



GELLIFY

**WE CONDENSE INNOVATION**

# DIFT

**DIGITAL INTRAPRENEURS FAST TRACK**

**EXPLORE**



SESSION 2

# Value Proposition Design & Validation

**After having explored the context surrounding our business...We definitely need to analyse the competitive landscape**



## 2. Define the value proposition

### MAPPING THE COMPETITION

Gaining an overview of the competitive landscape: current solutions, substitutes, competition, new entrants.

### PROBLEM FRAMING

Synthesizing the explorative research and converging on a concise problem statement to drive the concept development.

### VOICE OF THE CUSTOMER

Empathising with the current experience, pains and gains of the customer (or the user) of the solution and designing Proto-Personas.

### VALUE PROPOSITION DESIGN & VALIDATION

Designing the Value Proposition with the Value Proposition Canvas and validating it by Getting Out of The Building.



# Session 2: goals & outputs

## Learning goal

Be open to question your idea thanks to opinions from your potential customers

## Topics

Learn how to assess and validate a value proposition that makes your product different from those offered by competitors.

## Output

- COMPETITION ANALYSIS
- identification of potential CUSTOMER PERSONAS and characteristics
- VALUE PROPOSITION design and assessment

# Introduction to **COMPETITION ANALYSIS**

**What happens when  
you do not have a clear understanding of  
your competition...**

# What do they have in common?

## KODAK VS DIGITAL PHOTOGRAPHY



## BLOCKBUSTER VS ONLINE STREAMING



## SONY WALKMAN VS MP3 PLAYERS



# Market leaders underestimating digital competitors!

## KODAK VS DIGITAL PHOTOGRAPHY



Failed in 2012

Leadership of Kodak failed to see digital photography coming but decided to stick with its focus on core-business (film market).

## BLOCKBUSTER VS ONLINE STREAMING



Failed in 2010

From absolute leadership (in 2004), to bankruptcy in just 6 years – did not see online streaming services like Netflix as serious competitive threats, defined as “niche business” by BB CEO itself.

## SONY WALKMAN VS MP3 PLAYERS



Killed during 2000s

Sony, while having the technology to innovate, did not see the digital competitors coming. In the 2000s sales dropped, killed by MP3 players, which later will be killed by online music streaming.

# What do these fails show us?

## LESSONS LEARNED

- Competition is **not just about current competitors**: those who today look like small and meaningless, tomorrow might be the cause of your failure.
- And you need to take this into account even if you plan to launch a product pretending to be innovative today – your **future competitors** will always try to disrupt!
- Therefore Competition needs to be analysed on a **wider extent**, both in perspective (new competitors emerge on the same product/service over time) and in terms of outcomes (new competitors emerge satisfying the same need through a different product/service).
- Do not forget that, at the end of the day, the **customer is the one deciding how to spend its budget.**

Competitive landscape  
continuously evolves...  
**But do not panic, there is  
a solution!**

# Deep dive into **COMPETITION ANALYSIS**

# 3 definitions to share

## COMPETITOR

Definition of what a competitor is might sound trivial. However, in your own understanding of the concept of “competitor”, you must consider all players who serve the needs – or solve the problems – of your current and prospective customers. **Customer must be the focus!**

## COMPETITIVE LANDSCAPE

Competitive landscape is the context, or better the “**playfield**”, in which companies and startups struggle to serve potential customers by solving their problems and fulfilling their needs. Thus, competitive landscape **is not just the list of competitors, but also the conditions in which they are to compete** – conditions include: how much is the playfield crowded with competitors (supplier bargain power) and customers (buyers bargain power), how easy is to serve those customers (barriers to entry), how easy is for the customer to switch competitor (substitution threat).

## COMPETITION ANALYSIS

It is a methodology used for:

- mapping and analysing your competitors, from a number of different point of views (strategy, product offering, pricing, positioning, etc.) with the goal of **generating inputs for your business strategy**.
- understanding the competitive landscape and its governing dynamics - namely suppliers bargain power, buyers bargain power, barriers to entry, threat of substitution – with the goal of **assessing market attractiveness**.

# For now just focus on competitors

Identification of the right competitors to map and analyse is important for one simple reason: avoiding time-consuming analysis on dozens of players.

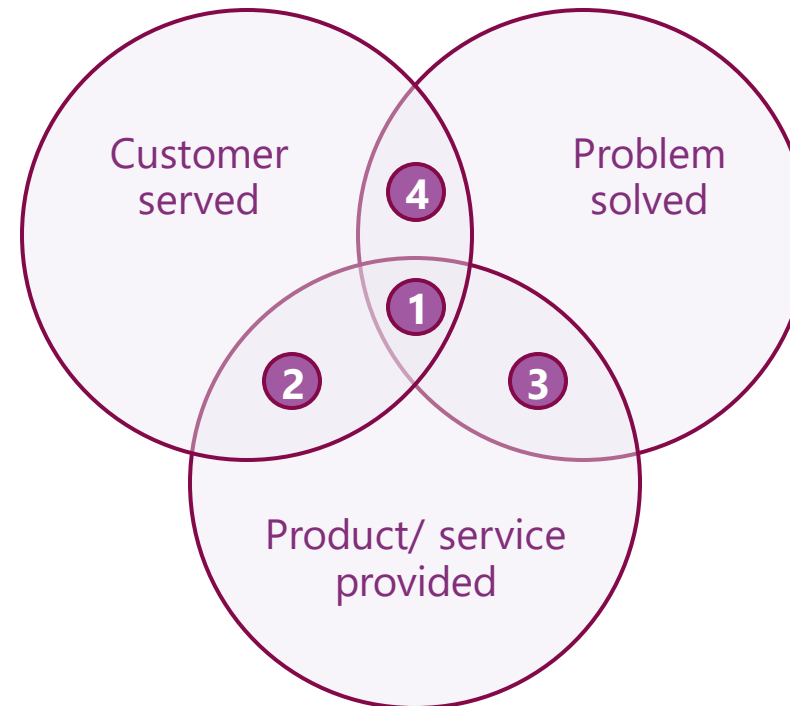
**Once you select the right competitors, you are already mid-way.**

So, first of all align the team on 3 elements:

- **Customers**, that is who are your target customers
- **Problem**, what problem does your product/service solve (or what need it accomplishes)
- **Product/Service**, so how do you intend to solve this problem in terms of features provided.

By combining these 3 elements, you come up with 4 competitor categories (as shown in the figure beside):

1. Direct competitors
2. Other problem competitors
3. Other segment/vertical players (for now)
4. Indirect competitors (catching money from your customers' wallets though)



1. **Direct competitors** – players serving same customer, solving same problem, providing similar product/service.
2. **Other problem** – players serving same customer with similar product/service but for solving different problem.
3. **Other segment/vertical** – players providing similar product/service, for solving same problem, but to different customers.
4. **Indirect competitors** – players serving same customer and solving same problem, but with different product/service.

# Competition analysis

## 1. Direct competitors

Players serving same customer, solving same problem and providing similar product/service.

They are those who first come to mind when asked “who are your competitors” – and it is fine to have them considered in your analysis, or it would be a serious mistake not to do that. But, please, **do not focus too much on them** because it might make you lose focus and creativity.

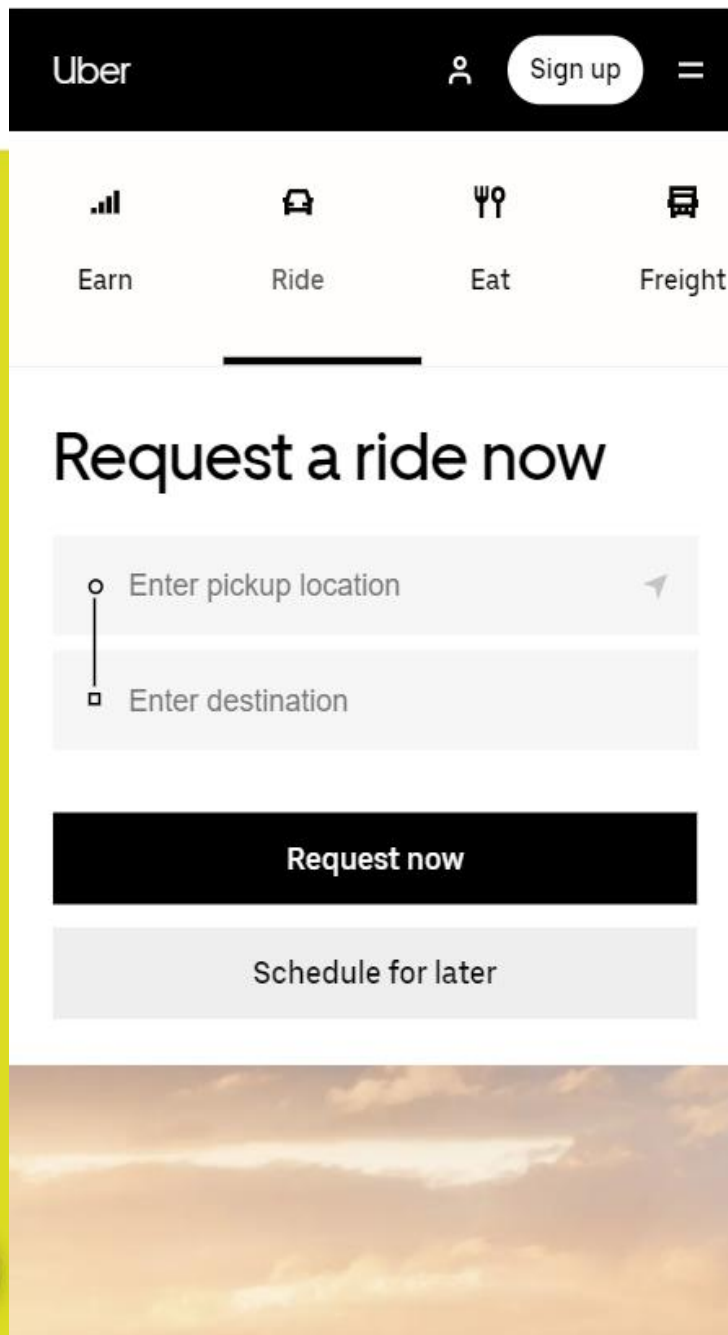


I Zūm to school so mom can get to work

Your school's one-stop partner for safe student transportation



Chat with an Expert



# Competition analysis

## 2. Other problem

Players serving the same customer with similar product/service, but for solving different problems (e.g. parents pay Zūm to move children to school, while they pay Uber for their personal rides).

Tricky and rare situation, and you only fully understand it after having talked with customers. Such situation might be signalling that:

- your "competitor" is on the market with a **different value proposition**, it might be worth for you to go deep into that and understand more;
- and/or your product is **addressing different customer needs**, compared with those you pretended to solve in the first place. This is a strong signal: you should review your value proposition.



# Competition analysis

## 3. Other segments/verticals

Players providing similar product/service, for solving the same problem, but to different customers.

Typical situation in which, as an example, you and your competitors are targeting different customer segments.

As of today, they are not dangerous players. But keep them within your radar since **they may**, one day in the future, decide to enter your customer segment and **become direct competitors**.





# Competition analysis

## 4. Indirect competitors

Players serving the same customer and solving the same problem, but they do it thanks to different product/service.

They might fall out of your radar, but definitely need to be included in your analysis, since they are catching money from your customers' wallets – in other words, they are **substitutes** and are consuming your own potential customers' budgets. As long as a customer buys from them, you won't sell a thing to that customer.

# How to perform **COMPETITION** **ANALYSIS**

# User Research: how to

## HOW TO MAP YOUR MAIN COMPETITORS?

In order to have a consistent overview of your competitors, you can create simple map where to plot relevant competitors (and solutions), and later decide which of them to study in more detail.

It is likely you already have a clue of which are your current competitors, you already compared your idea with those already on the market.

The Competitive Landscape canvas, indeed, serves as a simple tool for gaining an overall understanding of main competitors, that is structured and ready to be updated overtime.

**What you already know about competitors might be enough for now, but what you can discover by applying this tool might be crucial.**

# Competitive landscape

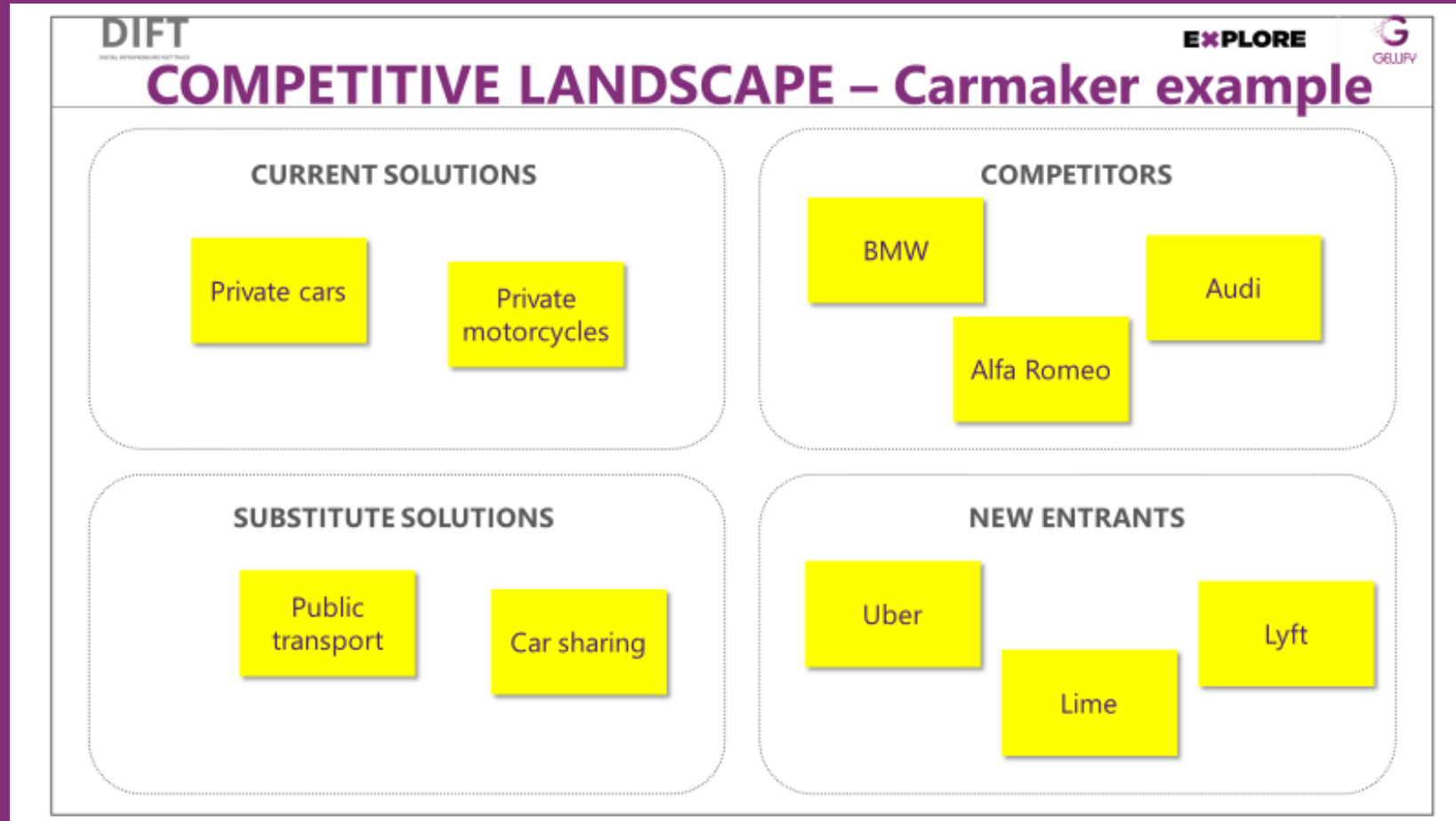
## TOOL: COMPETITIVE LANDSCAPE CANVAS



This tool is made of 4 boxes, in which to map competitors and solutions that you consider to be relevant, both today and in the future:

- ▶ **Competitors** are players directly competing with you today (direct competitors).
- ▶ **Current solutions** are the products/services who solve the problem in way similar to yours.
- ▶ **Substitute solutions** are products and services different than yours, but that today can already solve customers problem.
- ▶ **New entrants** are emerging players, usually startups, who are trying to disrupt the industry.

## TOOL: COMPETITIVE LANDSCAPE - IN ACTION



# Next steps & offline activities

# Competitive landscape

## 1 week



The image shows a 'Competitive Landscape Canvas' template. It is a white rectangular canvas with a thin black border. At the top left is the 'DIFT' logo. At the top center is the title 'COMPETITIVE LANDSCAPE' in a bold, dark blue font. At the top right are the 'EXPLORE' logo and the 'GELLIFY' logo. The canvas is divided into four quadrants by rounded rectangular boxes. The top-left quadrant is labeled 'CURRENT SOLUTIONS', the top-right is 'COMPETITORS', the bottom-left is 'SUBSTITUTE SOLUTIONS', and the bottom-right is 'NEW ENTRANTS'. Each quadrant is currently empty.

### Complete the Competitive Landscape canvas:

- First, quickly map competitors and solutions you already know;
- Secondly, move the focus toward players who are “solving the same problem”, so you can discover substitute solutions.
- Use publicly available data first (company websites, articles, annual reports, etc.) and, if feasible, interview potential customers later.
- Map everything into the canvas.
- In the end, take your time to deep dive on those that look interesting.

# Hints and tips

## **COMPETITIVE ANALYSIS IS NOT PRODUCT STRATEGY**

Don't use competitive analysis to inform your own product development strategy. Your next idea or development won't come from your competitors, but from customer and prospects feedback. At the end of the day, a focus on the customer will serve your company far more than a focus on the competition.

## **YOUR TIME IS MORE IMPORTANT THAN COMPETITIVE ANALYSIS**

Despite some companies failed because of lack in considering competition, remember to treat your competitive analysis as an ancillary activity. It shouldn't consume too much time and resources. Remember to focus on what your customers tell, whether through feedback, interviews or behavior observation: customers will always be your strongest source of data and insights.

## **INDUSTRY RESEARCH MIGHT BE USELESS AND COSTLY**

Do not focus too much on industry research. Often industry analysts aren't good at predicting disruptive companies and cutting-edge trends emerging, simply because such changes occur far from the spotlight, which is generally not on their radar. Big research companies use to provide industry insights after the shifts have already occurred.

SESSION 2

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