

Managing for Value Creation – Subject Summary

Week 1: Definition of Value Concepts 2

- 1. Value Definitions by Zeithaml..... 2
- 2. Means-end model..... 2
- 3. Sources/Types of Value..... 2

Week 2: Value Models: Building value in the organisation 3

- 1. Old & New: Marketing and the value delivery sequence 3
- 2. Building value in the organisation: 'Generic Strategies' 3
- 3. Core Competencies..... 4
- 4. Segmentation, Targeting & Positioning..... 5
- 5. Value Propositions 6

Week 3: Business Models 8

- 1. Strategy & Business Models..... 8
- 2. Business Model Canvas 8

Week 4: No Content – Presentations only 9

Week 5: Value Models 10

- 1. Business Models and Value Propositions 10
- 2. The Service-Dominant Logic 12
- 3. Business value propositions 13
- 4. The revenue side of developing a business model 14

Week 6: Co-Creating Value Models 16

- 1. Co-Creation & Co-Production 16
- 2. Co-Creation of Innovations 16
- 3. Lead User Concept..... 16
- 4. Crowdsourcing: 17

Week 7: Managing Stakeholder Value 18

- 1. Employee Engagement 18
- 2. CSR & Creating Shared Value (CSV)..... 19

Week 9: Measuring (Financial) Value 21

- 1. Economic Value Added (EVA)..... 21
- 2. Balanced Scorecard 22
- 3. Marketing Metrics 22
- 4. Measuring Returns on Marketing 23
- 5. Customer Lifetime Value 23
- 6. Return on Marketing Investment (ROMI) 24
- 7. Assessing Marketing's impact on the bottom line 25
- 8. Issues with performance measurement..... 26

Week 11: Pricing Part 2 27

- 1. Personalized Pricing 27
- 2. Pricing Dynamics 28
- 3. Product Line Pricing 28
- 4. Competition & Price 29
- 5. Value & Ethics 29

Week 1: Definition of Value Concepts

- Value is always a) perceived, b) relative to the customer and c) dynamic
- P.Drucker: '*There is only one valid definition of business purpose: to create and keep a customer*'
- Value is relative to the customer (consumer, business, government, or other stakeholder)
- Creation of value is an externally oriented perspective
- Cycle of VC: Firm Value – Customer Value – Stakeholder Value
- Creating Value for Customers is at the core of value creation

1. Value Definitions by Zeithaml

Value is a low price (relative to others), what I want in a product (good for me), Ratio of Benefits (Core, Sourcing and Operation) and Price/Costs (Direct, Acquisition, Operation), What I get for what I give

2. Means-end model

Product Attributes (tangible product features) → Functional Consequences (immediate and tangible benefits) → Psychosocial Consequences (emotional benefits) → Values (State of Mind consumer is trying to achieve = Instrumental [e.g. Freedom, Social Acceptance, Inner Harmony, Independence] or Terminal [Happiness, Equality] values)

- **Customer Value** = [Product, Brand and Service Benefits] – [Price and Costs]
- **Value for Corporate Customers:** Improved Performance, Operating Quality, Asset Productivity and Reduced Risk

3. Sources/Types of Value

Functional / Instrumental	Appropriate Features/functions, acceptable performance & outcomes
Experiential/Hedonic	Cognition and sensory stimulation, Emotional, Social, Relational, Intellectual Outcomes
Symbolic/Expressive	Attached psychological meaning: self-identity, self-worth, social, reference group
Cost/Sacrifice	Minimized cost of transaction, reducing price but also opportunity costs

- Possible Customer Values: less money, time, psychic costs, effort, risk