph that clearly articulates what your service, business, or organization does, who it brings value to, and why it's valuable for those people.



# Value Proposition

- A value proposition defines the **benefits** your company's products and services offer to the customer.
- This short statement, based on your Business Concept Statement, should express the essence of your business in a way that compels the customer to buy.
- It's important to expend the necessary time and effort to craft a compelling value proposition since it will form the basis for all your sales, marketing, and product development efforts.
- The value proposition is also part of your Business Plan.
- A value proposition is a valuable tool to guide your marketing efforts.

# 3 components of a value proposition

What is your product/service?



Who is your target audience?



What value do you provide?

save money? time? better health?

## UNIQUE VALUE PROPOSITION

A unique value proposition (UVP) is the core benefit or solution that differentiates your product or service from the competition and positions it as the best possible option on the market.

# Innovation

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- ✓ Is a final product or services.
- ✓ Is implementation of knowledge from the customers.
- ✓ Is the insights, ideas, thoughts, and information the organization receives from its customers
- ✓ These insights can be about current products and services, customer future needs, and ideas for product innovations.
- ✓ Ideas for successful product innovations are most likely to come from end users and customers of the products and not from within the organization.

# Customer Driven Innovation...

## Customer-Driven Innovation Is Very Different From The Old Customer Innovation Programs

### ➤ Old Customer Innovation

- Customer-focused Innovation

- ✓ Innovation is done by the organization.

- Customer-Centered Innovation

- ✓ Innovation is done with customers- organizations and customers create innovation together.

# Customer Driven Innovation...



- The **customer** is the key **player** - innovation is done by customers, with **minimum involvement** by the **organization**.
- Customers are the primary source of **ideas** and the consumers of **new products** and services.
- They can **offer** ideas without **geographic** and **time constraints**, and the **organization** must be able to apply those **ideas quickly** to the development of new products and services.

# Customer Driven Innovation...



- In **customer-driven innovation** programs, the customer's engagement is **dynamic**, providing **ideas** anytime and anywhere.
- Customers and organizations **interact frequently**, sometimes in unstructured ways, and organizations need to serve customers **dynamic needs**.
- For example, the activities by which customers contribute their ideas and give their feedback on current products and services.
- The organization also needs to **coordinate** customer activities with its **existing** business processes and systems.