# Welcome to our Webinar Series:
## *I Don't Know My Customers…HELP!*

**PART I:** My Organization Doesn't Understand Why We Need to Spend Time Building Customer Understanding…HELP!

Presented by: Kimberly Poremski
April 12, 2023

# Agenda

**01 /**   Explore 10 barriers to achieving strong customer understanding

**02 /**   Discuss the importance of developing customer understanding

**03 /**   Next in the series

**04 /**   Q & A
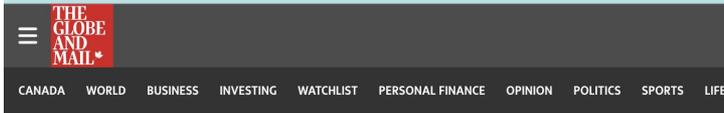
## How BlackBerry blew it: The inside story

SEAN SILCOFF  >     TECHNOLOGY REPORTER

JACQUIE MCNISH  >

STEVE LADURANTAYE

PUBLISHED SEPTEMBER 27, 2013

- Smartphone users were basing purchase decisions on **software** applications, rather than just hardware.

- Consumers cared more about **apps** than battery life or security features.

- "The problem wasn't that we stopped listening to customers," said one former RIM insider. "**We believed we knew better** what customers needed long term than they did.
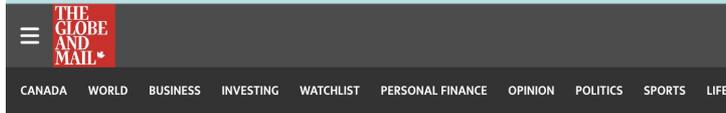
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"The problem wasn't that we stopped listening to customers, we believed we knew better what customers needed long term than they did."

**BUSINESS & TECH**

# What Lululemon Could Learn From Abercrombie About Fat Shaming

A co-founder of Lululemon said his yoga pants just aren't built for "some women's bodies." That's just a bad business decision.

By Eliana Dockterman | Nov. 13, 2013



- In 2011, the average dress size for American women was a **size 14**

- The plus-size market generated **$19.4 billion** in women's-clothing sales alone; **18%** of the women's total clothing market

- In 2013, consumers were expected to spend **$332 million** on athletic wear sold at plus-size women's-clothing stores. That figure didn't include plus-size athletic gear purchased at stores that don't sell exclusively plus-size items.

**BUSINESS & TECH**

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- **$19.4 billion** plus size market

- **18%** of the women's total clothing market

- **$332 million** plus-size women's athletic wear sales

NEWS

# Taco Bell Is Bringing Back the Mexican Pizza Permanently

The chain's CEO also revealed more discontinued items could return to Taco Bell.

By **Mike Pomranz** | Published on August 1, 2022

*Taco Bell CEO Mark King...*
*"It's going to be re-launched mid-September and it's going to be a permanent item," King was quoted as saying.*
*"I had more feedback — hate mail! — over the removal of Mexican pizza*

# Shaking up a traditional brand to reach modern consumers

*How Farmers® Insurance tapped into next generation consumers with Toggle*

By focusing on consumer pain points, pet peeves and preferred products beyond just insurance for millenials, Toggle identified several key customer findings...

- Millennials value convenience and transparency
- They want a greater sense of control and flexibility in their lives and the things they purchase
- Consumers are used to getting what they want, when they want it
- Renters often need immediate proof of insurance to satisfy their landlord's requirements

Toggle responded with the following...

- An 'on demand' digital renters insurance subscription
- Ability to set up a policy on their phone within minutes
- An 'e-notify' capability to send proof of insurance to landlords
- Technology to 'toggle up' coverage by $1,000 in real time to see incremental cost

# Shaking up a traditional brand to reach modern consumers

*How Farmers® Insurance tapped into next generation consumers with Toggle*



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- An **'e-notify'** capability to send proof of insurance to landlords

- Technology to 'toggle up' coverage by $1,000 to see **incremental cost in real time**

# Let's talk a poll!

# 10 Barriers

to achieving Customer Understanding

#1: Claiming to know your customers better than they know themselves

# #2: Expecting your customers to tell you what they want

# #3: Focusing on solutions, not problems

# #4: Focusing on outputs, not outcomes

Photo by Louis Hansel on Unsplash

# #5: Neglecting to effectively segment customers

# #6: Relying only on quantitative or qualitative data

# #7: Not asking enough customers

# #8: Exhausting the same customer base

# #9: Not connecting with actual end users

# #10: Failing to make customer discovery a team sport

**Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.**

Why is Developing Customer Understanding the key to a profitable and sustainable business?

# THE PROFIT STREAM CANVAS

Solution

Version

**Customer** 👤

**Customer ROI**

**Customer Licenses** →|

**Value Exchange** ⇄

**Pricing** ▦

**Profit Engine** ⚙

**Compliance** ▤✓

**Solution** ▦

**Solution ROI** ⟋

**Solution Licenses** |←

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Introducing the

## The Profit Stream Canvas!

Get the canvas here:
profit-streams.com

Introducing the

**Software Profit Streams!**

Available on Amazon:
https://a.co/d/0HQnCQa

# Growth Pricing Workshop

https://profit-streams.com/growth-pricing-workshop

# Software Pricing Fundamentals

https://profit-streams.com/software-pricing-fundamentals

# THE PROFIT STREAM CANVAS

Solution

Version

| Customer 👤 | Value Exchange ⇄ | Solution |
| | Pricing ▦ | Solution ROI |
| Customer ROI | Profit Engine ⚙ | |
| Customer Licenses →| | Compliance ☑ | Solution Licenses |←|

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Introducing the

**The Profit Stream Canvas!**

Get the canvas here:

profit-streams.com

**The Profit Stream Canvas** is organized to help you manage the choices you will make as you design your Profit Streams.
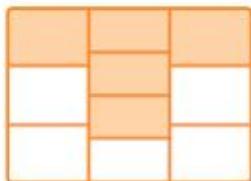
### Solution Sustainability

Delivering value to your customer over time.
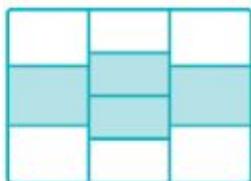
### Economic Sustainability

You are making a profit. Your customers' assessment of value is greater than their total cost of ownership.
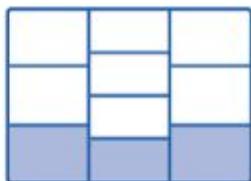
### Relationship Sustainability

Designing long-term relationships that benefit all stakeholders

# Monetization

How are all elements of
profit working in harmony?

*Get these right and you have a happy customer*
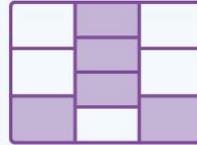
*Get these right and you have a profitable solution*

# Customer

What are their goals and aspirations?
What problems are they trying to solve?
How do they perceive value?
What are their economic choices?
What licenses do they require?
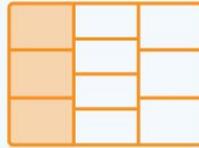
# Solution

What solutions might you create?
How will they promote sustainability?
How will they generate a profit?
How will you manage supplier relationships?
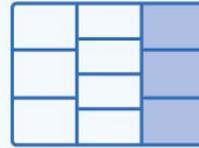
*Get this right and you'll have stable, healthy business relationships*
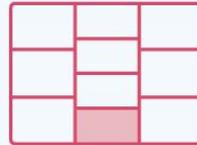
*Get these right and you have a great solution*

# Compliance

How does our solution ethically and
responsibly comply with applicable
regulations and laws?

*What is value?*

## What is value?

Value is the benefits a customer receives less their costs.

**Tangible benefits** can be captured through a verb that modifies a dimension of value relevant to your customer.

The two main verbs are REDUCE and INCREASE

Conserve
Eliminate
Decrease
Cut
Lower
Share
Shorten
Lessen
Shrink
Minimize
Weaken

Expand
Upgrade
Grow
Maximize
Accelerate
Strengthen
Enhance
Spur
Enlarge
Boost
Promote
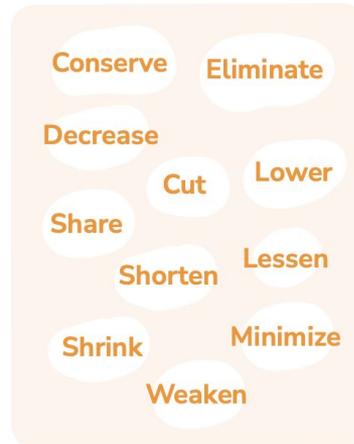
# 6 Dimensions customers seek to reduce

**COST**

**TIME**

**CAPITAL**

**RISK**

**COMPLIANCE**

**EFFORT**

# 5 Dimensions customers seek to increase

**REVENUE**

**PRODUCTIVITY**

**EASE OF USE**

**DATA**

**OPTIONALITY**

**Timeliness:**
*Data that is delivered faster is generally more valuable*

| ⊢·· Slow ·································· Fast ··⊣ |

**Breadth:**
*Data that includes related data may be more valuable*

| ⊢·· Narrow ······························ Broad ··⊣ |

**Accuracy:**
*More accurate data is generally more valuable*

| ⊢·· Low ··································· High ··⊣ |

**Precision:**
*Data that is more precise is generally more valuable*

| ⊢·· Low ··································· High ··⊣ |

**Scarcity:**
*Unique and/or scarce data may be more valuable*

| ⊢·· Common ······························ Scarce ··⊣ |

**Examples:**
*Credit scores, stock quotes, patent data, digital goods in video games. An NFT is, by design, an example of a perfectly scarce item - there is only one.*

# Don't forget intangible dimensions

## Maximize these…

Safety              Confidence

Security            Fun / Pleasure

Status              Creativity

Aesthetics

## Minimize these…

Frustration     Fear / Anxiety

Loneliness      Stress

**Customer Benefit Analysis** focuses on one and only one segment.

**Different segments value different dimensions, with different magnitudes.**

Change the segment and you change the analysis.

COROLLARY:

# THE PROFIT STREAM CANVAS

**Solution**

**Version**

## Customer 👤

### What benefits are we providing to a given customer segment?

## Customer ROI 📇↗

### What are the economic impacts of our solution(s) on a given customer segment?

## Value Exchange ⇄

## Pricing ▦

## Profit Engine ⚙

## Customer Licenses →|

## Compliance ▣

## Solution ⧉

## Solution ROI ∿

## Solution Licenses |←

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THE PROFIT STREAM CANVAS

Solution

Version

Customer

Value Exchange ⇄

**How will our customers exchange money with us for the value we provide?**

Solution

Customer ROI

Solution ROI

Profit Engine

Customer Licenses →|

Solution Licenses |←

Compliance

https://appliedframeworks.com

https://appliedframeworks.com/webinar-understanding-value-exchange-models/

# THE PROFIT STREAM CANVAS

| Solution | Version |
|---|---|

## Customer 👤

## Value Exchange ⇄

## Solution 🗗

## Customer ROI

## Pricing 🏢

### How should we tailor pricing for our customers?

## ...ion ROI 📈

## Customer Licenses →|

## Compliance 🗋

## Solution Licenses |←

https://appliedframeworks.com

# The Profit Stream Pricing Model

**STRATEGY**

**Price Strategy** defines how you intend to compete and position your product

https://appliedframeworks.com/ultimate-guide-to-pricing-strategies/

# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

**STRATEGY**

**Price Strategy** defines how you intend to compete and position your product

**STRUCTURE**

https://appliedframeworks.com/webinar-understanding-software-pricing-structure/

# Slack's pricing fences

# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

**STRATEGY**

**STRUCTURE**

**SPECIFICS**

**Price Strategy** defines how you intend to compete and position your product

**Price Specifics** identify the actual price levels offered to different customer segments including all the details related to the chosen value exchange model.

# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

**Price Policies** establish the processes and procedures needed to ensure the integrity of the price structure under pressure from customers and competition.

## STRATEGY

## STRUCTURE

## SPECIFICS

## POLICIES

**Price Strategy** defines how you intent to compete and position your product

**Price Specifics** identify the actual price levels offered to different customer segments including all the details related to the chosen value exchange model.

# Pricing policies are specific to customer segments
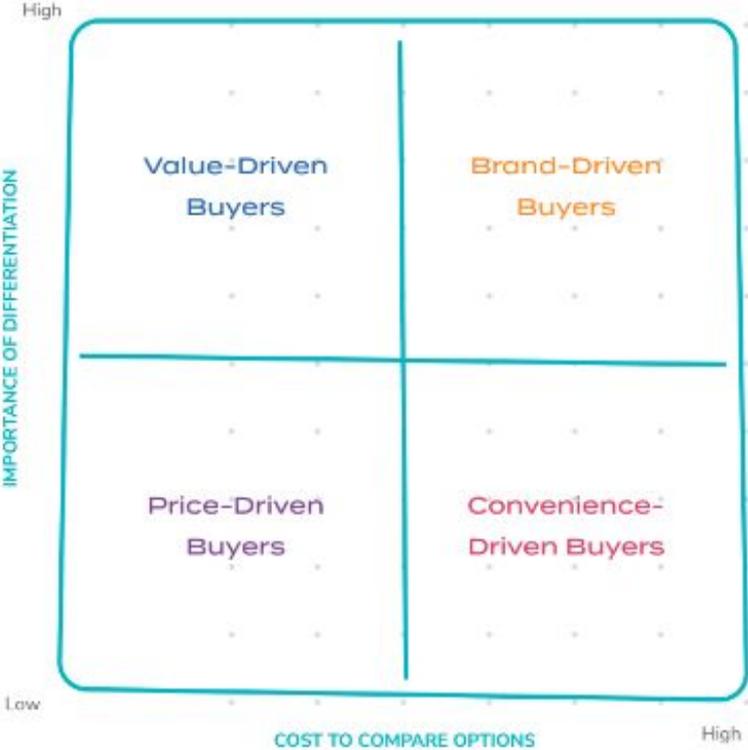
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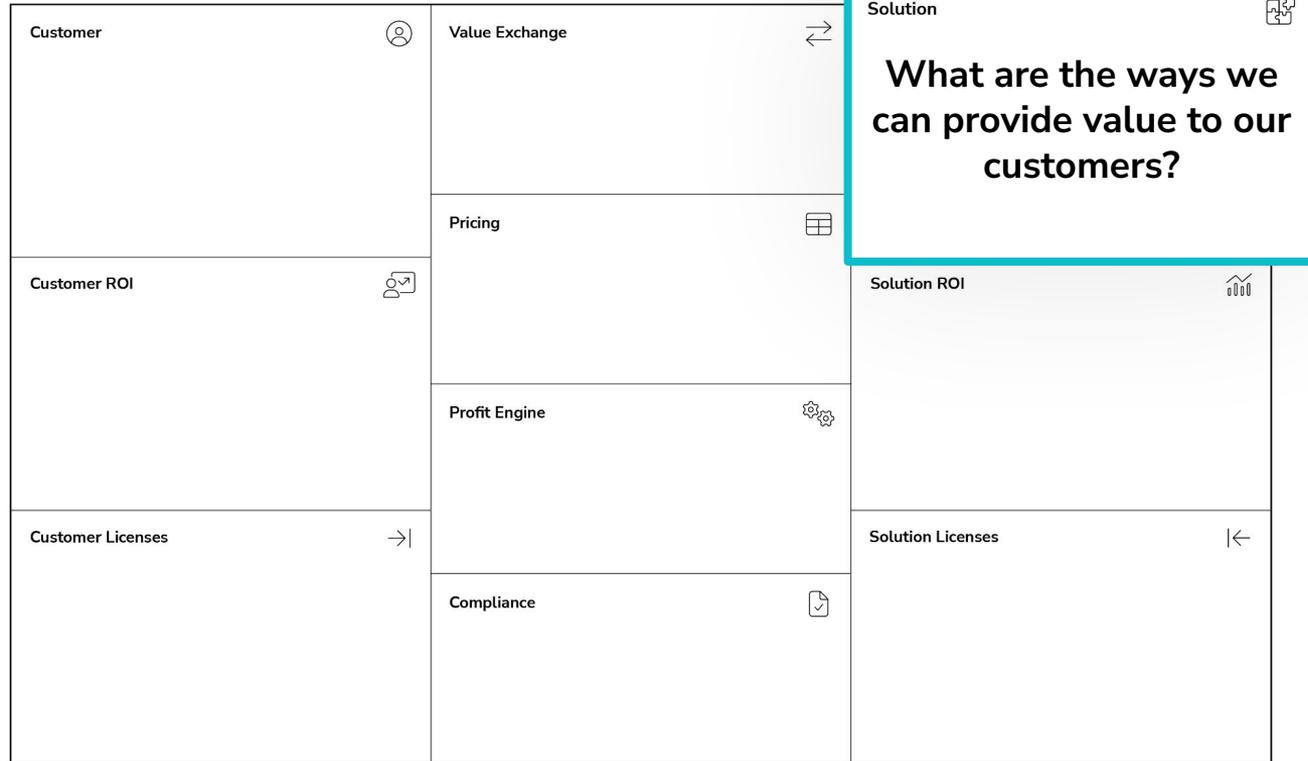
Solution

Version

## Customer

## Customer ROI

## Customer Licenses

## Value Exchange

## Pricing

## Profit Engine

## Compliance

## Solution

# What are the ways we can provide value to our customers?

## Solution ROI

## Solution Licenses

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# Why do I need to understand my customers?

## THE PROFIT STREAM CANVAS

Solution

Version

**Customer**
What benefits are we providing to a given customer segment?

**Value Exchange**
How will our customers exchange money with us for the value we provide?

**Solution**
What are the ways we can provide value to our customers?

**Pricing**
How should we tailor pricing for our customers?

**Customer ROI**
What are the economic impacts of our solution(s) on a given customer segment?

**Solution ROI**

**Profit Engine**

**Customer Licenses**

**Solution Licenses**

**Compliance**

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→ Helps us **segment customers** to identify the the value each segment desires/needs

→ Helps us help our customers achieve greater **customer ROI**

→ Influences how we **exchange value** with different customers

→ Guides **pricing structures and policies** for different segments

→ Helps us identify the right solutions to deliver to achieve **value delivery** for each segment

→ Ensure the highest levels of **customer satisfaction**

→ Maximize **profitability**

→ Ensure **business sustainability and longevity** for our customers and ourselves

# But wait, there's more!

## Join us for Part II:
**I Don't Know Which Customers to Talk to or When...HELP!**
Wed., May 24, 2023

Q&A

# That's it for now,
# Thank you!