

Crafting a Customer Value Proposition

How to state why a defined customer would choose this over the alternative they already have.

Theory session

Beginner

Running case: ClearCup



Where this session sits

Module 2 produced evidence; Module 3 turns it into an offer and a model

MODULE 1

Founder Thinking
and Problem Framing

MODULE 2

Recognizing and
Investigating Opportunities

MODULE 3

**Turning Insight
into Viable Ventures**

SESSIONS IN THIS MODULE

3.1

Crafting a Customer Value Proposition

Why a defined customer would choose this over the alternative

YOU ARE HERE

3.2

Connecting Models and Assumptions

How the business creates, delivers and captures value

3.3

Testing Startup Feasibility End to End

Whether the venture is workable, viable and worth doing

What this session explains

Stating value in a form a customer could actually act on

01 Value is a comparison, not a claim

It only exists relative to the alternative the customer already has.

02 Costs are wider than price

Effort, risk and habit change are part of what you are asking someone to pay.

03 Parity before difference

Some attributes only matter when missing; others are what you win on.

04 Fit is a claim you can test

The value map and the customer profile have to connect item by item.

What a value proposition is

A statement that could be wrong, addressed to one segment

WORKING DEFINITION

A value proposition states why a defined customer, in a defined situation, would choose this offer over the alternative they currently use — including the cost of changing.

1

It names a customer

“Everyone who cares about sustainability” is an audience, not a customer. The statement must fit one segment.

2

It names the alternative

Without the thing being displaced, there is no way to judge whether the value is enough.

3

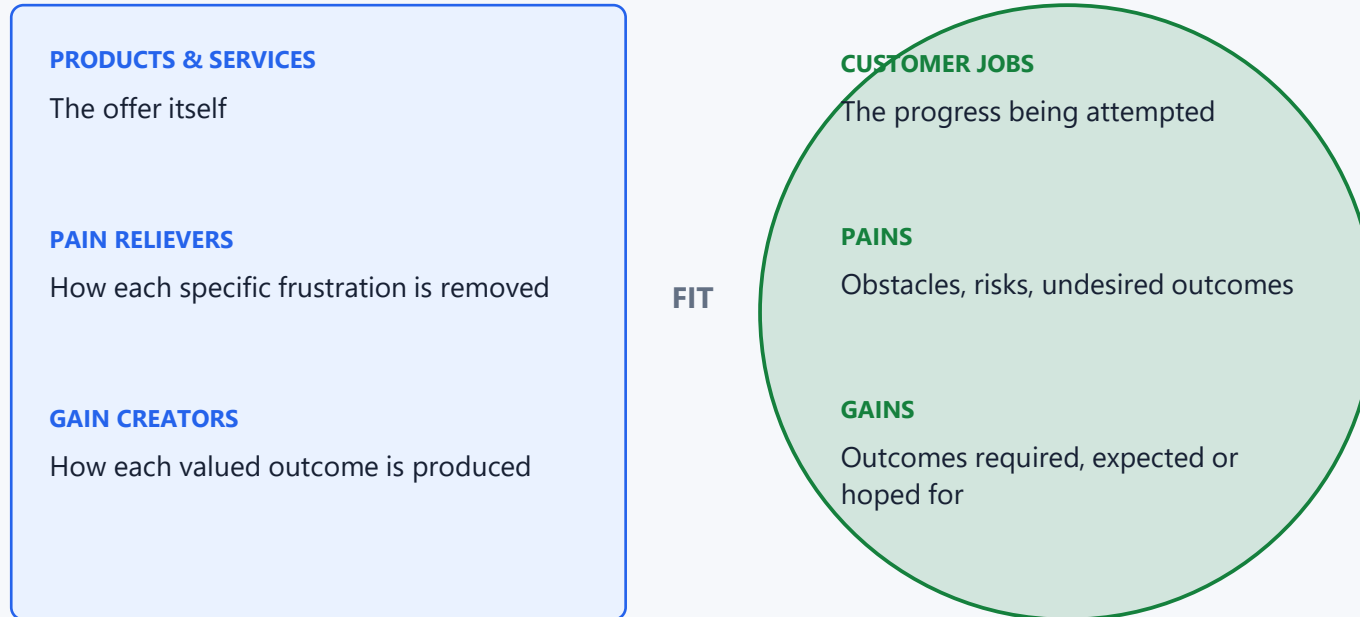
It includes the switching cost

What you are really asking is that the gain exceed the benefit of the current option plus the effort of leaving it.

Osterwalder, A. et al. (2014). Value Proposition Design. Hoboken: Wiley.

The value map must answer the customer profile

Fit is the relationship between the two sides, not the quality of either



Every pain reliever should point at a named pain. Anything unattached is a feature in search of a reason.

Osterwalder, A., Pigneur, Y., Bernarda, G. & Smith, A. (2014). Value Proposition Design.

THREE FITS, IN ORDER

Problem–solution

Evidence that the customer has the pains and jobs you designed against. Established before you build.

SECOND

Product–market

Evidence that the offer actually creates the value, in the market, at scale.

THIRD

Business-model

Evidence that delivering it repeatedly can be profitable. Session 3.2 takes this up.

What the customer actually weighs

Both sides of the comparison carry costs that are easy to leave out

FUNCTIONAL GAIN	Does it do the job better, faster or more reliably?
EMOTIONAL GAIN	Does it reduce worry, embarrassment or effort of deciding?
MONEY COST	Price, plus anything else they must buy to use it.
EFFORT COST	Learning, setup, and any action repeated after every purchase.
RISK COST	What happens to them if it fails, and how visible that would be.

Kahneman, D. & Tversky, A. (1979). Prospect theory. *Econometrica*, 47(2), 263–291. · Gourville, J. (2006). Eager sellers and stony buyers. *Harvard Business Review*.

THE REPLAY LESSON

A recurring action

A one-off setup cost is paid once. An action required after every use is charged forever, and is weighted accordingly.

LOSS AVERSION

Losses outweigh equivalent gains

What people give up in switching is felt more strongly than an equal-sized improvement.

PRACTICAL RULE

Reduce cost first

Removing effort often moves adoption more than adding another benefit.

Points of parity and points of difference

Confusing the two produces offers that are admired and not bought

POINTS OF PARITY

What you must simply match

WHAT THEY ARE

Attributes customers assume any credible option has.

HOW THEY BEHAVE

Invisible when present; disqualifying when absent.

EXAMPLE

For reusable packaging: the product inside is as good, and as safe, as in single-use.

POINTS OF DIFFERENCE

What you actually win on

WHAT THEY ARE

Attributes customers associate with you and not with the alternatives.

HOW THEY BEHAVE

They must be valued, deliverable and hard to copy quickly.

EXAMPLE

A return system that is genuinely easier than disposing of the packaging.

ORDER OF WORK

Investing in a point of difference while a point of parity is still missing is the most expensive mistake in this session: nobody reaches the differentiator.

Keller, K., Sternthal, B. & Tybout, A. (2002). Three questions you need to ask about your brand. Harvard Business Review, 80(9).

A value proposition you can test

Each blank forces a decision that vague wording hides

Slot	What goes in it	ClearCup example
For	The segment, narrowly.	Office managers ordering coffee service for 20–80 staff.
Who	The job and the situation.	Who must supply daily coffee without creating visible waste.
Our offer	The category you are claiming.	A returnable-cup service with collection built into the existing delivery round.
That	The single most valued outcome.	Removes disposable-cup waste without adding a task for staff.
Unlike	The real alternative — often a workaround.	Unlike bring-your-own-mug schemes, which rely on individuals remembering.
Because	The reason it is credible.	Collection happens on a round that already visits the building.

THE ROW THAT REVEALS THE MOST

If the “unlike” row names a competitor rather than what the customer does today, the statement has not yet met the real alternative.

Three propositions that cannot be tested

Each sounds like a value proposition and commits to nothing

The virtue claim

Looks like "A more sustainable way to drink coffee."

Why it fails It names no customer, no alternative and no cost.

Fix State who, instead of what, and against what.

The feature list

Looks like "Tracked, washable, app-enabled cups."

Why it fails Describes the offer, not the value it creates for anyone.

Fix Attach each feature to a named pain.

The everything claim

Looks like "Cheaper, faster and greener."

Why it fails Claiming all three invites disbelief and names no trade-off.

Fix Lead with one, and hold the others at parity.

Each failure is comfortable to write, which is exactly why it survives internal review.

CASE STUDY

RePlay

A returnable packaging system that worked technically, won awards, and still had to argue with a habit.

A working system with a behavioural price

Technical feasibility and commercial durability are separate findings

WHAT THE PROPOSITION DELIVERED

A coordinated service

NOT JUST A CONTAINER

Reusable packaging, digital tracking, logistics, washing infrastructure and consumer participation, linked together.

TESTED IN THE REAL SETTING

The trial ran in a mainstream supermarket, not as a controlled packaging concept.

MEASURED RESULT

Approximately 80% return rate in trial, plus three Gold and one Silver award.

WHAT THE PROPOSITION ASKED FOR

An extra step, every time

THE REAL BARRIER

Identified as consumer behaviour — not packaging and not technology.

WHY THAT IS HARD

Single-use packaging requires no further action; returning requires one, forever.

WHAT STAYED UNPROVEN

Long-term commercial durability, as distinct from technical feasibility.

READING THE CASE

“More sustainable” is not yet a value proposition. The offer here is a coordinated service, and its cost to the customer is an action repeated after every purchase.

Drawn from the session case pack.

Bringing the theory to ClearCup

From evidence to a statement that could be proven wrong

Step	What you decide	ClearCup example
Name the alternative	What they do today, not who else sells.	Disposable cups, ordered with the coffee, thrown away.
List the switching costs	Money, effort, risk, habit.	Someone must collect cups; a missed collection is visible.
Fix the parity points	What must simply match.	Same coffee quality, same delivery reliability, no extra staff task.
Choose one difference	Valued, deliverable, hard to copy.	Collection on an existing round — no new logistics for the customer.
Write and test	Fill the six slots, then put it in front of the segment.	Compare two wordings with office managers and measure sign-ups.

WHAT COMES NEXT

Session 3.2 asks whether delivering this proposition repeatedly can actually work as a business.

What to carry out of this session

1

Value exists only against an alternative.

Name what the customer does today, or there is nothing to be better than.

2

Price is only part of the cost.

Effort, risk and habit change are charged too — and a repeated action is charged forever.

3

Match on parity, win on difference.

A missing parity attribute stops anyone from ever reaching your differentiator.

4

Attach every feature to a named pain or gain.

Anything unattached is a feature looking for a justification.

5

A virtue is not a value proposition.

“More sustainable” names no customer, no alternative and no cost, so it cannot be tested.

Sources for this session

Primary references behind each concept

VALUE PROPOSITION	Osterwalder, A., Pigneur, Y., Bernarda, G. & Smith, A. (2014). <i>Value Proposition Design</i> . Hoboken: Wiley.
POSITIONING	Keller, K., Sternthal, B. & Tybout, A. (2002). Three questions you need to ask about your brand. <i>Harvard Business Review</i> , 80(9).
SWITCHING COSTS	Gourville, J. (2006). Eager sellers and stony buyers. <i>Harvard Business Review</i> , 84(6).
LOSS AVERSION	Kahneman, D. & Tversky, A. (1979). Prospect theory. <i>Econometrica</i> , 47(2), 263–291.
POSITIONING STATEMENT	Moore, G. (1991). <i>Crossing the Chasm</i> . New York: HarperBusiness.
ADOPTION	Rogers, E. (2003). <i>Diffusion of Innovations</i> (5th ed.). New York: Free Press.
JOBS	Christensen, C. et al. (2016). <i>Competing Against Luck</i> . New York: HarperBusiness.