Introduction to
Value Maps
Create & extract ‘real’ value

Product
Deliver benefits at 'right' cost

Price
Create & extract ‘real’ value
Relative Perceived Value

- **Product**: Deliver benefits at 'right' cost
- **Price**: Create & extract 'real' value

Diagram:
- Customer
- Company
- Competition
- Perceived Benefits
- Perceived Price
- Relative Value

Arrows indicate the perceived value and relative perceived value between the customer, company, and competition.
Value = Intersection (Product, Price)
Value Map derivation …
Value Map

Price

Few

Many

Benefits

High

Low
Value Map

High

P
PRICE
Low

Few

B1

Many

Benefits

C

P1
Value Map

BENEFITS

Price

High

Low

Few

Many

P1

P2

B1

B2

B

C

A
Value Map

BENEFITS

Few

Many

Price

Low

High

Value Map

Points:
- B
- B2
- B1
- P1
- P2

Arrow direction:
- From B2 to B1
Value Map

Price Map

- Price Ceiling
- Price Floor
- Price Range
- Min. Profit
- Cost
Value Map

High

P1

Price Ceiling

Retained Value

Min. Profit

Cost

Price Floor

Low

Few

Many

BENEFITS

Many Few

High Low

B1
Value Map

High

PRICE

Low

Few

Many

BENEFITS

Many

Few

Cost

Min.Profit

Price Floor

Price Ceiling

Value Ceded

P2

B1
Value Map

<table>
<thead>
<tr>
<th>High</th>
<th>Few</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Many</td>
</tr>
</tbody>
</table>

Advantaged?
Value Map

High

Low

More Benefits

Lower Price

VALUE DEFICIT

VALUE SURPLUS

Few

Many

BENEFITS

PRICE
Value Map

High

Price

Low

Few

Many

BENEFITS

Short-term Share Gain

VALUE SURPLUS
Long-run Value Shift

Value Map

High

PRICE

Low

Few

Many

BENEFITS

VALUE SURPLUS

Long-run Value Shift
Respect costs, but peg prices to the market.

Cede value only for clear strategic purposes.
Value Map

Price

High

Low

Benefits

Few

Many

Value Deficit

Value Surplus

FMV
Fair Market Value

A
B
C
D
E
F
From MR to Value Maps …
• How sweet is your ideal cola?

• How important is it to you that a cola have the proper sweetness?

• How closely does brand X match to your ideal sweetness?

Very=4    Somewhat=3    Not much=2    Not at all=1
Perceptual Map

- High Price
  - G
  - E
  - A
  - D

- Low Price
  - C
  - B
  - F

- Low Quality
- High Quality
Perceptual Map – FMV Line

High Price

Low Price

Low Quality

High Quality

VALUE

A

D

E

G

C

B

F
Perceptual Map – FMV Line

Value line determined by best in range, not least squares.
Perceptual Map – Value Segments

- Low Price
  - Low Quality
    - C
    - F
    - 1
  - High Quality
    - G
    - B
    - 2
    - E
    - Better
    - D
    - 3
    - Best