PMDE PROGRAM

MODULE 5: PRIORITIZING FEATURES AND DEFINING VALUE PROPOSITION

CLASS: PMDE BATCH , **MODULE 5**

1. Identified the user needs…what next?
2. Which of these are worth pursuing?
3. How to prioritize which user needs to work on!

→ HOW to go about 2 & 3?

Problem space

Clear understanding of the

value proposition

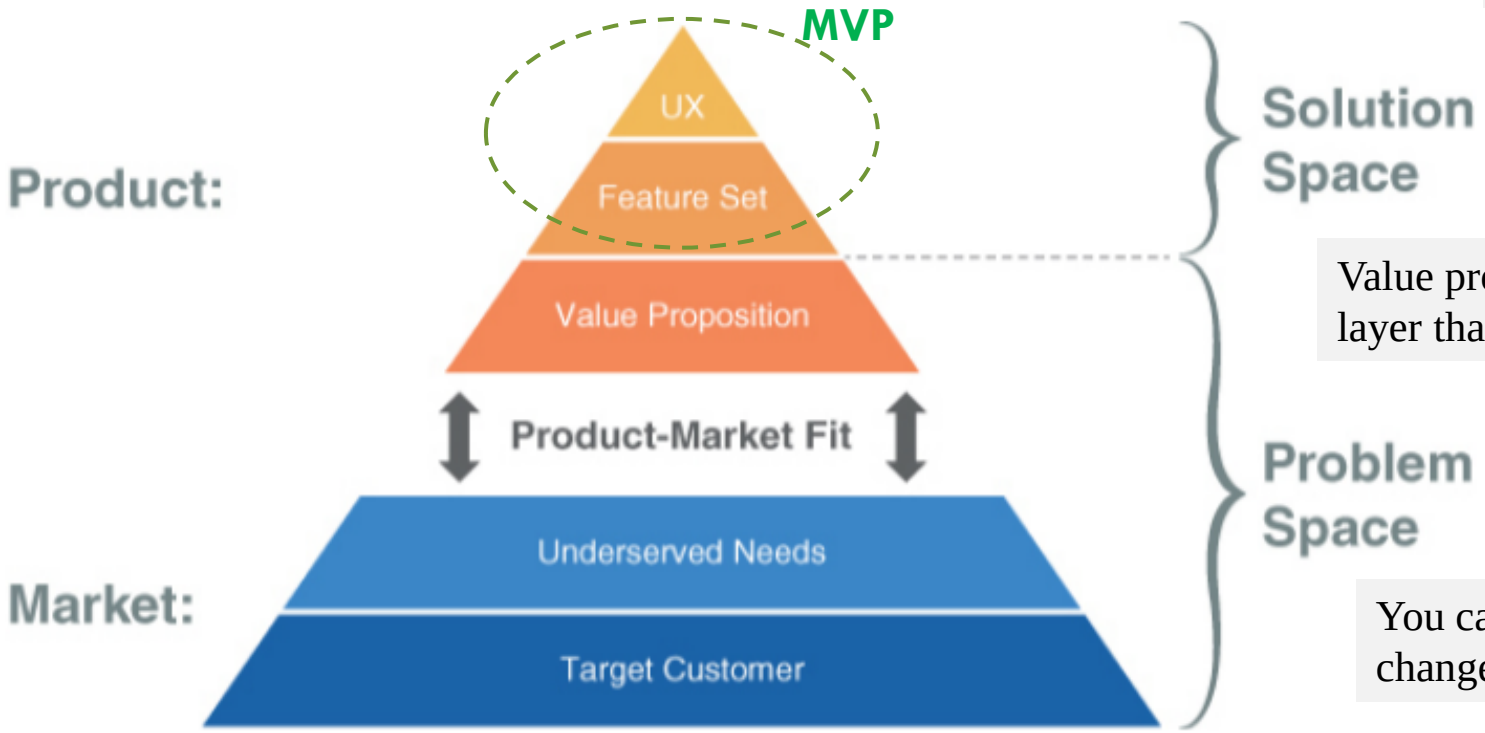
i.e., ***the set of benefits to the customers***

Solution space

From this identify the minimum functionality *(feature set)* required to validate that you are heading in the right direction → ***this is the MVP candidate***

PROBLEM SPACE VS SOLUTION SPACE

The product's feature set and UX – this is what the customers can see and react to



Value proposition is the problem space layer that can be changed and controlled

You can target these, but cannot change these

HYPOTHESIZING

4. Identify the top feature ideas that are believed to address those needs; break the feature ideas into smaller chunks
5. Prioritize feature chunks based on ROI
6. ***Select a set of feature chunks for the MVP candidate' this is the MVP candidate that is hypothesized to be valuable to the customers***

3. Articulate the value proposition to be pursued so that the product is different and better

2. Form hypotheses about the underserved customer needs

1. Form hypotheses about the target customers

PRIORITIZING USER NEEDS

- MOVING TO THE MOST IMPORTANT NEEDS

PRIORITIZING USER NEEDS

- Techniques discussed in earlier sessions – e.g., rank ordering; Kano model
- Kano model can be used for both need-level and feature level analysis
- User needs are hierarchical and interdependent
- Lower level needs must be met before higher level needs matter
- The hierarchy of users needs influences the order of importance of features

GROUPING USER BENEFITS FROM THE INTERVIEWS

Example from a customer interview:

Context: tax filing by individual tax-payers

Typical *customer comments* & converting them into '**benefit(s)**'

"….I don't really know much about the taxes. I try to follow the instructions but they are confusing. I am not sure which forms I should be filling out" (customer comment) → Help me prepare my tax return (benefit)

" ….I am worried about being audited but don't really know how risky my tax return is. It would be great to know if it would raise any red flags with the income tax department so I could fix those parts" → Reduce my audit risk (benefit)

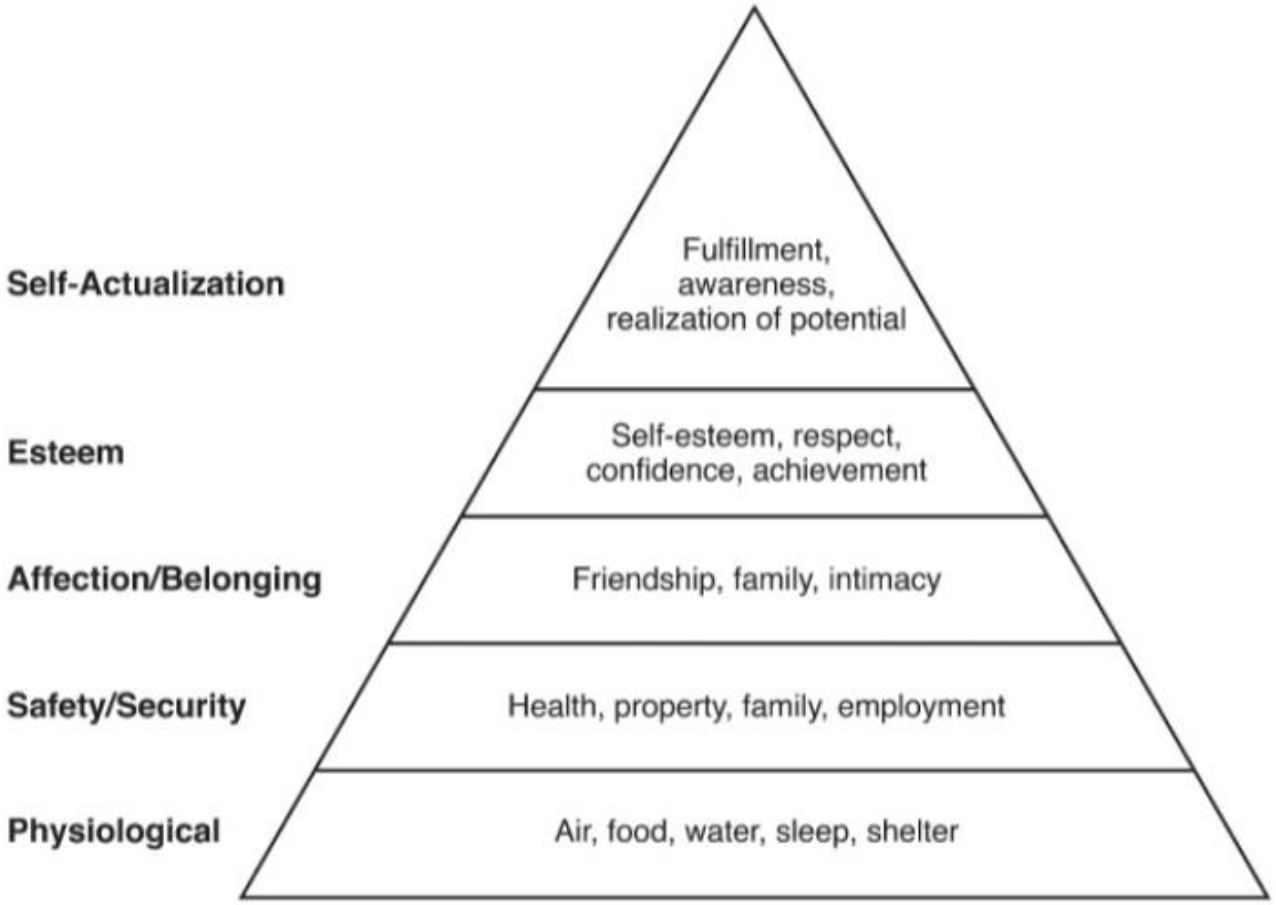
EXAMPLE: CREATING A CUSTOMER BENEFIT LADDER

- Now pool together needs into categories, and then sort them in the order of priority to the customer

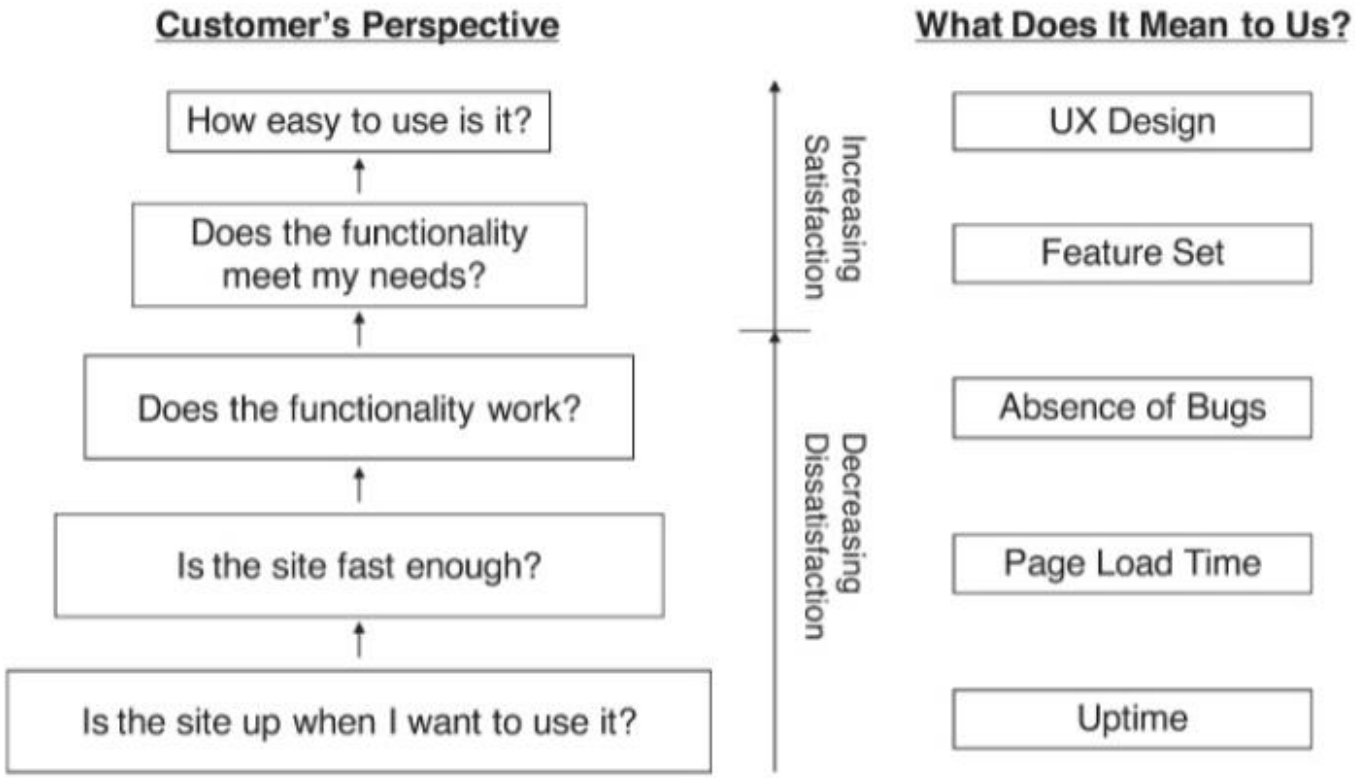
Benefit at the top of the ladder	Detailed customer benefit
Feel confident	Help me prepare my tax return
	Check the accuracy of my tax return
	Reduce my audit risk
Save time	Reduce the time it takes me to enter my tax information
Save money	Minimize my tax deductions

- A ladder of related benefits can also be created by asking the customer ‘why’ until it does not lead to any new answers

MASLOW'S HIERARCHY OF HUMAN NEEDS



IMPORTANCE: OLSEN'S HIERARCHY OF WEB USER NEEDS



IMPORTANCE OF THE FEATURE VS USER SATISFACTION

IDENTIFYING WHAT IS OF VALUE TO THE CUSTOMER → TOWARDS VALUE PROPOSITION

DETERMINE VALUE TO THE CUSTOMER

- **Known tools so far:** Kano model, Business Model Canvas, Value Proposition Canvas

Other:

- **Importance vs satisfaction Plot**
- Survey to understand both the ***importance of a need/feature to the user***, and ***how satisfied the user is with a particular solution***
- If existing product, each feature is plotted as a point on the graph – importance and satisfaction can be gathered for each product feature
- Whom to survey? prospective customers (about their existing ways of doing a job/fulfilling a need) and current users (about the product)

IMPORTANCE VS SATISFACTION FRAMEWORK

- The importance axis is more stable; in comparison the user satisfaction axis is defined by the solutions that exist in the market; when better solutions that deliver more customer value come out, the upper value of the scale gets redefined shifting everything to the left.

SURVEYS – TO FIND OUT USER SATISFACTION

- Survey to understand both importance of each feature to the user, and how satisfied the user is with each feature
- Importance – polar – scale starts from zero
- Satisfaction – bipolar – i.e., scale starts from negative to positive
- Surveys can be used to **plot importance vs satisfaction** graph

SCALES

Importance

- Importance – polar – 5 –point response scale starts from zero

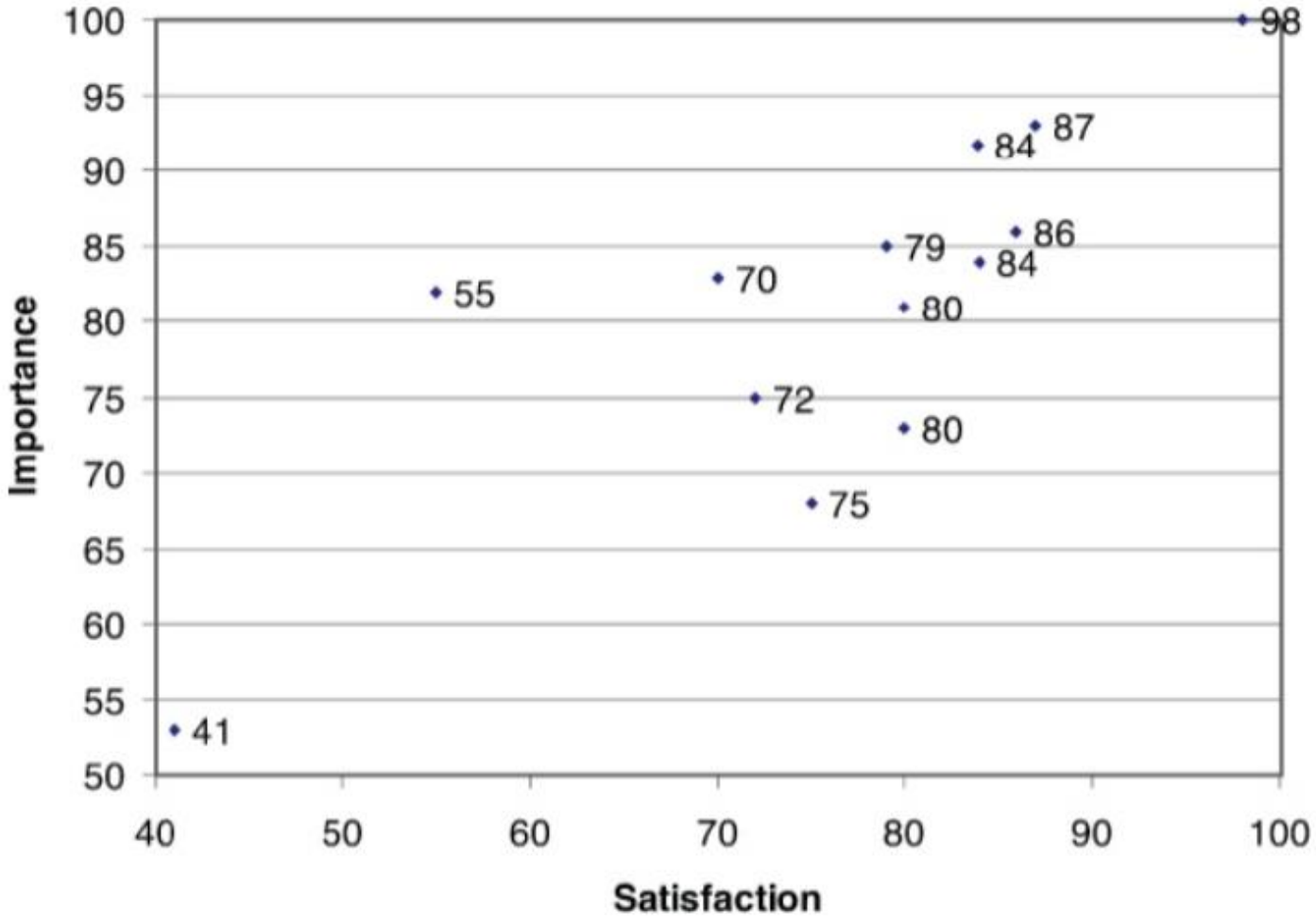
1. Not at all important
2. Slightly important
3. Moderately important
4. Very important
5. Extremely important

- **Satisfaction**
- Satisfaction – bipolar – i.e., 7- point scale starts from negative to positive

1. Completely dissatisfied
2. Mostly satisfied
3. Somewhat dissatisfied
4. Neither satisfied not dissatisfied
5. Somewhat satisfied
6. Mostly satisfied
7. Completely satisfied

- Features core to the product → for each feature create a satisfaction on y -axis and feature importance (this is determined internally) on x-axis. And an y=x line. The aim is to get the features stay above the y=x line
- The importance axis is more stable; in comparison the user satisfaction axis is defined by the solutions that exist in the market
- With better solutions in the market that deliver more customer value, the upper value of the scale gets redefined shifting everything to the left.

Which features/points will you choose to improve?

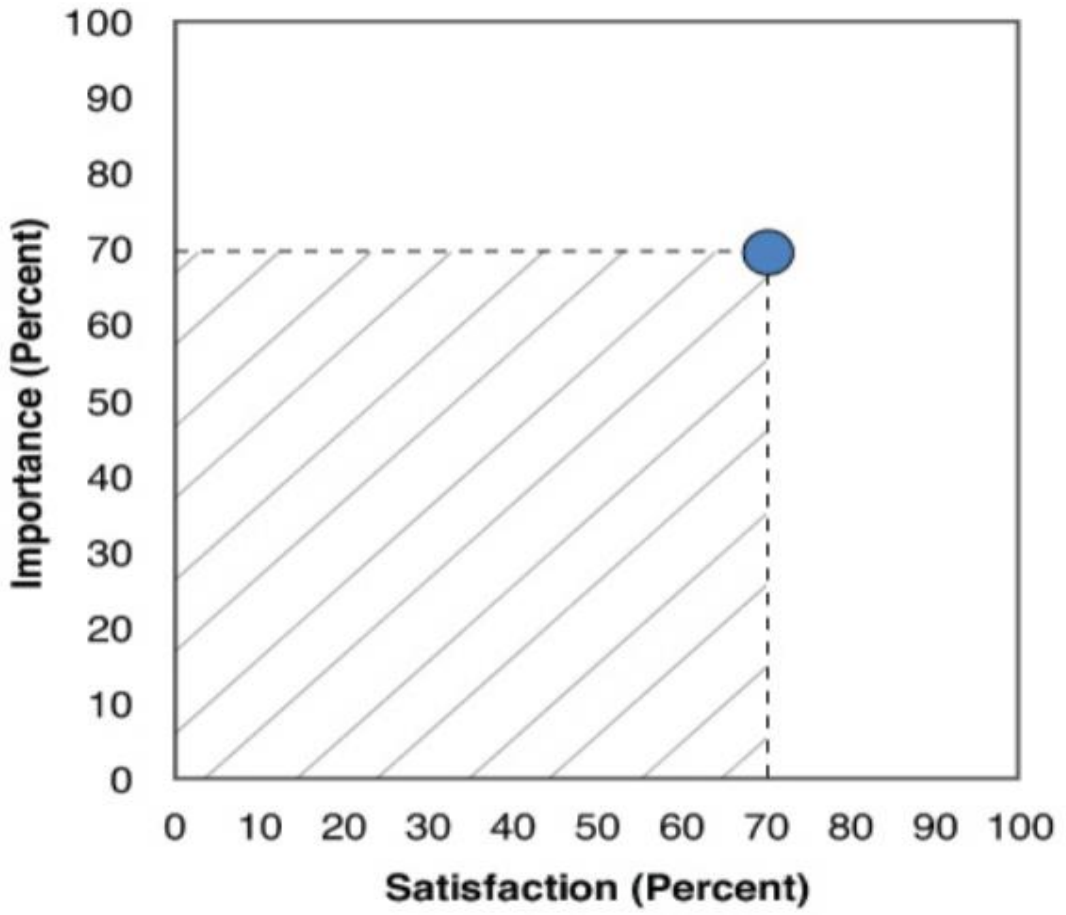


OPPORTUNITY SCORE

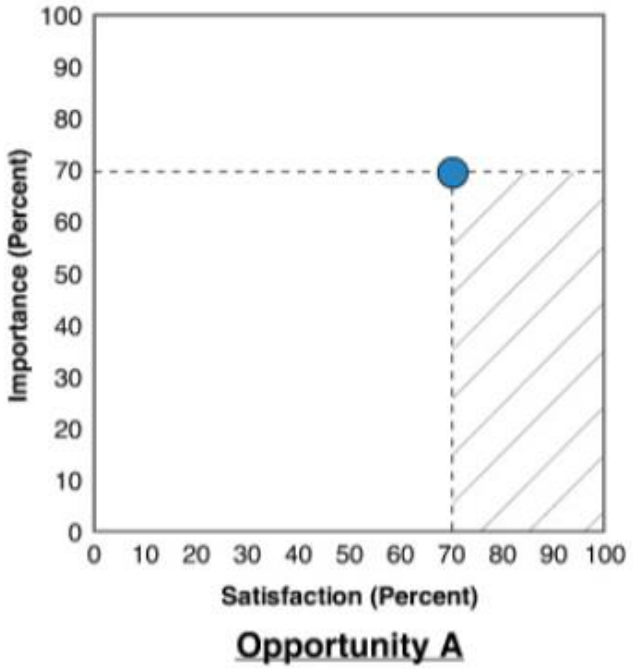
- Plotting this helps perform the following analysis:
  - Basic Gap analysis: Gap = Importance – satisfaction
  - What if importance and satisfaction are equal??
    - Opportunity score = importance + maximum (importance – satisfaction, 0) (Ulwick's formula)

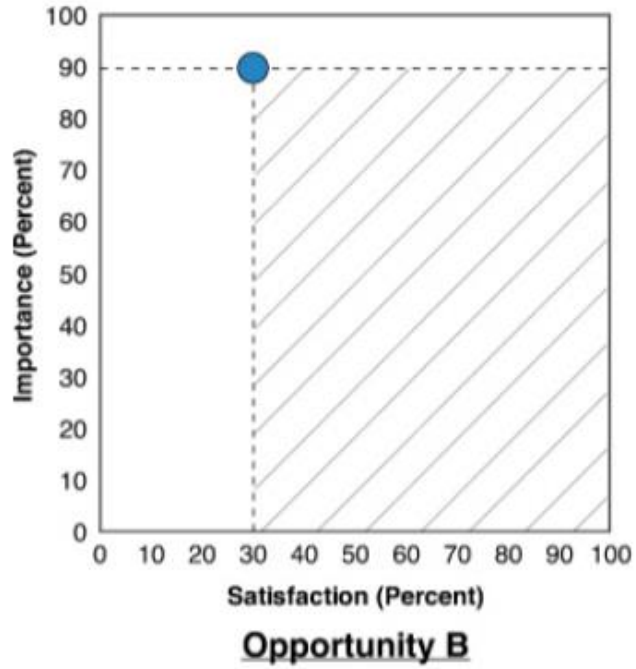
VISUALIZING CUSTOMER VALUE

- Consider the importance vs satisfaction framework as ranging from 0 to 100 %
- The amount of customer value created by a feature (plotted on the graph) is the area under the rectangle created by the point as the origin. This can be plotted for each feature or need. Each feature/need becomes a data point
  - Customer value derived = importance x satisfaction (shaded area)

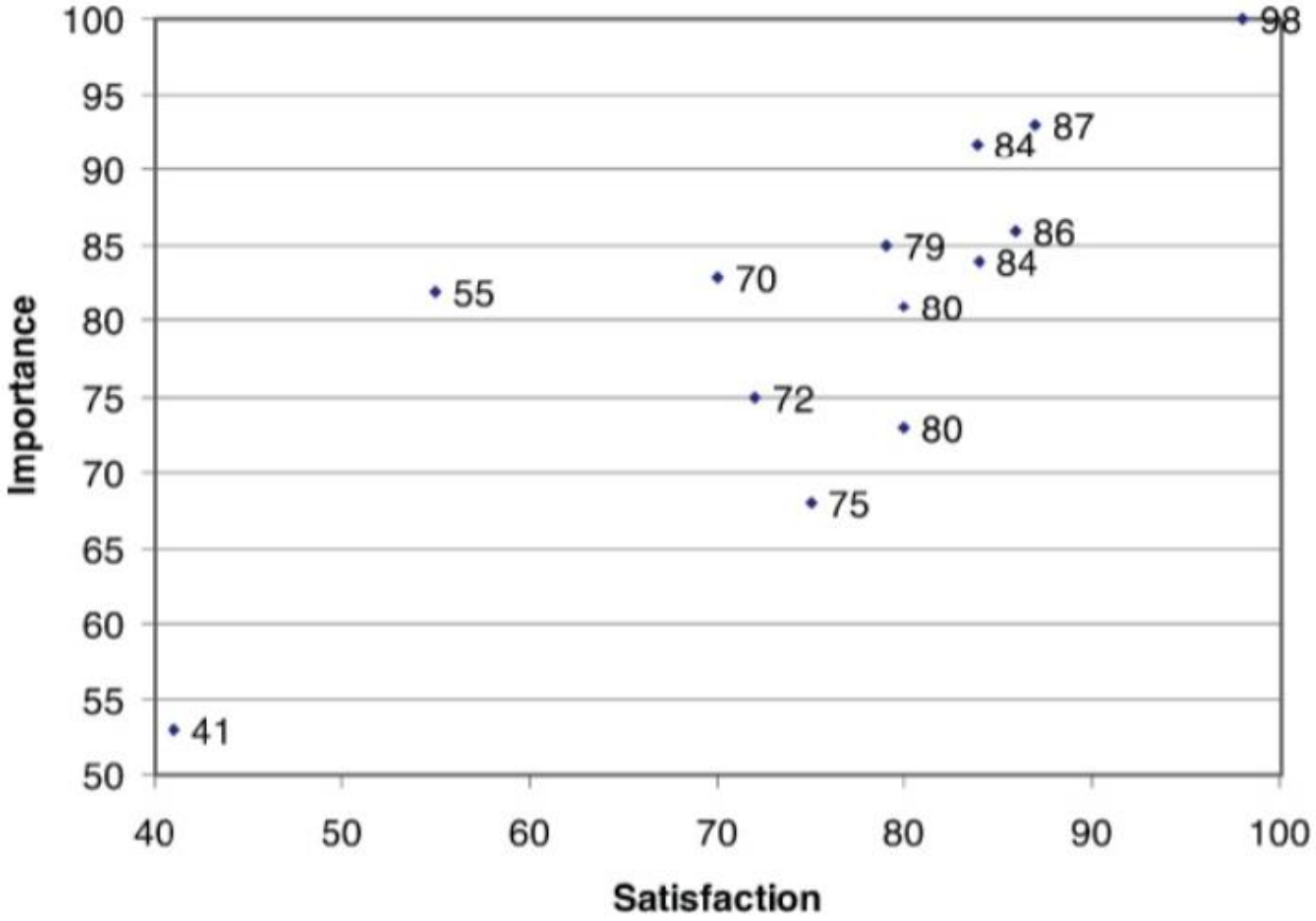


- Your opportunity – increasing satisfaction to 100 %
- Opportunity to add value = importance x (1 – satisfaction)





Which features/points will you choose to improve? Identify **customer value** and **opportunity value** (assuming the following graph is in percent)



Validating your hypothesis

- After feature improvement – identify the customer value created by product improvements

$$\text{Customer Value Created} = \text{Importance} \times (\text{Sat}_{\text{after}} - \text{Sat}_{\text{before}})$$

IDENTIFYING VALUE PROPOSITION

Value proposition	• Kano model • Value proposition canvas • Business model canvas • Opportunity score (from Importance vs satisfaction graph)

VALUE PROPOSITION

- At this point several important customer needs that can be potentially addressed are identified
- Which ones the product will address? → also means deciding which ones will not be addressed
  - Use Kano model as the organizing framework – must-haves are ‘required’ in the product
  - Value propositions are chosen and built around performance benefits and delighters
  - Value propositions can be built in comparison to competitors; with respect to moving to an intended state of value proposition for a given feature for the company

PRODUCT VALUE PROPOSITION TABLE

Yes/No

High/medium/low

Yes/No

	Competitor A	Competitor B	My product
MUST-HAVES			
Must-have 1			
Must-have 2			
Must-have 3			
PERFORMANCE BENEFITS			
Performance benefit 1			
Performance benefit 2			
Performance benefit 3			
DELIGHTERS			
Delighter 1			
Delighter 2			

EXAMPLE: VALUE PROPOSITION OF GOOGLE (FOR EARLY SEARCH ENGINES)

	Google	**Competitor A**	**Competitor B**
PERFORMANCE BENEFITS			
Performance benefit 1 – Number of search results	Acceptable	**Best**	Acceptable
Performance benefit 2 – Freshness of search results	Acceptable	Acceptable	**Best**
Performance benefit 3 – relevance of search results	**Best**	Acceptable	Acceptable
DELIGHTERS			
Delighter 1 – Save time entering query	**Yes** (Google suggest)	No	No
Delighter 2 – Save time viewing results	**Yes** (Google suggest)	No	No

EXAMPLE OF A COMPLETED TEMPLATE WITH FUTURE STATES – TO HELP IDENTIFY VALUE PROPOSITION

	Competitor A		**My product**	
	Now	**In 1 year**	**Now**	**In 1 year**
PERFORMANCE BENEFITS				
Performance benefit 1	High	High	Medium	**High**
Performance benefit 2	Medium	**High**	Low	Low
Performance benefit 3	Low	**Medium**	High	High
DELIGHTERS				
Delighter 1	**Y**	Y		
Delighter 2			Y	Y
Delighter 3		**Y**		
Delighter 4				**Y**

GETTING INTO THE SOLUTION SPACE

- PUTTING TOGETHER THE FEATURE SETS FOR THE PRODUCT