

Digital Strategies for Business Transformation (Online)

Module 7: Domain 5: Value

Quick Reference Guide

Learning Outcomes

1. Create a value proposition for a chosen organization in response to changing customer needs.
2. Describe the lessons learned from expanding your value proposition.

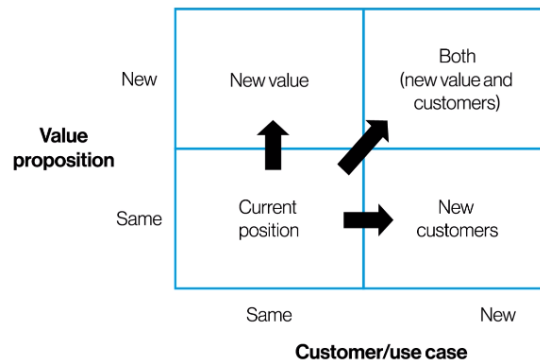
Adapting to your value proposition

- Value is a shift from sustaining your current value proposition to adapting to changing needs in the market.
- It starts with recognizing the value proposition from the customer's point of view.
- In the online music industry for example Napster started offering greater value proposition as compared to the recorded music industry in the form of instant and free access, more variety and personal song selection.
- Apple built upon this in the form of iTunes and created a hand-held device which offered all the value proposition as above.

How to adapt to a shrinking market

The three routes out of a shrinking market:

The Three Routes Out of a Shrinking Market



1. Start to sell with the same value proposition to new customers or customers in new use cases
2. Develop a new proposition or adapt the value proposition for the current customer
3. Combine both to develop a new value proposition for current customers which may lead to opening up to additional new customers

An organization should detect the customer needs are changing and choose to adapt before it is too late. Every organization in the digital era should be relevant to their customers tomorrow as they were yesterday.

Toward customer-centricity

Every organization needs to constantly ask itself:

- Why do we exist?
- What needs to we serve?
- Are those needs still relevant?
- What business are we really in?

Some concepts that define and implement true customer-centricity are:

- Strategic myopia: An article “Marketing Myopia” illustrates the phenomenon when an organization is too focused on its immediate goals to see the market changes that will determine its future success
- Jobs-to-be-done framework: It is about thinking what job the customer is hiring a product for in order to get that job done

Value Proposition Roadmap

Overall

1. Identify key customer types by value received.
2. Define the current value for each customer, the value elements and overall value proposition.
3. Identify emerging threats in new technology, changing needs and competitors and substitutes.

Per customer

4. Assess the strength of current value elements.
5. Generate new potential value elements. Look at the changes in technology, business trends, social cultural trends, and try to find unmet needs from those same customers.
6. Synthesize a new forward-looking value proposition, put them in 4-tiered elements, define the overall value proposition, and add the areas for innovation.

The value proposition road map pushes you to think about:

- Different customers
- The most important customer

Lessons Learned from Expanding Value Proposition

- It is defined by changing customer needs.
- The focus is on uncovering the next opportunity to create customer value.
- Evolving before you must be necessary to stay ahead of the curve.
- Change is judged by how it could create your next business.