

10. Instruments for Customer Analysis and Validation (Customer Modeling)

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<http://st.inf.tu-dresden.de/teaching/saab>

- 1) Customer Analysis
- 2) Different Kinds of Fits
- 3) Customer Analysis
 - 1) Situation Analysis
- 4) BMC Evolutionl
- 5) The Evolving Nested BMC Cactus

Obligatory Literature

- ▶ A. Osterwalder, Y. Pigneur et al. Value Proposition Design. Wiley.
- ▶ [BlankDorf] Steve Blank, Bob Dorf, Nils Högsdal, Daniel Bartel. Das Handbuch für Startups – die deutsche Ausgabe von 'The Startup Owner's Manual'. Deutsche Übersetzung von Kathrin Lichtenberg. 2014. O'Reilly.
 - <http://www.daniel-bartel.de/das-handbuch-fuumlr-startups.html>

At one period of those early days I think that I must have had fully three hundred watches. I thought that I could build a serviceable watch for around thirty cents and nearly started in the business. But I did not because I figured out that watches were not universal necessities, and therefore people generally would not buy them.

Henry Ford. My Life and Work. www.gutenberg.org Ebook #7213



10.1. Customer Modeling

Find out who the customer is, what she needs and desires

.. a specific part of the Lean Innovation process
[Blank]

The Customer Modeling Process

- ▶ Customer Modeling, a company-centric process [Blank/Dorf] 2008
 - Originally called “Customer Development”, but we use this differently in this course

Customer Modeling (Customer Analysis)

Customer Search

Customer Building

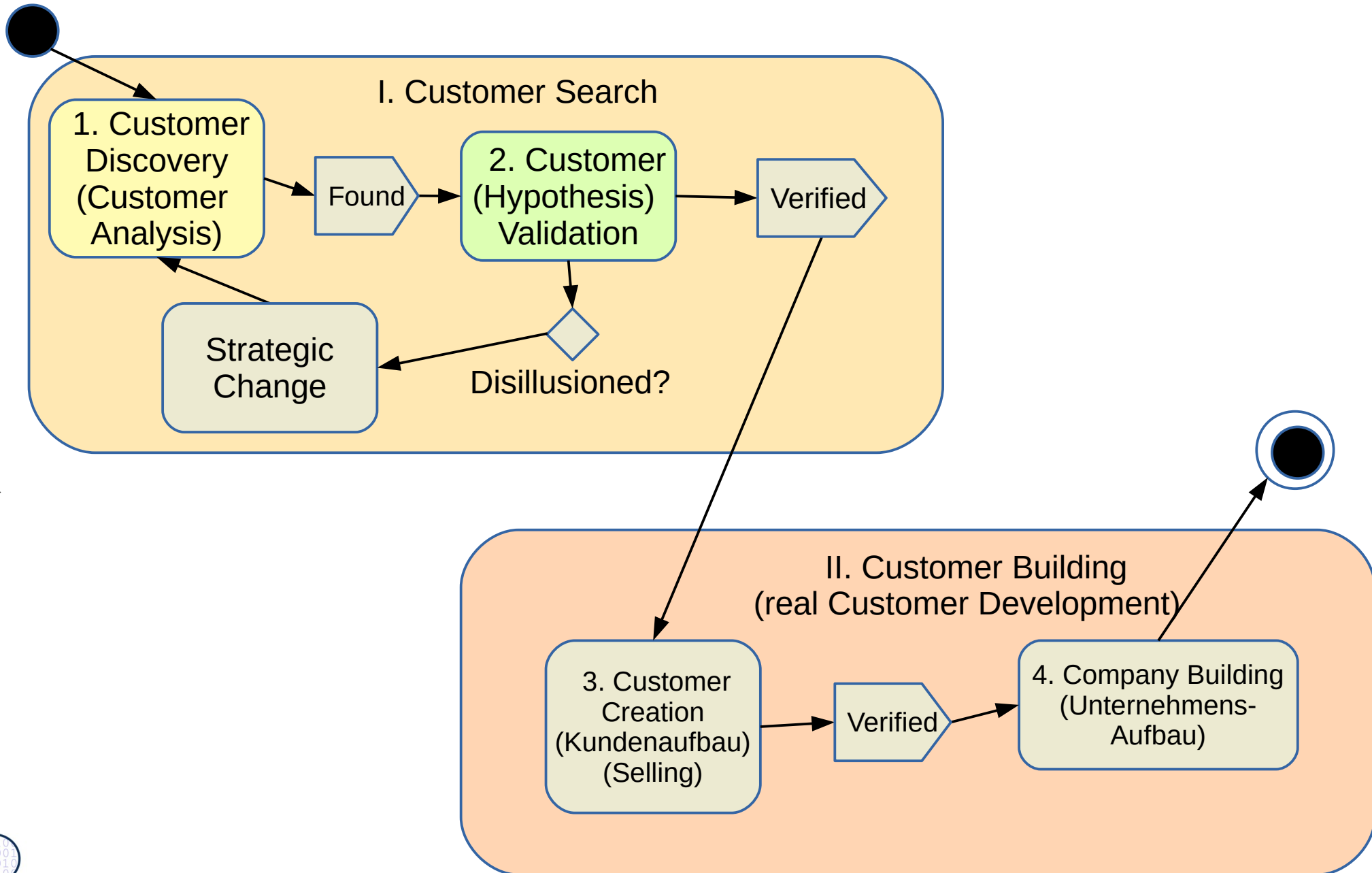
Customer Discovery

Customer Validation

Customer Creation

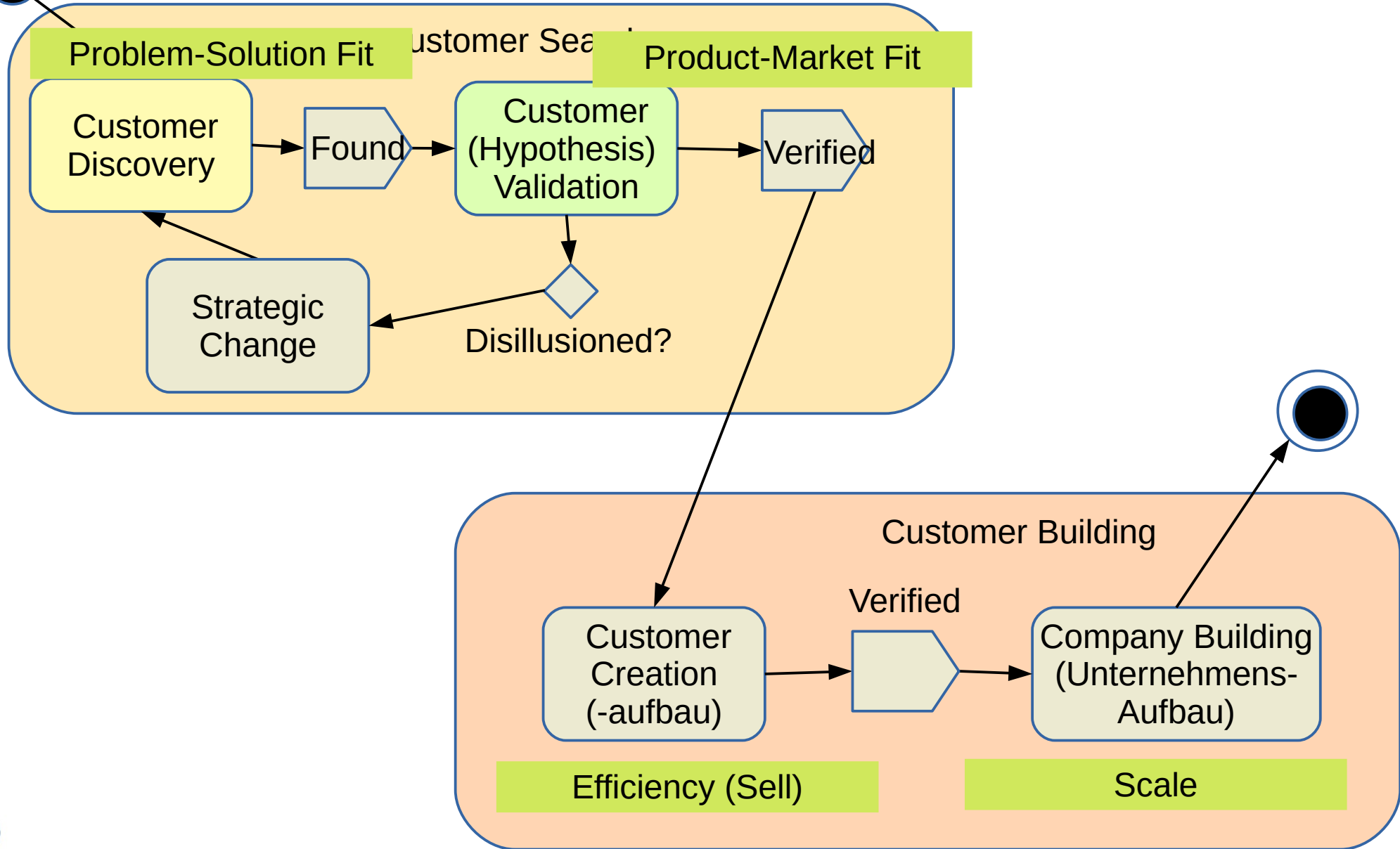
Company Building

Q3: Blank's Customer Modeling Process “Customer Development”



Q3: Blank's Customer Development Process Blended with Maurya's Running Lean Process

(Startup Genome Report)



Q4: Step 1: The Customer Discovery Subprocess (Problem-Solution Fit)

Problem-Solution Fit

1. Customer Discovery

1.1 Customer Vision

MVV Found

1.2 Customer Interviews (MVV testing)

Verified

Strategic Change

Disillusioned?

Product-Market Fit

2. Customer (Hypothesis) Validation

2.1 Customer tests (MVP testing)

Verified

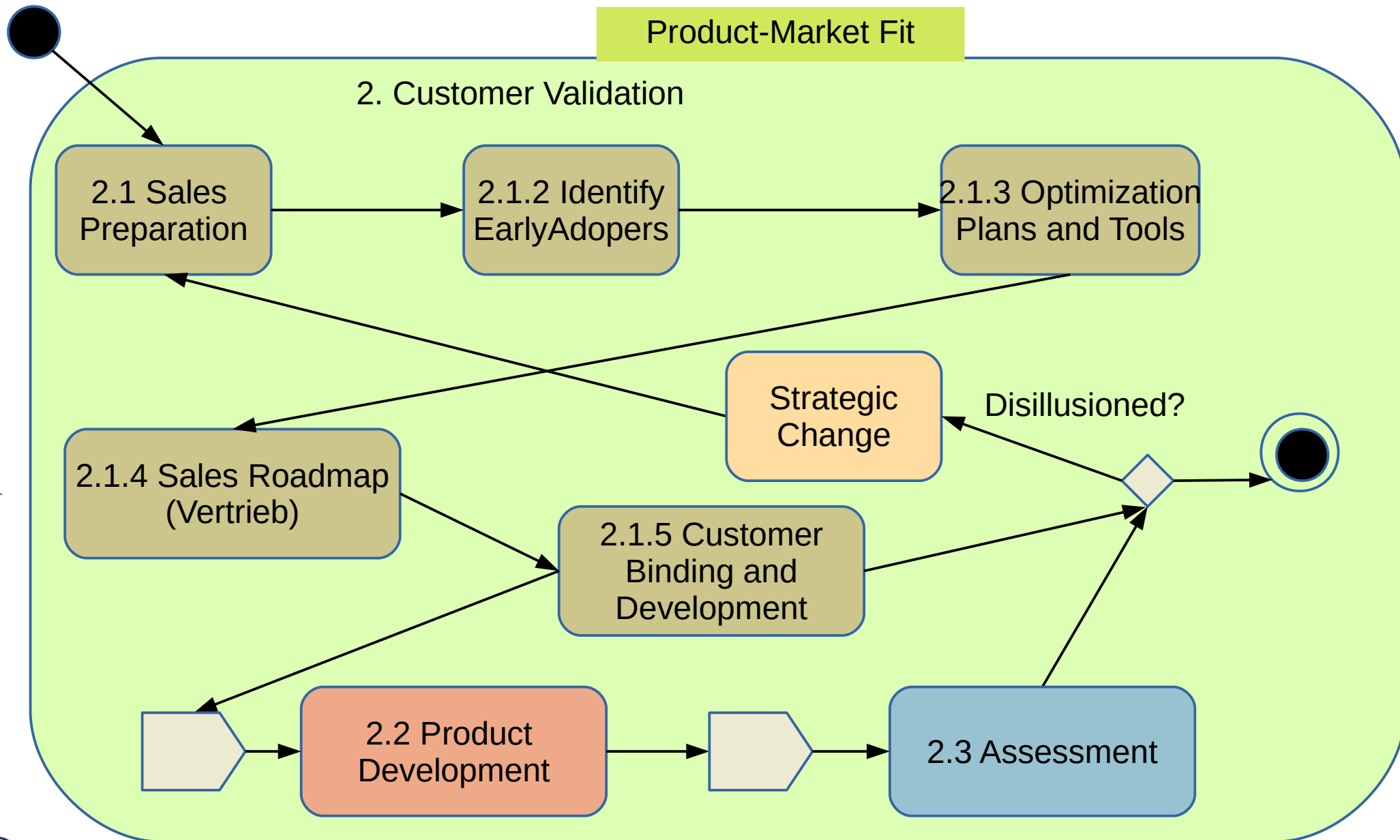
No

Yes

Strategic Crisis



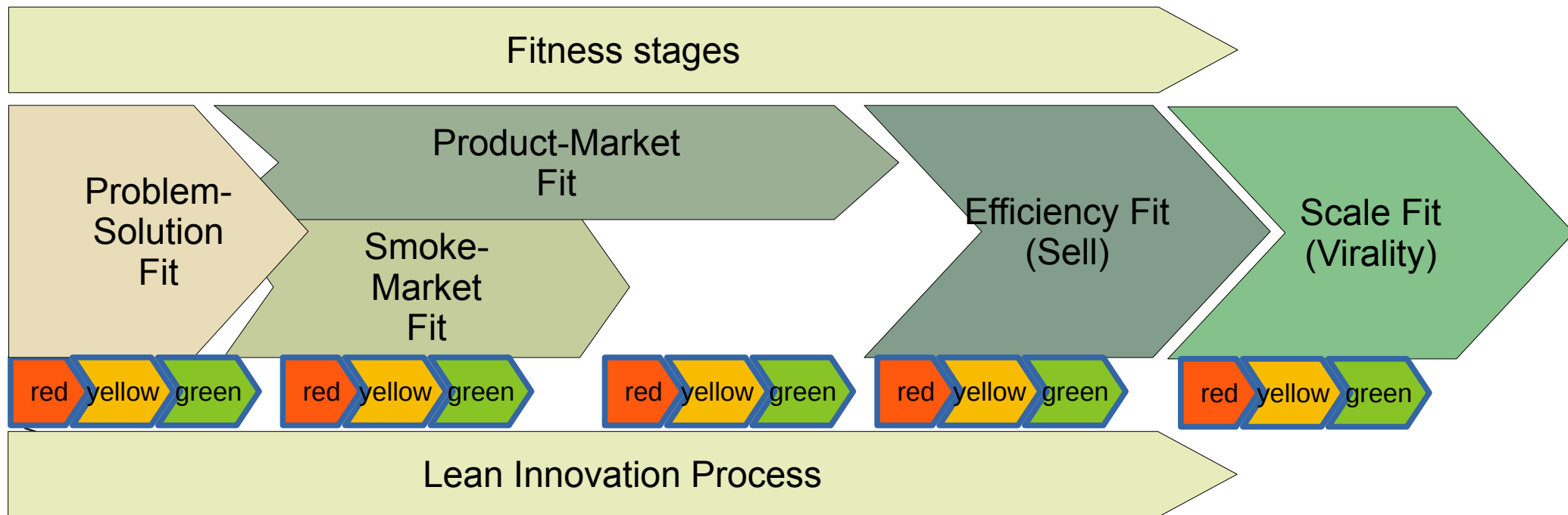
Q4: Step 2: The Customer Validation Subprocess (Product-Market Fit)





10.2 Different Kind of Fits in the Value Proposition Design Process

Steps in the Stages of Maturity



Example

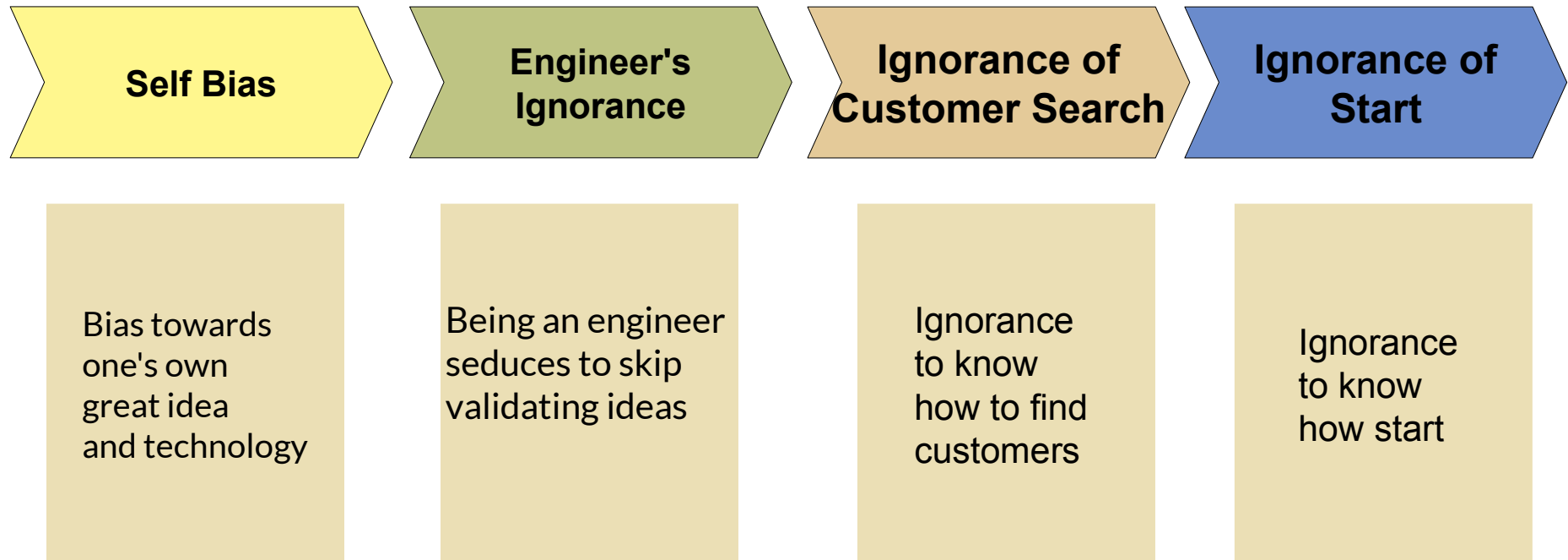
- ▶ A green **problem-solution fit** is a value proposition stable pain/gain analysis, but without services and products
- ▶ A green **Smoke-Market-fit** is a BMC with a competed smoke test
- ▶ A green **product-market fit** is a value proposition stable pain/gain analysis **with** services and products, i.e., a stable BMC



10.3 Customer Analysis (Discovery): Analysis of the Customer's World

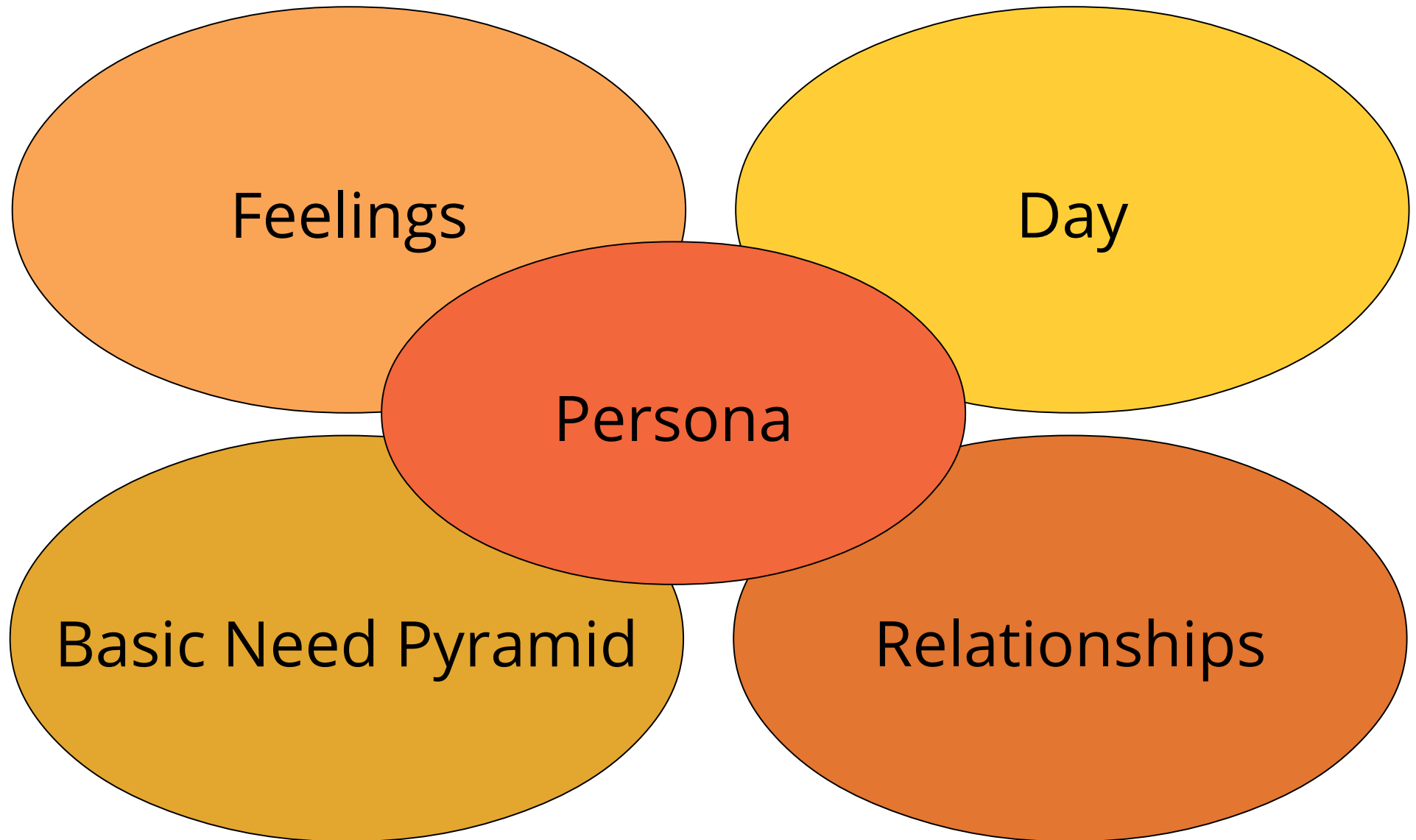
Before understanding the pain and gain of the customer, we need to understand its world

The Major 4 Obstacles to Customer Know-How Can Only Be Remedied by Testing the Customer Hypotheses



- ▶ In a group, *untested information about the customer* can be collected by canvases
- ▶ **Hypotheses about the customer** have to be formed
- ▶ Hypothesis must be **tested** by **getting out of the building**

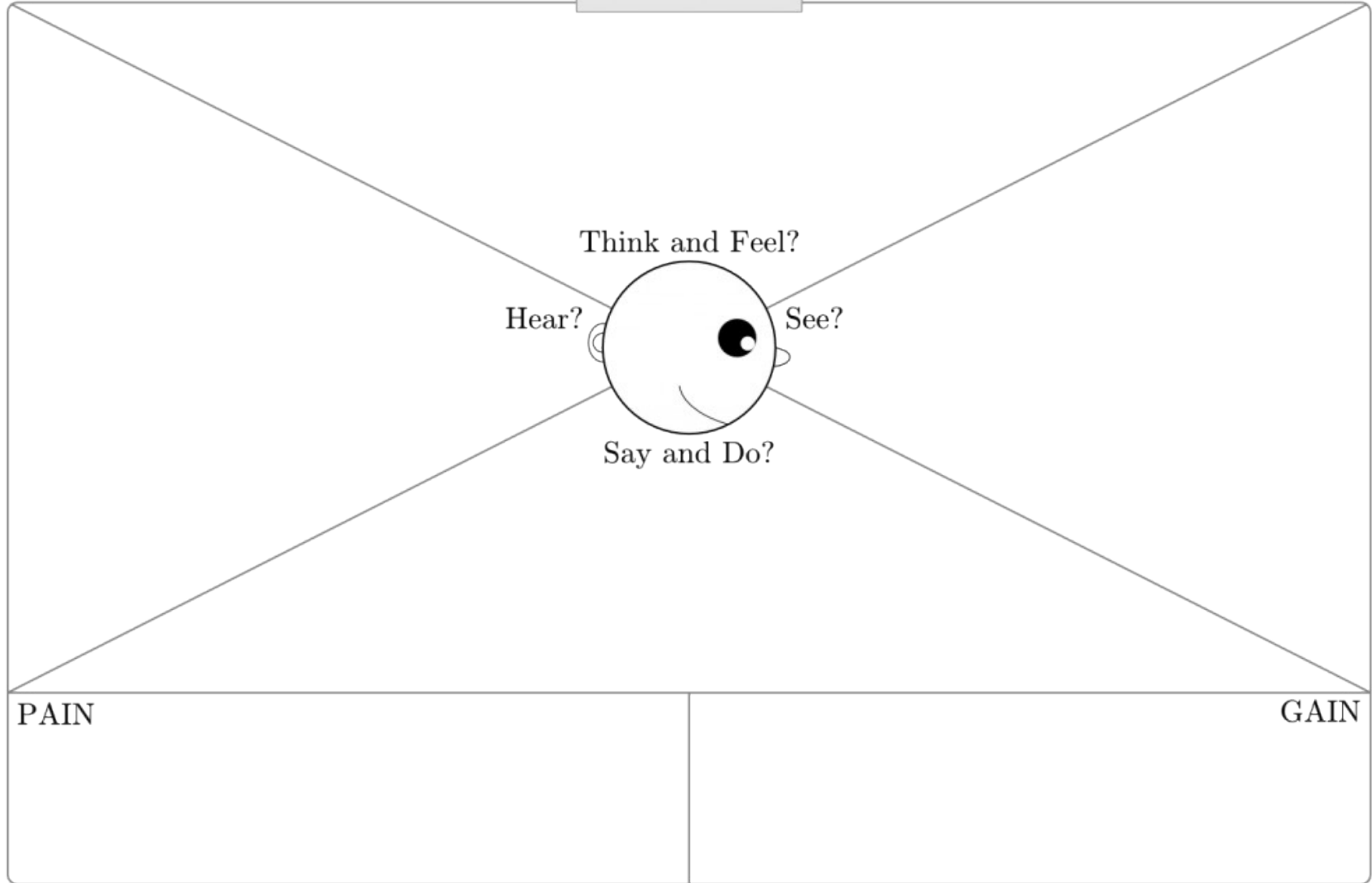
Aspects of Customer Analysis



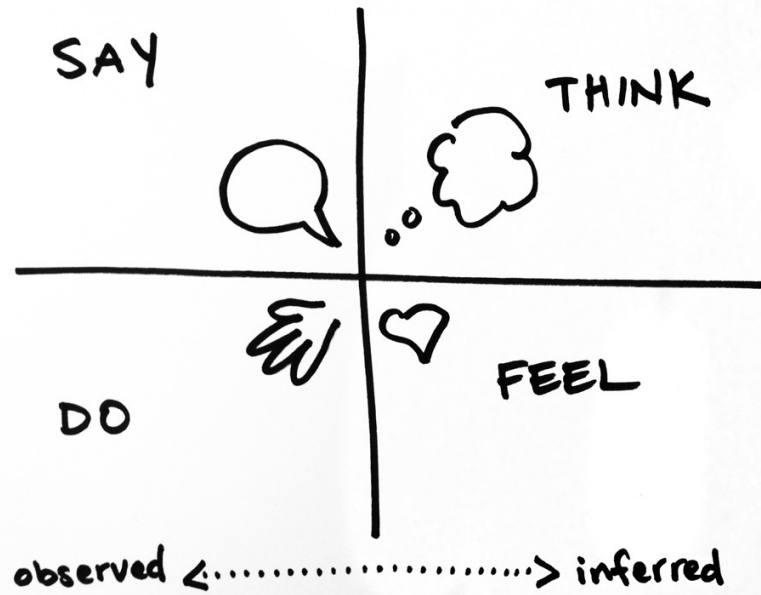
Empathy Map for Customer Modelling

Business Model - The Empathy Map

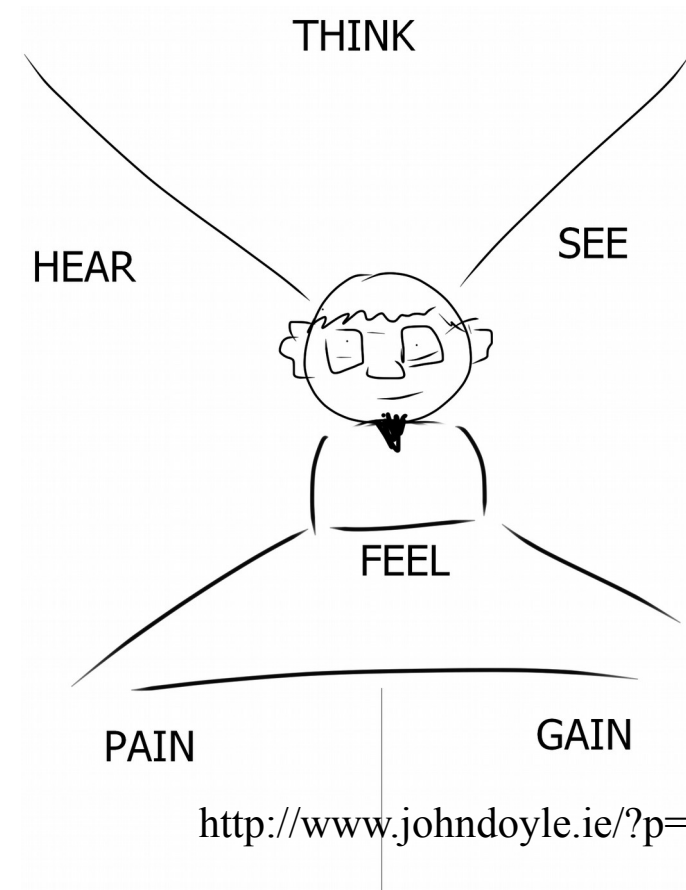
Author:
Date: Iteration:



Simpler: Modelling the Customer's Feelings



10.
wp-content/uploads/2013/02/mitroff.fig2_.jpg

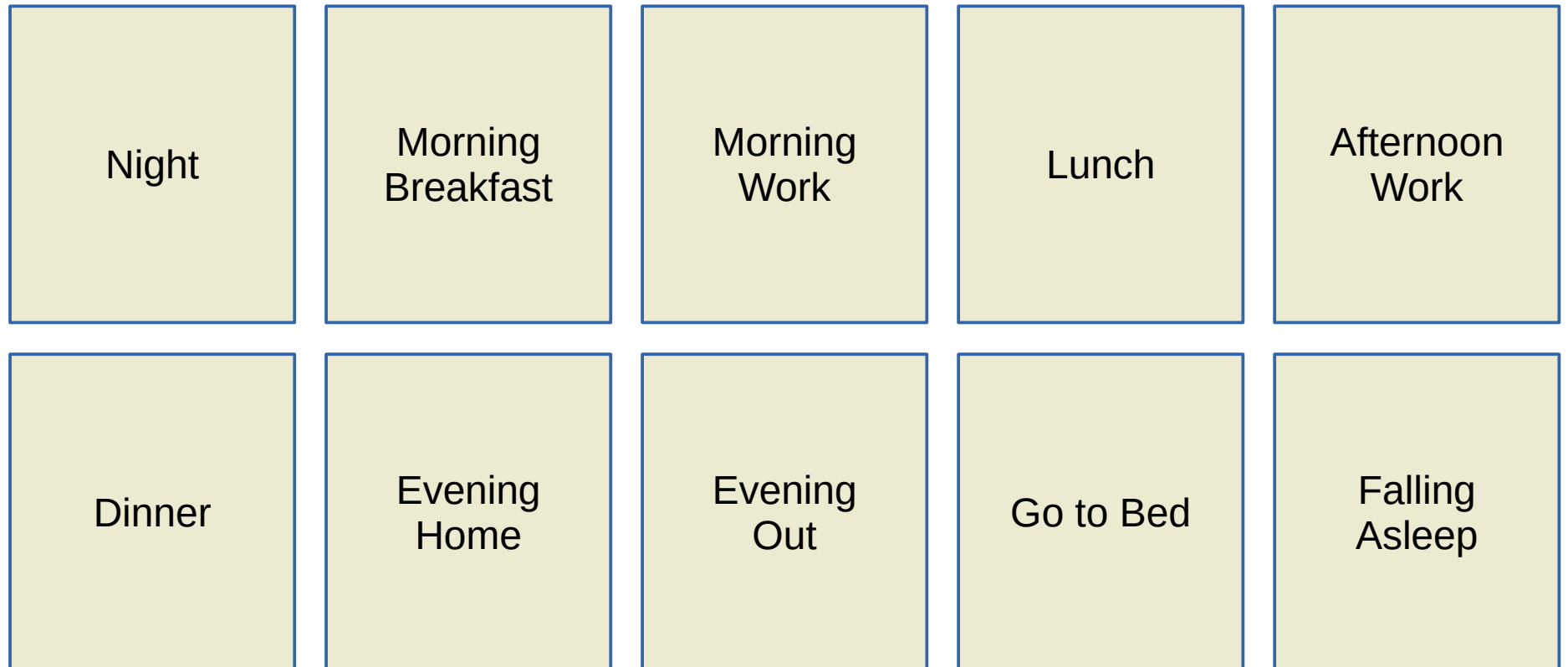


<http://www.johndoyle.ie/?p=92>

Modeling the Customer's Day

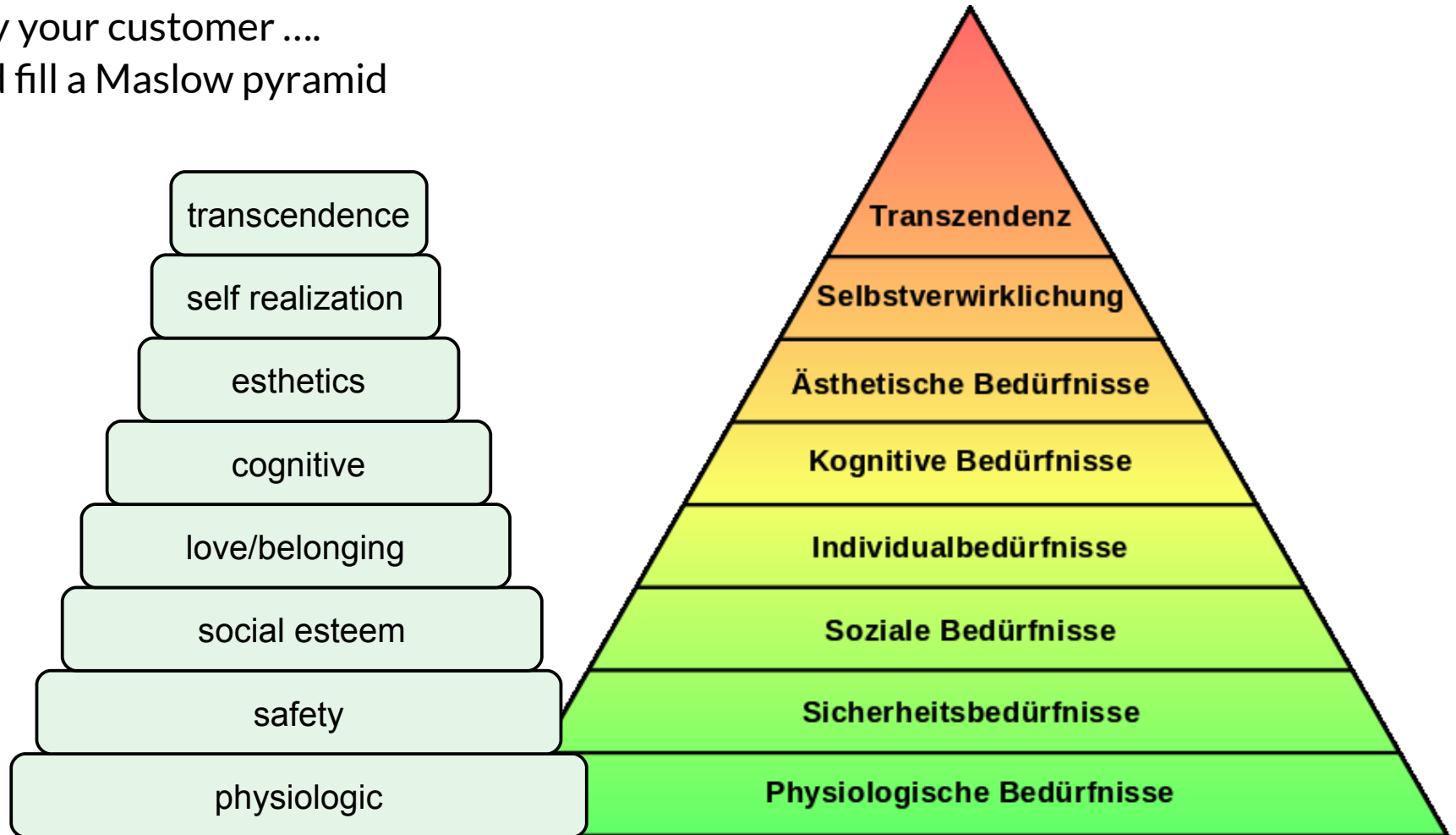
How should a good “Customer Day Canvas” look?

- ▶ Use the Customer Empathy Map to run through the customer’s day



Customer Need Analysis with Maslow

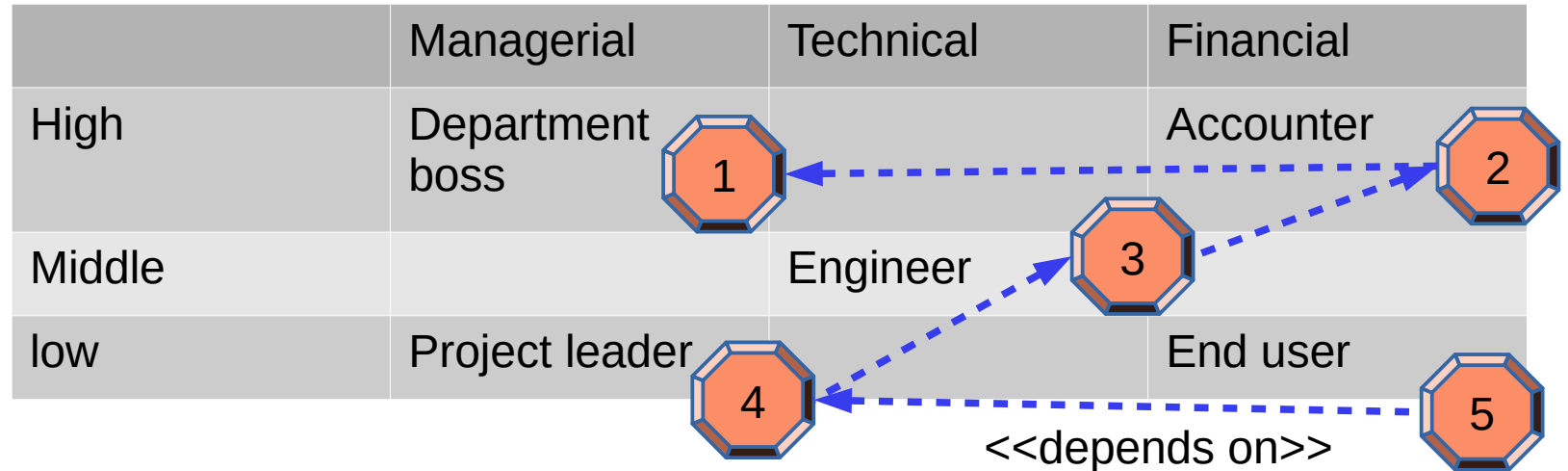
- ▶ Play your customer
and fill a Maslow pyramid



http://upload.wikimedia.org/wikipedia/commons/thumb/2/2c/Erweiterte_Bed%C3%BCrfnishierarchie_%281970%29_nach_Maslow.svg/600px-Erweiterte_Bed%C3%BCrfnishierarchie_%281970%29_nach_Maslow.svg.png

Analyzing the Customer's Relationships

- ▶ An **organizational / influence map** draws the network of the customer that can influence his buy-no-buy decisions
- ▶ Analysis can start with a table or a graph
- ▶ Analysis constructs a **dependency graph** (partial or total order)
- ▶ **Deciders** are the sinks of the dependency graph



Customer Relationship Analysis with Business Model You

- ▶ Play your customer and fill a BMY Canvas.

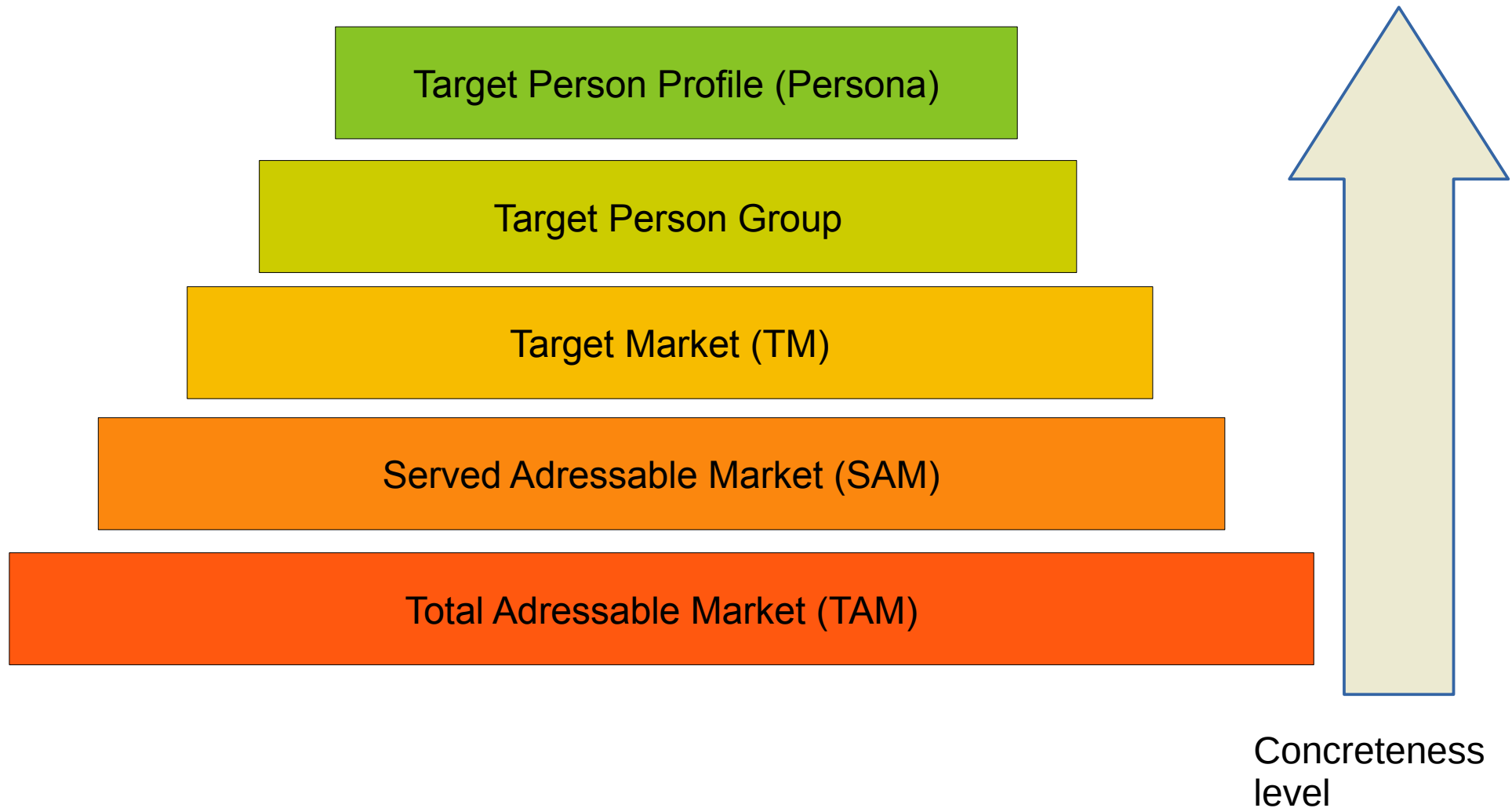
Key Partners Who helps Your customer?	Key activities What do Your customer do?	Value Proposition How does Your customer help?	Customer Relationships How does she interact?	Customer Segments Whom does Your customer help?
	Key Resources What she is and has		Channels How do they know him? How does she deliver?	
Cost Structure What does he give?			Revenue Streams What does she get?	

Customer Profile (Persona)

- ▶ A **Customer Persona (profile, archetype)** is a story about an average customer from a customer segment.
 - Derived from Empathy Map, Influence Map, VPA, Problem Analysis, Customer's Day, Customers influence map
- ▶ Table form of Persona:

Highlights in the customer's day, problem canvas, VPC, or influence map	Hints for aquisition
Gets up with difficulties	Don't call him before 10:00; send him a coffee kit for advertisement
Doesn't like to read	Send him a DVD with video
Has friends in political party PDU	Analyze partie's opinion about the effects of your product

Refinement of Customer Segments and Market Slices





10.4 Basic Pain-Gain Analysis (Value Proposition Analysis) of Osterwalder

Value Proposition Canvas
From “Value Proposition Design”

Killing Pain and Filling Desire

- ▶ **Customer Analysis** is something different than Selling.
 - Selling addresses an individual customer
 - Customer Analysis analyses the *world of a potential customer*
- ▶ Needs do not make a customer buy – only pain.
- ▶ Value does not make a customer buy – only desire.

- ▶ Osterwalder refined the **value proposition field** of the BMC with a new canvas, the Value Proposition Canvas.



Pain and Gain create value proposition.

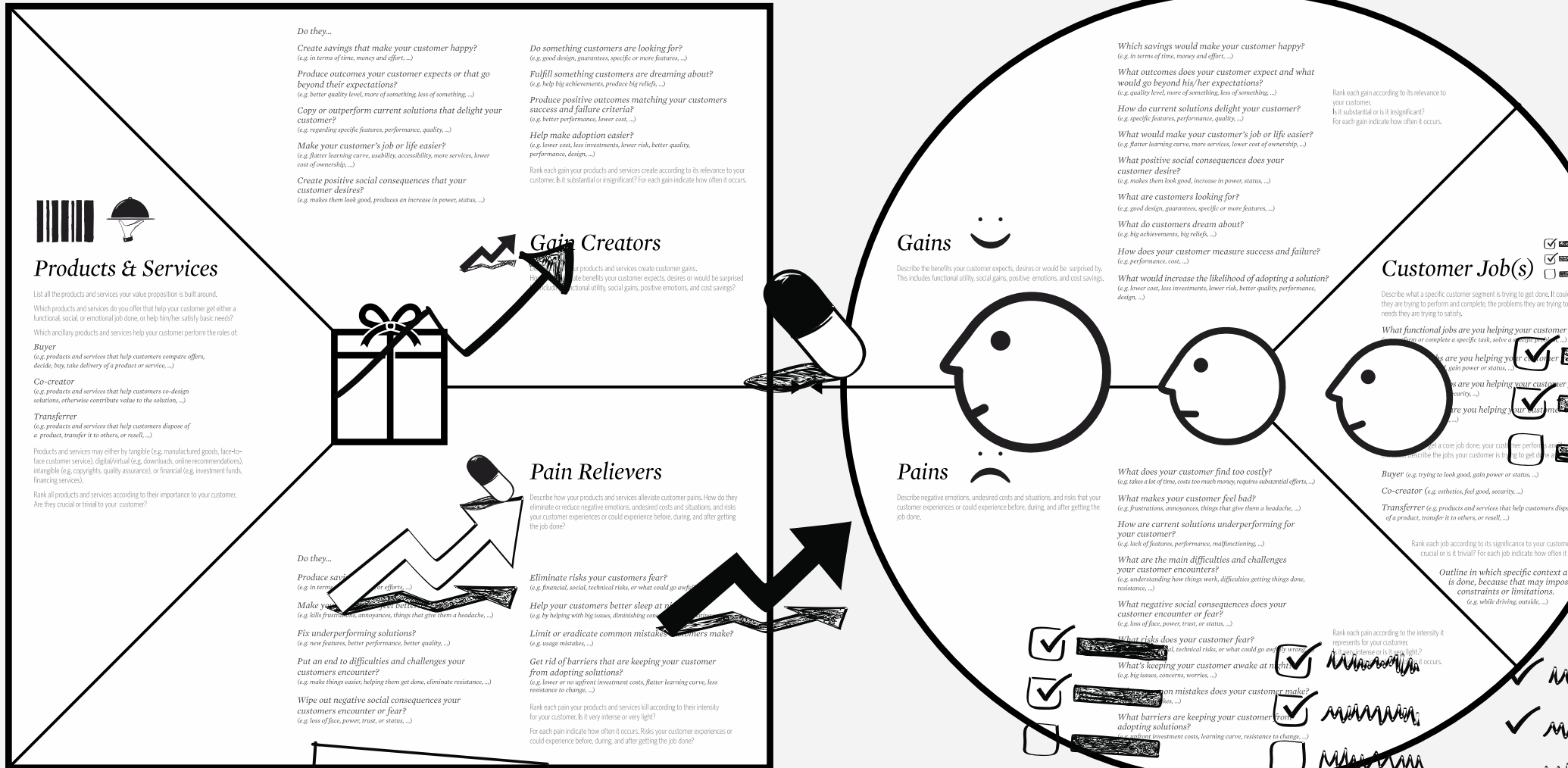
The Value Proposition Canvas

Designed for:

Designed by:

On: Day Month

Iteration: No



Value Proposition
 Create one for each Customer Segment in your Business Model

Customer Segment

www.businessmodelgeneration.com

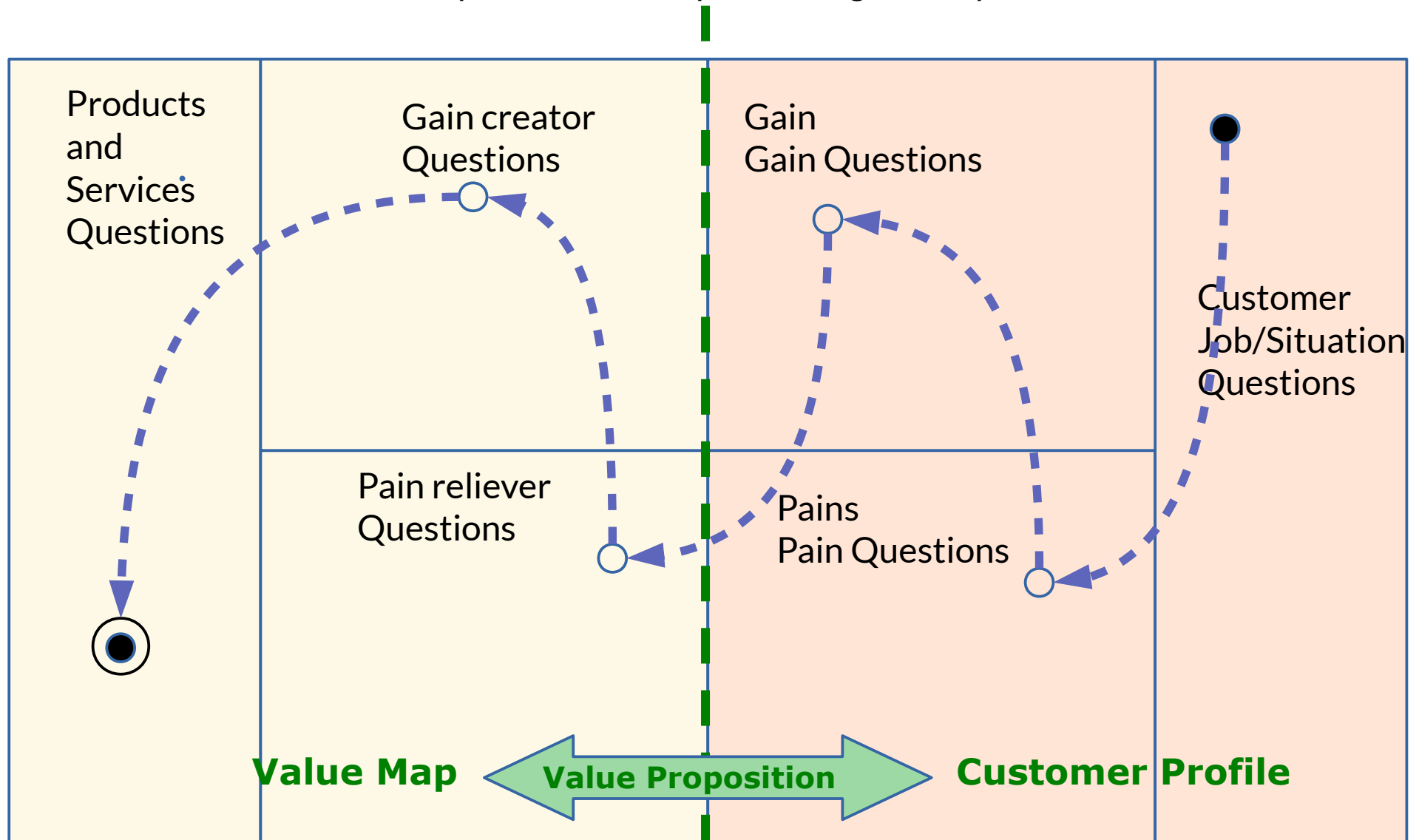
<http://businessmodelalchemist.com>

Use in Conjunction with the Business Model Canvas

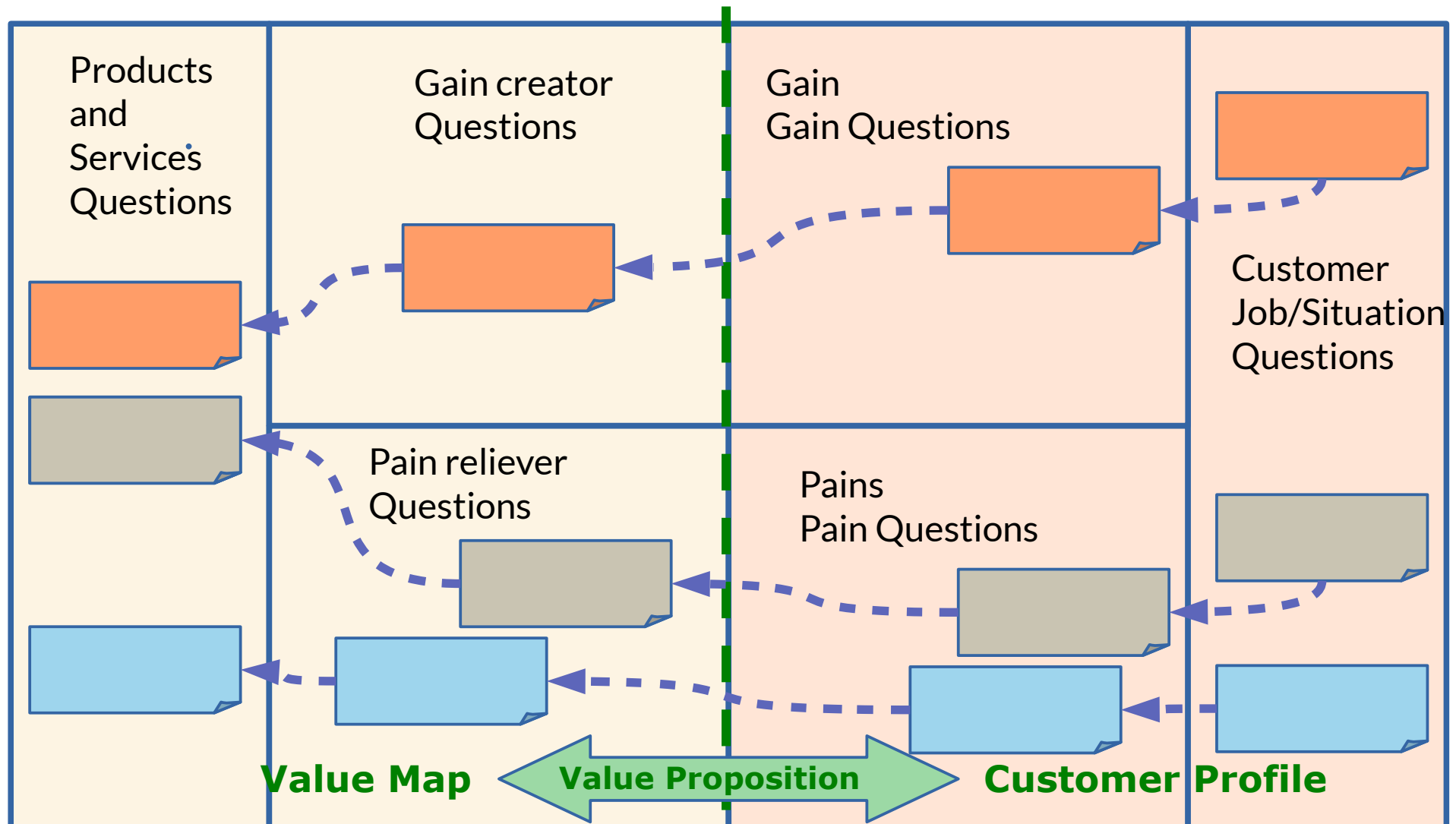
Copyright of Business Model

VP Canvas Process

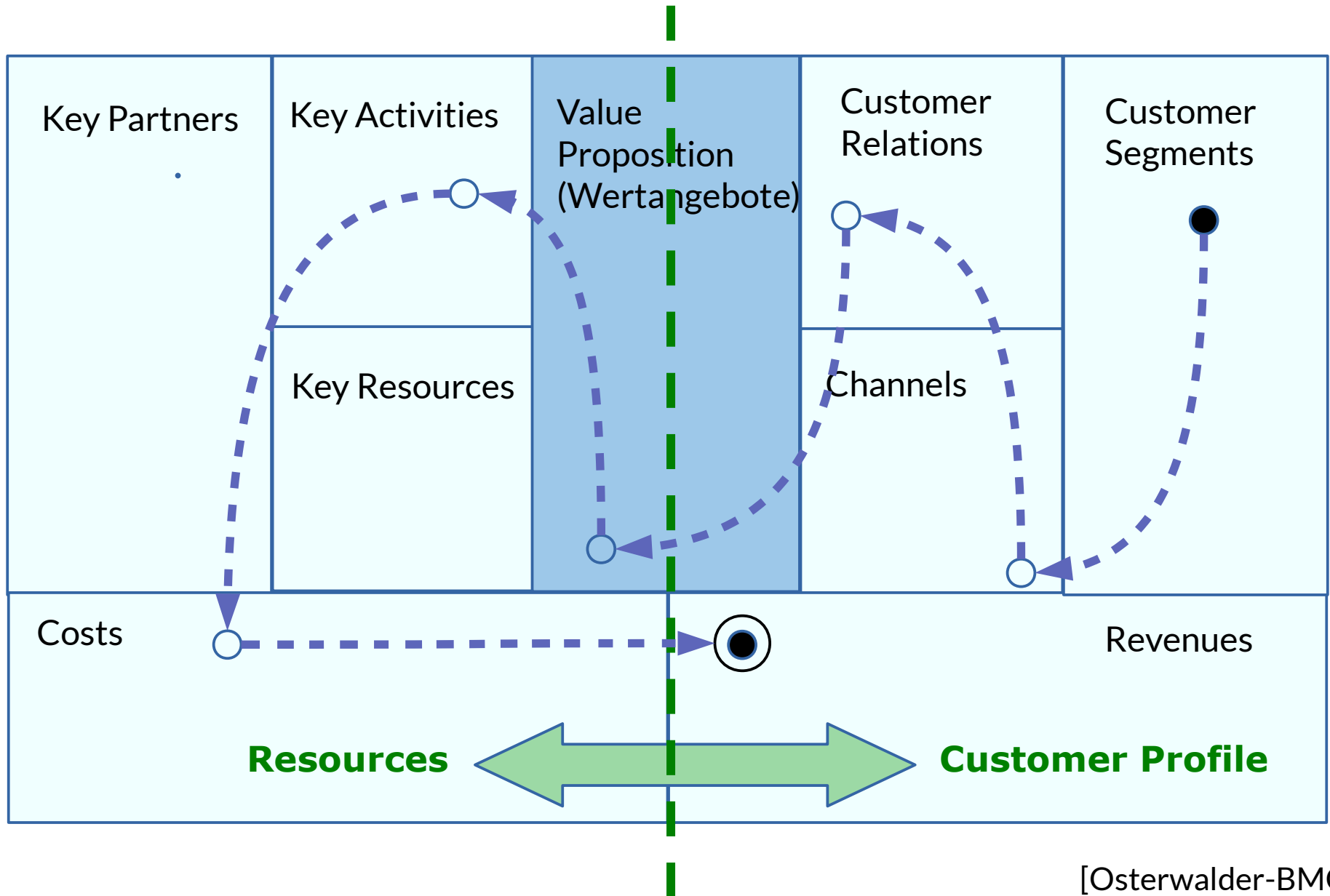
- ▶ VPA uses a canvas to map the customer pains and gains to products and services



- ▶ VPA creates mappings between the entries of the customer profile and entries of the value map (value proposition **fit**)
- ▶ Check completeness, consistency of fit!



VPC is a Subcanvas of the Business Model Canvas

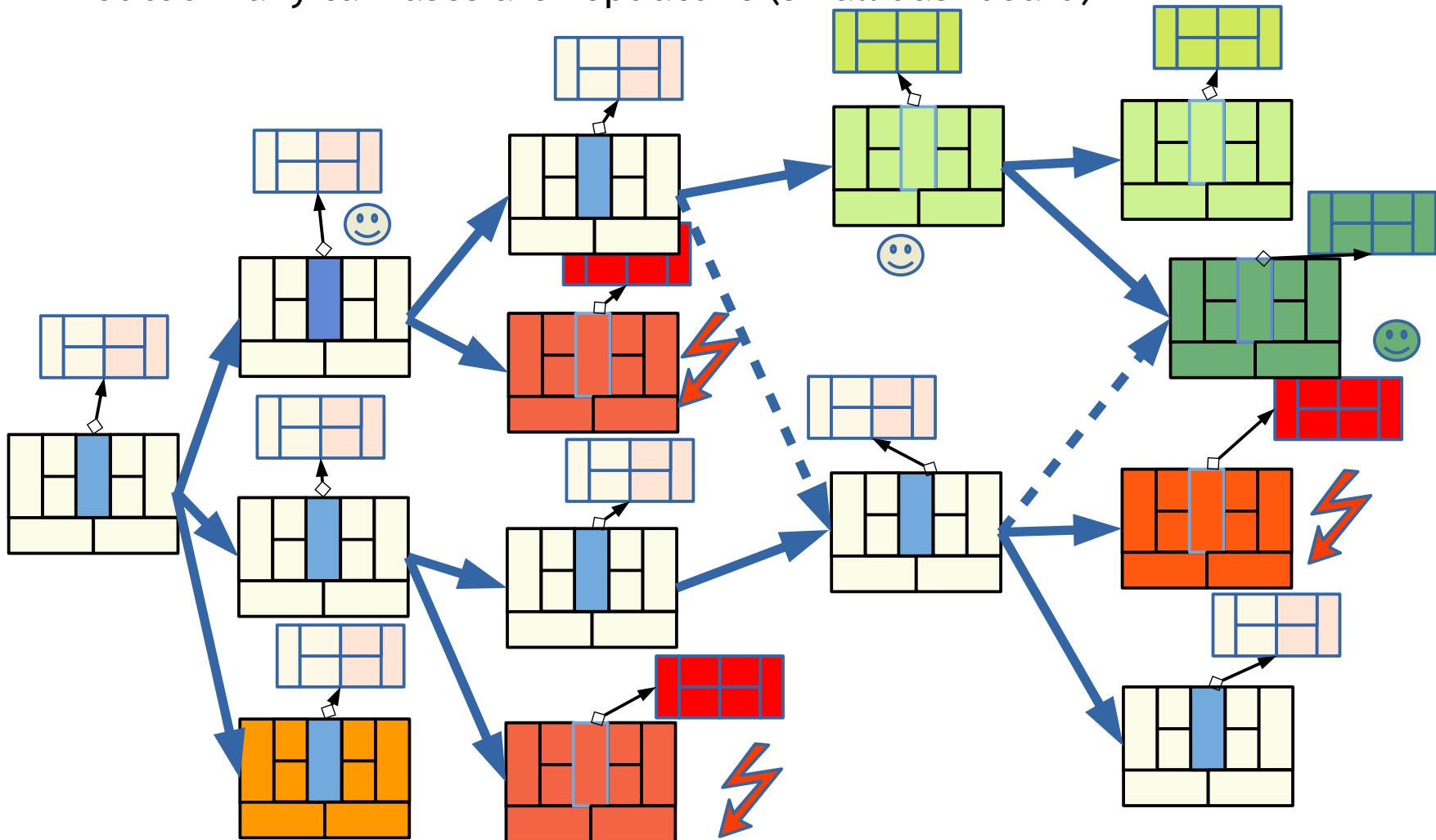




10.5 Evolving the BMC Cactus during Startup Development

The Evolving BMC-VPC Canvas Cactus (extended)

- ▶ Growing a tree with side edges (link tree - cactus) out of a first version
 - Assess with red-yellow-green; choose a current “greenest” “champion”
- ▶ Every step tests **hypotheses** about the customer
- ▶ Not too many canvases are kept active (small dashboard)



BMC-VPC Refinement is Customer Modeling

- ▶ The BMC-VPC cactus evolves during customer modeling

A red BMC-VPC shows why a persona cannot become a customer

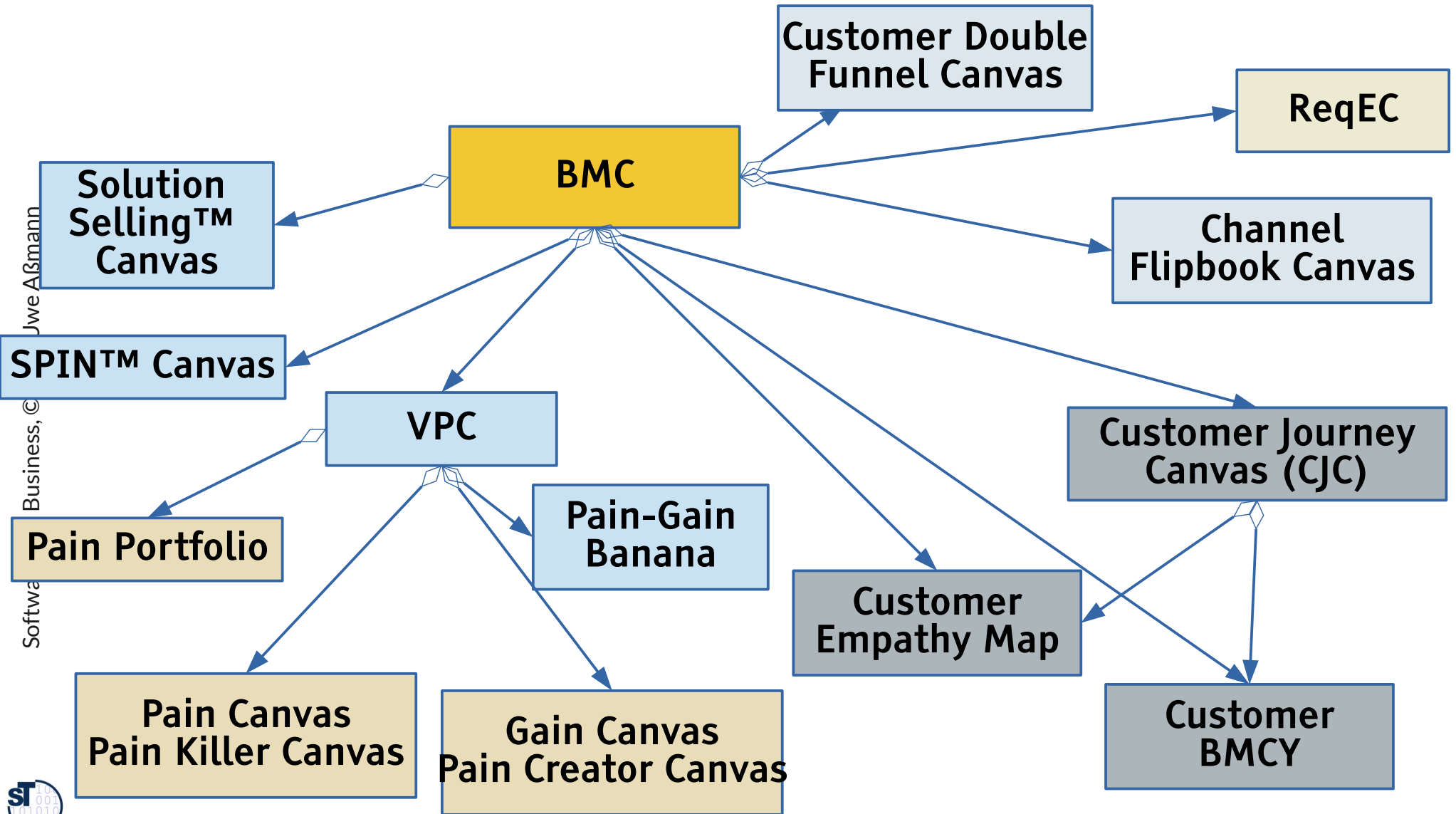
A green BMC-VPC models a customer faithfully



10.6. The Evolving Cactus of the Nested BMC

The Dependency Structure of Canvases (the Nested BMC)

- ▶ How would you maintain an evolving cactus for all these canvases?



The End

- ▶ Explain the difference between customer empathy, activation, stickiness, virality and referral.
- ▶ What is the difference between untested, assessed, and tested canvases?
- ▶ What is a strong real tested pain?
- ▶ Why are catastrophies better for a good value proposition than blocking factors?
- ▶ Explain the influence of the UCA for virality.
- ▶ Why is the pirate metrics important for building good value propositions?
- ▶ How can you cross the border between Virality and Revenue in the LeanAnalytics stages?
- ▶ Explain the differences between the SPIN™ Canvas and the VPC. Which canvas do you prefer for a cold call?
- ▶ Explain how you use the Channel Flipbook Canvas, the Customer Empathy Map and the Customer Double-Funnel Canvas for a Customer and Customer-Segment Analysis.