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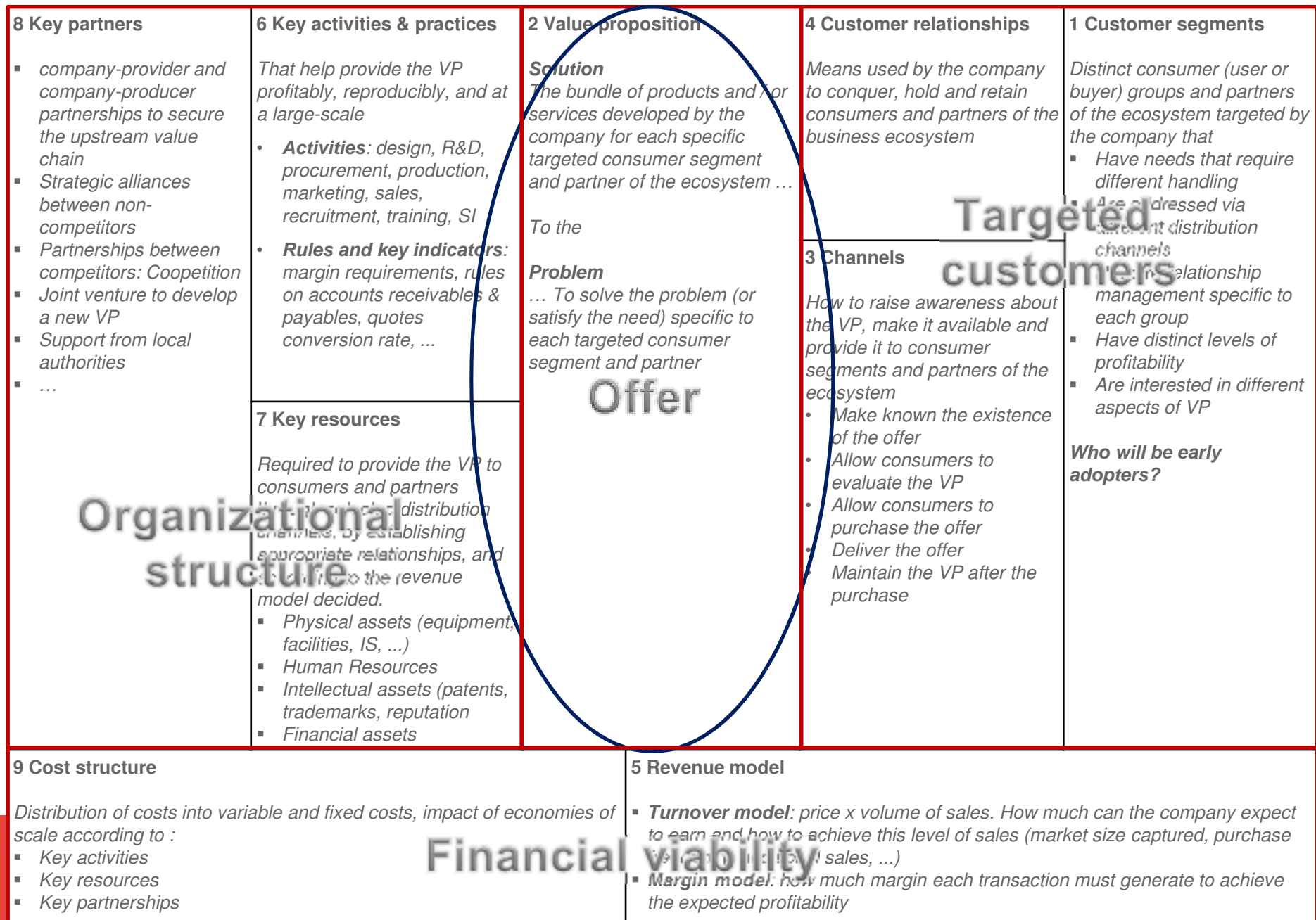
SKEMA BUSINESS SCHOOL

Developing a Value Proposition

skema
BUSINESS SCHOOL



VALUE PROPOSITION: THE CORE OF THE BM



DEVELOPING A VALUE PROPOSITION

- The value proposition is the **formulation of the offer** in a way which **values the advantages** for the customer.
- The **value**, called also **customer benefit**, is created by the features of the offer.
- The value proposition differentiates your solution from competition and makes it a **Unique Selling Proposition**.
- The value can be rational (money, performance), emotional (social status), or both.

DEVELOPING A VALUE PROPOSITION



A Value Proposition from “Le Foyer”, a snack bar managed by students, across the street in Sophia Antipolis SKEMA campus ☺

*** Translation:

Average waiting time :

“Foyer”: 2 mn

School Cafeteria: 30 mn

Do you really want to have lunch?













Come to the “Foyer”

DEVELOPING A VALUE PROPOSITION









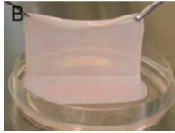
Key questions related to the Value Proposition

- What value do we deliver to the customer?
- Which one of our customer's problems are we helping to solve?
- Which customer needs are we satisfying?
- What bundles of products and services are we offering to each Customer Segment?

DETERMINANTS OF A VALUE PROPOSITION

Newness	Performance	Customization	Getting the job done	Design	Brand
<p>VP satisfies new needs so far not perceived by customers due to a lack of similar offering in the past (Blue Ocean Strategy): Cirque du Soleil, Yellow Tail, Starbucks, parabolic skis, car sharing, ...). Beware not shooting beyond what customers are ready to accept and pay for!!!</p> 	<p>VP improves the performance of the product (good or service) (product, process or marketing innovation). Disk drives, cloud computing (PC industry), rocker technology (skis), tele-maintenance (engineering), autologous grafts (surgery)...</p>  	<p>VP is customer-tailored to create differentiation and increase perceived value (cars, apparels, banking, co-creation in open source softs, web-marketing,)</p>   	<p>VP relies on the reliability of the offer or the service that is part of the value chain of the client (insurance firms, processors, snow cannons, Volvo after sales service, ...)</p>  	<p>VP relies on the look, ergonomics, easiness of use, storage and recycling, ... Design is a source of differentiation (Apple, IKEA, Porsche, Dyson, disposable devices of medicines for kids,)</p>  	<p>VP provides customers the feeling of belonging to a community (Apple, Audi, Chevignon, Rolex, Hermès, Monpetitbikini, Borderline, ...)</p>  

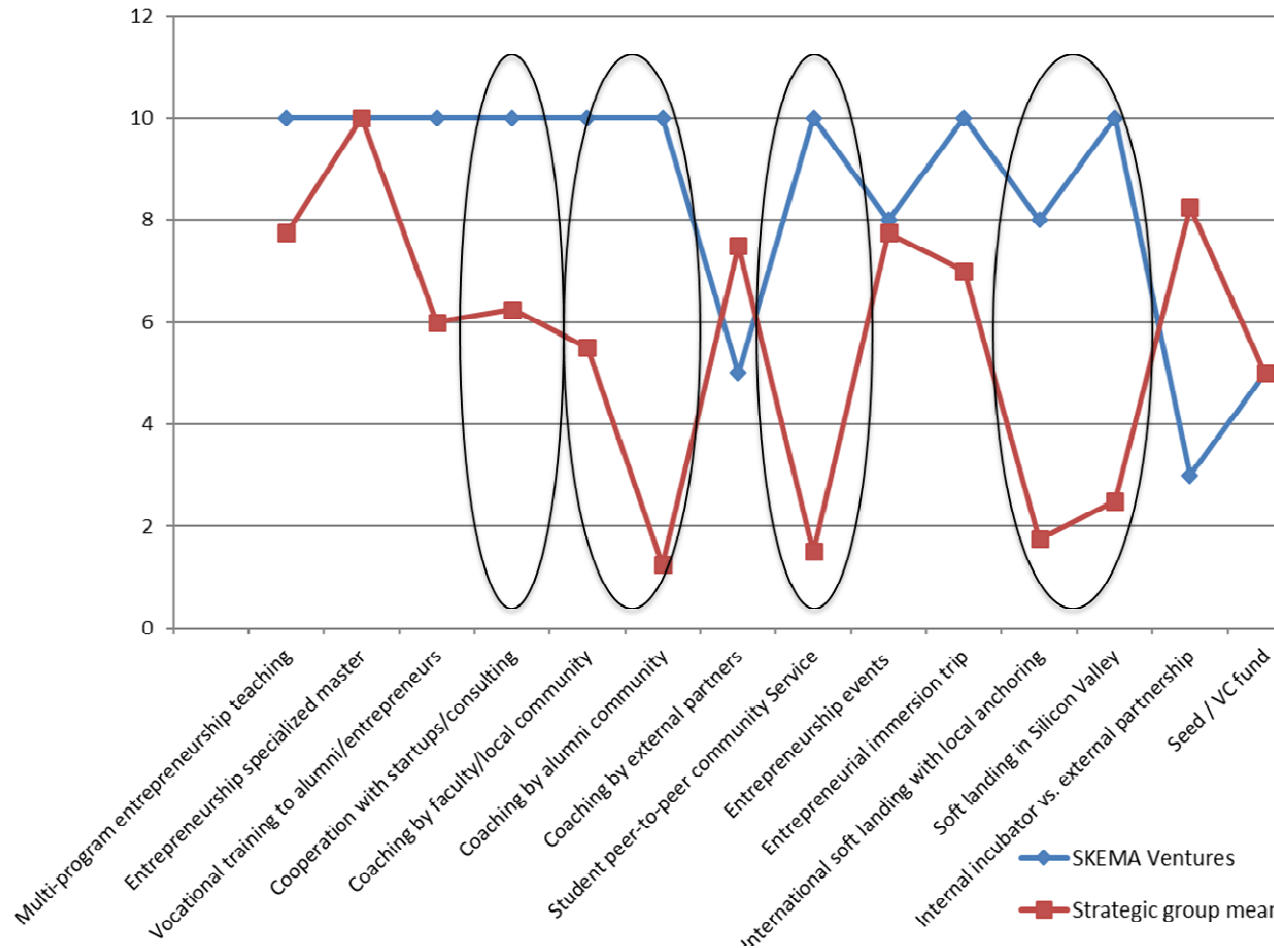
DETERMINANTS OF A VALUE PROPOSITION

Price	Cost reduction	Risk reduction	Accessibility	Convenience/ Usability
<p>VP offers similar value (of usage) at a lower price. Very common in price sensitive markets or for new entrants. This implies aligning the firm configuration (technological choices, administrative choices) et the entire Business Model with the low-price orientation (low-cost airlines, DACIA,...)</p> 	<p>VP helps customers reduce their costs by providing part(s) of the customers' internal value chain where the customers would destroy value compared to the VP (externalized sales forces, cloud computing, energy savings, central lab services time savings, ...)</p>  	<p>VP reduces the risk incurred by customers when purchasing the offer. Risk reduction can be linked to the offer itself and/or to the brand/reputation of the firm (Fat Four of Consulting, service-level guarantee, result-based payment, ...)</p>  	<p>VP relies on the availability of the offer to customers who could not easily access it previously (car sharing, e-learning, micro-credit, mutual funds, e-books, ...)</p>  	<p>VP provides products or services more convenient or easier to use (Velib, iPod, iTunes, Amazon, RFID ski pass, e-banking, smaller skin grafts ...)</p>  

DIFFERENTIATING YOUR VALUE PROPOSITION: THE STRATEGY CANVAS*

- Designing the value curve of your value proposition helps highlighting on which features of your value proposition you wish to differentiate from alternatives or even disrupt incumbent firms.
- To do so, you must 1) identify the key success factors of the best-in-class of your targeted strategic group, 2) decide on which KSF you wish to differentiate your positioning.

E.G. SKEMA VENTURES VALUE CURVE VS OTHERS



Where SKV business model disrupts:

- Experience of entrepreneurs' life and challenges
- Involvement of faculty and local players
- Involvement of alumni in coaching
- Learning community: Student community service
- Born-glocal startups thanks to local campuses: Soft landing