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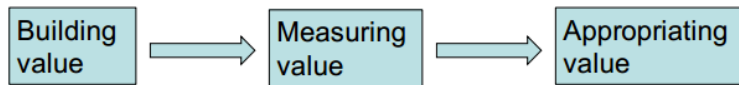
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# Week 1

## Defining Value Concept

### VALUE

Value (n.) – the regard that something is held to deserve; the importance, worth, or usefulness of something.



### What is Value?

Value is always **perceived**, **relative to the customer**, and **dynamic** (rely on situation they are in)

**Value = Customer perspective**

e.g. IKEA, Aldi → successful for customer's perception (Huge changing for consumer behaviour)

Customer rarely buys what the firm thinks it's selling them.

All production is for the purpose of ultimately satisfying a consumer. It is often possible to create value for multiple stakeholders, but frequently the role of managers and leaders is to determine trade-offs.

*Peter Drucker:*

- **"The purpose of a business is to create and keep customer"** → understanding and delivering customer value is central to the success of most organisations.
- Customer will only participate in a transaction, if they receive something that they value in return.
- Entrepreneurial function : Marketing & Innovation (Do something new)
- The customer rarely buys what the firm thinks it's selling him

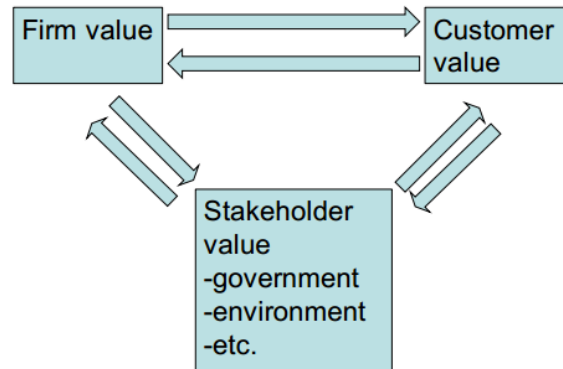
*John Maynard Keynes:*

All production is for the purpose of ultimately satisfying a consumer.

### Value Creation

- Value is relative to the **customer** (which might be a consumer, business, government, or another stakeholder)
- **Creating value for customers is at the core of the concept of value creation**

### The cycle of Value Creation



## Value to the Customer

**KEY:** Creating customer value assists in creating value for the firm.

### Value Definition (Zeithaml)

#### 1. Value is a low price

The lower the price, the greater the value. (Especially similar product but different price)

Value = -cost

e.g. Aldi or firm which has low chance to differentiate but they provide low price

#### 2. Value is what I want in a product

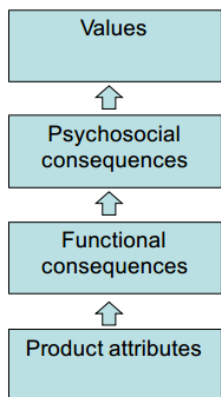
The direct way to satisfy customer's need.

Good for me / Convenience

e.g. luxury product (cost does not play as an important role)

Value = Benefit

The means-end model:



Self-knowledge

Product knowledge



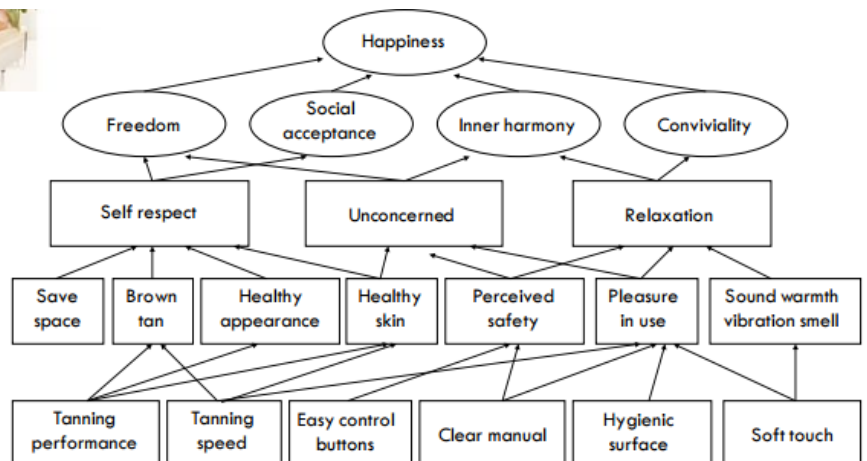
Instrumental values

Psycho-social consequences

Functional consequences

Attributes

The mean-end chain model



#### 3. Value (ratio) = benefits/price

## Appendix

Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
<b>Value definition</b> <ul style="list-style-type: none"> <li>Peter Drucker</li> <li>Keynes</li> </ul> <i>(Perceive, customer, dynamic)</i> <i>(To serve customer needs)</i> <b>The cycle of value creation</b> <b>Defining value to the customer</b> <ul style="list-style-type: none"> <li>Low price</li> <li>What I want in product <ul style="list-style-type: none"> <li>Mean-end chain</li> </ul> </li> <li>Value ratio (benefit/price) or Value summative (benefit-price)</li> <li>What I get from what I give</li> </ul> <b>Types of value</b> <ul style="list-style-type: none"> <li>Customer value</li> <li>Value to the firm</li> </ul>	<b>Marketing evolution</b> <b>3 generic strategy</b> → Building value in the organization to create <i>competitive advantages</i> <ul style="list-style-type: none"> <li><u>Porter</u> : the competency of a firm and market</li> <li><u>Treacy &amp; Wiersema</u> : How to compete</li> <li><u>Ansoff</u> : Where to grow</li> </ul> <b>Core competencies</b> <b>Porters value chain</b> <b>STP</b> <ul style="list-style-type: none"> <li>Perceptual map</li> </ul> <b>Value propositions</b>	<b>Business Model Design</b> <b>Business Model Canvas</b> <ul style="list-style-type: none"> <li>Customer Segment</li> <li>Value proposition</li> <li>Channels</li> <li>Customer relationships</li> <li>Cost structure</li> <li>Revenue stream</li> <li>Key partners</li> <li>Key activities</li> <li>Key resources</li> </ul>		<b>Benefit &amp; Feature</b> <b>Customer value determination process</b> <b>Linking the customer to the service provided</b> <b>Market orientation</b> <ul style="list-style-type: none"> <li>Proactive (How to shape the market)</li> <li>Responsive</li> </ul> <b>Service-Dominant Logic</b> <b>Business Value proposition</b> <ul style="list-style-type: none"> <li>Show all benefit</li> <li>Focus on point of different</li> <li>Focus on resonating focus</li> </ul> <b>The revenue side</b>	<b>Co-creation</b> <ul style="list-style-type: none"> <li>Vertical</li> <li>Horizontal</li> </ul> <ul style="list-style-type: none"> <li>Make or buy decision</li> <li>Transaction cost</li> <li>Co-creation of innovation</li> <li>The lead users concept</li> </ul> <b>Co-production</b> <b>Crowdsourcing</b> <b>Social network</b>
Week 7	Week 8	Week 9	Week 10	Week 11	Week 12
<b>Managing stakeholder value</b> <b>Employee engagement</b> <ul style="list-style-type: none"> <li>Definition</li> <li>Why engagement?</li> <li>Impacts</li> <li>Threats to engagement <ul style="list-style-type: none"> <li>Employees</li> <li>CEO</li> </ul> </li> <li>Method of engaging <ul style="list-style-type: none"> <li>Approach for new and all employees</li> <li>Gallup Hierarchy</li> <li>Communication</li> </ul> </li> </ul> <b>The service- profit chain</b> <b>CSR</b> <b>CSV</b> <ul style="list-style-type: none"> <li>Different CSR &amp; CSV</li> <li>The level of shared value</li> </ul>	<b>The Role of Sales</b> <b>Marketing &amp; Sales Alignment</b> <b>Sales force</b> <ul style="list-style-type: none"> <li>Vroom expectancy theory</li> <li>Types of sales force</li> <li>Performance of Sales <ul style="list-style-type: none"> <li>Sale people DO</li> <li>Sale people DON'T</li> </ul> </li> <li>Independent sales force</li> </ul> <b>Winning customer order</b> <ul style="list-style-type: none"> <li>Order-qualifying screen</li> <li>Order-winning screen</li> </ul> <b>Understand customers → how do they purchase?</b> <ul style="list-style-type: none"> <li>Decision Making Unit (DMU)</li> <li>Customer purchase → 6 purchasing process</li> <li>Match customer needs with your offer</li> </ul>	<b>EVA</b> <ul style="list-style-type: none"> <li>Formulation + components</li> <li>Drivers of long-term EVA</li> </ul> <b>The balanced scorecard</b> <b>Marketing metrics</b> <b>Measuring returns on marketing</b> <ul style="list-style-type: none"> <li>CLV</li> <li>ROMI</li> <li>Retail metrics</li> <li>Media metrics</li> </ul> <b>Marketing impact on the bottom-line</b>  <b>Issues with performance measurement</b>	<b>Importance of pricing</b> <b>The economics of pricing</b> <b>Pricing objective</b> <b>Pricing Strategies</b> <ul style="list-style-type: none"> <li>Cost-based pricing <ul style="list-style-type: none"> <li>Cost-leadership pricing</li> </ul> </li> <li>Competitive pricing <ul style="list-style-type: none"> <li>Leader pricing</li> <li>Predatory pricing</li> <li>Going-rate</li> </ul> </li> <li>New product pricing <ul style="list-style-type: none"> <li>Ceiling</li> <li>Floor</li> </ul> </li> <li>Pricing for value <ul style="list-style-type: none"> <li>Conjoint analysis</li> <li>Value-in-use pricing</li> </ul> </li> <li>Reference pricing</li> </ul>	<b>Pricing Practice</b> <ul style="list-style-type: none"> <li>Different prices for the same group (Personalised pricing) <ul style="list-style-type: none"> <li>Auctions</li> <li>Promotional pricing</li> <li>Group pricing</li> </ul> </li> <li>Price dynamics</li> <li>Multiple prices : line pricing</li> <li>Competition &amp; price</li> <li>Value and ethics</li> </ul>	