

Developing a Value Proposition









VALUE PROPOSITION: THE CORE OF THE BM

8 Key partners

- company-provider and company-producer partnerships to secure the upstream value chain
- Strategic alliances between noncompetitors
- Partnerships between competitors: Coopetition
- Joint venture to develop a new VP
- Support from local authorities

7 Key resources

Required to provide the VP to consumers and partners Organization a distribution STIUCOLA (i.e. o the revenue

- Physical assets (equipment.
- trademarks, reputation

6 Key activities & practices

That help provide the VP profitably, reproducibly, and at a large-scale

- Activities: design, R&D, procurement, production, marketing, sales, recruitment, training, SI
- Rules and kev indicators: margin requirements, rules on accounts receivables & payables, quotes conversion rate, ...

2 Value proposition

Solution

The bundle of products and or services developed by the company for each specific targeted consumer segment and partner of the ecosystem .

To the

Problem

... To solve the problem (or satisfy the need) specific to each targeted consumer segment and partner

Offer

4 Customer relationships

Means used by the company to conquer, hold and retain consumers and partners of the business ecosystem

How to raise awareness about

the VP. make it available and

sedments and partners of the

Allow consumers to

Allow consumers to purchase the offer

Maintain the VP after the

evaluate the VP

Deliver the offer

purchase

Make known the existence

provide it to consumer

3 Channels

ecosystem

of the offer

1 Customer segments

Distinct consumer (user or buyer) groups and partners of the ecosystem targeted by the company that

- Have needs that require different handling Targeted dressed via
- channels. custom'e: is sationship
 - management specific to each aroup
 - Have distinct levels of profitability
 - Are interested in different aspects of VP

Who will be early adopters?

model decided.

- facilities, IS, ...)
- Human Resources
- Intellectual assets (patents,
- Financial assets

9 Cost structure

Distribution of costs into variable and fixed costs, impact of economies of scale according to: Financial

- Key activities
- Key resources
- Key partnerships

5 Revenue model

- **Turnover model**: price x volume of sales. How much can the company expect to earn and how to achieve this level of sales (market size captured, purchase Margin model: how much margin each transaction must generate to achieve
- the expected profitability

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 Cafetería: 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
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	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	VP is customer- tailored to create differentiation and increase perceived value (cars, apparels, banking, co-creation in open source softs, web- marketing,)	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,)	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,)	VP provides customers the feeing of belonging to a community (Apple, Audi, Chevignon, Rolex, Hermès, Monpetitbikini, Borderline,)
what customers are ready to accept and pay for!!!	(surgery)	amazon.fr			DON'T FOLLOW THE LINE DRINK BORDERLINE ••• 🚳 🍼 🌤 ?
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DETERMINANTS OF A VALUE PROPOSITION

Price	Cost reduction	Risk reduction	Accessibility	Convenience/ Usability
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,)	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,	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,	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,)	VP provides products or services more convenient or easier to use (Velib, IPod, ITunes, Amazon, RFID ski pass, e-banking, smaller skin grafts)
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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.

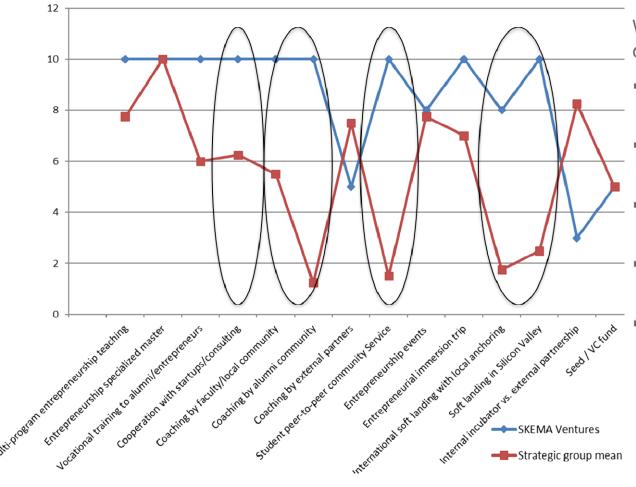








E.G. SKEMA VENTURES VALUE CURVE VS OTHERS



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





