Value Proposition Canvas

Many new products fail, not because they are badly made, but because customers do not need them. The Value Proposition Canvas helps us avoid this mistake. It was presented by Alexander Osterwalder, Yves Pigneur, Greg Bernarda and Alan Smith in the book Value Proposition Design, published in 2014. The canvas has two sides: a customer profile with jobs, pains and gains, and a value map with products and services, pain relievers and gain creators. The goal is fit: a clear match between the two sides.

1. Customer Jobs

We start with the customer profile, and first with customer jobs. Jobs are the tasks that customers are trying to get done, the problems that they want to solve or the needs that they want to meet. Some jobs are functional, such as getting to work, while others are social or emotional, such as looking professional or feeling safe. We describe the jobs in the customer's words, not in the language of our product.

Example: A parent shopping for a lunchbox seems to want a box. The customer job, however, is to give the child a healthy lunch that stays fresh until noon.

At work: Anas, a product manager at a delivery company, designs a service for small online shops. He lists their customer jobs: sending orders quickly and looking reliable to their own buyers.

2. Pains and Gains

Pains are everything that annoys customers or gets in their way before, during or after a job, including risks and bad outcomes. Gains are the results and benefits that customers want, from basic needs to pleasant surprises. Some pains and gains matter much more than others, so we rank them. The most important ones deserve most of our attention.

Example: For a daily train commuter, the pains are crowded carriages and delays. The gains are a seat and quiet time to read.

At work: Anas asks shop owners about their pains and gains. Their biggest pain is late or lost parcels that bring angry messages, and their biggest gain would be good reviews from happy buyers.

3. Products and Services

Now we turn to the value map, which describes our offer. Its first block lists the products and services that our value proposition is built on. On their own, they create no value; they matter only in relation to the jobs, pains and gains of a specific customer.

Example: A hair salon's products and services are haircuts, colouring and an online booking page. The booking page helps busy customers with an important job: finding a time that fits their day.

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At work: Anas writes down the products and services: same-day pickup, a tracking app and branded packaging.

4. Pain Relievers and Gain Creators

Pain relievers describe exactly how our offer reduces the customer's pains. Gain creators describe how it produces the gains that the customer expects or would be happy to get. Good value propositions focus on a few pains and gains that really matter, rather than trying to solve everything. Each pain reliever should match a pain, and each gain creator should match a gain.

Example: A dental clinic offers a pain reliever for nervous patients: a calm explanation before every step. As a gain creator, it offers evening appointments, so patients do not lose a working day.

At work: Anas designs a pain reliever: buyers receive a live tracking link, so shop owners get fewer angry messages. His gain creator is an automatic request for a review after each delivery.

5. Fit

Fit happens when the value map matches the customer profile: our offer addresses important jobs, relieves serious pains and creates wanted gains. At first, fit exists only on paper: we should have evidence that customers care about these jobs, pains and gains, but not yet that they want our offer. We then test the offer with real customers.

Example: A café near a university finds that the students' biggest pain is having no quiet place to study. It adds quiet tables and longer opening hours, and the fit shows in a full room every evening.

At work: Anas tests the offer with ten shop owners. They love the tracking link, but nobody cares about the branded packaging, so he drops it and improves the fit.

Conclusion

In summary, the Value Proposition Canvas puts the customer profile next to the value map. On one side are customer jobs, pains and gains; on the other are products and services, pain relievers and gain creators. The aim is fit, which we check with real customers instead of assuming it. When we start from the customer, we build what people truly want.

Sources

- Osterwalder, A., Pigneur, Y., Bernarda, G. and Smith, A. (2014). Value Proposition Design. Wiley – https://www.strategyzer.com/books/value-proposition-design
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