

CUSTOMER OPPORTUNITY COST CALCULATOR

How to consider the total cost of your entrepreneurial offering from your customer's point of view

HOW ARE YOU FACILITATING VALUE FOR YOUR CUSTOMERS?

A consumer or customer thinks about opportunity cost when considering your entrepreneurial offering.

ENTREPRENEURIAL VALUE PROPOSITION

You promise the customer that they will *feel* better - they'll satisfy a particular need they feel by purchasing and using your solution.



CUSTOMER'S OPPORTUNITY COST

1. Price (opportunity cost is to pay less).
2. Barriers to use: ease of adopting new solution, learning curve, distance to drive to get to the store, etc. (Opportunity cost is to avoid these difficulties.)
3. Value offered by a competitive product or service. (Opportunity cost is to forego the competitive product.)
4. Satisfying some other need. (Opportunity cost is to forego this other need satisfaction in order to buy your offering.)
5. Non - consumption. (Opportunity cost is to keep the money, not spend and forego or postpone consumption of your offering.)



HOW DOES YOUR VALUE PROPOSITION MEASURE UP?

Your value proposition must result in a greater value felt by the customer than all these opportunity costs combined.

A good rule of thumb is to aim for 2X to 10X better value than the customer can currently experience.