

What does a business customer *need*?

A case-study in applying VPD to a new high-tech product

If new products and services are to survive past their infancy, they need to create value for their customers. A value proposition describes how a product or service creates value for a specific customer. In other words, the collection of functions that satisfy the customer's needs. This thesis creates a value proposition for a new high-tech modular product developed at Sony in Lund, Sweden, with the purpose of supporting future business decisions. It also reflects on the process of applying value proposition design for business-to-business products as well as the methodology's strengths and weaknesses.

In early 2019, a system of sensors, projectors, and software was created for the purpose of improving the experience of entering Sony's offices in Lund, Sweden. The system attracted attention both internally and externally, and it grew organically in features and scope to meet the needs of its initial customers. However, the widened scope also meant that the system increased in complexity and consequently, its value was getting increasingly difficult to express, making the solution difficult to explain and market. To solve this problem, the authors created a value proposition for the product using Value Proposition Design (VPD) methodology, in combination with qualitative interviews.

The resulting value proposition showed that the product responded to many of the needs identified among its customers. Of high importance was its ability to impress and engage audiences, and its ease-of use. Customers would also prefer if the system's functions were easy to explain and learn, and would be more than satisfied if it maintained high technological excellence and innovativeness. This conflict,

between simplicity and complexity, is a challenge for most high-tech products and the authors believe it to be a crucial challenge for the product going forward.

The fact that there is business value in understanding customer needs has been accepted since the mid-1900's. Yet at the same time, the methods for identifying, understanding, and analysing customer needs are many and often difficult to perform and time-consuming. Both the challenge of actually getting meaningful information about customer needs, and the time and resources needed, thus deters companies from applying the methods.

Indeed, applying VPD correctly can be more difficult than it seems, especially when working with business-to-business products. Applying the methodology, the authors found its visual tools and presentation to be one of its most appreciated features while the limited information on the specific approach for business-to-business products was deemed its greatest shortfall.

The outcome of this thesis will hopefully help Sony to better understand its customers, generating products that create value to them as a result, while also aiding first-time practitioners of VPD and especially those looking to apply the methodology to existing early-stage products for a business-to-business market.

Recommended reading

Value proposition design: How to create products and services customers want by Osterwalder, A., Pigneur, Y., Bernarda, G. and Smith, A. (2014).