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Model of Value Proposition: Customer Interview and Development Process for Startup Business Product

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Abstract

This study aims to determine how the value proposition can be used as a tool to create product value for consumers. For that created a value proposition of the model using the business model canvas in particular by applying the value proposition associated with a canvas model of customer development. So then with communication and interview on potential consumers can be created products that are expected to be useful for solving the problems faced by consumers. And the product is also expected advantage product value for consumers and companies. This simple research using descriptive method, by conducting direct interviews on prospective customers (customer interview) who will use the products offered as a product of the startup business.

Keywords: value proposition; Customer interview; Development process; Startup business.

1. Introduction

Companies that are built has a goal to expand its business at any time. Although in fact it is not easy to develop and maintain companies, especially start-ups. In addition to the problem of how to manage the company, product issues will be seeded should be a product that is needed by the consumer. For that there are a lot of things done by the company to the products that appear like an excellent product and market. There are a few things to do to achieve that goal. But for a startup company would have to think about exactly what the right strategy should be applied because it has not had his own experience of their business activities. Startup businesses often imitate a competitor company or perhaps just guessing only that the product is launched it will be preferred by consumers. So that it does not become a mistake in conducting business activities then there are some things that should be well planned, so the company has the confidence to continue his efforts with products favored by consumers.

Previously there are several opinions about business startup. Where in each describe such opinion according to his needs. As quoted from wikipedia. Startup (or other spelling ie start-up), refers to all companies that have not been operating. These companies are mostly newly established company and is in a phase of development and research to find the right market. (Https://id.wikipedia.org/w/index.php?title=Perusahaan_rintisan&action=edit). Although in business there are several opinions about business startups that could cause debate. Cambridge.org online dictionary describes as a small business startup that has just been started (http://www.kanal.web.id/2016/09/pengertian-startup-dalam-bisnis.html) or early stage in which the company moves begin of stage business idea, financing, laying the foundation structure of the business then start a business. There is also a startup business that later explained as a new company started its business by leveraging technology, in this case is the internet technology.

Building a strong business is not easy as it requires a strong team that has the destination based on the vision of the company. Startup business as a new company requires the development and research to find the right market. One of the factors that matter to develop a startup business is to choose a product that is expected to meet the needs of consumers. This means that the consumer has a problem, and the company should be able to resolve the problem. It is not easy to figure out what customers want and what the consumer thinks. Because consumers will not easily tell what they needs. Therefore, the company must conduct a survey on the problem of potential customers by conducting customer interviews and development process. Results are expected after a survey on potential customers the company can assign products launched as a product that can solve the problems of consumers and can be beneficial. Marketable products that will constantly sought after by customers and is expected to be a superior product.

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2. Research Objective

1) Perform customer interview process on the product business startup
2) Applying the results of a customer interview process on the product of business startup
3) Develop the value proposition of the model canvas on the product business startup

3. Literature Review

A country needs qualified people, to the increasingly prosperous society where, among others, if it is able to create and develop entrepreneurs. One of the characters when the entrepreneur is able to compete and have the staying power to exist. But the current economic environment which is full of competition makes creative entrepreneur must be able to create value for goods and services in order to survive and develop products, thus providing superior value in front of consumers. Such as the emergence and development of e-commerce business models make entrepreneurs should be able to change the pattern of his long-time business into a new business based on the business model is more appropriate. Now many entrepreneurs use business model canvas as a business model to see the picture of the beginning of the business prepared.

(https://strategyzer.com/value-proposition-design)
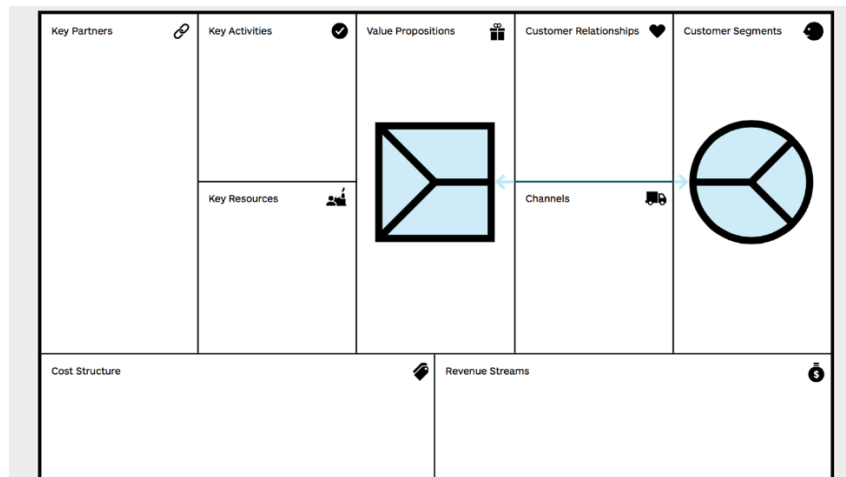
Business Model Canvas can be defined as: A business model describes the rationale of how an organization creates, delivers, and captures value Osterwalder and Pigneur (2010). With his research, Dubin et al. (2015) identified that management concept of Business Model Canvas is designed for managing the strategic sustainable and competitive development of the enterprise structures in the context of the turbulent and unpredictable changes in the market environment. At the centre of the Business Model Canvas is Value Proposition, which represents the value offered to customers Clark et al. (2012) and can be seen in figure 1. The Value Proposition Canvas makes explicit how you are creating value for your customers. It helps the company design products and services that their customers want Osterwalder et al. (2014). The creation of the Value Proposition Canvas is based on creating Value Propositions for (1) Product & Services - what products/services is the value proposition based on (2) Gain Creators - How are they delivering gains? (3) Pain Relievers - How are they killing pains? Using experience in the area of the customer segments of (1) Customer Jobs (2) Gains (3) Pains.
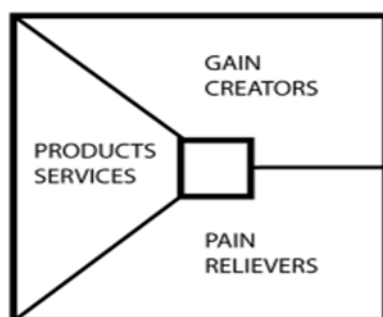
Value Map   Customer Profile Map

(https://strategyzer.com/value-proposition-design)

4. Methodology

The method of research was mix method reasearch. It uses qualitative scientific methods, andusing a survey method with questionnaires and interviews to obtain primary data. The zoning is determined by convenience sampling in which a startup business is executed. Sample of respondents is determined using sampling techniques snowballs while marketing channels were analyzed using descriptive analysis. Survey research is the research techniques to obtain information that is done by compiling a list of questions which are then submitted to the respondent.

Sampling by convenience sampling technique based on availability and ease of getting it. Sampling by convenience sampling in certain circumstances be especially beneficial because of its low cost, and very easy to implement because researchers have the freedom to choose anyone as respondent or any encountered in the sample. Snowball sampling is a sampling technique that is performed in sequence, starting from the respondents slightly, then these respondents polled about anyone other respondents are considered authoritative for questioning the information, so that the number of respondents increasingly numerous and expected information was obtained is also more and more.

And the survey is a research device that is cheap and quick so that the information needed can be produced accurately and on time, (Stone). In addition to cheap and fast, another advantage is a survey research can be used to systematically gather information about various things, for example: the incidence of diseases, identification of etiologic factors of disease, investigating the quality of human life and behavior. According Sugiyono (2013) data collection techniques are the most strategic step in the study, because the main goal of the study is to get the data.

Collecting data into information is done by conducting in-depth interviews in the respondents. Where the interview is a meeting of two people to exchange information and ideas through questions and answers, so that it can is constructed meaning in a particular topic, Esterberg from Sugiyono (2013). However, there is a commonly held view that, because of Reviews These elements, questionnaires can be Easily constructed and used without training, Jayne et al. (1999).

Data from interviews categorized as a primary data source, because the information is obtained directly from the first source. The interview process is done by asking questions to respondents in a structured and systematic, in order to obtain specific and detailed results. Although sometimes openly posed the question thus becomes a freer discussion.

The research instrument was written guidelines about the interview or observation, or a list of questions prepared for obtaining information from respondents or also known as a tool to obtain data.

5. Analysis and Discussion

5.1. Perform Before Customer Interview Process on the Product Business Startup

This research was conducted at start up business company owned by some students who are oriented on application product that is "Campus Pod" and "Storage Helmet Machine".

5.1.1. Campus Pod Product

Campus Pod is autonomous pod (driverless campus transportation) which use renewable energy to support campus citizen mobility. Pod cars are autonomous vehicles that provide on- demand nonstop travel on overhead tracks. Think horizontal elevators, or of the monorail at Disneyland. They carry two to 10 people, providing a level of privacy and security not found with traditional mass transit. Such a system, advocates say, also provide the convenience of automobiles without the hassle.

And before make an interviewes, this value propositon is temporarily made without conducting any prior interviews to prospective customers.

**Figure-1.** Old Value Proposition Canvas (before adjusted by the customer interview)
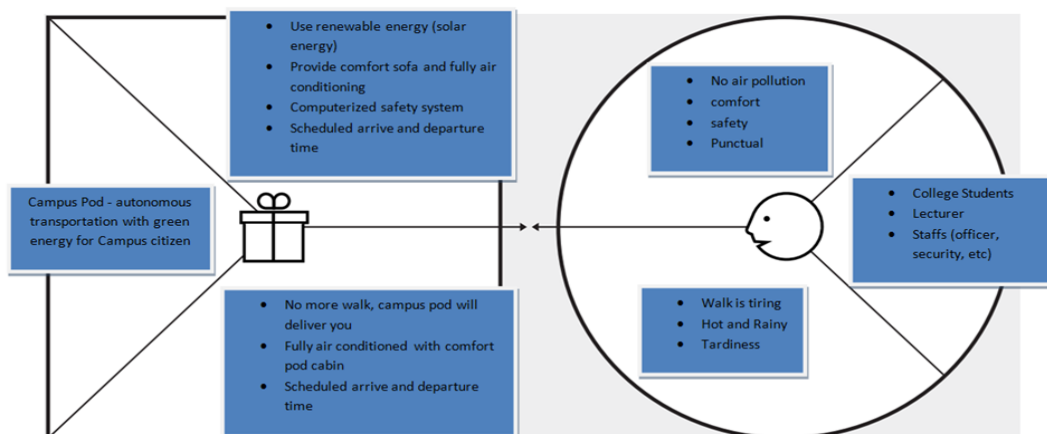
5.1.2. Storage Helmet Machine Product

This product made to solve the college student's problem which is losing their helmet in parking lot. The product system is similar to vending machine. If you want to keep your helmet safe and clean can put in the storage. For the security purposes, after the users put their helmet in the storage they have to place their finger on the screen and the system will automatically save the fingerprint, when they want to take their helmet they have to put their finger into the scanner again.

And this value proposition for storage helmet machine product before make interview with prospective customers.

Figure-2. Old Value Proposition Canvas (before adjusted by the customer interview)
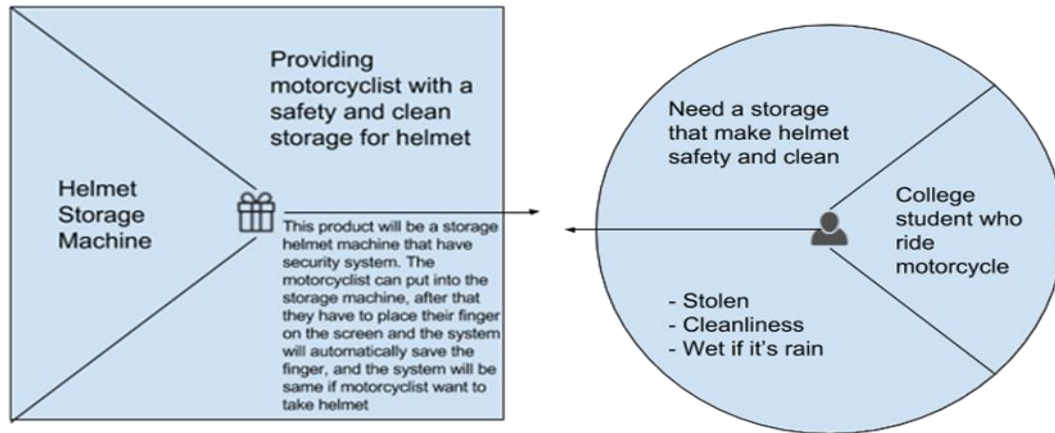
5.2. Applying the Results of a Customer Interview Process Customer on Business Startup Product

Table-1. The Result for Campus Pod Respondents

Respondent	What do you feel in doing high mobility in campus?	What kind of transportation do you use to transport in the campus between	What do you expect about campus transportation?	How to increase your productivity in mobility?
R	Annoyed, because it wastes a lot of time and energy (tiring and tardiness)	Walk	Hopefully there is better and faster access to all activities more effectively and	By creating transport that can support students for rapid mobilization and adequate capacity for all civitas
R	Tired, annoyed also because waste a lot of energy so sweat. If you're tired of not focusing college (tiring)	Walk	A special transport for students	By creating a convenient transportation students are not tired of mobilization
R	Tired	Walk	Hope there's a bus inside the campus	Provide means of transportation to facilitate mobilization, making it more productive
R	Tired	Walk	So far campus has provided bicycles for its students	There is more transportation to make it more comfortable
R	Then will be tired so less focus for the next course (tiring)	Walk	Actually not very necessary to remember the campus Ganesha itself is small. But	Make more shade paths
R	Tired	Walk	For the size of the campus itb relatively small, bike facilities that have been there just	By choosing the shortest path between each point of activity location, use a bicycle (can borrow) if the distance is far
R	Far, tired	Private vehicle	Good idea with campus transportation and it can also reduce the pollution level and the	The idea of campus transprtation is good but for which the bike is still less effective

R	No problem	Walking	For the campus ganesa I do not think there is a need for public transportation but if you want to be held then it should be held is a	Perhaps what can be improved to improve my productivity is by adding elevators in ganesha campus buildings because going up these stairs often takes a lot of my time to get to
R	No problem	Motorcycle	Good for students	Good idea, i support it
R	No Problem	Walking	Good for students, help students go to the class	there should be an improvement in the IT system.

Source: Survey, 2017

Base on interviews some of the students hope it will provide transportation other than bicycles which are efficient, effective, convenient, and accessible and always there to facilitate the mobilization will be done. But based on interviews found that in fact the lecturers and staffs does not necessarily need public transportation within the campus but rather to transport that connects the campus with a clear timetable.

Table-2. The Result for Storage Helmet Machines Respondents

List of Questions		Result									
		Informant 1	Informant 2	Informant 3	Informant 4	Informant 5	Informant 6	Informant 7	Informant 8	Informant 9	Informant 10
1	Which transportation do you prefer to going to campus?	Motorcycle or gojek.	Motorcycle or angkot.	Motorcycle.	Motorcycle.	Motorcycle.	Motorcycle.	Motorcycle.	Motorcycle.	Motorcycle.	Motorcycle.
2	What are the perks of riding motorcycling?	Faster, doesn't have to wait for angkot, can go throug traffic.	Faster, flexible.	More efficient, can go through traffic.	Fast and very practical.	Emerging a high cost of environmental restoration value.	Efficient, faster, flexibel.	Can use the little space between car so more faster.	Can reach out small way access.	Saving up costs compared to cars.	Can avoid traffic and more efficient.
3	Where you usually put your helmet when you parking in the campus?	On my motorcycle.	On the motorcycle.	In provided helmet deposit area.	In provided helmet deposit area.	At association secretariat.	Inside motorcycle.	On the motorcycle.	On the motorcycle.	On the motorcycle.	On the motorcycle.
4	What is your opinion about the safety?	Bad, if the helmet is gone, the parking owner won't take any responsibility.	Important to keep the helmet for being stolen.	It is number one priority that should be provided with premium service quality.	Helmet safety is having a place or service to be taken care of and giving an easy access for claim and deposit.	Nothing.	Important, helmet for my safety is number one.	The helmet safety is to keep my helmet from anything danger in arround parking lot.	Very advantageous to prevent an accident and severe damages.	Protected from dusts, rain, wind and sun shine.	Poor safety environment unless there is Helmet Storage Area.
5	What the problem you face when you put your helmet in there?	The helmet gets wet if it's rain, and sometimes the helmet gets stolen.	There are no helmet storage, if i didn't store it on helmet storage it gets stolen sometimes, gets wet if its rain.	The one in charge / the service is not full time (24 hours.)	Not 24 hours service.	Never have some.	My helmet will be wet when raining season.	Dirty.	Wet when raining.	Stolen.	High risk for being stolen and damage.
6	If you put your helmet in a manual storage. How much you spend?	Rp. 1000	Never use helmet storage facility.	Rp. 1000	Rp. 1000 - 2000	Rp. 1000	It takes too much my money.	Rp 2000	Rp. 2000	Rp. 1000	Rp. 1000
7	Is there any helmet storage in your parking area? If any, please describe?	Yes there are, in sipil/SR parking lot, in odang they are only put the helmets into the parking keeper's room.	There are helmet storage facility, but i never use it. Like usual bags storage in malls, we sore the helmet and we will get numbers as a token to take it back.	Yes, Sipil/SR parking lot charge me at 1K meanwhile in Odang without any charge.	Yes, Sipil/SR parking lot and the service is helpful enough for me.	Yes, an obselete one at the corner near security post, i don't know the system.	Yes, SR parking lot, juts give my helmet to parking officer and i will get the ticket.	Yes, there is. The storage near the exit of parking lot. There are 3 helmet storage rack that consist 35 storage with the size 50cm x 5 cm and can store until 3 helmet. In the front of helmet storage there is a table for transaction.	Locker helmet storage. The one in charge leaves the area frequently.	Locker helmet storage and i have not encountered any problem.	No locker storage. Bad hygiene since it is placed with other helmet.
8	If this cost about Rp 2,000.00. What do you think?	I think it is expensive, because even for Rp. 1000 sometimes i don't want to pay for it.	Too expensive, because that amount of price is the same with the cost to park my motorcycle.	It is too expensive because I'm paying only for 1K in any helmet storage area.	No problem.	Why not? No problem for me.	Same price with parking cost, i want to free for this product.	It's too expensive.	Definitely, I have never paid below 2K before.	Rp. 2000	Rp.1000

Source: Survey, 2017

The result from interview :
1) The informant problem for helmet are dirty, wet if it's rain and stolen.
2) The manual storage can not keep the helmet full time and lack of responsibility.
3) The cost of storage helmet machine is too expensive.

5.3. Develop the Value Proposition of the Model Canvas in the Product Business Startup

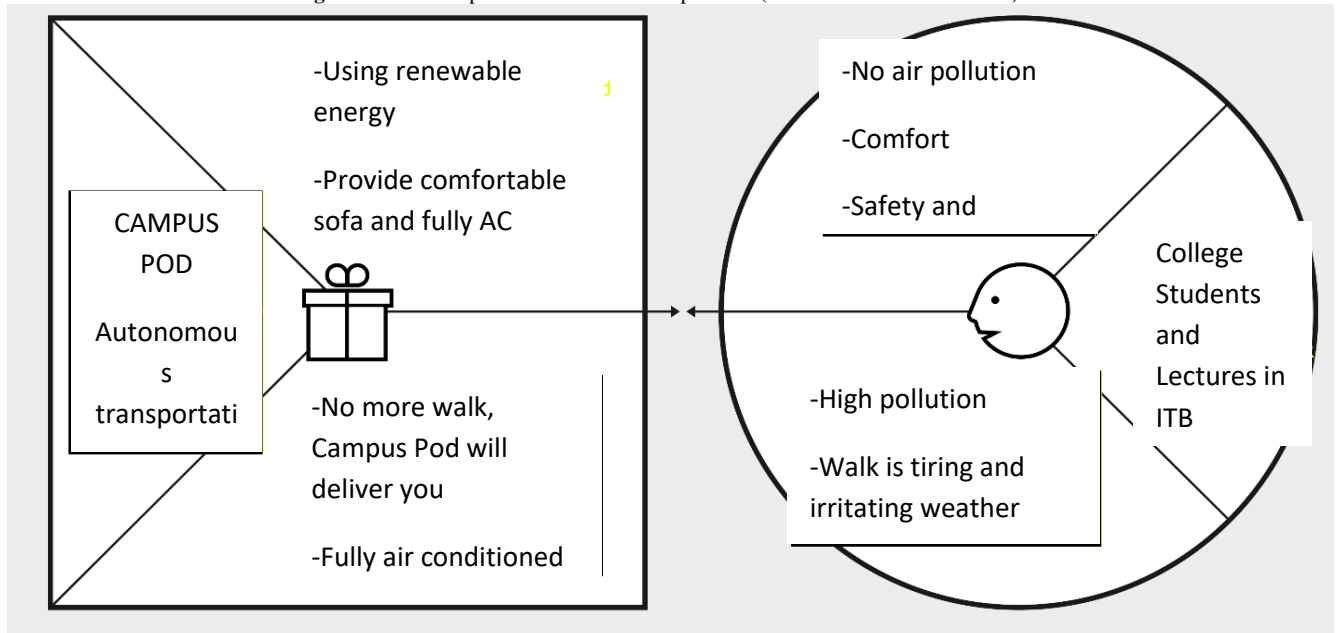**Figure-3.** Value Proposition Canvas of Campus Pod (after the customer interview)
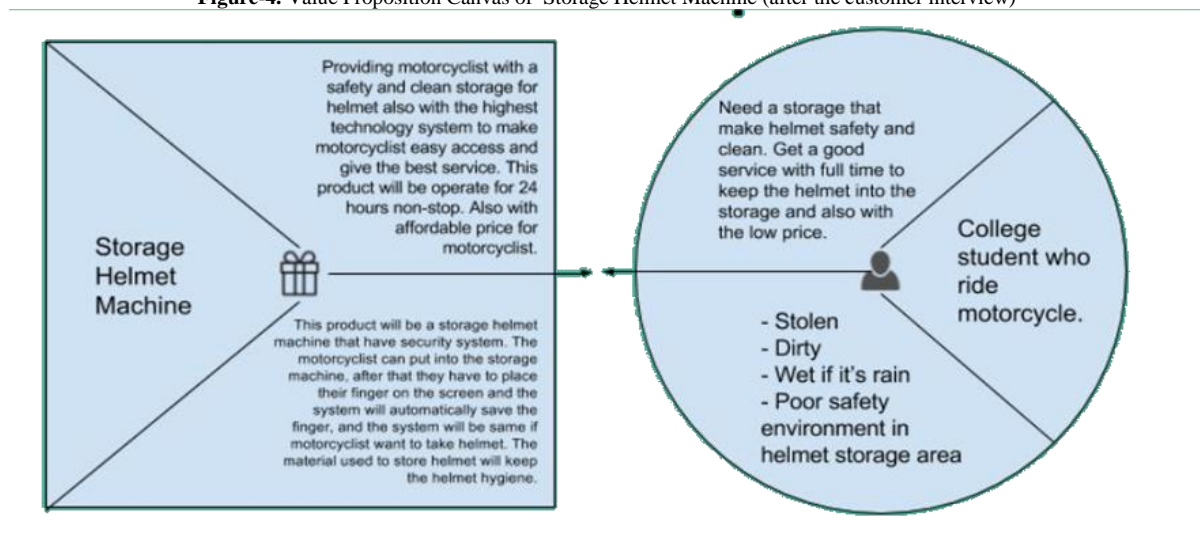

Figure-4. Value Proposition Canvas of Storage Helmet Machine (after the customer interview)

After the development, there are some changes to the customer profile, the change is in customer jobs, pains and gains. Similarly in the value map consisting of 3 things: pain relievers, gain creators and products & services.

Customer job describes what the customer targets. Things that make the customer fulfilled his needs, resolve the problem or relate to the functional job. Customer pain describes the unexpected, the fear, the error and other negative things. While customer gain describes the benefits and benefits expected to be obtained. Something positive that makes customers more helpful, something to dream about and more. In the value map, pain relievers explain about the pain in customer value. Then pain relievers are expected to help to reduce the negative things experienced. Gain creator is related to the gain of customer profile, which is the purpose to increase the gain that has been obtained by the customer. Products and services are a combination of pain reliever and gain creator. The goal is to help meet consumer needs.

5. Conclusion and Recommendation
5.1. Conclusion

Before make an interviewes, the value proposition is tempporarily made without conducting any prior interviews to prospective customers. Interviews conducted by the company in order to retrieve useful information to find out the needs of customers. The existence of the Interview is expected to be known the desired service consumers and the unexpected. From the interview process,we know the problem. It is about the effectiveness of the time when about to enter college shifts, where most respondents to experience delays in time so that the learning process becomes disturbed. To answer these problems, the startup business make a product who is suitable for customers to assist their mobility, it is an environmentally friendly means of transportation without the help of the driver or driverless and helps save time and avoid consumers from fatigue.

Value proposition after adjusted by customer interview from startup business product will changed. The customer map profile added with the pains frustation, gains outcomes and job tasks. The value map added with product services, pain relievers, and gain creators.

5.2. Recommendation

From the result of this research, the researcher make some recommendation points that can be done :

a) To get maximum results expected entrepreneurs can do deeper digging about the needs of consumers through interviews, test products and deep market test for the product really fit with market needs.

b) use the value propotion of this model to develop innovative products which suits the needs of consumers.

c) Can continue this value proposition model in a wider and more comprehensive form such as business model canvas.

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