



Tool Talk: The Product Value Profile

Leading Learning Podcast Transcript for Episode 318

Jeff Cobb: [00:00:00] The Product Value Profile offers insights into how your products stand out in the market and provides the basis for pricing that's different from the rest of the competitive pack.

Celisa Steele: [00:00:15] I'm Celisa Steele.

Jeff Cobb: [00:00:17] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Celisa Steele: [00:00:26] Welcome to episode 318 of the Leading Learning Podcast. This is the third in our informal series on tools for learning businesses. In episode 312 we talked about the Market Insight Matrix, and in episode 315 we talked about the Value Ramp.

Jeff Cobb: [00:00:44] In this episode, we'll focus on the Product Value Profile, which fits well with both of those earlier tools, particularly the Value Ramp, and we'll apply the same why-what-how framework we used when talking about those earlier tools. So let's start with why to use the Product Value Profile.

Celisa Steele: [00:01:04] As we talked about when sharing the Value Ramp, price and value are closely linked. Raise value, and the price can and arguably should go up. But to raise value, you first have to evaluate the perceived value of your products. And the Product Value Profile is a way to do just that. It's a way to evaluate the value of your products and to do that objectively.

Jeff Cobb: [00:01:28] And to emphasize what you just said, Celisa, when you increase the value of a product, you can charge more, and, of course, pricing is essential for all learning businesses to master. Even nonprofit learning businesses need revenue to continue to exist and to continue delivering on their mission.

[00:01:47] And price and revenue aside, I think most learning businesses want to have a good grasp on the types and the level of value their offerings deliver because that usually relates

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directly to the impact of those offerings, how much impact they're likely to have out in the market. And, again, that's something that learning businesses should, of course, care deeply about.

Celisa Steele: [00:02:07] The Product Value Profile is a tool that offers a way to assess and visually represent the value you currently deliver with a specific product or product line and the perception of that value in the market. And, by doing this kind of evaluation, you'll get insight into what value signals you can adjust to change both the value and the price of your specific product or line of products.

Jeff Cobb: [00:02:33] And, as we've already suggested, the Product Value Profile and the Value Ramp really complement each other. You can think of the Value Ramp as the bigger-picture tool. It's a way to help you visualize your entire portfolio and tell an overall value story that makes sense across that portfolio. And then the Product Value Profile, on the other hand, helps you really zoom in to better understand particular individual offerings that fall along your Value Ramp.

Celisa Steele: [00:03:02] And both the Value Ramp and the Product Value Profile are descriptive tools. They help you assess and understand your current offerings, but they both also offer opportunities to change and improve. Once you understand your Value Ramp and the value profiles of your products as they currently exist, then you have a solid basis for making adjustments, for using some levers, for using value signals to influence how your products are perceived and therefore what you can charge for them and where they might come to fit on a future Value Ramp, a Value Ramp that you aspire to make reality.

Jeff Cobb: [00:03:45] At Tagoras, we're experts in the global business of lifelong learning, and we use our expertise to help clients better understand their markets, connect with new customers, make the right investment decisions, and grow their learning businesses. We achieve these goals through expert market assessment, strategy formulation, and platform selection services. If you're looking for a partner to help your learning business achieve greater reach, revenue, and impact, learn more at tagoras.com/services.

Celisa Steele: [00:04:16] Now that we've talked about why, let's turn to what. What is the Product Value Profile? It's a tool that offers a way to assess and visually represent the value you deliver with a specific offering. And it involves looking at value signals.

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Jeff Cobb: [00:04:33] We already mentioned that term, “value signals,” a couple of times, but let’s unpack it a little bit now. By “value signals” we mean the aspects of your product that you actively communicate to your audience and then provide as part of delivering your offering.

Celisa Steele: [00:04:50] Right. So you can think of these as features or benefits, the kinds of things that you might emphasize in your marketing materials about the offering. And, for learning businesses, value signals might include things like the reputation of the subject matter expert who was involved in designing or is involved in delivering the learning experience.

Celisa Steele: [00:05:09] That could be something that learners would place a premium on and really value, someone with deep knowledge or someone who’s famous in their field. Another value signal could be access to the subject matter expert or to facilitators. So a learner might really place a lot of value on the fact that she knows she can turn to the facilitator and get her specific questions answered or get one-on-one feedback.

Celisa Steele: [00:05:34] Access to peers might be another value signal. Maybe the learner really wants to know that they can access colleagues for support or have networking opportunities. Practice and application opportunities, those could also be a value signal. Someone really wants to know that they’re not just going to get the information, but they’re going to have a chance to practice it and to think about how it applies to their work or their life.

Celisa Steele: [00:05:59] Another value signal might be supporting materials. Maybe the course comes with a great workbook or a really useful job aid that they’re going to be able to refer back to after the learning experience, and that might be super valuable to a learner.

Jeff Cobb: [00:06:14] Yeah, those are some great ones. Some other ones would include the availability of credit, like continuing education credit. So, if you’re giving CME or CLE or CPE or whatever your flavor is, that can be perceived as very valuable depending on the needs of your learners. Something like proof of demonstrable improvement.

Jeff Cobb: [00:06:35] We’re big on this one because it’s all about impact, and we do find in the research we do that more and more learners are looking for clear evidence that your learning experience is going to move the dial. Employers are looking for that as well. Related costs can be another one. So is travel going to be involved or not involved?

Jeff Cobb: [00:06:54] And that’s something that learners will definitely weigh out as they’re perceiving the value of your offering. Venue for place-based offerings. Often that destination

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can be very attractive. Or, for online, it might be software features. So you're doing things like gamification and things that make the learning experience more dynamic. That can be perceived as valuable.

Celisa Steele: [00:07:13] Now, these value signals that we've just mentioned aren't by any means an exhaustive list, but hopefully you're beginning to get the idea of the kinds of value signals that tend to be tied to continuing education, professional development, and lifelong learning. And not all value signals you identify are going to apply to all your offerings.

Celisa Steele: [00:07:32] Jeff, you just mentioned venue, for example. That doesn't apply to online offerings, and that's obvious. But there are other value signals that may not apply across the board that might be a little less obvious. You might think that your learners will always want the opportunity to practice.

Celisa Steele: [00:07:48] But, if you have an offering that's really focused on conveying information—maybe it's information about a regulation that impacts the industry or field that you serve—then the opportunity to practice might not apply. Maybe learners just really need to know the regulation; they don't necessarily need to spend time practicing. And, in that case, practice is actually not a value-add.

Jeff Cobb: [00:08:11] That's right. They might just be looking for the speediest path to the result that they are looking for. And that points to another example of a value signal that might vary, and that's just simply length. In some situations, where learners want or need an in-depth look at a topic, then a longer learning experience could be valued.

Jeff Cobb: [00:08:29] They see that they're going to have the opportunity to really go deep to get some of that practice you were just talking about, Celisa, perhaps. But, in other situations, learners might want or need a really targeted, tightly focused take on a topic. And the faster they can get that, the better. And certainly things like microlearning can come into play here where you're really homing in on a single objective and delivering it quickly.

Celisa Steele: [00:08:51] Now, it takes effort to identify your value signals and then to assess how those value signals are perceived by your audiences and how well you're doing on delivering on those value signals. But it's effort that's definitely worth it if you're looking at how to improve performance or maximize sales for a specific product or product line.

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Jeff Cobb: [00:09:14] And, if you've been listening to us before now, you won't be surprised to know that we think you need to get input from a variety of key resources on this. So you're going to want to get input from your internal experts, your staff and volunteers. What do they think your key value signals are?

Jeff Cobb: [00:09:31] Get perspective from a solid sampling of your ideal learners and customers, the people you really want to reach with those offerings, and how are they perceiving value? What are they looking for in terms of the value in a learning experience? And then definitely take a hard look at your most successful competitors and what they're doing.

Jeff Cobb: [00:09:49] What value signals do they seem to emphasize the most? And you may or may not want to emphasize those, but you need to know how you're going to, basically, position your value in relation to them. So get input from each of these groups on what they perceive as the most valuable aspects of the offering that you're evaluating and how well you're doing on delivering this value.

Jeff Cobb: [00:10:13] And, of course, hopefully you're also informing these inputs with the ongoing input that you're getting from something like the Market Insight Matrix. So you really just do have a sense of what's valued out in the marketplace with your audience around particular types of learning experiences.

Celisa Steele: [00:10:31] And so this input that you're going to gather from this diverse group of sources—your internal experts, your ideal learners and customers, by looking at your competitors, by using the Market Insight Matrix—all of that input is going to give you your value signals. And then those value signals become points that you plot on the Product Value Profile.

Celisa Steele: [00:10:54] And in the show notes for this episode at leadinglearning.com/episode318, you'll find a visual of the Product Value Profile, but you can visualize it even if you can't head to that URL right now.

Jeff Cobb: [00:11:08] So just picture a double-axis chart—it's the type of thing that consultants like to whip out all the time, easy to draw on a board and do things with. And, in this case, the vertical axis on that is going to be value perception. So it's going to, basically, align to the perception of value being low is going to be at the bottom.

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Jeff Cobb: [00:11:28] And then, as you go up towards the top, value gets higher and higher. So on that vertical axis, low-value perception at the bottom, high-value perception at the top. And then the horizontal axis is value delivery with delivery being low at the left and increasing as you move to the right.

[00:11:49] And by “value perception” we mean what do your learners value. What’s important to them? And by “value delivery” we mean how well do you actually deliver on what your learners value. Would your learners agree that you’re delivering on that particular value signal that you plot on that chart?

Jeff Cobb: [00:12:10] And for the two axes, you might use a 1-to-10 scale for value perception. One is something that learners just don’t find valuable at all. If it went away, they wouldn’t miss it. Whereas a 10 is what learners value the most. And then on the value delivery side, a 1 means you’re failing; you’re not delivering on that value signal at all, which means you have a lot of room to improve. And a 10 means you’re really hitting it out of the park.

Celisa Steele: [00:12:37] The Product Value Profile, this double-axis chart, gives you four quadrants. You have the lower left quadrant, and that’s where value delivery and value perception are low. So that’s a quadrant you don’t need to give too much attention to. The upper right quadrant is where value is perceived as high—that is, your learners really like that value signal and place a lot of value on it, and you’re effectively delivering on that value.

Celisa Steele: [00:13:05] So that upper right quadrant, that’s a good place to be, and it’s definitely good to give yourself and your team kudos for what you’re doing there. But the upper left and the bottom right quadrants are where you may have some room to adjust. Those are where you’re going to really want to give some time and attention.

Celisa Steele: [00:13:23] And, in the upper left, value perception is high. These are things your customers consider important, but you’re not delivering on them as well as you could be. And then the bottom right is where you’re delivering well, but those aren’t elements that your customers value highly. So these are aspects where you might be investing more than you should.

Jeff Cobb: [00:13:49] We’ve talked about why and what, so let’s turn now to how to use the Product Value Profile, which we got into some as we talked about what the tool is.

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Celisa Steele: [00:13:59] Once you know the value signals for a particular offering—which you’re going to find those by asking and observing key stakeholders, your staff and SMEs and customers and prospects, competitors—then you’ll take those value signals and plot them as points on your double-axis chart.

Celisa Steele: [00:14:17] Each point is going to have an X and a Y coordinate. Let’s take, as an example, “practice opportunities” as a value signal. And let’s say that you determine your learners seek out practice opportunities. They consider practice really valuable. So you rate that an 8 on the 10-point scale for value perception.

Celisa Steele: [00:14:38] But the e-learning course that you’re evaluating has just two simple self-check quizzes. So maybe you’re going to rate that product a 3 for value delivery. That will put the “practice opportunities” value signal in the upper left quadrant. A very high-value offering is going to have most of the signals plotted in the upper right quadrant, where both perception and delivery are high.

Jeff Cobb: [00:15:04] And so we’ll say this is a point where there’s, probably, as much art as science to this in determining how to number those things. Where does it fall on the scale between 1 and 10? It’s important at this point to really look for any hard evidence that you can get.

Jeff Cobb: [00:15:23] You want to talk about this as a group, preferably have people think about it beforehand and bring whatever evidence they think there is around a particular value signal to the table so they’ve thought about that before there’s too much group influence. We’re always fans of making sure that we do what we can to avoid groupthink.

Jeff Cobb: [00:15:41] But you’re going to take as reasonable a guess as you can at where to assign things. And you’re going to be doing this with all of your value signals. So, in the end, it’s going to balance out. I’ll say that, if you really wanted to be much more scientific about this, you would get into doing something like a very formal, what’s called a “conjoint analysis.” Where you’re actually really pulling these levers and collecting data from a large number of your target end users.

Jeff Cobb: [00:16:09] And you’re able to run statistical analyses on those and then come out with what actually weighs the most and what moves the dial the most. In some ways, what this Product Value Profile is giving you is, basically, a budget version of doing a conjoint analysis, which can be quite complex and quite costly.

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Celisa Steele: [00:16:28] The results that you'll get from this work is a visualization of how your various value signals rate in terms of how they're perceived and how well you are delivering on them. And just having those points plotted can give you ideas for what to adjust. Anything that's low on value perception, that is, your customers don't believe those aspects are valuable, can be examined.

Celisa Steele: [00:16:54] And maybe you can cut those or scale them back, especially if they're pricey, expensive items. And you might be able to double-down on elements that are highly valued. And, for elements that are valued and that you're delivering on well, those are things to tout and emphasize in your promotion.

Jeff Cobb: [00:17:15] Another exercise—and I personally think this one is really valuable—is to create Product Value Profiles for each of your key competitors and then overlay those on your profile. How do you compare? How different do you look? What could you shift to make your products stand out more in the market?

Jeff Cobb: [00:17:36] This might mean investing more in areas where you're already strong and delivering value. It may also mean deciding to ignore or de-emphasize other areas because you don't feel the resource commitment is worth it, and maybe you just concede that to a competitor because you're differentiating on other factors.

Celisa Steele: [00:17:55] You could also think about new value signals. If you can legitimately come up with other value signals—things that are perceived as valuable by your market or would be perceived as valuable by your market—and you can deliver on those, then excellent. That's great. Go out and do those things, and those could become your differentiators and help stand you out from the other offerings that learners could choose instead of what you offer.

Jeff Cobb: [00:18:21] We'll stress too that the goal is not to shift everything into the upper right, into that high value delivery and high value perception. It may seem like that's the goal, but in most cases it's impractical and often cost-prohibitive to shift everything to the upper right quadrant.

Jeff Cobb: [00:18:40] The goal is to identify the very high-value items that you do or can deliver on better than the competition and focus on getting those as high as possible in the upper right quadrant. Ultimately, you want a value profile that's as attractive as possible while clearly standing out from the profiles of your key competitors.

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Celisa Steele: [00:19:07] Now, given the effort involved, you probably won't create a Product Value Profile for each product that you offer, particularly if you have a very large portfolio of offerings. Instead, you might focus on a product line. Maybe you have a series of day-long place-based seminars, or you have a set of self-paced e-learning courses for professionals who are new to the field that you serve.

Celisa Steele: [00:19:32] If you have a product line like that where the value signals are going to be pretty much the same across the offerings, then you could evaluate the product line rather than the individual products. Another way you might choose to use the Product Value Profile is if you have a product that's underperforming. If you're not hitting the revenue goals or the enrollment goals that you have for that offering, then this exercise can help you understand what you might adjust to create a more valuable product.

Jeff Cobb: [00:20:03] Or, on the flip side, if you have a product that's beating projections and outperforming other similar offerings in your portfolio, you might want to use the Product Value Profile to better understand the value of that product. And then, once you do, you might be able to apply what you learn to improve those other products that aren't performing as well.

Celisa Steele: [00:20:23] Now, since we opened today with a reminder about the relationship between value and pricing, let's talk about a couple of ways the Product Value Profile can be used with respect to pricing. First, if you're not achieving the sales you'd expected with a particular offering, you can take steps to adjust the value signals so that the value will be perceived as more in line with the price that you're charging.

Celisa Steele: [00:20:47] To do that, you would take steps to improve your delivery on some or all of the signals in that upper left quadrant because you're going to try to move them into the upper right. So you're going to take those things in the upper left, that's where there's high value—that's what learners really want—but you're not delivering as well on them. So you're going to move them to the right where, again, learners still are valuing those things, and you're going to deliver on them better.

Celisa Steele: [00:21:13] You might also, at the same time, consider eliminating or reducing some things in that lower right quadrant, and that's things that aren't very highly valued. And that's going to help you perhaps offset any of the changes that you're making. If they're costs related to those improvements, then by eliminating or reducing some of the things, you might

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be able to move funds essentially from focusing on those value signals that aren't really helping you as much as others.

Jeff Cobb: [00:21:41] Right. And then the second approach, and particularly if a product is already selling reasonably well, but you want to reposition it on your Value Ramp, is to improve delivery of the upper left quadrant and then raise prices. In general, the Product Value Profile is a good tool for evaluating your offerings and making decisions that enable you to change them relative to price.

Celisa Steele: [00:22:07] And I know that many organizations resist raising prices, particularly in tough economic times like we're currently experiencing, but we know that a small price increase can have a significant impact.

Jeff Cobb: [00:22:21] Yeah. Raising prices is a lever that is just so often overlooked. And it's well established that an increase in price is really one of the most effective ways to increase profit. And, again, even if you're a nonprofit, this is your margin that you're getting out of your products that can be then channeled back into other parts of your mission.

Jeff Cobb: [00:22:41] There's a study by McKinsey & Co., the big consulting firm—this is way back in the 90s—that showed that just a 1-percent increase in price can translate into an 11-percent increase in profit. So 1-percent change, or one penny, let's say, is going to result in 11-cents increase in profits.

Jeff Cobb: [00:23:03] And, on the other hand, you know, just increasing your volume of sales—so getting more registrations, getting more enrollments by that same amount—that same 1-percent, that results in only about a 3-percent increase. And then you say, well, cost, maybe that's the way to do it.

Jeff Cobb: [00:23:18] If you cut variable costs by 1-percent, that resulted in only about an 8-percent increase, and cutting fixed costs resulted in only about a 2-percent increase. I just threw a lot of numbers at listeners there, but the bottom line is that simply being able to raise prices and even by just a little bit is usually the most effective way, by far, for an organization to increase their profits, to increase their margins on their learning offerings.

Celisa Steele: [00:23:48] And, if you're using value-based pricing, and we hope you are, and tools like the Product Value Profile, then you're not blindly raising prices. You're raising prices when you provide something of high value.

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Jeff Cobb: [00:24:02] So, in short, the Product Value Profile offers insights into how your products stand out in the market and provides the basis for pricing that's different from the rest of the competitive pack.

Jeff Cobb: [00:24:21] So that's our look at the Product Value Profile. To get a copy of the Product Value Profile visual, please go to leadinglearning.com/episode318.

Celisa Steele: [00:24:33] At leadinglearning.com/episode318, you'll also see options for subscribing to the podcast, and we hope you will subscribe if you haven't yet. We like subscription numbers because they give us some insight into the impact of the podcast.

Jeff Cobb: [00:24:47] And we'd also be grateful if you take a minute to rate us on Apple Podcasts or wherever it is that you listen, especially if you enjoy the show. Celisa and I personally appreciate reviews and ratings, and they help the podcast show up when people search for content on leading a learning business.

Celisa Steele: [00:25:03] Lastly, please spread the word about Leading Learning. In the show notes at leadinglearning.com/episode318, you'll find links to connect with us on Twitter, LinkedIn, and Facebook.

Jeff Cobb: [00:25:15] Thanks again, and we'll see you the next time on the Leading Learning Podcast.

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