



# A guide to developing your circular value proposition

How to meet your customer's expectations

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**ZERO  
WASTE  
SCOTLAND**

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# Introduction

Welcome to the Zero Waste Scotland Circular Economy Value Proposition Toolkit! This toolkit is here to give you confidence that the product or service you're creating takes full account of the needs of your potential customers.

It provides guidance and templates for you to use in your own time, and links to freely available resources you might find helpful.

You may have already used some of the services and tools available from Zero Waste Scotland. If you haven't used it already, we recommend you start with the [Circular Economy Accelerator Toolkit](#). This is designed to inspire you to take the first steps in becoming a more sustainable, circular business. If you are still looking for ideas on how you can develop your business model to embed circular economy principles, you'll also find inspiration in [30 Ideas to Kickstart your Circular Business](#).

A circular economy is built on 3 core principles:

1. Eliminate waste and pollution
2. Keep products and materials in use
3. Regenerate natural systems

If you're ready to take the next step to make sure what you're offering to customers makes business sense, read on...!

This toolkit is here to guide you in a structured way and get you on track for success. It will give you confidence that:

- You're pursuing the right tasks and know the next steps.

- You understand what your customers really want and can organise feedback from them to move you forward.
- You can see the big picture of how the puzzle pieces fit together.
- You have a shared language and focus when communicating with people you need help from and with your customers.

## Getting the Value Proposition right

This toolkit focuses on the Value Proposition, helping you answer the questions:

- Is your business model **feasible?** What is the product or service you are creating and is it going to be something that customers will want?
- Is your business model **desirable?** Who are your customers and why will they choose you?
- Is your business model **viable?** What is important to your customers and does your business model meet their needs, making economic sense for you?

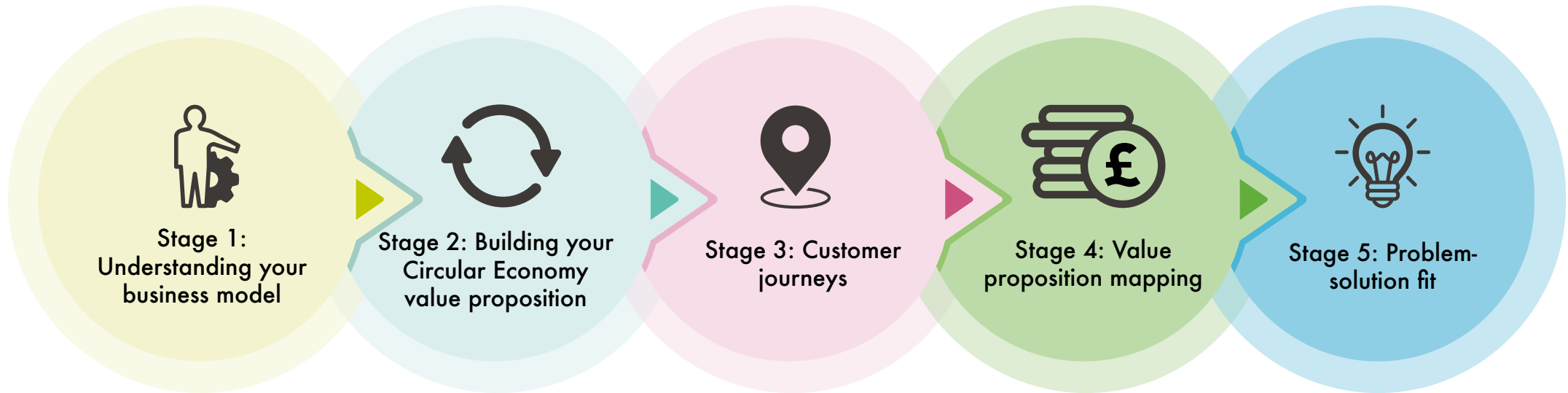
Getting the Value Proposition right means you'll be able to communicate to customers what's in it for them and why they should choose you.

### How to use this toolkit?

You know you have a great product or service idea. However, you may be questioning where you need to focus your efforts and cash to make sure customers want what you have to offer.

This toolkit provides templates and guidance taking you through five stages to develop your Circular Economy Value Proposition. Although presented linearly, these stages are iterative and will require you to move back and forth between them.

By working through this process, the toolkit helps you take a closer look at your business idea from your customer's perspective.



Stepping into your customer's shoes, getting potential customers involved in co-creating your product or service and understanding what they need and want, to help you decide where to focus your resources.

Zero Waste Scotland has developed this toolkit, based on the original freely available resources from Strategyzer that support a detailed value proposition design guide, amongst others.

# Stage 1: Understanding your business model



All businesses need to provide products and services that align with customer needs and preferences. By prioritising the customer and delivering what they see as valuable for them, you will not only ensure your own sustainability but also drive profitability through enhanced customer loyalty and repeat business.

But before you head off into carrying out detailed market research, completing the Sustainable Business Model Canvas will help you make sure you understand your business model and who your customers are.

A Sustainable Business Model Canvas is a comprehensive framework that goes beyond traditional business model canvassing to encourage you to think about how you will deliver environmental, social, and economic value.

## Did you know?

What are the benefits of using the Sustainable Business Model Canvas?

- It supports you to establish the foundation of your business, whether your business is established or evolving.
- It helps your business to communicate your sustainability efforts to your customers and define your unique selling point.
- It encourages you to consider the environmental, social, and economic elements of your operations.
- It facilitates the alignment of sustainability goals with the overall business strategy, ensuring that sustainability is integrated into the different key business operations rather than it being treated as a separate activity.
- It encourages you to understand different stakeholder expectations and think beyond your product or service, to consider your sales method and the different customer segments you can serve.
- It helps with assessing and identifying the potential environmental and social impacts and risks of your business and how you can mitigate them.

Use the [Sustainable Business Model Canvas template](#)<sup>1</sup> (designed by Loic Bar, an impact entrepreneur). There are 11 elements within the canvas. Get familiar with the canvas then use our guidance below to help complete the template with your business information.

<sup>1</sup>You will need to input your email address to download the template

## Sustainable Business Canvas

Project : \_\_\_\_\_ Date : \_\_\_\_\_

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

<b>Key partners</b>	<b>Key activities</b>	<b>Value propositions</b>	<b>Customer relationships</b>	<b>Channels</b>
	<b>Key resources</b>		<b>Customer Segments</b>	
<b>Cost structure</b>		<b>Revenue streams</b>		
<b>Negative externalities</b>		<b>Positive externalities</b>		

[www.sustainablebusinesscanvas.org](http://www.sustainablebusinesscanvas.org)
The Sustainable Business Canvas has been designed by Loic Bar and is initially based on Business Model Canvas by Strategizer.

## 1.1 Step 1: Value proposition and your customers

There are four inter-related elements of the Sustainable Business Model Canvas that are important in developing a great Circular Economy Value Proposition. Look at what you are already doing and what you plan to do in the future. Add answers to the following questions to your canvas – noting there can be more than one answer.

**Customer segments:** What types of people do you think are willing to pay money for the unique solutions you've developed?

**Customer relationships:** How do you expect to acquire and retain your customer base?

**Channels:** How will you reach your prospective customers (e.g. online, retailers)?

**Value proposition:** What are your unique solutions that you're looking to bring to your customers?

## 1.2 Step 2: Revenue and costs

Think creatively about revenue streams whilst being realistic to ensure that costs do not outweigh the income you generate. Add answers to the following questions to your canvas.

**Revenue streams:** How will your business make money (e.g. pay per use, subscription service). What are customers willing to pay? What evidence is there that they will pay in practice?

**Cost structure:** Fixed, variable, and other costs to your business (e.g. salaries, rent, materials). What do customers currently pay for and how do they like to pay?

## 1.3 Step 3: Positive and negative effects of doing business

All businesses, even ones adopting circular strategies, will have both positive and negative effects of doing business.

Making sure you are aware of the negative effects of your business will also help you better position your business and counteract any claims of "greenwashing". Add answers to the following questions to your canvas.

**Positive externalities:** What are the ecological or social benefits of your business model?

**Negative externalities:** What are the ecological or social costs of your business model?

## 1.4 Step 4: Creating value for your customers

Understanding who you rely on will help you understand who or what you need, to help you improve customer experiences of your products and services. Ask yourself the following questions and add answers to your canvas.

**Key resources:** What resources do you need to run your business (e.g. funding, engineering team)? Who do you need to have strong relationships with? Who can help overcome negative externalities?

**Key activities:** What activities enable you to provide products and services to customers (e.g. sales, manufacturing)? What do you need to keep a close eye on to manage costs and negative externalities?

**Key partners:** Which external resources will help you to deliver your business model (e.g. suppliers)? Who do you need to have strong relationships with?

If you need help getting started, check out the example mapped out below. It explores the business model for a fictional fashionwear rental company.



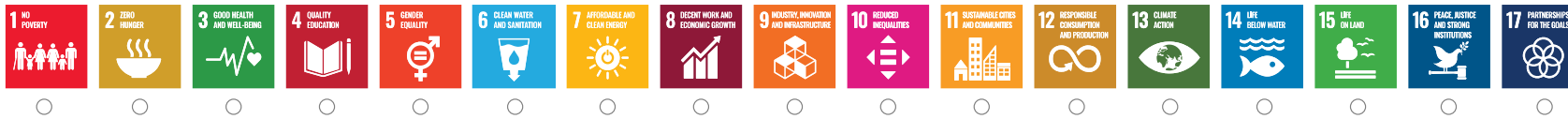


Figure 1: Fictional example: a fictional fashionwear rental company

# Sustainable Business Canvas

Project: Women's fashionwear rental company

Date: May 2024



<p><b>Key partners</b></p> <ul style="list-style-type: none"> <li>• Clothing brands</li> <li>• Fulfilment centre partner</li> <li>• Media contacts</li> <li>• Mentors</li> <li>• Business support enterprises</li> <li>• Investors</li> </ul>	<p><b>Key activities</b></p> <p>Fashionware providers for women in the UK. Stocking fashionware, accepting online orders, delivering orders, accepting returns of clothing and cleaning /repairing the items to re-enter stock for repeat use.</p>	<p><b>Value propositions</b></p> <p>The business offers women the opportunity to rent high quality, fashionable items at an affordable price and in a hassle-free manner.</p> <p>By renting items rather than purchasing them, individuals are able to lower their environmental impact, while experimenting with styles or brands of clothing that they may have otherwise struggled to purchase outright, or may have languished in the back of a wardrobe after one use.</p>	<p><b>Customer relationships</b></p> <p>Acquisition: Online marketing campaigns, partnerships with clothing brands, media engagement.</p> <p>Retention: Weekly newsletters, blog, seasonal discount offers, loyalty schemes.</p>	<p><b>Channels</b></p> <p>Online platforms: website, social media etc. Engaging with both fashion and environmental podcasts, bloggers, influencers etc.</p> <p>Clothing brand partnerships: co-communications activity via fashion events, fashion editorials.</p>
<p><b>Cost structure</b></p> <p>Fixed: rent, business rates, staff salaries, insurance, online platform fees.</p> <p>Variable: clothing stock, logistics costs, fulfilment centre charges, packaging costs, energy bills, transaction fees, legal fees.</p> <p>Other: marketing activity, R&amp;D.</p>		<p><b>Revenue streams</b></p> <p>Rental fees from customers.</p> <p>Generate income from selling old stock.</p> <p>Service fees from partnered clothing brands who also use our platform.</p>		
<p><b>Negative externalities</b></p> <p>The difficulty of competing with cheap, fast-fashion, which is more accessible and more affordable to consumers.</p> <p>The difficulty of committing to an item without being able to try it on first.</p> <p>The rising cost of living and how this impacts both our customers and supply chain costs.</p>		<p><b>Positive externalities</b></p> <p>Greater awareness of fashion's impact on the environment, encouraging consumers to seek more environmentally sustainable options.</p> <p>The growing availability and accessibility of reverse logistics.</p> <p>The development of technology within fulfilment centres to streamline stocktake, cleaning, repairing and tracking.</p>		

## 1.5 Feedback

Once you have a first draft of your Sustainable Business Model Canvas, it's worth getting feedback from your team, advisor, or trusted individuals and friends to give you confidence that you've covered all the bases. This may help with:

- Gaining valuable insights that can be used to refine and enhance your business model.
- Identifying blind spots or areas of the business model that may have been overlooked when it comes to embedding circular economy principles.
- Identifying areas where there's a chance you could get called out as "greenwashing".
- Identifying potential risks and challenges associated with your business model. By addressing these concerns early on, you can proactively manage risks and ensure the viability of your circular strategy.

### Did you know?

#### What is greenwashing?

Greenwashing can be understood as "behaviour or activities that make people believe that a company is doing more to protect the environment than it really is". Businesses may be intentionally or unintentionally greenwashing through exaggerating or misrepresenting their sustainability efforts.

This can range from labelling products as "green" or "eco-friendly" without sufficient evidence to back it up, for example,

making misleading claims about reducing carbon footprints. Ultimately, businesses that engage in greenwashing risk damaging their reputation and credibility in the long run.

For customers, greenwashing can foster confusion and distrust. They may unknowingly support companies that aren't genuinely committed to sustainability or circularity, undermining their own efforts to make more conscious choices. It can lead to complacency, as customers may believe they're making a positive impact when, in reality, they're not.

The UK's Competition and Markets Authority published a "Green Claims Code" to help businesses comply with the law.

The Green Claims Code sets out the following principles:

- claims must be truthful and accurate;
- claims must be clear and unambiguous;
- claims must not omit or hide important relevant information;
- comparisons must be fair and meaningful;
- claims must consider the full life cycle of the product or service;
- claims must be substantiated

# Stage 2: Building your CE value proposition



A great Circular Economy Value Proposition (CEVP) is one where the sustainability credentials of your products or service are fundamentally embedded into your business model. This can create a competitive advantage, where a strong proposition is valued for both its features and its sustainability benefits.

Your Circular Economy Value Proposition may be important to you and to a diverse range of customers, however you will currently be

competing with products less circular than yours. Having completed your Sustainable Business Model Canvas, you will have your initial thoughts on what you think your proposition is, who your customers are and the type of relationships you have with them.

Building on this baseline, this section of the toolkit is designed to help you carry out three steps in developing deeper understandings of your customers, before investigating how customers will interact with you.



## 2.1 Customer needs

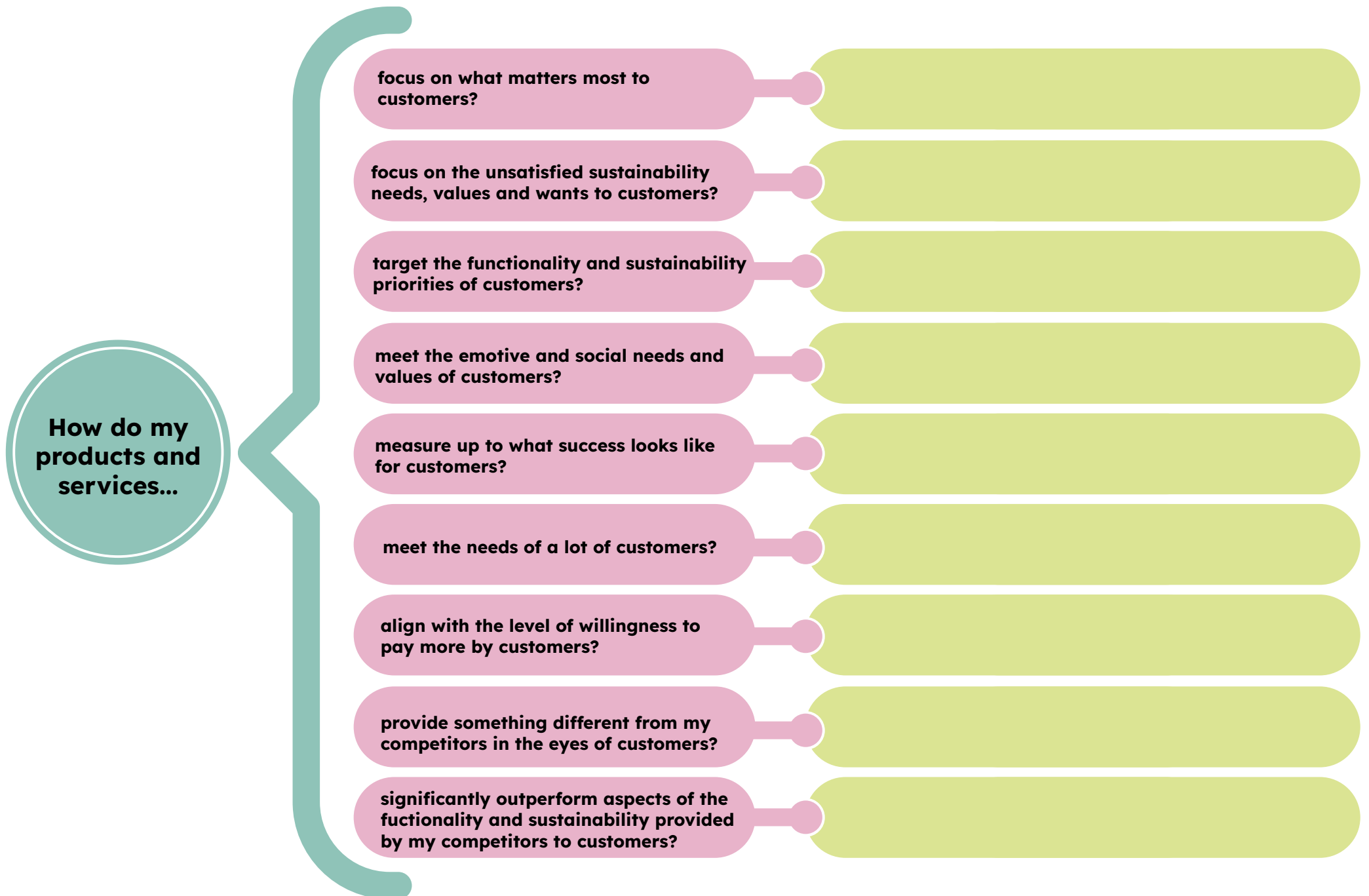
### Step 1: Customer needs

The overall aim is to establish the best fit between what you are creating, who your customers are and what they value, to help you with your business planning.

To make a great Circular Economy Value Proposition your first step is to ask yourself a number of questions.

Use the template on the next page to start thinking about your customer needs and how your product or service meets those needs.





## Did you know?

### What is Business to Business (B2B) or Business to Consumer (B2C)?

When developing your Circular Economy Value Proposition you need to be clear on who your customer base is. If you are delivering a product or service to meet the needs of another businesses, your relationship will be B2B, i.e. business to business.

If you are looking to deliver products or services directly to individuals, your relationship will be B2C, i.e. business to consumer. Of course, you may be looking to reach these end customers through another organisation, such as a supermarket or independent retailer, but when developing your value proposition and understanding your customers, it is your end customer that you need to be focussing on. If you can prove your end customer is demanding your product and service and willing to pay for it, you are likely to have better negotiating power with organisations you're looking to work with in reaching your customers.

## 2.2 Customer personas

### Step 2: Customer personas

A Customer Persona is a detailed and semi-fictional representation of an ideal customer "type" for a particular business. It is often used as a tool to better understand and empathise with a target customer, allowing you to tailor your marketing and communications strategies,

product development, and service provision strategy.

Building your Customer Personas involves you thinking creatively, gathering and analysing data about the characteristics, behaviours, preferences, and needs of your different customer types or segments.

Remember, you should always create personas from observations about real users of products and services like yours, rather than your assumptions or biases about your different types of customers.

An important aspect of your Customer Persona for your Circular Economy Value Proposition is understanding how the persona relates to circular economy principles. Without understanding this you won't know whether you should emphasise the circularity of your products or services or focus on other elements.

Examples, templates and further information on Customer Personas can be found here:

- [Interaction Design Foundation: Personas](#)
- [UX Design Institute: What are UX personas and what are they used for?](#)
- [HubSpot: 7 Persona Examples for Modelling Your Ideal Customer](#)
- [Smartsheet customer profiles and personas templates](#)

The following page provides an example Customer Persona, to provide an indication of how to approach the creation on your own (further advice provided in Section 3.3).

# James

Environmentally unconscious shopper



**“Sometimes quality is worth paying for, but only sometimes.”**

- Like to shop for technology and hobby equipment
- Always on the lookout for a bargain
- Doesn't really care about his impact on the environment

## Personal profile

James has a younger brother who drives him crazy, Dave is only 14 and he looks up to James, he is always trying to hang out with him, playing the Xbox, trying out his DJ equipment and generally being annoying. Last week Dave broke a set of headphones that James had saved for weeks to buy and had bought in Hong Kong. This drove James crazy as he is always careful with his own stuff and expects others to be the same. He can't wait to have the money together to move out into a place of his own.

James works as a barman in The Glasshouse in the centre of town. It's a fairly new and modern hotel and expects its staff to uphold its 4 star reputation, he claims that he doesn't really like having to be so well dressed and formal for work but secretly enjoys the ritual of it all. He works 3 days and 3 nights every week in order to make sure that he has Saturday nights off. Saturday nights are sacred to James. He is a budding DJ and spins in a local dive bar every chance he gets. A lot of his friends come down to hear him play and he loves the atmosphere that he can generate from a crowd.

James really doesn't have much of an opinion on the environment. He reckons that it really isn't his concern at the moment and that it doesn't really matter what he does. His mum makes him recycle at home but that is as much as he is willing to do. He thinks that someone will come up with something soon to tackle the problem and then it will be sorted.

## User goals

James buys products to...

- Help him be better at the things he loves to do
- Satisfy a need he has
- Make himself feel a little unique
- Feel like he's smarter by getting a bargain

## Design objectives

We want James to...

- Buy the products that we design
- Not feel any guilt about buying our product
- Feel satisfied with the value of our product compared with others on the market
- Be pleased with the quality of our product
- Recommend our product to others
- Become environmentally friendly even if he isn't environmentally conscious

## Personal information

Profession: Barman  
Annual income: £20,000  
Location: Sligo town  
Age: 20

Home life: Lives at home with his parents, older sister and younger brother. They also have a terrier called Rex.

Hobbies: DJ's quite a bit in his spare time, watches TV, plays Xbox and PS4

Personality: Very focused and determined, can have a short fuse at times but is mainly a mellow kind of person, very loyal to his friends and family.

## Purchasing information

Likes: Having nice equipment, a bargain

Dislikes: Having to spend money on expensive equipment, bad online descriptions, and shipping costs.

Attitude: Negative  
Behaviour: Negative purchasing pattern

## 2.3 How to develop a customer persona

Irrespective of whether you are operating in a B2C or B2B market there are steps you will need to take.

1. **Define the customer segment:** Identify the specific group of customers you want to target with your persona.
2. **Gather data:** Conduct qualitative or quantitative research such as a desk-based review of market research reports, website analytics, surveys, interviews, focus groups.
3. **Identify patterns and trends:** Analyse the collected data to identify common characteristics, jobs, pains, and gains within the customer segment.
4. **Create a persona template:** You can develop your own template that includes all the key attributes of your personas enabling you to customise the template to suit the specific needs and characteristics of your customer segment. However, you could use the basic B2C and B2B Customer Persona templates, to inspire your own design.
5. **Populate the template with relevant data gathered during your research.** Include information on all of the points described for B2C customers and B2B customers and humanise your persona by giving them a name and face. This makes the persona more relatable.
6. **Test and gather feedback on the persona** to ensure it accurately represents the target customer segment and continuously update the persona as new data becomes available or as the market changes.

7. **Implement the persona.** Use the persona to inform marketing and communications campaigns, product design, and approaches to customer service.

### Did you know?

#### How to gather information and data on potential customers

If you are struggling to find resources to conduct market research and develop customer personas, don't worry. Even with limited resources, you can still gather valuable information and data on potential customers.

- **B2C:** A cost-effective method if you're operating in a B2C market is to find ways to engage directly with customers through informal conversations, either in person or via social media platforms. By listening to their feedback, enquiries, and comments, you can gain insights into their daily lives, what pains them about using products and services like yours and what they would value most. It's also a really useful way to understand their purchasing behaviours. Using free or low-cost online tools, such as Google Forms or SurveyMonkey, can help you to create and distribute surveys to collect demographic information and feedback from your target customers. Don't expect a 100% response rate, but all customer feedback is important and gives you the opportunity to build longer-term relationships.

<sup>2</sup><https://www.google.com/forms/about/>

<sup>3</sup><https://uk.surveymonkey.com/>

<sup>4</sup><https://www.linkedin.com/>



### Did you know? (cont)

- B2B: If your market is B2B, you can similarly use the power of social media, using online professional platforms such as LinkedIn to research target companies and individuals within those organisations and reaching out. Even if you don't reach out, understanding the roles, responsibilities, and interests of individuals in businesses you are interested in working with by looking at what people are posting, liking and commenting on, provides valuable insights. As a business you also know how important peer to peer in-person networking is. Attending industry events, conferences, and trade shows gives you the chance to have direct interaction with potential customers, in an environment where they expect such activities to be carried out. Talking to them about how they use products and services like yours and what they hate and love about them will give you insight into the areas you may need to focus on.

Identify your customer type, B2B or B2C, then collate together the appropriate information to develop your customer personas using the guidance below. The basic B2B and B2C customer persona templates can be used as a starting point.

## 2.4 B2C customer personas

The different sections that would be required in a B2C Customer Persona, to inform your Circular Economy Value Proposition, could include:

- Demographic information such as age, gender, location, occupation, and education level.

- Information on lifestyle, values, interests, hobbies, personality traits, and physical and mental capabilities.
- The general goals and objectives that the persona aims to achieve in using products or services like yours and the obstacles and frustrations that the persona faces.
- Information on how circular economy principles are important or otherwise to the persona.
- Expectations around the product or service, especially in terms of gains.
- Communication preferences (e.g. via email, social media, or face to face), and how the persona is 'influenced' (e.g. by friends, co-workers, social media).
- Information on the brands and products that resonate with the persona.

## 2.5 B2B customer personas

In a B2B context, the persona is typically created for a company and could include:

- Information on the company e.g. size, location, industry, market share and competitors.
- Information on roles and responsibilities of different teams in the business.
- Current priorities that could inform decisions, covering regulations, policy, reporting requirements, public perceptions.
- Customer demands on the company, e.g. long-lived products, rapid responses, adaptability, consistency.

- Current suppliers that you will be competing with.
- The general goals and objectives of the business in using products or services like yours and the obstacles and frustrations that they face.
- Information on how the circular economy principles are important or otherwise.
- Expectations around the product or service, especially in terms of gains.
- Engagement routes, e.g. social media, peer to peer networking, trade fairs.

## 2.6 Customer profiles

### Step 3: Customer profiles

A Customer Profile Map is a strategic tool used by businesses to think critically and to visually represent key aspects of a target customer segment.

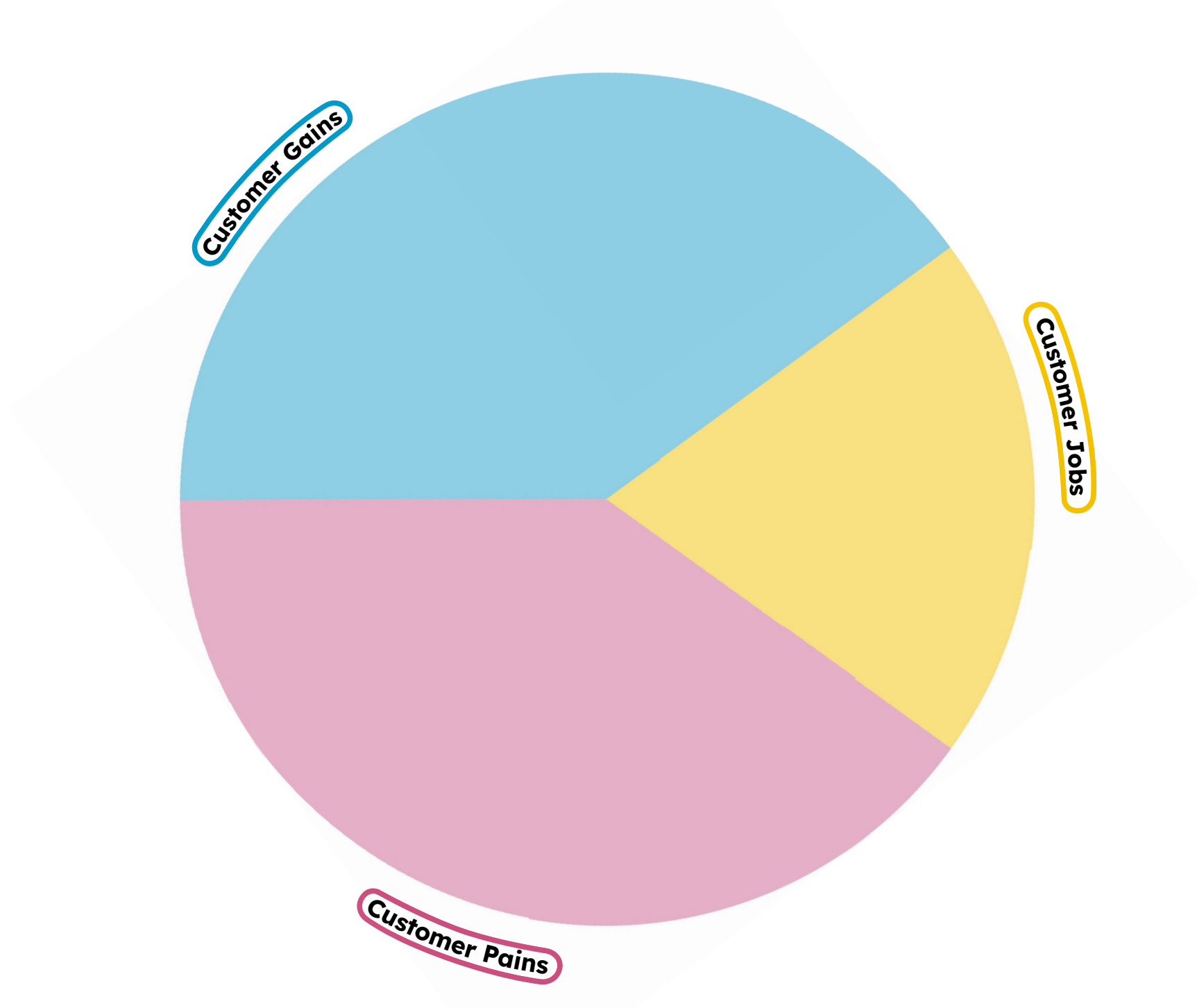
A Customer profile breaks down your understanding of your customer into three elements:

- Customer Jobs
- Customer Pains
- Customer Gains

Through improving an understanding of these three elements, you can develop products and services that effectively address a customer's needs or desires.

Watch this [2 minute video from Strategyzer](#) to get an overall view of how Customer Profiles fit into the bigger picture of your business model. To develop your Customer Profiles, use the blank Customer Profile Map template on the following page, and follow the guidance on how to complete the template in Section 3.7, 3.8 and 3.9). This builds on Strategyzer's Value Proposition Design Online Companion tools. For further information on developing a Customer Profile and gathering information on potential customers, you might find the following resources useful:

- [Digital Leadership: Pains and Gains- Understanding Your Customers Needs](#)
- [SurveyMonkey: What is customer profiling?](#)
- [GWI: Consumer Profiling- the beginner's guide](#)





## Did you know?

### Difference between B2B and B2C Customer Profile Maps

While both B2C and B2B Customer Profile Maps aim to capture respective customer segments, the focus and depth of each of the maps may vary significantly due to the different dynamics and purchasing behaviours inherent to the customer type.

In a B2C context, the map should focus on individual customer personas, emphasising personal preferences, lifestyles, and emotional triggers.

In a B2B context, the map should centre around the organisational jobs, gains, and pains of the business. It may include information such as industry context, decision-making hierarchy, budget considerations, and any specific business challenges.

### Mistakes to avoid:

- Avoid mixing different customer segments/personas - choose one to focus on
- Avoid focusing only on some types of jobs
- Avoid listing jobs, pains, and gains with a predetermined value proposition in mind
- Avoid being too vague in descriptions of jobs, pains, and gains
- Mixing jobs and outcomes

Choose a Customer Persona or customer segment from your Sustainable Business Model Canvas and work through the customers' jobs, pains and gains.

Don't forget, the Customer Profile map for products and services that have embedded the principles of a circular economy needs to take account of customers' responses and views to these principles such as:

- preferences for eco-friendly products
- interest in product longevity or repairability
- lack of clear labelling and transparency regarding environmental impact of a product
- higher costs associated with "sustainable" vs conventional products

## 2.7 Customer jobs

Customer Jobs describes what customers are trying to get done in their work or lives with products and service like yours. You can also think of them as the different tasks that your customers may aim to accomplish. This includes tasks that they aim to perform and complete, issues they seek to resolve, or desires they wish to satisfy. Some jobs are also more important than others to customers. Think of yourself as a customer. In your own case which job is more important? Improving and building your business or being able to keep up with industry news? For each type of customer job, answer the following questions and add to your customer profile template.

### Three types of customer jobs

**Functional jobs:** What actions do customers need to take to accomplish a particular task or resolve a specific issue?

B2C customer jobs could be curling hair or going on a run. B2B customer jobs could be managing projects, developing sustainable supply chains or writing a report.

**Social jobs:** Do customers want to portray themselves in a certain way or protect their personal image by using your

product or service? B2C customers may aspire to acquire influence and prestige, or enhance their appearance or be part of a particular social group. B2B customers may have similar aspirations but for different purposes, such as meeting ESG commitments.

**Personal/emotional jobs:** What specific emotional state is your customer looking to achieve, like contentment or assurance? For B2C customers this could be making purchasing choices that align with their beliefs and values. For B2B customers this could involve seeking reassurance about the safety of investments or equipment.

## 2.8 Customer pains

Customer Pains describe the problems, bad outcomes, risks, and obstacles customers face when wanting, needing, or using products or services like yours. Pains encompass any frustrations experienced by your customers before, during, or after attempting to accomplish a task, or anything that hinders their ability to do so. Pains also encompass risks in terms of the potential negative consequences associated with completing a task poorly or failing to do so altogether. Again, some pains are also worse than others to customers. Again, putting yourself in your customer's shoes, for each type of customer pain answer the following questions and add to your customer profile template.

## Three main types of customer pains

**Functional:** What annoys customers when a product or service like yours fails to perform adequately or has adverse effects? For example, a laptop that has frequent system crashes or software errors.

**Social:** What concerns do customers have related to how one is perceived by others when using products or services like yours? For example, a laptop that has a bulky or outdated design.

**Incidental:** What things cause inconvenience or annoyance when using products or services like yours? For example, the touchpad on a laptop doesn't reliably respond to gestures or cursor movements causing frustration and inconvenience during everyday use.

## 2.9 Customer gains

Customer Gains are the outcomes and benefits customers want from using products or services like yours. Certain gains are anticipated or sought after by customers, while others may come as unexpected bonuses. These gains differ in importance, and often include functional advantages, social benefits, positive emotional experiences, and cost savings. For each type of customer gain answer the following questions and add to your customer profile template.

### Four types of customer gains

**Required gains:** What do your customers fundamentally need, in order for you to compete with other products and services? For example, for B2C customers the 'fundamental gain' might be, that a laptop can connect instantly to the internet. For B2B

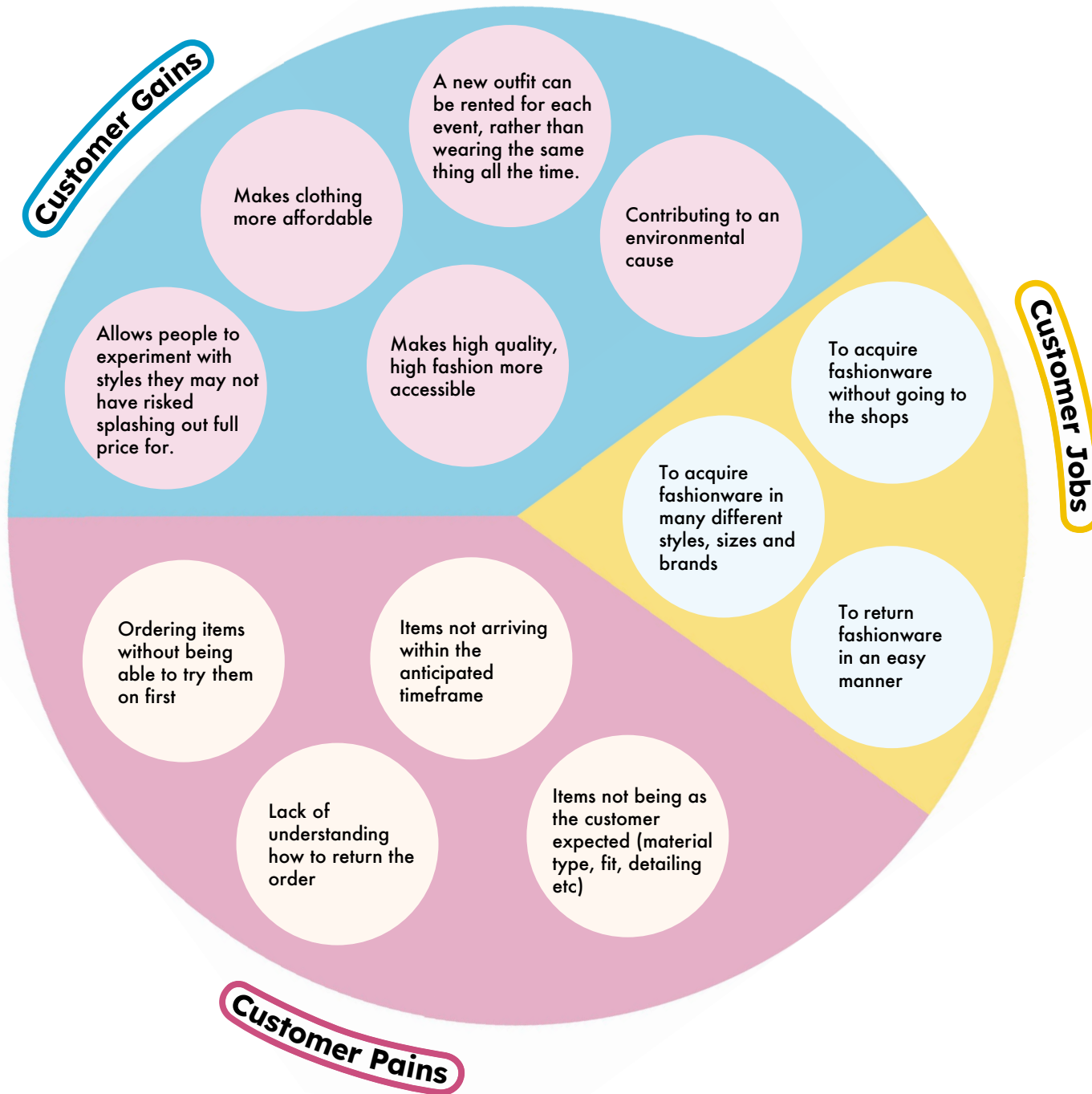
customers, the 'fundamental gain' might be that your product or service, adds value, or improves the quality of their business offering.

**Expected gains:** What are the relatively basic benefits that customers would expect from your solution, even if using your product or service could technically meet their needs without them? For both B2C and B2B customers this includes the aesthetics of a product or service, or proof that the environmental and social credentials of a product or service are evidence based. For example, a laptop's design, materials, and finish should result in a stylish and functional product.

**Desired gains:** What are the gains that exceed customers' expectations and would greatly enhance the experience of using your product or service if fulfilled? Typically, these are benefits that customers would express if directly questioned. For both B2C and B2B customers this could be about increasing the durability and therefore lifetime of the product to reduce costs overall. For example, a laptop should have a long battery life.

**Unexpected gains:** What are the benefits from using your product or service that surpass both customer expectations and their desires? They are your innovations that customers wouldn't have thought of, even if prompted. For example, a laptop with an adjustable stand or keyboard layout optimised for comfort, could help customers maintain better posture and reduce the risk of repetitive strain injuries compared to traditional laptop designs.

The fictional example on the following page, again for a rental fashionware company, shows how the customer profile map has been completed.



# Stage 3: Customer journeys



The Customer Journey is how your customer engages with you and experiences your product and services. By creating and using a Customer Journey map, it will help you to better understand the key points where you interact with your customers and what the important pains are at these points and the priority gains being sought by your customer.

You will need to create a Customer Journey Map for each customer segment or persona. You've already developed your personas and customer profiles, so in this task the aim is to map the work you've done to how customers will connect with you and use your products and services. The aim is to help you prioritise the support and systems you need to implement throughout the customer journey, and what internal and external support you may need to make it happen. It will also highlight areas of the journey you haven't thought about and where you may need to consider compromises and to make your business model viable. Useful resources and information on developing and using Customer Journey Maps can be found here:

- [Clarasys Creating Customer Experiences Toolkit](#)
- [Mindtools How to create customer journey maps](#)
- [Miro customer journey map templates](#)
- [Gary Fox Customer Journey Map canvas](#)
- [Government Communications Service customer journey mapping](#)

## Did you know?

All Customer Journey Maps have at their heart at least five key stages of needs for your business that map to behaviours of your customer.

**Awareness:** Customers need to become aware of your product or service. They need to quickly understand what your product or service is. They need to know what is good and better about your product or service.

**Investigation:** Customers need clarity on the environmental, emotional, social and economic value for them. Customers need to become motivated to consider your product or service. Customers need to be able to readily compare your product or service against competitors.

**Decision:** Customers need to accept the economic commitments and complete the transaction steps.

**Use:** Customers need to receive the product or service they thought they were getting. Customers need to have the skills and knowledge to use the product or service effectively. Customers need to use the product or service seamlessly.

**Loyalty:** The product or service needs to meet or exceed expectations. Customers need to become loyal and continue to prioritise you as their business of choice. Customers need to become advocates of your products or services.



Having decided which persona to start with, download a free template, from one of the links provided above, to design your own Customer Journey and decide which Stages of the customer journey you want to focus on.

For each stage of your customer journey you will need to carry out the following steps.

- **Step 1: Touchpoints:** “Touchpoints” are how customers interact with you. These could include face to face activity at trade fairs or walking into a shop or venue, online searches or use of social media, email campaigns or adverts, sales calls from your sales force, conferences and product demonstrations. Making sure your customer has a positive experience at key touchpoints means ensuring you understand the jobs, pains and gains of the customer and which ones are important to them.
- **Step 2: Mapping:** Understanding which jobs, pains and gains occur at which part of the journey of engagement with you is important to be clear on what you can control and make more positive for your customer. Addressing pains and providing gains in the early stages of the journey is more likely to keep your potential customer engaged with you.
- **Step 3: Ranking:** Not all jobs, pains and gains are equally important, frustrating or relevant for your customers. To get a sense of your customer priorities and ensure your Circular Economy Value Proposition focuses on the things your customer really cares about, you will need to rank the jobs, pains and gains for each stage. Use the template on the following page to help with this ranking exercise.

### Touchpoints

For each of the stages of the journey, ask yourself how will the customer get to know us and what do we need them to do? Mark these as touchpoints, e.g. webpage.

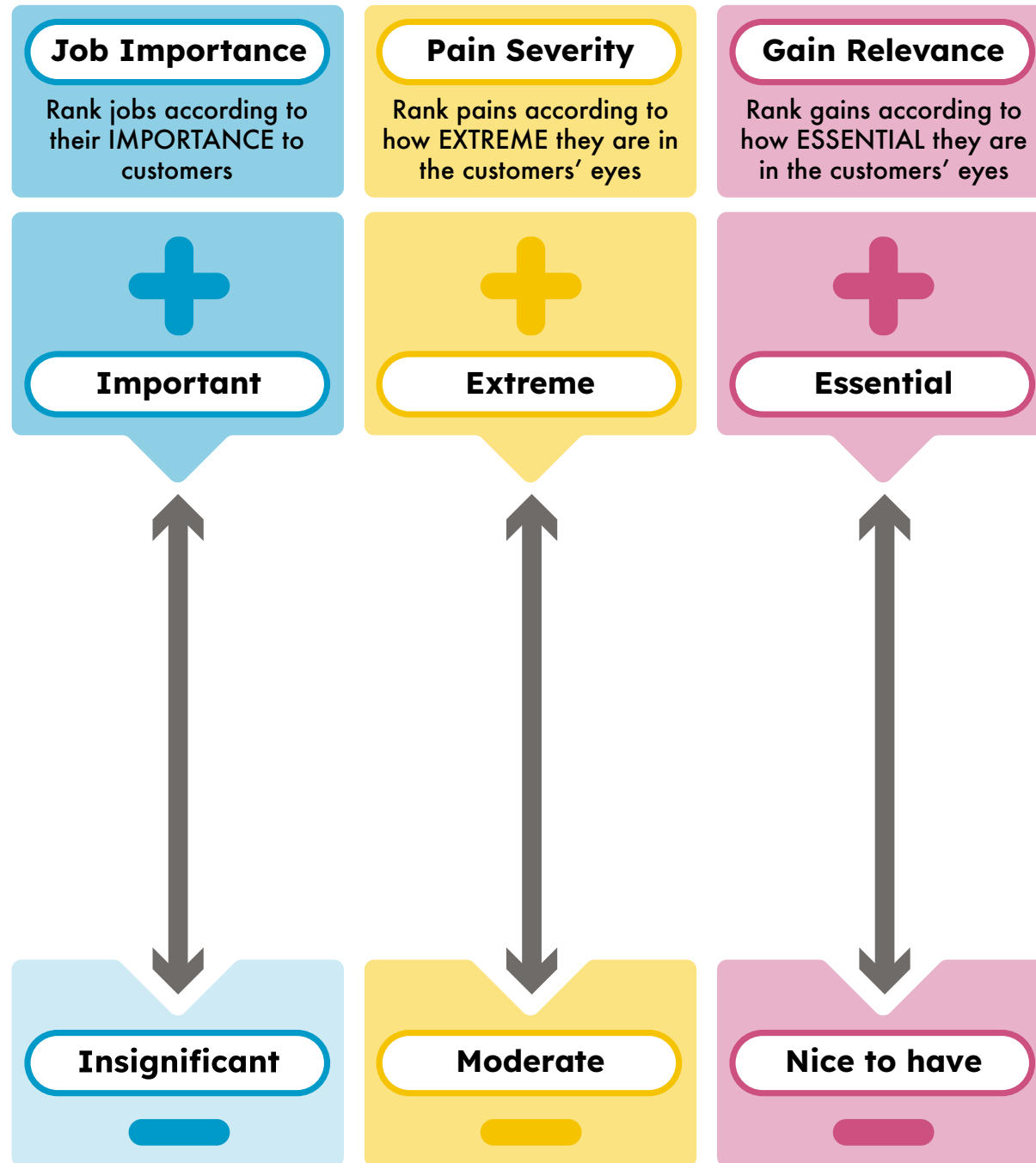
### Mapping

For each touchpoint list the actions you need your customer to take, e.g. are you wanting them to read something, listen to something, taste something, trust you, act quickly, pick up the phone and call you, pay a higher price than other products available?

### Ranking

Of course, the main action you need is for them to choose your product or service over others and value the efforts you've put in to embed circular economy principles.

You are now ready to complete your Value Proposition canvas and prioritise your next steps in developing a Circular Economy Value Proposition that resonates best with your customers.

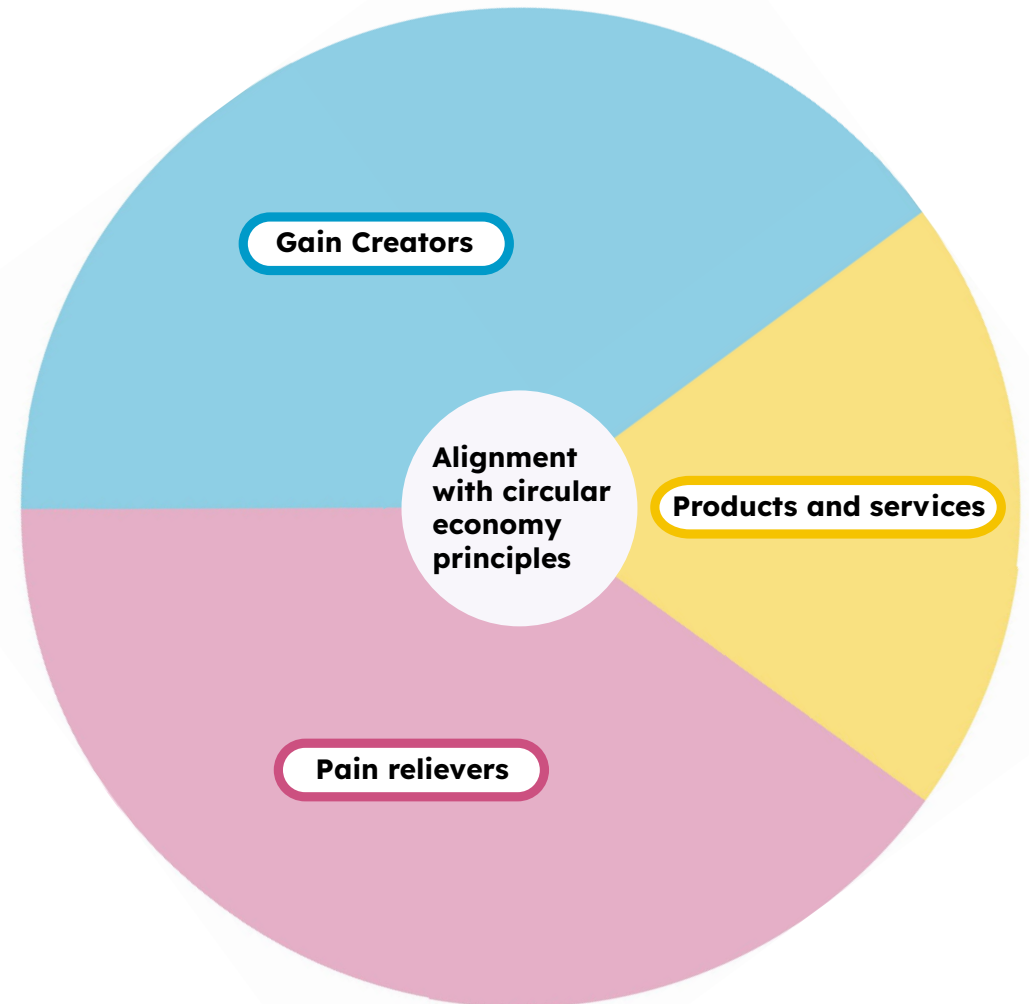


# Stage 4: Value proposition mapping



The focus is on mapping out how your products and services and your embedded circular economy principles create priority gains and relieve the worse pains for your different customers. Through this process you should be able to see how you may need to adapt your product or service and how you should communicate your idea.

By using the value proposition canvas template you bring together the outputs of your Sustainable Business Model Canvas and your deeper understandings of your customers, gained from the customer personas, profiling and journey mapping activities.



## 4.1 How to use the value proposition canvas

Use the Priority Gains and Pains template to be clear on the differences between 'pains' and 'gains', and 'pain relievers' and 'gain creators'. Taking the fictional Customer Profile shown [page 15](#) as an example, the 'pain relievers' and 'gain creators' would look something like this:



Step 1 is likely to be the same for your different Customer Personas but steps 2 to 4 will always differ between or within different B2C or B2B markets.

For each of your priority Customer Personas you will need to complete a separate canvas and carry out four steps.

**Step 1: Circular economy principles.** Summarise the environmental and social values of your products and services.

**Step 2: Products and services.** List the products and services of your proposed value proposition aimed at the Customer Persona.

**Step 3: Pain relievers.** Outline how your products and services will help alleviate customers' pains along the Customer Journey including the removal of unwanted outcomes, problems or risks. This isn't about copying the identified pains onto the map, this is a descriptor of HOW your product or service will alleviate the pain. Keep each pain reliever separate.

**Step 4: Gain creators.** Outline how your products and services will deliver gains that your customer expects, desires or would be surprised by at important stages of the Customer Journey. Again, this isn't about copying the identified gains onto the map, this is a descriptor of HOW your product or service will create a gain. Keep each gain creator separate.

## Top tips

Top tips for completing the value proposition canvas

- Only include products and services targeted at the specific priority Customer Persona.

- Remember pain relievers and gain creators are descriptions of how your products or service helps or adds value to the customer – it's not the product or service or pain and gain.
- Ensure the pain relievers and gain creators relate specifically to the jobs, pains and gains defined in the customer profiles and Customer Journey Maps.
- Stay focussed on jobs, pains and gains across the customer journey that you can influence as you won't be able to tackle everything at once.

Depending on how much you have focussed on prioritised pains and gains that you can influence, identified in the Customer Journeys activity, you may find that the Value Proposition canvas looks very crowded. Although this can be a good thing, you will need to be pragmatic in terms of where you need to focus your efforts in the short, medium and long term in alleviating pains and creating gains for customers and at what stage in the Customer Journey.

# Stage 5: Problem-solution fit



This is the time to reflect on how your value proposition fits with your customers' priority needs and desires. The aim is to give you confidence that what you are offering and what your customers want aligns well and prepares you for developing your product and testing your market.

The two steps to be carried out are:

- **Assessing your fit:** Reflecting on what you thought your customers wanted at the beginning and how this has changed. Remember, you don't have to excel in everything, having just a bit more than a competitor can be all that it needs. Don't forget to be honest with yourself.
- **Testing your proposition:** The only way to know if your proposition has value is to see what others think of it. You will need to take time to test your proposition by asking for help from people within your networks, in your industry, from mentors, from circular economy community forums and from your target customers.

## 5.1 Assessing your fit

- On page 13, nine questions were posed on how to make a great Circular Economy Value Proposition. Use the Problem-Solution Fit template to score yourself from 1 to 5, where 1 is a little, to 5 is a lot. Consider a score of 3 as the marker that aligns you with your competitors.
- Upon completing your scoring, decide what level of risk is acceptable for you. If you don't think you've got a good enough score, to avoid wasted effort and expense testing your proposition, the best step is to review the outputs to date and ask yourself what do I need to look into further to give me more confidence?



For my customers, how much does my Circular Economy Value Proposition:	Score				
	1	2	3	4	5
Focus on what matters most about these products and services					
Focus on the unsatisfied sustainability needs, values and wants of these products and services					
Target the functionality and sustainability priorities very well					
Meet the emotive and social needs and values associated with these products and services					
Measure up to what success looks like for these types of products or services					
Meet the product and service needs of a lot of customers					
Align with the level of willingness to pay more for these type of products and services					
Provide something different from my competitors about these products or services					
Significantly outperform aspects of the functionality and sustainability of these type of products or services provided by my competitors					

## 5.2 Testing your proposition

Consider conducting surveys or focus groups or carrying out experiments using prototypes, but whatever you do, make sure messages always comes back to how your product or service helps customers gets their jobs done, addresses the worst pains and creates essential gains.

When testing your proposition, feedback won't always be positive. The [“mastering the art of critique”](#) guidance from Strategyzer will help you understand differences between opinions, experiences and facts and how to manage feedback.

The following resources provide useful guidance and templates for obtaining feedback on your value proposition:

[Clarasys Circular Business Model pilots](#)

### Do's and don'ts in presenting your proposition

DOs	DON'Ts
Keep it simple	Avoid complex descriptions and terms
Make it tangible	Present abstract ideas or ideals
Follow a storyline	Provide a random flow of information
Focus on what matters	Brain dump everything you know
Keep it customer-centric	Focus on product/service features
Structure your information	Deliver all information at once
Use media support effectively	Overcomplicate use of media or avoid visuals





A useful tool in getting constructive feedback is to use the de Bono's thinking hat method, which can be used in small focus groups or online panels. You'll need a strong facilitator to manage the interactions. Using this method helps to avoid endless arguments and ensures everyone present has a say. There are 6 hats, but the facilitator is the one wearing the Blue Hat at all times!

In a workshop session, after you've spent 5-15 minutes presenting your Circular Economy Value Proposition, all participants adopt the same colour hat at the same time to represent the different type of feedback you're looking for. Repeat this for each coloured "hat" category. You don't have to use all hats for the exercise, as it depends on the type of feedback you're looking for.

	<p>The White Hat calls for information known or needed. "The facts, just the facts."</p>
	<p>The Yellow Hat symbolizes brightness and optimism. Under this hat you explore the positives and probe for value and benefit.</p>
	<p>Risks, difficulties, problems - the Risk Management Hat. Probably the most powerful hat, but a problem however, if overused. Spot difficulties where things might go wrong, why something may not work, inherently an action hat with the intent to point out issues of risk with intent to overcome them.</p>
	<p>The Red Hat signifies feelings, hunches and intuition. When using this hat you can express emotions and feelings and share fears, likes, dislikes, loves and hates.</p>
	<p>The Green Hat focuses on creativity; the possibilities, alternatives, and new ideas. It's an opportunity to express new concepts and new perceptions.</p>
	<p>The Blue Hat is used to manage the thinking process. It's the control mechanism that ensures the Six Thinking Hats® guidelines are observed.</p>

# The big picture - business planning

You've come to the end of the toolkit. If you've worked through all the stages you should now have a clearer picture of your Circular Economy Value Proposition. And it's time to go back to the beginning!

Take a new Sustainable Business Model Canvas template and rethink your business model from your customer's perspective using the outputs of all the tasks. Now you've got a clear picture of your business model, your Circular Economy Value Proposition and have started testing it, it's time to develop your business plan.

Visit [Zero Waste Scotland](#), [Business Gateway](#) or [Find Business Support](#) to find out more about the help you can get.



# Useful information

## Circular Business Models

- [30 Ideas Cards](#), Case studies from Scottish businesses, Zero Waste Scotland
- [Circular Economy Accelerator](#), Circular ideas generating toolkit, Zero Waste Scotland
- [Circular business models in action](#), Ellen MacArthur Foundation
- [Sustainable Business Model Canvas](#), Loïc Bar

## Value Proposition Design Guides and Toolkits

- [Value Proposition Design Guide book and companion tools](#), Strategyzer
- [Creating Customer Experiences in a Circular Economy Toolkit](#), Clarasys and University of Exeter
- [Circular Business Model Innovation Toolkit](#), R2PI project, European Union

## Customer Personas

- [Personas](#), Interaction Design Foundation
- [User Experience Personas](#), UX Design Institute
- [7 Persona Examples](#), HubSpot
- [Customer profiles and personas templates](#), Smartsheet

- [Using Personas to Exploit Environmental Attitudes](#), Carey et al.

## Customer Profiles

- [Pains and Gains – Understanding Customer Needs](#), Digital Leadership
- [What is Customer Profiling?](#), SurveyMonkey
- [Consumer Profiling – the Beginners Guide](#), GWI

## Customer Journeys

- [How to Create Customer Journey Maps](#), Mindtools
- [Customer Journey Map templates](#), Miro
- [Customer Journey Map Canvas](#), Gary Fox
- [Customer Journey Mapping](#), Government Communications Service

## Testing your Value Proposition

- [de Bono's thinking hat](#), de Bono Group
- [Roadmap to test your value proposition](#), Strategyzer

## Legislation

- [Environmental Guidance Netregs](#)
- [Green Claims Code Competition and Markets Authority](#)



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