

# VALUE PROPOSITION ENVIRONMENT MATRIX

ASSIGNMENT:  
answer each question  
as it relates to your  
business

## MARKET ISSUES

Identifies key issues driving and transforming your market from Customer and Offer perspectives.

- What are the critical issues affecting the customer landscape?
- Which shifts are underway?
- Where is the market heading?

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## MARKET SEGMENTS

Identifies the major market segments, describes their attractiveness, and seeks to spot new segments

- What are the most important Customer Segments?
- Where is the biggest growth potential?
- Which segments are declining?
- Which peripheral segments deserve attention?

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## NEEDS & DEMANDS

Outlines market needs and analyzes how well they are served

- What do customers need?
- Where are the biggest unsatisfied customer needs?
- What do customers really want to get done?
- Where is demand increasing?
- Declining?

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## SWITCHING COSTS

Describes elements related to customers switching business to competitors

- What binds customers to a company and its offer?
- What switching costs prevent customers from defecting to competitors?
- Is it easy for customers to find and purchase similar offers?
- How important is brand?

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## REVENUE ATTRACTIVENESS

Identifies elements related to revenue attractiveness and pricing power

- What are customers really willing to pay for?
- Where can the largest margins be achieved?
- Can customers easily find and purchase cheaper products and services?

## Market Forces

MARKET ANALYSIS

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## COMPETITORS (INCUMBENTS)

Identifies incumbent competitors and their relative strengths

- Who are our competitors?
- Who are the dominant players in our particular sector?
- What are their competitive advantages or disadvantages?
- Describe their main offers. Which Customer Segments are they focusing on? What is their Cost Structure?
- How much influence do they exert on our Customer Segments, Revenue Streams, and margins?

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## NEW ENTRANTS (INSURGENTS)

Identifies new, insurgent players and determines whether they compete with a business model different than yours

- Who are the new entrants in your market? How are they different?
- What competitive advantages or disadvantages do they have?
- Which barriers must they overcome?
- What are their Value Propositions? Which Customer Segments are they focused on? What is their Cost Structure?
- To what extent do they influence your Customer Segments, Revenue Streams, and margins?

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## SUBSTITUTE PRODUCTS/SERVICES

Describes potential substitutes for your offers – including those from other markets and industries.

- Which products or services could replace ours? How much do they cost compared to ours?
- How easy it for customers to switch to these substitutes?
- What business model transitions do these substitute products stem from (Ex: Skype vs long-distance phone companies)?

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## SUPPLIERS & OTHER VALUE CHAIN ACTORS

Describes the key value chain incumbents in your market and spots new, emerging players

- Who are the key players in you industry value chain?
- To what extent does your business model depend on other players?
- Are peripheral players emerging?
- Which are most profitable?

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## STAKEHOLDERS

Specifies which actors may influence your organization and business model

- Which stakeholders might influence your business model?
- How influential are stakeholders? Workers? The government? Lobbyists?

## Industry Forces

COMPETITIVE ANALYSIS

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## TECHNOLOGY TRENDS

Identifies technology trends that could threaten your business model – or enable it to evolve or improve.

- What are the major technological trends both inside and outside your market?
- Which technologies represent important opportunities or disruptive threats?
- Which emerging technologies are peripheral customers adopting?

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## REGULATORY TRENDS

Describes regulations and regulatory trends that influence your business model

- Which regulatory trends influence your market?
- What rules may affect your business model?
- Which regulations and taxes affect customer demand?

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## SOCIETAL & CULTURAL TRENDS

Identifies major societal trends that may influence your business model

- Describe key societal trends
- Which shifts in cultural or societal values affect your business model?
- Which trends might influence buyer behavior?

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## SOCIOECONOMIC TRENDS

Outlines major socioeconomic trends relevant to your business model

- What are the key demographic trends?
  - How would you characterize income and wealth distribution in your market?
  - How high are disposable incomes? Describe spending patterns in your market (housing, healthcare, entertainment, etc.)
  - What portion of the population lives in urban areas as opposed to rural settings?
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**Key Trends**

FORESIGHT

# VALUE PROPOSITION ENVIRONMENT MATRIX

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## GLOBAL MARKET CONDITIONS

Outlines current overall conditions from a macroeconomic perspective

- Is the economy in a boom or bust phase?
- Describe general market sentiment
- What is the GDP growth rate?
- How high is the unemployment rate?

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## CAPITAL MARKETS

Describes current capital market conditions as they relate to your capital needs

- What is the state of the capital markets?
- How easy is it to obtain funding in your particular market?
- Is seed capital, venture capital, public funding, market capital or credit readily available?
- How costly is it to procure funds?

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## COMMODITIES & OTHER RESOURCES

Highlights current prices and price trends for resources required for your business model

- Describe the current status of markets for commodities and other resources essential to your business (ex: oil prices and labor costs)
- How easy is it to obtain the resources needed to execute your business model (EX; to attract prime talent)?
- How costly are they?
- Where are prices headed?

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## ECONOMIC INFRASTRUCTURE

Describes the economic infrastructure of the market in which your business operates

- How good is the (public) infrastructure in your market?
  - How would you characterize transportation, trade, school quality, and access to suppliers and customers?
  - How high are individual and corporate taxes?
  - How good are public services for organizations?
  - How would you rate the quality of life?
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Source material taken from *Business Model Generation* by Alex Osterwalder & Ives Pigneur