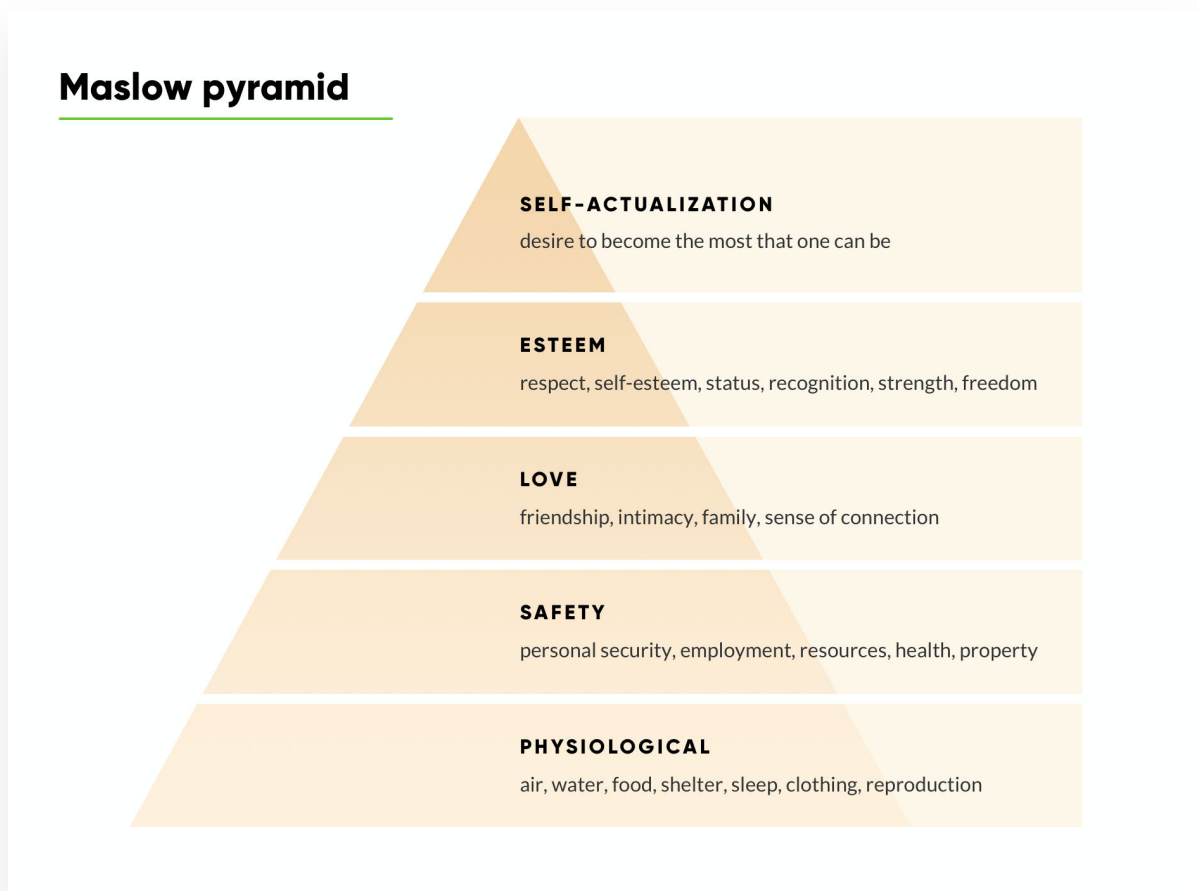


Financial UX Design Methodology: The Value Pyramid

Whitepaper

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Most people are familiar with the Maslow Pyramid. This hierarchy theory states that human needs and motives are developing stage by stage, and humans aren't interested in achieving the next level before completing the previous one.



Competition is the main force behind stimulating the development of the product value proposition. The greater the competition, the more the manufacturers are trying to meet the needs of people and gain a competitive advantage. This means we can draw a parallel with Maslow's pyramid and assume that, as competition grows, manufacturers will propel their products to higher and higher levels of human needs.

Thus, with each level of the pyramid, the value proposition of the product will become more and more humane.

So, if we take the pyramid of needs as a basis, we can extract levels of the Product Value Pyramid as follows:

1 Physiological Needs – Functional Value

Physiological Needs correspond to the Functional Value of the product. It's all about providing the desired result to the client by using the product features.

2 Need for Security – Usability Value

The Need for Security is associated with the comfort of the person, so here we can talk about Usability Value of the product. Ease of use satisfies the need for control and ultimately creates a sense of security and confidence in the product.

3 Love and belonging – Aesthetics Value

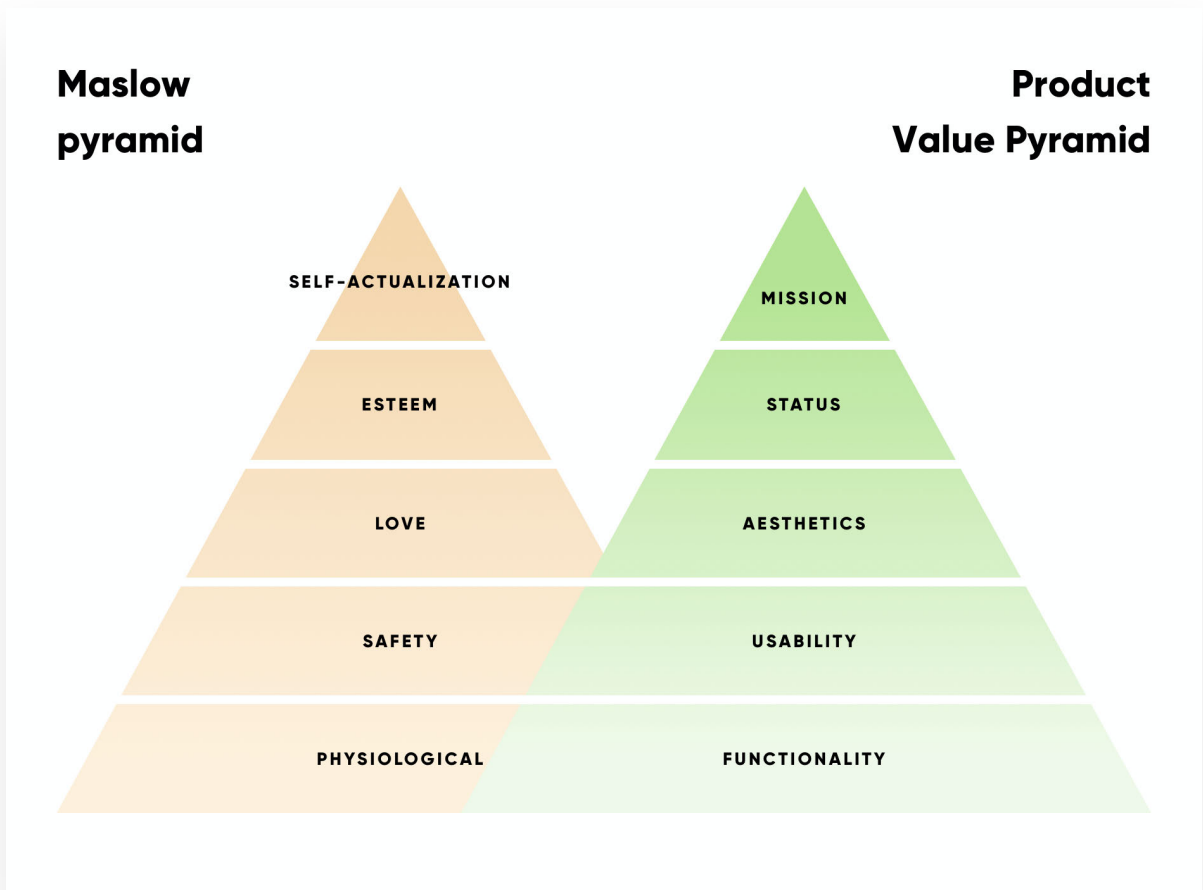
Love and a sense of belonging are emotions. A product can influence emotions through Aesthetics. Aesthetics allows us to enjoy things, service, relations and life in general. We are attracted to beautiful things; we value them and like to possess them.

4 Need for Respect – Status Value

The Need for Respect can be satisfied with the help of the clear Status Value of the product or, rather, its compliance with a certain lifestyle.

5 Need for Self-actualization – Mission Value

The need for Self-actualization is the human desire to maximize the realization of his/her capabilities. Here, a product or service can inspire self-realization by offering to join an exciting large-scale Mission that brings value to the world.

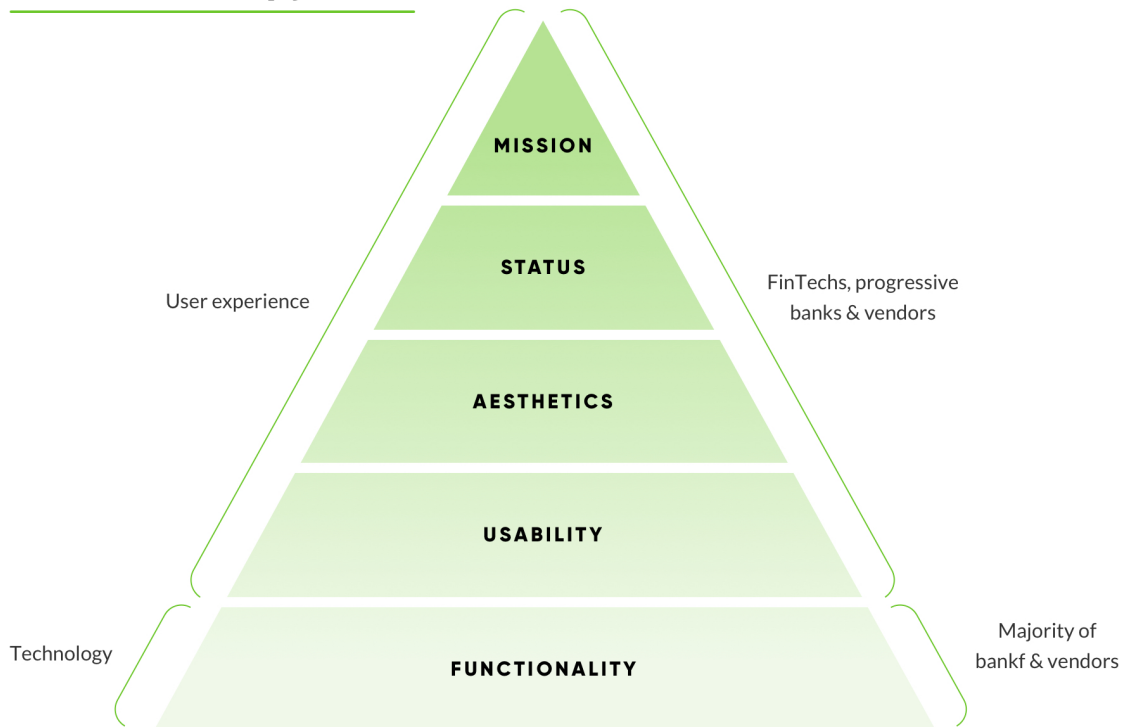


Imagine that you have invented a product that provides a solution demanded by customers. All you would have to do is make it work properly and just enjoy your stable business and endless profit.

But, what if competitors copy the technology and start producing a similar product or service? Then you need to offer something unique that provides an advantage to your product and additional benefits to your customers. Simple functionality is no longer enough because everyone has it; you need to figure out additional value.

This is the moment when the competition takes an entrepreneur to the next level of the Product Value Pyramid. If **functionality** is not enough to compete, provide **usability**. If all the competitors have the same functionality and usability, add **aesthetics**. Or, if you need even more advantages, connect the product with the customer's lifestyle by personalizing it; make it a symbol of his/her **status**. And, finally, you can go even further and state the **mission** to deliver ultimate value that will change the world.

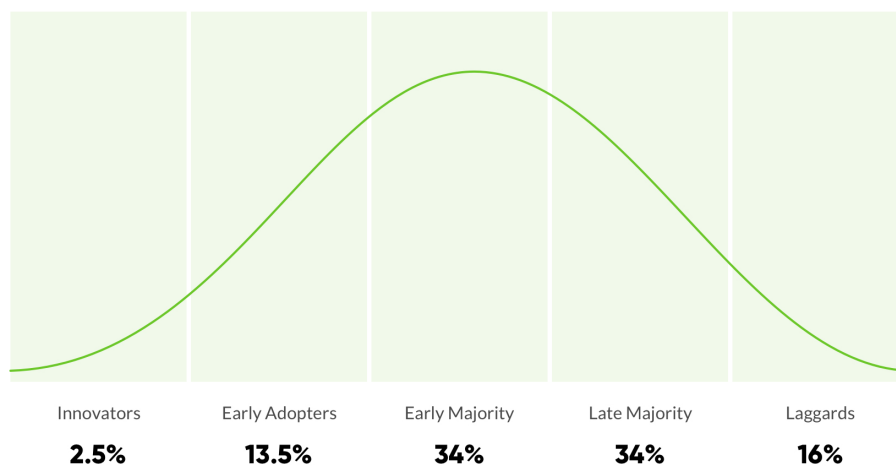
Product value pyramid



Targeting the unique Product Value proposition at the top four levels (mission, status, aesthetics and usability) of the pyramid will help to maximize the needs of users through customer-centered product design. Therefore, when we ask what our user feels, how comfortable he/she is and whether the product solves their problem and fits their lifestyle, we are designing the user experience.

For an additional explanation of the model, I will use the innovation adoption lifecycle that clearly illustrates the dependence of demand on the adaptation of a new product in society.

Innovation adoption lifecycle



First stage: **Functionality**

At the stage of market emergence, key decision-making criteria for buyers is determined by functionality. Functionality is used as the main unique feature of the product if it's among the first in the market. However, its disadvantages may outweigh the pros.

New technology may be inconvenient to use and may not be visually attractive. But, a certain category of buyers is ready to close their eyes to this and pay for the novelty. These are innovators, an average of 2.5% in any market, who want to be the first to try new solutions. At this stage, solutions that offer novelty through functionality typically enjoy the greatest demand.



Second stage: Usability

When innovators tried out a new product and appreciated its advantages, they began to praise it, which stimulated the interest of early adopters, adding another 13.5% to the market. Demand began to grow, the production technology of a product or the provision of a service stabilized, and the market became interesting to competitors.

At this stage, functionality loses its key advantage. The technology is steadily reproduced, and more and more alternatives appear on the market. In the struggle for customers, manufacturers are beginning to think more and more about the convenience of their products or services. Expectations of customers are increasing, and they are no longer willing to put up with product issues.

Key Value proposition	Stage 1 Functionality	Stage 2 Usability	Stage 3 Network	Stage 4 Scale	Stage 5 Market
Market share	2.5%	13.5%	34%	34%	34%
Customers	Innovators	Early Adopters	Early Majority	Late Majority	Laggards
Competition	None	Low	Medium	High	Market
Market segmentation	None	Low	Medium	High	Market

Third stage: **Aesthetics**

Demand is growing along with competition, so more and more products with similar functionality and basic convenience enter the market. The product becomes interesting for the early majority, or the so-called pragmatists, who are convinced of its benefits and usability and will grow the market by another 34%.

Key Value proposition	Stage 1 Functionality	Stage 2 Usability	Stage 3 Aesthetics	Stage 4 Status	Stage 5 Prestige
Market share	2.5%	13.5%	34%	34%	34%
Customers	Innovators	Early Adopters	Early Majority	Late Majority	Laggards
Competition	None	Low	Average	High	High
Market segmentation	None	Low	Average	High	High

Offering something special, something that can outcompete others, becomes really challenging. And, suddenly someone figures it all out: what if you offer users not just convenient function, but the opportunity to experience enjoyable emotions while using the product, and the market is introduced to not only functional and usable but also a more beautiful and appealing product?

Buyers gladly respond to this. They like that the product not only provides some benefits but also does it in a pleasant way, evoking positive emotions. So, aesthetics becomes the key competitive advantage of the product at this stage of the Product Value Pyramid.

Fourth stage: Status

Large growth leads to mass production. The cost of the product is reduced. The market is actively segmented by offering customers all new product variations depending on their capabilities, preferences and status.

There are more and more conservative buyers on the market who are ready to pay more only if the product offers them some privileges.

Key Value proposition	Stage 1 Functionality	Stage 2 Usability	Stage 3 Aesthetics	Stage 4 Status	Stage 5 Mass
Market share	2.5%	13.5%	34%	34%	50%
Customers	Innovators	Early Adopters	Early Majority	Late Majority	Laggards
Competition	None	Low	Average	High	Market
Market segmentation	None	Low	Average	High	Market

The product is increasingly becoming an element of lifestyle, informing the public of certain status of its owner. At this point, manufacturers realize that they can produce products specifically for different customer audiences, creating a special set of characteristics in terms of functionality, convenience and aesthetics. These sets of characteristics are especially important to narrow target groups of consumers.

Fifth stage: **Mission**

The product market is fully formed and has gone from growth to the stage of maturity. From the point of view of the S curve in market development, it is getting closer to a turning point. Demand continues to grow due to the late majority and skeptics.

Key Value proposition	Stage 1 Functionality	Stage 2 Usability	Stage 3 Aesthetics	Stage 4 Status	Stage 5 Mission
Market share	2.5%	13.5%	34%	34%	16%
Customers	Innovators	Early Adopters	Early Majority	Late Majority	Laggards
Competition	None	Low	Average	High	Maximal
Market segmentation	None	Low	Average	High	Maximal

And, suddenly a revolutionary offer appears on the market, which, at first, looks like another modification for a certain segment of consumers. However, it does not offer a new modification, but a new value reference point—a new world view beyond the usual benefits of the product.

Such a product is capable of undermining the existing market by offering an innovative vision that can transform this market, initiating a new technological revolution. Thus, the product ceases to be only a source of convenience or joy and becomes very significant for a certain group of consumers connecting with them at the level of values.

Conclusion

The Product Value Pyramid allows us to understand why, in the Digital Age, user-oriented design is becoming not just popular, but also taking on an increasingly important strategic role. UX design is becoming a key element to ensure compliance with the market stage of a Product value to gain significant competitive advantages.

By only focusing on the convenience, aesthetics and status of the product, you can engage digital users. But, this is not enough to create an attractive-looking interface, it is necessary to integrate user centricity into all levels and processes of the company, putting the delightful user experience at the forefront. We discuss this the next article about our second model — UXDA Pyramid of Financial Design Integration.

If you are willing to take the user experience of your financial business to the next level, contact UXDA - we will help you:

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