

Marketing week 7 - Alternative value propositions

Business strategy has four components- product market investment decision, the CVP, the organisations assets and competencies and functional strategies and programs

Business strategies cluster around a limited number of VP's for a product market.

Value proposition

- A Summary indicator of complex strategies→ allowing some strategies to be rejected before resources have been invested
- all should affect customer-firm relationships
- 2-3max→
- Superior attribute or benefit(BMW)
- Appealing design/image- apple ipod
- CSR/superior value (walmart)
- CHALLENGE- EACH vp should be challenged → does it contain a real or perceived VP? Is it feasible? Sustainable? Relevant to the business/strategy?

Customer value proposition

- Business should add real value to the customer→ from customers perspective→ but also real
- How does the SCA/point of differentiation affect the customers experience→at which touchpoint?

Perceived CVP

- Must be perceived as quality and worthwhile by the customer→ not just by the business
- A business may be offering value but the customer is unaware of it→ waste of money etc→ market research/campaigns ensure that this does not happen→MUST BE COMMUNICATED TO THE RIGHT AUDIENCE!
- Customers cannot pick out deep details→ only signals→ appearance/service quality→ firms task is to communicate these triggers/cues in their product

Is the strategy feasible?

- **making a perfect strategy/CVP is one thing→executing it is another thing(theory vs practical points?)**
- May require A&C's that the business don't have/non-existent technology
- May be shortlived/vulnerable to competition/trends dying out(→ time proof? Or come n go thing?)

Sustainable ?

- Is the CVP superior to the competitors offering?
- Is it easily copied?-
- Own a product dimension with brand differentiation.
- Continuous investment/improvement to make it a moving target
- Unique A&C's
- Strongest one is one that remakes the product class
- Prevent increase in competition by overinvesting

Alternative Value propositions

[insert slide from week 7 here]

- Superior attribute /benefit- Volvo/Heinz easy pour ketchup

LITTLE NOTABLES EXCLUSIVE – ALI THAIR

- Attribute is relevant to customers/brands clearly positioned in that attribute/copy proof(only possible if SCA unique to biz)
- Superior quality
- Quality strategy would be perceived as superior to other brands from *customers perspective*→ IMP!
- Usually price premium
- Can be the driver of business strategy

Quality proposition advantages

1. Opportunity to be a leader in the category
2. Can drive people's perceptions
3. Motivation for employees to strive
4. Fosters innovations since quality is a moving target→ Innovative business culture !!!!!
5. Supports customer loyalty
6. Quality can drive stock return→ measure that truly reflects LT performance

Service context

- Service quality- competence/responsiveness/empathy of staff
- Manage expectations
- Begins with culture→ useless unless it runs throughout the business→ not just the sales staff
- Reduce difficulty of accessing the service
- Innovation → employees→ awards → e.g \$50,000 lexus for best dealer
- Motivated employees make a huge difference

Key quality points

- Quality focused management- *revolve around culture*
- Signals- fit and finish/style/- e.g tomato juice(thick)/cleaners(lemon)/clothes(higher price means better quality)
- Managing quality- expectations are raised high and hence customer disappointment will screw you over 10x as hard (double edged sword)

Value

Always a segment that is motivated by price

To compete in the value arena- business must have:

- Cost advantage-harness no frills P&S's, operational efficiency, scale economies and **experience curve**)
- Cost culture
- Create a perception of value without affecting perceived value

Experience curve-

- as a firm has more experience in making a product, expenses go down at known rate
- People will do tasks faster/efficiency increase/better technology
- Must be proactively managed, equipment upgrades

Perceived value

