

Social Innovation in Industry 4.0
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Lecture 13

Value Proposition: Construction, Development and Validation

Welcome, to the next lecture on Value Proposition, Construction, Development and Validation. In Social Innovation Value Proposition is very very important. What is the benefit for every stakeholder, if we could explain it properly, and what is that he gains, then it makes it much more reliable model?

Value Propositions for Social Innovations

Value Propositions in Social Innovations: A concise statement-

- Communicating Unique Benefits
- Articulating Purpose and Impact
- Attracting Stakeholders and Resources

** benefits and value that the innovation offers.*
*** allow stakeholders to understand & engage*
**** highlight the benefits and value of the social innovation.*

Image source: <https://www.strategizer.com/business-model-canvas/value-propositions>

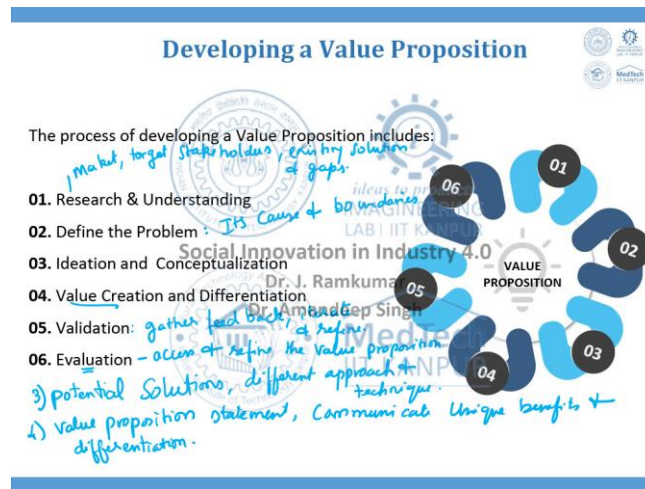
Value Proposition for Social Innovation is a concise statement. It is communicating unique benefits. So, what are the benefits do you communicate? You try to say the benefits and value that the innovation offers.

The communicating unique benefits has to be done very clearly, then articulating the purpose and impact. So, here it is nothing, but allow stakeholders to understand and engage. The articulating purpose and impact are allowed stakeholders to understand and engage.

And, the third thing is going to be attracting stakeholders and resources. So, here what you have to do is, you have to highlight the benefit and value of the Social Innovation has to be there. The communicating unique benefits, articulating purpose and impact, and attracting stakeholders and resources are the concise statement for Value Proposition in Social Innovation. This is very important, if you cannot define the unique benefit, then innovation cannot happen. Why innovation cannot happen? Innovation always demands

that there has to be a customer for your solution. Now, the customer, if he does not put his needs, he will never put it straight forward.

You have to understand what is his need by interview, by research, by looking at him, without talking to him, looking in the scenario, all these things what you do is, you try to figure out what is his need, and then convert the need into a unique benefit, then starts the journey for innovation.



So, the process of developing Value Propositions include research and understanding. Research and understanding are, you try to research the market, you try to look at the target stakeholders, you look at the existing solutions and you also look at the gaps. So, this will try to explain in the research part, you do market research, you do target stakeholders, you do existing solutions and gap you understand them, then what you do is, you define the problem. So, in the definition of the problem you will try to define its cause and boundaries.

You can never make a solution for an open ended or open boundary problem. So, you can never do it, your solution always should be confined or constrained to a set of people. Definition of the problem is, the social problem, its cause and boundaries will be defined in the problem.

When we talk about ideation and conceptualization, we try to talk about potential solutions and we also talk about different approach and technique. See when I was recently reading the newspaper, there was an article which said that hence for the telegram is stopped.

So, telegram is one thing which always used to be our life line, when there is happiness, when there is a joy, when there is a sorrow, we always look for a telegram to come. So, I

still remember those days when I passed my 10th standard, there used to be a telegram from my school saying that you have passed 10th, then comes the newspaper and other thing subsequently.

So, now what I am trying to tell you is, if we still talk about a telegram technology, nobody will accept it. So, here what you do is, you have to look at possible solutions to the existing problem and use technology for it. So, different approach and techniques have to be brought into your hands.

The fourth one is value creation and differentiation. This is very very important. What is the value? You are going to add to a customer whose unmet needs are there, by buying your solution he gets a benefit.

So, value creation and differentiation, if I can do why not he, or if he has done it, what is the difference between my product and his product, the differentiation is very important. If you try to mimic and copy the same, it is not going to be accepted, and the Social Innovation is not going to be successful.

So, you should look for solutions, and the moment you see a very good solution, you should try to take the solution, do reverse engineering, and then do mass customization, such that your product can be very successful.

Value creation is clear Value Proposition statement. Value creation is, you have to write a Value Proposition statement and communicate unique benefits and differentiation, you have to do. How is it different from others? If I can teach and you can teach, how you rated as a good teacher? If I can invent, you can invent, how can you have said you are a very good innovator. So, the differentiation is very important.

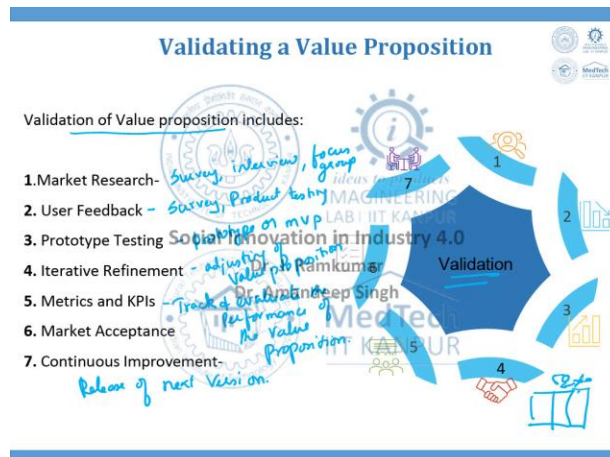
And the validation. Validation is gathering feedback from the customer, you are also trying to reiterate and refine, it is nothing, but validation. You are trying to gather information; you are trying to iterate and refine.

And finally, when you are trying to evaluation, validation is one, evaluation is next. Evaluation is access and refine the Value Proposition, this is access.

So, you can see here. So, there are 6 stages which are part of Value Proposition. First is research and understanding, next is definition of the problem, the third one is ideation and conceptualization, fourth one is value creation, fifth one is validation, sixth one is evaluation. So, all 6 are very important steps as part of Value Proposition. Research understanding, defining the problem, ideation, value creation, validation.

Validation is, make prototype drives and reiterate on and off so that you try to get the best

one. Evaluation is, after you have done it, you released it into the market, and then you are trying to do it. It is access and refine the Value Proposition.



So, validating Value Proposition market research is done by survey, interview and focused group. You try to do market research on this.

User feedback, basically again, it is done through a survey, and it is product testing, you get a user feedback. Prototype testing is, it makes a prototype, it can be physical or virtual or makes a minimum viable prototype or a product MVP. Then, iterative refinement is, adjusting to the Value Proposition. It is basically adjusting of Value Proposition. Value Proposition based on the insight feedback, whatever it is.

Then, what we do is, after we try to refinement, we try to establish a metric and KPIs so that we can track and evaluate. Why is that? Suppose you say that you have to this, here is 50 grams, it has to be achieved.

So, then you try to put your thing, I have 60 grams achieved. So, now you try to say I am 50 grams more than whatever is required in the product. So, that is track and evaluate the performance of the Value Proposition.

Next is market acceptance. It is, how the product is getting accepted in the market, and the next one is, release of next version for the same product so that you can attract more customers. So, here are the validation of Value Proposition which is doing by market survey, user feedback, prototype testing, iterative refinement, then you have metrics and KPIs, then it is market acceptance, and the last one is, continuous improvement. So, you can see all the 7 are very important for validation. The earlier step was, we were trying to do what is Value Proposition, and in this step, we are trying to talk about validation.

Value Propositions in Social Innovations



The value proposition is a critical component of any social innovation

A well-defined value proposition will help the innovation to -

- Attract resources to succeed
- Measure its impact

Examples of social innovations and their value propositions:

- Kiva :- Provides access to capital to entrepreneurs in developing countries to create job & improvement of their community.
- Acumen Fund*
- WaterAid**

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* Provides capital & expertise to businesses that are creating social & economic value, to scale & grow

** provides clean water & sanitation to people in developing countries

How do you validate your Value Proposition? The Value Proposition, in Social Innovation, is a critical component of any Social Innovation. Well-defined Value Proposition will help the innovation to attract resources to succeed as well as measure its impact.

Attract resources to succeed, sharing of resources collaborate over, that is what we are trying to say. Well-defined Value Proposition will help the innovation to attract resources to succeed and measure its impact. There are several examples which we have already seen.

Kiva, it provides access to capital to entrepreneurship in developing countries to create job and improvement of their community, that is Kiva. What is acumen fund? Acumen fund, it provides capital and expertise to businesses that are creating social and economic value to scale and grow.

The difference between acumen fund and kiva, it gives only capital, it gives you capital and expertise. These are all the Value Proposition, whatever it is.

Then, let us talk about water aid, the water aid provides clean water and sanitation to people in developing countries. So, look at the Value Proposition which are very clearly defined. I will give you capital and expertise, use it for the betterment, then they will say, use this, water aid provides clean water and sanitation for developing countries.

These are some of the Social Innovations and their Value Propositions, you have to think of. When we try to think of the Value Proposition, be very careful and clear, and then identify uniqueness in the Value Proposition.

Key Elements of Value Proposition: Customer Needs, Pain Points & Goals



Customer needs, pain points, goals

Essential steps in developing a compelling value proposition are

- Understanding customer needs : To address specific Pain Points of Customer Requirement.
- Identifying pain points : help tailor the Value Proposition.
- Recognizing customer goals : Align the Value Proposition with Customer Goals.

Keeping the Value proposition relevant requires:

- Continuous Market Analysis : updated on Evolving Customer Needs + trends.
- Competitor and Industry Monitoring : IIT KANPUR
- Adaptability : To changing Customer needs & stay ahead of the Competition.

The Key Elements of Value Proposition customer needs, pain points and goals.


If you want to see that in detail. The customer needs and pain points and goals, the essential steps in involving a compelling Value Proposition are understanding the customer need. Here to address specific pain points and customer requirement. Identifying pain points is, it helps tailor the Value Proposition.

Then, recognizing the customer goal, it helps in aligning the Value Proposition with customer goal. So, essential steps in developing compelling Value Proposition are understanding the customer need, identifying the pain points and recognizing the customer goal.

So, when we keep the Value Proposition relevant requirements continuous market analysis is very important so that we stay updated on evolving customer needs and trends. This is very important. Continuously you have to look into the market and update. Next one is competitor and industrial monitoring. It is to identify emerging customer demand be informed about the novel innovation trends and regulations, all these things are a competitor and the industrial monitoring.

Adaptability is to meet the changing customer needs and stay ahead of the competition, that is very important. So, these are the Value Proposition relevant requirements. You have to continuously understand the market, you have to always be ahead of your competitor, and you have to adapt, such that you are always above all the competitions.

Key Elements of Value Proposition: Solutions



Solution

Importance of developing a solution that meets customer needs:

- Customers - Lifeblood of businesses
- For business to be successful
- Can be done through :
 - Market Research
 - Customer Surveys
 - Other forms of customer feedback


This in turn results in brand loyalty, customer satisfaction, to attract new customers + retain old customers.

When we talk about solutions, the importance of developing a solution that meets the customer needs are life blood of businesses has to be done.

Then, for customer to be successful can be done through market research, customer survey and other forms of customer feedback. This in turn results in brand loyalty, the customer satisfaction, to attract new customers and retain old customer.

So, this is very important, whatever the solution, this in turn results in brand loyalty, customer satisfaction, to attract new customers and retain old customers.

Key Elements of Value Proposition: USP



Unique Selling Point (USP)

It explains what makes a product/service unique and why it should be chosen over others.

Innovation, quality, functionality, customer experience, etc.

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Highlighting USP:

- To showcase key advantages over the competitors.
- Emphasize unique features

i.e. superior performance, cost-effectiveness or exceptional customer service.


Source: Roland Berger

When we talk about the Unique Selling Point (USP), it explains what makes a product-service unique and why it should be chosen over the others. So, here basically, it lands down in innovation, it looks into quality, it looks into functionality, it looks into customer experience, etcetera.

So, innovation, equality, functionality and customer experience etcetera. Highlighting USP to show key advantages over the competitor and emphasizing unique features, that is

superior performance, cost-effectiveness or it can talk about exceptional customer service. So, USP is like this. So, highlighting USP will be to show key advantages over the competitors and emphasize unique features that is superior performance, cost-effectiveness or exceptional customer service.

Key Elements of Value Proposition: USP



Value proposition statement

ideas to products
IMAGINEERING

Importance of a Clear Value Proposition Statement:

- Captivate audience *by communicating the USP of the product offered*
- Differentiate from competitors. *Highlight specific benefits & advantages.*

Characteristics of a effective Value Proposition Statement:

- Clear and Concise - *Short & Easy to Understand*
- Compelling and Persuasive - *Specific benefits & advantages*
- Unique and Memorable - *Distinctive & memorable*
- Customer Centric: *Focused on target audience.*

What is Value Proposition statement? Importance of a very clear Value Proposition statement should be captivative audience.

Capitative audience is by communicating the USP of the product offered, product or service offered. Next is differentiate from competitors is highlight specific benefits and advantage. So, that is the importance of clear Value Proposition statements.

Then, the characteristics of an effective Value Proposition clear and concise, this is short and easy to understand USPs you have to put.

The next one is compelling and persuasive, it is highlighting some of the specific benefits and advantages, and unique and memorable is distinctive and memorable.

The last one is customer centric; it is focused on target audience. So, this is the Value Proposition statements, it has to capitatae to audience, it has to differentiate from the competitor. So, this has to be there, then the characteristics should be clear and concise, next is compelling and and persuasive, then unique and memorable, then customer centric. So, all these things are very much used to effectively communicates the value proposition statements.

Value Proposition Communication

Vital for differentiating your offering, building trust with customers, and influencing their purchasing decisions.

Importance of communicating value proposition:

- Clear Differentiation
- Building Trust and Credibility
- Value Perception

Channels for Communicating the Value Proposition:

- Website
- Presentations and events
- Social media
- Marketing materials

So, when we try to look at Value Proposition Communication, it is vital for differentiating your offering, building trust with customers, and influencing their purchasing decision.

The importance of Communicating Value Proposition is clear differentiation will be how the product or the service stands out from its competitors. Building trust and credibility it is clearly articulating clearly articulating the unique benefits and value you are offering.

Then, Value Proposition is going to be increasing customers willingness to pay and reduce price sensitivity. So, clear differentiation should be how this product is different from others. Building trust and credibility is going to be articulating the unique benefits, and value perception is going to be customer willingness to pay and reduce price sensitivity.

So, that means to say, if you give a wonderful product people are not going to be much bothered about the sensitivity of the product. So, that has to be the Value Proposition. So, the channel for communicating the Value Proposition is going to be through websites, presentations, events, social media and marketing materials. So, this is how a Value Proposition can be communicated.

Value Proposition and Business Growth



A strong value proposition can help a business grow in a number of ways:

- Attract new customers: By highlighting the benefits of the products or services
- Retain existing customers: By showing them how the products or services can help them achieve their goals.
- Increase sales: By convincing customers to buy their products or services

So, Value Proposition and a Business Growth. A strong Value Proposition can help a business grow in a number of ways: A strong Value Proposition can help to grow the business. This is very important.

If the Value Proposition is good, the business grows. It attracts new customers by highlighting the benefits of the product and the service. It retains existing customers by showing them how the product or service can help them achieve their goal.

It increases sales by convincing customers to buy their products or services. So, this is how you try to keep a strong Value Proposition such that your business can grow. You attract new fellow, you retain the existing fellow, and you increase the sale. So, this is important. For example, a business, that sells software, could highlight the benefits, the customer gets through this software.

Then, when we try to retain the customer, a business, that tries to sell products and helps business, save time, and show how these products can improve their productivity, then the second point is taken care.

The third one is going to be help business to improve the customer service, that could show them how products can be helpful to other businesses to improve the customer services.

Summary



A value proposition is a statement that explains what makes your product or service unique and why customers should choose it over the competition.

A strong value proposition can help you to attract new customers, retain existing customers, and increase sales.

There are a number of ways to create a strong value proposition, including:

- Focusing on the customer and their needs
- Being specific and measurable
- Being clear and concise
- Being believable

Assignment: Assume that you are a tutor for a course, the students have to pick you from a lot of 10 students. What will be your value proposition.

To summarize or this lecture, a Value Proposition is a statement that explains what makes your product unique, and why customer should choose it over the competitor. So, two words which are very important, what and why.

The next is, the strong Value Proposition can help you to attract new customers, retain existing customers, and increase in sale.

There are a number of ways to create strong Value Proposition which include focus on the customer and their need, be specific and measurable, be clear and concise, be believable. So, this is very important. So, these are the strong Value Propositions, these are strong ways to create Value Propositions.

So, the assignment for this lecture is, assume that you are a tutor for a course. The students have to pick you from a lot of 10 students, what will be your Value Propositions because if you are good, if more students join with you, your incentive is inversely or is directly proportion to your number of crowds, whatever you have.

So, that is why you would like to attract more and more students. So, the assignment is, you assume that you are a tutor for any course whichever you like, let it be English, Math, Hindi, Sanskrit, whatever it is, and now there are 10 students, you should allow the freshman who comes in size to pick you and attend to you, what will be your Value Proposition, and how do you do that. So, this material is taken from the book Lewis portal, Social Innovation and Social Entrepreneurship.

Thank you.