Center for
Strategy &
Leadership

38. Value Proposition Dial

*What types of attributes can add value to a customer proposition?*

Key Definitions

A *value proposition* is the full package of benefits that a firm promises to potential customers if they purchase its products and/or services. It is the set of valuable attributes that a firm vows to deliver to buyers, in the hope that this will sway them to select the firm's offering.

What is valuable is determined by the potential customer. On a hot day, cold ice cream is valued, but so is its availability at the beach, its trusted brand, and the possibility to pay by credit card. It is the set of attributes together that make a value proposition compelling.

Conceptual Model

The *Value Proposition Dial* gives insight into the seven categories of attributes that can be combined to create an attractive value proposition. Its key message is that a value proposition is more than the characteristics of the core product/service. Surrounding these *core attributes* are the *envelope attributes* – six sets of possible characteristics providing valuable 'wrapping' around the 'gift' inside. In each of the seven categories a few examples have been given, but there is no limit to the possible attributes per category. This "dial" is one of the three dials that together form the business system (see model 32, Strategic Alignment Model).
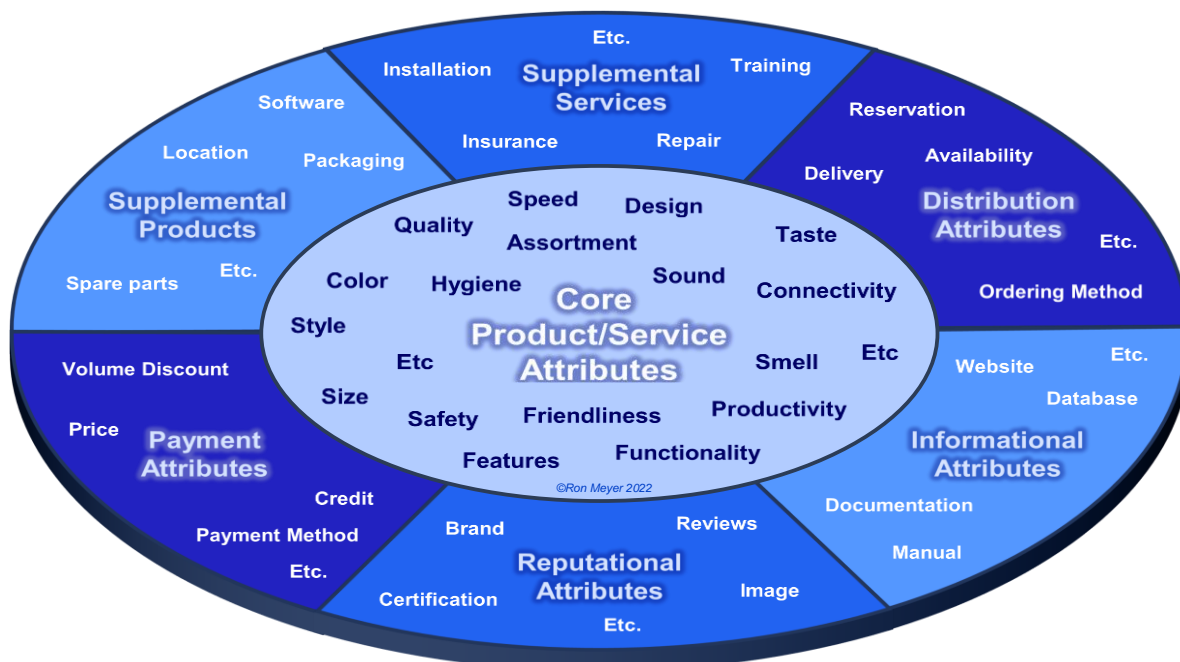
Key Elements

The seven categories of possible attributes are the following:

1. **Core Product/Service Attributes.** The core product or service is at the heart of the offering to customers. Most product-driven companies will focus on technical attributes such as quality, size, color, features, and functionality, but from a customer perspective attributes such as design, style, smell, convenience, and assortment can add huge value to the mix.

2. ***Supplemental Products Attributes.*** A laptop might be made more attractive if it comes with pre-loaded software; dentistry services more appealing if the waiting room is pleasant; and chocolates more desirable if beautifully packaged. These are all examples of tangible products added on to the core product/service, each with its own specific attributes.

3. ***Supplemental Service Attributes***. In the same vain, complex machinery is more valuable if installation is included, car rental more attractive if insurance can be tacked on, and electronics more alluring if repair is available at no extra cost. These are all examples of services added on to the core product/service, each with its own appreciated attributes.

4. ***Distribution Attributes***. The way that a product/service is made accessible to customers can also bring additional value. Being able to order online, make reservations, get home delivery, and/or have a product immediately available are all distribution attributes that can be highly appreciated and represent reasons to select a particular offering.

5. ***Informational Attributes***. Sometimes information is the core product, but often information is added an extra benefit. An instruction manual or video can be offered, along with technical documentation, a database of fonts and icons can be included and access to a library of frequently asked questions can be provided, all sweetening the offering.

6. ***Reputational Attributes***. The way a product/service is perceived, judged, and trusted by the potential buyer, and its more general renown among other stakeholders, can also be of great value. Been known as a luxury brand, having great reviews and an image of trustworthiness, and being certified as meeting quality standards, all increase desirability.

7. ***Payment Attributes***. Likewise, what, and how, to pay for a product/service can make it more alluring. A low price, a volume discount, paying in instalments, only paying for premium features, receiving bonus points, and buying through an auction are just a few examples of how getting people to part from their money can be made a selling point.

Almost all value propositions will have attributes in all seven categories. The challenge is to find distinctive and appreciated attributes in each and to align them into a desirable whole.

Key Insights

- ***Value is in the eye of the beholder.*** Product-driven companies believe that great products are valuable and will almost sell themselves. Customer-driven companies realize that what is valuable is determined by the potential buyer, who will look for a package of attributes, often extending beyond the technical characteristics of the core product/service.

- ***Value propositions are more than products***. A value proposition is the package of attributes promised by a firm to a potential buyer that is intended to be seen as more valuable than offerings by rival firms. The package is broader than the product at its center.

- ***Value propositions have core and envelope attributes***. Every value proposition consists of a core product/service, with a range of attributes making it attractive to buyers. Around this core is an envelope of six types of additional attributes – supplemental products, supplemental services, distribution, informational, reputational, and payment attributes.

- ***Value propositions need to be compelling***. To get potential customers to select their value proposition, the package needs to consist of a set of desirable attributes, usually drawn from all seven categories. These attributes should be mutually reinforcing and fit closely with the wants of the customer to create a high level of value.

- ***Value propositions need to be distinctive.*** The package also needs to be more highly valued than what competitors are offering. Broadening the value proposition to encompass various attributes from all seven categories often creates various layers of distinctiveness.

Meyer's Management Models
Insightful Tools to Kickstart Your Thinking

Publication Schedule

July 2019	*Mind the Gap Model*	*Change Management*
August 2019	*Digital Platform Map*	*Digital Strategy*
September 2019	*Interaction Pressure Gauge*	*Interpersonal Interaction*
October 2019	*Revenue Model Framework*	*Revenue Model Typology*
November 2019	*House of Engagement*	*Organizational Engagement*
December 2019	*Confidence Quotient*	*Trust Building*
January 2020	*Competition Tornado*	*Competitive Strategy*
February 2020	*11C Synergy Model*	*Corporate Synergy Management*
March 2020	*Leadership Fairness Model*	*Leader-Follower Interaction*
April 2020	*Strategic Agility Model*	*Strategy Process Approach*
May 2020	*Control Panel*	*Corporate Control Dimensions*
June 2020	*Rising Star Framework*	*Talent Management*
July 2020	*Strategy Development Cycle*	*Strategy Process Steps*
August 2020	*7I Roles of the Corporate Center*	*Corporate Organization*
September 2020	*Storytelling Scripts*	*Leadership Communication*
October 2020	*Strategic Bets Framework*	*Strategic Decision-Making*
November 2020	*Rebound Model of Resilience*	*Organizational Resilience*
December 2020	*4C Leadership Capabilities*	*Leadership Competences*
January 2021	*Digital Product Model Dial*	*Digital Strategy*
February 2021	*Digital Distribution Model Dial*	*Digital Strategy*
March 2021	*Empowerment Cycle*	*Employee Empowerment*
April 2021	*Innovation Box*	*Innovation Approaches*
May 2021	*Knowledge Sharing Bridges*	*Best Practice Sharing*
June 2021	*Followership Cycle*	*Leader-Follower Interaction*
July 2021	*Everest Model of Change*	*Change Management*
August 2021	*Fruits & Nuts Matrix*	*Priority-Setting*
September 2021	*Powerhouse Framework*	*People & Organization Strategy*
October 2021	*Strategy Hourglass*	*Strategy-Making Steps*
November 2021	*Disciplined Dialogue Model*	*Interpersonal Communication*
December 2021	*Team Building Cycle*	*Team Building Process*
January 2022	*Market System Map*	*External Analysis Framework*
February 2022	*Strategic Alignment Model*	*Business Level Strategy*
March 2022	*Creativity X-Factor*	*Creativity Enhancement*
April 2022	*Organizational System Map*	*Organizational Analysis*
May 2022	*Corporate Value Creation Model*	*Corporate Level Strategy*