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# Iterating eCommerce Business Ideas Using the Lean Startup Methodology

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For the past 6 years I have worked in the field of eCommerce. This has provided me with an interest and an opportunity to found my own eCommerce company. There have been many ideas in the drawer of my business ideas during the past years, but as the opportunity for conducting this study came, I knew this was the right time and place to start acting on these business ideas. During the past two or three years I have also been very interested in the Lean methodology as this is also touching closely to my work in eCommerce business and product development. This thesis was a great opportunity to combine the founding of my own company and studying the Lean methodology, and I am truly grateful and happy for this opportunity.

I would like to acknowledge the great help, support and understanding provided by especially my thesis instructor Dr Thomas Rohweder. In addition, I would like to thank lecturer of Helsinki Metropolia University of Applied Sciences Zinaida Grabovskaia and Dr Satu Teerikangas, Head of Master's program in Industrial Management until 2017, who provided me with valuable comments and advice throughout the process. In addition, I would like to thank the persons that provided me with feedback about my business ideas in the interviews and my employer for giving me the opportunity to participate in the Industrial Management Master's Degree. Finally, I would like to thank my family for support during this hectic time.

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<p>This thesis focuses on finding the eCommerce business idea to optimize further using Ries' Lean Startup methodology and the Build-Measure-Learn loop, which is the core of Lean Startup. The thesis started with two initial business ideas out of which one was later chosen as a business idea to develop further. The ideas were iterated using the Lean Startup methodology, as it is a concept developed especially for start-ups and it helps to minimize risk.</p> <p>The study first analyses the two business ideas, and customer value propositions are built for them. Then based on these customer value propositions, the minimum viable products for the business ideas were built and tested using Google Adwords. The results and conclusions of this study are based on the quantitative data collected from the Google Adwords test, and based on the qualitative information collected from the customer interviews.</p> <p>The study indicated that out of the two initiative business ideas, called Ruusu and Origami, the one that should be accelerated further is Origami. The numeric results from the Google Adwords test were better for Origami. In customer interviews, uncertainties about both business ideas were discovered, but the conclusion was that the uncertainties about Origami could be worked on and, by optimizing the business idea further, it has more potential to develop than Ruusu.</p> <p>This finding is significant as this provides the opportunity and confidence to start further optimization of the Origami business idea and offers a possibility for founding my own eCommerce company based on the selected idea.</p>	
Keywords	eCommerce, Lean, Startup, Minimum Viable Product, Customer Value Proposition, Business Idea

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## 1 Introduction

The Lean Startup is a methodology which offers a scientific approach when founding and managing businesses. A systematic process and a method is formed around the development of a product or a service. (Ries 2011) The Lean Startup is especially designed for small start-ups, but it can be used within an existing bigger enterprise as well.

My passion during the past years has been to become an entrepreneur. Furthermore, I have been keen on researching the Lean Startup methodology and use this practical approach to find my first business idea. Lean is in fact something that many companies are already using and have adapted successfully. Software development is using a term agile, which basically is Lean, adapted to software development purpose. Nowadays in many companies it is discussed that it is important to be agile in everything and this has become a buzz word. But behind this buzz word there is the Lean methodology and I am keen on researching the theory and principles behind it. Therefore, this method was selected for founding an own eCommerce company, as the plan is to start a business with zero investments and the core idea of Lean Startup is to minimize risk.

The Lean Startup is founded by Eric Ries, an American entrepreneur, blogger and author. His definition of a startup is as follows, "A start-up is a human institution designed to create a new product or service under conditions of extreme uncertainty". (Ries 2011: p37) This is a great definition as indeed in founding a company, there is always risk factor in place. Whether there is zero starting money or big investors behind the company, the risk is always there and Lean Startup has been developed to minimize this risk. Ries (2011) is also highlighting that this definition does not determine what is the size of the company, the industry or whether the startup consists of a one person or whether it is founded inside an existing corporation. The Lean Startup as such has been adapted to several industries, such as manufacturing, clean tech, restaurants and even laundry.

### 1.1 Business Context

Industry for the selected business idea is eCommerce retail. eCommerce provides endless opportunities for selling anything imaginable: retail products, groceries, software or services, as it is possible to buy virtually anything online today.

It has been estimated that global eCommerce sales will reach to \$2,352 trillion for the year 2017, covering 10% of all global retail sales. The trend has been forecasted to continue double digit growth until 2020. (eMarketer 2017) This offers an opportunity for more and more eCommerce companies to enter the market, as the market is growing, customers purchase behaviour is changing and money is spent more online than on traditional brick and mortar stores. The top reasons why people buy online today are: getting low prices (38%), shopping convenience online (35%), it is easy to compare products and prices (33%), getting free shipping (31%), saving time (30%), ease of buying (29%) and range of products available (17%). (Walker 2013)

Although for this thesis the industry being eCommerce is not the core, but in fact founding a start-up, as Lean Startup can be used for eCommerce, brick and mortar and for almost whatever possible imaginable.

## 1.2 Business Challenge, Objective and Outcome

The business challenge is to find a working business idea for an eCommerce company. There is a plan to become an entrepreneur and initial business ideas have already been developed. Now there is a need to develop these ideas further and test their commercial potential.

The Objective is *to build and test the core product offering for two initiative business ideas.*

This thesis study focuses on the Lean Startup research approach and iterate two business ideas within this framework. The theory around Lean Startup is presented and in addition some additional theories which are touching closely to new business creation and the Lean Startup. As the practical part of this thesis, two different eCommerce business ideas have been selected, which are discussed and then worked on according to the Lean Startup principles. These ideas are selected from a collection of business ideas stored for later development and they are ideas that are possible to execute without any pre-investments.

The Outcome of this thesis is then selection of the business idea which to accelerate and optimize further or the decision of change the plan completely. Possible optimization and acceleration of the selected business idea is then out of the scope of this thesis.

The scope of the outcome is the business idea suitable for the Finnish eCommerce market.

### 1.3 Outline of this thesis report

This Master thesis study is divided into 7 sections and structured in the following way. Section 2 elaborates the methods used to reach the outcome by presenting research approach and design. Moreover, the data collection and analysis plan is discussed. Section 3 covers the existing knowledge and theory on the Lean Startup methodology and certain important topics related to Lean Startup will be deep-dived more in detail.

Section 4 analyses and discusses the two alternative business ideas and their customer value propositions and in addition, also the first initial discussions with example customers are conducted. In Section 5, the core products for the two different ideas are built and in Section 6 the practical testing part is conducted including the tests with actual customers. Section 7 covers the conclusions, next steps and the outcome where the most potential idea is possibly chosen for further acceleration. Section 7 also includes the thesis evaluation.

## 2 Method and Material

This section discusses the research processes and data collection for this thesis.

### 2.1 Research Approach

The research approach in this thesis is a case study. Rober K. Yin (2003) suggests that a case study includes an empirical investigation when there is no clear understanding of the phenomena and its context. The case acts as the main unit of analysis in a case study, but at the same time the case study may have nested case studies within the main unit. This way it can include single or several cases in consideration that it studies the same problem. To effectively accomplish a case study, Yin suggests that the case should be bounded, not too broad and it needs to address one clear objective. Case study can include both quantitative and qualitative data which rely on multiple sources of informants. (Yin 2003)

This study adapts the case study method by applying the framework of the Lean Startup methodology. The case study research approach, with the help of the Lean Startup methodology, is applied for exploring two 'cases' (i.e. business ideas) and selecting between the two business ideas of which core products will then be tested with real customers. The study incorporates the elements of the Lean Startup methodology for iterating the business ideas from idea to results, thus providing a good foundation for exploring both ideas in detail. The Lean Startup methodology also helps to construct the core products for the two alternative business ideas, measure the results after testing the core products and in the end, learn by analysing the results and decide on the actions to be taken before the next iteration round.

### 2.2 Research Design

In Figure 1 the research design for this thesis is presented. First, the existing knowledge on the Lean Startup concept is explored covering the basic theories of Lean Startup including Minimum Viable Product, Pivot and Persevere, and in addition, presenting some topics which touch closely on the Lean Startup such as Lean Canvas and Customer Value Proposition. Furthermore, in this section, innovation and the ways of finding a new business idea is discussed. This step then identifies and ties together the key elements from these discussed topics into the Conceptual Framework of this thesis.

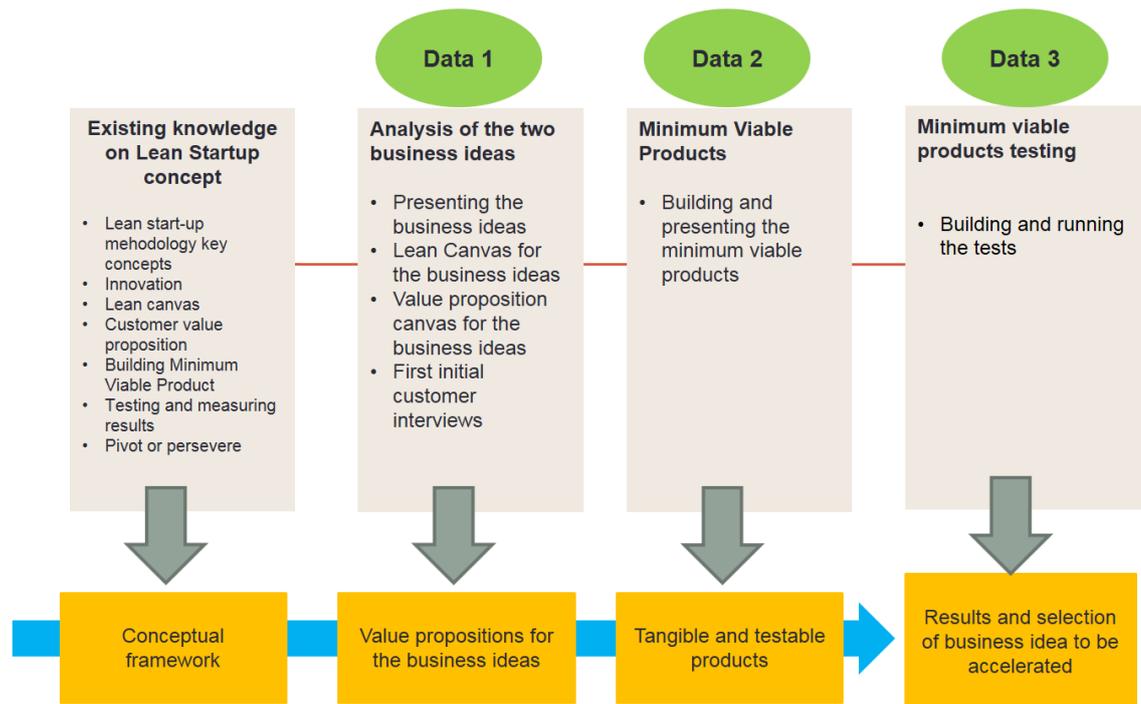


Figure 1. Research design.

As seen from Figure 1, the second step is the analysis of the two initial business ideas, which is conducted covering the two selected business ideas and creating Lean Canvases for them. Furthermore, the two customer value propositions for these business ideas are discussed and Value Proposition Canvases created to structure them. This step also includes the first data collection phase (Data 1) of this thesis and the outcome is the two customer value propositions for the business ideas which will be tested.

Third, the second data collection phase (Data 2) of this thesis is generating the tangible and testable products. This is achieved by building the core products or the minimum viable products for the two business ideas based on the customer value propositions built in the previous step.

Fourth, the actual testing of the core products or the minimum viable products is done by building and discussing the testable products. This is also the third data collection phase (Data 3) of this thesis which is generating numerical data and metrics. These results are then analysed and concluded in the final Section with the selection of a business idea to be accelerated further

### 2.3 Data Collection and Analysis Plan

Figure 2 presents the data collection plan for this thesis.

	CONTENT	SOURCE	INFORMANT	DATE	PLANNED OUTCOME
<b>DATA 1</b> CURRENT STATE ANALYSIS	<ul style="list-style-type: none"> <li>- Presenting the 2 alternative business plans</li> <li>- Interviews with example customers</li> </ul>	<ul style="list-style-type: none"> <li>- Business ideas</li> <li>- Interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Example customer 1</li> <li>- Example customer 2</li> <li>- Example customer 3</li> </ul>	<ul style="list-style-type: none"> <li>- 10.2.2018</li> <li>- 10.2.2018</li> <li>- 10.2.2018</li> </ul>	<ul style="list-style-type: none"> <li>- Initial feedback on the business ideas</li> </ul>
<b>DATA 2</b> MINIMUM VIABLE PRODUCT	<ul style="list-style-type: none"> <li>- Landing page minimum viable product</li> </ul>				<ul style="list-style-type: none"> <li>- Website landing page</li> </ul>
<b>DATA 3</b> TESTING PHASE	<ul style="list-style-type: none"> <li>- Testing the minimum viable products with Google Adwords</li> </ul>	<ul style="list-style-type: none"> <li>- Google Adwords</li> </ul>			<ul style="list-style-type: none"> <li>- Metrics which will be used as a base for decision making</li> </ul>

Figure 2. Data collections 1-3 (plan).

As seen from Figure 2, Data 1 is collected as qualitative data in the form of the so-called current state analysis which presents the two alternative business ideas. Data 1 also includes the first interviews with example customers.

The customer interviews were conducted with few simple questions that highlight the customer value proposition for the business ideas. The customer interviews were conducted with three different interviewees who fit in the customer segments of the business ideas. The interviewees were given the questions in advance and they had the option to hand out the replies in written format. Table 1 presents the interview questions used to collect Data 1.

Table 1. Interview questions for both the business ideas.

	<b>Business idea Ruusu - Questions</b>	<b>Business idea Origami - Questions</b>
1	Have you ever purchased gifts for a friend or family member from an online store?	When purchasing perfume, what are the top reasons to pick a certain perfume? What are the key decision points?
2	If not, why?	Have you ever purchased perfume online?
3	What are the biggest problems you have faced when shopping (online or offline) a present for someone?	If not, why?
4	Do you value the possibility to have your gift wrapped already in the shop?	Do you usually stay loyal to one chosen perfume or do you often try new fragrances?
5	Do you ever make a purchase decision based on getting gift wrapping options in the shop (offline or online)?	How much does the brand of the perfume matter to you when making a purchase decision?
6	If you have been invited to a party or a celebration (birthday, graduation etc.) and it is not possible for you to join, do you usually still deliver a present for the person who invited you?	How important is the packaging and design of the perfume?
7		How important are ethical aspects, when making a purchase decision, such as the product being organic produce or the fact that it has or has not been tested on animals?
8		Would it affect your purchase decision in case the perfume was produced in Finland?

Data 2 is collected when creating the core product or the minimum viable product, which in the scope of this thesis relates to building and using the so-called landing page minimum viable product. The minimum viable product is built using the best practises from Lean Startup, combined with the value proposition built in the first data phase.

The Data 3 is collected when the minimum viable products for the two alternative business ideas are being tested and in this phase the data is collected quantitatively, which helps with the conclusions when there is real numeric data to analyse. The participants in the testing phase are anonymous internet browsers as the test is conducted with setting up Google Adwords advert on the Google front page.

### 3 Existing Knowledge on the Lean Startup Concept

This section discusses the theory behind the Lean Startup and goes into the details of the most important theories regarding the scope of this thesis. This theory and the methodologies are being used to build and iterate the business ideas presented later in Section 4.

#### 3.1 Introduction to the Lean Startup Methodology and Its Core Principles

Presently, in the world there are more entrepreneurs than ever, and this has been possible due to drastic changes in the global economy. (Ries 2011) There is an entrepreneurial renaissance on-going worldwide currently and there has never been such an ideal opportunity to become an entrepreneur. In addition, the cost of building new products and services has never been this low, when there are such tools available as the Internet, cloud computing and open source software. (Maurya 2012) Therefore, anyone who has ever dreamed of becoming an entrepreneur should now start acting on it, as this is an ideal state in the world to give it a try and to even succeed.

Often though, there are stories about failed product launches, products being pulled out from sales only a few weeks after the release and other unsuccessful ventures. This is wasting our most valuable resources of time, passion and skills of people. (Ries 2011) It is causing frustration and throwing also money in to waste. Why this happens, is understandable as usually the initial business plan a start-up has, is built on untestable hypotheses and thus rarely the first initial idea is the one that really works. (Maurya 2012) The Lean Startup movement has been invented to prevent this from happening. (Ries 2011) This is why any new entrepreneur has the opportunity to start using the Lean Startup principles and reduce the risk of their own valuable time and money.

The Lean Startup gets its name from the Lean manufacturing revolution that was invented by Taiichi Ohno and Shigeo Shingo at Toyota in the 1990's. (Ries 2011) The aim of Lean manufacturing or simply "Lean" is to eliminate waste and make the whole production cycle more efficient and at the same time to provide more value for customers. (Ries 2011) The Lean Startup is adapting this methodology and the ideas to the context of entrepreneurship and it can be used in any industry, varying from software development to selling products in a brick and mortar store. The Lean Startup is a new approach

to product development, which is simultaneously highlighting fast iteration rounds and customer intel.

The Lean Startup has become so massively popular as previously the approach in founding a new company has been to first write an extensive business plan, spend time and money to build the product or service based on this business plan, and then just execute everything hoping for the best. (Ries 2011) This is a risky approach, as often business plans are built in a way that even very little mistakes in assumptions can lead to catastrophic results. An idea might sound unique and really something that will revolutionize a business, but before it has been iterated and tested with real customers, it is worthless. (Ries 2011) One good real-life example of this kind of approach is Shark Tank -like programs where entrepreneurs are presenting their business ideas to a panel of investors only on a few Power Point -slides, and only based on this information the investors should make up their mind whether they should invest tens of thousands of dollars into this idea which has no customer validation.

Research from 2014 says that 9 out of 10 start-ups fail, the biggest reasons being: there is no market need, business ran out of cash, there is not the right team in place and the business got outcompeted. (Griffith 2014) More interestingly, out of those start-ups that actually succeed, two thirds are saying that they did a major change in their plans at some point. (Maurya 2012) Therefore, it can be stated that what really differentiates successful start-up from unsuccessful one is not really their initial idea or plan, but rather that they found a plan that worked before running out of resources. (Maurya 2012) Therefore, it is important for entrepreneur to be bold enough to change plans rather than push the initial idea through when it is not clearly getting the needed market traction.

Thus, instead of making complex and extensive business plans that rely on a lot of assumptions, in the core of the Lean Startup model is the Build-Measure-Learn feedback loop (Ries 2011), presented in Figure 3, which is a steering wheel to any product or service development emphasizing constant adjustment and development. The goal is also to minimize the time through this loop. (Ries 2011) During this process, it is also easier to learn when to make a sharp turn in plans, which Ries (2011) calls “pivot” or whether everything is on the right path and it’s possible to persevere the current direction. The Lean Startup methodology helps companies to become cost-efficient by giving start-ups an opportunity to recognize sooner that it is time to pivot, creating less waste of money and time. (Ries 2011) In lean thinking, anything else than providing benefit to the

customer is considered as waste and anything that has been done in the product or service development that has not contributed to learning has also been waste. (Ries 2011) Figure 3 illustrates the Build-Measure-Learn loop and the steps where the business idea is first built based on the business idea, then a product is developed and results are measured and finally data is collected and lessons learned before the next possible round through the loop.

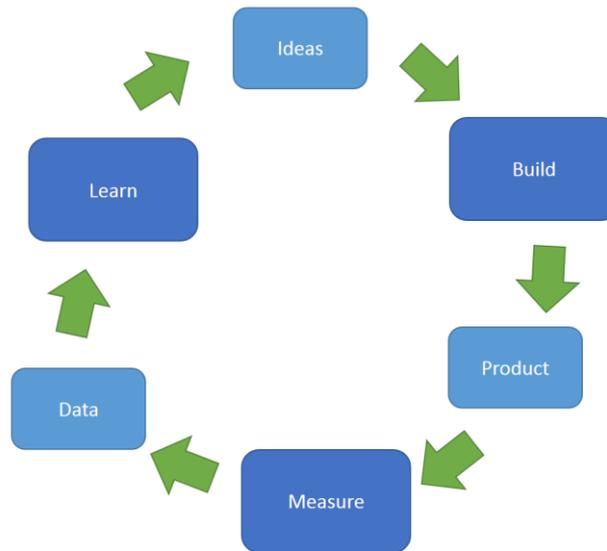


Figure 3. Build-Measure-Learn feedback loop (adapted from: Ries 2011: 81).

As seen from Figure 3, the Lean Startup is challenging the traditional product development. A very typical approach for product development is to build a solution before knowing that the customers have a problem. Therefore, the Build-Measure-Learn loop is an ongoing development cycle to validate that the customers in fact have this problem that the start-up assumes. (Ries 2011) Furthermore, The Lean Start up is encouraging the start-up founders to first answer the following four questions to discover whether the assumed problem really exists. (Ries 2011)

Table 2. Initial Lean Startup questions to the entrepreneur (Ries 2011).

<i>Initial Lean Startup questions to the entrepreneur</i>	
1	Do consumers recognize that they have the problem you are trying to solve?
2	If there was a solution, would they buy it?
3	Would they buy it from me/us?
4	Can a solution for that problem be built?

After finding the first initial business idea based on the questions shown in Table 2, building the product or service begins, which starts with setting up an experiment. (Ries 2011) The goal of every start-up experiment is guided by start-ups vision and how to build a sustainable business around this vision. (Ries 2011) Experimenting starts with stating a hypothesis on what is supposed to happen. After stating the hypothesis, the assumptions are tested empirically. The two most important hypotheses, according to Ries (2011), are value hypothesis and growth hypothesis. The value hypothesis tests if the product or service is delivering the expected value to customers and the growth hypothesis tests how new customers will discover the product or service. In the Lean Startup, experiment is also the first product. If a company discovers that one of the hypotheses are false, it is time to pivot this strategic hypothesis. (Ries 2011) But before a start-up can find their vision and business idea, innovation is needed.

### 3.2 Innovation for Finding New Business Ideas

In the Lean Startup, companies have a clear vision on what is a world-changing business and this vision needs a strategy where business model and product roadmap are built. (Ries 2011) Furthermore, there needs to be also an understanding about competitors and partners and a point of view about who the customer will be. (Ries 2011) The product is the end of this strategy and the product changes constantly though optimization, but the overall vision rarely changes. (Ries 2011) A clear and a meaningful vision is often the power that guides businesses through tough times. There might be several iteration rounds for the product or service, but when there is a strong vision, the team has the motivation to bring out this vision for the customers. Only then the product needs to be developed such that it serves the customers' needs.

Innovation is a big contributor to a company's success story. Startups use many kinds of ways to innovate, for example coming up with a business model that reveals value that was not there before, repurposing existing technology for a new use, or simply bringing products or services to a new marketplace. (Ries 2011) No matter what the industry is in these cases, the organization is committed to offering new kind of value for their customers and cares about what the impact of the product or service will be. Ries (2011) believes that a company's guaranteed way of getting to growth path, is to set up an "innovation factory", which uses the Lean Startup methodology to come up with new innovations constantly. In addition, it is impossible to learn if the company has not prepared to

also fail from time to time. (Ries 2011) When discussing about lean, a buzz word “fail fast” is often also discussed. The Lean Startup is enabling the companies to fail fast by rapidly revealing whether there is any customer traction for the product in the market or whether new kind of innovation is needed.

A person might not see themselves as an entrepreneur directly, but all people are creators and innovation is possible for everyone. Martin Amor and Alex Pellew (2015) are discussing innovation as finding new stimulus for the brain. It can be also done systematically by feeding the brain constantly new stimulus to use it in daily idea generation. This can be done as simply as traveling to new cities and countries, listening to new music, trying a new hobby or even just by taking a new route to work. (Amor et al. 2015) It also makes sense to think what one loves doing, what is a pastime that one treats themselves with or do when there is couple of hours of extra time. (Amor et al. 2015) If one gets into a “flow” mindset when doing something, even a very simple task, it might be something that could develop into a great innovation and a business idea. (Amor et al. 2015) Innovating for something because it promises money or prestige is a risky strategy, because the money might not arrive, thus innovation should be focused on pure passion on doing things and having fun. (Amor et al. 2015) In addition, it is not necessary to be original or the business idea to be unique. The history of ideas is interconnecting ideas, where one idea inspires the next. What makes the business idea truly unique is more how it is done. (Amor et al. 2015) Therefore, when innovating and thinking of new business ideas, it does not matter in case someone has already come up with a similar idea. More important is that the same idea is done in a way which reveals new value for the customers, has more interesting brand, more appealing vision or anything that makes it possible to outcompete the existing business.

James Watt (2016), co-founder of Brewdog, is also highlighting that it is not enough just to innovate a business idea, but there should be a mission behind. The biggest challenge is to give people reason to care and that reason is the company’s mission. (Watt 2016) Business needs to be started for right reasons and making money is not a good enough reason. Having a mission enables everything to be placed in a context of higher meaning and purpose and aligns everyone within the business towards a common goal. (Watt 2016) The tighter everything revolves around the mission of the company the more the products and services resonates with customers and the easier it is to turn customers into fans. (Watt 2016) What makes a successful business in today’s world, is a high

retention rate of customers. When customers have been turned into fans, it is sure to have the retention rate peaking.

When in the innovation process for a new business idea or hypothesis, Steve Blank's (2014) "get out of the building" method is often mentioned, which basically means that there is no really new information inside the company, when it comes to the customers, but entrepreneur should get out of the building, discuss with potential customers, collect qualitative information and learn this also this way. The vast amounts of information about customers, markets, channels, and suppliers exist only "outside the building" and therefore start-ups need to create tight contacts with potential customers to understand their problems and needs. (Blank 2014) Customers do not always know what they want and thus the goal of these early contacts with customers is not to get definitive answers, but instead it is just a method to understand the potential customer and their problems. (Blank 2014) The learnings need to be then backend up with empirical data collected from customers. (Blank 2014) Making customer interviews might first sound like a lot of work, but starting with interviewing friends and family members first and then moving on to interview also people one does not know might be an easier approach and in the end vast amounts of valuable data is collected.

After finding the business idea, which revolves around the company vision and mission, the next logical step is to explore the customer value proposition that is built around the product or service, for creating competitive advantage.

### 3.3 Customer Value Proposition

In every industry, today, customers are bombarded with more than plenty of choices in whatever they might be purchasing. It does not matter whether the company is small or large or whether it provides products or services, there is more than enough of everything available today. Therefore, customer value proposition becomes very vital when making a difference to the competition. This is also why customer value proposition should focus more on desires and outcomes for the customer rather than details of the functionalities of the product or service.

Buying is often an emotional decision and thus the more emotionally engaging the value proposition for the product or service is, the more competitive advantage it is possible to gain. (Dawson 2013) When presenting the actual value proposition for example on the

website of the product or service, a good value proposition consists of the following features: it reminds the customer of their current pains and explains how they will achieve gains through the product or service, it presents clear benefits, it defines real value and highlights differentiation to competitors. (Ciotti 2016) Examples of excellent value propositions are for example from companies like Uber and Slack. Uber's value proposition is presented in Figure 4 below.

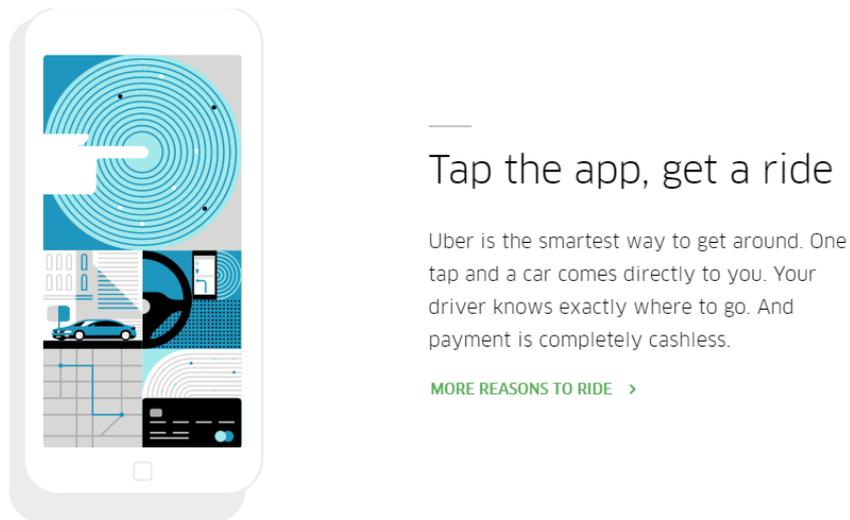


Figure 4. Uber value proposition (Shewan 2017).

As seen from Figure 4, in their customer value proposition Uber highlights everything that is painful for the customer when taking a traditional taxi and highlights how its service is superior. (Shewan 2017) In their value proposition Uber highlights the following most important gains for the customer: “only one tap and a car comes directly to you, your driver knows exactly where to go and payment is completely cashless”. (Shewan 2017)

Slack's value proposition, presented in Figure 5, highlights that “you can be more productive at work with less effort”, which is already a strong and appealing statement.

## All your tools in one place.

Connect all the tools you use to Slack and avoid all that constant switching between apps. Set up your integration so that you **get all your notifications directly within Slack**—from support requests, code check-ins, and error logs to sales leads—all of them searchable in one central archive.



Figure 5. Slack value proposition (Shewan 2017).

As seen from Figure 5, Slack also states that it makes users “working lives simpler, more pleasant and more productive”. To support these core value proposition statements, Slack has many advantages and features that makes it better than other productivity apps in the market. (Shewan 2017)

When finding the unique customer value proposition, it is also important to understand that in the beginning the product or service is not ready for mainstream customers. (Maurya 2012) Therefore, it is important to target early adopters, which requires bold and clear messaging. (Maurya 2012) A good value proposition gets in the head of customers and focuses on the benefits that the customers will derive after using the product or service. (Maurya 2012) Thus the best approach is not to use fancy language, but clear wording with a statement on what the product is all about and what it promises to do.

The founder of Business Model Canvas, Alexander Osterwalder, has also come up with a theory called Value Proposition Design. This includes Value Proposition Canvas, which is a tool for designing and testing value propositions in an iterative way. Value Proposition Design is an on-going process where the value proposition constantly develops keeping it relevant to the target customer segment. (Osterwalder et al. 2014) Value Proposition Design can be used to invent new value propositions that customers want with business model that works and to improve, measure, challenge and renew existing value propositions and business models. (Osterwalder et al. 2014) Therefore, Value Proposition Design is a great tool to use together with the Lean Startup in constantly developing the value proposition towards a direction which resonates with the customers.

Value Proposition Canvas, presented in Figure 6 below, has two different parts: Customer Profile, which clarifies the understanding of the customer segment, and Value Map, which describes how value is created for the specific customer segment.

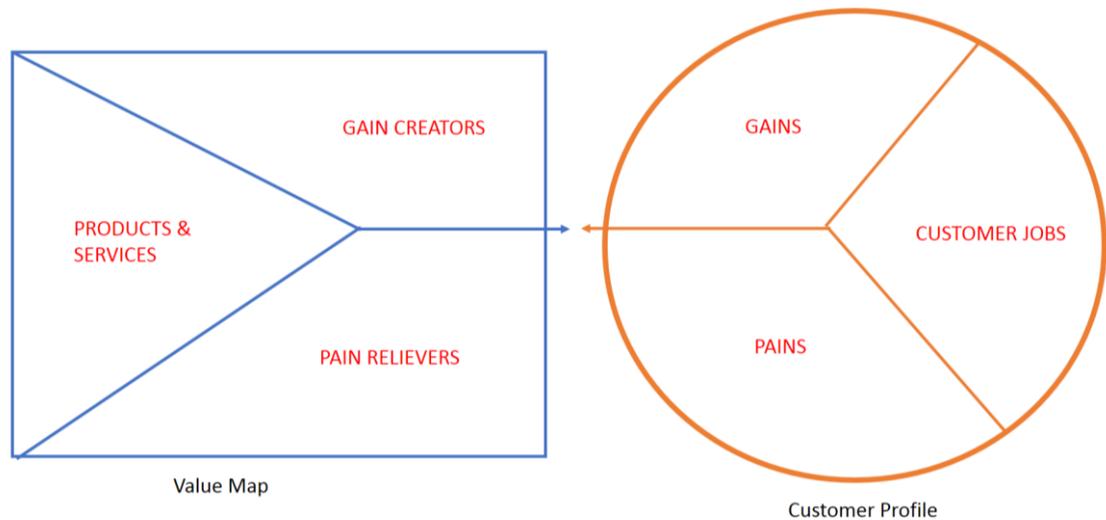


Figure 6. Value Proposition Canvas (Osterwalder et al. 2014).

As seen from Figure 6, in the core of Customer Profile are “customer jobs”, which describe what customers are trying to get done in their lives, “customer pains”, which describes the risk and obstacles related to the customer jobs and “gains”, which describe the outcomes customers want to achieve or the benefits they are looking for. (Osterwalder et al. 2014) The Value Map describes features of a certain value proposition in the business model in a structured and detailed way and it organizes the value proposition into products and services and value proposition is built around them. In addition, the Value map describes pain relievers, which present how the products and services offered are relieving customer pains, and gain creators, which present how the products and services are creating gains for the customer.

It is also important to understand that products and services do not create value alone, but only when they are in relation to a specific customer segment and their jobs, pains and gains. (Osterwalder et al. 2014) In addition, not all products and services are relevant to the customers, some are essential to the value proposition and some are more nice-to-have. (Osterwalder et al. 2014) Therefore, prioritizing the importance and relevance of the products and services is also beneficial. The same goes for pain relievers and gain creators, which can offer meaningful results and benefits for the customers. Pain reliev-

ers and gain creators are also explanations or characteristics that make the value creation of the products and services unique. (Osterwalder et al. 2014) As discussed before, it is not required that the product or service themselves are unique, but having a unique value proposition is what counts.

When Value Map meets Customer Profile, so-called “fit” is achieved, in other words when products and services produce pain relievers and gain creators which match one or more of the jobs, pains and gains that customers are finding important. (Osterwalder et al. 2014) Aiming towards the “fit” is the core of Value Proposition Design. (Osterwalder et al. 2014) Fit happens in three stages: firstly, when the relevant customer jobs, pains and gains are identified and a value proposition to address those has been built, secondly when a positive reaction to the value proposition is received from the customers and finally when business model is found, which is both scalable and profitable. (Osterwalder et al. 2014) Finding the perfect fit can be difficult, but it can be integrated in the Build-Measure-Learn loop and this way make the iteration rounds efficient.

After finding the business idea and forming customer value proposition for the product or service, the next logical step can be the actual building of the minimum viable product.

### 3.4 Minimum Viable Product

Minimum viable product is the core of the Build-Measure-Learn feedback loop Build-phase. Ries (2011: p77) states that “The minimum viable product is that version of the product that enables a full turn of the Build-Measure-Learn” – loop with a minimum amount of effort and the least amount of development time”. This means that the minimum viable product lacks a lot of features that the end-product will have and might still prove to be essential later. But it is again about minimizing waste and getting through the loop as quickly as possible by getting meaningful data from real customers as quickly as possible. The goal of minimum viable product is to begin the process of learning, not to end it and it is designed not only to answer product design or technical questions, but to test fundamental business hypotheses. (Ries 2011) In minimum viable product, the content of the product or service is tested and whether there is something that customers want.

Often start-up founders are certain that their product will bring unexpected growth and value to the market. (Moogk 2012) But for a newly launched company, it is vital to validate the hypotheses of growth and value quickly. To achieve this, the startup needs to create a version of its product or service which is ready enough to present the value it offers to the customers. (Moogk 2012) A minimum viable product will need less time to develop and should have just the essential core set of features, but on the other hand a minimum viable product should include capabilities to measure its traction in the market. (Moogk 2012) There are several possibilities how to create a minimum viable product, in fact it can be anything imaginable, as long as it presents the value proposition of the product or service within a minimum feature set that is possible to test with customers.

When new products and services come to market, the early adopters are the ones to target and after them it is possible to target the mass market. (Ries 2011) The early adopters are more forgiving to mistakes in the product and a perfect solution is not needed to get their interest. (Ries 2011) Therefore, although many product features that are on the backlog of that specific business idea development list, which often will also be requested by the customers, the start-up founders should avoid the temptation to include these features in the initial development as the time is spent more usefully when developing and running the experiments to test the minimum viable product. (Moogk 2012) This is again coming back to the Lean Startup principles with minimizing risk and reducing waste.

Ries (2011) himself learned the hard way of what not to do, when he had just launched his own company IMVU. IMVU is a website where it is possible to build an avatar and attend in an online metaverse. It was during the presidential election in 2004 in the USA and Ries (2011) and his colleagues figured that they would set up an app for IMVU which enables the customers to build an avatar on the presidential elects and engage in debates with the avatars. After hours of work they launched the service, but got zero customers to take it up, even though they tried different price points and landing page designs. After this learning, Ries (2011) has encouraged anyone with a company in the online environment to first use the landing page minimum viable product. What this stands for is that a landing page is set up with a very simple content saying what the product or service is about and with a possibility to sign-up. Then Ries (2011) recommends to open a domain, set up Google Analytics and open a Google Adwords account to set up adverts on the Google search front page. The daily budget for this kind of test can be under 5 dollars and run time one to two weeks. After collecting data on how many

customers are interested in the advert and the landing page, it is possible to know a lot more what the business will look like after actually launching the product. (Ries 2011) Lean Startup indeed is a movement where the founder himself has learned everything the hard way, which makes the Lean Startup even more wonderful.

Another good example of an MVP is a video minimum viable product. Cloud storage and synchronization service Dropbox did this when first launching their product. (Ries 2011) The founders wanted to find out what really mattered to the customers and they believed that file synchronization was a problem that not many people realized they had. Dropbox founders made a 3-minute video targeted to early adopters showcasing how the product works and after the video there was an option to sign-up for the beta version waitlist. (Ries 2011) After launching the video, the beta sign-up list went from 5000 to 75 000 email addresses over just one night. (Ries 2011) The video validated the team's assumptions that the customers really wanted the product as they actually completed the call-to-action and signed-up to the list.

A concept called minimum viable brand is also being discussed together with minimum viable product. It is an expansion of minimum viable product which is highlighting the importance of ensuring company internal focus and alignment and external relevance and differentiation. (Lee Yohn 2014) A minimum viable brand concept seeks to answer the questions of what the product or service stands for, what the company believes in, what is the target audience that the product or service seeks to engage, what are the key differentiators to others and what the product or service looks like to customers. (Lee Yohn 2014) As developer of a new solution, there needs to be a point of view about what the brand stands for and what the offering is. (Lee Yohn 2014) When brand is embracing a clear identity and unique propositioning, they tend to attract loyal and high-quality customers. (Lee Yohn 2014) To highlight this, minimum viable brand can be grounded in emotional appeal. Brand strategy can also be just a hypothesis which is then validated with the minimum viable product. (Lee Yohn 2014) The minimum viable brand could also be thought together with the customer value proposition for the minimum viable product and as an extension of it.

To help building the minimum viable product and further assist with the measure and learn phases, concept called Lean Canvas can be utilized.

### 3.5 Lean Canvas

Lean Canvas is a tool developed by Ash Maurya, who is the founder of a methodology called Running Lean. Running Lean is “a systematic process for iterating from Plan A to a plan that works, before running out of resources” (Maurya 2012: p5). Running Lean is in fact an extension to Lean Startup and provides deeper insight into actual business plan iteration. Lean Canvas on the other hand is Mauryas version of Business Model Canvas presented by Osterwalder (2014). Lean Canvas is more suited for small start-ups, highlighting risks and the whole learning curve. (Maurya 2012) It is a business model validation tool which helps to document the business model, measure progress and communicate learnings with internal and external stakeholders.

Lean Canvas, presented in Figure 7, is a one-page format canvas which is fast, concise and portable.

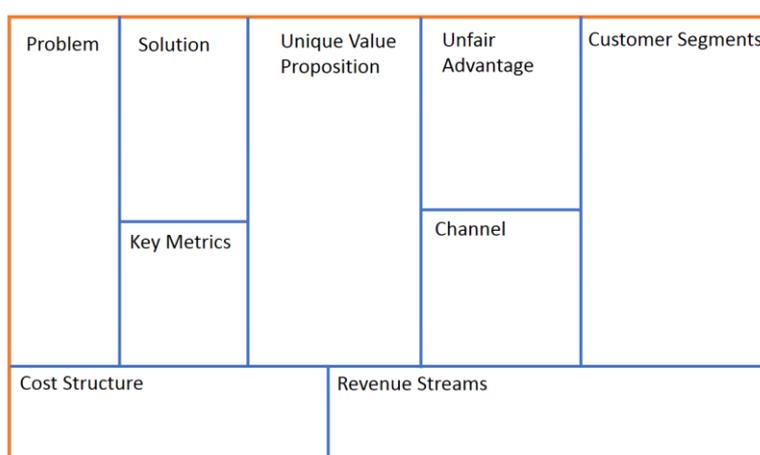


Figure 7. Lean Canvas (Maurya 2012).

As seen from Figure 7, the purpose of Lean Canvas is that it is a practical tool which allows easy way of acting on the items on the Canvas, but at the same time it is entrepreneur focused. It is a tactical and a practical plan that helps the entrepreneur in from innovation to creating a start-up that will succeed. (Maurya 2012) It might take several months to write a traditional business plan, but it is possible to write multiple business models using Lean Canvas in just a few hours. (Maurya 2012) As the canvas is only a one-pager, it really forces to pick words carefully and only to combine the most important items in the business plan. (Maurya 2012) The canvas is simple enough to share with others and therefore, it will probably be browsed through by more people in the organization and updated more often. (Maurya 2012) Being a one-pager, it makes it easy to

review the canvas for example every morning in a team meeting and to discuss whether based on recent findings and test results something should be changed.

In Lean Canvas, there are nine different sections or sub-parts for a business model. The aim is a completed Lean Canvas that presents a plan that is believed to work. (Maurya 2012) This plan is then methodologically tested in staged experiments that visit every box on the canvas in order of highest to lowest risk. (Maurya 2012) The sections on the canvas are: problem, solution, key metrics, unique value proposition, unfair advantage, channels, customer segments, cost structure and revenue streams. Maurya encourages to tackle problem and customer segment together by first defining top three problems the certain target customer segment has. The customer value proposition should be also included in the Lean Canvas by defining why the product or service is different and worth getting attention. (Maurya 2012) The solution part does not need to be fully defined or fixed in the Lean Canvas, but it is enough to sketch the simplest thing that can be built to address each problem and then at a much later stage bind a solution to the problem. (Maurya 2012) It is important to define channels, as in case the customers are not able to find the business, it will guarantee the start-up to fail. (Maurya 2012) A channel can be for example a free or a paid one, inbound or outbound, direct or indirect. Revenue stream is determining the actual money-making model for the business, in other words the pricing model and this is important as getting paid is really the first form of validation for the business. (Maurya 2012) Cost structure is all about determining what are the operational costs for taking the product to market and this can be estimated by thinking what are the costs for launching the minimum viable product and what will the ongoing burn rate look like in terms of fixed and variable costs. (Maurya 2012) Burn rate tells what is the speed of spending the capital company has currently and thus is an important metric to follow.

In key metrics box the key metrics that can be used to measure how well the business is performing are set. A good way to set the metrics throughout the whole customer journey is to use a funnel model, such as Pirate Metrics customer lifecycle funnel, presented in Figure 8. (Maurya 2012)



Figure 8. Pirate Metrics funnel (adapted from: Maurya 2012).

Finally, the unfair advantage is determined, which is probably the most difficult to fill in. (Maurya 2012) An unfair advantage is something that cannot be easily bought or copied or a value that can become a significant competitive advantage over time. (Maurya 2012) This can be for example existing customers, community or insider information.

When the business idea or ideas have been built and a systematic process is set up for measuring the success of those, it is time to start the actual testing and measuring results phase.

### 3.6 Testing the Minimum Viable Product and Measuring Results

Learning and measuring results is vital in the Build-Measure-Learn loop, as any company wants to avoid building something that nobody wants. In this case, it does not matter anymore whether the project has stayed in budget and was completed within the given timeline. For start-ups, it should not matter whether the company is receiving awards, mentions in the press or investments, but the thing that really matters is learning and receiving information on how to build a sustainable business (Ries 2011), as this is the only way the company will keep on existing.

In manufacturing and at Toyota, where Lean methodology was founded, progress is measured by producing high quality physical products. The Lean Startup describes progress differently and calls it validated learning. (Ries 2011) Eric Ries states that “Validated learning is the process of demonstrating empirically that a team has discovered

valuable truths about a start-up's present and future business prospects. It is more concrete, more accurate, and faster than market forecasting or classical business planning". (Ries 2011: p38) In the Lean Startup model, everything that is done, a new product, feature or marketing campaign for example, is understood to be an experiment contributing to validated learning. (Ries 2011) The ultimate target of a start-up is to find out what products and services to build, to know what the customers want and are willing to pay for, and do all of this as rapidly as possible. Every failure along the way is a possibility to learn how to get where the start-ups vision is. (Ries 2011) Validated learning is something that should be in the heart of every businesses, no matter startup or a big enterprise.

For measuring results, set of metrics can be chosen. For example, conversion rate, which means that how many percentage of customers have reached the goal that have been set to be the main goal or call to action in the product or service, for example on a landing page. A conversion can be counted as happened, when for example the customer has signed up for a newsletter, signed up for a beta or completed a purchase. Other great metrics are for example registration rate, retention rate, revenue and customer lifetime value. (Ries 2011) When going further into learning, this method can be expanded for example to A/B testing, where two different versions of for example the same landing page are being tested against each other by splitting the traffic 50/50 which is directed on these pages. The variation which brings better results is then left valid and testing can continue with a new variation. (Ries 2011) The number of tests is limitless and the complexity can be whatever imagined. In the online world, the number of different versions of a minimum viable product tests running at the same time can be even hundreds, and it is possible to alter them even daily (Moogk 2012), depending on the amount of customers driven to them and as soon as the tests bring significant results.

Ries (2011) also highlights that when interpreting figures, vanity metrics are something to look out for. Vanity metrics give the most optimistic view of the company. (Ries 2011) With vanity metrics it is possible to document the current state of the product or a service but they offer no insight or actual meaningful intel, when actionable metrics help to explain specific and repeatable actions and the results that come out of those. (Maurya 2012) For example, a start-up might get stuck on just looking at the sign-up figures for their product, which might look admirable, but when looking for example the number of customers who are paying for the product or who are active users, those figures might be telling a different story. In addition, this kind of vanity metrics do not tell whether the

yield is developing positively for the company and from those figures it is impossible to say whether the company is growing a sustainable business. The company's growth rate is defined by the growth rate of new customers minus the churn rate. (Moogk 2012) Churn rate equals the customers that cancel for example their subscription and are no longer customers of the company. For companies that depend on growth based on subscription model, this is a relevant metric that should be included when testing minimum viable products. (Moogk 2012) The best metrics should be actionable, accessible and auditable. (Ries 2011) Not just reporting and looking at visitor numbers or sign-up numbers, but considering more in detail the customer behaviour, finding real cause and effect for this behaviour and finding figures that are truly actionable. This way it is more meaningful to plan the next steps on how to steer the engine and what to do next.

Accessibility in metrics means that the reports are simple as possible so everyone can read them and they are also accessible for the whole product team. (Ries 2011) Auditability accounts for credibility, which means that the tracking of the metrics needs to be set up in a way that the numbers can be trusted and there is no possibility to misinterpret the figures. (Ries 2011) It is also important to go to the people behind the numbers and the ideal dashboard to report metrics consists of partly analytics and partly customer relationship management. (Maurya 2012) Metrics help to identify where things are going wrong, but they can't tell why. It is also more likely that customers will abandon the product or service rather than bother to write customer feedback or report a bug and therefore, it is important to reach out to the customers. (Maurya 2012) This is often done for example with website exit surveys and different kind of pop-up questionnaires that are easy to spot when browsing online.

In measuring and learning Ries (2011) also highlights a method called innovation accounting. This is a systematic quantitative approach which will make it easier for the start-up to see whether optimizations are bringing results. (Ries 2011) Innovation accounting is needed as start-ups are too unpredictable to use standard accounting and innovation accounting is especially meant for accounting that is aimed towards so-called disruptive innovation. (Ries 2011) It is not enough just to monitor that certain figures are rising, but it needs to be proofed that the actions and changes made really affect the figures. (Ries 2011) This is then a further proof that the start-up is learning how to grow profitable business. Growth rate of a start-up depends mainly on three different factors: profitability of each customer, cost of getting new customers and the retention of existing customers. (Ries 2011) The better these values are, the quicker the start-up will accelerate growth

and it will become more and more profitable. (Ries 2011) Innovation accounting works when first the minimum viable product is built, second the product or service is optimized from the starting point towards the ideal and third when the decision to pivot or persevere is taken. (Ries 2011) When creating a process of innovation accounting, it is important to have the tools and practices in place to keep track on the changes done and results gotten from the testing rounds. To make it a systematic, well reported process, helps the whole team to be more efficient in going through the Build-Measure-Learn loop.

After measuring and analyzing results of the business idea, it is time to decide whether the figures are as expected in the hypothesis. It is then time to decide whether to pivot or persevere.

### 3.7 Pivot or Persevere

According to Ries (2011), after going through testing with the minimum viable product and measuring results, it is time to gather learnings and see whether it is time to pivot or persevere. This is a review on the value and growth hypothesis and whether it has proofed to be correct or false. In case the hypothesis is proofed false, a structured correction needs to be made. (Ries 2011) The outcome is then a new hypothesis about the product, strategy or growth model and this will be the further built and tested.

Making the decision to pivot or persevere can be difficult, but a mistake in deciding to persevere might lead to very negative consequences. (Ries 2011) If company is not bold enough to pivot, this can seriously damage the creativity in the company, which is in its worst case causing the company neither to grow enough or die, consuming resources from employees and stakeholders but eventually not getting any further. (Ries 2011) On the other hand, successful pivots can help to push the company towards a sustainable business model. (Ries 2011) Innovation accounting is an important tool for making the decision to pivot, as when metrics are being systematically evaluated, it is easier to make the decision to pivot and try a different hypothesis. (Ries 2011) It is again important to document every pivoting round carefully in order to understand the metrics and the changes in customer behavior when testing the product or service again after a pivoting round.

It might also occur that a company gets stuck in being satisfied in a small profitable business when pivoting might reveal more growth potential. (Ries 2011) The only way to

know this is to test the growth model with real customers and then decide whether to go with the pivot or persevere with the current business model. (Ries 2011) But what is great with the Lean Startup, is that in case a wrong turn is taken, there is all the tools available to realize it and find another path. A successful pivot can be any kind of change in business and product model, such as a complete change of path to a new product or service, deciding to focus on a single feature of a product, a new customer segment, a change in platform or channel, or a new revenue or marketing model. (Stockwell 2017) There are numerous ways to pivot and finding the right way can be time consuming, but in the end when finding the right move it will be rewarding for the whole team.

It can also occur that one is confusing a pivot with “whatever one is feeling now”. (Blank 2012) It is important to recognize a real need to pivot and be brave enough to also persevere and stick to something a bit longer to have more time to think whether a pivot is needed. (Blank 2012) Pivot should not be an excuse to skip the more difficult parts in business and product development. Therefore, it is better to sit on a certain idea for a few days and brainstorm with colleagues or anyone one trusts before making the final decision. (Blank 2012)

It is also important to recognize the difference between pivot and optimization. (Maurya 2012) In pivoting, the business model hypotheses are validated to find a plan that works, when in optimization the validated business model hypothesis is refined to accelerate the already working plan. (Maurya 2012) The goal of pivot is steering the wheel and finding a different path, when the goal of optimization is scaling or improved efficiency. . (Maurya 2012) To maximize learning, it is better to target bolder outcomes, instead of sticking into incremental improvements. (Maurya 2012) This means that for example rather than just testing the colour of the call-to-action button, it is better to test a completely new landing page layout.

When a company decides to pivot, the Build-Measure-Learn loop starts from the beginning with the new hypothesis that is found after pivoting decision has been made. In case a company decides to persevere, optimization and acceleration of the business model begins.

To conclude the existing knowledge on the Lean Startup methodology, the next section presents the Conceptual Framework of this thesis.

### 3.8 Conceptual Framework of This Thesis

Figure 9 presents the Conceptual Framework of this thesis, which is built in the framework of Ries' (2011) Build-Measure-Learn loop for tying the existing knowledge on the Lean Startup together. Each subsection finds its place in the Build-Measure-Learn loop steps and forms a foundation for the practical part of this thesis.

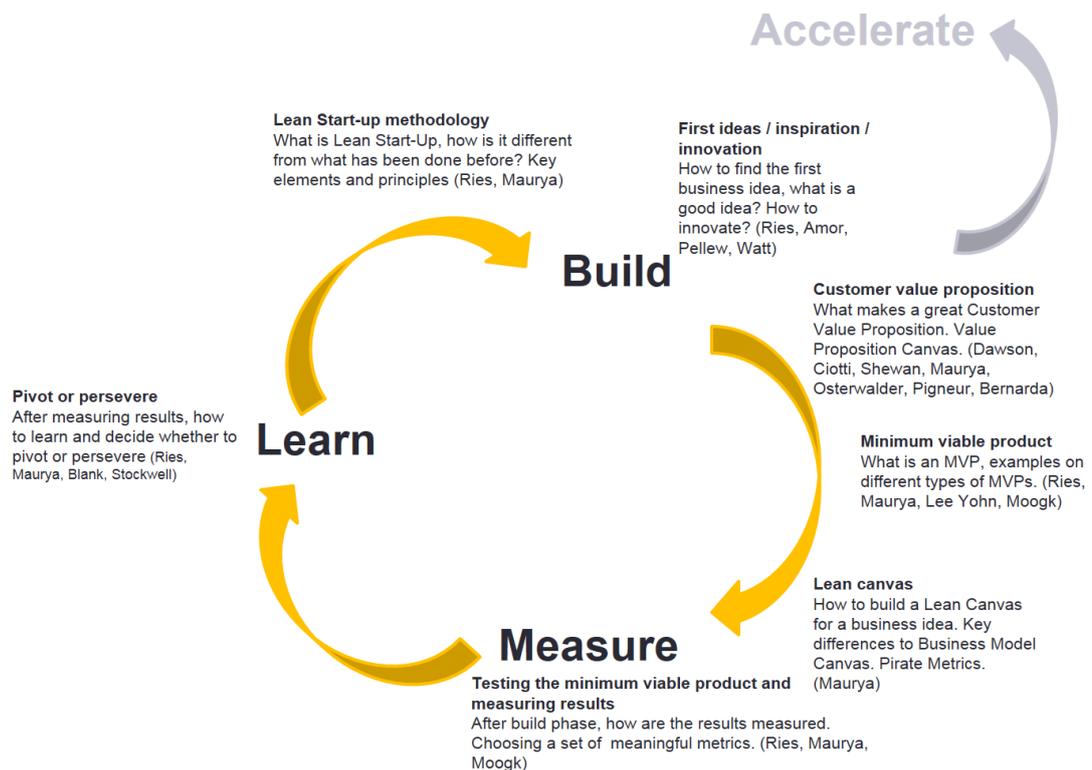


Figure 9. Conceptual Framework of the existing knowledge on the Lean Startup.

As seen from Figure 9, first, the Lean Startup methodology basic concepts and theories were discussed. A Lean Startup iteration loop starts with the Build-phase, which includes searching for innovation and ways of finding new business ideas. In the scope of this thesis this is where the two business ideas will be analysed, which are selected for iteration with the Lean Startup. Build-phase continues with presenting Customer Value Proposition, Minimum Viable Product and Lean Canvas, where in the scope of this thesis Customer Value Propositions, Minimum Viable Products and Lean Canvases for the two business ideas are built.

After that, to continue with the iteration loop, the next step is the Measure-phase, which includes testing and measuring the Minimum Viable Products. In the scope of this thesis

this is where the Minimum Viable Products including the Customer Value Propositions are being tested and the results measured. The final step is the Learn-phase, which includes learning from the results and pivot or persevere. This is where the conclusions on the test with the two business ideas and the decision to pivot or persevere are made. As seen in Figure 9, Accelerate-phase is out of the scope of this thesis which is then the natural step to continue after selecting the business idea to optimize further.

## 4 Analysis of Two Alternative Business Ideas

In this section the two chosen business ideas are discussed, which will be then further iterated with the Lean Startup methodology in the scope of this thesis.

### 4.1 Overview of the Analysis of the Two Alternative Business Ideas

This stage of the study includes the analysis of the two initial business ideas which are selected from a collection of business ideas saved for later development.

First, the analysis will discuss these ideas and build Lean Canvases for them as suggested by Maurya (2012). Second, it will continue to build the customer value propositions for the business ideas and use of Osterwalder's (2014) Value Proposition Canvas as a tool in this work. Furthermore, the analysis will include the first customer interviews and get first initial feedback about the business ideas.

The outcome of this stage is the customer value propositions for the business ideas which can be then later tested within the Build-Measure-Learn loop.

### 4.2 Business Idea 1 – Ruusu

Ruusu is an eCommerce website where it is possible to send a gift directly to a friend or a family member readily gift wrapped and with a greeting card. In addition, it is also possible to order the gift home readily wrapped in case the customer would like to hand out the gift personally to the receiver. The idea behind this is that nowadays people have more and more parties and celebrations to attend, but it is not always possible to join those personally and this is where Ruusu helps by offering a service to send a gift directly to the receiver. Furthermore, if it is not necessary to send the gift directly to the receiver, Ruusu also targets to help busy customers to manage their lives by offering a wide variety of gifts with an option for gift wrapping and greeting card purchase at the same time. This way when the gift arrives to the customers home, it is ready to be delivered and no time is wasted. Ruusu offers unique customer experience, offering truly personalized gift wrapping and greeting card options. The products itself in the store will be mainly jewelry and other small items from independent designers as these are easy to send in small letter size to keep the logistics very simple.

The products sold in the store is not in the core of the business idea and the minimum viable product at this stage. Thus, the assumed *problem* the customers have is that they are not sure what to buy for a gift and they do not currently have a possibility to send a gift directly to the receiver when not making it to the party or celebration personally. Ruusu is answering the assumed need that customers might have to get great gifts quickly and easily, at the same time when more and more occasions come up where a gift is needed. Often it is also not possible to make it to the party or celebration, and in this kind of occasion it would be useful to send a gift to the person in question without first visiting the shop for purchasing the gift, then a second shop for the gift wrap and greeting card and then at home wrap the gift and write the greeting card and finally going to the post office to get a proper parcel for the gift and sending it.

Ruus *vision* is to make purchasing beautiful gifts easy and time efficient.

Unique customer experience for Ruusu will be formed with offering unique messaging and customer care and moreover all items are wrapped and packed beautifully and packaging will include also a set of free Ruusu greeting cards, which will then also act as referral marketing when customers are handing out the cards forward. Market for Ruusu is the Finnish online market and customer segment women between 25-45 years old.

In the next subsection, a Lean Canvas will be built based on the business idea and the first minimum viable product that will be tested.

#### 4.2.1 Lean Canvas for Ruusu

As Lean Canvas is suited for small start-ups, highlighting risks and the whole learning curve, I have compiled a Lean Canvas for both business ideas. Lean Canvas for Ruusu presents a plan that is believed to work. The Lean Canvas is also based on the first minimum viable product that will be built, thus it is including only the core of the business idea, leaving further details and aspects out. The idea of Lean Canvas is to methodologically test this plan in staged experiments that go through every box on the canvas in order of highest to lowest risk, but as discussed in Section 2, the scope of this thesis covers testing the initial customer value proposition through minimum viable product. It is useful to compile a Lean Canvas for the business ideas, as this helps with further iteration rounds and in case of a pivot, the Lean Canvas helps to structure the whole business idea and makes also pivoting more organized. Moreover, with several possible

pivoting rounds, the Lean Canvas acts also as a version control tool for the business idea development keeping the history tracked.

Figure 10 presents the Lean Canvas for Ruusu.

<b>Problem</b> <ul style="list-style-type: none"> <li>• Dont know what to buy for a gift</li> <li>• Cannot make it to the party and would anyhow like to deliver a gift</li> </ul>	<b>Solution</b> <ul style="list-style-type: none"> <li>• Wide selection of gifts</li> <li>• Sending service for a gift</li> </ul>	<b>Unique Value Proposition</b> <ul style="list-style-type: none"> <li>• Sending a gift</li> <li>• Gifts, wrapping and greeting cards in one place</li> </ul>	<b>Unfair Advantage</b> <ul style="list-style-type: none"> <li>• Possibility to send a physical gift directly from online to someone</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>• Women</li> <li>• Between 25-45 years</li> </ul>
<b>Key Metrics</b> <ul style="list-style-type: none"> <li>• Impressions</li> <li>• Clicks</li> <li>• Sign-ups</li> </ul>			<b>Channel</b> <ul style="list-style-type: none"> <li>• Paid, Google Search network</li> </ul>	
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>• iStock Photo for landing page, 14,90€</li> <li>• Google Search Network costs, max. 20€</li> </ul>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>• Selling gifts / products</li> <li>• Selling gift wrapping and greeting cards as upsell</li> </ul>		

Figure 10. Lean Canvas for Ruusu.

As seen from Figure 10, the customer segment is women between 25-45 years old. The assumed *problem* this segment is facing is not knowing what to buy for a gift to a person and because of time constraints not making it to the party or celebration, but still wanting to remember the person in question by purchasing a gift for them. The solution in this case is offering a wide selection of gifts and offering a service to send the gift directly to the receiver. Moreover, the unique value proposition that stems out of this solution is possibility to send a gift with a possibility to get gift wrapping and greeting card at the same time. Unfair advantage, being something, that competitors cannot offer, can really be the possibility to send a readily wrapped gift and a greeting card directly from online physically to the receiver. Revenue stream consists of the actual physical products sold and selling gift wrapping and greeting cards as upsell products for the actual core products.

As recommended by Ries (2011), landing page minimum viable product is chosen as a method to build the MVP and testing will be conducted using Google Adwords and the Google Search network. This way the channel for the minimum viable product of Ruusu

business idea is *paid*. The cost structure is simple and consists of Google Search network costs, which have been determined to stay under 20 euros and cost for a possible image on the minimum viable product landing page as royalties for an image needs to be bought. The cost for an image is 14,90 euros, keeping the whole cost of the minimum viable product iteration round under 35 euros.

In the next subsection the customer value proposition will be discussed more in detail and Value Proposition Canvas is built based on the business idea and Lean Canvas.

#### 4.2.2 Customer Value Proposition for Ruusu

Figure 11 presents the Value Proposition Canvas for Ruusu. The Value Proposition Canvas is created to structure the customer value proposition for the business idea and can be used as a tool when iterating and developing the value proposition.

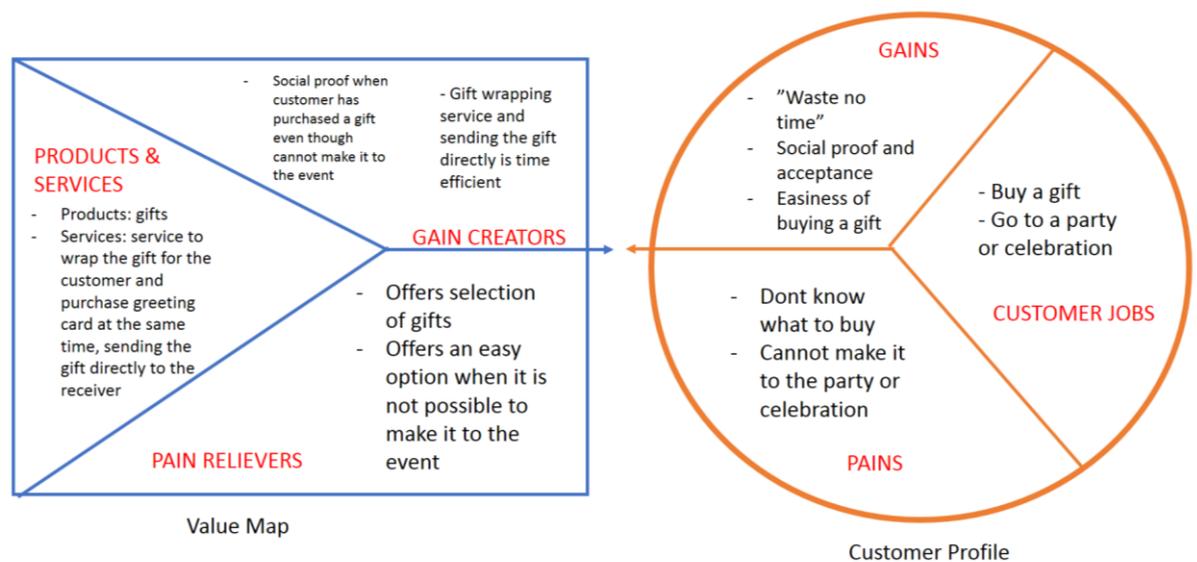


Figure 11. Value Proposition Canvas for Ruusu.

As seen from Figure 11, the Value Proposition Canvas for Ruusu is a dialogue between the Value Map and Customer Profile. Jobs that the customer faces in the Ruusu case are buying a gift and going to a party or a celebration. The pains in these jobs are not knowing what to buy for the person who is celebrating or has invited you or the possibility that one cannot make it to the party at all and is thus not able to deliver a gift for the person in question. Gains that the customers would like to get out of the jobs in this case

are easiness of buying the gift for the person in question, being time efficient and getting social proof and acceptance when bringing or sending a gift.

The Value Map in Figure 11 presents the products and services Ruusu is offering, which as products are the gifts and as services are gift wrapping service and possibility to bundle a greeting card and in addition the service to send the gift directly to the receiver when it is not possible to attend the party personally. Pain relievers that these products and services are offering are a selection of gifts ready to be picked and the easy option of sending the gift directly to the person in question. Gift wrapping service, greeting card bundling and service to send the gift directly to the receiver are also gain creators, which is also social proof which the customer is getting when using these products and services.

With help from Value Proposition Canvas it is possible to build simple value proposition for Ruusu. What needs to be considered as well is that according to Ciotti (2016) a good value proposition reminds the customer of their current pains and explains how they will achieve gains through the product or service, it presents clear benefits, it defines real value and highlights differentiation to competitors. Therefore, the short initial value proposition for Ruusu is "Send a gift". It is simple and tells what Ruusu is all about. The more detailed initial value proposition for Ruusu is "A new way of sending a gift directly to a friend, family member or home readily gift wrapped. Gifts, wrapping, greeting cards – all in one place", which presents clear benefits and defines value and highlights differentiation to competitors.

In the next subsection, the feedback from the initial customer interviews will be discussed, which is based on the customer value proposition built for this business idea.

#### 4.2.3 First customer interviews about Ruusu

To get an initial impression of this business idea and the possibilities for it to succeed, the customer interviews were conducted with few simple questions that highlight the customer value proposition for Ruusu. I conducted interviews with three different interviewees who fit in the customer segment Ruusu is targeted for; women between 25-45 years old.

Based on the interviews it became clear that all the interviewees have purchased gifts online in the past and everyone values the possibility to have the gift wrapped in the shop, even though one interviewee said that they do not always necessarily take advantage of this kind of service. All the interviewees said though that they would not make a purchase decision based on getting gift wrapping service in the shop, but one interviewee said they could possibly make a purchase decision based on it in case it was a very quick decision gift and they would like to save time. All the interviewees said that, even though not making it to the party or celebration, often they would purchase a gift anyhow, especially if it is for someone special or a very special occasion. Problems which the interviewees face when purchasing gifts is deciding what to buy, finding a good price and payment issues in the online shop. Full interview data can be found as an appendix.

In the next subsection, the second business idea will be discussed and similar formula, as with Ruusu, will be repeated.

#### 4.3 Business Idea 2 – Origami

Origami is an eCommerce website selling organic, non-animal-tested perfumes online. Perfumes are packed beautifully with 20's design air bag pumps on top of the glass bottles. All perfumes are manufactured in Finland from plant fragrance oils and are tested only with humans. There will be a few basic fragrances always on offer and seasonal fragrances throughout the year. It is possible to make a one-off purchase or sign-up to a scent subscription where a new fragrance will be delivered automatically twice a year, this will be a varying scent changing from season to season. It is also possible to build a personal scent profile in the customer profile and the scent subscription will then deliver the scent based on this information.

At this stage, the core of the business idea is the organic, non-animal-tested perfumes and the more detailed idea with the scent subscription is not part of the minimum viable product of the business idea. The assumed *problem* the customers have is that they would like to try on different kind of perfumes but are not sure which to purchase and in addition, they would prefer purchasing perfume which is organic, made in Finland and not tested on animals and have trouble finding this kind of perfume currently in the market.

Origami's *vision* is to make purchasing organic, local and non-animal-tested perfumes, easy.

When the business grows, Origami will incorporate with brick and mortar stores and start selling the scents there as well, thus customers can then also smell them personally and then in the future order their perfume from online or continue purchasing from the brick and mortar. Market for Origami is the Finnish online market and customer segment women between 25-45 years old.

In the next subsection, a Lean Canvas will be built based on the business idea and the first minimum viable product that will be tested.

#### 4.3.1 Lean Canvas for Origami

Similarly, as with Ruusu, Lean Canvas for Origami presents a plan that is believed to work and helps to structure the whole business plan and keeps pivot rounds organized. The Lean Canvas is based on the first minimum viable product that will be built, thus it is including only the core of the business idea, leaving further details and aspects out.

Figure 12 presents the Lean Canvas for Origami.

<b>Problem</b> <ul style="list-style-type: none"> <li>• Don't know which perfume to purchase</li> <li>• Problem to find organic and non-animal-tested perfume</li> </ul>	<b>Solution</b> <ul style="list-style-type: none"> <li>• Scent profile with automatic scent subscription</li> <li>• Offering organic and non-animal tested perfume, made in Finland</li> </ul>	<b>Unique Value Proposition</b> <ul style="list-style-type: none"> <li>• Natural perfumes with best organic ingredients, tested only with humans</li> </ul>	<b>Unfair Advantage</b> <ul style="list-style-type: none"> <li>• Scent subscription</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>• Women</li> <li>• Between 25-45 years</li> </ul>
	<b>Key Metrics</b> <ul style="list-style-type: none"> <li>• Impressions</li> <li>• Clicks</li> <li>• Sign-ups</li> </ul>		<b>Channel</b> <ul style="list-style-type: none"> <li>• Paid, Google Search network</li> </ul>	
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>• iStock Photo for landing page, 14,90€</li> <li>• Google Search Network costs, max. 20€</li> </ul>			<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>• Selling perfume / products as one-off purchase</li> <li>• Subscription model</li> </ul>	

Figure 12. Lean Canvas for Origami.

As seen from Figure 12, the Lean Canvas for Origami is presented. Customer segment for Origami is similar as with Ruusu, women between 25-45 years old. The assumed *problem* this customer segment has, is that they would like to try on new fragrances every now and then as assumable they do not have the need to stick into a certain same perfume brand and scent. In addition, the customer segment is getting on well in their life and are willing to put more money into purchasing an ethical and locally sourced product rather than a mass market product and thus has the problem to find organic, non-animal-tested and made in Finland products in the current marketplace. The solution for this problem is a scent profile which determines the customers preferred perfume taste and a scent subscription which automatically sends the customer a new fragrance twice a year without the customer needing to rethink which perfume to purchase next. Furthermore, the solution is that combining with the ease of purchase, the products are also aligned with the customers values. Thus, the unfair advantage is a scent subscription which no other competitor is offering.

The channel for the minimum viable product of Origami business idea will be paid Google Search network. The cost structure consists of Google Search network costs, which have been determined to stay under 20 euros and cost for the possible image on the landing page being 14,90 euros, again keeping the whole cost of the minimum viable product iteration round under 35 euros.

The next subsection discussed the customer value proposition that is built based on the business idea and Lean Canvas and will be further refined with Value Proposition Canvas.

#### 4.3.2 Customer Value Proposition for Origami

Figure 13 presents the Value Proposition Canvas for Origami. The Value Proposition Canvas is created to structure the customer value proposition for the business idea and can be used as a tool when iterating and developing the value proposition.

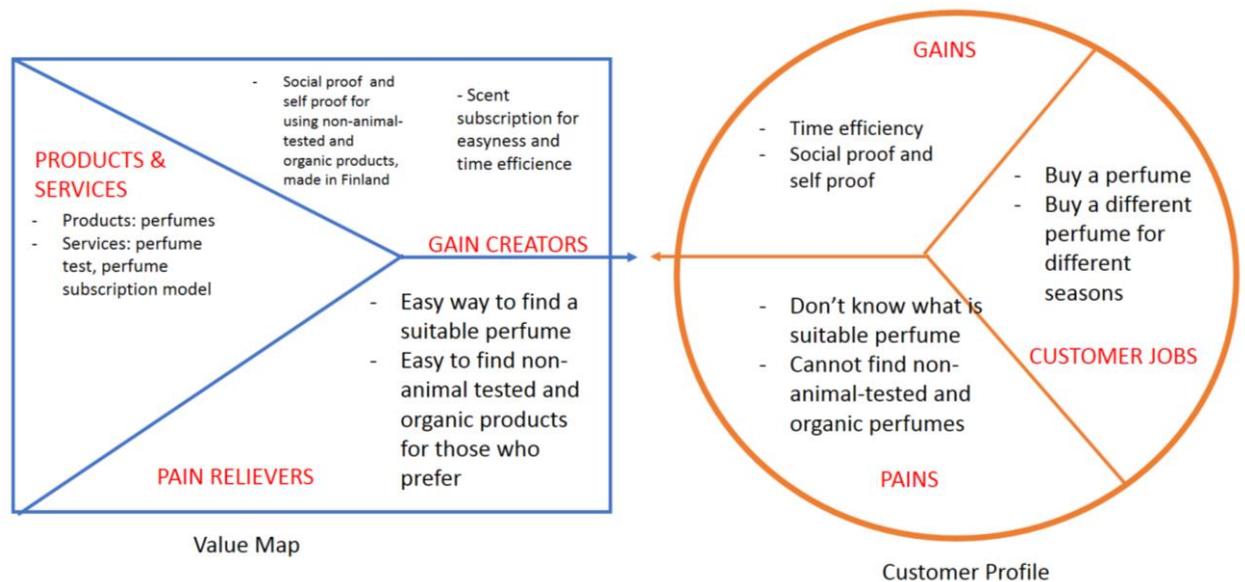


Figure 13. Value Proposition Canvas for Origami.

Figure 13 presents the Value Proposition Canvas for Origami, where Customer Profile has a dialogue with the Value Map. The customer jobs for Origami are buying a perfume and buying a different perfume for different seasons. The pains which customers face when trying to complete these jobs are not knowing what is a suitable perfume for them and problems to find organic and non-animal-tested perfume. The gains which customers are trying to get when completing these jobs are time efficiency and social and self-proof when finding the suitable perfume scent wise and ethical wise.

Value Map in the figure 13 presents the products and services Origami offers, which in this case are perfumes as physical products and the perfume taste test and the subscription model for receiving a new perfume automatically delivered to home, as services. The pain relivers these products and services offer are easiness to find a suitable perfume and easiness to find organic and non-animal-tested products for those who find it important. Gain creators from these products and services are the scent subscription which is saving time and money when a suitable perfume is delivered to customers home and social and self-proof when using products which are in line with customers' ethical values.

Out of the Value Proposition Canvas, the customer value proposition for Origami can be built. The initial short value proposition for Origami is "Natural perfumes at your door step". It emphasizes the organic and natural products Origami is selling and delivering

them to customers' homes. Longer initial value proposition is "Perfumes made from natural ingredients for you who wish to use only natural products on your skin. Perfumes are made from the purest essential oils and tested only with humans. No extra chemicals, no animal testing, made in Finland – naturally!", which is presenting clear benefits, highlighting differentiation to competitors and offering true value.

At this first stage the tested value proposition contains the fact that Origami offers natural, non-animal-tested products which are made in Finland. Value proposition where the scent subscription comes along will be presented later as this would make the minimum viable product too vast. Firstly, what needs to be found out is that are the customers even willing to purchase perfume online, when it is matching with their ethical values.

The next subsection presents the feedback from the initial customer interviews, which are based on the customer value proposition built for this business idea.

#### 4.3.3 First Customer Interviews about Origami

Again, to find out about the potential that my business idea, Origami, might have, I conducted interviews with three different persons who are from the customer segment Origami is targeted for.

All the interviewees told that they have never purchased perfume online and the reason for this is that they would like to try on the perfume before making the purchase decision. The key decision points when choosing a perfume, according to the interviewees, are scent, price, brand and bottle design and most interviewees would like to purchase a beautiful bottle from a brand which they also like. Two of the interviewees told that they like trying on different perfumes every time they need to purchase a new perfume but one told that they in fact do not really use perfume at all. Two of the interviewees told that they find it important that the product is organic and not tested on animals and one interviewee told that it did not really matter when making a purchase decision. All interviewees told that it would affect their purchase decision positively in case the perfume was made in Finland as they prefer purchasing local brands in other products as well such as make-up. Full interview data can be found in appendixes.

#### 4.4 Summary of Key Findings on the Two Alternative Business Ideas

This section discussed the two initial business ideas, Ruusu and Origami. The business ideas were described in full and the outline for which parts of the business ideas are in the scope of this thesis was done. In addition, customer value propositions for both Ruusu and Origami were presented, which were formed after structuring Value Proposition Canvases for the ideas. Furthermore, Lean Canvases were built for the business ideas to help with the future iteration rounds when testing the minimum viable products. Lean Canvas and Value Proposition Canvas will help in version control when making changes in the minimum viable products after an iteration round.

Based on the initial interviews for Ruusu, there was a feeling of a need for a service to purchase gifts online but it was unclear whether gift wrapping and greeting cards is something customers are looking for and whether they are interested in sending a gift directly to the receiver.

Based on the interviews for Origami, again, the business idea of selling perfume online seems still somewhat uncertain and as the brand seems to be also a key decision point, it is not clear if a small brand would be able to succeed, especially without a major investment in brand building through marketing. In addition, whether customers are willing to purchase perfume online without the possibility of smelling the scent beforehand is also not clear yet.

## 5 Building the Minimum Viable Products

The goal of this section is to present the minimum viable products of the two eCommerce business ideas.

### 5.1 Overview of the Building Phase of the Minimum Viable Products

This section discusses building the minimum viable products for the two business ideas. First, the selected minimum viable product method is presented, then the selected tool for building the MVP is discussed and finally the actual MVPs are presented and analyzed. The outcome of this sections is the tangible products which are ready for the testing phase.

When starting to build a minimum viable product, at first it needs to be decided which kind of MVP (minimum viable product) it will be, as there are several options to start building and testing the first minimum viable product. As decided in Section 4, Ries' (2011) recommendation of a landing page minimum viable product will be used as a method to build the MVPs for Ruusu and Origami. The landing page minimum viable product is a very efficient method to use in the online environment and as Ries (2011) also learned when launching new features for his own company, it does not make sense to build a whole online service ready and then launch it, but rather just build a simple landing page for testing whether there is any traction in the market.

A landing page minimum viable product is also a very cost-efficient way of building the minimum viable product as there are a lot of free website building tools available in anyone's reach. In general, the aim in building the MVB has been to keep the cost as low as possible to comply with the MVP best practices and as Ries (2011) and Maurya (2012) have encouraged to cut down anything extra from the MVB to minimize the risk and getting best results in the long run. As stated by Maurya (2012), in minimum viable product the content of the product is tested and whether it has built something that customers want.

The most important factor in the landing page minimum viable product is that it presents the initial customer value proposition of the business idea discussed in Section 4, thus

the value hypothesis can be tested and results show whether the value proposition needs to be pivoted or whether it works already as is.

With this method it is also easy to incorporate validated learning and innovation accounting as recommended by Ries (2011). When the minimum viable product is created online, it is possible to collect a wide variety of metrics, which will bring valuable information when making decisions about the start-ups future.

## 5.2 Minimum Viable Product for Ruusu

First, before starting to build the minimum viable product, the hypothesis for the experiment is set as recommended by Ries (2011). The value hypothesis in the Ruusu case is *"Customers are interested in purchasing gifts online and sending them directly to the receiver. In addition, customers are interested in purchasing gift wrapping and greeting cards at the same time"*. The second important hypothesis according to Ries (2011), the growth hypothesis, is that *"Customers are interested using this kind of service via website which is found via Google Search network adverts"*. After stating the hypotheses, the assumptions are tested empirically.

To start with building the landing page minimum viable product, a free website building tool Wix was chosen as a platform for the MVP. Wix is a cloud-based development platform which allows website creation for free and with premium plans. The premium plans would have included for example a unique domain and Google Analytics support, which are also recommended by Ries (2011) to plug into the website, but it was decided that it would make more sense to open the domain and have Google Analytics support when the business idea has been chosen for acceleration. Moreover, Wix is easy to use and a great option for building the minimum viable product even for someone who does not have any previous experience in website building.

As recommended by Ries (2011), It was decided to build a simple landing page, with a background image which reflects the business idea and the core value proposition and place both the short and long value proposition in the middle of the landing page. For finding an image for the landing page, I decided to use iStock photos, as this is an inexpensive service to find a great professional quality photograph for the site. Using a service like iStock is far more cost efficient than hiring a professional photographer and to arrange a photo shoot. A photograph from iStock was found for the landing page, which

is presented in Figure 14. The photograph presents the unique value proposition of Ruusu with a person handing a present to another person. Royalties for the photograph needed to be bought, which allows download and usage of the image freely.

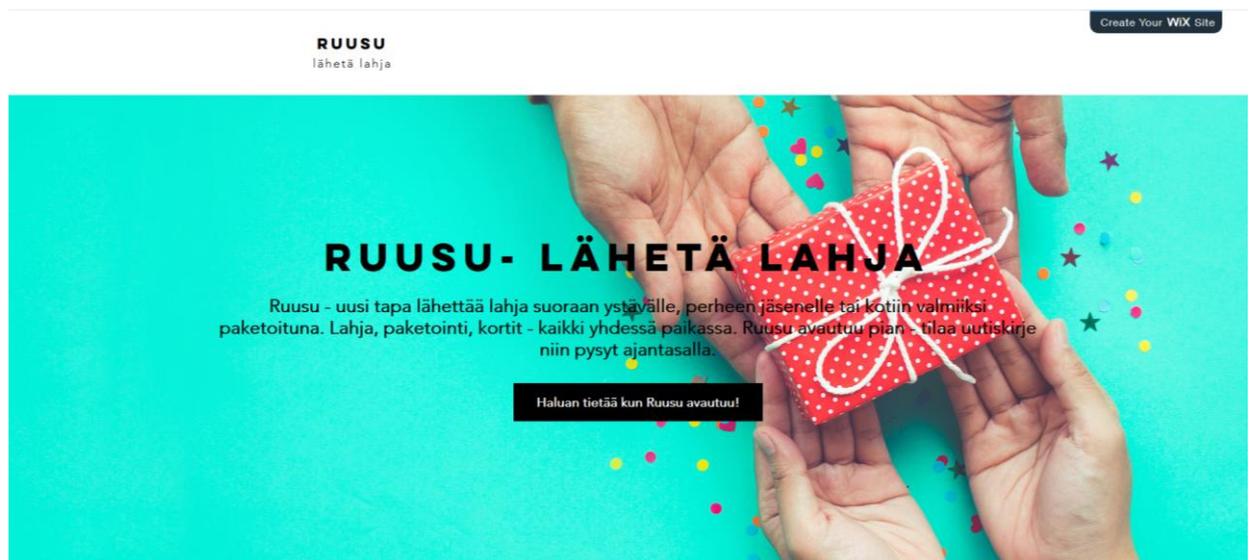


Figure 14. Ruusu minimum viable product landing page (Ruusu website 2018).

As also presented in Figure 14, in the middle of the landing page there is the long customer value proposition saying “Ruusu – new way of sending a gift directly to a friend, family member or to your home readily gift wrapped. Gifts, wrapping, greeting cards – all in one place” and on top of the page is the short value proposition of the product saying “Ruusu – send a gift”.

Ries (2011) also recommended to place a call-to-action button on the website and collect sign-ups. As also seen in Figure 14, in the middle of the Ruusu landing page, there is a call-to-action button which leads to a sign-up form (presented in Figure 15), a possibility to subscribe to a newsletter. After the long value proposition, there is a suggestion to click the call-to-action button saying “Ruusu opens soon – sign up for the newsletter so you will be up to date”. The text on the call-to-action button says, “I want to know when Ruusu opens” and it leads to the email sign-up form on the bottom of the page, presented in Figure 15, as an anchor link. In case customers do sign-up, it shows a strong interest towards the customer value proposition of Ruusu.

## HALUAN TIETÄÄ KUN RUUSU AVAUTUU!

Sähköposti

**Lähetä**



Figure 15. Ruusu minimum viable product landing page sign-up form (Ruusu website 2018).

The building of the landing page was very simple and quick which really shows how efficient way of testing minimum viable product a landing page is. Almost anyone can set this up and it is also possible to test the landing page not only with Google Adwords but also with conducting interviews with example customers showing them the landing page and getting feedback. This would be a valid method also, but it would be very time consuming and data from interviews cannot be considered as valid as data from real clicks online. In interviews there is always the risk that the interviewee is acting biased as they want to please the interviewer. Therefore, clicks from anonymous real internet browsers is more reliable and this way when comparing two different business ideas, it is easier to compare figures than opinions.

### 5.3 Minimum Viable Product for “Origami”

First, before starting to build the minimum viable product, the value hypothesis for the experiment is set as recommended by Ries (2011). The hypothesis in the Origami case is “*Customers are interested in purchasing perfume online, when it is organic, made in Finland and not tested on animals*”. The second important hypothesis according to Ries (2011), the growth hypothesis, is that “*Customers are interested using this kind of service via website which is found via Google Search network adverts*”. After stating the hypotheses, the assumptions are tested empirically.

A similar free website landing page as for Ruusu was built using Wix free web editor. It was decided to build very similar landing pages for both business ideas, as those are then easier to compare. In case the landing pages were very different, the results might be corrupted due to differences on the landing page design rather than due to the fact these are two different business ideas with different customer value propositions. In ad-

dition, If the other minimum viable product would be much more developed, or a completely different type of a MVP than the other, the results would not be comparable. In fact, it is not possible to fully compare the results in this case as the audience is different for both the Google Adwords adverts, discussed more in detail in Section 6, but when the aim is to choose the business idea to optimize further, the decision is done more easily when the minimum viable products are close to similar. In fact, Ries (2011) does not discuss about comparing two different business ideas, but using similar method for both business ideas' minimum viable product tests, would probably bring some valuable results and help with choosing the better business idea.

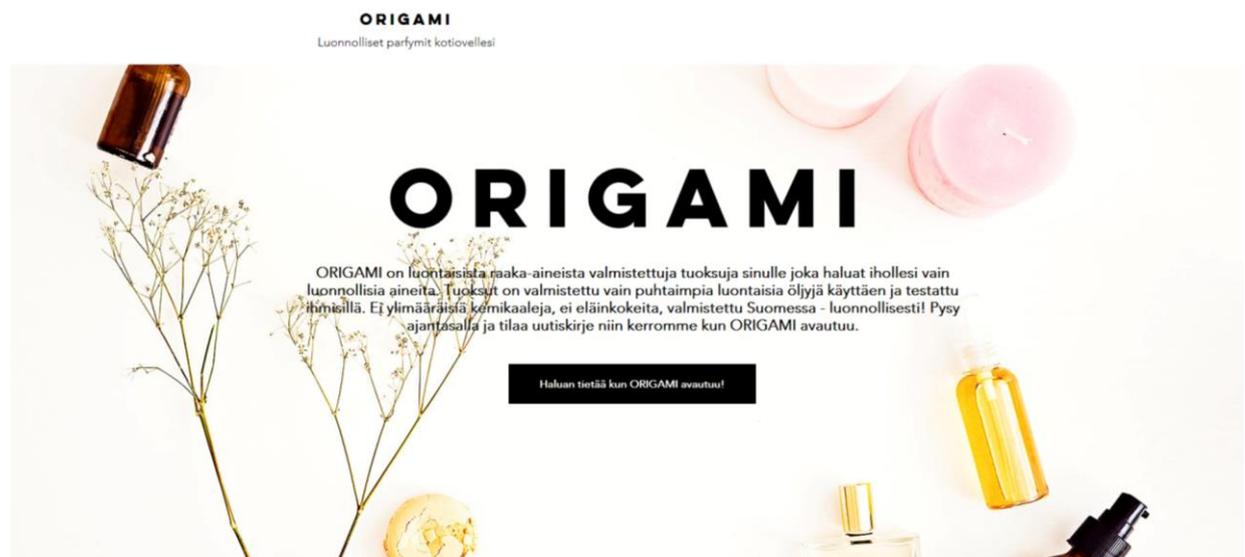


Figure 16. Origami minimum viable product landing page (Origami website 2018).

As seen in Figure 16, the background image chosen for Origami landing page presents very calming and natural colors, with perfume bottles and a plant, presenting the core of Origamis value proposition. (Royalties for an image which presents Origamis customer value proposition was purchased from iStock).

Similarly, as with Ruusu, on the landing page the long unique value proposition is placed in the middle of the page, saying "Perfumes made from natural ingredients for you who wish to use only natural products on your skin. Perfumes are made from the purest essential oils and tested only with humans. No extra chemicals, no animal testing, made in Finland – naturally!". The short customer value proposition "Natural perfumes at your door step" is again placed on top of the landing page.

After the customer value proposition, there is a suggestion to click the main call-to-action button suggesting to sign-up and subscribe to the newsletter, as seen in Figure 16.

Figure 17 presents the sign-up form on the Origami landing page.

**HALUAN TIETÄÄ KUN ORIGAMI AVAUTUU!**

Sähköposti \*

Lähetä

Figure 17. Origami minimum viable product landing page sign-up form (Origami website 2018).

The call-to-action button in the middle of the landing page leads to a sign-up form, presented in Figure 17, as an anchor link. Again, collecting sign-ups is an actionable metric and would indicate a clear interest in the Origami customer value proposition.

#### 5.4 Summary of the Two Minimum Viable Products

As every iteration round through the Build-Measure-Learn loop starts with setting up an experiment, first before starting to build the minimum viable products, the value and growth hypotheses were set for both the business ideas. The minimum viable products for both Ruusu and Origami are built with using landing page minimum viable product method, recommended by Ries (2011). Selected tool to build these minimum viable products is Wix, a free cloud based web editor. Images for both landing pages were purchased from iStock, but no other costs were related to building the landing pages.

Both landing pages include long and short value proposition, main call-to-action button in the middle of the page and a possibility to sign-up to a newsletter subscription list.

The landing pages are kept as simple as possible to stay aligned with the Lean Startup best practices. Furthermore, the landing pages for both business ideas are as similar as possible to be able to compare the results after the testing phase.

After the minimum viable products for both business ideas are built with customer value propositions rooted inside them, it is time to start with the actual testing of the minimum viable products. This will be discussed in the next section.

## 6 Testing the Minimum Viable Products

The goal of this section is to present the testing phase and the results of the minimum viable products built out of the two eCommerce business ideas and their customer value propositions.

### 6.1 Overview of the Testing Phase of the Minimum Viable Products

To set up the tests for the minimum viable products for Ruusu and Origami, two Google Adwords accounts was set up. This method of using Google Adwords and the Google Search network as a platform for the tests was recommended Ries, as he used a similar method to test the minimum viable product of his own company. This method is also recommended in multiple articles and blogs about minimum viable product, thus this option was also explored to see how it would work.

Google Adwords is an advertising tool which allows anyone to show their adverts on the Google search front page. It works in a way that a maximum money spend for each day is set and search keywords for the advertisement chosen. When the customers then search Google with these keywords, depending on how many other companies are bidding for the same keywords, it determines on which rank the advert in question will appear or whether it will appear at all. This is a great way to collect data from anonymous, non-biased customers and reach big masses with minimum investment.

It is important that proper metrics for the tests are being set. According to Ries (2011) the best metrics should be actionable, accessible and auditable. For testing Ruusu and Origami minimum viable products and the value propositions, the most important metrics are impressions, clicks and sign-ups. Impressions tell how many customers saw the advert on Google search front page, clicks tell how many customers clicked the advert on Google search front page and sign-ups tell how many customers signed-up for the email subscription list which they can find via the main call-to-action on the landing pages.

Impressions is the weakest metric in this case. It only shows how many customers saw the advert, but it can tell how often customers search for the keywords related to the minimum viable product and the value proposition, although this is not the whole truth, as the Google Adwords spend is heavily dependent on whether other companies are bidding for the same keywords and this results in that advert might not be visible at all

and then impressions are not counted. Clicks tell a lot more, as the advert presents the unique value proposition of the minimum viable product, thus when customer clicks the advert, which shows a clear interest in the value proposition. Sign-up is the strongest metric and in case the customer signs-up, this is a clear sign of strong interest in the customer value proposition of the business idea. Sign-ups are also the ultimate conversion in this case and can be counted as customer conversions. For this study, the impressions, clicks and sign-ups were chosen as the main metrics of the testing phase of the minimum viable products, as they are easily tracked and they show different levels of interest into the value proposition. Furthermore, these metrics are also actionable, accessible and auditable, as they offer clear actionable figures as results, they are accessible via the Google Adwords tool and they are auditable as they are clear and can be trusted.

When reflecting to the pirate metrics funnel discussed in Section 3, in the scope of this test, the metrics chosen act as the Activation and Acquisition steps of the funnel shown in Figure 18.

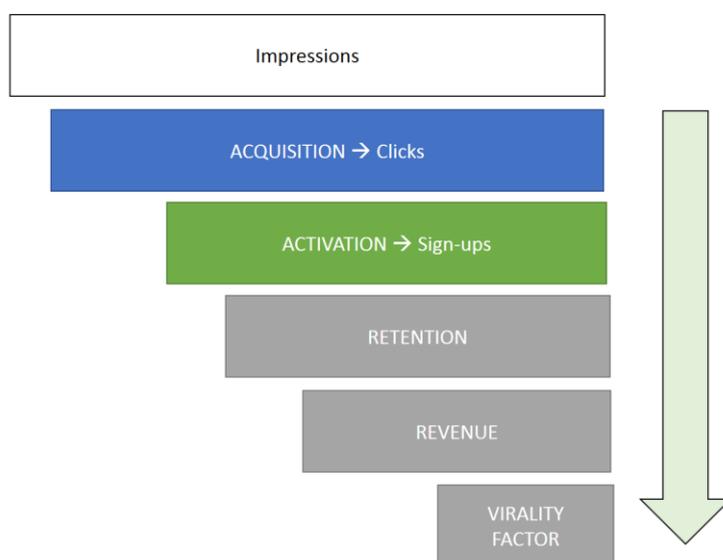


Figure 18. Pirate metrics funnel for testing the minimum viable products (based on: Maurya 2012).

As presented in Figure 18, in the scope of this test, clicks are the acquisition metric and sign-ups act as the activation metric. Impressions come even before the acquisition in the funnel. Retention, revenue and virality factor are then metrics which can be later added, when the products grows from the minimum viable product into an actual launched company and business idea acceleration and optimization starts.

The next subsections present how the tests for Ruusu and Origami were set up in practice.

## 6.2 Building and Running the Test for “Ruusu”

The first step in practically setting up the test for Ruusu minimum viable product was to open a Google Adwords account to set up the paid adverts on Google search front page.

As presented in Figure 19, the daily budget for this campaign was set to be 1€ to keep the costs low at this stage of the experiment also. Downside of low budget is that it affects negatively in a way that the adverts are not shown as often or as prominently. This will affect the running time of the test and possibly also results. It was decided to run the test 7-20 days depending on how the results start to look like and if they seem reliable, and in addition, Ries (2011) recommended the test to run one to two weeks. The adverts would be only shown in Finland and in the Google Search network, excluding the Google Display network which includes advert banners in partner websites. The Google Search network includes only text based adverts on the Google Search front page.

Figure 19 shows how the budget, location and Google network was set up for the test.

### Ensimmäinen kampanjasi

**Kampanjassa** keskitytään tiettyyn aiheeseen tai tuoteryhmään. Luo kampanja asettamalla budjetti, valitsemalla yleisö ja kirjoittamalla mainos. Muista, että vaihtoehtojen valinnasta ei veloiteta. Voit myös muokata valintoja milloin tahansa.

#### 1. Päätä, paljonko rahaa käytät

<b>Budjettisi</b>	1,00 € päivässä	
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#### 2. Valitse kohdeyleisö

<b>Sijainnit</b>	Suomi	
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<b>Verkostot</b>	Hakuverkosto	
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Figure 19. Budget and target audience settings for Ruusu (Google Adwords 2018).

After setting up the budget, location and Google network, next step is to choose a set of keywords, which means that when customers search with these chosen keywords in Google, the advert for Ruusu would show up. It is not obvious though that the advert

would show up, as there are other companies using the same keywords and the one who bids most, in other words pays more money, will appear on top of the Google search result page. Google also only shows maximum of three adverts on top of the search results page, thus when multiple companies are bidding for the same keywords, the ones who do not bid enough, will not appear at all.

The set of keywords chosen for Ruusu reflect the unique value proposition. In addition, those are keywords that I assume people use when searching for a product like Ruusu, but this is only an assumption and choosing the keywords is not very scientific process and in fact this phase would probably also need several iteration rounds to find the perfect keywords. The keywords chosen for Ruusu are: gift, what to purchase for a gift, post package, gift package, package, gift for a friend, birthday gift, wedding gift, gift for mother, flower delivery, gift for father, gift for girlfriend, gift for boyfriend and graduation gift. When inserting the keywords into the Google Adwords platform, it is possible to see the popularity ranking of them. This helps a lot with deciding which keywords to choose as obviously it makes sense to choose the popular ones.

Figure 20 shows how the keywords are set in Google Adwords for the test and the popularity rating for some of the keywords chosen.

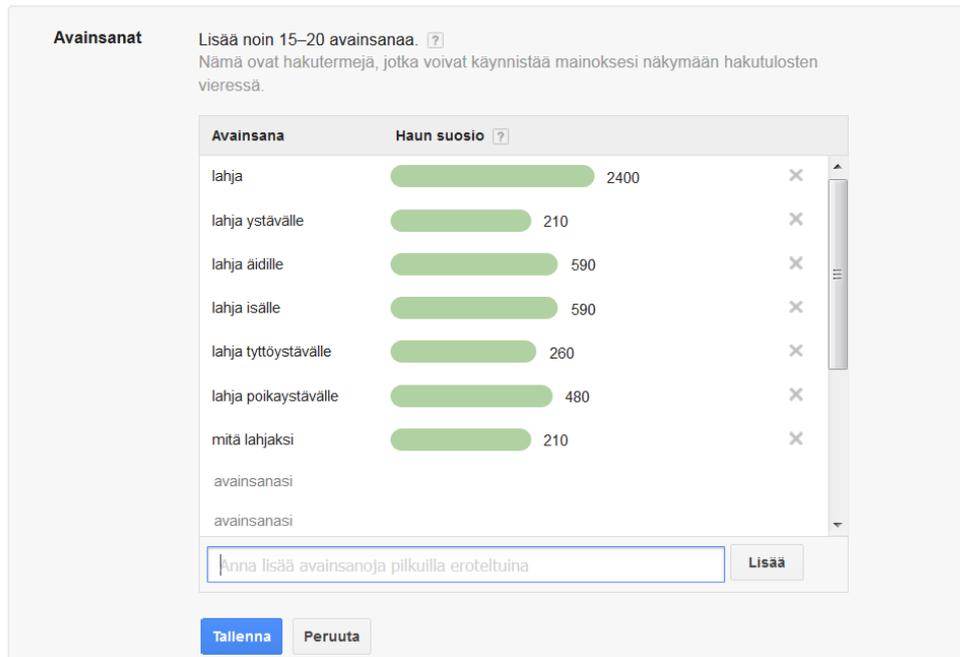


Figure 20. Keywords for Ruusu with the popularity rating (Google Adwords 2018).

Figure 21 shows further keywords chosen for Ruusu and their popularity rating according to Google.

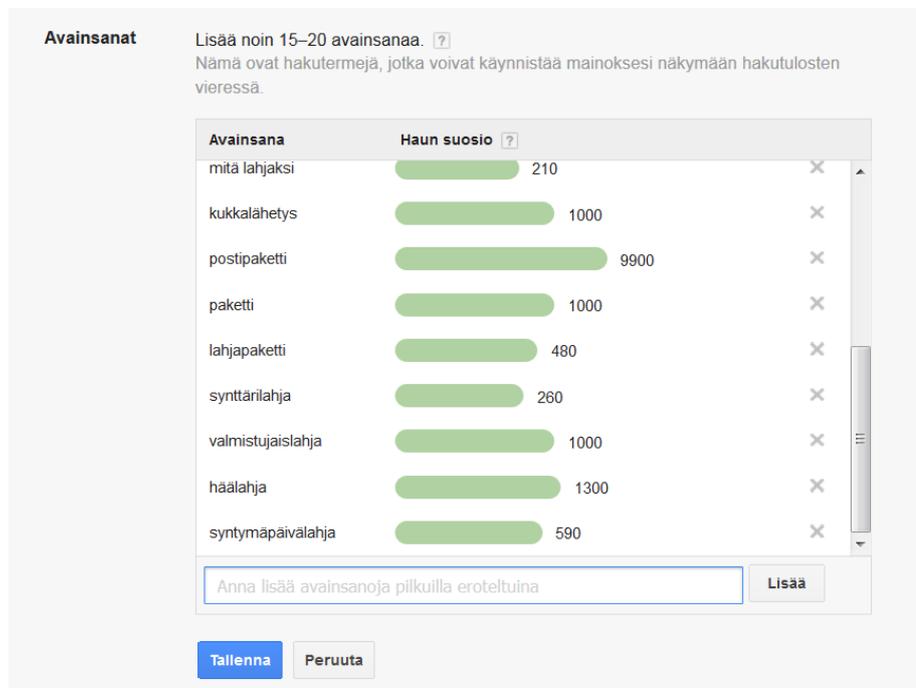


Figure 21. Keywords and popularity rating for Ruusu (Google Adwords 2018).

Figures 20 and 21 above present the popularity of some of the chosen keywords. Generally, these keywords seem to be popular, especially keywords gift, package, post package, flower delivery, graduation gift and wedding gift. The keywords seem popular, but the test will reveal whether the customers using these keywords are the right ones who are also interested in Ruusus value proposition.

Finally, the Google Search network advert is written. There are certain limitations in the advert which need to be followed. The advert consists of a headline, display url and description. The display url is the landing page website address, headline is limited to 30 characters and description is limited to 80 characters. The advert written for Ruusu presents the unique value proposition of the product and contains similar message as on the landing page for the flow to be coherent for the customers. Image 10 presents the advert for Ruusu where headline says, "Send a gift – for a friend or relative" and description says "Gifts, packaging and greeting cards – all in one place". As also seen in image 10, Google also makes an estimation on the potential reach of the advert, which in Ruusus case has estimated to be more than 94 clicks per day.

Figure 22 shows how the final advert for Ruusu looks like and how Google is presenting the potential reach for the Ruusu advert.

#### Mainoksesi

<p>Lähetä lahja – ystävälle tai sukulaiselle  <a href="https://www.rosesthehop.wixsite.com">Mainos rosesthehop.wixsite.com</a></p> <p>Lahja, paketointi, kortit - kaikki yhdessä paikassa.</p> <p><small>Mainoksesi voidaan muotoilla eri tavalla, jotta se sopii käyttäjän laitteeseen, mutta mainostekstisi pysyy ennallaan.</small></p>	<p><b>Päivittäinen potentiaalinen kattavuus</b>            94+ klikkausta</p> <p><b>Budjetti ja hintatarjoukset</b>            1,00 € päiväbudjetti</p> <p><small>AdWords määrittää hintatarjouksesi automaattisesti siten, että saat mahdollisimman paljon klikkauksia budjetillasi.</small></p>
--	---

Figure 22. Google Advert for Ruusu and potential reach (Google Adwords 2018).

After budget, location Google network and the final advert texts are set up and ready, next the test can be started. Google Adwords is a convenient and easy to use tool for a minimum viable product test as in the platform there are clear tracking tools to follow-up on the progress and the results daily, thus alterations for the Google Adwords test are easy and quick to do.

The next subsection discusses how the similar test was built for the second business idea, Origami.

### 6.3 Building and Running the Test for Origami

As the minimum viable product landing pages were similar for both Ruusu and Origami, the tests are also very similar. For Origami the market for the test will also be Finland and network the Google Search network. Daily budget for this campaign is also 1€. This way the results will be more reliable which will help with choosing between the business ideas.

After the budget, location and Google network is set also for Origami, set of keywords are chosen. This is again not very scientific process and only assumptions on what kind of keywords the customers might use to search for this kind of product and again finding the right keywords for the test would most probably need several iteration rounds. I have chosen keywords which present the product itself and the customer value proposition for Origami. As presented in Figures 23 and 24, the first chosen keywords are basic keywords for finding a perfume which seemed to be popular, but surprisingly, it is not very popular to search for organic fragrance or perfume. Keywords like organic perfume and natural perfume are not popular in Google search.

Figure 23 presents the basic set of keywords, and their popularity, chosen for Origami and how this is presented in Google Adwords.



Figure 23. Keywords and popularity for Origami (Google Adwords 2018).

As shown in Figure 23, the keyword popularity for searching non-animal-tested products is not very popular according to Google, which was disappointing to find out. But when

adding keywords for natural cosmetics, the search popularity is much higher for these keywords. In addition, popularity to search for essential oils is high, so some keywords for essential oils is added, but nothing will guarantee that it would reach the right customers searching for organic perfume. The final keywords chosen for Origami are: not tested on animals, non-animal-tested cosmetics, list for non-animal-tested cosmetics, essential oils, perfume, good perfume, organic perfume, organic cosmetics, natural cosmetics perfume, natural cosmetics, natural cosmetics web shop, scent and Finnish natural cosmetics of which very popular seemed to be; natural cosmetics, essential oils and perfume.

Figure 24 shows further keywords chosen for Origami and their popularity. In Figure 24 especially the keywords related to natural cosmetics and animal testing are presented.

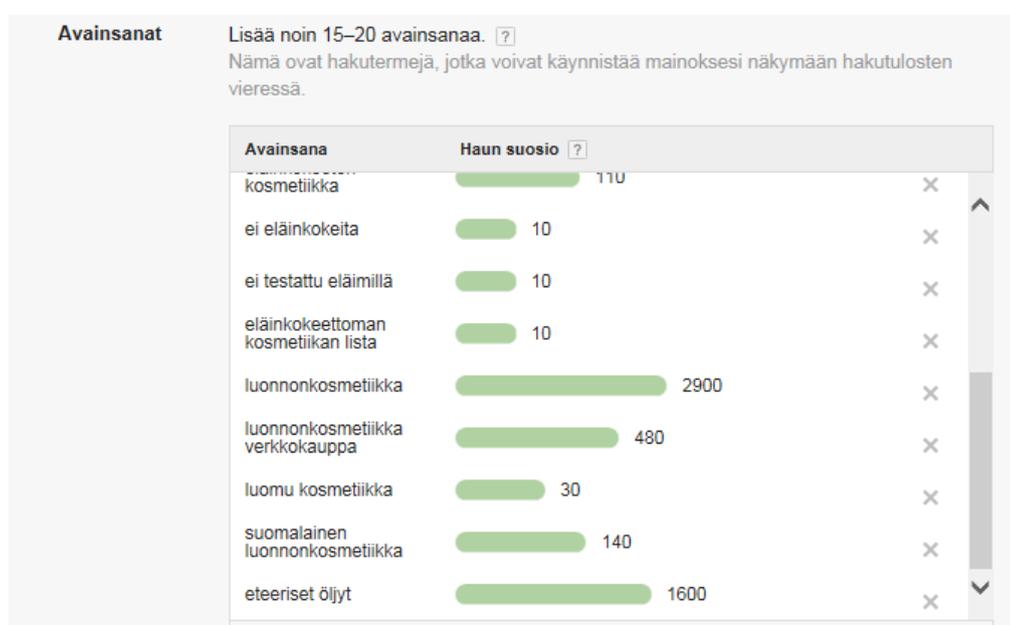


Figure 24. Keywords and popularity for Origami (Google Adwords 2018).

After the budget, location, Google network and keywords are set for Origami, next the text advert is written. Figure 25 presents this Google Search network advert for Origami. The advertisement text presents the customer value proposition for Origami, saying “Finnish natural cosmetics – natural perfumes” as a headline and “Scents made from natural ingredients, tested only with humans” as a description. As presented in Figure 25, Google estimates that the potential reach for the advert is 15+ clicks, which does not sound very promising when thinking of the results at this stage, but this is an assumption based on the popularity of the chosen keywords and typical click rate this kind of advert will get based on also the daily budget set for the adverts visibility.

Figure 25 shows the Google Search network advert for Origami and the potential reach.

### Mainoksesi

Suomalainen luonnonkosmetiikka –  
luonnolliset parfyymit  
Mainos scenttheshop.wixsite.com

Luontaisista raaka-aineista valmistettuja tuoksuja,  
testattu vain ihmisillä.

Mainoksesi voidaan muotoilla eri tavalla, jotta se sopii käyttäjän laitteeseen, mutta mainostekstisi pysyy ennallaan.

### Päivittäinen potentiaalinen kattavuus

15+ klikkausta

### Budjetti ja hintatarjoukset

1,00 € päiväbudjetti

AdWords määrittää hintatarjouksesi automaattisesti siten, että saat mahdollisimman paljon klikkauksia budjetilläsi.

Figure 25. Google Search network advert and potential reach for Origami (Google Adwords 2018).

When the tests are ready and set up, the tests can be started. The next subsections discuss the results after the tests were completed.

## 6.4 Results from the Test for Ruusu

The Google Adwords test for Ruusu business idea ended in 12 days, as the advert received good amount of impressions by then. As presented in Figure 26, the advert received 1950 impressions which means that it was visible to a customer 1950 times on the Google Search results page. The advertisement was clicked 29 times which equals a click rate of 1,49%. Average cost per click for Ruusu was 0,44€ and total cost of this test was 12,66€.

Figure 26 shows the most popular keywords used in the test.

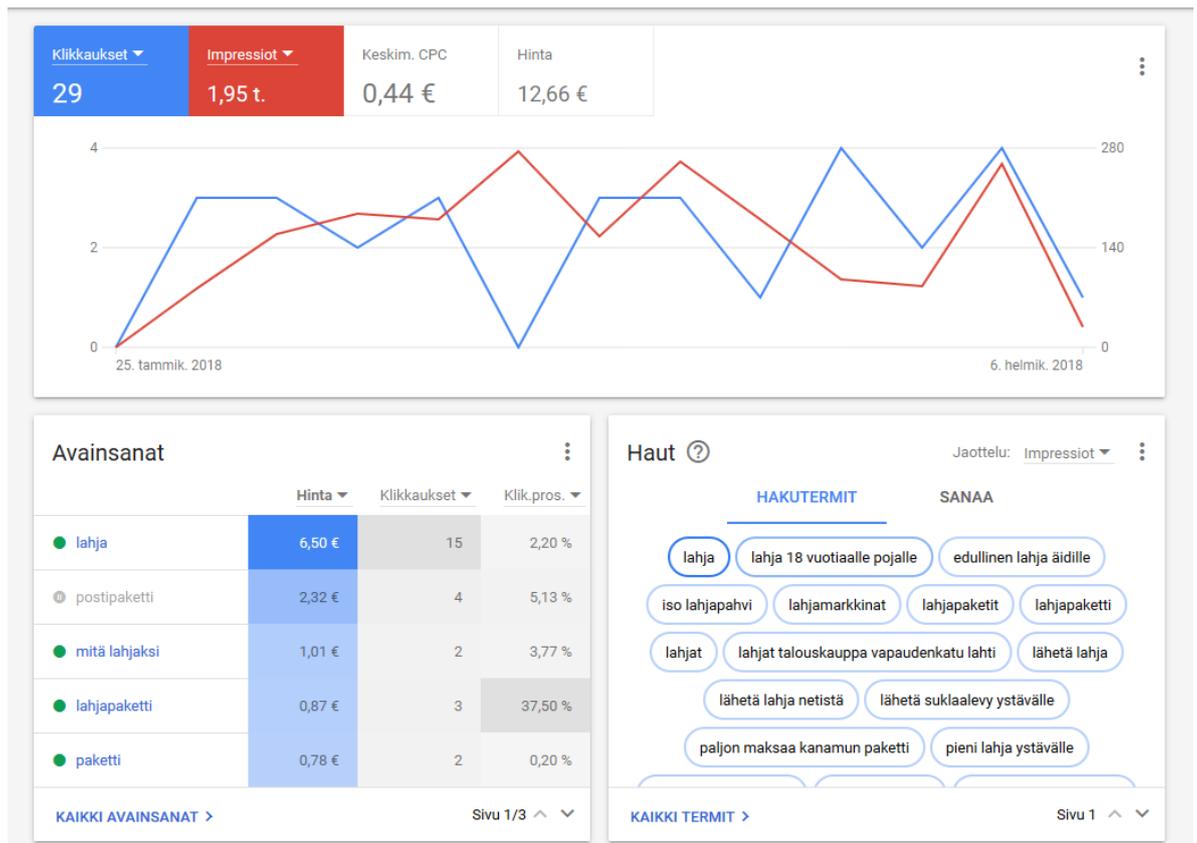


Figure 26. Results from test with Ruusu (Google Adwords 2018).

Figure 26 shows that most popular keywords in this landing page minimum viable product test were “gift”, “what to buy for gift” and “gift package” which received the highest click rates. This is important information when iterating the keywords and finding what are the correct keywords that customers, searching for a service like Ruusu, are using. In addition, the results are showing that customers do search with keywords like “send a gift”, “reasonably priced gift for mom”, “send a gift online”, “send a chocolate bar to a friend” and “small gift for a friend”, which is useful and encouraging information when thinking of the Ruusu customer value proposition.

As presented in Figure 27, keyword “package” got 1013 impressions but only 2 clicks. This means that this is a wrong kind of keyword as it is not reaching the right customers. Keywords “gift” and “what to buy for a gift” have gotten a better click rate, thus those keywords have worked better with the Ruusu value proposition.

HAKU-AVAINSANAT									
NEGATIIVISET AVAINSANAT			HAKUTERMIT						
Avainsana	Kampanja	Mainosryhmä	Tila	CPC enint.	Käytännön tiedot	Lopullinen URL	Klikkaukset	Impressiot	
<input type="checkbox"/>	lahja	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	15	681
<input type="checkbox"/>	postipaketti	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	4	78
<input type="checkbox"/>	mitä lahjaksi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	2	53
<input type="checkbox"/>	lahjapaketti	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	3	8
<input type="checkbox"/>	paketti	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	2	1 013
<input type="checkbox"/>	lahja ystäväille	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	2	18
<input type="checkbox"/>	syntymäpäivälahja	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	1	38
<input type="checkbox"/>	häälahja	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	0	1
<input type="checkbox"/>	lahja äidille	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	0	8
<input type="checkbox"/>	kukkalähetys	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	0	27
<input type="checkbox"/>	lahja isälle	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,36 €	Hyväksytty	–	0	10

Figure 27. Keyword report for Ruusu (Google Adwords 2018).

The landing page sign-up form did not receive any sign-ups to the newsletter. It is hard to say why this happened, but it can be speculated that this might be due to the advert receiving very few clicks. Furthermore, the landing page does not tell a lot about the product and handing out an email address is a big commitment from a customer, so the customers might want to have more information before handing out their personal details.

The next subsection discusses the results from the similar test for Origami.

## 6.5 Results from the Test for Origami

To keep the results comparable, the test for Origami did also run for 12 days. As presented in Figure 28, the Google Search network advert for Origami received 1540 impressions, which means it was visible to a customer 1540 times on Google search results page. The advert received 30 clicks which equals a click rate of 1,94%. Average cost per click was 0,41 and running the test cost altogether 12,25€.

As also seen in Figure 28, most popular keywords were “scent” and “essential oils”. The search terms that customers used were a bit far from the Origami customer value proposition, being such as “organic haircare”, “scent oils” and “where can I get lavender oil”.

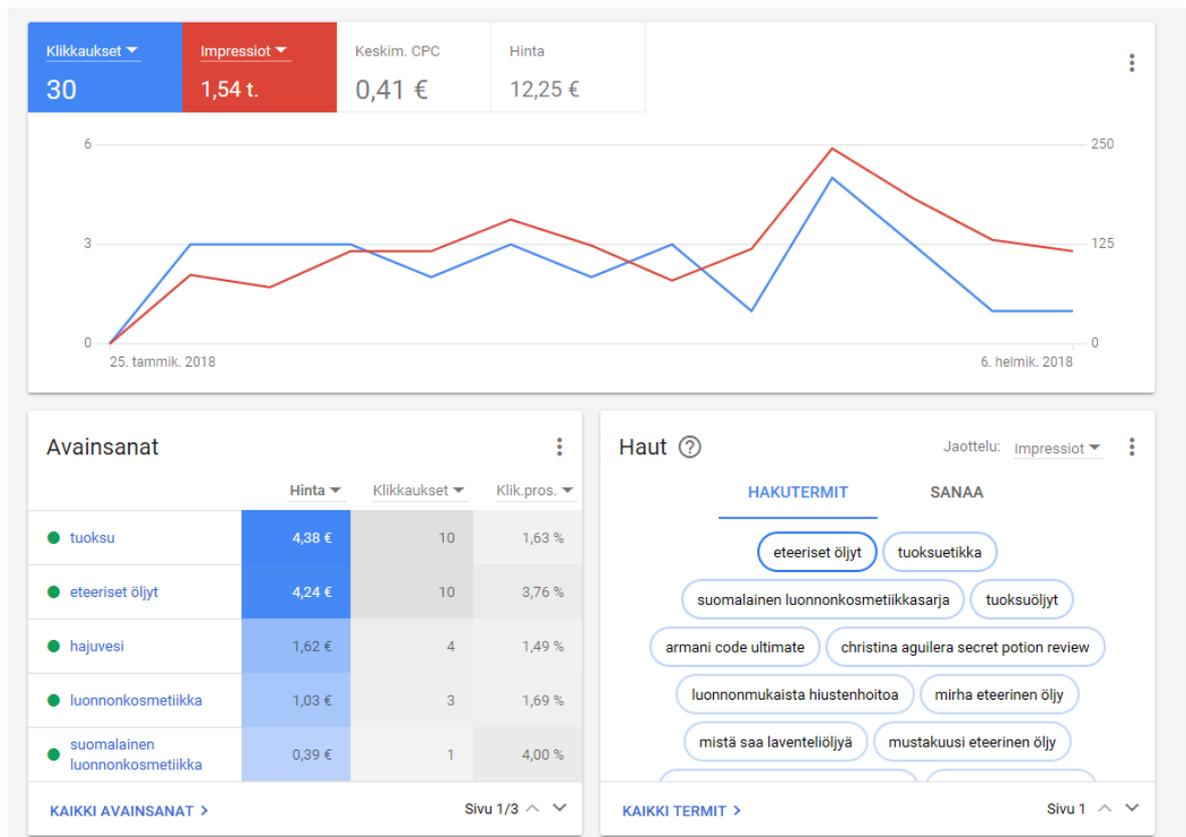


Figure 28. Results from the test for Origami (Google Adwords 2018).

As seen in Figure 28 keyword analysis, most impressions received “essential oils”, “perfume”, “scent” and “natural cosmetics”, but for example with keyword “perfume” the click rate was only 0,63% which might mean that the advertisement for Origami was not something that the customers searching for perfume were interested in. This is again useful information when making an iterative round with the keywords and finding the truly meaningful keywords what customers we are looking for. The keywords for non-animal-tested products were not popular, which is surprising to find out as there was an impression that being non-animal-tested product might be an interesting customer value proposition.

Figure 29 presents the keyword analysis for the Origami test.

Avainsanan tila: Kaikki muut paitsi poistetut										
<input type="checkbox"/>	<input type="checkbox"/>	Avainsana ↑	Kampanja	Mainosryhmä	Tila	CPC enint.	Käytännön tiedot	Lopullinen URL	Klikkaukset	Impressiot
<input type="checkbox"/>	<input checked="" type="checkbox"/>	eläinkokeettoman kosmetiikan lista	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	0	0
<input type="checkbox"/>	<input checked="" type="checkbox"/>	eteeriset öljyt	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	10	266
<input type="checkbox"/>	<input checked="" type="checkbox"/>	hajuvesi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	4	268
<input type="checkbox"/>	<input checked="" type="checkbox"/>	hyvä hajuvesi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	0	3
<input type="checkbox"/>	<input checked="" type="checkbox"/>	luomu hajuvesi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	0	1
<input type="checkbox"/>	<input checked="" type="checkbox"/>	luomu kosmetiikka	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	1	13
<input type="checkbox"/>	<input checked="" type="checkbox"/>	luonnonkosmetiikka	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	3	178
<input type="checkbox"/>	<input checked="" type="checkbox"/>	luonnonkosmetiikka parfyymi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	0	2
<input type="checkbox"/>	<input checked="" type="checkbox"/>	luonnonkosmetiikka verkkokauppa	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	0	10
<input type="checkbox"/>	<input checked="" type="checkbox"/>	parfyymi	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	1	160
<input type="checkbox"/>	<input checked="" type="checkbox"/>	suomalainen luonnonkosmetiikka	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	1	25
<input type="checkbox"/>	<input checked="" type="checkbox"/>	tuoksu	Campaign #1	Ad Group #1	Kampanja keskeytetty	automaattinen 0,72 €	Hyväksytty	-	10	612

Figure 29. Keyword analysis for Origami (Google Adwords 2018).

The landing page sign-up form did not receive any sign-ups to the Origami newsletter, which is disappointing, but gives a lot of insight into the next iteration round.

## 6.6 Summary of Test Results of the Two Minimum Viable Products

The tests for the Ruusu and Origami minimum viable products including the customer value propositions were conducted using Google Adwords and the Google search network. This is a method recommended by Ries (2011) and it was also selected due to the low cost. Two Google Adwords accounts were set up and the test advertisements were visible in Google Search front page for 12 days.

The results were that business idea Ruusu received more *impressions* than Origami, but as the number of *clicks* were almost the same, the click rate ended up being better for Origami. There were no *sign-ups* for the newsletter subscription list.

Therefore, neither of the business ideas show clear interest from the customers as 0 sign-ups to the newsletter was received. This might be due to the minimum viable product being even too minimum as probably customers would have wanted to know more

about the product or service before handing out their email address. This might be also since altogether only 59 customers entered the landing pages, which is not a lot, and this could be due to the competitive landscape with the adverts on Google search front page.

In Ruusu and Origami tests, the spend was 12€, but the number of clicks received was low. I believe that after Ries (2011) conducted his test with Google Adwords, the world has changed and it is no more possible to keep the spend low with Google Adwords as virtually all the companies in the market are using Google adverts and bidding on keywords is keeping the competitive landscape tough. It would be different situation when the tested advert was the only advert visible on the Google Search front page. This would make the test more reliable when the competitive aspect is out of the equation.

Table 3 shows the results from the test with the two business ideas as the key metrics set for the test.

Table 3. Results from the test with the two business ideas.

Business idea	Impressions	Clicks	Click rate	Sign-ups
Ruusu	1950	29	1,49 %	0
Origami	1540	30	1,94 %	0

As also seen in Table 3, Ruusu advert received more *impressions* than Origami, but when having a look at the keyword report presented in Section 6, there was a lot of keywords that did not really match well with the Ruusu value proposition and thus receiving a lot of impressions in this case means that those impressions did not meet the right customers looking for a service like Ruusu.

On the contrary, Origami received less *impressions*, but a better click rate, meaning that the keywords found the right customers slightly better. In ideal case we could find the customers who clicked the advert and ask them why they clicked, but this is unfortunately not possible in this kind of test.

Finally, as the purpose of the test is to validate the value and growth hypothesis, it can be stated that the Ruusu value hypothesis "Customers are interested in purchasing gifts online and sending them directly to the receiver. In addition, customers are interested

in purchasing gift wrapping and greeting cards at the same time” and the growth hypothesis “Customers are interested using this kind of service via website which is found via Google Search network adverts” cannot fully be validated.

The Origami value hypothesis “Customers are interested in purchasing perfume online, when it is organic, made in Finland and not tested on animals” and the growth hypothesis “Customers are interested in finding this kind of service via Google Search network adverts” are also not fully validated based on this test.

The next Section discusses the final conclusions and next steps after the minimum viable product tests.

## 7 Conclusions

This section discusses the conclusions and next steps after the tests were ran and results analysed for both Ruusu and Origami business ideas.

### 7.1 Executive Summary

The objective of this thesis was to build and test the core product offering for two initiative business ideas, utilizing the Lean Startup -methodology. The topic is important as more and more companies are founded, but also more and more companies end up failing. Lean Startup is a practical methodology that small start-ups and bigger companies can easily adapt, minimize risk and this way save a lot of time and money. The business context in the thesis was Finnish eCommerce market and the two business ideas are created for online context.

The study started with presenting two initial business ideas which were picked from a collection of business ideas saved for later development. Next, the business ideas were developed by creating a Lean Canvas and customer value proposition with the help of a Value Proposition Canvas for them. The analysis continued by creating minimum viable products for them using Ries' (2011) recommended landing page minimum viable product method. For testing the minimum viable products, Google Adwords were used and Google Adwords tests for both landing pages were created. The most important metrics set for these tests were *impressions*, *clicks* and *sign-ups* to the newsletter on the landing page. The aim at the end of the testing phase was to choose one of the business ideas for further acceleration or decision to pivot and take a different path completely.

The outcome of the study was the grounded comparison and selection between the two minimum viable product tests based on the key metrics chosen for this test. Based on the results from the first metric, *impressions*, Ruusu performed better receiving more *impressions*, but the result is also affected by the set of keywords selected for Ruusu.

Based on the results from the second metric, *clicks*, Origami performed better by receiving more *clicks* in proportion to the number of *impressions*, receiving a *click rate* of 1,94% compared that of Ruusu which was 1,49%.

Based on the results from the third metric, *sign-ups*, neither of the business ideas show clear interest from the customers as 0 *sign-ups* to the newsletter was received. This might be due to the minimum viable product being even too minimum as probably customers would have wanted to know more about the product or service before handing out their email address. This might be also since altogether only 59 customers entered the landing pages, which is not a lot, and this could be due to the competitive landscape with the adverts on Google search front page. Probably when investing more money into the test, the adverts would have gotten better visibility and more customers would have landed on the landing pages.

This finding, however, was a bit contradictory to Ries' (2011) recommendation to keep the costs as low as possible. He conducted the minimum viable product test with his own company with Google Adwords with only 5\$ spend.

But based on the customer interview results for both business ideas, it seems that customers are willing to try out new fragrances and are willing to make a purchase decision in case the perfume was made in Finland, which encouraging information for Origami. On a more detailed level, based on the initial interviews for Ruusu, there was a feeling of a need for a service to purchase gifts online but it was unclear whether gift wrapping and greeting cards is something customers are looking for and whether they are interested in sending a gift directly to the receiver.

Based on the interviews for Origami, the business idea of selling perfume online seems still somewhat uncertain and as the brand seems to be also a key decision point, and it is not clear if a small brand would be able to succeed, especially without a major investment in brand building through marketing. In addition, whether customers are willing to purchase perfume online without the possibility of smelling the scent beforehand is also not clear yet.

The value hypothesis in the Ruusu case was "Customers are interested in purchasing gifts online and sending them directly to the receiver. In addition, customers are interested in purchasing gift wrapping and greeting cards at the same time" and the growth hypothesis, is that "Customers are interested using this kind of service via website which is found via Google Search network adverts". Based on the test with landing page minimum viable product and Google Adwords and based on the data collected from the interviews, it can be stated that there is some interest in the market for purchasing and

sending gifts, but not a clear strong interest towards purchasing gift wrapping and greeting cards at the same time. Thus, the hypotheses are not completely true nor false, but it might be that the set hypotheses were too complex and the test scope too narrow.

The value hypothesis in the Origami case was "Customers are interested in purchasing perfume online, when it is organic, made in Finland and not tested on animals" and the growth hypothesis was "Customers are interested in finding this kind of service via Google Search network adverts". Based on the results from the landing page minimum viable product test with Google Adwords and based on the data from the interviews, it can be stated that customers are interested in purchasing organic perfume which is made in Finland, but it is still unclear whether customers are willing to purchase perfume. In addition, based on the results, purchasing non-animal-tested perfumes is not something that customers are after. Thus, it can be stated that the value and growth hypotheses are partly true and partly false.

To sum up the results, based on the Google Adwords metrics and interview results, the study recommends to choose Origami business idea for further optimization and acceleration as overall it seems that this idea has a better possibility to succeed than Ruusu.

## 7.2 Next Steps and Recommendations

The final decision is that business idea Origami is chosen for further acceleration and optimization, but a *pivot* needs to be done as the current value and growth hypotheses for Origami were not validated.

Recommendation is to set new value and growth hypotheses for Origami and start over the Build-Measure-Learn loop. First, the Origami value proposition should be iterated to focus more on the fact that Origami is selling Finnish natural cosmetics perfume.

Second, the further aspects of the business idea, scent subscription and scent profile, could be also brought in and tested on the landing page whether this is something customers are interested in.

Third, Google Adwords keywords should be also iterated and focused better on the core value proposition.

Fourth, more interviews with example customers should be conducted as those seem to bring a lot of value into the development of the business idea. In the next customer interviews, the deeper angles of scent subscription and scent profile could be discussed and the minimum viable product landing page could be presented and discussed. This could help with building the interesting brand, which the customers find important when choosing a perfume.

Fifth, the next call-to-action on the Origami landing page could be a suggestion to order a scent sample. This of course requires some product development already, but at this step it might be useful as often customers are willing to order free samples online and in Origami case this kind of possibility on the landing page would bring a lot of knowledge for the next iteration round.

As the conclusions and next steps for this thesis are now discussed, the next subsection presents the thesis evaluation.

### 7.3 Thesis Evaluation

Idea of the thesis evaluation is to prove that this thesis is trustworthy. The four criteria of trustworthiness of qualitative research by Shenton (2004) are applied in this study, being credibility, transferability, dependability and confirmability.

#### 7.3.1 Credibility

Credibility refers to the degree to which the findings of the qualitative research make sense. Next the measures of credibility are analyzed.

Table 4. Measures of credibility (based on: Shenton 2004).

Measures of credibility	Applicability in this study
Adoption of appropriate, well recognized research methods	Research approach for this study was a case study. Qualitative research methods applied in the form of interviews. Quantitative research method in the form of Google Adwords test.
Development of early familiarity with culture of participating organizations	Not applied in this case as the study was about founding a new business, not about an existing organization.

Random sampling of individuals serving as informants	This is not applied in the interviews as the interviewees were selected but in the Google Adwords test this was applied as the informants were anonymous and random.
Triangulation via use of different methods, different types of informants and different sites	In the interviews the informants were homogeneous as they were from a certain customer segment, but in the Google Adwords test the informants were of many type and from many sources.
Tactics to help ensure honesty in informants	Honesty was encouraged in interviews and interviewees could reply in written format, avoiding any biased opinions when interviewing face to face. In addition, with the Google Adwords test, all the informants were anonymous and did not in fact know about the test, so their honesty is guaranteed.
Iterative questioning in data collection dialogues	Not applied.
Negative case analysis	Not applicable in this case.
Debriefing sessions between researcher and superiors	Face to face sessions attended with the thesis supervisor.
Peer scrutiny of project	Not applied.
Use of "reflective commentary"	Not applied.
Description of background, qualifications and experience of the researcher	Discussed in preface and introduction.
Member checks of data collected and interpretations/theories formed	Not applied.
Thick description of phenomenon under scrutiny	Discussed in sections 2 and 3.
Examination of previous research to frame findings	Not applicable in this case as the case is unique.

### 7.3.2 Transferability

Transferability refers to generalizability of the quantitative research, it is assured by describing thoroughly how the data collection has taken place. Next the measures of transferability for this thesis is analyzed.

Table 5. Measures of transferability (based on: Shenton 2004).

Measures of transferability	Applicability in this study
The number of organizations taking part in the study and where they are based	Organization in this case is the researcher, located in Finland.

Any restrictions in the type of people who contributed data	No restrictions were made.
The number of participants involved in the field-work	3490 people involved in the Google Adwords test. 3 people involved in the initial interviews.
The data collection methods that were employed	Interviews, data collection via Google Adwords
The number and length of the data collection sessions	3 interviews, about 20 minutes each. 2 Google Adwords tests, ran for 12 days
The time period over which the data was collected	25.1-1.2.2018, Google Adwords test. 22.2-2.3.2018, interviews.

### 7.3.3 Dependability

Dependability in the qualitative study entails the reliability, consistency and accurateness of the study. The dependability can be increased by reporting the research process in detail, so that other researchers would be able to conduct the similar research again and receive similar results. Next the measures of dependability in this thesis is analyzed.

Table 6. Measures of dependability (based on: Shenton 2004).

Measures of dependability	Applicability in this study
The research design and its implementation, describing what was planned and executed on a strategic level	Description can be found in the section 1.5 Research approach and process.
The operational detail of data gathering, addressing the minutiae of what was done in the field	The data gathering stages are described in sections 4 and 5.
Reflective appraisal of the project, evaluating the effectiveness of the process of inquiry undertaken.	Not applied.

### 7.3.4 Confirmability

Confirmability in the qualitative research refers to the objectivity of the researcher and assurance that the findings originate from the informants only. Next the measures of confirmability in this thesis is analyzed.

Table 7. Measures of confirmability (based on: Shenton 2004).

Measure of confirmability	Applicability in this research
Triangulation to reduce the effect of investigator bias	No bias possibility in the Google Adwords test data. In interviews there is the possibility, but the interviewees were able to write their replies in order to avoid bias.
Admission of researcher's beliefs and assumptions	Some assumptions made in the study, especially in the conclusions, but these are assumptions based on the collected data.
Recognition of shortcomings in study's methods and their potential effects	Discussed in section 7 especially, shortcomings in interpreting the results and what affected data collection.
In-depth methodological description to allow integrity of research results to be scrutinized	Description of research method and data analysis method described in the section 2.
Use of diagrams to demonstrate "audit trail"	The research process is illustrated in the section 2. Usage of diagrams applied to illustrate the findings of the study.

Based on the evaluation for the trustworthiness of this study, it can be concluded that majority of the items outlined by Shenton (2004) are fulfilled on satisfactory level in this study. Consequently, it can be assumed that this study has reached an appropriate level of trustworthiness.

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## Customer interview data for Ruusu

Question number	Business idea Ruusu - Questions	Interviewee 1	Interviewee 2	Interviewee 3
1	Have you ever purchased gifts for a friend or family member from an online store?	Yes	Yes	Yes
2	If not, why?	-		-
3	What are the biggest problems you have faced when shopping (online or offline) a present for someone?	Idea and/or price	Online: credit card issues (won't accept the payment), wondering whether you can trust the site or not, PayPal doesn't work. Offline: deciding what to buy.	Coming up with a good, personal idea for the gift
4	Do you value the possibility to have your gift wrapped already in the shop?	Sure it's convenient	Yes	Yes, although I do not always take advantage of
5	Do you ever make a purchase decision based on getting gift wrapping options in the shop (offline or online)?	No	Not really	Possibly for a very quick decision gift, such as a housewarming party gift
6	If you have been invited to a party or a celebration (birthday, graduation etc.) and it is not possible for you to join, do you usually still deliver a present for the person who invited you?	Yes, if its for someone important	Pretty often	Only if it's a close friend or a very special occasion

## Customer interview data for Origami

Question number	Business idea Origami - Questions	Interviewee 1	Interviewee 1	Interviewee 3
1	When purchasing perfume, what are the top reasons to pick a certain perfume? What are the key decision points?	Scent, price, brand, bottle	Not too strong, scent after applying to own skin, price	The scent, price and look
2	Have you ever purchased perfume online?	No	No	No
3	If not, why?	I like to try the product before i buy	Have to know how the scent suits you	Cannot smell the perfume. I could imagine purchasing a perfume online if a had a standard perfume I use and I'm sure I can trust the online reseller (be sure the product is authentic)
4	Do you usually stay loyal to one chosen perfume or do you often try new fragrances?	Usually i choose different fragrance every time	Try new ones	I rarely use perfume/does not apply.
5	How much does the brand of the perfume matter to you when making a purchase decision?	It matters a bit	Doesn't matter. Though I wouldn't pick a very cheap or unethical one.	If I was purchasing a perfume, the brand together with the look would be quite important
6	How important is the packaging and design of the perfume?	Not so much	Wouldn't pick a very colourful bottle, otherwise doesn't matter.	Quite important, I like the perfume to look appealing and e.g. according to my style/age matter.
7	How important are ethical aspects, when making a purchase decision, such as the product being organic produce or the fact that it has or has not been tested on animals?	It's important, but it should be even more important	Testing with animals is a huge minus, organic produce a plus but doesn't have a very big influence on the decision (in perfumes).	Not very
8	Would it affect your purchase decision in case the perfume was produced in Finland?	Yes	Yes	Possibly, since I do prefer local brands when purchasing e.g. make-up