



Value Propositions: Theory and cases

Episode 10

Let's practice.

Example 2.

**A Fast-Moving Consumer
Good (FMCG)**

*You are learning with the
Spring Saga of the year
From January 22nd to May 6th, 2024.
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Value Propositions: Theory and Cases.

Outline

1. **Introduction** 
2. **The history of Marketing: The background of value propositions** 
3. **What is a value proposition?** 
4. **Problem solving in the context of value propositions.** 
5. **The philosophy behind the Osterwalder Canvas** 
6. **Customer profile. Gains. Pains** 
7. **Value map. Gain Creators. Pain relievers** 
8. **Fit between the Client and the Value Map** 
9. **Let´s practice. Example 1. A Global Consumer Packaged Good (CPG)** 
EASTER WEEK HOLIDAY No publication this week (Vacation from the 22nd to 31st March)
10. **Let´s practice. Example 2. A Fast-moving Consumer Good (FMCG)** 
11. **Let´s practice: Example 3. A Technological Computer Peripheral Equipment Manufacturing**
12. **Let´s practice: Example 4. A Luxury Precious Stone Mining**
13. **Let´s practice: Example 5. A Global Transportation Services Enterprise**
14. **Let´s practice: Example 6. A Financial Sector initiative**
15. **Let´s practice: Example 7. An agriculture-food security product**
16. **Strategic Reflections about Value Propositions.**
17. **Summary and conclusions.**

Today

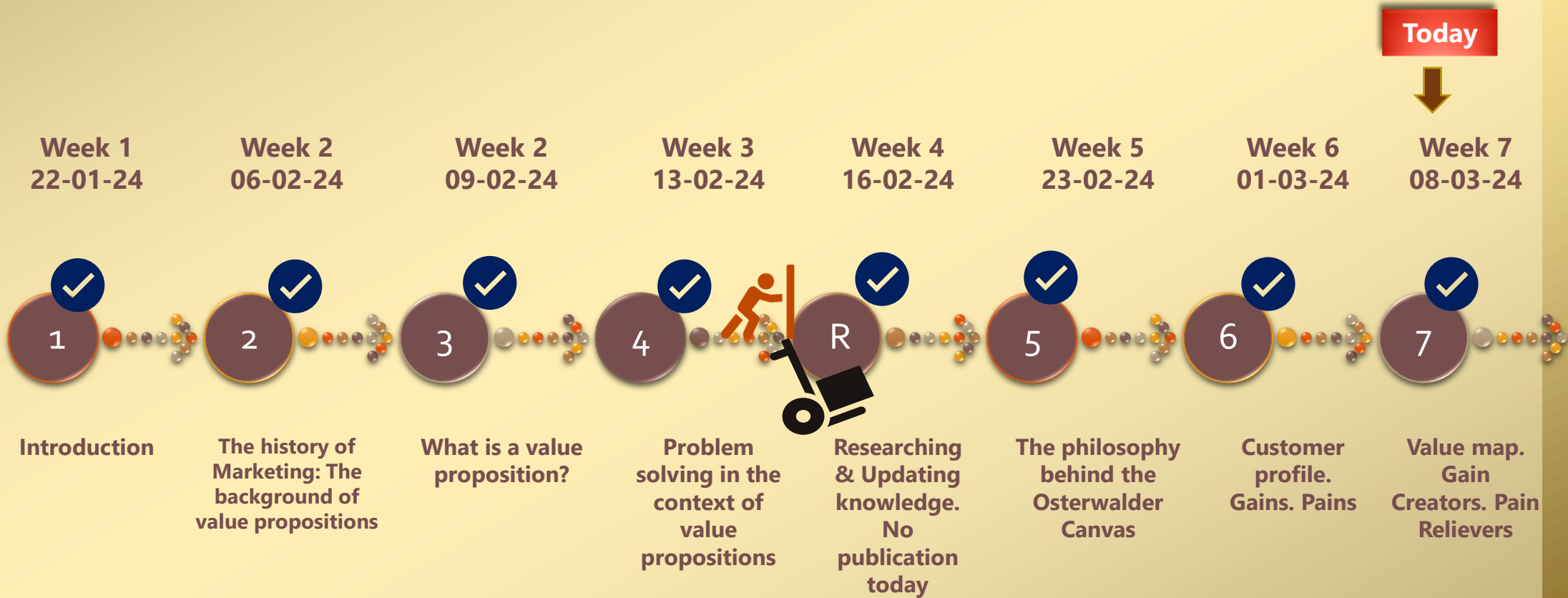
This outline is subject to change if the author considers it appropriate.



Value Propositions: Theory and Cases.

Tentative Schedule Program (subject to change)

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This outline is subject to change if the author considers it appropriate.



Value Propositions: Theory and Cases.

Tentative Schedule Program (subject to change)

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Today



Week 8 15-03-24	Week 9 22-03-24	Easter Week 29-03-24	Week 10 05-04-24	Week 11 12-04-24	Week 12 19-04-24	Week 13 26-04-24	Week 14 03-04-24	Week 15 09-05-24	Week 16 17-05-24	Week 17 24-05-24
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Fit between customers and value map

Let's Practice. Example 1



Easter Vacations No publication this Friday

Let's practice. Example 2



Let's Practice. Example 3



Let's Practice. Example 4



Let's Practice. Example 5



Let's Practice. Example 6



Let's Practice. Example 7



Strategic Reflections about Value Propositions

Summary and Conclusions

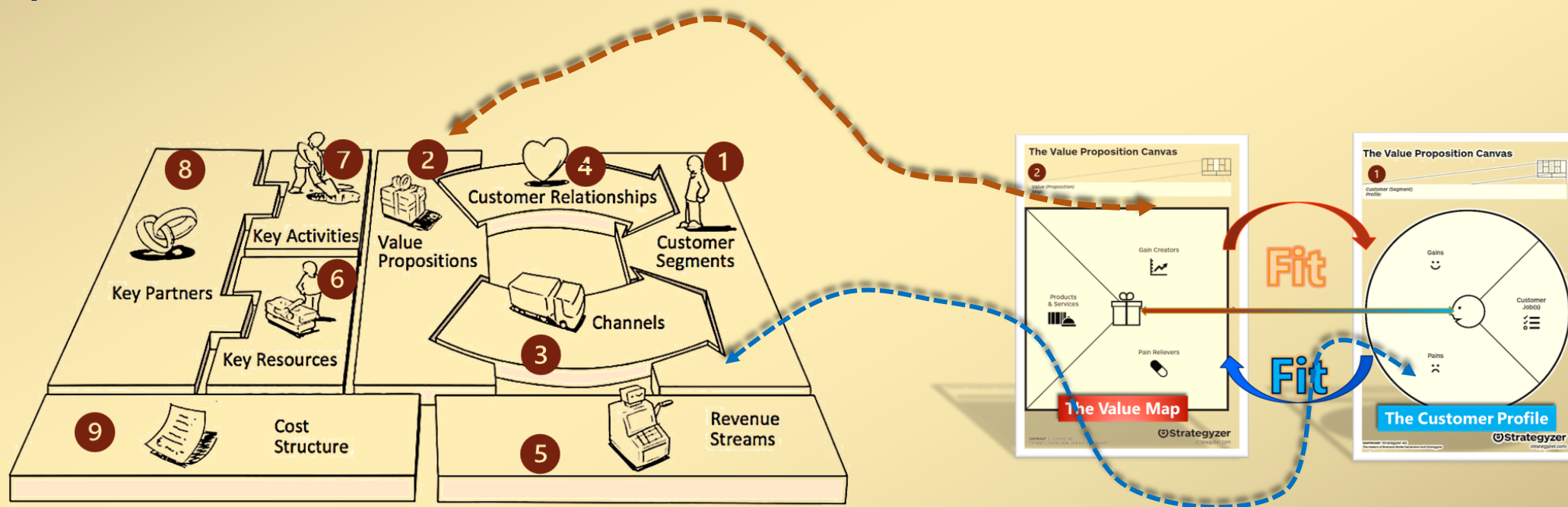
The Summer saga of the year will kick-off as of June 14th, 2024.



Value Propositions: Theory and Cases.

Today is the turn to the practice. Our second example is a FMCG

Please remember that we are simply at the initial step of business modeling: building the Customer Value Proposition (CVP)



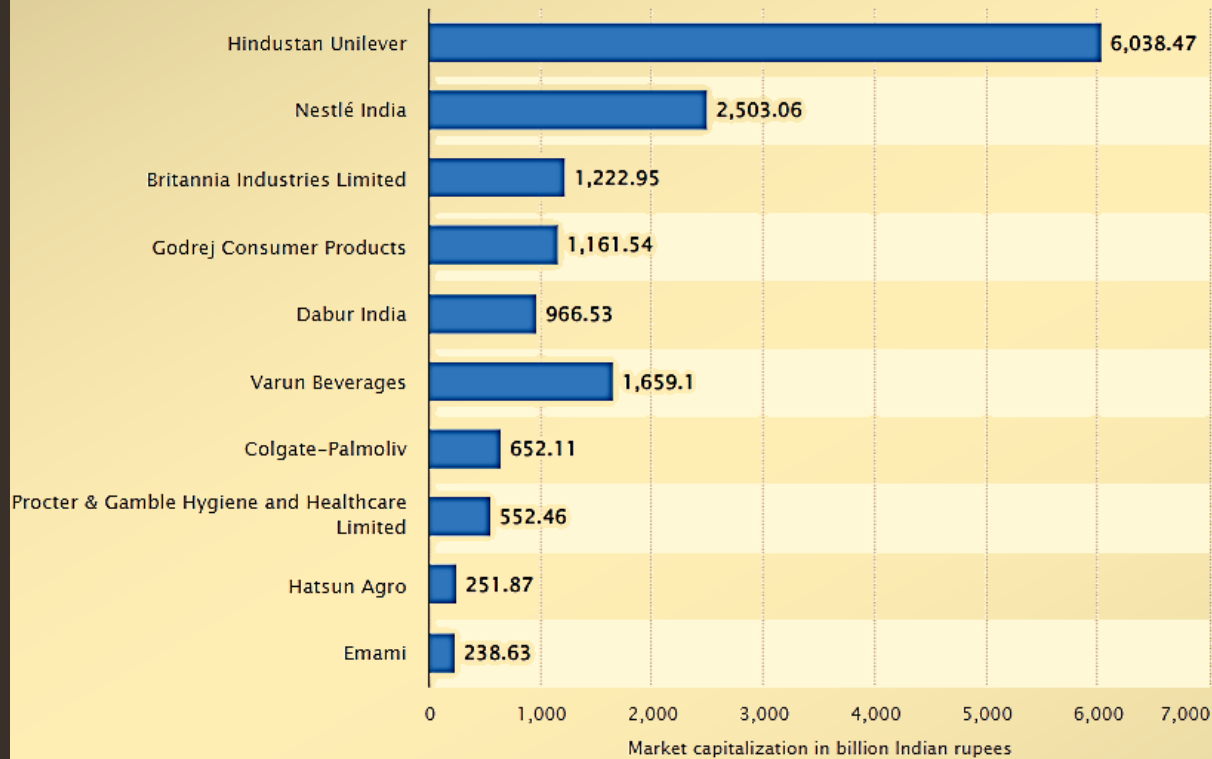
Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
www.businessmodelgeneration.com
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Value Propositions: Theory and Cases.

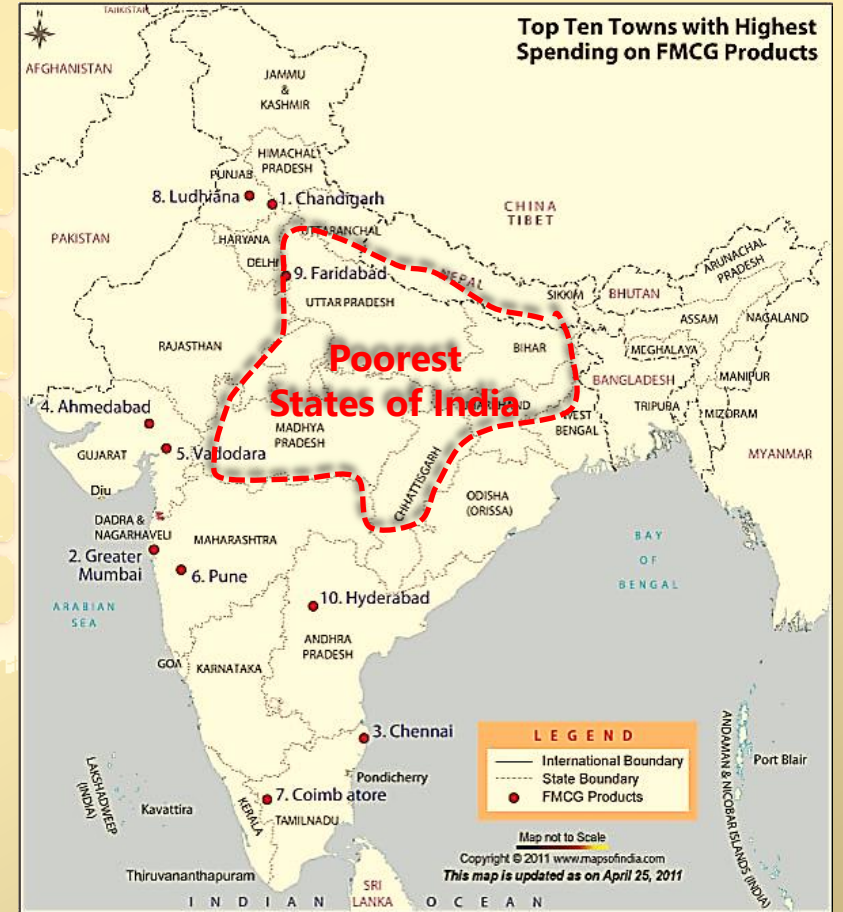
The Fast-Moving Consumer Good Industry of India.

Today, our example of practice takes us to India.



Leading FMCG companies in India as of January 2024, by market capitalization (in billion Indian rupees)

© Statista 2024



The Poorest states of India are the ones located in the North Central part. These do not spend much in FMCG. The minimum salary there is the lowest for non-skilled up to high-skilled workers.



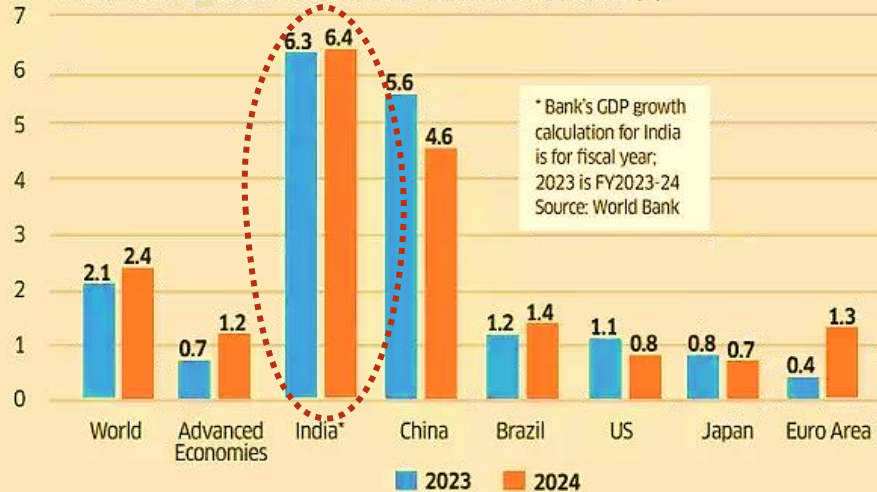
Value Propositions: Theory and Cases.

The Fast-Moving Consumer Good Industries are watching India diligently.

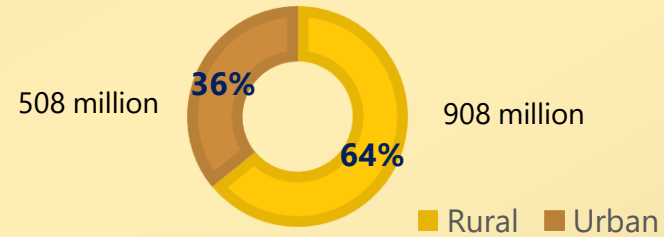
The rural areas represent around 2/3 of population in India. FMCG is striving for growth in Rural India. The FMCG represents the fourth largest sector in the Indian economy

INDIA & THE WORLD

GLOBAL GDP FORECASTS BY WORLD BANK IN JUNE 2023 (%)

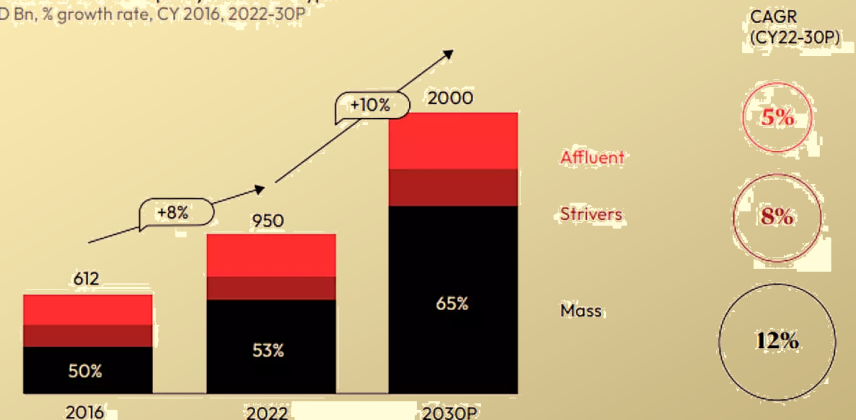


POPULATION INDIA (MILLION)



'Mass' Consumers will drive 65% of the Indian retail market by 2030

India Retail Market - Split by Consumer Type
USD Bn, % growth rate, CY 2016, 2022-30P



SEGMENTED SHARE OF FMCG SECTOR

Food and beverages accounts for

19%
of the sector

Healthcare accounts for

31%

Household and personal care accounts for the remaining

50%
share

Source: IBEF, 2022

08/04/2024

Source of Reference Slides 43-44

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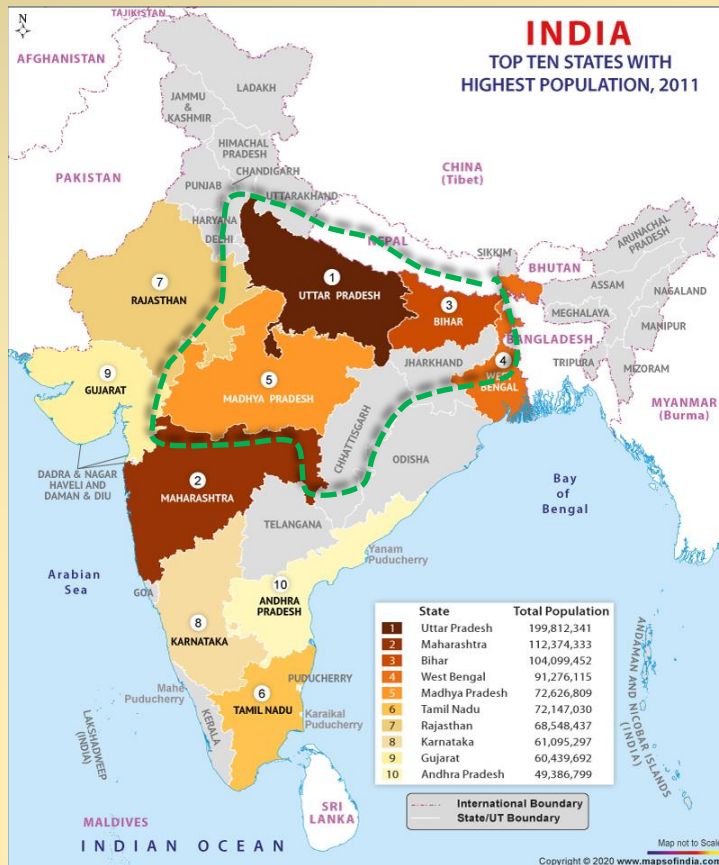


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Value Propositions: Theory and Cases.

Our entrepreneurs are exploring to sell a natural local ingredient soap in 5 of the rural poorest states of India: Bihar, Chhattisgarh, Jharkhand, Uttar Pradesh and Madhya Pradesh.



The bar soap and water in India Rural Poorest states:



- The poorest states of India are also the ones with the highest population.
- India has established a pattern of minimum wages per state, and by general category of the workers skills: Unskilled, Semi-skilled, Skilled & Highly Skilled Workers.
- According to India Briefing, by October 2023, the minimum wages per month in INR in these 5 states stand in a range of 9,000 INR/month to 14,500 INR/month (in US dollars: From \$107/month to \$174/month). In rural farms, women earn around 4,700 INR per month (\$56/month)
- In rural India, there is lack of water private facilities. In the rural poorest states: Bihar, Madhya Pradesh, Uttar Pradesh, and West Bengal most communities get water from public handpumps .
- On average more than 50% of the rural households in these 5 states lack private community sanitation facilities or private bathrooms. What exist are community latrines without a proper shower space or a wash-hand basin/sink.
- 51% of the families in rural India areas do not have access to handwashing facilities, water and soap; in comparison to 20% of households in urban areas, where access to running water is more common.
- The consumption per capita of soap in India is 460 grams per year (the equivalent to 4 ½ soap bars of 100 grams, in comparison to 1.1 kilogram of soap per capita in Brazil per year

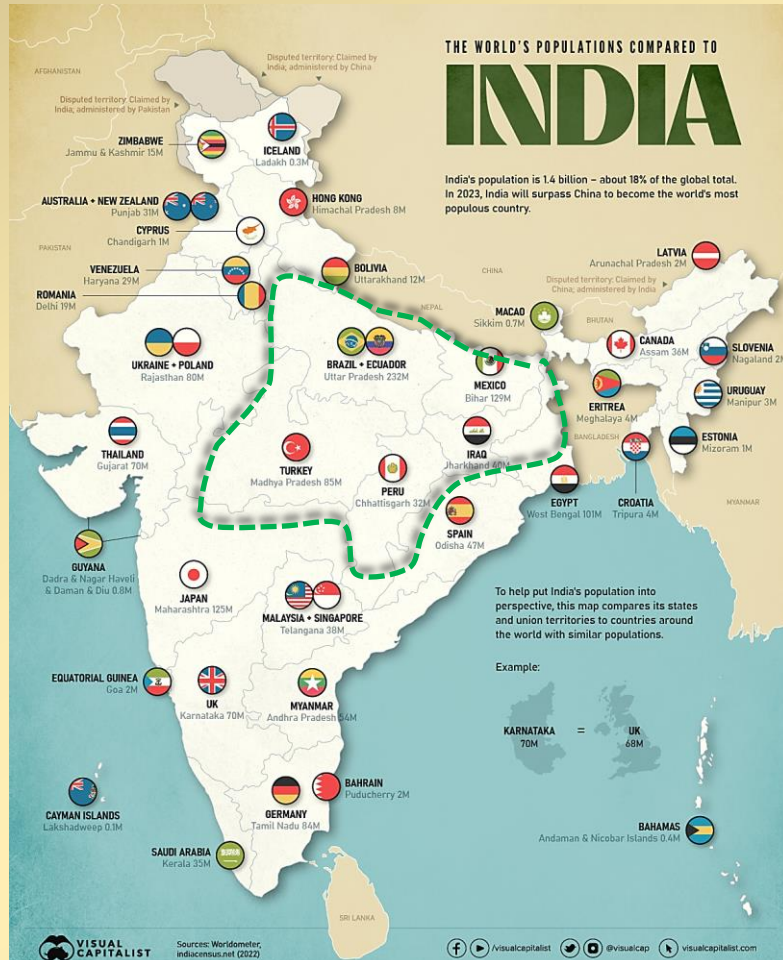


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Let's look at the size (population) who are going to be our potential clients:



State	Equivalent Size	Population
Uttar Pradesh	Brazil+Ecuador	232 M
Madhya Pradesh	Turkey	85 M
Chhattisgarh	Peru	32 M
Jharkhand	Iraq	40 M
Bihar	Mexico	129 M

08/04/2024



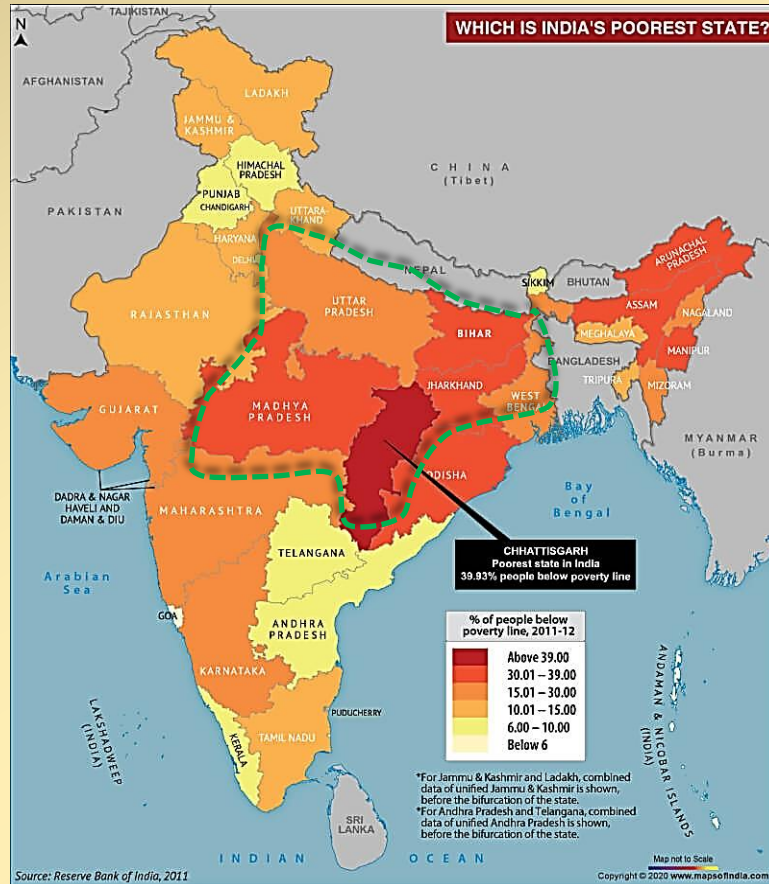
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Value Propositions: Theory and Cases.

Our entrepreneurs are exploring to sell a natural local ingredient soap in 5 of the rural poorest states of India: Bihar, Chhattisgarh, Jharkhand, Uttar Pradesh and Madhya Pradesh.

Let's look what is the real problem behind the low level of soap utilization in these 5 states: lack of water and absence of private household sanitation facilities.





Value Propositions: Theory and Cases.

Our entrepreneurs wish to focus in the FMCG soap industry for Rural India.

In 2022, on average, around 66% of the Indian population has water on premises. In the rural areas: 89 % of the households has access to a basic improved water source within a round trip of 30 minutes. Many rural villages only hold a basic or limited water source (without premises)



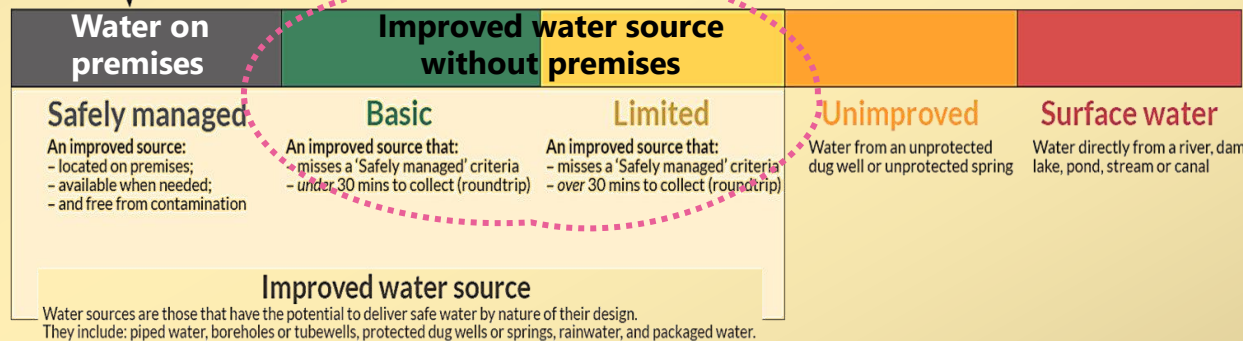
In India, three factors directly affect soap consumption in rural communities:

1. Water availability
2. Existence of sanitation facilities (toilet, community latrines with toilet incorporated).
3. Enough Budget availability to purchase a bar of soap for the family. On average, for someone who showers daily, a bar of soap (100 gm to 150 gm) might last a month. Many poor families in India, sacrifice to buy bar soap and utilize clothing detergent instead.

Water on Premises means an integral water supply system with a whole water distribution system that includes piping, connection fittings, valves and accessories within a building, house, residential communities or other institutional structures.

Definitions across the drinking water ladder

All countries have agreed to work towards universal access to safe drinking water by 2030 as part of the UN Sustainable Development Goals.

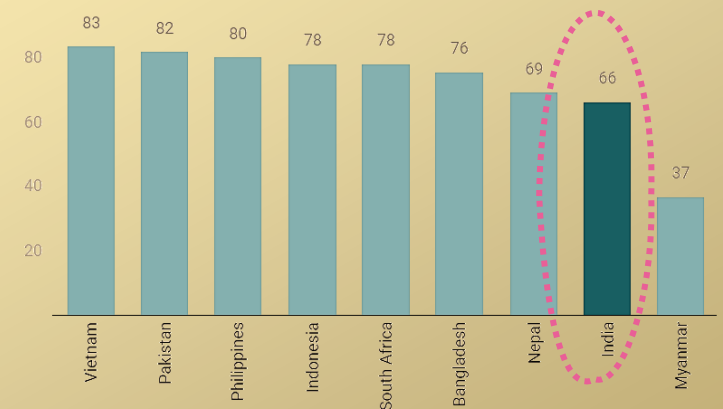


Source: WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation. OurWorldinData.org - Research and data to make progress against the world's largest problems.

Licensed under CC-BY by the author Hannah Ritchie.

India lags behind in access to water on premises

Households with water on the premises (in %)

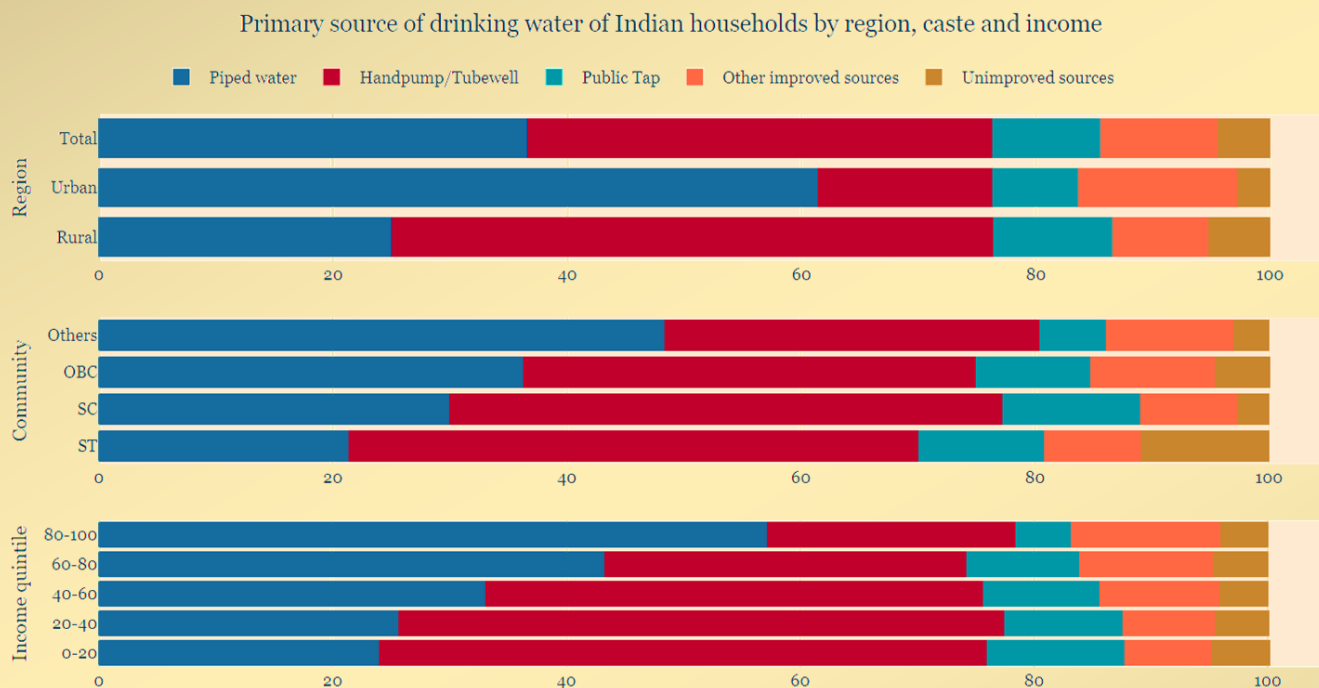




Value Propositions: Theory and Cases.

Our entrepreneurs wish to focus in the FMCG soap industry for Rural India.

Without access to water on premises and private toilet-sanitation facilities, the utilization of soap will be constrained. There has been some improvement after the COVID-19 pandemic.



Source: Multiple Indicator Survey (NSS Round 78), 2020-21



Measured in April 2023, the Jal Jeevan Mission (India Government) provided piped water access to an additional 8.5 million rural households.

States of our project	% households with tap water supply
Bihar	95.7%
Chhattisgarh	42.4%
Madhya Pradesh	48.1%
Uttar Pradesh	37.6%
Jharkhand	33.7%
West Bengal	32.3%

India aims to supply tap water to all rural populations. The objective is to provide at least 55 liters of quality piped drinking water per capita per day. (SDG 6 objective United Nations)



Value Propositions: Theory and Cases.

Our entrepreneurs wish to focus in the FMCG soap industry for Rural India.

Without access to water on premises and private toilet-sanitation facilities in the households, the utilization of soap will remain constrained. One thing is to have an improved water source near home, another one is to have tap water at home on Indian style premises.



89 percent of the rural population has access to an improved water source within a round trip of 30 minutes. Many families use a community latrine, but do not have a private bathroom at home.

Image source: <https://adventuresofagoodman.com/indian-toilet-squatty-potty-photography/>

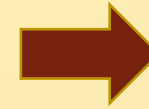
According to the World Bank, India is among the world's most water-stressed countries. The bulk of water (90%) is used for Agriculture. The National Commission on Water has predicted that under a business-as-usual scenario, water demands in India will exceed all available sources of supply by 2050.



Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

The entrepreneurs foresee that the customer profile for a bathing soap bar might be Indian married women (who belong to the low-class) between 20 to 45 years old living in transition from using community ponds or public bucket bathing to a private piped water bathroom.



“Community ponds and public piped water for bathing are also a common feature of the Indian rural poorest landscape. While no one drinks pond water and all households have at least “basic” water access, community ponds continue to be used for non-consumptive domestic purposes including bathing, dish washing, swimming for heat relief, and livestock watering among other purposes.

Sanitation infrastructure and practices consist of private household pour flush latrines (basic sanitation) and open defecation. Around 20% of people living in rural India still practice open defecation, and ponds are commonly used afterwards for anal cleansing and bathing”.



Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

The top brands of bathing soap in India and its current prices:

TOP SOAP BRANDS, MARKET SHARE BY VALUE (%)*

Rank	Brand (company)	Jan-Apr 2013	Jan-Apr 2014	Jan-Apr 2015	Change from Q1, 2014**
1	LIFEBUOY (HUL)	16	17	17.1	0.1
2	LUX (HUL)	14.7	14.3	14.4	0.1
3	SANTOOR (Wipro Consumer Care)	8.3	8.6	9.2	0.6
4	DETTOL (RB)	7.1	7.4	7.7	0.3
5	GODREJ NO 1 (Godrej Consumer)	8.2	7.5	7.6	0.1
6	DOVE (HUL)	4.4	4.6	4.5	-0.1
7	PEARS (HUL)	4.2	4.6	4.3	-0.3
8	JOHNSON'S BABY (J&J)	3.3	3.3	3.1	-0.2
9	CINTHOL (Godrej Consumer)	2.5	2.6	2.8	0.2
10	VIVEL (ITC)	2.7	2.5	2.5	0
	Others	28.6	27.6	26.8	-0.8

*Urban + Rural; **Change in percentage points

Source: Industry sources quoting Nielsen data

-RATNA BHUSHAN



Brand	Price Range in INR (April 2024)	Price in US Dollars (1 INR – 0.01198 Dollars)
Lifebuoy 125 gm	30-70	0.39-0.84
Mysore Sandal 150 gm	105 -133	1.25-1.59
Medimix 125 gm	49-104	0.58-1.25
LUX 125 gm	66-100	0.79-1.20
Santoor 125 gm	35-95	0.41-1.14
Dettol 125 gm	50-95	0.60-1.14
Dove 125 gm	93-172	1.12-2.06
Pears 125 gm	97-121	1.16-1.45
Cinthol Godrej	49-75	0.58-0.90
Godrej no. 1 150 gm	48-70	0.57-0.84

Prices from <https://www.flipkart.com/> without discount 4-April 2024

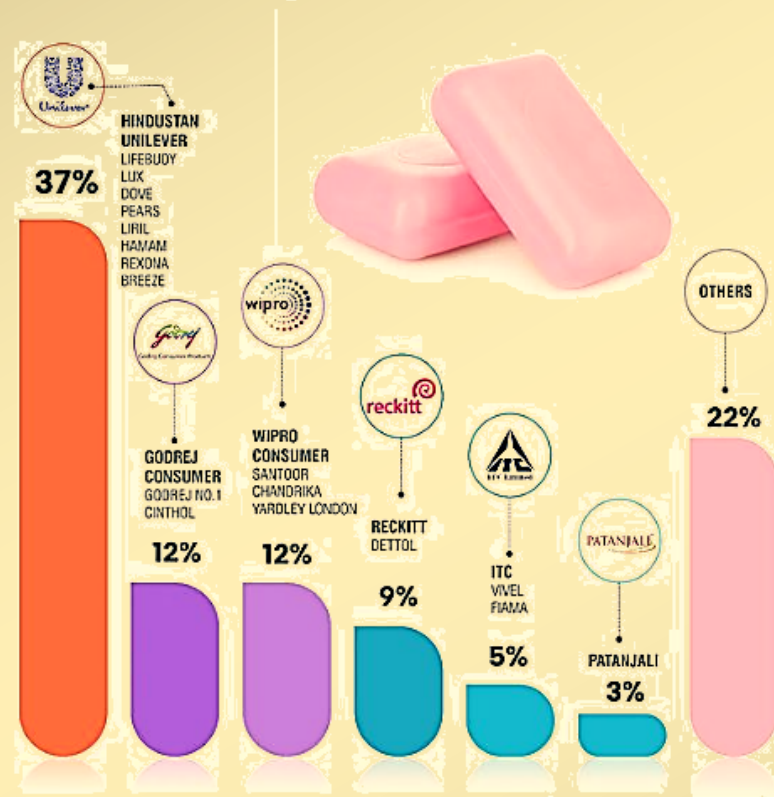


Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

INDIA SOAPS MARKET

MARKET SHARE OF KEY PLAYERS



Source: Euromonitor

Despite the challenges of introducing a new bar soap in the poorest states of India, and regardless the fierce competition that implies to do it, our entrepreneurs are intrigued to exercise their brain power, building a value proposition for this product.



The entrepreneurs ask themselves?

- 1. What bar of soap to sell? – Value Map*
- 2. To whom? – Customer Profile*
- 3. Can I craft a perfect fit between my product and the customer?*

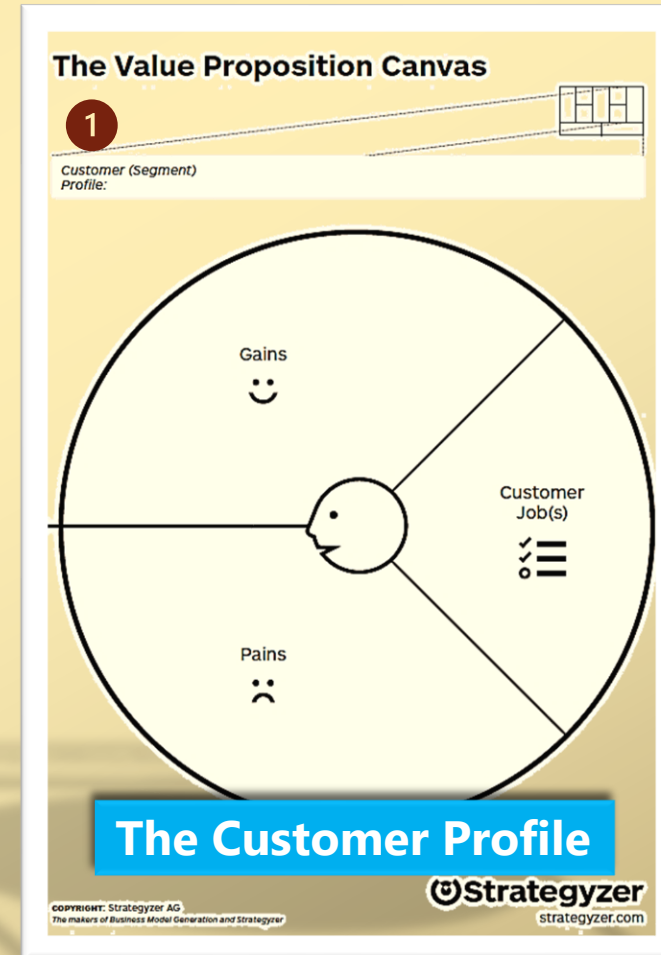


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Value Propositions: Theory and Cases.

Let's build the Customer Profile



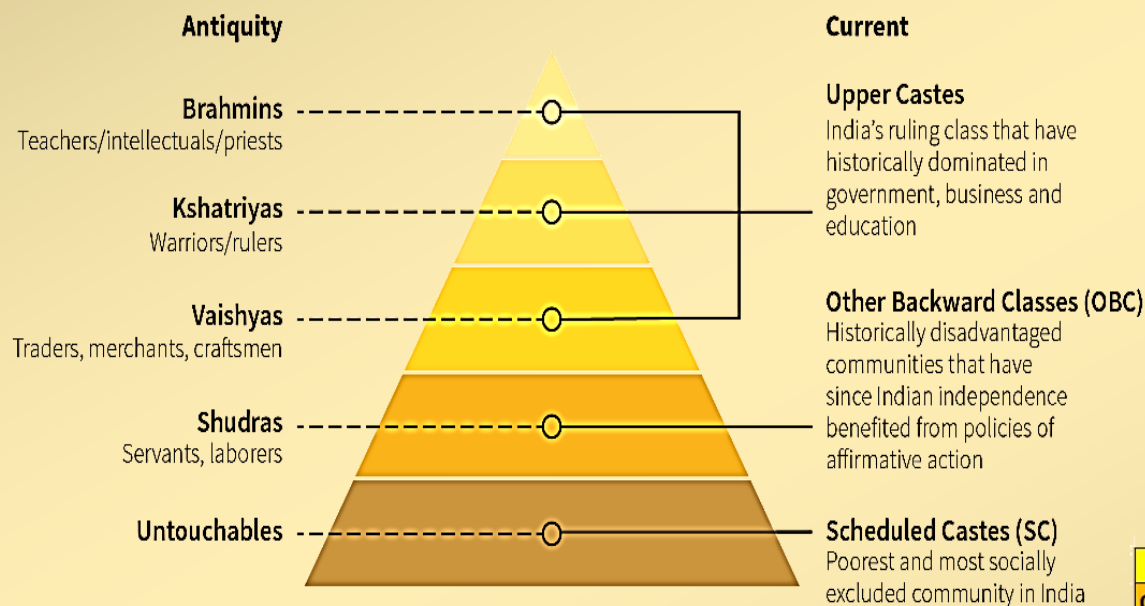


Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.



India's age-old caste system



Scheduled Tribe (ST) The term is used to identify indigenous communities in India that have been, and in many cases, continue to be, socially and economically marginalized. These tribes are often geographically isolated with limited access to mainstream economic and social activities.

Source:
<https://fingfx.thomsonreuters.com/gfx/rngs/INDIA-ELECTION/010031Y54EE/index.html>

Who would be the focus of attention for the entrepreneurs? What type of women are they going to consider to build the customer profile? Who are the low-class women of Rural India?

- India's caste system still exists in our days.
- In Rural populations, the social stratification is more notable.
- The 5 central states of interest for our entrepreneurs' soap business show a high percentage of SC+ST+OBC population, sometimes is more than 90%.
- The lower caste categories of the Indian Social system are: Scheduled Caste (SC), Scheduled Tribe (ST) or Other Backward Class (OBC)

	SC	ST	SC+ST	OBC	SC+ST+OBC	OTHERS	Muslims
Chattisgarh	14.2	31.1	45.3	46.1	91.4	8.6	2.4
Madhya Pradesh	18	19.7	37.7	43.9	81.6	18.4	6.1
Uttarpradesh	24.3	1.3	25.6	51.8	77.4	22.6	17.5

Percentage of the Population where SC+ST+OBC population is more than 90%. Table prepared by Nethrapal IRS.



Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

1. Chhattisgarh
2. Madhya Pradesh
3. Uttar Pradesh
4. Jharkhand and
5. Bihar

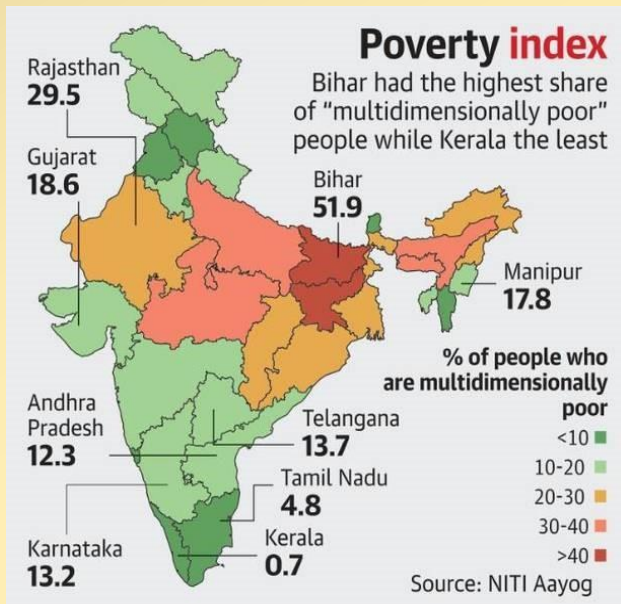


Who would be the focus of attention for the entrepreneurs? What type of women are they going to consider to build the customer profile? Why?

The SC (Scheduled Caste) and the ST (Scheduled Tribes) are "officially" recognized as the most disadvantaged socio-economic groups in India.

- Our entrepreneurs wish to focus on women who belong to these groups and also on OBC women of these states.
- In central-government universities, there are available seats reserved for ST (7.5%), SC (15%) and OBC (27%).
- The target for these entrepreneurs are women from the ST, SC and OBC groups of Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Jharkhand and Bihar who have families, or are raising kids, and who have moved or are recently changing from cleansing at the ponds to a private bath facility at home.
- Usually, women are the ultimate influencers about what soap is better for her family (Husband and kids), regardless if men are the ones who provide the economic means. Even if men buy their own brand, there is a different one for the rest of the family (mom and kids).
- Women also create the habit of the soap usage in the SC, ST and OBC kids that will be able to attend universities in the future.

Image source: <https://www.ideasforindia.in/topics/governance/how-are-9-indias-new-states-faring.html>





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Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

The locations where the women of our customer profile live

Uttar Pradesh



Bihar



Madhya Pradesh



Image source:
<https://www.ideasforindia.in/topics/new-states-faring.html>

Chhattisgarh



Jharkhand





Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India.

The locations where the women of our customer profile live



- Officially, overall, in India, 32.8% of total women of age 15 years and above are participating in labor force and the remaining 67.2% women are outside the labor force. That doesn't mean they don't work in their household activities, but indicates, they don't have paid income.
- In rural areas, women are not supposed to work outside from home, with exception to attend their own farms (self-employed) or to be employed in farm work in their own communities.
- If rural women have re-entered farm work, only indicates their male husbands' income is not enough to maintain their living standards. The average monthly real wage for female rural farm workers in India is around 4700 INR (US\$ 56 dollars/month)
- Rural jobs for women are scarce, given their caste status level and occupational segregation. In addition, given their social cultural norms, rural female workers in India are constrained to find other type of occupations. Some women entrepreneurs work in factories but are not supposed to leave their kids alone, and never if single.
- These women's husbands have been forced to travel to Saudi Arabia or UAE to find a job there, leaving their farm fields behind.
- Hindustan Unilever, Procter&Gamble, Pepsi and other big corporations have launched micro-entrepreneurship initiatives to help women to develop a commercial mindset and reach financial independence using other natural talents (embroideries, ceramics, other artisan work, clothing couture, rural shops, etc).
- E-commerce from big web-marketplaces will be threatening and annihilating the women small businesses, stores, and basic retail in rural communities. Oligopolies for selling FMCG at low price will barren these petit shops over time.



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Value Propositions: Theory and Cases.

Our entrepreneurs aspiration: to focus in the FMCG soap industry for Rural India. Particularly in the states of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh, and Jharkand.

- Your homework for today is to try to build the CVP for this example.
- We encourage you to do it over the weekend. Do not be scared for making mistakes. No one becomes a master without messing it with tons of errors.
- I will come back on Monday to upload our solution.

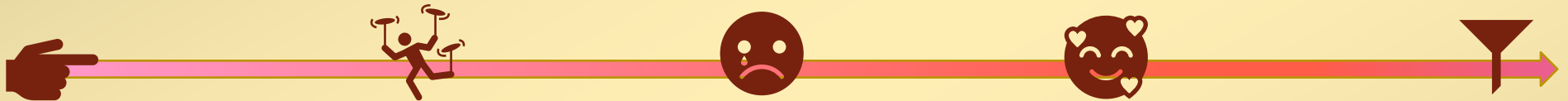





Value Propositions: Theory and Cases.

Let's remember: Osterwalder-Pigneur have instructed us to follow a 5-step process when building the Customer Profile.

Visualize the process.



 **Select customer segment**

Select a Customer Segment that you want to profile

 **Identify Customer Jobs**


Ask what tasks your customers are trying to complete. Map out all their jobs by writing each one on an individual sticky note or Post-it. Use the criteria explained to classify them

 **Identify Customer Pains**

What pains do your customers have? Write down as many as you can come up with, including problems, unresolved requests, lack offs, obstacles and risks Use sticky notes.

 **Identify Customer Gains**

What improvements or value-added features and benefits do your client want to achieve? Write down as many gains as you can find. Use sticky notes

 **Prioritize jobs, pains and gains**

Categorize jobs, pains and gains in a prioritization column, as you can see in slide 14.



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap in Rural India.



Customer Jobs

Before starting to list the customer jobs (the type of activities that women from rural poorest states perform related (direct or indirectly) to cleansing).

What is a soap?

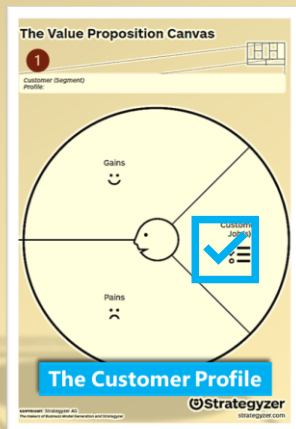
A soap is a cleansing agent made from a mixture of sodium salts of various fatty acids of natural oils and fats. It is made by the process of "saponification": A chemical reaction between alkali and oil (called TFM or Total Fatty Matter). When the reaction takes place, glycerin is formed as a by-product, and it can be used as a moisturizer component of the soap.

Soaps may also contain other components that may be added as "elements of sensorial value": Color, scent, texture and lather impact. Other ingredients are: permitted antioxidants, additives, germicides, super fatting agents, humectants, natural essential oils for therapeutic sway, and processing aids.

A soap for the western world doesn't represent the same meaning for rural Indian women who just recently got access to a private bath facility.

The customer clients of our study are rural women who belong to ST, SC and OBC groups. These are the most underprivileged women in India.

Until the India Census of 2011 in India, these rural households didn't have access to a private secluded bathing space. At that time 55% of women (on average) bathed in the open space, next to lakes, community ponds, rivers, or next to the public tube well facility located near their house (30 minutes walking). They also bathed next to the public hand pumps located near roads with high human traffic, or in the center of the village



Actions





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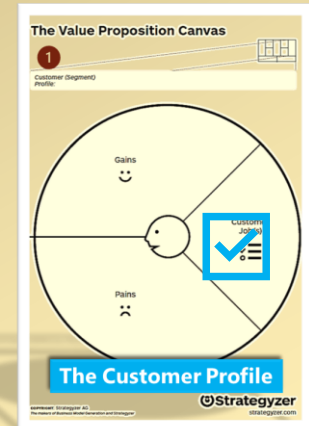
Value Propositions: Theory and Cases.

The art of selling a bathing soap to women of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand is only understood consciously by our clients, under the premise of experiencing a SMWA private bath scenario.



Customer Jobs

The need for a soap with specific natural benefits beyond cleansing, can't be a basic requisite, if rural Indian women are not aware of the meaning of bath happiness under a private space format.



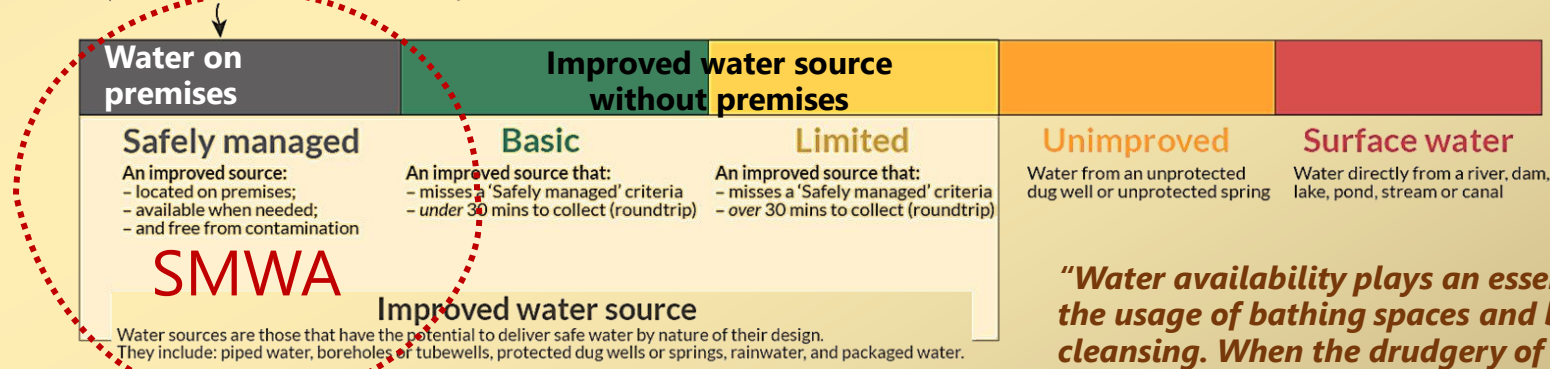
This only occurs when our potential clients belong to a SMWA households' community, but not under Basic or Limited Sanitation Access. Look at figure below

A SMWA facility may be: (1) a private bathing space next to a toilet with tap water running 24/7. The sanitation facility is usually located in the yard or inside the area of the house. (2) a community bathroom block with 24 hours water supply from an overhead tank enabled by solar or electric pumps that may serve between 10 to 20 households on a walking distance. (3) a shared enclosure bathing space without roof, but with tap water access within the premises.

Definitions across the drinking water ladder

Our World in Data

All countries have agreed to work towards universal access to safe drinking water by 2030 as part of the UN Sustainable Development Goals.



Source: WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation. OurWorldInData.org - Research and data to make progress against the world's largest problems.



SMWA means Safely Managed Water Access infrastructure or facility

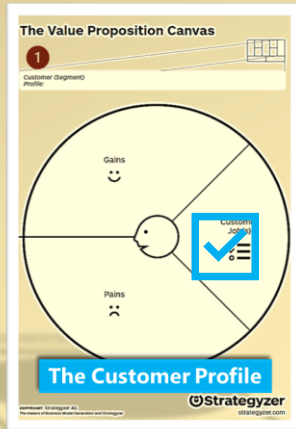
“Water availability plays an essential role in the usage of bathing spaces and beyond cleansing. When the drudgery of carrying water to a basic bath facility or bathing in public open access exists, women are often unwilling to use soap for other reasons beyond cleansing or killing germs”



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap to SMWA Rural India. Our clients are the women who have recently experienced the benefits of a private bath: bathing facility with full walls with or without roof, or a bathing space in a community sanitation facility. All these facilities have 24/7 piped water running all day long.

Customer Jobs



Functional

- Taking a shower is unnamed in most of these households. The majority utilize a bucket water splash bath.
- Cleanse the body (average bath time is 16 minutes)
- Spread soap with water over the body. Froth the body with the soap while bathing to create lather
- Remove dirt
- Get rid of bacteria. Kill germs and fungus from the body
- Finally, to wash the foam and sticky suds easily with clean water
- Keep personal hygiene for preventing gynecological issues, reproductive tract infections or other RTIs.
- Bathing means also to use the time in the bathroom to wash clothes, wash utensils, use of toilet, and urination. Change to dry clothes.

Social

- Experience that cleansing makes people happy
- Hygienic practices helps to inner contentment
- Fresh look all day
- Show off healthy and smooth skin, rejuvenated in comparison to others.
- Accepted within group of references (work, friends, family, partner) as practicing cleansing as a ritual
- Have freedom to try different brands of soaps, until finding the right quality one.
- Loyalty to a brand of the community

Personal/Emotional

- Maintain the person and kids healthy
- Smell well: Scent activates nostalgic emotions of youth, prettiness of an associated celebrity to the brand. The fragrance is linked to status.
- Possess hygienic look
- Sense that bathing with the right soap not only keeps waterborne pathogens and fungus away, but it nourishes the skin and protects it from the sun
- Looking forward to experience a bath in private, not hurriedly in the pond, nor partially clothed either.
- Feel clean makes women happy
- Maintain the moisture of the skin for rejuvenation

Life-Changing

- Experience what is the meaning of a pleasant bathing
- Search for other benefits of bathing: Therapeutic, Antiseptic long term protection and natural ingredients good for the skin
- Help local entrepreneurs by buying home-made soaps or Indian brands.
- Guard the skin enhances satisfaction beyond cleansing.

Actions



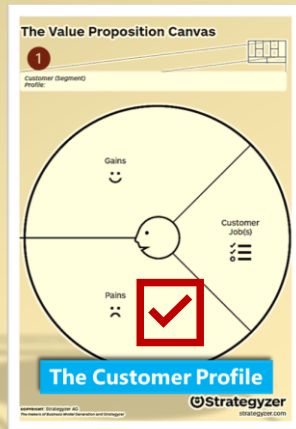


Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap to women of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand.

What are the pains that women find when using soap to cleansing themselves and their families?

Customer Pains



Functional Concerns

- Not enough water, not taped water bathrooms
- It is not well proven or accepted as "good" in the community
- Soap irritates the skin, it may leave it dry
- Not enough time to bath properly when in community block baths facilities
- The solution doesn't remove dirt property
- It doesn't smell "clean or fresh".
- Sticky sensation after pouring water over skin
- Not sure if germs and bacteria are killed with too soft gentle product
- Not enough lather (bubbles foam)
- Husbands don't like the brand

Obstacles

- Neighbor convenience stores are too far from home
- Husband doesn't like to change the current brand
- Price shouldn't be expensive.
- Quality perception is negative
- No TV at home: clients collect information through TV advertisements.
- Brand shift doesn't fulfill satisfaction expectations
- Some brands of soap are not available in the nearest convenient store or neighbor retail store
- Illiteracy at the ST and SC women level

Unwanted Problems

- No need for a new soap.
- Branded products backed up by multinationals are the top option
- Buying decision is influenced by artists, celebrities who are not immersed in sustainable projects.
- The family member who pays for the soap (usually the money provider) doesn't want to change the traditional used brand.
- Try a new brand doesn't occur automatically, it requires a cultural transformation.

Potential Risks

- The availability of groundwater at negligible cost may deplete natural aquifers, creating a water crisis in the future
- Lack of good water deteriorates water quality (lack of treated river streams).
- No private bath for our clients: SMWA won't increase in comparison of Basic or Limited Water Sanitation Facilities.
- Traditional outlook with low-standard of living may affect the purchase decision for soap.



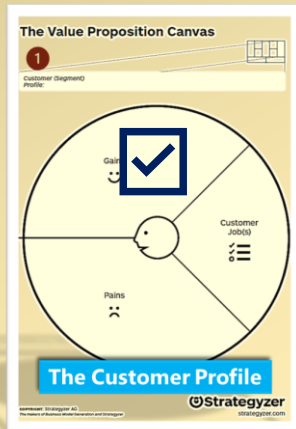
Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap to women of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand.

What are the desired, required, expected and unexpected gains when selecting a bathing soap?



Customer Gains



Required Gains

- Cleanses well
- Soap lasts more baths (high yield)
- Kills germs efficiently, keeping soft skin
- Lather is good. It has more TFM (total fatty matter)
- It shows high quality given good natural ingredients
- Relatively cheap in comparison to most recognized competitors.
- It doesn't dissolve when left humid.

Desired Gains

- Available everywhere in Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand
- Best quality in comparison to other traditional Unilever Brands
- Fragrance is well accepted for men and women in comparison to Park Avenue soap
- It is easier to handle: the bar has an ergonomic form never used in India before
- It is formulated with natural ingredients of 21 sources naturals ingredients all produced in India.

Expected Gains

- Ecological formula doesn't pollute our groundwater and gardens
- Bar hardness keeps it to last longer days
- Fragrance persists lengthier hours
- Not mushy not cracky
- Skin looks healthy and well cared

Unexpected Gains

- Promotions of 10 bar soaps per package are convenient in terms of costs
- Fragrance is unique (no comparison with other brands)
- Communities are partners of the new brand: the ingredients are cultivated by women of the same communities, and they are shareholders of the new brand



Value Propositions: Theory and Cases.

Let's proceed to rank the different attributes that we have defined previously

The prioritization of the features of jobs, gains and pains can only occur if we describe them as concrete as possible under specific contexts and customer segment.

Customer Jobs



Level of Job Importance



Customer Gains



Grade Gain Relevance



Customer Pains



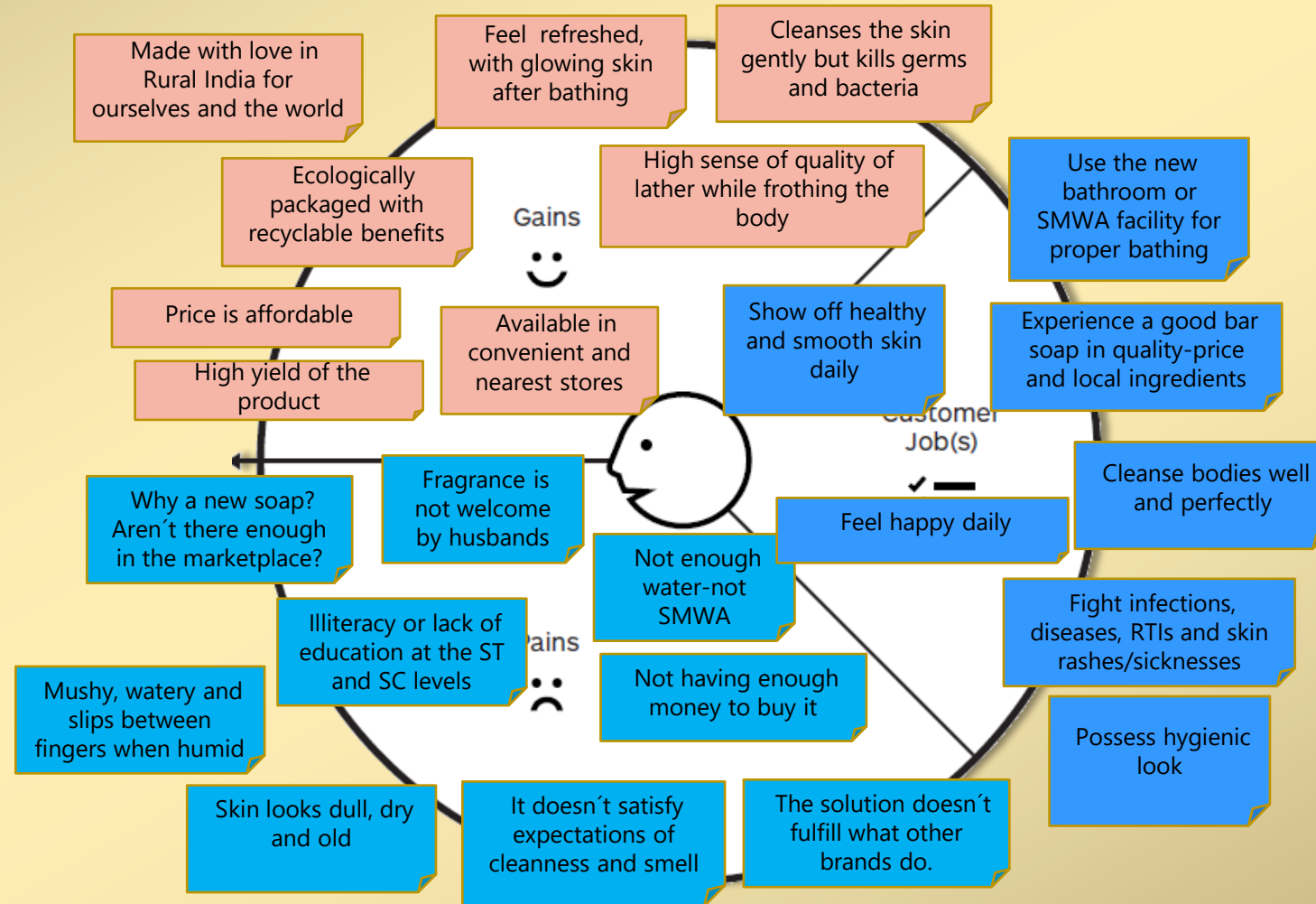
Degree Pain severity





Value Propositions: Theory and Cases.

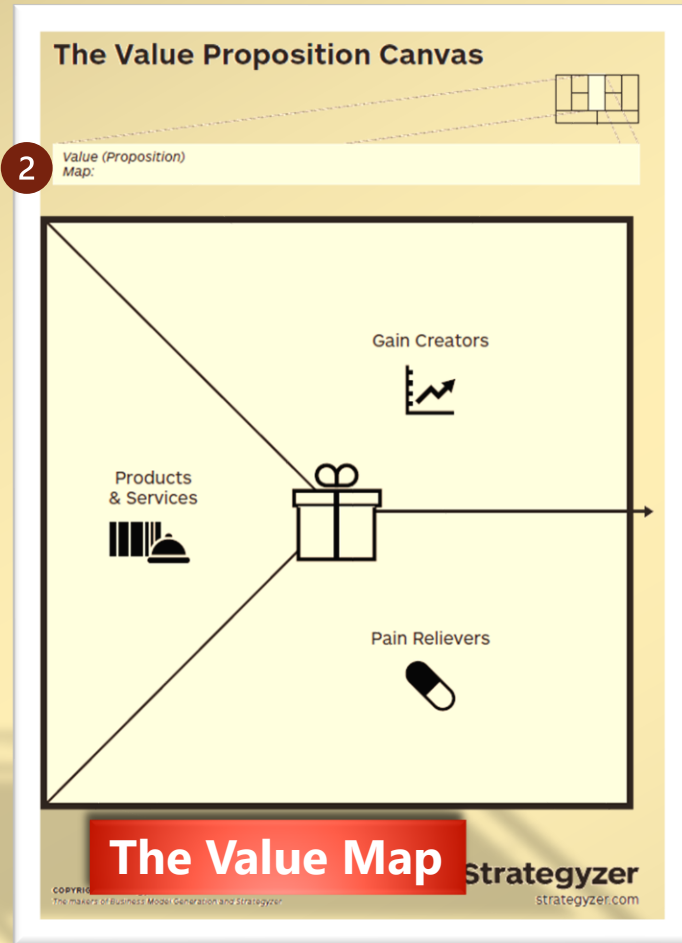
A Customer profile (Version 1.0) for Bathing Soap-Rural India. Women between 20 to 45 years old living in Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand.



Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategyzer.com/library/the-customer-profile> Please use sticky notes and glue each of them over the printed template with your own written ideas



Value Propositions: Theory and Cases.



Let's build the Value Map

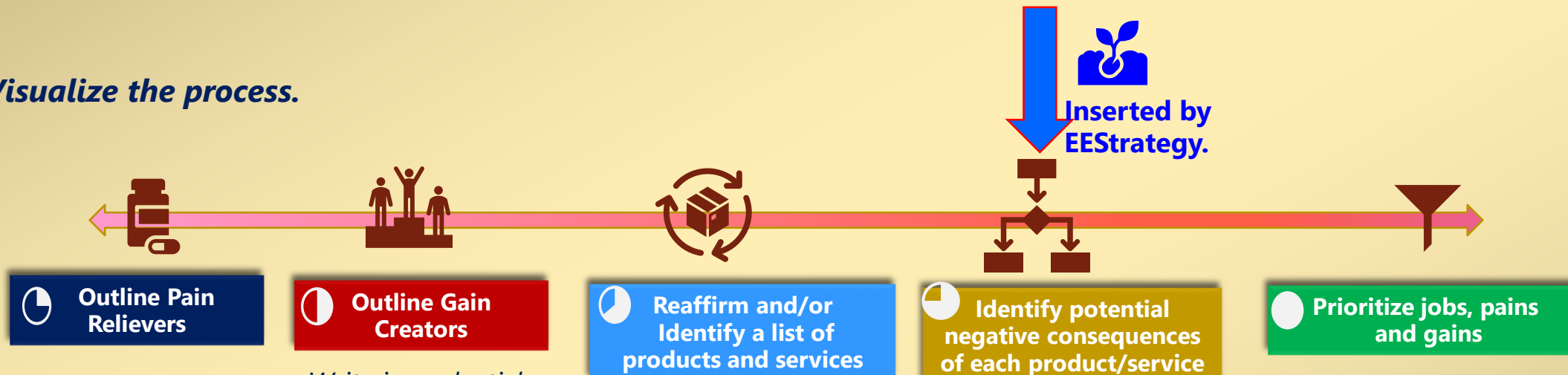




Value Propositions: Theory and Cases.

Let's remember what are the steps for the Value Map

Visualize the process.



Outline Pain Relievers

Stick each post-it or sticky note that you have written as removal of the pain (partial or total) or as a palliative remedy (mild, moderate or acute cure).
Use only one sticky note per one pain reliever

Outline Gain Creators

Write in each sticky note how your products and services will create expected or desired outcomes and benefits for the clients.
Use only one sticky note per one gain creator.

Reaffirm and/or Identify a list of products and services

List the main product and/or service you had in mind before doing the CVP. Add new products that may have appeared during the process.

Identify potential negative consequences of each product/service

If you consider the feature: "Love for your customers", identify and filter the opioids type of pain relievers and the opportunistic gain creators. List the wrong consequences and remove that product/service from your list.

Prioritize jobs, pains and gains

Once you remove the product/service that is the worst-nasty in terms of consequences; then rank the rest according to how essential or "nice-to-have" for your customer segment.
Don't forget to prioritize your gain creators and pain relievers too.



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap to women of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand.

Let's see how can we help our entrepreneurs to define the pain relievers



Pain relievers



Reducing or Removing undesired functional concerns

- 40% of profits for building SMWA bathrooms in these 5 states forever
- Delicate formula that doesn't irritate skin. Keeps natural oil balance of the skin.
- Antiallergic, hypoallergenic, anti-bacterial, moisturizer and therapeutic benefits for long-term
- Smells uniquely to freshness and cleanness. No other soap in the world has this feature
- Its 20 Indian ingredients formula makes is impeccable for the skin improvement after 12 weeks of usage
- Promotes healthy skin as if used in a luxurious spa
- Removes dirt, bacteria, germs and other pollution effects
- Helps to bring a fun foamy lather occasion for mood uplifting

Diminishing or Eliminating Obstacles

- Distribution channel of the soap is going to be outstanding, logistically well-tied with convenient stores
- Price is affordable: it is the average of the top market share soaps in India.
- While not TV at home, advertising will be omni-channel
- Our new soap is already tested in all the Indian states, with 99.99% of focus groups and marketing research approval
- The company wishes to include a project to help communities to request the review of the castes structure when the system causes poverty and delegitimizes upward social mobility
- Women who are illiterate can accumulate the reusable soap packages and exchange them for hours of tutorship to learn to read, write and math.

A pain can be eradicated (removal) or reduced (palliative). A pain reliever category is designed according to the degree of solution to the problem

Solving unwanted problems

- Made with a unique formula of 20 Indian natural ingredients all produced by women farmers in the 5 states of our study
- Contains a dermatological high quality skin solution, with a relative low price
- The bar soap is manufactured in India, 100% Indian workers at the plant and from the Indian farmers suppliers
- Commitment from the artists/celebrities to support sustainability and ecological circular economy products
- Our natural organic soap is tied to keep water quality at its best. Its formula is free from harmful chemicals such as parabens, sulphates, phthalates, artificial colors, and other damaging additives. Once used, the residual water can be used for gardening.

Weakening or Wiping Risks out

- Eco-certification with several worldwide organic organizations. The soap is sustainable with a circular business model
- Partnership to research and keep the groundwaters of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand safe
- The women farmers are the beneficiary of economic profits to improve the quality of life of their communities
- The high quality of the local raw-materials supply and its patented formula makes it not replicable, not even in China.
- An impact investing sponsor from a top intl. corporation is donating its profits to eradicate illiteracy in every women of the 5 states who belong to ST, SC and OBC by 2035



Eleonora Escalante



Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell a bathing soap to women of Bihar, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Jharkhand.

Let's see how can we help our entrepreneurs to define the gain creators



Gain Creators



Functional-Utility Advantages

- Helps to cleanse in impeccable manner
- Reduces the hazard of buying frequently given its high yield
- Reduces costs
- Improves the experience of bathing given its lather properties and aromas
- Appeals with its smell to different segments: elders, adults, teenagers and kids.
- Women farmers can supply raw materials and become partners-associates to the company
- Best quality on earth
- Available in every singly convenience store of the 5 states

Social Benefits

- Profits of the company and donors' philanthropy dedicated to the improvement of SMWA facilities, and helping communities to mend and ameliorate their sanitation systems
- The project: "Refreshing our Soul" will be launched in every village to help girls and prepare them to be accepted at top India and International Universities with scholarships
- Literacy and math for frequent buyers for life
- Building entrepreneurial spirit

Emotional Upgrading

- Helps to keep skin glowing, with a lovely smell for several hours
- Uplifts the spirit of the end-users
- Provides a healing value for skin problems that are cured over time
- Rewards frequent users with several initiatives: literacy, re-usable packaging

Other Gain Qualities

- An ecological organic company made from local Indian rural farmers' suppliers is obliged to instill sustainability at every level of the value chain. Best practices will be replicated by others
- Water is a commitment for our soap company. Soap can't fulfill its value without water.
- Keeping water as a priority for India is the DNA of our soap
- Our soap can make each user the happiest. Otherwise, our soap is not performing its role with love. This is the test of our goals.



Value Propositions: Theory and Cases.

Let's check the product that we have built.

Are there any new products entangled with our bathing soap?



Products and Services



Functional Tangible

- Access to SMWA facilities : new private bathrooms for the communities with access to tap water 24/7. New bath designs will be promoted
- An organic natural shampoo suitable for the needs and wants of the customer profile
- An organic natural conditioner, suitable for the needs and wants of the customer profile

Emotional Intangible

- A good soap may help to soothe and uplift the happiness of the families involved.
- The project: "Refreshing our soul", will be launched in every village for helping girls with well prepared tutorships, to prepare them to join and attend high school and high superior education.

Environment

- Used water (after bathing) is chemically re-utilized for irrigation of gardening
- The manufacturing process of the soaps will become a role model in water treatment. A project with the World bank is included
- Eco-certifications are the foundation of the high-quality of our soap.

Life Changing

- Literacy and math for women
- From an end-user to a shareholder: the women communities that commit to offer its natural supplies will stop to be seen as a value chain element. They will be invited to receive profits of the soap corporation.
- The end-users will benefit in several levels by repurchasing our soaps.

Social Impact

- The review of the low-class castes doesn't mean to disrupt the Indian societies, it only means to cause awareness to open doors otherwise closed. This project "Refreshing our soul" will be promoted with the government and United Nations, to open opportunities for the smartest of the poorest of the poor in India.
- Creating entrepreneur farmers who serve the manufacturing process with their own provisions or raw-material supplies.

Love

- A soap is more than a product, it is a catalyzer for a social and community transformation
- A soap made with love doesn't hurt the culture of the communities, it cleanses their pains, it helps them to live with dignity and healthiness.
- A soap can help to make communities the happiest.



Value Propositions: Theory and Cases.

Let's proceed with the ranking (prioritization) of the value map elements.

The prioritization of the features of these three components can only occur if we describe them as concrete as possible under specific contexts and answering the needs/wants/problems of the customer segment.



Products/Services

Relevance Scale

+ Essential

- Our Organic 20 ingredients Natural Formula soap bar with its ergonomic design
- SMWA facilities new designs that would be suitable for needs and wants of communities
- The project "Refreshing our soul"
- The project "Literacy for frequent Users".
- Women Suppliers as shareholders
- Helping to solve the castes system inequalities
- A shampoo and a conditioner

- Nice to Have



Gain Creators

Relevance scale

+ Essential

- Its formula helps to cleanse in impeccable manner
- High yield
- Best quality with low cost
- Available in every single store in 5 Indian states of our analysis
- Organic-ecological sustainability.
- Gently moisturizes and rejuvenates

- Uplifts the spirit and provides healing for skin troubles
- Cares for water, promotes SMWA facilities, builds new bathrooms acceptable for community wishes
- Offers different community projects that help to increase happiness

- Nice to Have



Pain Relievers

Removal of the pain

Relevance Scale

Alleviation or Palliative

Partial

- SMWA facilities will be built with different designs to test the best alternative options
- Removes skin irritation and other skin troubles

- Reduces the pain of no jobs in rural areas with farming local supplies
- Removes the non-affordability and lack of products in neighbor stores.
- Removes dirty-bacteria-fungus

Total

Mild Relief

- Reduces illiteracy for frequent users
- Reduces inequalities for the smartest of the poorest in Rural India
- Reduces pollution of groundwaters in these 5 states
- The bar organic soap value chain Will be designed to become a role model in sustainability and reduction of inequalities.

Moderate To Acute Relief



Value Propositions: Theory and Cases.

Other products that were born because of this analysis that will require separate CVPs

Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategizer.com/library/the-value-map> Please use sticky notes and stick each of them over the printed template with your own written ideas

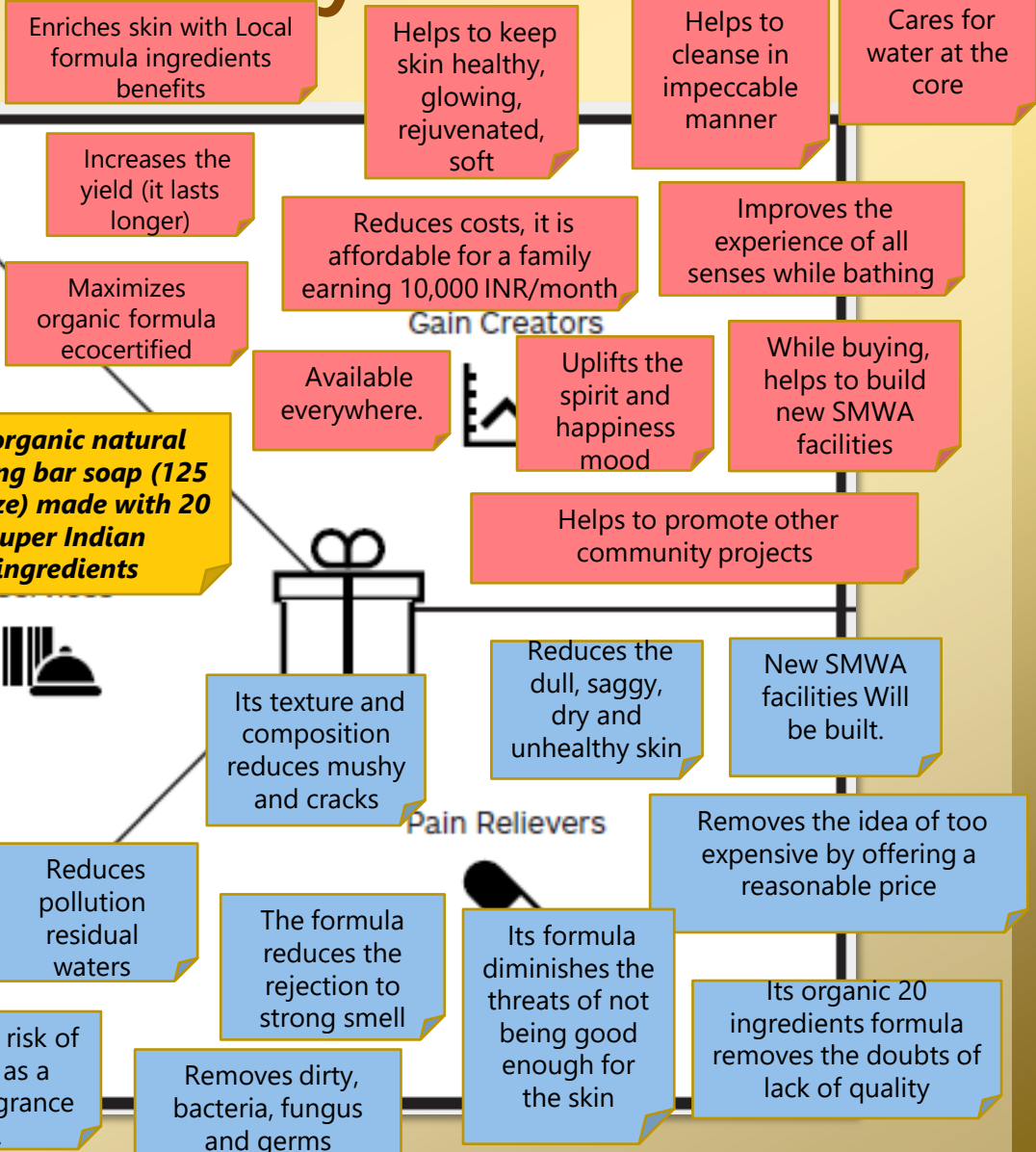
- The project: Refreshing our Soul Helping smart girls with well prepared tutorships to attend top universities
- New SMWA facilities (new designs and choosing best alternative option). World Bank/government/Co. to build them.
- Literacy and Math for our soap Frequent Users
- Helping the ST, SC and OBC to overcome the lack of opportunities of their castes system inequalities

Value Map 1

Other Products

- An organic natural shampoo with our 20 ingredient Formula
- An organic natural conditioner with our 20 ingredients formula

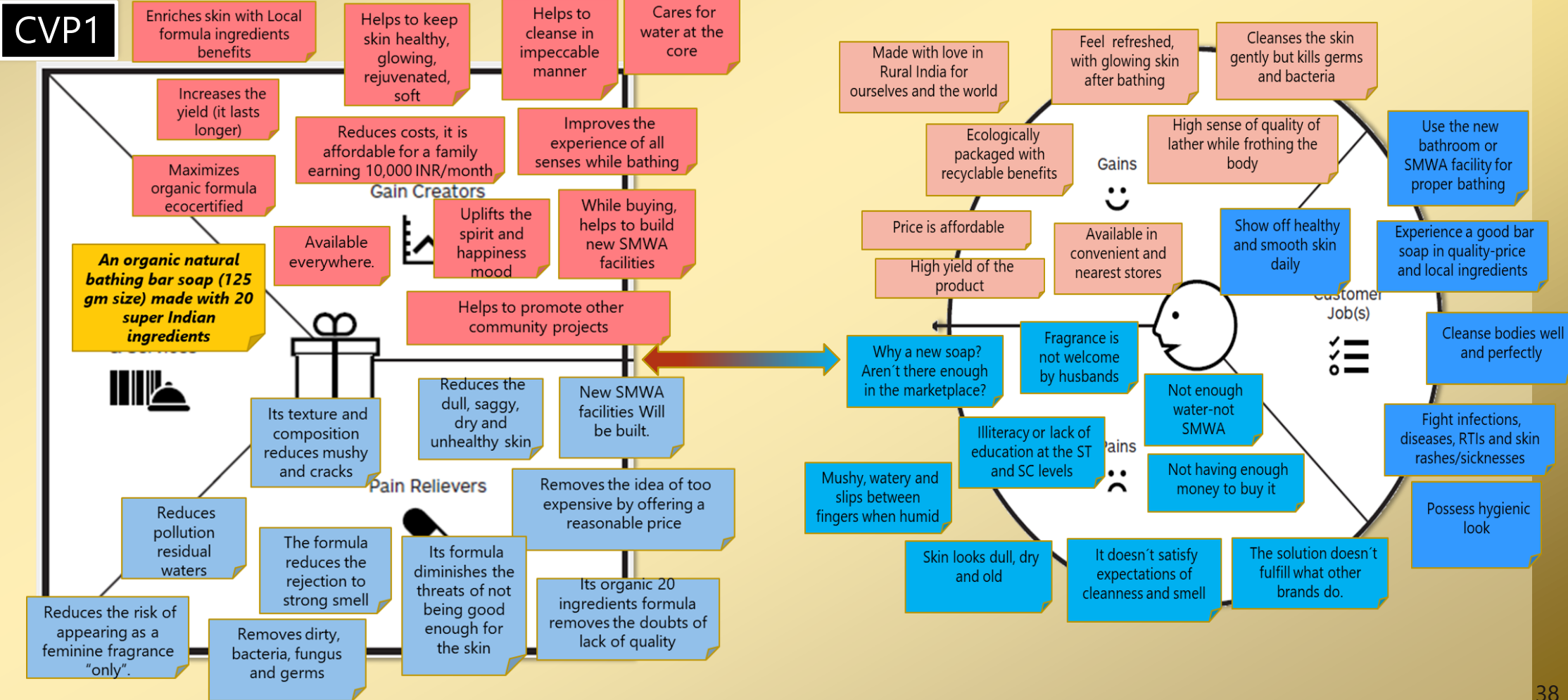
An organic natural bathing bar soap (125 gm size) made with 20 super Indian ingredients





Value Propositions: Theory and Cases.

This is our first Customer Value Proposition for a bathing soap designed for the women of our customer profile located in Chaattisgarh, Madhya Pradesh, Utar Pradesh, Jharkhand and Bihar states of India.





Eleonora Escalante

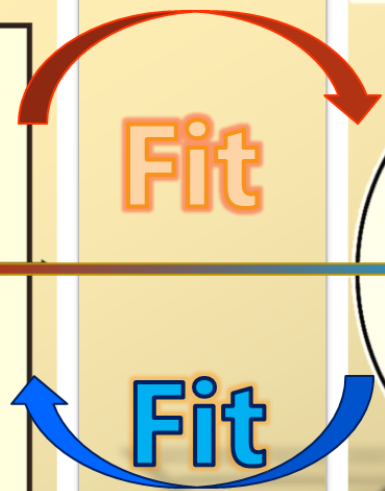
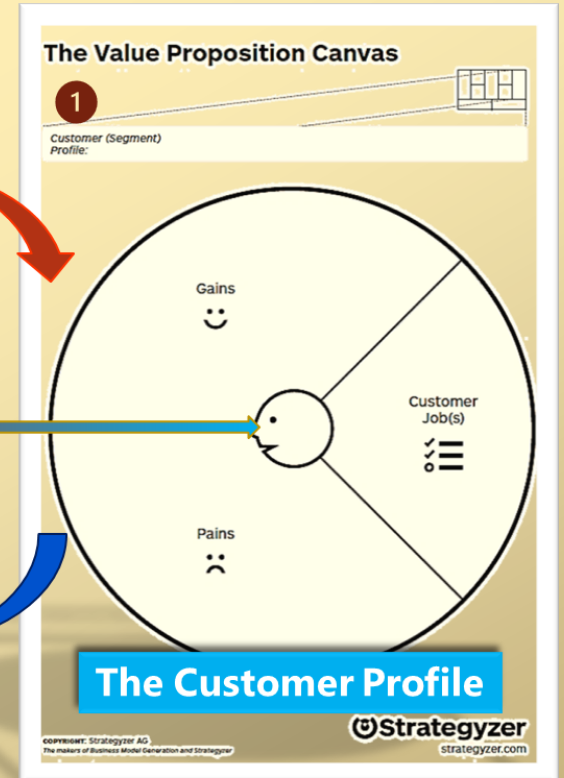


Value Propositions: Theory and Cases.

Finally, we should check if there is a fit. You achieve "FIT" when customers not just accept but are motivated to explore the CVP that is embedded in your product/service

Let's see how to connect the customer profile with the value map

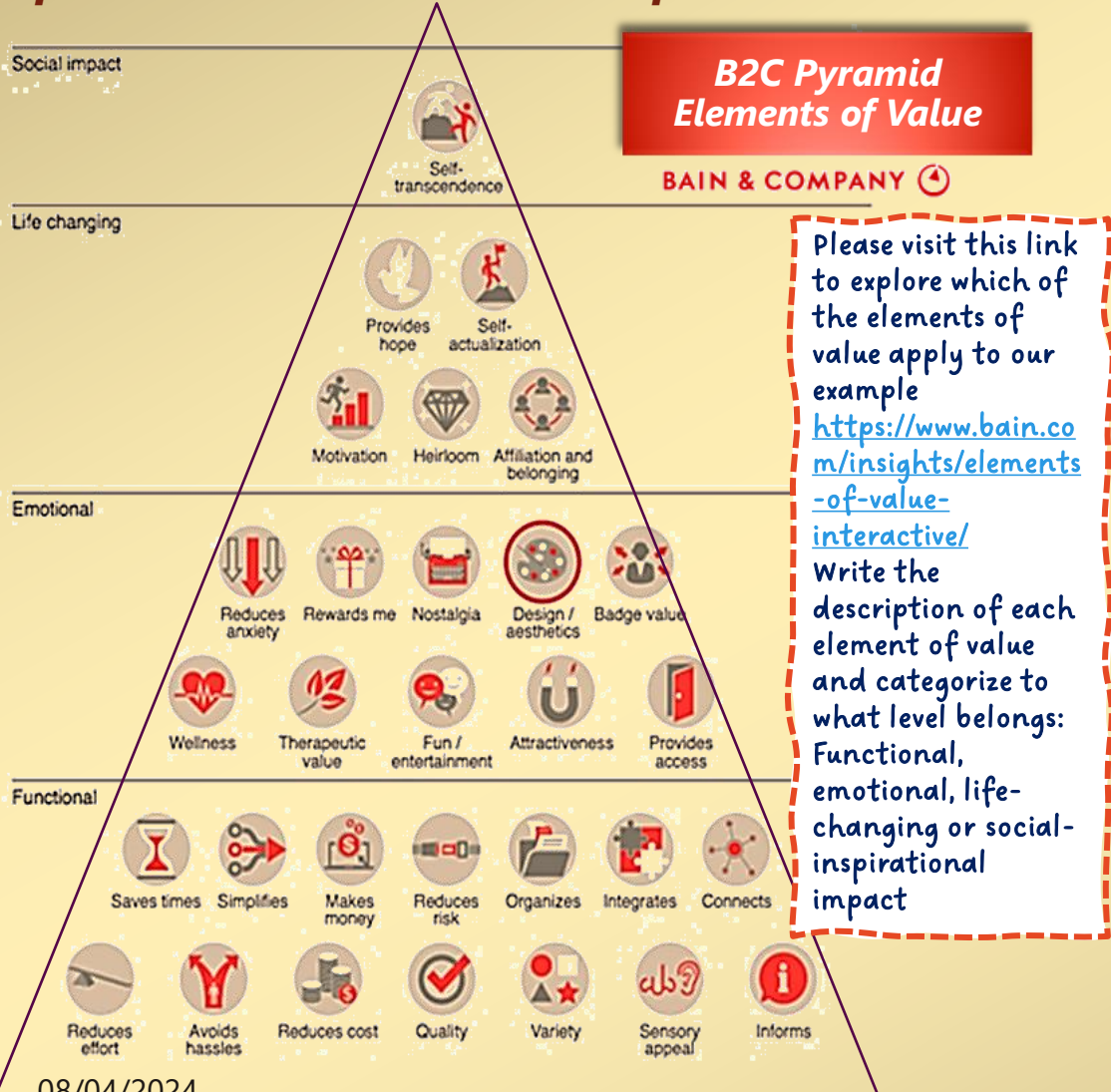
Let's check if there is a fit.





Value Propositions: Theory and Cases.

Let's explore which elements of value from *The Value Pyramid* are included in our solution for women in Rural states of India.



Elements of Value	Each pain reliever or gain creator belongs to a category of Value. Description	Category Level
	Self-Transcendence: Helping other people or society more broadly	Social Impact-Inspirational
	Motivation: Spurring people to achieve their goals	Life Changing
	Affiliation and Belonging: Helping people become part of a group or identify with people they admire	Life Changing
	Self-Actualization: Providing a sense of personal accomplishment or improvement	Life Changing
	Rewards me: Providing benefits for being a loyal customer	Emotional
	Well-ness and therapeutic value: Improving people's physical or mental state, and Providing healing value or well-being	Emotional
	Provides access: Providing access to information, goods, services or other valuable items	Emotional
	Attractiveness: Helping people feel more attractive	Emotional
	Reduces effort: Getting things done with less effort	Functional
	Reduces costs: Saving money in purchases, fees or subscriptions, while keeping sustainability	Functional
	Quality: Providing high-quality goods or services	Functional
	Sensory Appeal: Appealing in taste, smell, hearing and other senses.	Functional
	Makes money: Helping to make money	Functional

08/04/2024

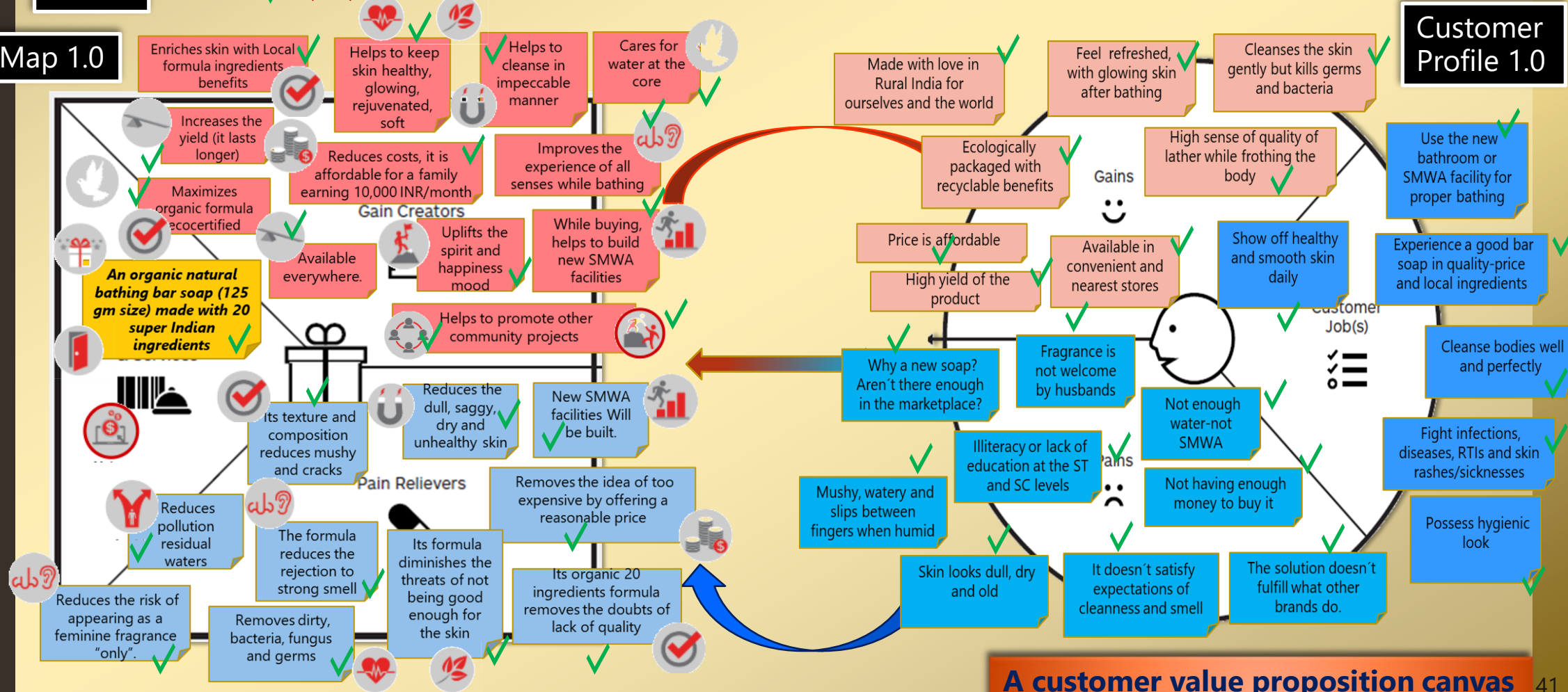


Value Propositions: Theory and Cases.

Let's check if our bathing soap CVP version 1.0 fits to the customer wants and needs. This case will surprise you.

CVP1 Check ✓ or ✗ if there is a link of each sticky note from the value map with the customer profile sticky posts.

Value Map 1.0



Customer Profile 1.0

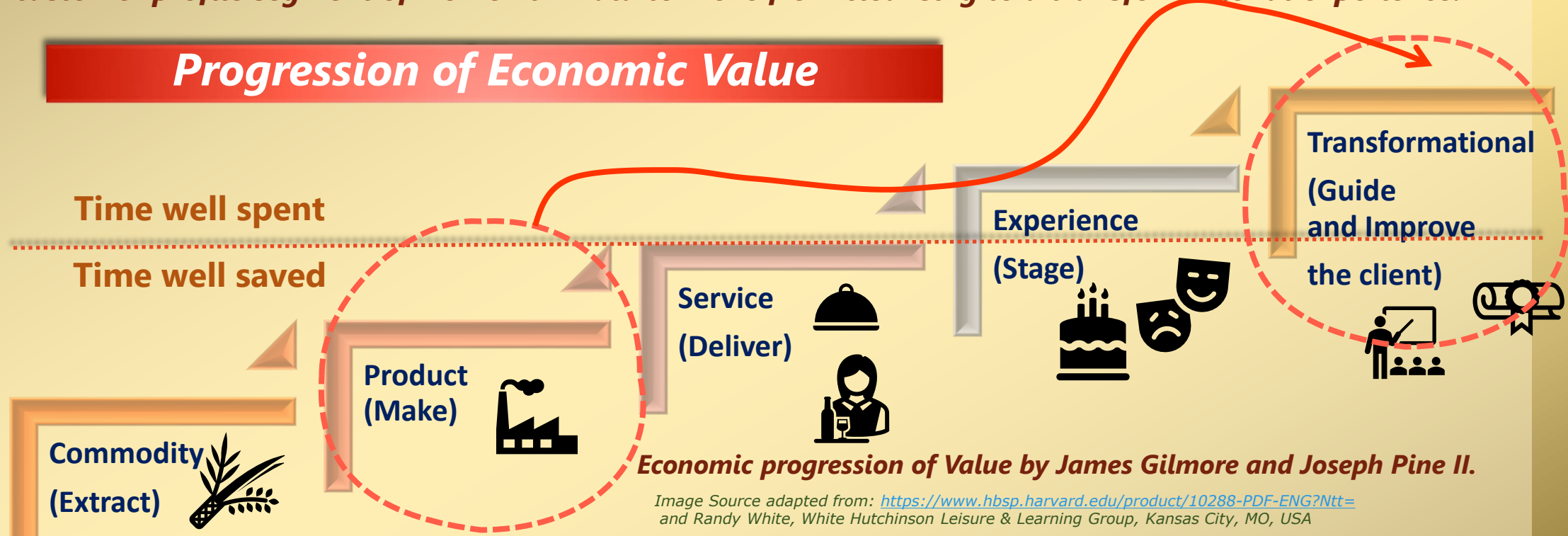
A customer value proposition canvas



Value Propositions: Theory and Cases.

If you observe with detail the elements of value from the Value map, let's check how can we guide our customer profile segment of women in India to move from cleansing to a transformational experience.

Progression of Economic Value



Economic progression of Value by James Gilmore and Joseph Pine II.

Image Source adapted from: <https://www.hbsp.harvard.edu/product/10288-PDF-ENG?Ntt=> and Randy White, White Hutchinson Leisure & Learning Group, Kansas City, MO, USA

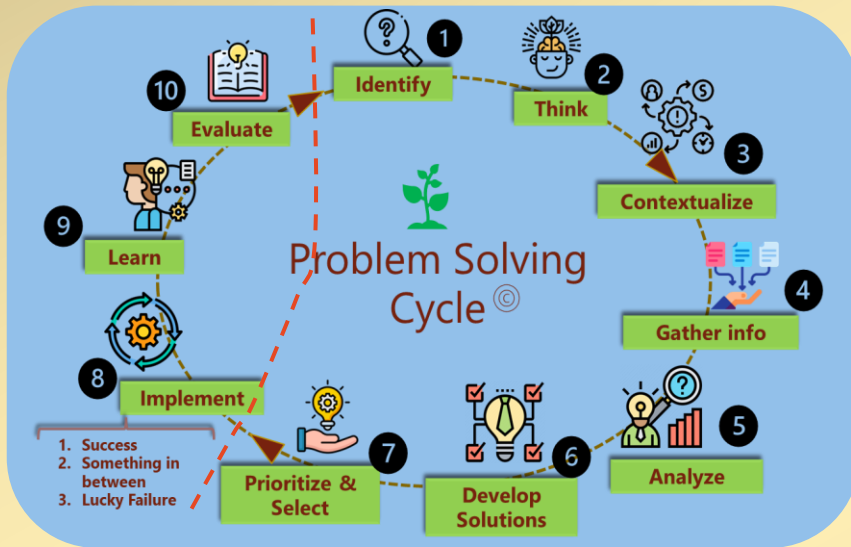
How to move the bathing soap from the product stage to a new experience and transformational stage in the rural communities of India? Is that possible?



Value Propositions: Theory and Cases.

What is the connection between our problem-solving cycle and the fit of the CVP version 1.0?

- *Do not forget that the customer value cycle doesn't begin with the value realization. Our testing analysis must convene to explore elements of value previously*



How to continue refining the CVP for this example:

- **Try to list elements of value for these three stages please**

Source References: See slide 33-34.



Elements of the Value Pursuit stage:

- Promise of water at home under the SMWA on premises
- Quest for attaining the impossible
- Chase for a better quality of life
- Possibility of becoming an entrepreneur
- Experience bathing at another level
- Promise of healthy skin always.

Elements of the Value Expectation stage:

- Clients test the product
- Compare results
- Evaluate cost and benefits
- Husbands are influenced by wives to try
- Anticipate frequent user benefits.

Elements of the Value Realization stage:

- Once the product is tested, given its 20 Indian ingredient formula and high quality it is impossible to resist to use it
- The affordability and availability are key success factors for re purchase
- Adjacent projects make of this soap a different experience



Value Propositions: Theory and Cases.

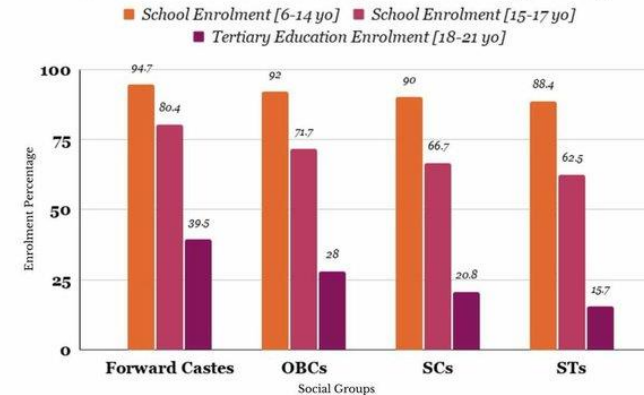
To prepare today's example, I was inspired by the work and amazing efforts of Indian female entrepreneurs who are working so hard to build a new future for their families from their rural communities.

Particularly those coming from OBC, SC and ST lower class who wish to cross the cultural caste barriers and dream to help their female kids to continue studying at universities in India.



Caste Determines Who Gets Educated in India

Caste-wise Enrolment amongst Different Age Groups



Source: 71st round of the National Sample Survey (NSS), 2014

Forward Castes continue to be the category with the highest rates of educational enrolment across all levels—primary, secondary and tertiary.



Caste and Class in Higher Education Enrolments: Challenges in Conceptualising Social Inequality
Amman Madan
25 July 2020



Value Propositions: Theory and Cases.

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Value Propositions: Theory and Cases.

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Next week we will
continue practicing
Example 3.
A Tech Computer Peripheral
Equipment Manufacturing

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From January 22nd to May 6th, 2024.

08/04/2024