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# Developing a Customer Value Proposition to Increase the Market Penetration for a Distinct Specialty Optical Fiber Segment

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What a splendid journey! It couldn't have been possible for me to successfully finish this exciting journey of IM Master studies without the assistance of many amazing people. Thus, I am taking this as an opportunity to express my gratitude towards all those who supported me in accomplishing this task.

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<p>This study explores the possibilities to enhance the service business in Specialty Optical Fiber manufacturing business through a well-defined Customer Value Proposition (CVP). The case company is faced with the challenge of low market share in a distinct specialty optical fiber segment. Accordingly, this study is intended in aiding the case company to meet the challenge through the development of a superior value proposition by addressing the most important needs of the specified customers.</p> <p>This study followed the Action Research methodology as a research approach as it utilizes an iterative approach in a systematic way to find the solutions and improvements for the problems. This study also utilizes the data from various sources such as face to face interviews with the key stakeholders of the case company, customer interviews, group discussions, workshops and document analysis. Accordingly, data collection from different sources not only enabled to have sufficient stakeholder perspectives but also aided in the triangulation of the study.</p> <p>The conceptual framework of this study is constructed based on the existing knowledge of the building blocks of a customer value proposition. Accordingly, the conceptual framework describes the importance of the CVP type in shaping a business strategy. The conceptual framework then establishes the significance of core offering based on core competencies in building a value proposition that delivers superior value to the customers. Furthermore, the conceptual framework also highlights the prominence of positioning of a differentiated value proposition for a targeted customer segment in order to gain a competitive edge for the company in the market.</p> <p>The outcome of this study is a proposal of a well-positioned resonating focus CVP for the distinct specialty optical fiber segment, specifying the crystallized value offerings of the case company for meeting the most important customer requirements. CVP proposal also includes the core competences of the case company for improving the value offerings, competitive positioning against the market leader offerings and the recommendations for the future business development.</p>	
Keywords	Specialty optical fiber, customer value proposition, core competence, competitive positioning, optical performance, fiber performance

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## 1 Introduction

A well-defined Customer Value Proposition can make a significant contribution in developing a business strategy and enable the service provider to compete in a chosen market segment (Anderson et al. 2006: 98). Thus, this study explores the possibilities to enhance the service business in Specialty Optical Fiber manufacturing business through a well-defined Customer Value Proposition.

Among various kind of lasers used in the metal industry, fiber-lasers are relatively new in the laser market and have a wide range of applications. Fiber-lasers are used for industrial welding, industrial cutting, thin metal processing, medical device processing and so forth. Although fiber-lasers are relatively new to the laser market, due to superior beam quality, good intensity of the laser beam and lower maintenance requirements, fiber-lasers are rapidly gaining momentum over conventional and widely used CO<sub>2</sub> lasers (Carter 2006 and Lumentum 2016). Thus, the demand for fiber-lasers is increasing in various industries such as heavy metal, electronics, medical and aerospace industries. Fiber-lasers are built using various electrical and electronic components. However, among many building components used, Specialty Optical Fibers (SOF) is the integral core part of any kind of fiber-lasers. The type of SOF used in the fiber-lasers defines the power and property of fiber-lasers. Depending on the power emission property, currently two main types of fiber-lasers are available in the market, and for instance in this research study they are called Type1 and Type2 fiber-lasers whereas the Specialty Optical Fiber used to build corresponding lasers are called Type1 SOF and Type2 SOF respectively.

The case company in this study manufactures Specialty Optical Fibers (SOF) for fiber-lasers. Currently, the case company is the market leader in Type1 SOF segment and they are looking to enhance the market share in Type2 SOF segment. Accordingly, in order to enhance the market share in the chosen customer segment, the case company needs, in the first place, to have clear insight on the requirements for the chosen customer segment, and secondly a better understanding of the customer value benefits. In addition, it must have competitive insight in order to be able to provide a superior customer offering to have a competitive advantage in the market (Payne and Frow 2014: 215). For this reason, the case company needs to develop a Customer Value Proposition for the chosen Type2 SOF segment. Presently, there is no clear Customer Value Proposition (CVP) defined for Type2 SOF segment. Thus, the purpose of this study is to co-



creatively develop a CVP for Type2 SOF segment and thereby help the case company to enhance their market share in Type2 SOF segment.

### 1.1 Business Context

With the fast development in heavy metal, electronic, medical and aerospace industries, the demand for highly efficient fiber-lasers has increased. Accordingly, the increased demand for fiber-lasers has resulted in the increased demand for Specialty Optical Fiber (SOF) for building fiber-lasers. This scenario becomes favorable for the case company to enhance their SOF business. Currently, the case company is one of the leading SOF manufacturing companies in the world. The case company manufactures SOF using their own unique proprietary technology since early 2000 and serves customers in the Americas, Europe and Asia.

### 1.2 Business Challenge

The case company of this Thesis is providing SOF to two distinct customer segments: Type1 and Type2. Currently, the case company is the market leader in Type1 SOF segment. However, the case company's market penetration is quite low in Type2 SOF segment. Accordingly, the case company wants to increase their customer base in Type2 SOF segment. In order to enhance the market share in Type2 SOF segment by providing a superior customer offering, the case company needs clear insight on customer requirements, value benefits and competitive insight. This is very likely possible to achieve by developing a Customer Value Proposition for Type2 SOF segment.

### 1.3 Objective and Outcome

In line with the business challenge, the objective of this study is to *develop a Customer Value Proposition to increase the market penetration in Type2 SOF segment.*

The outcome of the study is a *Customer Value Proposition for Type2 SOF segment*, which will be the final proposal of the CVP that was revised based on the feedback during the validation process.

#### 1.4 Thesis Outline

The business objective will be achieved, firstly, by developing a conceptual framework for the study utilizing relevant literature and best practices followed in building the CVP. Secondly, it will be done by analysing the core competencies of the case company, current offering of the case company, requirements of the chosen customer segment and competitive insight. Thirdly, it will be done by co-creatively developing a proposal draft of CVP for chosen customer segment. And finally, the proposal draft for the CVP will be validated in the workshops and discussions with process, product development, quality assurance and sales teams as well as with the management team.

This study is written in 7 sections. Section 1 in this study provides the introduction. Section 2 describes the methodology used for the study. Section 3 provides the conceptual framework for the study, based on a relevant literature review focusing on best practices in building the CVP. Section 4 focuses on the Current State Analysis that includes an analysis of the case company's core competences and current CVP, analysis of customer needs and the analysis of competitors' CVP. Section 5 describes the new CVP proposal while Section 6 reports on the feedback regarding the new CVP proposal. Finally, Section 7 covers discussion and conclusions.

## 2 Method and Material

This section focuses on the method and material deployed in this study. Firstly, it describes the research approach taken to conduct the study and secondly explains the research design. Thirdly, it overviews the data collection plan and finally explains the validity plan.

### 2.1 Research Approach

All research studies are conducted using a research methodology. Some commonly used research methods for research studies include Experimental research, Survey research, Case study research, Action research, Grounded theory research, Archival research and Ethnography research (Saunders et al. 2009: 108). However, while selecting a research method, it ought to be considered, how well the selected method suits the unique circumstances and how adequately the research approach is going to fix the problem.

Objective of this research study is to develop a Customer Value Proposition for a chosen customer segment. Thus, the research approach for the study should be focused on the problems, to collaboratively develop a holistic plan on actions and it should also provide an implementation and feedback plan. For this reason, this study uses Action Research (AR) methodology as the research method. AR methodology uses an iterative approach in a systematic way to find the solutions and improvements for the problems. AR methodology also gives freedom to the researchers to do the research in their own professional domain. Thus, a researcher can play the role of a practitioner and a researcher at the same time (French 2009: 190-195).

Since, in this thesis, the researcher is an employee in the case company holding a key position in process and product development activities and the objective of the research itself is to develop a Customer Value Proposition for a chosen customer segment, the AR approach is further justified to this research contemplate.

Furthermore, since the AR approach is a continuous cycle process, it enables the case company to continue improving the developed CVP in the future as well. The AR approach comprises a four-stage action research cycle triggered by the requirement of change in the work practice as presented in Figure 1.

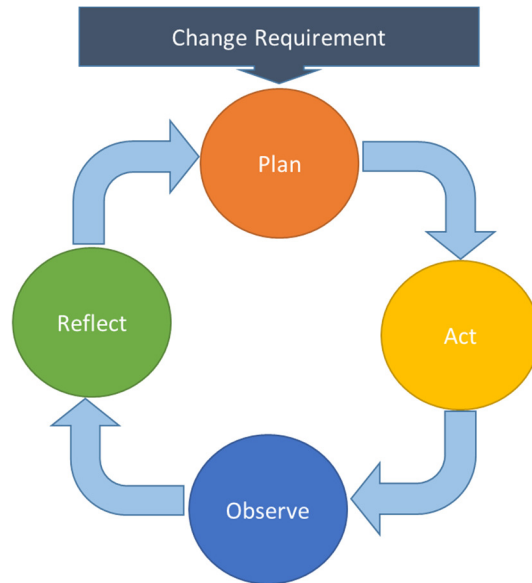


Figure 1. Action Research cycle (plan-act-observe-reflect cycle).

As illustrated in Figure 1, once the requirement of change has been identified in the work practice, in the Step 1 of the AR cycle, a plan of actions to address the needed change or improvement is needed. Then the listed actions need to be implemented adequately in the Step 2 as per the plan. In the Step 3, the implemented actions are observed thoroughly and the evidence for the evaluation purpose is collected. Finally, in the Step 4, the plan and actions are reflected through data analysis resulting in a possible new AR cycle as per new changes needed. Hence, all the four steps in the AR cycle are continuous and interlinked and help the practitioner to make the interpretations based on the reflective feedback of the plan and actions (French 2009 and Näslund, Kale & Paulraj 2010).

Thus equipped with the knowledge on AR methodology, this study will utilize the iterative and reflective feedback approach of the AR methodology to collaboratively develop a Customer Value Proposition for new potential customers of the case company.

## 2.2 Research Design

This study follows the Research Design based on the AR methodology as illustrated in Figure 2. The Research Design consists of five process steps, and collectively they form one Action Research cycle.

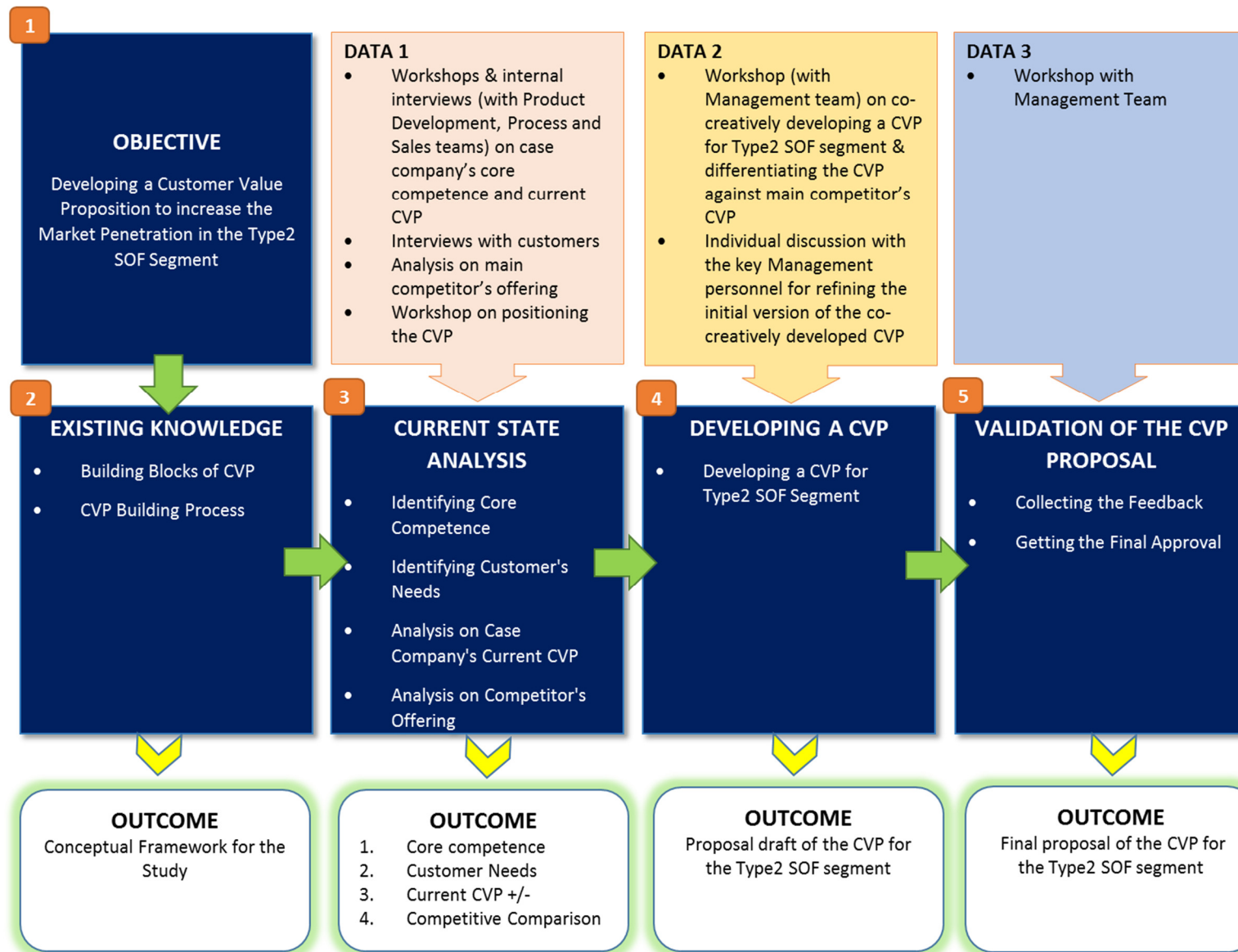


Figure 2. Research design of this study.

As seen in Figure 2, in Step 1, the business challenge is identified and accordingly the objective and outcome for the research are defined (see section 1.3). In Step 2, a literature review is conducted to identify the building blocks of CVP and best practices typically followed in the CVP building process. Business journals and relevant research sources, mainly books on competitive strategy building, are used as main sources for best practices. The outcome of the Step 2 will result in a conceptual framework of the study, which is further utilized in Step 3, where the current state analysis of the case company is conducted. The outcome of the current state analysis aims at providing insight to the core competence of the case company, pros and cons of case company's current CVP, competitive comparison and the customer requirement for the chosen segment. The outcome from the current state analysis will serve as key inputs for Step 4, where co-creative development of the CVP takes place resulting in the first proposal draft for the CVP.

Finally, in the Step 5, the first proposal draft for the CVP is validated in the workshops and discussions with process, product development, quality and sales teams as well as with the management team. The proposal is eventually revised as per the feedback and the final proposal of the CVP for Type2 SOF segment will then be submitted.

### 2.3 Data Collection and Analysis

This study uses various data sources and utilises those data during the three process steps of the research. Data1 is collected during the current state analysis, Data 2 during the proposal building, and Data 3 during the proposal validation.

Workshops and discussion with groups and interview with groups and individuals form the key source of data for data collection. Additionally, key competitor analysis by the case company and a list of new potential customers are also used as a data source for the research.

Table 1 below shows the data collection details for Data1 used in the current state analysis. The focus of Data1 is to get clear insight on customer needs from the chosen segment, case company's core competence, case company's existing CVP and competitive comparison.

Table 1. Data collection details of Data 1 in the current state analysis.

Data Collection Point	Data Source	Topic	Participants	Date & Duration	Documented as
Data 1a	Workshop	Case Company's core competence	13 participants including top management personnel, key members from Product Development, Process Development, Production, Quality and Sales	16/02/2017 1.5hrs	MS office Excel notes in ease of incorporating in Domain Mapping Matrix
Data 1b	Interview	Case Company's missing core competence	Sales personnel & Researcher	16/03/2017 30min	Field notes
Data 1c	Interview	Case Company's missing core competence	Top level management personnel & Researcher	16/03/2017 30min	Field notes
Data 1d	Meeting summary notes from emails (archives)	Customer requirement	Researcher alone	12/02/2016 2hrs	MS office Word document file
Data 1e	Interview with Customer 1 using the questionnaire provided by the researcher	Identifying customer need	Key stakeholder of the Customer 1 company and Top management personnel (Researcher was not present)	13/03/2017	Field notes
Data 1f	Interview with Customer 2 using the questionnaire provided by the researcher	Identifying customer need	Key stakeholder of the Customer 2 company and Top management personnel (Researcher was not present)	14/03/2017	Field notes
Data 1g	Workshop (VPC workshop 1)	Understanding customer need	Top management personnel, key members from Product Development, Process Development, Production, Quality Assurance and Sales	14/03/2017 2hrs	Meeting notes, Value Proposition Canvas
Data 1h	Interview	1. Current Market Requirement 2. Potential customers 3. Main Competitors	Key personnel from management & Researcher	30/01/2017 30min	Field notes
Data 1i	Interview	1. Current Market Requirement 2. Potential customers 3. Main Competitors	Key personnel from management & Researcher	01/02/2017 1hr	Field notes
Data 1j	Workshop (VPC workshop 2)	Analysing Case Company's current CVP	Top management personnel, key members from Product Development, Process Development, Production, Quality Assurance and Sales	15/03/2017 2hrs	Meeting notes, Value Proposition Canvas
Data 1k	Internal documents on competitor analysis	Competitor offering	Researcher alone	06/03/2017 2hrs	MS office Word document file
Data 1l	Workshop (Strategy Canvas Workshop)	Positioning CVP	Top management personnel, key members from Product Development, Process Development, Production, Quality Assurance and Sales	23/03/2017 1hr	Meeting notes

Accordingly, as seen in Table 1, for Data 1a, Data 1b, Data 1c, Data 1g, Data 1h, Data 1i, Data 1j and Data 1l used in the current state analysis, interviews, thematic workshops and group discussions are conducted with product development, process development

quality assurance, sales and management team. For Data 1e and Data 1f, interviews are carried out with selected customers from the chosen segment by the case company's top management personnel using the questionnaire provided by the researcher (see Appendix 1 and Appendix 2).

Two groups of informants are interviewed: customer representatives from the selected segment of customers and personnel holding key positions in product development, process development, quality assurance, sales and management team in the case company. For the interviews and discussions, a questionnaire is generated by utilizing the knowledge from the research literature aiming at a productive outcome in the corresponding process steps. The outcome from the interviews and discussions is documented as field notes. The workshops mainly utilize the Value Proposition Canvas tool for a co-creative team exercise. The outcome from the workshops is documented using the Value Proposition Canvas and meeting notes (see Appendix 3 and Appendix 4).

The data analysis is done mainly using the content analysis method utilizing the field notes from the interviews and meeting notes from the discussions and workshops, which can be found in Appendix 5.

Data collection details of Data 2 used for CVP proposal building is shown in Table 2. The focus of Data 2 was to co-creatively develop a CVP for Type2 SOF segment and to differentiate it from the competitors' CVP.

Table 2. Data collection details of Data 2 for CVP proposal building.

Data Collection Point	Data Source	Topic	Participants	Date & Duration	Documented as
Data 2a	Workshop	1. Co-creatively building CVP for Type2 SOF Segment 2. Differentiating the CVP against main competitor's CVP	Top management personnel, key members from Product Development Team, Process Development Team, Production and Quality team, Sales Team	23/03/2017 2hr	Meeting notes
Data 2b	Discussion	Refining the co-creatively developed CVP	Key personnel from the management & the Researcher	28/03/2017 30min	Field notes
Data 2c	Discussion	Refining the co-creatively developed CVP	Key personnel from the management & the Researcher	28/03/2017 30min	Field notes



As seen in Table 2, a co-creative thematic workshop is conducted for Data 2a with the top management personnel and with the product development, process development, quality assurance, operations and sales teams. For Data 2b and Data 2c, discussions are carried out with the key management personnel. Content analysis is done on the meeting notes from workshop and discussion field notes, which can be found in Appendix 6, Appendix 7 and Appendix 8.

Once the refined version of initial proposal draft for the improved CVP has been created, it is submitted to the process development, product development, quality assurance, sales and management teams for feedback to form the final proposal of the CVP. Table 3 below shows the data collection details of Data 3.

Table 3. Data collection details of Data 3 for feedback collection.

Data Collection Point	Data Source	Topic	Participants	Date & Duration	Documented as
Data 3a	Workshop	Feedback on CVP	Management team	29/03/2017 1hr	Meeting notes

As seen in Table 3, workshop with the management team is conducted to collect feedback. The meeting notes are documented in Appendix 9.

## 2.4 Thesis Evaluation Plan

To establish the quality of a research, it is important that the study is conducted on a relevant topic with a rigorous approach and including a clear validity and reliability plan. Accordingly, this study uses the following approach for the thesis evaluation:

*Relevance* of the study is ensured firstly by selecting the research topic that is in line with the case company's business challenge and aiming the objective accordingly. Secondly, relevance is ensured by building a research design for the study and conducting the study by using one complete AR cycle and thirdly, by constructing a conceptual framework for the study by utilizing best practices from the literature. Finally, it is ensured by building the proposal with the involvement of the top-level management of the case company who were also instrumental in defining the business challenge.

*Validity* of the study is assured firstly by ensuring the insider concern regarding the business challenge as researcher himself holding a key position in the process and product development activities in the case company. Secondly, it is ensured by demonstrating the tools used for analyzing the data throughout the study as a “proof of an evidence trail”. Thirdly, validity is assured by saturating the findings, solution and interpretations based on sufficient data and fourthly by triangulating the data by utilizing sufficient literature perspectives and by collecting the data using multiple channels such as face to face interviews, group discussions, workshops and document analysis thereby utilizing sufficient stakeholder perspectives. Finally, validity is ensured by getting the approval for the proposal from the top-level management. Rigor of the study is also thus enhanced with triangulation.

*Reliability* of this study is ensured firstly by linking the findings, solutions and interpretations to the data and secondly by diligently documenting the findings, solutions and interpretations during data collection stages. Thirdly, reliability is assured by a thorough documentation of the study with enough transparency so that anyone in the case company can repeat the project. Fourthly, it is ensured by enabling access to the collected data and finally by researcher himself taking a neutral stand throughout the project despite researcher’s key insider status.

Further moving ahead, best practices followed in building a CVP and the conceptual framework for the study which evolved from the relevant literatures will be discussed in more detail in Section 3.

### 3 Best Practices in Building a Uniquely Positioned Superior Customer Value Proposition

This section firstly defines value and value creation and then overviews customer value proposition. Secondly, this section discusses best practices for building a uniquely positioned superior customer value proposition which is presented in four segments. The first segment discusses the importance of selecting a CVP type. The second segment describes how the core offering is built on core competencies. The third segment focuses on understanding the customer, identifying and fitting customer needs with the core offering. The fourth segment explains the positioning of a CVP in a competitive landscape. Based on the four segments, the conceptual framework of the study is presented.

#### 3.1 Defining Value and Value Creation

*Value* is an intangible concept, and is thus rather difficult to define. However, various literature define *value* from the customer perspective. Keränen and Jalkala (2013: 1308) conceptualizes *value* as a trade-off between the benefits and cost involved in an exchange between a service provider and the customer. Töytäri and Rajala (2015: 105) defines *value* as bundles of benefits and sacrifices that a customer experiences from a procured product or service. Thus, *value creation* happens only when a product or service is consumed by a customer. Consequently, an unsold product or service has no value unless it is procured by a customer (Gummesson 1998: 247). For this reason, Grönroos (2000: 24-25) argues that the company's focus has to be on *customer's value-creating processes* where the value emerges for the customers rather than giving the focus to the product itself. This is very relevant in this study context. Furthermore, Grönroos (2000) have stated that value for the customers is created through the interactions between the customer and service provider.

Later Vargo and Lusch (2004: 7) highlight the value creation process by introducing a new concept called Service-centered Dominant Logic (SDL). In the SDL concept, customers are intended to acquire the services or benefits of specialized competences (here specialized competences refer to knowledge and skill). Vargo and Lusch (2004) call it *operant resources*. Consequently, in the SDL concept, products are only the transmitters of *operant resources* for the customers in their *value creation process*. Thus, the SDL concept is focused on supporting value creation for customers (Grönroos 2008: 309). The reason why the Service-centered Dominant Logic (SDL) concept is emphasized in

this context is because value creation, a logical continuum of SDL, is the integral part of the customer value proposition. Customer value proposition will be overviewed below in subsection 3.1.1.

### 3.1.1 An Overview of Customer Value Proposition

The concept of Customer Value Proposition was first cited in the work of Lanning and Michaels (1988) in which value proposition was defined as the benefits gained by the customers from the product with respect to the price they paid for the product. Even though Lanning and Michaels (1988: 15) work focuses on superior value delivery to the customers through a superior value proposition, in this approach, value benefits from the product are explained from the perspective of the willingness of the customer to pay for the product. Since then, Customer Value Proposition has been explicitly discussed in various literature. Rintamäki et al. (2007: 624) define Customer Value Proposition as “an encapsulation of a strategic management decision on what the company believes its customers value the most and what it is able to deliver in a way that gives it competitive advantage”. Osterwalder and Pigneur (2010: 22-23) describe the value proposition as a problem solver for the customers, thereby satisfying the customer requirement. According to Kotler and Armstrong (2010: 33), “value proposition is a set of benefits or value which the company promises to deliver”. Later, Hope and Player (2012: 142-147) define Customer Value Proposition as a crystallized offering to a defined customer segment for meeting the customer requirements that are built with a competitive insight and thus enable the core activities of the company in line with the business strategy.

Thus, in literature, Customer Value Proposition is discussed from many perspectives of value benefits promise to the customers from the market offering for a defined market segment. However, since the customer is determining the value of the offering, a service provider can only develop the value proposition for the concerned offering taking into account the competitors' offering (Vargo and Lusch 2004: 11). Further Grönroos (2008) re-emphasizes the same thought again from the Service-centered Dominant Logic perspective, highlighting that the customer is the value creator and the role of the service provider is restricted in making a value proposition. Thus, although the role of the service provider is restricted in value proposition making, the service provider may get an opportunity to influence the value creation process of the customer through co-creative interactions. During the co-creative interactions, the service provider can directly and actively participate in the value fulfilment processes of the customers (Grönroos 2008: 310).

Quintessentially, Customer Value Proposition is a unification of a specific market segment, an understanding on customer requirement and company offering that is communicated in a crystallized form. Thus, Kaplan and Norton (2004: 12) state that a differentiated Customer Value Proposition has to be the foundation of a business strategy. Anderson et al. (2006: 98) further state that a Customer Value Proposition can make a significant contribution in developing a business strategy and enable the service provider to compete in a chosen market segment. Accordingly, the importance of a well-defined Customer Value Proposition is clearly expressed, suiting the purpose of this study context.

Consequently, in this context, CVP foundation will be discussed in four core segments. The first segment discusses the importance of CVP selection in line with the business strategy. The second segment discusses the role of core competence and core offering over the CVP building. The third segment discusses understanding the customer requirement, a proposal for solving those using a company offering and communicating the offering using a CVP. The fourth and final segment discusses the positioning of a CVP with respect to the competitive offering. All four segments are then combined and connected to form a conceptual framework for the study. The conceptual framework will then be used in the current state analysis of the study and further for building the CVP proposal for the case company.

### 3.2 Selecting the CVP Type

As discussed in Section 3.1, CVP has a significant role in a company's core strategy in establishing the market (Payne and Frow 2014: 213). Most of the companies have a CVP that is expressed either in an implicit or explicit manner. However, if the company is lacking a superior value proposition that is specifically focused on customer needs, it can impede the company's success in the business market (Payne and Frow 2014: 214). Thus, Payne and Frow (2014: 223) have further stated, the development of a superior value proposition represents a key strategic marketing imperative of the company. Accordingly, to help with developing a value proposition with superior value, Anderson et al. (2006: 93) propose three kinds of value propositions: *all benefits*, *favorable points of difference and resonating focus*. All three value proposition types are meant for targeted customer segments and with a focus on the company's capability of creating superior values to the customers (Anderson et.al 2006: 92).

However, it is most important that the chosen value proposition can fulfill the company's strategic objective. Consequently, the focus of this section is to identify and select a value proposition from the value proposition types, i.e. *all benefits*, *favorable points of difference* and *resonating focus*, described in detail below, which deliver superior value benefits to customers. Furthermore, the objective of the CVP selection in this section is to ensure that the right CVP type is selected for meeting the case company objective of market share enhancement for the chosen SOF segment.

The first CVP type is *All Benefits*. In this CVP type, a company can list down all kinds of benefits they think are likely to benefit the customers. Hence in this type of CVP, less knowledge on the market, customers and competitors is required. This may then lead to a potential drawback of "benefit assertion", in such a way that even though the CVP highlights many benefits, in reality most of the listed benefits may not be useful to the customers. But at the same time, *all benefits* CVP can have some point of differences with a competitive edge over the next best alternative that is truly benefiting the customers. However, since this type of CVP is mainly focused and built on points of parity with respect to the next best alternative, those points of differences may remain unnoticed, which is another drawback of *all benefits* CVP type. (Anderson et.al 2006: 92).

The second CVP type is *Favorable points of difference*. This type of value proposition highlights the favorable points of difference on market offering compared to the next best alternative. The main drawback of this type of value proposition is that even though it highlights the points of difference compared to the next best alternative, it is not necessary that those points of differences really matter and deliver superior value to the customer. (Anderson et.al 2006: 92-93).

The third CVP type is *Resonating focus*. This type of value proposition highlights a few of the points of parities and a few points of differences that provide superior value benefits to the customer according to customer requirements in relation with the next best alternative. Although there are points of differences in the *resonating focus* value proposition type, it is different from the *favorable points of difference* value proposition. Contrary to the *favorable points of difference* value proposition type, the *resonating focus* value proposition type has only a couple of points of differences which deliver the greatest value to the customer. At the same time by keeping a couple of points of parities, the supplier can encounter and get rid of the mistaken perceptions of the customers. Otherwise that particular value element can be a point of difference favoring the offering of the

competitor. Consequently, building a resonating focus CVP requires deep insight to customer needs and competitive offering (Anderson et.al 2006: 94-96).

Table 4 below summarizes the three different types of Value Propositions with their benefits and pitfalls.

Table 4. Three types of customer value proposition (Anderson et.al 2006: 93)

Value Proposition Type	Consists of:	Answers the customer questions	Requires:	Has the potential pitfall:
All Benefits	All benefits customers receive from the market offering	"Why should our firm purchase your offering?"	Knowledge of own market offering	Benefit assertion
Favorable points of differences	All favorable points of difference a market offering has relative to the next best alternative	"Why should our firm purchase your offering instead of your competitor's?"	Knowledge of own market offering and next best alternative	Value presumption
Resonating Focus	The one or two points of difference (and, perhaps, a point of parity) whose improvement will deliver the greatest value to the customer for foreseeable future.	"What is <i>most</i> worthwhile for our firm to keep in mind about your offering?"	Knowledge of how own market offering delivers superior value to customers, compared with next best alternative	Requires research on customer value and competitive offering

As seen in Table 4, among the three types of CVP, only *resonating focus CVP* answers the customer question "What is most worthwhile for our firm to keep in mind about your offering?". Consequently, among the three types of above mentioned value propositions, the *resonating focus* value proposition is the most effective and considered as the supreme type of value proposition. Moreover, the question, "What is most worthwhile for our firm to keep in mind about your offering?" is also the most relevant question in this study context to ensure the developed CVP fits the customer needs and creates superior value to the customers. Consequently, since the superior customer value propositions represent the key strategic imperative of the company (Payne and Frow 2012: 223) and one of the strategic goals of the case company is to increase the market penetration, the *resonating focus* value proposition is the best one among the three CVP types to fulfill

the study objective. Accordingly, to develop a superior value proposition, the importance of core offering based on core competence will be discussed in the next subsection.

### 3.3 Identifying Core Competence and Core Offering

This section establishes the importance of core offering based on core competencies in building a value proposition that delivers superior value to the customers. Consequently, this section focuses on core offering based on competencies, identifying the potential core competencies and selecting the strategic core competencies from the potential core competencies identified.

Core competencies are the collective learnings acquired by an organization to accomplish the activities uniquely and exceptionally well with a scope of augmented success rate for a long period of time (Gallon, Stillman and Coates 1995: 20). Thus, the core competencies of an organization form a strong foundation for the new business development and constitute the focus in shaping the business strategy (Prahalad and Hamel 1990: 91). Furthermore, by acquiring and successfully deploying the core competencies an organization is not competing with their rivals, but the organization is outcompeting the rivals (Pitt and Clarke 1999: 312).

Core competencies grounded on complex, harmonized technologies and production skills are difficult to imitate. Thus, even though the competitors can procure some of the technologies comprising some essence of core competencies, they cannot duplicate the comprehensive framework of internally acquired skills and learnings (Prahalad and Hamel 1990: 84). Accordingly, a value proposition that is built on the core competencies can give a competitive advantage over the competitors. However, an organization can have numerous core competences but only very few of them can be the potential core competences that can be translated into customer-perceived value offering (Gallon, Stillman and Coates 1995: 22).

Thus, helping in identifying the potential core competencies of an organization, Gallon, Stillman and Coates (1995) propose a qualification criteria with a questionnaire set consisting of four questions as shown in Table 5.



Table 5. Qualification criteria questionnaire for identifying the potential core competencies (Gallon, Stillman and Coates 1995: 22)

1	Does the competence harmonize streams of critical technological capabilities to provide competitive advantage?
2	Does the competence translate into customer-perceived value?
3	Is the competence difficult to imitate by the competitors?
4	Is the competence extendable to new markets?

The questionnaire in the above Table 5 covers the critical aspects regarding the potential core competencies from the perspective of gaining competitive advantage through technological capabilities, customer perception of value, difficulty to duplicate by the competitors and extendibility to new markets. Consequently, the above questionnaire can help in identifying the potential core competencies. However, the identified potential core competencies can generate value to the organization only when they become the strategic core competencies that are targeted for future development and exploitation (Gallon, Stillman and Coates 1995: 23). The focus of this section is thus to identify the strategic core competencies for the respective Customer Value Proposition.

Thus, once the potential core competencies are identified using the questionnaire in Table 5 to identify the strategic core competencies, a strength assessment has to be done on the identified potential core competencies. Gallon, Stillman and Coates (1995) propose a three-dimensional scoring system for this purpose with a scoring scale of 1 to 5 for each potential competence. The three-dimensional capability assessment scoring system consists of the degree to which the capability is optimized internally (absolute strength), the degree to which the capability constitutes best industry practice (relative strength) and the degree to which the capability has a direct impact on competitiveness (criticality) (Gallon, Stillman and Coates 1995: 24-26).

Since the three-dimensional capability assessment system is very complex, time consuming to construct and requires considerable resources, this study will be utilizing only one of the dimensions to measure the strength of core competencies and thus to identify the strategic core competencies. Furthermore, since the “criticality” dimension that reflects the direct impact of competitiveness which is in line with the objective of this study for relevant CVP development, this study will be using only the “criticality” assessment scoring system. The details of “criticality” scoring are explained in Table 6 below.

Table 6. Criticality scoring for identifying strategic core competence.

Score	CRITICALITY The degree to which the capability has a direct impact on competitiveness
5	A major determinant of competitive advantage
4	Has direct and significant effect on competitiveness
3	Important to competitiveness in an indirect or enabling way
2	Rather unimportant to competitiveness but has an indirect effect
1	Has (almost) no impact on competitiveness

As seen in Table 6, the criticality strength assessment questions on identified potential core competencies reflect the direct impact on competitiveness. Accordingly, the criticality assessment scores can be used to prioritize and establish the strategic core competencies from the identified potential core competencies of the case company.

According to Prahalad and Hamel (1990: 85), the end products that have a tangible link between the core competencies are called core products. Consequently, core products are the ones that are actually contributing value to the end products. (Hereafter, the most appropriate and generalized term *core offering* will be used instead of *core products* as it is the combined form of services and products that a service provider is offering to the customer. Accordingly, the term *core offering* suits this context as well).

Thus, once the strength of strategic core competencies has been identified from the criticality perspective using the questions in Table 6, it is necessary to find a link between the core offering and the strategic core competencies. Danilovic and Leisner (2007) propose a Domain Mapping Matrix (DMM) to establish the link and strength between the link on strategic core competencies and core offering. DMM analysis consists of nine steps, explained in Table 7.

Table 7. DMM analysis steps for identifying link between the core offering and the strategic core competencies. (Danilovic and Leisner 2007: 50).

Step	Objective	Outcome
Step 1	Identification of competencies	Hierarchical competencies
Step 2	Identification of products and subsystems	Hierarchical strategically important products and subsystems
Step 3	Mapping competences across products	Detailed mapping of identified competencies in step 2 and identified products and subsystems in step 2 with a scoring value of 0 to 3. Scoring value is given according to skills level: 0 for no skills, 1 for low skills, 2 for medium skills and 3 for high skills.
Step 4	Domain Mapping Matrix (DMM) is designed	Simplified matrix format with the information how each competence is related to each product
Step 5	DMM analysis in Complex Problem Solver	Scoring and evaluation on interdependencies between competence and each product reflecting the importance.
Step 6	DMM Output – Identification of core products	Clustering of the products according to similar competences resulting in identifying core products segment.
Step 7	Detailed description of Core Products and its major competence areas	Detailed description of identified clusters with the core products and mostly needed competence
Step 8	Identification of Core Competences -matching competencies and core products	Identification of matching competences for the core products highlighting actual skill levels from the DMM output in Step 6.
Step 9	Identified discrepancy in competence areas – present competence level and strategically needed competence	Listing the discrepancies in competence area from step 8 with possible solutions.

As seen in Table 7, using DMM, core offerings and strategic core competencies can be identified in a systematic way. Findings from the DMM analysis can be further utilized to improve the competence having a low skill level. However, DMM matrix analysis is very descriptive and can be incommensurable to implement as it is. Moreover, this study is focused on a specific product segment. For this reason, in this study context, it is not necessary to follow the steps from 2 to 6 of DMM, as steps 2 to 6 focus on identifying the core product. Consequently, this study will be using only a simplified version of Danilovic and Leisner (2007) DMM. To be more specific, only steps 1, 7, 8 & 9 of the DMM will be used in the current state analysis.

This simplified version of DMM will be discussed in detail in Section 4.0 during current state analysis. The key purpose of identifying the strategic core competencies is to provide a superior core offering to meet the customer needs. Accordingly, understanding customer needs, core offering and fitting the customer needs with the core offering will be discussed in the next section 3.4.

### 3.4 Fulfilling Customer Needs Using a Customer Value Proposition

Focusing on the clear understanding of what kind of products and services create value benefits to the customers is the basis of customer value propositions (Anderson et al. 2006: 91-92). Consequently, to have a clear understanding of the customer need, a company has to have clear insight on the customer's context. And, clear insight into the customer's context will also enable the company to differentiate the offerings that cannot be duplicated by the competitors (Christensen et al. 2016: 58). Furthermore, a long-term customer-relationship can be established through a well-defined and carefully developed CVP as it represents superior value offering to the customers (Payne and Frow 2014: 223). Accordingly, this section first discusses *understanding customer requirement and customer's context*. Then the *value proposition canvas tool* will be introduced to find a fit between customer jobs to be done and the core offerings of the company. Finally, the *value innovation concept* will be introduced, a concept that provides a superior value offering to the customer and creates an uncontested market place.

#### 3.4.1 Understanding Customer Requirement and Customer's Context

Christensen et al. (2007: 38) express the fundamental problem that a customer need to fix in a given context as *jobs* the customers want to do. According to Christensen et al. (2016: 58), Customer *job*, is the concise meaning for what the customer is trying to accomplish in a given context. Accordingly, a deep understanding on customer jobs can enable the service provider to develop a superior offering even without guesstimating the trade-offs that a customer is willing to make (Christensen et al. 2016: 58). Thus, identifying and understanding the customer's job to be done is the first and essential step for making a product or service that the customer wants.

By identifying and understanding the customer jobs to be done, a company can create a perfect combination of experiences for the customer in buying and using the product.

Integrating those customer experiences in the company's processes enable the company to develop a superior offering to the customer. This is very hard for the competitors to imitate which is the most important element in a differentiated superior value proposition (Christensen et al. 2016: 58). Consequently, understanding the customer jobs is the core aspect in any kind of value proposition.

In order to identify and understand the jobs that the customers are trying to accomplish, Christensen et al. (2016) put forward five questions. These questions are meant to reveal the jobs that customers need help with. The five questions and their respective purposes are shown in Table 8 below.

Table 8. Questionnaire for identifying and understanding the customer job (Christensen et al. 2016: 58).

	Questions	Purpose
1	Does the customer have a job that needs to be done?	This is the first and most important question to be asked to get clear insight into what exactly the customer is trying to accomplish.
2	Where can a non-consumption be seen?	This question can throw light onto why customers are not interested in some products or services.
3	What kind of work-arounds have the customers invented?	If the customers are struggling to get something done by cobbling together the work-arounds, it is a clear indication that the customers are not satisfied and thus they are unhappy about the existing products and services.
4	What tasks are customers trying to avoid?	These are the tasks customers want to get rid of quickly as they are not creating any value to them and Christensen et al. call such tasks "negative jobs". Thus, these are the tasks that are to be avoided while creating value offering to the customers.
5	What are surprising uses that the customers invented from the existing products or services?	Sometimes customers may explore and invent the use that provides additional benefits and value from the existing products. This can open up new opportunities for the company in launching a new product

The above questionnaire enables to identify and understand the customer's jobs to be done. Thus, once the jobs that the customers are trying to accomplish are identified, it

can become very clear and easy for the company to develop the attributes for the products that can do the job even better and they can leave out or give less importance to the attributes that are irrelevant to the customers (Christensen et al. 2007: 39). The next subsection discusses in detail how to make a fit on customer jobs to be done and the core offerings of the company using the value proposition canvas tool.

### 3.4.2 Value Proposition Canvas Tool

At the point when a company started giving excessively concentrate on products and features, there is extremely likely shot, it might then lead into redirecting the focus from value creation for the customers. Accordingly, the product development processes use very little of customer-focus methodology. Thus, even though the company makes products using good ideas (as they think) and with good intentions, customers may show little interest in those products (Osterwalder et al.: 2014). Consequently, it becomes a challenge for the companies to develop products with the right value proposition that reflects the correct fitting of customer needs and company's value offering.

To overcome this challenge, the Value Proposition Canvas tool, shown in Figure 3 below, suggests to utilize the following key elements (Osterwalder et al. 2014: 8-9).

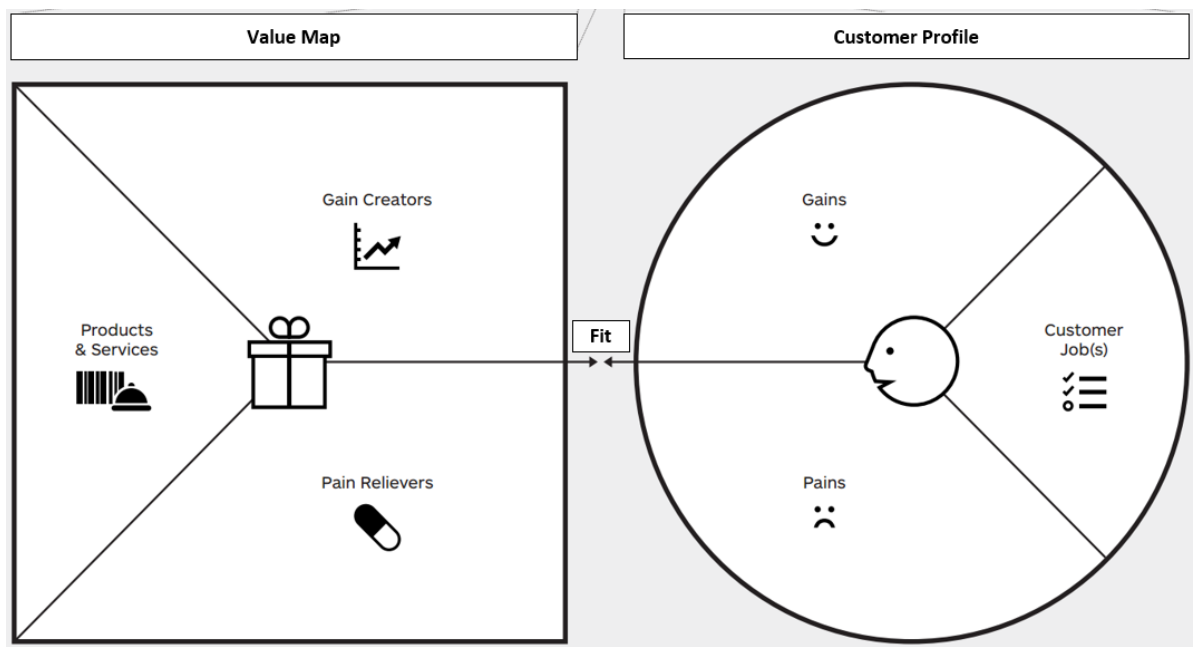


Figure 3. The Value Proposition Canvas (Osterwalder et al. 2014: 8-9)

As seen in Figure 3, the Value Proposition Canvas has two main segments, a Value Map and Customer Profile. The customer profile on the right side is further divided into three sub sections: customer jobs, customer gains and customer pains. As explained in section 3.4.1, *Customer Jobs* are the things that customer is trying to accomplish or the problem that has to be solved in a specific context. Second subsection in the customer profile represents the *Customer Pains*. Customer pains describes anything that creates hindrance before, during and after the customer is trying to get the jobs done. Third subsection in the customer profile represents *Customer Gains*. Customer gains describes the benefits that the customer required, expected or desired. (Osterwalder et al. 2014: 12-17).

The left-hand side of the Value Proposition Canvas is Value Map which again is divided into three subsections: products & services, gain creators and pain relievers. The first subsection in the value map, *Products and Services* are the company's offerings for the customer to get the jobs done. Thus, the products and services only create value when they create customer gain or relieve customer pain in a given context. The second subsection in the value map, *Pain Relievers*, describes how well the company's products and services alleviate the customer pains in the specific context. However, it may not possible for a company to create pain relievers for all customer pains. Thus, in order to create a great value proposition, it is not necessary for a company to alleviate all the pains of the customers. Instead, the company can focus only on creating pain relievers for the extreme pains that matter most to the customers. The third subsection in the value map, *Gain Creators* describes how the products and services create customer gains or in other words *gain creators* explicitly highlight the benefits that the customer required, expected or desired. Thus, similar to pain relievers, gain creators do not need to address every gain identified in a customer profile. Consequently, the focus of gain creator on the products and services needs to restrict on those most relevant to the customers. (Osterwalder et al. 2014: 28-33).

The center point of the value proposition is the fit between the value map and the customer profile. A fit is achieved when the customer becomes happy and excited on the company's value proposition, which happens when the value proposition addresses the critical and important customer jobs, alleviates the extreme customer pains while getting the jobs done and creates essential benefits that the customer required, expected or desired. Thus, a fit between the customer need and the company offering is the most



important requirement for a successful value proposition. (Osterwalder et al. 2014: 42-45).

The Value Proposition Canvas tool is an ideal tool in helping to build a successful and superior value proposition that highlights the customer profile and value map of the company. Accordingly, in the customer profile, customer jobs describe what customers are intended to get done, customer pains describe the bad outcomes, risk and obstacles related to customer jobs and customer pain describe the outcomes customers want to achieve or concentrate benefits they are seeking (Osterwalder et al. 2014: 9). The value map of the company describes the company's offering of products and services to help the customers to get the jobs done that relieve the most extreme pains and creates the benefits that the customer required, expected or desired most. Consequently, when the company's value map focuses on the products and services that help the customers to get the jobs done by relieving the most extreme customer pains and creating the benefits that customer required, expected or desired most, a fit will be achieved. And the fit is number one requirement for a successful value proposition.

Osterwalder et al. (2014) further proposes a checklist for the assessment of customer value proposition which is listed in Table 9 below.

Table 9. Questionnaire for CVP assessment (Osterwalder et al. 2014: 122-123).

No:	Customer Value Proposition Assessment Question
1	Is the CVP is embedded in a great business model?
2	Does the CVP focus on the most significant jobs of the customers, most extreme pains and most relevant required, expected or desired benefits?
3	Does the CVP focus only on few pain relievers and gain creators, but do those extremely well?
4	Does the CVP focus on jobs, pains or gains that a large number of customers have or for which a small number is willing to pay a lot of money?
5	Does the CVP concentrate on unsatisfied jobs, pains and gains?
6	Does the CVP align with how customers measure success?
7	Does the CVP address functional, emotional and social jobs all together?
8	Does the CVP outperform competition substantially on at least one dimension?
9	Does the CVP differentiate from competition in a meaningful way?
10	Is the CVP difficult to copy?

As described in Table 9, the real goal of a CVP design is to focus and address the most important customer requirements in a differentiated way. Thus, in the first set of the CVP design iteration process, once the detailed customer profile and company's value map



with the listing of pain relievers and gain creators has been created, the following three steps need to be taken. *Firstly*, it is most important to identify and focus on the key offering elements of the company that have the best fit and generate most potential values to the specific customer profile. Accordingly, the outcome of the CVP design on paper will be the illustration of the best fit between the current company offering and customer requirements. *Secondly*, the validation of the CVP has to be done by collecting the evidence of customer value benefits. Later, the first CVP design can be improved and fine-tuned through further iteration to meet the emerging customer requirements. *Finally*, the CVP should be embedded in a profitable and scalable business model. (Osterwalder et al. 2014: 48-49). However, business model development and its evaluation falls outside the scope of this study, and thus will not be discussed in this context.

### 3.4.3 Value Innovation Concept: Outperforming Competition

Most of the competitive strategies are focused on grabbing a greater share of an existing demand like in the battle field through a head-head competition with the competitors (Kim and Mauborgne 2004: 76). To eradicate such competitive strategies, Kim and Mauborgne (2005) introduced the Value Innovation Concept, which is visually illustrated in Figure 4 below. The core of the value innovation is increased value benefit to the customers with reduced cost. Cost savings are achieved by eliminating and reducing the factors that an industry normally competes on. But at the same time, the buyer value benefit is elevated by creating new elements in the offering that the industry has never been offered before.



Figure 4. Value Innovation concept (Kim and Mauborgne 2005: 17).

As illustrated in Figure 4, customers are offered products with elevated value but with reduced cost in the Value Innovation concept. Thus in essence, value innovation is not any technology oriented innovation, instead it is more about strategy that comprised entire company's functional and operational activities (Kim and Mauborgne 2005: 17). Consequently, through value innovation a company can outperform the competition through reduced cost and increased buyer value.

Summing up, section 3.4.1 discussed *understanding customer requirement and customer's context*. Then the *value proposition canvas tool* was introduced in section 3.4.2 to find a fit between customer jobs to be done and the core offerings of the company. Accordingly, through Value Proposition Canvas tool, it can be visualized how the value offering of the company is going to help the customer to get the jobs done, relieving pains and creating gains. In addition, the *Value Innovation concept* was also introduced in 3.4.3 as a marketing strategy to outplay the head-head competition in the business market with a focus on increasing the value benefit to the customer and reducing the cost.

Once the CVP is developed, the positioning of the CVP in a competitive landscape is the next important step. Hence, how to position a CVP in a competitive landscape will be discussed in the next subsection.

### 3.5 Positioning the CVP in a Competitive Landscape

The positioning of a differentiated value proposition for a targeted customer segment can gain a competitive edge for the company in the market (Hooley and Greenley 2005: 97-99; Hooley et al.1998: 105-112). In essence, the *positioning* of a value proposition is stamping a prominent position in the mind of a potential target customer through delivering some central benefits thereby fulfilling the customer requirements (Kotler and Keller 2012: 32). And in practice, positioning is highlighting the potential value benefits to the customers from the value offering of the company with the listing of similarities and advantages with respect to the competitive offering (Kotler and Keller 2012: 298). Consequently, it will be discussed, how to do the positioning using the Strategy Canvas tool.

The Strategy Canvas tool was created by Kim and Mauborgne (2005) as a diagnostic action framework to differentiate the offering of a company with respect to the competitor in an uncontested market space where the competition is irrelevant and which they called Blue Ocean Strategy (Kim and Mauborgne 2004: 77-78). The foundation for creating an

uncontested market space is a value innovation concept, which was discussed in subsection 3.4.3. The Strategy Canvas tool is a logical continuum of the value innovation concept. Consequently, the Strategy Canvas tool serves two purposes. *Firstly*, as a diagnostic action framework, it visually illustrates the current state of the market with the key dominant competing factors. *Secondly*, the strategy canvas facilitates the reorientation of the strategy focus from competitors to alternatives (Kim and Mauborgne 2005: 27-28). An example of a Strategy Canvas is illustrated in Figure 5.

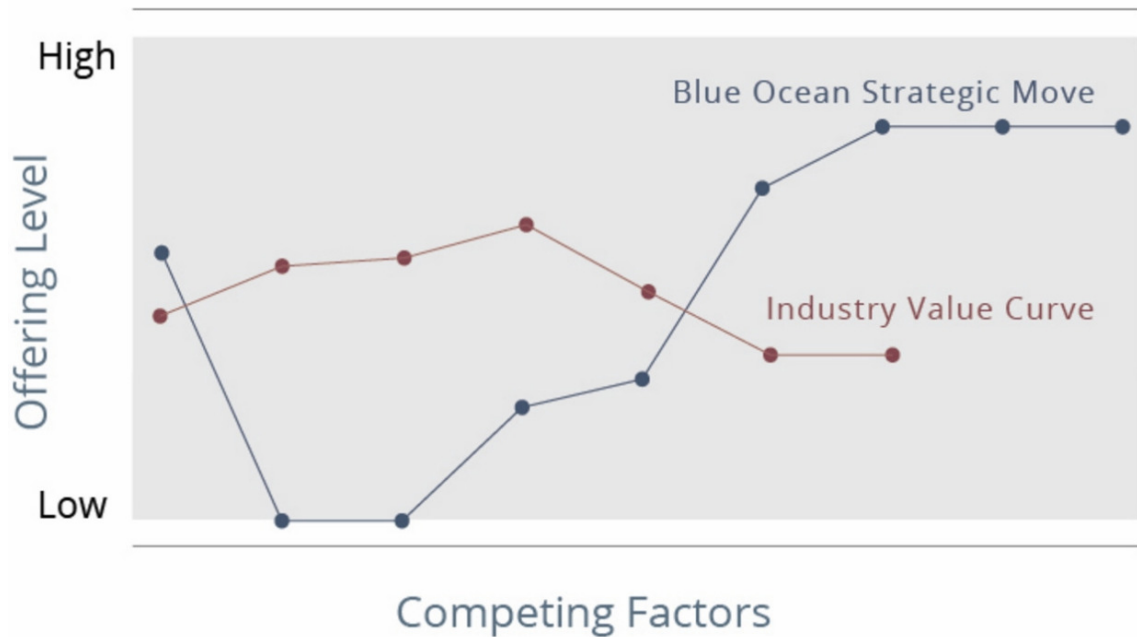


Figure 5. An example of a Strategy Canvas (Kim and Mauborgne 2005: 27).

As seen in Figure 5, the x-axis in the strategy canvas is the key dominant competing factors for the products and services and the y-axis represents the offering level (that explicit in relative score) customers receive from the key dominant competing factors. Accordingly, the higher the score in the offering level the higher the value benefit the company is offering to the customer. The basic and most important component in the strategy canvas is the value curve. The value curve is the graphical representation of a company's relative offering across the competing factors in the industry (Kim and Mauborgne 2005: 27). Figure 5 above illustrates how the blue ocean strategic value offering is different from the industry value offering by visually positioning the offerings across the industry competing factors.

The strategy canvas is designed for visualizing the blue ocean strategic move that creates an uncontested market space through the value innovation concept. Strategically,

it is an ideal move to create an uncontested market space thereby making the competition irrelevant. But, this will go beyond the scope of this study of building a CVP for the case company. However, the strategic canvas tool can be used in this study for two reasons. First, during the current state analysis, the strategic canvas tool can be used to identify the strengths and weaknesses of the company's current offering in relation with the main competitor offering. Second, the strategy canvas tool can be also used to enhance the positioning of existing company offering by highlighting the favorable point of differences in relation with the next best alternative.

### 3.6 Conceptual Framework for a Superior Customer Value Proposition

The conceptual framework of this study consists of four segments. The first segment is *selecting the CVP type*. The second segment is *core competence and core offering*. The third segment is *meeting the customer requirements using a CVP*. The fourth and last segment is *positioning the CVP in a competitive landscape*.

Thus, with a logical continuum between the four segments, together they form a holistic framework with the uniquely positioned CVP in the center core. The concepts and framework tools in each building segment are evolved from the literature review on relevant existing knowledge.

The conceptual framework is shown in Figure 6 below.

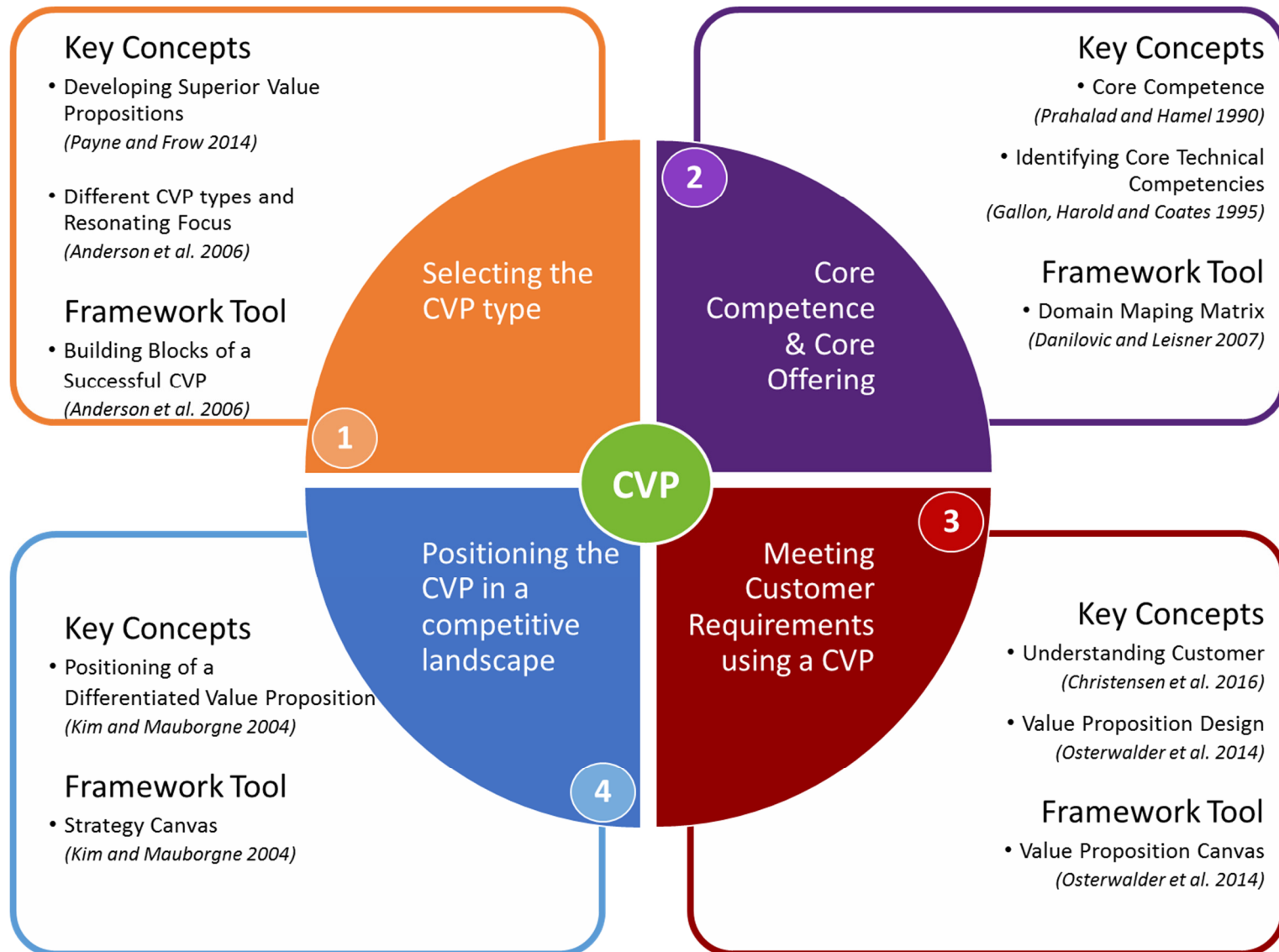


Figure 6. Conceptual framework for building a superior customer value proposition.

As seen in Figure 6, segment 1 focuses on selecting the CVP type. Since the objective of the study is to develop a CVP for market penetration, it is important to choose a strategically correct CVP type in the beginning of the CVP building process. Segment 2 highlights the importance of core competences and core offerings in building a uniquely positioned CVP. Segment 3 discusses understanding the customer requirement, a proposal for solving those using a company offering and communicating the offering using a CVP. And finally Segment 4 stresses the importance of positioning the CVP in a competitive landscape which is important from the differentiated and superior CVP perspective. Consequently, each segment of the conceptual framework represents the central concepts with a logical continuum in building a uniquely positioned CVP. And each segment of the conceptual framework also provides a framework tool to use in the CVP building process.

Summing up, this section proposed the conceptual framework that consists of four segments with relevant framework tools that can be used while building a uniquely positioned superior value proposition. The conceptual framework will be used in the current state analysis and subsequently in building the CVP. The next section is focused on the current state analysis in order to determine the pros and cons of the case company's current value offering for the type 2 SOF segment.

## 4 Current State Analysis of Case Company's Current CVP (Data 1)

This section analyses the current Customer Value Proposition of the case company using the four-segment conceptual framework illustrated in Section 3.6. In the conceptual framework, from the business strategy perspective, the selection of the CVP type comes at the first place when building a CVP. It is then followed by core competences and core offerings, customer requirements and competitor offering (indeed positioning of the CVP in a competitive landscape) respectively.

### 4.1 Overview of Current State Analysis Stage

In line with the conceptual framework, in the current state analysis, *firstly*, case company's core competences are analyzed. *Secondly*, analyzes the customer requirements and case company's current CVP. *Thirdly*, analysis of case company's CVP positioning is done by positioning the case company's current CVP against competitor's CVP. *Finally*, case company's current CVP type will be analyzed based on the outcome from customer requirements analysis and competitive offerings analysis. Accordingly, each analysis step in the current state analysis will maintain a logical continuum to the previously analyzed steps. Based on the analysis, a summary on the pros and cons of the case company's current CVP is presented with a list of recommended actions for improvement.

The data for the current state analysis was collected mainly from three sources as described in the research design in Section 2.3. First from the case company's key stakeholders through the interviews and workshops. Second from the potential customer key stakeholders through the interviews. Third from the case company's pre-existing internal documents on competitor analysis. The theme for the data collection is selected in line with the conceptual framework segments. Accordingly, the data collection theme and linked CVP block, data collection methods, data source, and the analytical tools used for the analysis are illustrated in Table 10.

Table 10. Data collection theme: linked CVP block, data collection methods, data source, and the analytical tools used.

Data Collection Theme: Linked CVP block	Data collection Methods	Data Source	Analytical Tool Used
Case company's core competences	Interviews and workshops	Case company key stakeholders	Domain Mapping Matrix, DMM (Danilovic and Leisner)
Understanding customer requirements	Interviews and workshops	Case company and Potential customer key stakeholders	Value Porposition Canvas, VPC (Osterwalder et al.)
Competitor offering and positioning CVP against competitor offering	Interviews, workshops and analysis on pre-existing internal documents	Case company key stakeholders and pre-existing internal documents on competitor analysis	Strategy Canvas (Kim and Mauborgne)

As seen in Table 10, the case company's core competences for the core product offering were discussed in workshops and interviews. Data for understanding the customers was collected firstly by interviewing two potential customers. Secondly, data for understanding the customers was collected during the workshops and interviews with case company key stakeholders. Data on the main competitor offering was collected from the case company's internal pre-existing documents on competitor analysis and interviewing case company's sales personnel. Additionally, the key competitor offering was also discussed during the meetings and workshops listed in Table 10 above.

An iterative method of data collections was chosen for the workshops. Consequently, during the various workshops held, several employees of the case company holding various positions, for instance from top level management to shop-floor employee, were included. This iterative method was not only selected as a means of triangulation but also to allow the informants to share their views on the findings.

#### 4.2 Analysis on Core Competences of the Case Company

For the analysis of core competences of the case company, key stakeholders' perspectives on core competences were collected during the workshop and interviews (data 1a, data 1b and data 1C). The purpose of the workshop and interview was to achieve three



objectives. The first objective was to identify the potential core competences. The second objective was to evaluate the strength of the competences from the criticality perspective that reflects the direct impact of competitiveness (see Table 6 for the scale). The third objective was to evaluate the importance of specific competence for the defined offering (see step 3 in Table 7 for the score criteria).

Consequently, three main competences (level 1) and nine sub competences (level 2) were identified. For identifying the potential core competences, the Gallon, Stillman and Coates (1995: 22) qualification criteria questionnaire described in Table 5 was used. However, since the same criteria is valid for the evaluation of the identified potential core competences, it will be discussed in the next subsection to avoid repetition. Details of the identified core competences, criticality strength assessment and the importance on core offering is listed in Table 11.

Table 11. Identified core competences.

Level 1 Core Competence	Level 2 Core Competence	Criticality Strength The degree to which the capability has a direct impact on competitiveness 1= Lowest, 5= Highest	Importance for Core Offering 0= Lowest, 3= Highest
Unique Proprietary Manufacturing Process	Customization flexibility	4	2
	Low manufacturing cost	5	3
	Homogeneity in the fiber core material composition	4	3
	Low manufacturing cycle time	5	2
Highly Skilled Personnels	Competitive product and process Development	4	3
	Problem solving efficiency	3	2
	Technical Support to the Customers	3	3
Six Sigma Practices	Statistical process control (SPC)	3	2
	Predictable and repeatable process	3	2

As shown in Table 11, the unique proprietary manufacturing process, highly skilled personnel and six sigma<sup>1</sup> practices were identified as three main competences (level 1). Consequently, the first identified core competence, i.e. unique proprietary manufacturing process, allows the case company a greater flexibility in manufacturing the customized optical fiber (SOF) if required by the customer.

The unique proprietary manufacturing process also increases the homogeneity of the fiber core material which is very critical for the customer as the homogeneity of the fiber core material is one of the optical performance indicators of the SOF. Another advantage of the unique proprietary manufacturing process is that it can considerably reduce the manufacturing cost and cycle time of the product, which can definitely bring more value to the customer.

Highly skilled employees were identified as the second main core competence of the case company. Since the specialty optical manufacturing is a state-of-the-art process, it not only requires a technology that build on a unique proprietary manufacturing process, but also require highly skilled employees. Accordingly, highly skilled employees enable the case company to develop competitive products and processes. Employees' efficiency in problem solving can help in troubleshooting the root cause of the end product defects and processes issues. Knowledge of highly skilled employees can be further utilized to provide technical support for the customers when required.

Six sigma practices were identified as the third main core competence of the case company. Accordingly, it was further identified, the case company implemented statistical process control (SPC) in all critical processes, which is the integral part of the six sigma methodology. Thus, SPC enhances the repeatability of the processes which then enable the manufacture of products with little batch to batch variation. This ensures the customer receives the same or similar product quality every time when the customer buy SOF from the case company. Furthermore, the case company has developed various predictable models in SOF manufacturing processes using the six sigma methodology. Consequently, the predictable models have enhanced the product yield which was then reflected in the manufacturing cost.

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<sup>1</sup>Six Sigma is a data driven methodology and approach for eliminating the defects from any kind of processes.

As seen in Table 11 and as explained above, all of the identified main competences and their sub-competences may directly contribute to the case company's offering for the defined Type2 SOF segment. Furthermore, from the criticality perspective, all of the identified potential competences may provide a direct or indirect impact on competitiveness. Consequently, low manufacturing cost and short manufacturing cycle time may be a major determinant of competitive advantage as they are key competitive competence factors enabling the company to offer a competitive price with short delivery lead time to the customer. In a similar way, with the customization flexibility and by maintaining homogeneity in the fiber core material using the unique proprietary manufacturing process, the case company may have a direct and significant effect on competitiveness. Furthermore, highly skilled employees and the six sigma practices will also enable the case company to enhance the competitiveness in an indirect or enabling way.

#### *Additional Finding*

Even though several potential core competences were identified during the workshop and interviews, it was also identified that key potential competences like marketing strategy and a dedicated marketing force are lacking in the case company. During the interview, when it was asked how the case company currently markets the product without a dedicated marketing force, one of the case company's key management personnel (data 1a) commented in the following way:

*Currently, sales personnel or someone from the product development meets the customer key stakeholder during the yearly laser conferences that are held worldwide. Additionally, they also visit the customer company once a year.*

Meeting the customer key stakeholders twice a year is a good practice that should be continued. However, in order to enhance the market penetration for type2 SOF segment, the current approach may not be sufficient enough. Consequently, the case company has to define a marketing strategy and thus form a dedicated marketing force to enhance the market for type2 SOF segment. With a well-defined marketing strategy and dedicated marketing force, the case company can convince potential new customers of the importance and benefits of the core offering.

#### 4.2.1 Evaluation of the Identified Core Competences

The evaluation was done on the identified core competences for summing up the data collection and analysis process for the core competences. For the evaluation of the identified core competences, Table 5 evaluation criteria tool was utilized. The evaluation criteria details of the identified core competences are described in Table 12.

Table 12. Evaluation of identified core competences.

	Criteria	Criteria fulfilled
1	Does the competence harmonize streams of critical technological capabilities to provide competitive advantage?	<b>Yes</b> , as described in section 4.2, identified core competences can harmonize streams of critical technological capabilities to provide either a direct competitive advantage or an indirect competitive advantage.
2	Does the competence translate into customer-perceived value?	<b>Yes</b> , all of the identified competences can translated into customer-perceived values.
3	Is the competence difficult to imitate by the competitors?	<b>Yes</b> , potential competences like unique proprietary manufacturing process and skills of the employees cannot be imitated by the competitors.
4	Is the competence extendable to new markets?	<b>Yes</b> , unique proprietary manufacturing process, skilled personnel and six sigma practices can be utilized in developing products for the new markets

As seen in Table 12, all of the identified core competences fulfilled the evaluation criteria. Consequently, it can be concluded that the identified core competences prevail to have a strategical influence on the case company's core offering and hence can be called as strategic core competences.

With the findings from core competences analysis of the case company, the next subsection will be focused on the analysis of the customer requirements and case company's current CVP.

#### 4.3 Analysis of Customer Requirements and Case Company's Current CVP

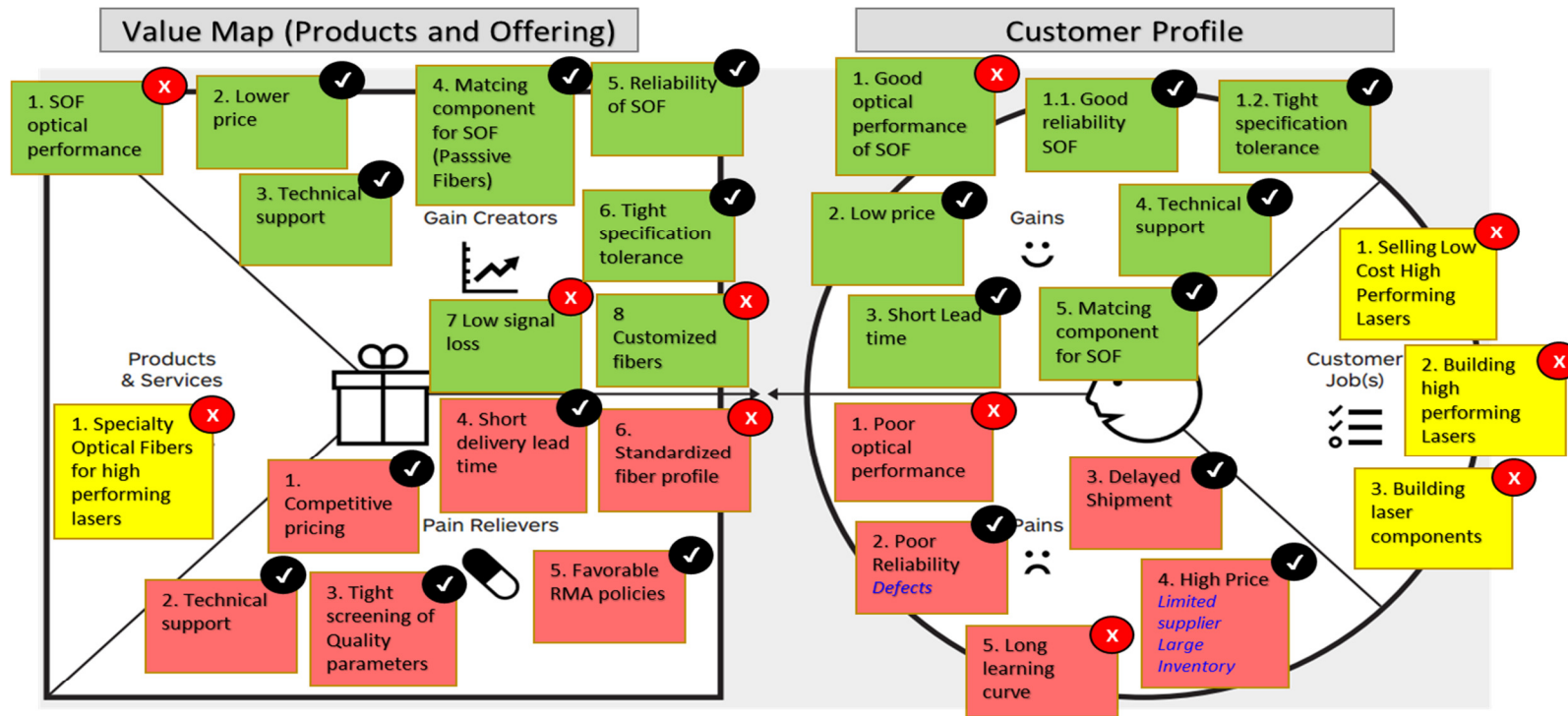
The purpose of the analysis was to have an inference on the customer requirement for the type2 SOF segment and the case company's value offering for the same. Accordingly, during the interview, when it was asked does the case company possess a well-defined CVP for the type2 SOF segment, one of the case company's key management personnel (data 1h) commented in the following way:

*Currently we don't have a visually well-defined CVP. However, according to customer requirement, we offer competitive pricing and ship the specialty optical fiber that meets the defined specifications in a minimum delivery lead time.*

Outcomes from the other interviews on the case company CVP for type2 SOF segment were also in line with the above comment. Thus, it became clear that currently the case company CVP for type2 SOF segment is only vaguely defined and not well depicted in visual terms. Consequently, in the next step of the CVP analysis process, the case company's current value offering for type2 SOF segment against the customer requirement was visualized using the *Value Proposition Canvas* tool mentioned in Section 3.4.2. The visualization of the CVP was done by conducting two value proposition canvas (VPC) workshops.

Accordingly, in the first VPC workshop (data 1g) the customer profile was discussed and analyzed by identifying the customer jobs, customer pain and customer gain. In the second VPC workshop (data 1j), the case company's value offerings were discussed and analyzed by identifying the case company's offering for customer gains and customer pains.

All findings on customer requirements and company value offering from the discussions, interviews and internal documents were combined and depicted in a value proposition canvas. The visualization of the case company current CVP on type2 SOF segment is demonstrated in the below VPC Figure 7. The customer requirement depicted on the right-hand side of the VPC will be discussed first followed by the case company's value offering.



**Value Map (Products and Offering)**

- ✓ Case company's current products /offering that
  - help the customer to get the jobs done
  - can relieve the customer pain
  - can create customer gain (benefit)
- ✗ Case company's current products /offering that are not sufficient enough to
  - help the customer to get the jobs done
  - relieve the customer pain
  - create customer gain (benefit)

**Customer Profile**

- ✓ Customer requirement that can be met with case company's current value offering
- ✗ Customer requirement that cannot be fully met with case company's current value offering

Figure 7. Value Proposition Canvas (VPC) for the Type2 SOF segment.

*Analysis on Customer requirement.*

As seen in the customer profile on the right-hand side of the above VPC Figure 7, selling high performing laser with lower cost, building high performing lasers and building laser components were identified as three important customer jobs. Consequently, following five important customer requirements were identified for getting the identified important customer jobs done.

*Good Optical performance* was identified as the *First* important customer requirement. In order to build high performing laser and laser components, the customer requires high performing specialty optical fiber as the main component. Furthermore, since *SOF reliability* can help in enhancing the optical performance and *tighter specification tolerance* of the optical parameters in the SOF ensures the repeatability of the optical performance, those were identified as the secondary requirement for the customers in achieving the good optical performance.

*Lower Fiber Price* was identified as the *Second* important customer requirement. As the primary customer job is to sell high performing lasers with lower cost, the customer also requires components with lower cost for building the laser. Accordingly, the customer requires a lower price for the SOF.

*Short lead time* for receiving the SOF was identified as the *Third* important customer requirement. When the lead time for receiving the main component SOF is shorter, the customer doesn't have to build a large inventory of SOFs. Also, the shorter lead time for SOF delivery can help the customer build the laser on time.

*Technical support* was identified as the *Fourth* important customer requirement. While building the laser, knowledge on how to use the specialty optical fiber in an optimized manner is critically important to generate high enough power for the laser. Since each fiber manufacturer uses their own unique fiber design, it is necessary to provide technical support to the customer. Accordingly, providing technical support enables the customer to optimize the fiber handling to generate the highest power for the laser.

*Matching component for the SOF* (passive optical fiber) was identified as *Fifth* important customer requirement. In order to build a high performing laser, in addition to high performing SOF, the customer also requires matching passive optical fiber as a matching

component. Since each fiber manufacturer uses their own unique fiber design for the SOF, it is necessary to provide a matching passive fiber for the corresponding SOF. Otherwise it can affect the efficiency of the output power of the laser.

In addition to the above listed most important customer requirements, *delayed fiber shipment* and *long learning curve in developing the relevant SOF* were identified as customer pains. However, since the delayed shipment is the subsequent of short delivery time and long learning curve in developing the SOF is associated with optical performance improvement, those two pains can be incorporated with short delivery lead time and good optical performance respectively.

#### *Analysis on Case Company's Current CVP*

After identifying and understanding the customer requirements in the first VPC workshop, the case company's current value offering for type2 SOF segment was analyzed in the second VPC workshop including the same participants who were in the first value proposition canvas workshop. The outcome from the second VPC workshop on the case company's current value offering for the type 2 SOF segment is depicted on the left-hand side of the value proposition canvas as illustrated in Figure 7. Consequently, the case company's current value offering for type2 SOF segment is listed in Table 13.



Table 13. Case company's value offering for Type2 SOF segment.

Case company's current value offering for Type2 SOF segment	Does the offering helping to meet the customer requirement? (either creating gain or relieving pain)
1 Low price	<b>Yes</b> , lower price was identified as the <i>second important customer requirement</i>
2 Short delivery time	<b>Yes</b> , short lead time for receiving the SOF was identified as the <i>third important customer requirement</i>
3 Technical support	<b>Yes</b> , technical support was identified as the <i>fourth important customer requirement</i> as it can help the customer to optimize the fiber handling to enhance the laser power
4 Matching component (matching passive fiber)	<b>Yes</b> , case company's matching passive fiber can enhance the performance of the laser when the customer uses the case company's SOF for building the laser. Thus, it can be a <i>gain creator</i> for the customer.
5 Good reliability of the SOF	<b>Yes</b> , good reliability of the fiber improves the optical performance. Hence for the customer it can act as a <i>gain creator</i>
6 Tight specification tolerance limits for the optical parameters	<b>Yes</b> , tight specification tolerance limits for the optical parameters ensures repeatability in the optical performance for all the fiber received by the customers. Accordingly, it can be a <i>gain creator</i> for the customer
7 Favorable return merchandise authorization (RMA) policies	<b>Yes</b> , can be a <i>pain reliever</i> for the customer as it helps to replace the defective fibers easily.
8 Tight screening of the quality parameters (ensure good reliability of the fiber)	<b>Yes</b> , tight screening of the quality parameters can prevent in sending any defective fibers to the customer. Thus, increase the <i>reliability</i> of the fibers. Hence, in a way it is a <i>pain reliever</i> to the customer
9 Good optical performance	<b>Partially</b> , it was identified, the case company's current offering on the fiber performance is not sufficient enough for the customer to generate high enough power for the lasers.
10 Low signal loss fibers	<b>Partially</b> , even though the case company claims low signal loss in SOF can enhance the optical performance considerably, customer reported only a little gain from it.
11 Standardized fiber profile	<b>Not at the moment</b> , case company couldn't able to convince the benefits of standardized fiber profile to the customer yet.
12 Customization	<b>Not at the moment</b> , case company couldn't able to convince the benefits of customization in fiber design to the customer yet.

As described in Table 13, currently the case company is providing twelve value offerings for type2 SOF segment. Accordingly, the analysis showed that eight of the twelve value offerings are benefiting the customers either by creating the gains or by relieving the

pains. Thus, the first four value offerings such as low price, short delivery time, technical support and matching components are directly meeting four of the identified customer needs. Further, offerings like good fiber reliability and tight specification tolerance for the optical parameters were identified as gain creators for the customers. Then, favorable return merchandise authorization (RMA) policies and tight screening of the quality parameters were identified as pain relievers for the customer.

#### *Key findings on the current CVP limitations*

It was established during the interviews and VPC workshops that eight out of the first twelve value offerings of the case company were meeting the customer requirements either by creating gains or by relieving pains. However, it also became clear during the interviews and VPC workshops that customers were either not fully satisfied or not convinced with the rest of the four value offerings of the case company.

Accordingly, *Optical performance* was identified as the *first* and the most important value offering that the customers were not fully satisfied with. As the performance of the SOF defines the efficiency of the output power in the laser, good optical performance was identified as the primary and most important requirement for the customers. But, the interviews and VPC workshops revealed that the case company's current offering for the Optical performance is not sufficient to meet customer requirement. Due to that reason, as illustrated in Figure 7, it is hindering all of the important customer jobs such as building and selling high performance laser and building components for the lasers. Consequently, the current offering on optical performance was identified as the major drawback of the case company's current CVP for type2 SOF segment. This major drawback in the current CVP could be the most probable root cause for the low market penetration in type2 SOF segment.

*Secondly*, the interviews and VPC workshops unveiled, *low signal loss* in the fiber is not providing expected value benefit to the customers. According to the theory, low signal loss in the fiber can enhance the optical performance of the fiber considerably. Accordingly, the case company currently offer fibers with lowest signal loss. However, the customers reported only a minor gain in optical performance from the low signal loss offering. Thus, it is necessary for the case company to identify the root cause behind this phenomenon.

Thirdly, the interviews and VPC workshops revealed, case company could not convince the customers regarding the value benefits of *standardized fiber profile* offering. Standardized fiber profile can help the customer to build the laser according to the real character of the fiber. However, in order to convince the customer of the value benefit, the case company has to further extend its technical support to the customer.

Finally, the interviews and VPC workshops unveiled, the case company has not been able to convince the customers regarding the value benefits of *customized fibers*. When the specialty optical fiber is customized according to the customer's laser building platform, it can enhance the optical performance enabling the generation of high output power in the laser. Consequently, to convince the customer, the case company need to further extend its technical support to the customer.

#### *Additional Finding*

Interviews with the key employees in the management team divulged, currently the case company doesn't have a well-defined customer relationship management platform. In fact, one of the key personnel from the management (data 1c) during the interview commented,

*I think a well-defined customer relationship management platform can help the customers to interact even more efficiently with the case company regarding any issues and concerns related to case company products and services.*

Hence, it would be beneficial for the case company to have a well-defined customer relationship management platform in order to have high-quality interactions with the customers. Accordingly, during the high-quality interactions, the case company can engage with customers in value creation process which is key in developing a value proposition.

Furthermore, as an additional finding, customer requirement analysis divulged, currently the case company does not have a well-defined sales platform. The key personnel from sales also highlighted the importance of having a well-defined sales platform from the business enhancement perspective.

With the findings on customer requirement and case company value offering now established the next stage is the positioning of the current CVP. Accordingly, the next section will analyze the case company's CVP positioning.

#### 4.4 Analysis of the Case Company's CVP Positioning

The purpose of the analysis was to determine the case company's CVP positioning against the main competitor (market leader) CVP. Since SOF market is not an open market it is very difficult to determine the clear picture of the main competitor's offering. However, interaction between the case company's key stakeholders and customers on many occasions made it possible to get an idea on competitor offering and their offering level against the case company's offering. Accordingly, for the analysis, collected data from data 1k and data 1l were utilized for positioning the case company's current value offerings against the main competitor's value offerings. CVP positioning was done using the *Strategy Canvas* tool mentioned in section 3.5.

Thus next, the case company's current offerings mentioned in Section 4.3 such as good optical performance, low fiber price, short delivery lead time, technical support, matching component, good fiber reliability, tight specification tolerance, favorable RMA policies, low signal loss, standardized fiber profile and customization, were compared against with the competitive offerings for the same. However, among the twelve value offerings of the case company, one of the offering, *tight screening of quality* was excluded from the comparison, as it was not sure enough regarding the competitor offering for the same. Consequently, the case company's CVP positioning against the competitor's (market leader) offering is depicted in the below strategy canvas.

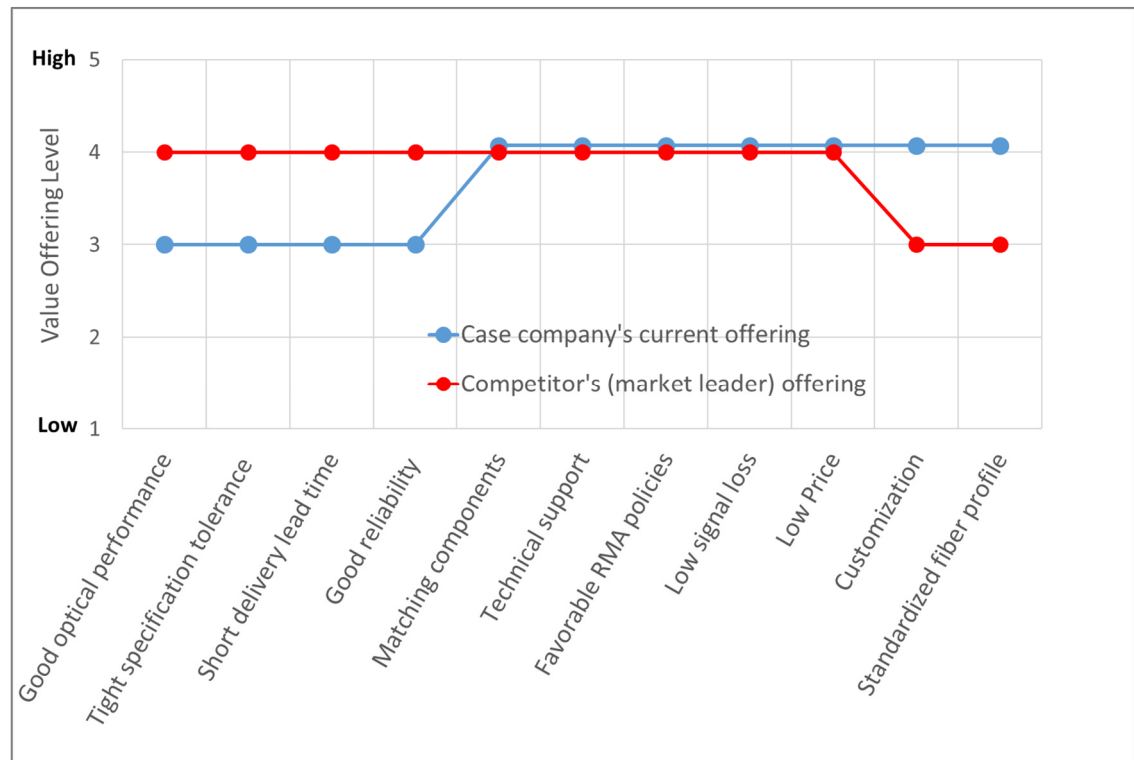


Figure 8. Strategy Canvas of value offering for the Type2 SOF segment.

As seen in Figure 8, scaling of 1 to 5 was used for determining the offering level. Further, Figure 8 shows the points of parity and points of differences. Accordingly, five competing factors such as matching components, technical support, favorable RMA policies, lower price and low signal loss were identified as points of parity against competitive offering. Customization and standardized fiber profile were identified as points of difference favoring the case company. However, the case company's current offering level for Optical performance, specification tolerance, delivery lead time and reliability of the fiber is lower than the competitor offering, which indeed turned out be the point of differences in favor of the competitor. Consequently, when it was asked whether those four competing factors of differences which were in favor of the competitor are the reason for the company's low market penetration in type2 SOF segment, all of the participants in the strategy canvas workshop agreed with the following comment of one of the key management personnel (data 1).

*My guess is, it is mainly the lower optical performance than the main competitor is the main reason for the case company's low market penetration.*

Accordingly, with the findings from the strategy canvas workshop, another session was held with same team who participated in the strategy canvas workshop for identifying the

scope and ongoing activities for improving the offering level for optical performance, specification tolerance, delivery lead time and reliability of the fiber. The outcome from the value offering improvement session is listed in Table 14.

Table 14. Outcome of value offering improvement session.

Competence Factor	Actions	Remarks
1 Good optical performance of the fiber	In progress	Development activities already started from the beginning of this year. Thus, expecting the improvement in the optical performance by the fourth quarter of this year.
2 Tight specification tolerance	Recommended	As this is one of the offering that can improve the fiber performance, it is recommended to tighten the tolerance specification limit.
3 Short delivery lead time (for Asian customers)	Recommended	Even though, case company's delivery lead time is not so long, it is still longer than main competitor as they had a distributor in Asia. Currently case company have a distributor in Asia who stocks case company's fiber for smaller customers. Thus it is recommended to make use of the same distributor for the bigger customer as well.
4 Good reliability	In progress	This is one of the offering that can improve the optical performance of the fiber. Most of the parameters affecting the reliability of the fiber are fixed. Only few minor activities are pending. By completing the pending actions it is expected to improve the fiber reliability better or equal to competitor offering.

As Table 14 shows, activities for improving the value offering level for good optical performance and good reliability had been already started by the company. Furthermore, in the discussion it was also decided to consider the recommended actions for improving the value offering for specification tolerance and delivery lead time.

Further during the discussions on the identified favorable points of differences such as customization and standardized fiber profile, one of the case company's key management personnel (data 11) commented as follows:

*Those identified favorable points of differences can help the customer only when we provide the customer with better optical performance than the main competitor.*

Consequently, it can be stated that the so called "favorable points of differences" such as customization and standardized value offering were not exactly the favorable points of differences for the case company till the customers receive the value benefit from

them. However, customers can be convinced on the value benefit for the same once the case company has improved the value offering for good optical performance.

Summing up, analysis of case company's CVP positioning revealed, case company's current offering such as, matching components, technical support, favorable RMA policies, lower price and low signal loss were identified as points of parity against competitors' offering. Further, in the beginning of the analysis, customization and standardized fiber profile were identified as points of difference favoring the case company. However, later the analysis revealed they cannot be called as points of favorable differences until the case company is able to convince the customer regarding their value benefits. Furthermore, the analysis also unveiled the value offering level of optical performance, specification tolerance, delivery lead time and reliability of the fiber were lower than the competitor offering. Consequently, further discussion was done on improving the offering level for the same. Accordingly, recommendations and ongoing actions were listed.

With the findings on the case company's CVP positioning now established next stage is to analyze the case company's CVP type. Accordingly, the next subsection will be discussing the case company's current CVP type and its disadvantages.

#### 4.5 Analysis of the Current Case Company CVP Type

As described in section 3.2, to develop a superior value proposition, Anderson et al. (2006: 93) propose three types of value propositions such as *all benefits*, *favorable points of difference* and *resonating focus*. Accordingly, this section analyzes the case company's current CVP in detail according to the findings from customer requirements and current value offerings of the case company mentioned in section 4.3 and competitor's offering mentioned in section 4.4. Thus, the focus of this section is to analyze the case company's current CVP and to determine the CVP type.

Consequently, Table 15 describes the current case company's value proposition with respect to the customer requirements and competitive offering.

Table 15. Analysis summary of the current case company's CVP.

Case Company's Value Map	Customer Requirements	Competitive Positioning
<p><b>Products</b></p> <ul style="list-style-type: none"> <li>Specialty Optical Fibers for high performing Laser</li> </ul> <p><b>Gain Creators</b></p> <ul style="list-style-type: none"> <li>Good optical performance</li> <li>Good reliability</li> <li>Tight specification tolerance</li> <li>Low fiber price</li> <li>Technical Support</li> <li>Matching components for SOF</li> <li>Low signal loss</li> <li>Customization</li> </ul> <p><b>Pain Relievers</b></p> <ul style="list-style-type: none"> <li>Competitive pricing</li> <li>Technical support</li> <li>Tight screening of quality parameters</li> <li>Short delivery time</li> <li>Favorable RMA policies</li> <li>Standardized fiber profile</li> </ul>	<p><b>Jobs</b></p> <ul style="list-style-type: none"> <li>Selling low cost high performing lasers</li> <li>Building lasers</li> <li>Building gain blocks</li> </ul> <p><b>Gains</b></p> <ul style="list-style-type: none"> <li>Good optical performance</li> <li>Good reliability</li> <li>Tight specification tolerance</li> <li>Short delivery lead time</li> <li>Matching components</li> <li>Technical support</li> <li>Low price</li> </ul> <p><b>Pains</b></p> <ul style="list-style-type: none"> <li>Poor optical performance</li> <li>Poor reliability</li> <li>Delayed shipment</li> <li>High price</li> <li>Long learning curve</li> </ul>	<p><b>Points of Parity</b></p> <ul style="list-style-type: none"> <li>Matching components</li> <li>Technical support</li> <li>Favorable RMA policies</li> <li>Low price</li> <li>Low signal loss</li> </ul> <p><b>Main competitor's favorable points of difference</b></p> <ul style="list-style-type: none"> <li>Good optical performance</li> <li>Good reliability</li> <li>Tight specification tolerance</li> <li>Short delivery lead time</li> </ul> <p><b>Points of Contention</b></p> <ul style="list-style-type: none"> <li>Customization</li> <li>Standardized fiber profile</li> </ul>

As described in Table 15, from the competitive positioning perspective, value offerings such as matching components, technical support, favorable RMA policies, low price and low signal loss were identified as five points of parity. Customization and standardized fiber profile were identified as two points of difference. However, since the customers are not yet convinced about the value benefits of those offerings, they will be considered as points of contention. Furthermore, the offering level for Optical performance, specification tolerance, delivery lead time and reliability of the fiber were found to be lower than the main competitor's offering. Consequently, those value offerings turned out be points of differences in favor of the main competitor. Hence the case company's current CVP



type is unclear according to the Anderson et. al. (2006) CVP definition for *all benefits, favorable points of differences and resonating focus*. However, it can be stated that the case company's current CVP does not provide a competitive edge over the competitor's offering for type2 SOF segment. Consequently, the scope of transforming the current CVP into a uniquely positioned resonating focus CVP type for enhancing the market share in type2 SOF segment will be discussed in Section 5 during the proposal building phase.

#### 4.6 Key Findings from the Current State Analysis

Based on the findings from the current state analysis it can be concluded that the case company's current CVP is not sufficient to enhance the market penetration for type2 SOF segment. Analysis of the case company's current offerings revealed that four of the key value offerings had a lower offering level than the main competitor's offering. Moreover, five value offerings were having same or similar offering level compared to the main competitor's offering. Consequently, this phenomenon created hindrances for the case company in enhancing the customer base in type2 SOF segment. However, the interviews and workshops divulged various developmental activities are in progress within the case company to improve the offering level of some of the critical value offerings.

The summary of the current state analysis of the case company CVP is illustrated in Table 16.

Table 16. Summary of strengths and weakness of the current CVP and recommended actions for the proposal building stage.

CVP Segment	Strength	Weakness	Recommended actions
<b>Core Competences</b>	Main competences that can be used for building the proposal	Missing competence for market penetration	1. Recommended a well-defined marketing strategy and dedicated marketing force for the market penetration.
Case company's competences	<ol style="list-style-type: none"> <li>1. Unique proprietary manufacturing process</li> <li>2. Highly skilled Personnel</li> <li>3. Six Sigma practices</li> </ol>	<ol style="list-style-type: none"> <li>1. Marketing strategy and force</li> </ol>	
<b>Customer Requirements</b>	Offering that creates value benefit to the customers	Offerings that cannot meet the customer expectations	<ol style="list-style-type: none"> <li>1. Development activities in fiber manufacturing for good optical performance</li> <li>2. Extend the technical support recommended to convince the value benefit from low signal loss, standardized fiber profile and customization.</li> </ol> <p><b>Additional Recommendations</b></p> <ol style="list-style-type: none"> <li>1. Well-defined customer relationship management platform</li> <li>2. Well-defined sales platform</li> </ol>
Case company's current value offerings for the defined customer segment	<ol style="list-style-type: none"> <li>1. Low price</li> <li>2. Short delivery time</li> <li>3. Technical support</li> <li>4. Matching component</li> <li>5. Good fiber reliability</li> <li>6. Tight specification tolerance limit</li> <li>7. Favorable RMA policies</li> <li>8. Tight screening of the quality parameters</li> </ol>	<ol style="list-style-type: none"> <li>1. Good optical performance of the fiber</li> <li>2. Low signal loss</li> <li>3. Standardized fiber profile</li> <li>4. Customization</li> </ol>	
<b>CVP positioning</b>	Offering level same or better than main competitor's offering	Offering level lower than main competitor's offering	For the betterment of the CVP positioning, <ol style="list-style-type: none"> <li>1. Recommended development activities in fiber manufacturing for improving optical performance, reliability and specification tolerance</li> <li>2. Recommended to make use of the distributor in Asia for reducing the delivery lead time.</li> </ol>
Case company's value offerings against competitive offerings	<ol style="list-style-type: none"> <li>1. Matching component</li> <li>2. Technical support</li> <li>3. Favorable RMA policies</li> <li>4. Low price</li> <li>5. Low signal loss</li> <li>6. Customization</li> <li>7. Standardized fiber profile</li> </ol>	<ol style="list-style-type: none"> <li>1. Good optical performance</li> <li>2. Good reliability</li> <li>3. Tight specification tolerance</li> <li>4. Short delivery lead time</li> </ol>	
<b>CVP type</b>	Advantages	Disadvantages	<ol style="list-style-type: none"> <li>1. In order to enhance the market penetration, current CVP need to be transformed into <i>resonating focus</i>. Accordingly, recommended include only couple of points of parities and couple of favorable point of contentions that deliver greatest value to the customer.</li> </ol>
Case company's current CVP type	<ol style="list-style-type: none"> <li>1. Share five points of parity with the main competitor's offerings</li> <li>2. Two points of differences against main competitor offerings</li> </ol>	<ol style="list-style-type: none"> <li>1. Current CVP type is unclear due to five points of parity, two points of contention and four value offering level lower than the competitor.</li> <li>2. Market penetration is very unlikely possible with current offering level.</li> </ol>	

As seen in Table 16, the analysis revealed areas of improvement in all four segments of CVP. However, all identified areas of improvement cannot be included in this study and

hence will be excluded in the proposal building phase. For instance, the corporate level decision is required for the implementation of marketing force which can positively impact the market enhancement. Similarly, top-level management has to take the decision for the implementation of a well-defined customer relationship management platform and well-defined sales platform. However, the importance of implementing the marketing force, customer relationship management platform and sales platform for the enhancement of future business development will be highlighted in the final report to top-level management.

For the other areas of improvement such as good optical performance, good reliability and tightening the tolerance specification, the case company already started developmental activities. Developmental activities can improve the optical performance and reliability of the SOF. It can also enable the case company in tightening the specification tolerance. Thus, enabling the case company to enhance the offering level for the optical performance, reliability and specification tolerance during the building proposal phase.

By extending the technical support, it is very likely possible for the case company to convince the customer regarding the value benefits for the offering such as low signal loss, customization and standardized fiber profile. Eventually, it enhances the scope of including low signal loss, customization and standardized profile in the value offerings during the building proposal phase.

Also, it is very likely possible to reduce the delivery lead time further by making use of the distributor service. By doing so, it will elevate the *delivery lead time* offering level above the main competitor's offering. Consequently, it enhances the scope of elevating the offering level during the building proposal phase.

Furthermore, all of the main core competences of the case company such as unique proprietary manufacturing process, highly skilled personnel and six sigma practices can be utilized in elevating the offering level for the optical performance, low price, reliability, delivery lead time, customization and standardized fiber profile. Consequently, it enhances the scope of elevating the offering level during the building proposal phase.

Even though, many choices of value offerings are visible at this CSA phase, during the building proposal phase, only core offerings that can generate maximum value benefit

will be considered. This will be achieved through the discussion with the top-level management team. Consequently, the next section aims at constructing a uniquely positioned resonating focus CVP for the market penetration in type2 SOF segment.

## 5 Building the CVP Proposal (Data 2)

This section builds the proposal of the customer value proposition for the type2 SOF segment intended to increase the customer base of the case company through market penetration. Accordingly, this section combines the findings from the conceptual framework that evolved through the literature review and the findings from the current state analysis towards the building of the proposal using Data 2, described in Section 2.

### 5.1 Overview of Proposal Building Stage

The proposal building phase consists of four steps and uses the same logical sequence of the conceptual framework that followed in the current state analysis. Step 1 explores the identified core competences of the case company to improve the value offerings level. Step 2 co-creatively develops a CVP for type2 SOF segment using the elevated value offerings for meeting the important customer requirements. Step 3 differentiates and positions the CVP against the main competitor's value offerings. Step 4 scrutinizes the developed CVP type for any pitfalls. Finally, the building proposal is summarized in the last subsection as a proposal draft of the improved CVP for the type2 segment.

The data for the proposal building was collected during the CVP co-creation development workshop and from the extended discussion with the two key management personnel as described in the research design in Section 2.3 (Table 2). The improvement suggestions that evolved during current state analysis (data 1) were also considered for the proposal building.

Accordingly, the top management personnel and the key personnel from sales, product development, process engineering, operations and quality assurance were participated in the co-creation workshop of the CVP development. The involvement of the top management personnel and the other key personnel from the relevant processes during the CVP building workshop not only facilitated the co-creative development of the CVP but also aided in triangulating the building process. Value Proposition Canvas (see 3.4.2) and Strategy Canvas (see 3.5) were used as analytical tools during the CVP building workshop.

## 5.2 Exploring the Identified Core Competences

In line with the conceptual framework (section 3.3) and CSA (section 4.2), this subsection explores the identified core competences in improving the case company's offering level for type2 SOF segment. Accordingly, the scope of utilizing the identified core competences (see table 10) from core competence workshop (data 1a) for elevating/retaining the case company's offering level for type2 SOF segment is described in the below Table 17.

Table 17. Utilization of core competences in elevating / retaining the case company's offering level for type2 SOF segment.

Case company's current value offering for Type2 SOF segment	Current offering level against the competitor offerings	Intended offering level against the competitor offering	Main Core competences that can be used for elevating/retaining the offering level	Details of the competence utilization
1 Low price	Equal	High	1. Unique Proprietary manufacturing process 2. Highly skilled personnel 3. Six sigma practices	Yield improvement, Efficient processes. Statistical Process Control (SPC) Higher volume (lowers share fixed cost)
2 Short delivery time	Low	Equal	1. Six sigma practices	Cycle time reduction Additionally, making use of distributor for Asian market
3 Technical support	Equal	Equal	1. Highly skilled personnel	Providing application solution. Additionally, technical support can extend to on-site support for aiding the customer in building the lasers using the case company's SOF
4 Matching component	Equal	Equal	1. Highly skilled personnel	Manufacturing the passive fibers using high precision glass working skills
5 Good reliability of the SOF	Low	Equal	1. Unique Proprietary manufacturing process	Improving the SOF core composition. Improving the fiber strength screening
6 Tight specification tolerance limits	Low	Equal	1. Highly skilled personnel 2. Six sigma practices	Improving the geometry precision. Improving the processes. Statistical Process Control (SPC)
7 Favorable RMA policies	Equal	Equal	1. Highly skilled personnel	Examining the root cause of the returned products.
8 Tight screening of the quality parameters	Not known	Not known	1. Highly skilled personnel 2. Six sigma practices	Screening for any defects in the fiber. Gage Repeatability and Reproducibility (GRR).
9 Good optical performance	Low	Equal	1. Unique Proprietary manufacturing process 2. Highly skilled personnel	Improving the homogeneity in the fiber. Development/optimization of the manufacturing processes for fiber efficiency improvement.
10 Low signal loss fibers	Equal	Equal	1. Unique Proprietary manufacturing process 2. Highly skilled personnel	Improving the homogeneity in the fiber. High quality manufacturing processes and manufacturing skills
11 Standardized fiber profile	High	High	1. Highly skilled personnel	Accurate fiber profile measurement
12 Customization	High	High	1. Unique Proprietary manufacturing process 2. Highly skilled personnel 3. Six sigma practices	Flexibility in manufacturing customized fiber profile. Prediction tools.

As described in Table 17, all three main core competences such as unique proprietary manufacturing process, highly skilled personnel and six sigma practices can be utilized either for elevating or for retaining the current offering level against the main competitor's

offerings. Accordingly, unique proprietary manufacturing process can be utilized in elevating the offering level of low price, reliability of the SOF, optical performance, low signal loss and customization. Six sigma practices can be utilized in augmenting the offering level of low price, delivery lead time reduction, tight specification tolerance, tight screening of the quality parameters and customization. Highly skilled personnel can be utilized in enhancing the offering level of almost all offerings. Even though highly skilled personnel can be utilized in delivery lead time reduction and elevating the reliability offerings level, it was not listed in the table as the other listed competences will be making biggest impact on the offering level for the same.

Thus, gaining the confidence in improving the offering level by the utilization of the core competences, the next subsection will be focused on co-creatively developing the improved CVP for the type2 SOF segment.

### 5.3 Co-creatively Developing the Improved CVP

In line with the conceptual framework (section 3.4) and CSA (section 4.3), co-creative building of improved CVP is done in the workshop (data 2a) by engaging the key stakeholders of the case company.

CVP building process was done in four steps. In the first step, the positioning of the current offerings against the competitor's offering was presented in the group by highlighting the drawbacks. In the second step, action plan was decided for elevating the offering level for the offerings that were lower in the offering level compared to the competitor's offering. In the third step, a discussion was held within the group to select the key value offerings that can create maximum value benefit for the customers. Finally, in the last step, the co-creatively developed CVP was depicted using an improved value proposition canvas.

Accordingly, during the workshop after presenting the positioning of the current CVP (see Figure 8) highlighting the drawbacks, action plan was made for enhancing the offering level. Even though all of the value offerings in the current CVP were individually analyzed and discussed during the workshop, only the value offerings such as *short delivery time*, *reliability of the SOF*, *tight specification tolerance limit* and *good optical performance* that were identified for the lower offering level against the competitor's offering during the CSA (see Table 15) are discussed in detail. Accordingly, action plan for the improvisation



of the offering level for the *short delivery time*, *reliability of the SOF*, *tight specification tolerance limit* and *good optical performance* are discussed in detail below.

*Short delivery time:* The workshop on the CVP development revealed the offering level for the short delivery time can be improved by cycle time reduction and by making use of the distributor service. Accordingly, the case company can utilize the lean six sigma methodology for the cycle time reduction and also the case company can extend the distributor service (currently distributor service is used only for the small customers) to the type2 SOF segment's potential customers. These two actions can significantly improve the offering level for short delivery time.

*Reliability of the SOF:* The workshop on the CVP development divulged ongoing developmental activities together with the unique proprietary manufacturing process can improve the offering level for the reliability of the SOF. However, due to the intellectual property regulations and for maintaining the secrecy of the SOF manufacturing processes, none of the developmental activities can be listed in this study context. But the listed activity (point 5 in Table 17) of fiber strength screening is also intended for elevating the offering level of the SOF reliability.

*Tight specification tolerance limit:* The workshop on CVP development unveiled improving the geometry precision works and by process improvement, the case company can further tighten the specification tolerance limit, thus enhancing the offering level for the same. Accordingly, the core competence, i.e. highly skilled employees, can be utilized for the geometry precision work improvement and the process improvement can be achieved with the six sigma practices competence, statistical process control.

*Good optical performance:* The current state analysis unveiled poor optical performance as the major drawback in the current CVP, which was the main reason for hindering the important customer jobs such as building and selling high performance lasers and building the laser components. However, the workshop on CVP development revealed ongoing developmental activities for enhancing the homogeneity of the fiber core material and that the optimization of the manufacturing processes can significantly improve the optical performance of the SOF. Consequently, this enables the case company to improve the offering level for good optical performance. Thus, by elevating the offering level for good optical performance, the case company can also convince the customer regarding the value benefits of the low signal loss, customization and standardized fiber profile. Core

competences such as unique proprietary manufacturing process and highly skilled personnel can be utilized for the improvement of core material homogeneity and manufacturing process optimization respectively.

Furthermore, the workshop on CVP development further revealed that the case company has good potential in improving the offering level of the *low price*. This can be achieved by utilizing the main core competences such as unique proprietary manufacturing process, highly skilled personnel and six sigma practices. Accordingly, core competences can improve the SOF yield and improve the efficiency of the processes, which can result in reducing the SOF manufacturing cost. Additionally, the ongoing volume expansion projects will reduce the fixed share costs, resulting in the further reduction of the SOF manufacturing cost. Consequently, the SOF manufacturing cost reduction can enable the case company to improve the offering level of the *low price*.

Thus, with the detailed description on improving the offering level, during the co-creative CVP development workshop, it was collectively decided to increase the offering level for the above discussed value offerings such as short delivery time, good reliability, tight specification tolerance limit, good optical performance and lower price. The new offering level for the same is listed in the below Table 18.

Table 18. New offering level of the short delivery time, good reliability, tight specification tolerance limit, good optical performance and lower price.

Value Offerings	Current offering level	New offering level
Good optical performance	3	4
Tight specification tolerance	3	4
Short delivery lead time	3	4
Good reliability	3	4
Low Price	4	5

As Table 18 shows, the offering level for short delivery time, good reliability, tight specification tolerance limit and good optical performance is increased from 3 to 4 (in the strategy canvas scale) and the offering level for the low price is increased from 4 to 5.

In the third step of the CVP building process, a prolonged discussion was held within the group in selecting the key value offerings that have to be included in the improved CVP. The intention of the discussion was to include only the value offerings that are creating

maximum value benefit to the customers. Finally, everyone in the workshop agreed with the following top management personnel comment (data 2a),

*I think, at the moment we should retain all value offerings the same as in the current offering.*

This is further backed up by another key management personnel with the comment (data 2a),

*Currently, our market share is very low. Hence, strategically we have to offer similar value offerings as the main competitor.*

Further discussion revealed that all the current value offerings of the case company are critical competing factors for the type2 SOF segment, except the offering *favorable RMA policies*. Since the offering *favorable RMA policies* is not creating any value benefit for the customer when the customer buys the SOF for the first time, it was collectively decided to exclude it from the improved CVP. However, the RMA policies of the case company will remain the same, except that it will be excluded from the proposal draft of the improved CVP. Consequently, it was collectively decided, the case company will retain all the value offerings except the offering *favorable RMA policies* in the improved CVP. The case company's new value offerings in the improved CVP for the type2 SOF segment is listed in the below Table 19.

Table 19. Case company's current and new offering level for the type2 SOF segment.

Value Offerings	Current offering level	New offering level
Good optical performance	3	4
Tight specification tolerance	3	4
Short delivery lead time	3	4
Good reliability	3	4
Matching components	4	4
Technical support	4	4
Low signal loss	4	4
Low Price	4	5
Customization	4	4
Standardized fiber profile	4	4

Table 19, describes the case company's value offerings for the type2 SOF segment with the improved offering level for the short delivery time, good reliability, tight specification

tolerance limit, good optical performance and lower price. Consequently, the elevated offering level is expected to aid the customer in accomplishing all of their important jobs such as building and selling high performance lasers and building the laser components.

#### *Creating an Improved Value Proposition Canvas*

After finalizing the value offerings, in the last step of the building phase, the VPC created in the CSA (see Figure 7) is revamped with the findings of the proposal building stage to create an improved VPC. Accordingly, the improved VPC contains the most important customer jobs, pains and gains. However, the case company's offerings for alleviating the customer pains and creating the gains were combined together and not listed separately as pain reliever and gain creator. But the value offerings were listed in ordinal sequence and they (corresponding ordinal numbers) were highlighted in the corresponding customer pains and customer gains boxes, thus expressing the visual fit. The resulting improved Value Proposition Canvas is illustrated in the below Figure 9.

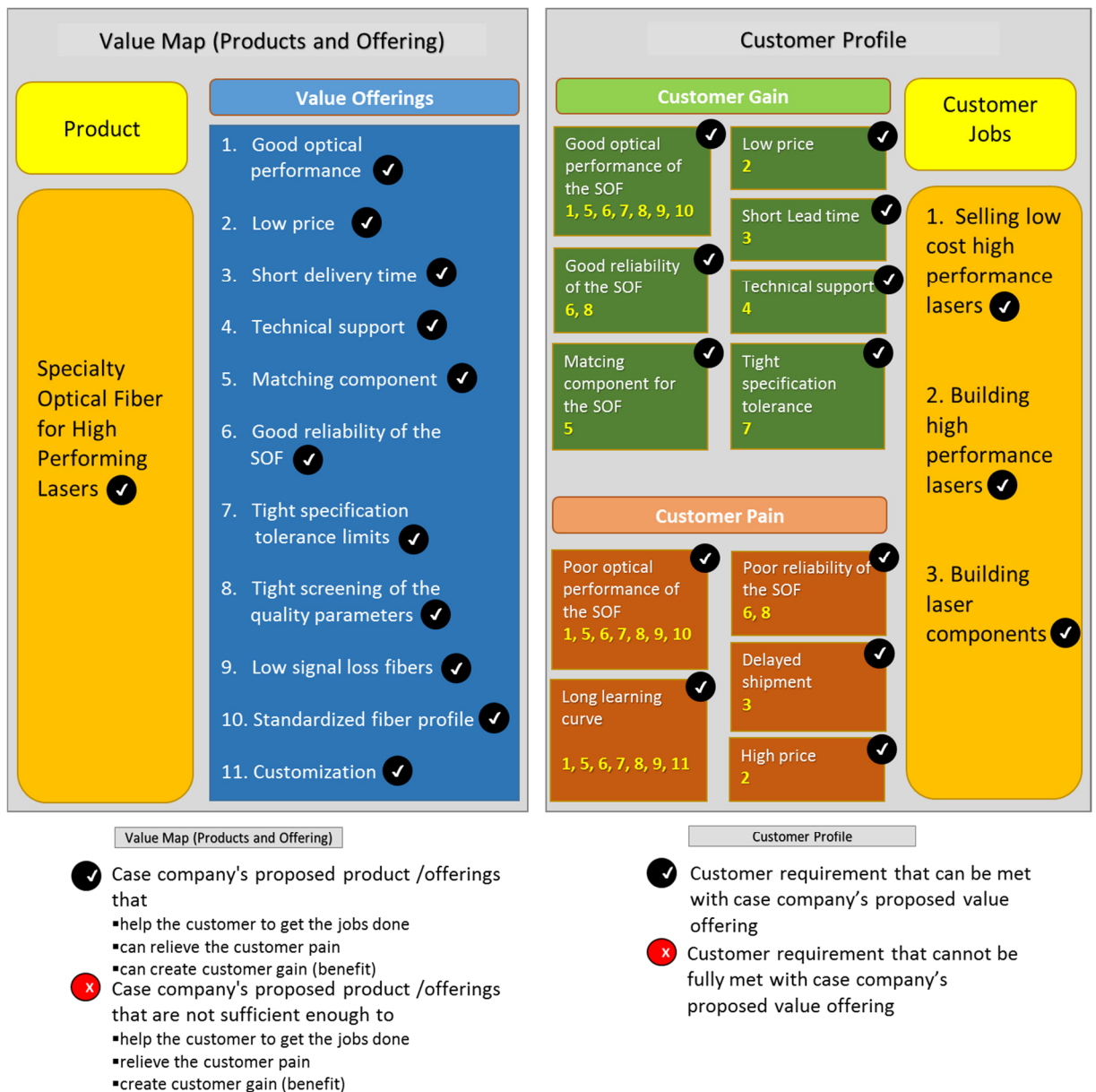


Figure 9. Improved Value Proposition Canvas (VPC) for Type2 SOF segment.

As seen in Figure 9, the improved value offerings can alleviate all of the customer pains and can create the expected gains thus enabling the customer to accomplish all of their important jobs. Consequently, the improved CVP achieved a perfect fit with the customer profile.

Thus, with the co-creatively developed CVP and by achieving the perfect fit between the improved CVP and the customer profile, the next subsection will position the improved CVP against the main competitor's offering.

#### 5.4 Positioning the Improved CVP Against Main Competitor's Offerings

In line with the conceptual framework (3.5) and CSA (section 4.4), for positioning the improved CVP against the competitor's offering, findings from the proposal building stage and CSA were utilized. However, among the eleven value offerings of the case company in the improved CVP, one of the offerings, *tight screening of quality parameters* was again excluded from the comparison, as it was not possible to guesstimate the competitor offering for the same. Consequently, the case company's improved CVP positioning against the competitor's (market leader) offering is depicted in the below strategy canvas.

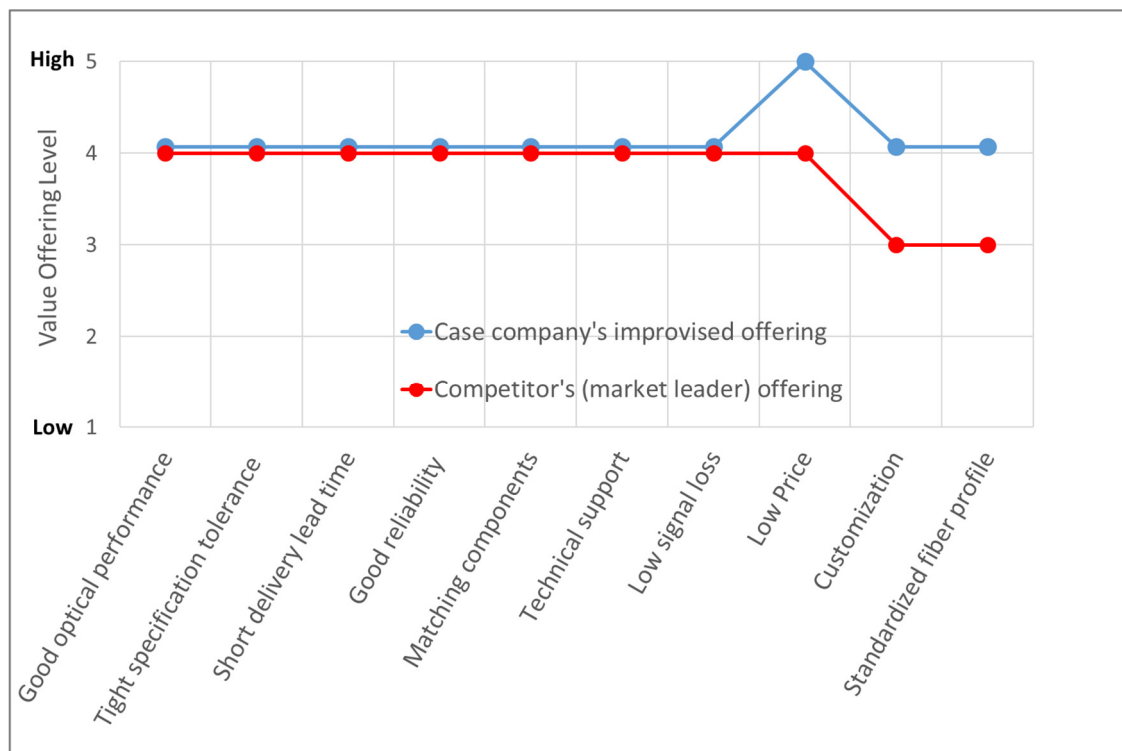


Figure 10. Strategy Canvas of improved value offering for Type2 SOF segment.

As shown in Figure 10, seven out of the ten competence factors such as good optical performance, tight specification tolerance short delivery time, good reliability, matching components, technical support and low signal loss have the same offering level against the main competitor's offering. But the competence factors such as low price, customization and standardized have a higher offering level than the competitor's offering. Consequently, the case company's improved CVP provides a clear competitive edge against the main competitor's (market leader) offering. However, the improved CVP type has to be analyzed to determine whether it is sufficient to enhance the customer base for the type2 SOF segment through market penetration. This will be done in the next subsection.

## 5.5 Analysis of the Improved CVP for any Potential Flaw

Finally, in line with the conceptual framework (section 3.2) and CSA (section 4.5), this subsection analyzes the case company's improved CVP in detail to determine whether the improved CVP type is sufficient to enhance the customer base for type2 SOF segment through market penetration.

Consequently, Table 20 describes the case company's improved value proposition with respect to the customer requirements and competitive offering.

Table 20. Analysis summary of case company's improved CVP.

Case Company's Improved Value Map	Customer Profile	Competitive Positioning
<p><b>Products</b></p> <ul style="list-style-type: none"> <li>• Specialty Optical Fibers for high performing Laser</li> </ul> <p><b>Value Offerings</b></p> <ul style="list-style-type: none"> <li>• Good optical performance</li> <li>• Low price</li> <li>• Short delivery time</li> <li>• Technical support</li> <li>• Matching component</li> <li>• Good reliability of the SOF</li> <li>• Tight specification tolerance limits</li> <li>• Tight screening of the quality parameters</li> <li>• Low signal loss fibers</li> <li>• Standardized fiber profile</li> <li>• Customization</li> </ul>	<p><b>Jobs</b></p> <ul style="list-style-type: none"> <li>• Selling low cost high performing lasers</li> <li>• Building lasers</li> <li>• Building gain blocks</li> </ul> <p><b>Gains</b></p> <ul style="list-style-type: none"> <li>• Good optical performance</li> <li>• Good reliability</li> <li>• Tight specification tolerance</li> <li>• Short delivery lead time</li> <li>• Matching components</li> <li>• Technical support</li> <li>• Low price</li> </ul> <p><b>Pains</b></p> <ul style="list-style-type: none"> <li>• Poor optical performance</li> <li>• Poor reliability</li> <li>• Delayed shipment</li> <li>• High price</li> <li>• Long learning curve</li> </ul>	<p><b>Points of Parity</b></p> <ul style="list-style-type: none"> <li>• Good optical performance</li> <li>• Short delivery time</li> <li>• Technical support</li> <li>• Matching component</li> <li>• Good reliability of the SOF</li> <li>• Tight specification tolerance limits</li> <li>• Low signal loss fibers</li> </ul> <p><b>Favorable points of difference</b></p> <ul style="list-style-type: none"> <li>• Low price</li> <li>• Standardized fiber profile</li> <li>• Customization</li> </ul>



As described in Table 20, from the competitive positioning perspective, value offerings such as good optical performance, short delivery time, technical support, matching component, good reliability of the SOF, tight specification tolerance and low signal were identified as seven points of parity. Low price, standardized fiber profile and customization were identified as three favorable points of difference. Even though the improved CVP have both points of parity and favorable points of difference, since the majority (70%) of the competing factors are points of parity against the main competitor offering, the improved CVP shows a clear bias towards *all benefits CVP type*. But at the same time, since the improved CVP has three favorable points of difference, it may also show some of the properties of *favorable points of difference CVP type*. Consequently, the improved CVP cannot be called either an *all benefits CVP type* or a *favorable points of difference CVP type*. Furthermore, even though there are only three favorable points of difference, since there are many points of parity in the improved CVP, it will not fit into the *resonating focus CVP type* either. Hence the improved CVP can be called as a *hybrid of all benefits and favorable points of difference CVP type*.

#### *Flaws in the improved CVP*

Even though a clear competitive edge was visible during the positioning of the improved CVP (see section 5.4) against the competitor's CVP, further analysis revealed a potential flaw (with the seven points of parity, CVP is biasing towards the *all benefits CVP type*) in the improved CVP. Accordingly, the improved CVP with the seven points of parity biasing towards the *all benefits CVP type*, can have a potential pitfall of *benefit assertion* (Anderson et.al 2006: 93). Consequently, *benefit assertion* can dilute the effect of the value offerings of low price, standardized profile and customization which are the favorable points of difference that are expected to give a competitive edge against competitor's offering. As a result, this phenomenon can create a hindrance in the case company's objective of increasing the customer base for type2 SOF segment. However, the analysis revealed that *value presumption*, which is the potential pitfall of *the favorable points of difference CVP type* does not seem to be an issue, since the case company has a clear understanding on the value offerings that deliver the greatest value to the customer.



## 5.6 Refining the Improved CVP

### *Transforming the improved CVP into a resonating focus CVP*

In order to overcome the flaw of benefit assertion in the improved CVP, before submitting the proposal draft, a further discussion was held with two key management personnel (data 2b and data 2c) of the case company who are often interacting with the potential customers. Accordingly, during the discussion with the first key management person, one of the evolved conception was to combine the six value offerings such as good optical performance, good reliability, tight specification tolerance, low signal loss, matching components and standardized profile into a single value offering *good fiber performance*. Thus, when it was asked, whether it makes any logical sense from the customer perspective to combine all the six offerings into a single value offering *good fiber performance*, the corresponding key management person (data 2b) commented in the following way:

*After all, customer is concerned about the overall performance of the fiber and all those six value offerings are meant for delivering the good performance of the fiber.*

The above conceptual thought of *good fiber performance* was further discussed with the second key management person. The second management person also agreed and consented with the following comment (data 2c):

*I too think, it is a good idea to combine all the performance parameters of the fiber to form a single offering to make the company's value offering more appealing.*

Consequently, with the constructive suggestion of combining the six value offerings to form a single appealing value offering called *good fiber performance*, the initial version of the improved CVP is further revamped and depicted in a new improved value proposition canvas as in the below Figure 11.

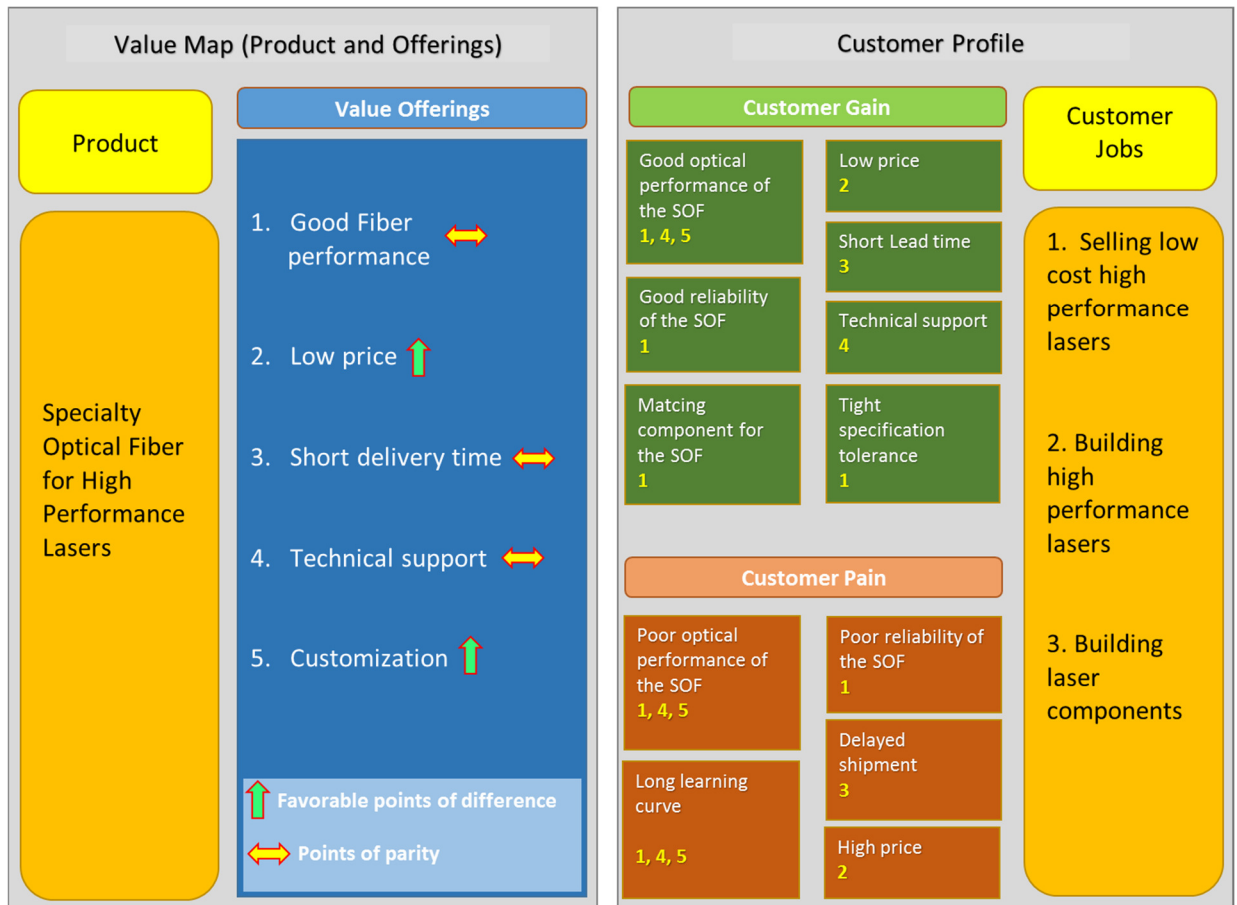


Figure 11. Final Value Proposition Canvas (VPC) for the Type2 SOF segment.

As seen in Figure 11, by combining the six value offerings such as good optical performance, good reliability, tight specification tolerance, low signal loss, matching components and standardized profile to form a single appealing value offering referred to as *good fiber performance*, enabled reducing the number of points of parity from seven to three. As a result, the total number of value offerings of the case company is reduced from ten to five, with only three points of parity and two favorable points of difference. Consequently, with the three points of parity and two favorable points of difference, the CVP is transformed into a *resonating focus CVP type* with the *crystallized value offerings*. In Figure 11, it is also illustrated how the value offerings are aiding the customer in alleviating the pains and creating the gains with the ordinal sequence number of the value offering in the respective pains and gains.

Further, the new *crystallized value offerings* are positioned against the competitor offerings using the strategy canvas tool as illustrated in the below Figure 12.

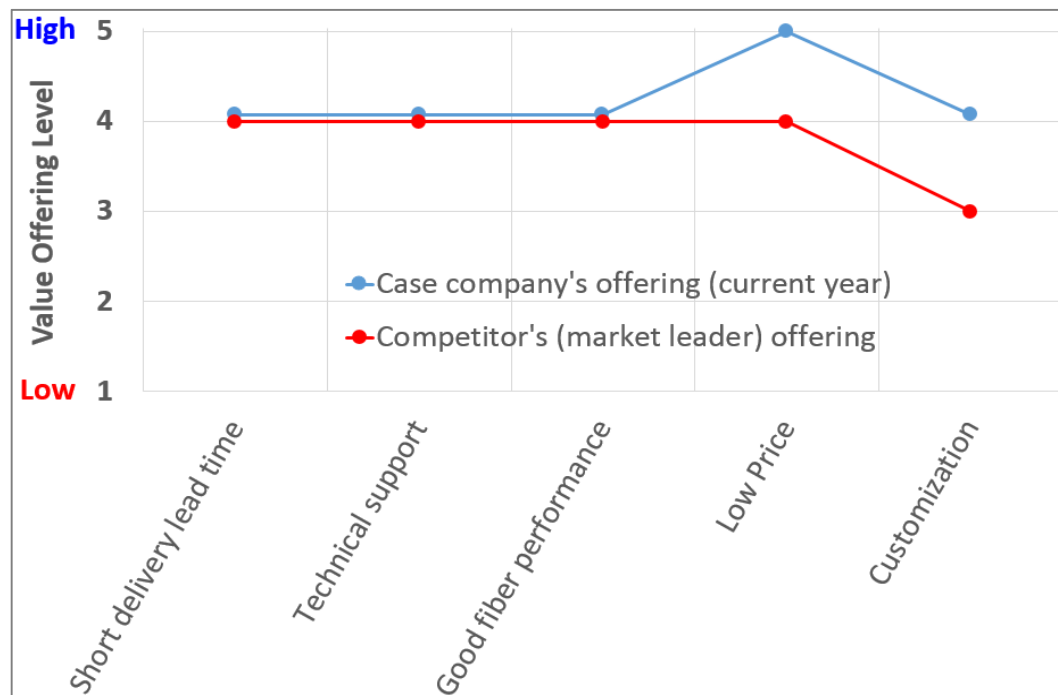


Figure 12. Strategy Canvas of the crystallized value offering for the Type2 SOF segment.

As Figure 12 indicates, with three points of parity and two favorable points of difference, the new resonating focus CVP has a clear competitive edge against the main competitor's (market leader) value offering. Moreover, with the crystallized offerings that addresses the most important customer needs, the new resonating focus CVP is very convincing and appealing from the customer perspective. Furthermore, by elevating the value offerings level, especially for good fiber performance and reducing the price (indeed elevating the value offering level), the new resonating focus CVP reflects the essence of *Value Innovation Concept* described in the section 3.4.3. Consequently, this enables the case company to enhance the customer base for the type2 SOF segment through market penetration.

Even though the new resonating focus CVP can benefit the case company during the current year and next couple of years, discussion with the key management personnel (data 2b and 2c) revealed that competition in the type2 SOF segment is expected to increase considerably with the entry of Asian SOF suppliers by the year 2020. Consequently, when it was asked how the case company can further enhance the value offering by that time, the key management person who is also the product development lead of the case company replied (data 2c) as follows:

*By the year 2020, ongoing product development activities are expected to improve the overall fiber performance significantly. Thus, by that time, we could further increase the offering level for the good fiber performance.*

Accordingly, an additional CVP positioning is done for the year 2020, with the expectation that the case company's value offering for good fiber performance will be further improved by that time. The CVP positioning of the case company's value offerings against the main competitor's value offering for the year 2020 is illustrated in the below Figure 13.

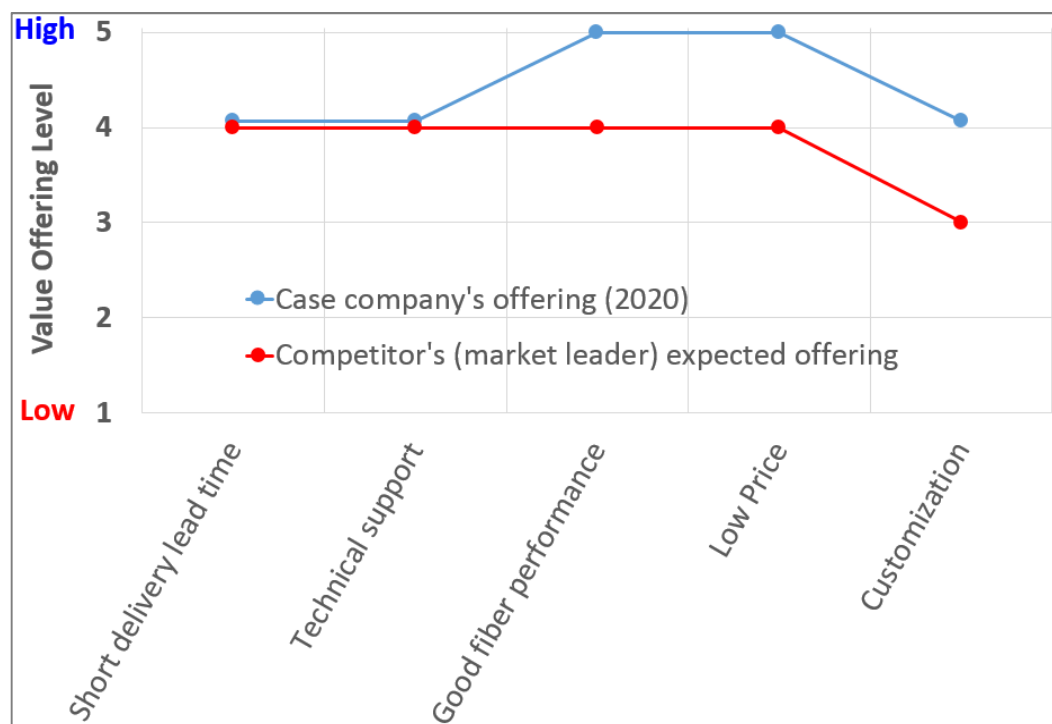


Figure 13. Strategy Canvas of the value offering for the Type2 SOF segment for the year 2020.

As seen in Figure 13, by the year 2020 with the further increment of the offering level for *good fiber performance*, the case company can outperform the main competitor in the type2 SOF segment.

#### *Assessment of the co-creatively Developed Resonating Focus CVP*

Before submitting the proposal draft of the new resonating focus CVP, an assessment of the CVP is done to check whether the co-creatively developed resonating focus CVP is meeting the evaluation criteria according to the literature by Osterwalder et al. (2014: 122-123). Accordingly, for the assessment of the co-creatively developed resonating fo-

cus CVP, a customer value proposition assessment questionnaire (see table 8) is utilized. Table 21 describes the assessment of the new resonating focus CVP for the type2 SOF segment.

Table 21. Assessment of the new resonating focus CVP for the type2 SOF segment.

No:	Customer Value Proposition Assessment Question	Answer and Rationale
1	Is the CVP is embedded in a great business model?	<b>Undecided.</b> The business model was not evaluated in this study context.
2	Does the CVP focus on the most significant jobs of the customers, most extreme pains and most relevant required, expected or desired benefits?	<b>Yes.</b> CVP focus on the most significant jobs of the customers, most extreme pains and most relevant required, expected or desired benefits (see Figure 11).
3	Does the CVP focus only on few pain relievers and gain creators, but do those extremely well?	<b>Yes.</b> Of the five competing factors, three are points parity and two are favorable points of difference.
4	Does the CVP focus on jobs, pains or gains that a large number of customers have or for which a small number is willing to pay a lot of money?	<b>Yes.</b> The jobs definition for the Type2 SOF segment is same for small and large customers.
5	Does the CVP concentrate on unsatisfied jobs, pains and gains?	<b>Yes.</b> CVP address unsatisfied jobs, pains and gains.
6	Does the CVP align with how customers measure success?	<b>Yes.</b> CVP is focused in aiding the customers to build the high-performance lasers.
7	Does the CVP address functional, emotional and social jobs all together?	<b>No.</b> CVP is defined only for addressing the functional jobs of the customer.
8	Does the CVP outperform competition substantially on at least one dimension?	<b>Yes.</b> New Resonating Focus CVP have the essence of <i>Value Innovation Concept</i> .
9	Does the CVP differentiate from competition in a meaningful way?	<b>Yes.</b> With the two favorable points of differences such as the lower cost and customization, CVP differentiate from competition in a meaningful way.
10	Is the CVP difficult to copy?	<b>Yes.</b> CVP is built on the foundation of main core competences.

As seen in Table 21, with eight out of ten questions receiving the answer Yes, it can be clearly concluded that the CVP has what is called “characteristics of the great value proposition” according to Osterwalder et al. (2014:72). The next subsection summarizes the proposal draft.

### 5.7 Proposal Draft of the Improved CVP

The co-creatively developed resonating focus CVP for the type2 SOF segment is summarized into a presentable format as seen in Figure 14 below.

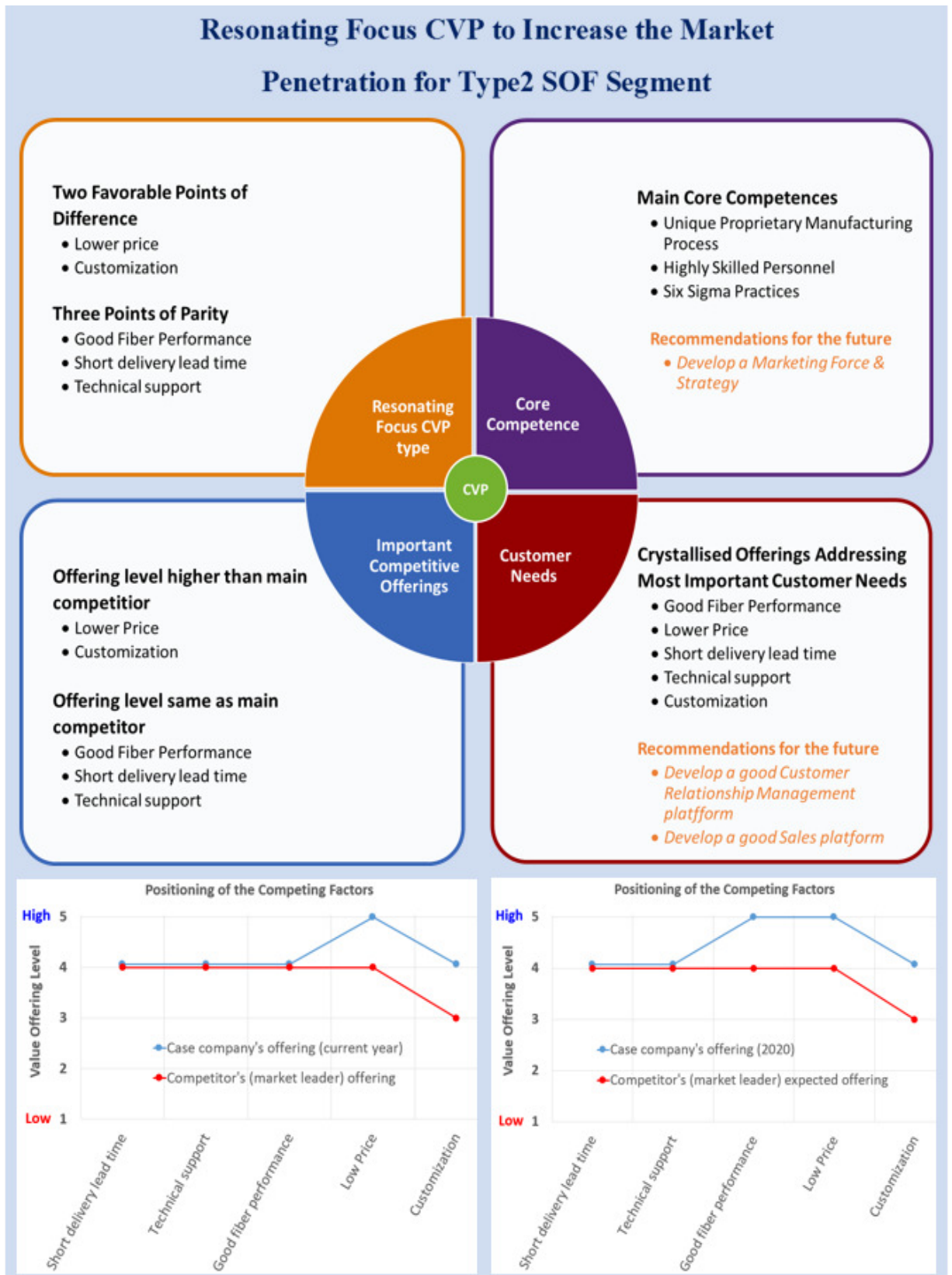


Figure 14. Summary of the proposal draft of co-creatively developed *Resonating Focus CVP* for the type2 SOF segment.



As seen in Figure 14, the co-creatively developed resonating focus CVP is summarized and illustrated using the same template used for the conceptual framework. Thus, it reflects a *perfect logical fit with the conceptual framework* used for the study. Accordingly, the summary of the proposal draft describes the main core competences of the case company that are utilized for improving the offerings level, crystallized value offerings to meet the important customer needs (listed according to the customer priority), case company's offering level against the main competitor's offerings and the type of the developed CVP, reflecting the competitiveness against the main competitor. Furthermore, the summary also describes the recommendation for the future business development of the case company that were revealed during the current state analysis. Consequently, recommendations are provided for the development of the marketing force and marketing strategy for the further market enhancement for the type2 SOF segment. Also in the proposal draft summary, from the customer perspective, a recommendation is provided for the development of a well-defined customer relationship platform and a well-defined sales platform.

In addition to the main proposal draft, an improved value proposition canvas for the type2 SOF segment (figure 11) is also provided as a corollary to the proposal draft. The purpose of the corollary is to illustrate how the improved CVP is aiding the customer in alleviating the pains and creating the gains.

## 5.8 Summary of the Improved CVP Proposal

Building the proposal for the improved CVP for type2 SOF segment was done based on best practices of building a CVP and from the identified weakness and recommended actions (see Table 16) from the current state analysis. Thus, the proposal building phase used the same logical sequence of the conceptual framework that followed in the current state analysis. Furthermore, in the building process, an improved CVP was co-creatively developed in a workshop including the key stakeholders of the case company.

The CVP proposal building was done in four steps. Accordingly, during the first step of the building process, the main core competences identified such as unique proprietary manufacturing process, highly skilled personnel and six sigma practices from the data 1a (Table 11) was further explored to improve the offering level of good optical performance, short delivery time, good reliability of the SOF and tight specification tolerance, which were lower in the current CVP against the main competitor's offering. Further, the



offering level for the value offering of low price was also increased above the main competitor's offering by utilizing the main three competences.

Thus, by improving the offering level for good optical performance, short delivery time, good reliability of the SOF, tight specification tolerance and low price, during the second step of the building process, it was collectively decided to retain all value offerings (with improved offering level) the same as in the current CVP except for favorable RMA policies. Favorable RMA policies was excluded, as it was found not creating any value benefit for the customer when the customer buys the SOF for the first time. Consequently, the elevated value offerings were then depicted in an improved value proposition canvas addressing all customer pains and customer gains.

In the third step, the positioning of the improved CVP against the main competitor's value offerings revealed that the case company's improved CVP had a clear competitive edge over the main competitor's value offerings.

However, in the fourth step, the scrutiny of the improved CVP type revealed potential flaw of *benefit assertion* due to seven points of parity against the main competitor's value offerings.

Thus, to overcome the flaw of the *benefit assertion*, together with two key management persons, the six value offerings of good optical performance, good reliability, tight specification tolerance, low signal loss, matching components and standardized profile were combined to form a single value offering termed *good fiber performance*. As a result, the CVP is transformed into a resonating focus CVP with two favorable points of difference and three points of parity. Resonating focus CVP is then depicted in an improved value proposition canvas by addressing all customer pains and gains, thus achieving a *perfect fit* between the value map of the case company and the customer profile of the type2 SOF segment.

Further in the next step, the positioning of the crystallized offerings was done against the main competitor's offering. Additionally, the positioning of the crystallized offerings was done against the main competitor's offering for the year 2020, expecting the competition in the type2 SOF segment can be increased considerably with the entry of Asian SOF suppliers.

For concluding the CVP building process, an assessment was done on the co-creatively developed resonating focus CVP using the questionnaire provided by Osterwalder et al. Consequently, the assessment indicated the CVP has the characteristics of a great value proposition.

However, the study did not focus on some of the identified areas in the current state analysis that need to be implemented for future business development such as marketing force and marketing strategy, well-defined customer relationship platform and well-defined sales platform. This is because a corporate level decision is required for the implementation of marketing force and the top-level management has to take the decision for the implementation of a well-defined customer relationship management platform and well-defined sales platform. Still, those requirements are highlighted in the proposal draft as recommendations for future business development.

For the proposal draft, the CVP is summarized and illustrated with a perfect logical fit to the conceptual framework. Accordingly, the proposal draft summary delineated the main core competences of the case company that were utilized for improving the offerings level and the crystallized value offerings to meet the important customer needs. The proposal draft summary also depicted the positioning of the case company's offering level against the main competitor's offerings and the resonating focus type of the developed CVP, reflecting the competitive advantage against the main competitor. Furthermore, the proposal draft also included the recommendations for the development of the marketing force and strategy, a well-defined customer relationship management platform and a well-defined sales platform. Additionally, to illustrate how the CVP is aiding the customer in alleviating the pains and creating the gains, an improved value proposition canvas for the type2 SOF segment is also provided as a corollary to the proposal draft. Finally, the proposal draft is submitted to the top management for feedback.

Summing up the proposal draft, the co-creatively developed *resonating focus CVP*, with the essence of *value innovation* has great potential to outperform the main competitor in the type2 SOF segment. Thus, achieving the study objective of developing a superior value proposition for the customer base enhancement of the type2 SOF segment. The next section focuses on the validation of the proposal draft.

## 6 Validation of the CVP Proposal Draft (Data 3)

This section focuses on the validation process of the CVP proposal draft. Accordingly, this section describes the findings of data collection 3 and discusses the recommendation for future business development.

### 6.1 Overview of the Validation Stage and Findings of the Data Collection 3

Validation is done by submitting the proposal draft of the improved CVP to the top management of the case company thereby collecting the feedback for the same.

The proposal draft of the improved CVP is co-created with the key stakeholders of the case company including top management personnel, key personnel from product development, process engineering, operations, quality assurance and sales. The proposal draft is built based on the conceptual framework and the findings from the current state analysis. Accordingly, the proposal draft (see Figure 14) of the co-creatively developed improved CVP is submitted to the top management for the approval. The data collection (data 3) of the validation process is done in a feedback round workshop by including the top management personnel and the other management personnel including the key personnel from product development, process engineering, operations, quality assurance and sales. During the workshop, the stakeholders were asked for feedback and suggestions to improve the proposal draft. Accordingly, almost all of the stakeholders provided positive feedback as listed in Table 22 below.

Table 22. Feedback comments on the improved CVP proposal.

Informant	Feedback comment
Informant 1	<i>Really good work. This is exactly what the company wanted for enhancing the market share.</i>
Informant 2	<i>Now the offerings look promising and very convincing. We should do the same for other segments as well.</i>
Informant 3	<i>Offerings now appear very competitive, have to be used for the marketing purpose.</i>
Informant 4	<i>Promising, however we need the feedback from the customers too.</i>

As described in Table 22, the overall feedback on the CVP proposal draft was very positive and the top management accepted the proposal draft. However, even though the top management approved the proposal draft, customer feedback for the proposal draft was not collected due to time constraints. But the contingency plan for collecting feedback from the type2 SOF potential customers was discussed in the workshop.

As feedback from potential customers on the improved CVP is critical, a *contingency plan for collecting feedback* from the type2 SOF potential customers was discussed in the workshop. Accordingly, as per the contingency plan, the case company's top management personnel will meet two potential customers (who were interviewed during data 1) in the coming months to collect feedback on the improved CVP. The collected feedback from the potential customers will be then utilized for refining the improved CVP if it is required further.

## 6.2 Final Proposal

The objective of this thesis was to develop a *CVP to increase the market penetration for the type2 SOF segment*. Accordingly, the proposal draft of the improved CVP includes the four key elements. The first key element describes the main core competences of the case company that are utilized for improving the offerings level. The second key element outlines the crystallized value offerings to meet the important customer needs (listed according to customer priority). The third key element positions the case company's offering level against the main competitor's offerings and finally the fourth element represents the type of the developed CVP, reflecting the competitiveness against the main competitor. Furthermore, the CVP proposal draft also describes the recommendation for the future business development of the case company which emerged during the current state analysis.

Consequently, recommendations are provided for the development of the marketing force and marketing strategy for further market enhancement for the type2 SOF segment. Also in the proposal draft summary, from the customer perspective, a recommendation is provided for the development of a well-defined customer relationship platform and a well-defined sales platform. In addition to the main proposal draft, an improved value proposition canvas for the type2 SOF segment (figure 11) is also provided as a corollary to the proposal draft to illustrate how the improved CVP is aiding the customer in alleviating the pains and creating the gains.

The proposal draft was thoroughly accepted by top management and no further suggestions were made for improving the CVP proposal draft. Consequently, the *final proposal* of the *CVP to increase the market penetration for the type2 SOF segment* remains the same as the proposal draft. However, the final proposal may be refined further in future according to feedback from the potential customers.

Summing up the final proposal, knowledge on best practices of building the CVP was utilized in the conceptual framework of the study. Further a clear logical link was established between the four segments of the conceptual framework. Accordingly, the current state analysis and CVP building steps followed the same logical continuum of the conceptual framework. Thus, this established a clear logical fit between the conceptual framework, current state analysis and CVP building steps. Further, throughout the study, the key stakeholders of the case company were immensely involved during the current state analysis and CVP building process. Consequently, the *CVP to increase the market penetration for the type2 SOF segment* was co-creatively developed together with the case company's key stakeholders. The CVP proposal draft was then submitted to the case company's top management for feedback. Finally, the top management of the case company accepted the proposal draft with very positive comments. However, the scope of refining the CVP kept opened based on the potential customer feedback during the coming months.

### 6.3 Recommendations for Implementation of the Proposal

The following findings from the current state analysis are also included in the final proposal as recommendations for the future business development.

1. *Development of the marketing force and marketing strategy*: Currently the case company does not have a dedicated marketing force and a marketing strategy, the only competence factor that appeared to be missing during the core competence workshop in the current state analysis. Development of the marketing force and a marketing strategy is critical from the market share enhancement perspective. However, the development and implementation for the same goes beyond the limit of this study. Consequently, the development of the marketing force and a marketing strategy is highlighted in the final proposal as the first recommendation for the future business development.

2. *Development of a well-defined customer relationship management platform:* The current state analysis revealed that currently the case company does not have a customer relationship management platform. A well-defined customer relationship management platform can help the customers to interact more efficiently with the case company regarding any issues and concerns related to case company products and services. Thus, enabling the case company to further improve the product quality and corresponding value offerings. Consequently, development of a well-defined customer relationship management platform is highlighted in the final proposal as the second recommendation for the future business development.
  
3. *Development of a well-defined sales management platform:* The current state analysis also unveiled that currently the case company does not have a well-defined sales management platform. A well-defined sales management platform can aid the case company in setting the right prices and product distribution. The scope of a well-defined sales platform can be further extended to marketing services, customer services and other selling efforts. Consequently, the development of a well-defined sales management platform is highlighted in the final proposal as the third recommendation for the future business development.

With the *final proposal* of the *CVP to increase the market penetration for the type2 SOF segment*, the next section summarizes the thesis and discusses the evaluation process of the thesis.

## 7 Conclusions

This section first summarizes this thesis and then discusses the evaluation process of the research study. Finally, the report is concluded with the closing words.

### 7.1 Executive Summary

The objective of this study was to *develop a Customer Value Proposition to increase the market penetration in a distinct Specialty Optical Fiber (SOF) segment* for the case company. Currently, the case company's market penetration is quite low in a distinct (Type2) SOF segment. Thus, the case company wants to increase their customer base in Type2 SOF segment by providing a superior customer offering. Accordingly, this study aimed at developing a superior value proposition that can meet the most important customer needs of the Type2 SOF segment, thereby aiding the case company in customer base enhancement of the Type2 SOF segment.

This study followed the Action Research methodology as a research approach. The study also utilized data from various sources such as face to face interviews with the key stakeholders of the case company, customer interviews, group discussions, workshops and document analysis. Thus, data collection from different sources not only enabled to have sufficient stakeholder perspectives but also aided in the triangulation of the study.

The conceptual framework of this study was constructed based on the existing knowledge of the building blocks of a customer value proposition. Accordingly, the conceptual framework of this study consists of four segments. The first segment described the importance of the CVP type in shaping a business strategy. The second segment established the significance of core offering based on core competencies in building a value proposition that delivers superior value to the customers. The third segment focused on *meeting the customer requirements*, which is the fundamental purpose of the CVP. Finally, the fourth segment highlighted the prominence of positioning of a differentiated value proposition for a targeted customer segment in order to gain a competitive edge for the company in the market.

The current state analysis of this study was carried out according to the same logical continuum as that of the conceptual framework. Accordingly, the current state analysis revealed the main core competences of the case company, such as unique proprietary manufacturing process, highly skilled personnel and six sigma practices. The current

state analysis then unveiled the current offering for the type2 SOF segment, customer requirements and main competitor (market leader) offerings. The current state analysis also divulged that the case company's current CVP for type2 SOF segment was only vaguely defined and not well depicted in visual terms. Furthermore, with the four points of parity, two points of contention and with the four value offerings level lower than the main competitor, the case company's current CVP type appeared to be unclear in the current state analysis. Consequently, it was concluded that the case company's current CVP was not sufficient to enhance the market penetration for type2 SOF segment.

Thus, in the CVP building process, an improved CVP was co-creatively developed in a workshop including the key stakeholders of the case company by improving the value offerings, utilizing the identified core competencies of the case company. The proposal building phase used the same logical sequence of the conceptual framework that was followed in the current state analysis. Accordingly, the proposal draft of the improved CVP included the four key elements. The first key element described the main core competences of the case company that are utilized for improving the offerings level. The second key element outlined the crystallized value offerings to meet the important customer needs. The third key element positioned the case company's offering level against the main competitor's offerings and finally the fourth element represented the type of the developed CVP (resonating focus type), reflecting the competitiveness against the main competitor.

Furthermore, the CVP proposal draft also described the recommendation for the future business development of the case company which emerged during the current state analysis. Consequently, recommendations were provided for the development of the marketing force and marketing strategy, well-defined customer relationship platform and a well-defined sales platform. In addition to the main proposal draft, an improved value proposition canvas for the type2 SOF segment was also provided as a corollary to the proposal draft to illustrate how the improved CVP is aiding the customer in alleviating the pains and creating the gains. Finally, the proposal draft was submitted to the top management for the feedback and the proposal draft was thoroughly accepted by top management with the positive comments.

The business potential from this study is very clear with a visually well depicted and well-positioned resonating focus CVP. This study opened up the scope of enhancing the value offerings for the type2 SOF segment by utilizing the core competences of the case



company. Co-creatively developed well-positioned *resonating focus CVP* with the crystallized offerings enabled the case company to meet the most important customer needs. Furthermore, by positioning the improved value offerings convincingly above the main competitor's offerings with the essence of value innovation, successfully met the study objective.

## 7.2 Evaluation of the Thesis

The objective of this study was to *develop a Customer Value Proposition to increase the market penetration in Type2 Specialty Optical Fiber (SOF) segment* for the case company. The outcome of this study is the proposal of a *well-positioned resonating focus CVP for the Type2 SOF segment* which is visually depicted, specifying the crystallized value offerings of the case company for meeting the most important customer requirements. CVP proposal also includes the core competences of the case company for improving the value offerings, competitive positioning against the market leader offerings and the recommendations for the future business development. The outcome was met with the approval from the top management. However, testing with the customer was not done due to time constrain, but it will be done in the coming months.

Evaluation of this thesis is done from three perspectives such as relevance of the study, validity of the study and reliability of the study.

### 7.2.1 Relevance of the Study

The relevance of this study is established by ensuring that the topic selected for the research is in line with the case company's business challenge of low market share in a distinct specialty optical fiber (SOF) segment. Thus, the study objective aimed in aiding the case company to meet the challenge through the development of a superior value proposition by addressing the most important needs of the specified customers. Accordingly, this study was conducted in one complete AR cycle as described in the research design. Further the relevance of this study is established with the involvement of the top management of the case company during the building proposal stage. Moreover, top management was instrumental in defining the business challenge.

### 7.2.2 Validity of the Study

The validity of the study has been ensured by following criteria such as logical continuum that followed and key stakeholder involvement in the study.

This study was conducted by maintaining a logical link between the conceptual framework, current state analysis and the CVP building process. Conceptual framework of this study was done based on the best practices of building the CVP. Accordingly, by connecting the four segments of the conceptual framework such as *selecting the CVP type, core competence and core offering, meeting the customer requirements using a CVP and positioning the CVP in a competitive landscape* a logical fit was established between the four segments. Further during the study, the current state analysis and CVP building process followed the same logical sequence as in the conceptual framework, thus establishing a clear logical continuum throughout the study. The below Table 23 describes the logical continuum of the study.

Table 23. Logical continuum of the study (same color theme of the conceptual framework is used to reflect the logical link).

Segment in Conceptual framework	CSA steps	CVP building steps
Selecting the CVP type (1) <i>(CVP type has to be in line with the Business strategy of the company)</i>	Analysis on Case Company's Current CVP type (step4)	Analysis of Improved CVP (step4)
Core Competence & Core Offering (2) <i>(foundation of the superior value proposition)</i>	Analysis on Core Competences of the Case Company (step1)	Exploring the Identified Core Competences for improving the value offerings (step1)
Meeting Customer Requirements using a CVP (3) <i>(fundamental purpose of a CVP)</i>	Analysis of Customer Requirements and Case Company's current CVP (step2)	Co-creatively developing the CVP for meeting the customer requirements (step2)
Positioning the CVP in a competitive landscape (4) <i>(determines the scope in market share)</i>	Analysis of Case Company's CVP positioning (step3)	Positioning the Improved CVP against Competitor's Offerings (step3)

As seen in the Table 23, by utilizing best practices in CVP building process, CSA and CVP building steps followed the same logical sequence as in the conceptual framework, thus establishing a clear logical fit with the conceptual framework and maintained a clear logical continuum in the study.

Key stakeholders of the case company were thoroughly involved during the current state analysis and the CVP building process. Accordingly, employees from various sections holding key positions participated in the core competence workshop. Top management personnel, key personnel from product development, process engineering, operations, sales and quality assurance participated in all the CSA workshops. Also, the CVP is co-creatively developed during the workshop with the involvement of the top management personnel, key personnel from product development, process engineering, operations, sales and quality assurance. Additionally, two potential customers of the type2 SOF segment were interviewed during the current state analysis by the case company's top official using the questionnaire provided by the researcher.

Furthermore, the validity of the study has been also assured with the following. Firstly, by ensuring the insider concern regarding the business challenge as the researcher himself holding a key position in the process and product development activities in the case company. Secondly, it has been ensured by demonstrating the tools used for analyzing the data throughout the study as a "proof of an evidence trail". Thirdly, validity has been assured by saturating the findings, solution and interpretations based on sufficient data and fourthly by triangulating the data by utilizing sufficient literature perspectives and by collecting the data using multiple channels. These include face to face interviews, customer interviews using the questionnaire provided by the researcher, group discussions, workshops and document analysis thereby utilizing sufficient stakeholder perspectives. The rigor of the study has also thus been enhanced with triangulation.

### 7.2.3 Reliability of the Study

The reliability of this study has been ensured firstly by linking the findings, solutions and interpretations to the data and secondly by diligently documenting the findings, solutions and interpretations during the data collection stages. Thirdly, reliability has been assured by a thorough documentation of the study with enough transparency so that anyone in the case company can repeat the project. Fourthly, it has been ensured by enabling access to the collected data and finally by the researcher himself taking a neutral stand throughout the project despite the key insider status of the researcher.

### 7.3 Closing Words

Even though this study successfully fulfilled the study objective and met the evaluation criteria such as relevance of the study, validity of the study and reliability of the study, the following gaps are still visible in this study.

*First*, during the decision to group the six value offerings such as good optical performance, good reliability, tight specification tolerance, low signal loss, matching components and standardized profile to a single value offering *good fiber performance*, customer opinion was not considered. Even though the grouping makes sense from the case company's perspective, this is to be verified with the customers (included in the contingency plan).

*Second*, the improved CVP proposal is built with the contribution provided by the key stakeholders of the case company, expecting the ongoing and planned developmental activities may improve the value offerings that were identified for the low offering level during the current state analysis. However, till the offering levels are improved in reality, the improved CVP makes only a little contribution to the case company's market share enhancement for the type2 SOF segment. Accordingly, the developed CVP will remain merely a *concept* till the value offerings for the customers are really improved with the planned and ongoing developmental activities.

The conceptual framework, the logical continuum and the tools that were introduced during the study can be utilized for building the CVP for the other SOF segments of the case company. Accordingly, the case company can further improve the value offerings in the other SOF segments and thereby significantly enhance the scope in future business development.

From the business strategy perspective, this study is important and topical to the case company. This study introduced the building blocks for developing a superior value proposition with crystallized offering levels. The conceptual framework, methodical approach of the research, systematic procedure in building the CVP, the analytical tools used and the knowledge gained, will be a definite asset for the case company in shaping the strategy for future business development.

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**Appendix 1: Questionnaire for identifying customer jobs, gains and pains****Customer Jobs: Trigger questions**

1. What is the one thing that your customer couldn't live without accomplishing? What are the stepping stones that could help your customer achieve this key job?
2. What are the different contexts that your customers might be in? How do their activities and goals change depending on these different contexts?
3. What does your customer need to accomplish that involves interaction with others?
4. What tasks are your customers trying to perform in their work or personal life? What functional problems are your customers trying to solve?
5. Are there problems that you think customers have that they may not even be aware of?
6. What emotional needs are your customers trying to satisfy? What jobs, if completed, would give the user a sense of self-satisfaction?
7. How does your customer want to be perceived by others? What can your customer do to help themselves be perceived this way?
8. How does your customer want to feel? What does your customer need to do to feel this way?
9. Track your customer's interaction with a product or service throughout its lifespan. What supporting jobs surface throughout this life cycle? Does the user switch roles throughout this process?

**Customer Gains: Trigger questions**

1. Which savings would make your customers happy? Which savings in terms of time, money, and effort would they value?
2. What quality levels do they expect, and what would they wish for more or less of?
3. How do current value propositions delight your customers? Which specific features do they enjoy? What performance and quality do they expect?
4. What would make your customers' jobs or lives easier? Could there be a flatter learning curve, more services, or lower costs of ownership?
5. What positive social consequences do your customers desire? What makes them look good? What increases their power or their status?
6. What are customers looking for most? Are they searching for good design, guarantees, specific or more features?
7. What do customers dream about? What do they aspire to achieve, or what would be a big relief to them?
8. How do your customers measure success and failure? How do they gauge performance or cost?
9. What would increase your customers' likelihood of adopting a value proposition? Do they desire lower cost, less investment, lower risk, or better quality?

**Customer Pains: Trigger questions**

1. How do your customers define too costly? Takes a lot of time, costs too much money, or requires substantial efforts?
2. What makes your customers feel bad? What are their frustrations, annoyances, or things that give them a headache?
3. How are current value propositions under-performing for your customers? Which features are they missing? Are there performance issues that annoy them or malfunctions they cite?
4. What are the main difficulties and challenges your customers encounter? Do they understand how things work, have difficulties getting certain things done, or resist particular jobs for specific reasons?
5. What negative social consequences do your customers encounter or fear? Are they afraid of a loss of face, power, trust, or status?
6. What risks do your customers fear? Are they afraid of financial, social, or technical risks, or are they asking themselves what could go wrong?
7. What's keeping your customers awake at night? What are their big issues, concerns, and worries?
8. What common mistakes do your customers make? Are they using a solution the wrong way?
9. What barriers are keeping your customers from adopting a value proposition? Are there upfront investment costs, a steep learning curve, or other obstacles preventing adoption?

<https://assets.strategyzer.com/assets/resources/> (2017)

## Appendix 2: Questionnaire for identifying gain creator and pain reliever

### Gain Creator: Trigger questions

1. create savings that please your customers? In terms of time, money, and effort.
2. produce outcomes your customers expect or that exceed their expectations? By offering quality levels, more of something, or less of something.
3. outperform current value propositions and delight your customers? Regarding specific features, performance, or quality.
4. make your customers' work or life easier? Via better usability, accessibility, more services, or lower cost of ownership.
5. create positive social consequences? By making them look good or producing an increase in power or status.
6. do something specific that customers are looking for? In terms of good design, guarantees, or specific or more features.
7. fulfill a desire customers dream about? By helping them achieve their aspirations or getting relief from a hardship?
8. produce positive outcomes matching your customers' success and failure criteria? In terms of better performance or lower cost.
9. help make adoption easier? Through lower cost, fewer investments, lower risk, better quality, improved performance, or better design.

### Pain Reliever: Trigger questions

1. produce savings? In terms of time, money, or efforts.
2. make your customers feel better? By killing frustrations, annoyances, and other things that give customers a headache.
3. fix under-performing solutions? By introducing new features, better performance, or enhanced quality.
4. put an end to difficulties and challenges your customers encounter? By making things easier or eliminating obstacles.
5. wipe out negative social consequences your customers encounter or fear? In terms of loss of face or lost power, trust, or status.
6. eliminate risks your customers fear? In terms of financial, social, technical risks, or things that could potentially go wrong.
7. help your customers better sleep at night? By addressing significant issues, diminishing concerns, or eliminating worries.
8. limit or eradicate common mistakes customers make? By helping them use a solution the right way.
9. eliminate barriers that are keeping your customer from adopting value propositions? Introducing lower or no upfront investment costs, a flatter learning curve, or eliminating other obstacles preventing adoption.

<https://assets.strategyzer.com/assets/resources/> (2017)

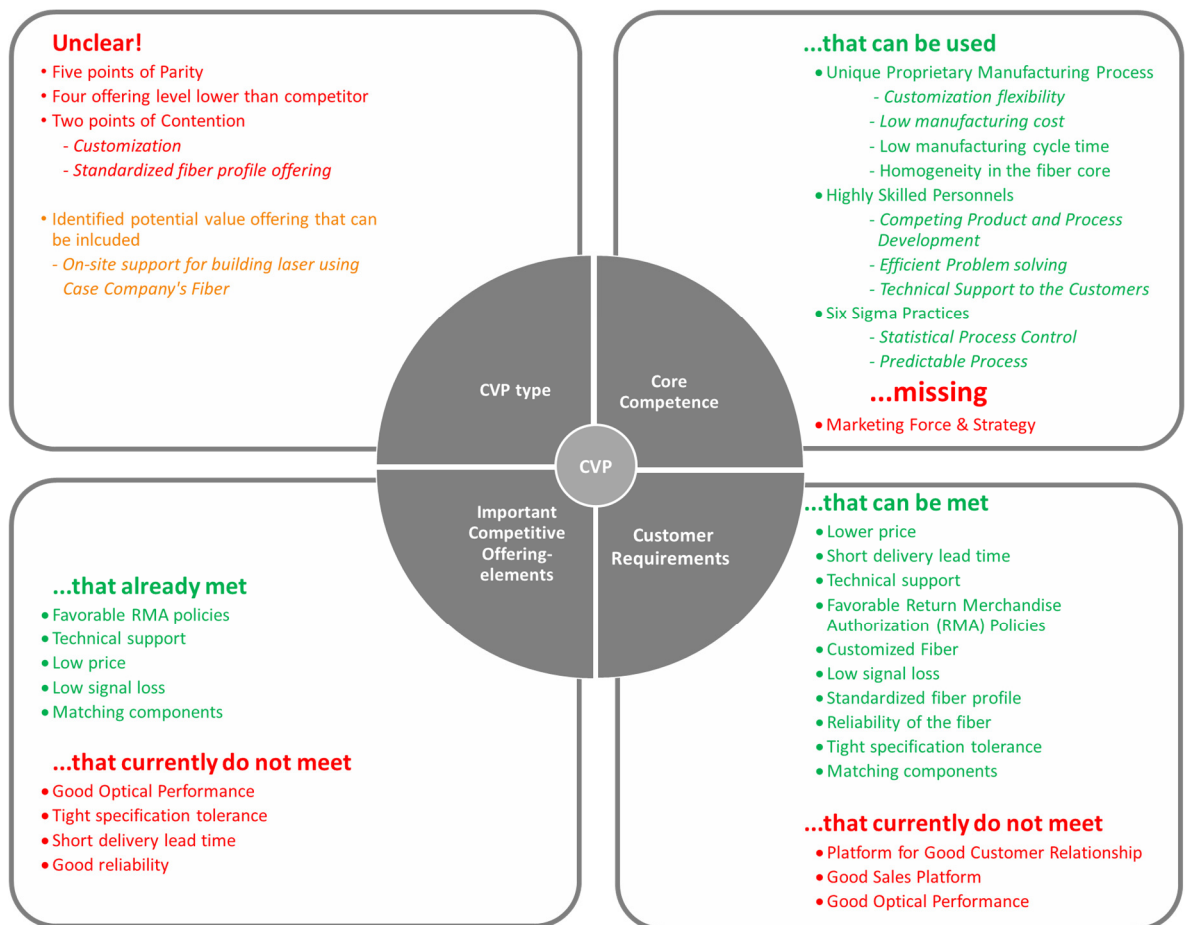
### **Appendix 3: Customer Jobs, Gains and Pains (VPC workshop)**

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

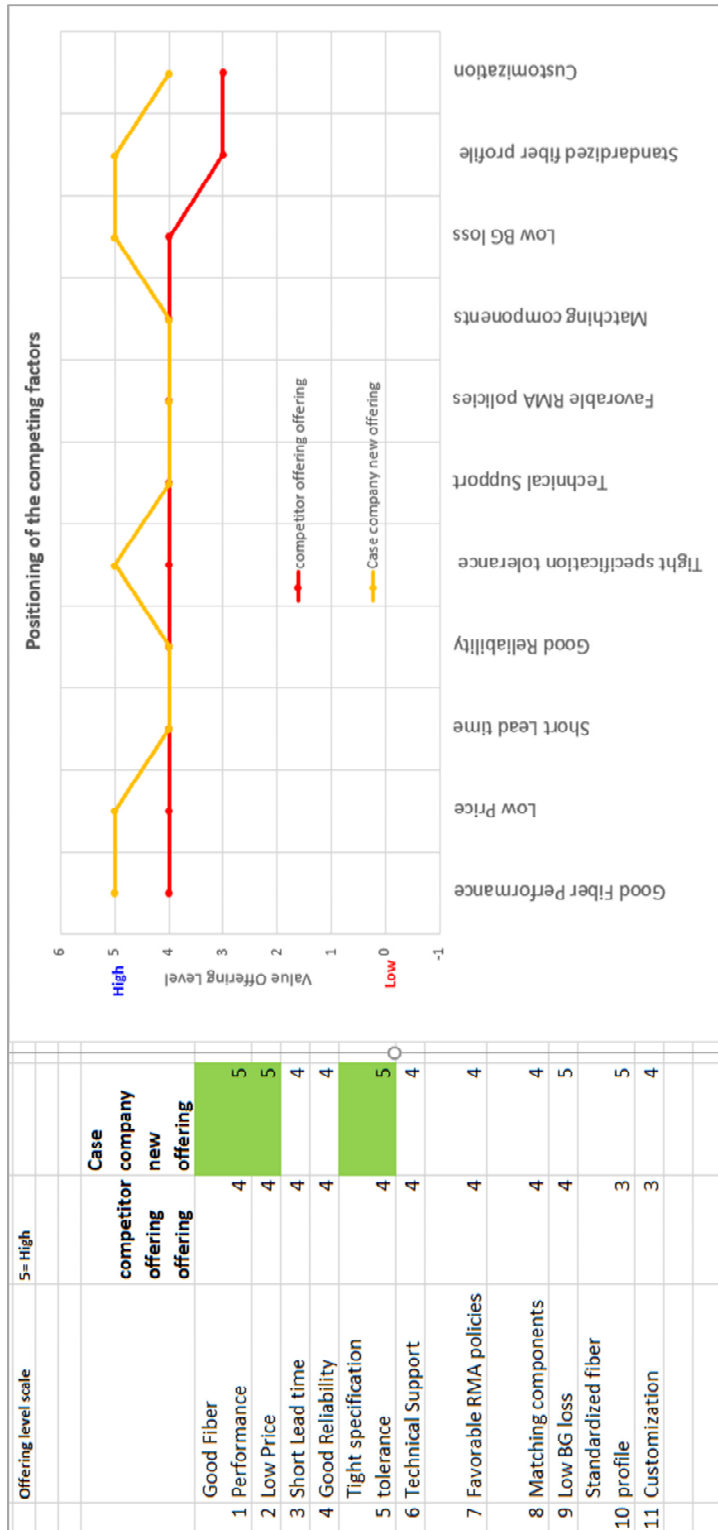
#### **Appendix 4: Gain Creator, Pain Reliever and VPC (VPC workshop)**

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

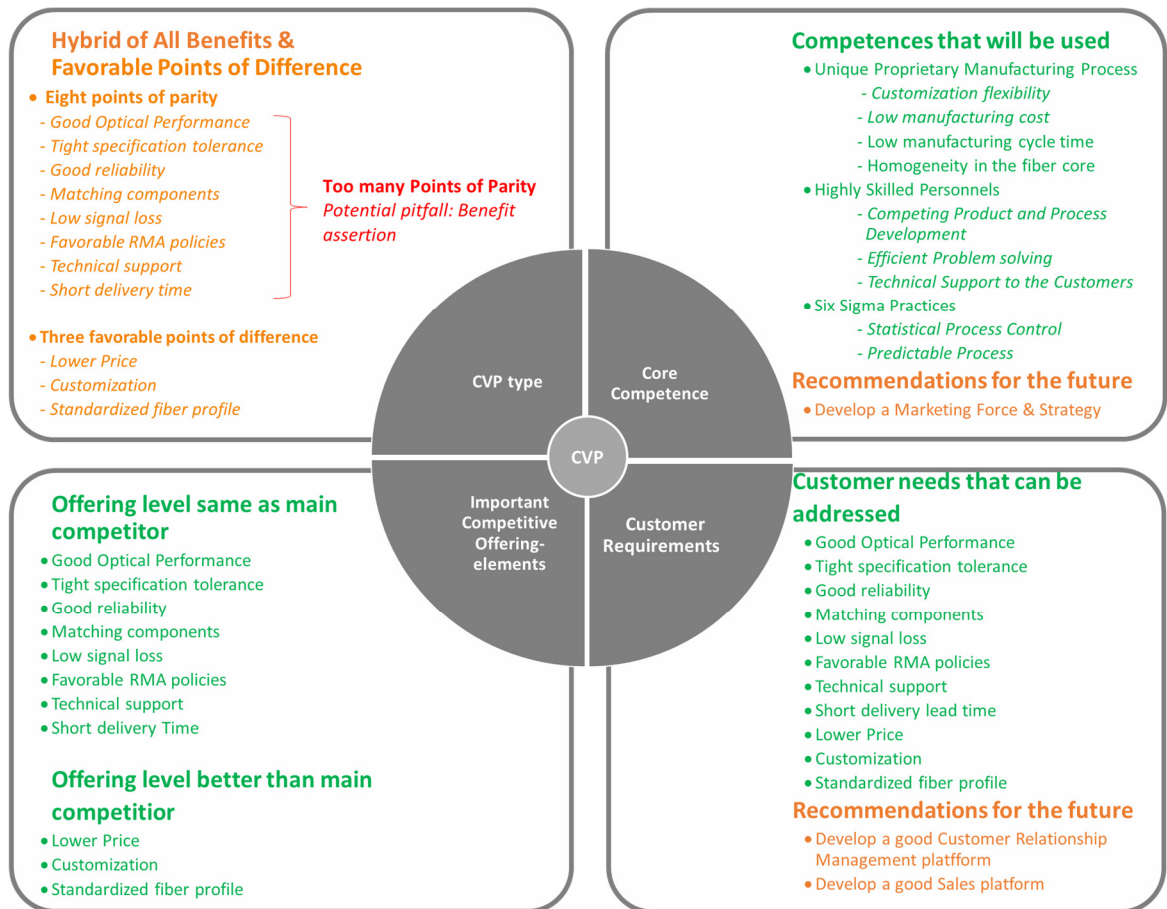
## Appendix 5: Summary of the Current State Analysis



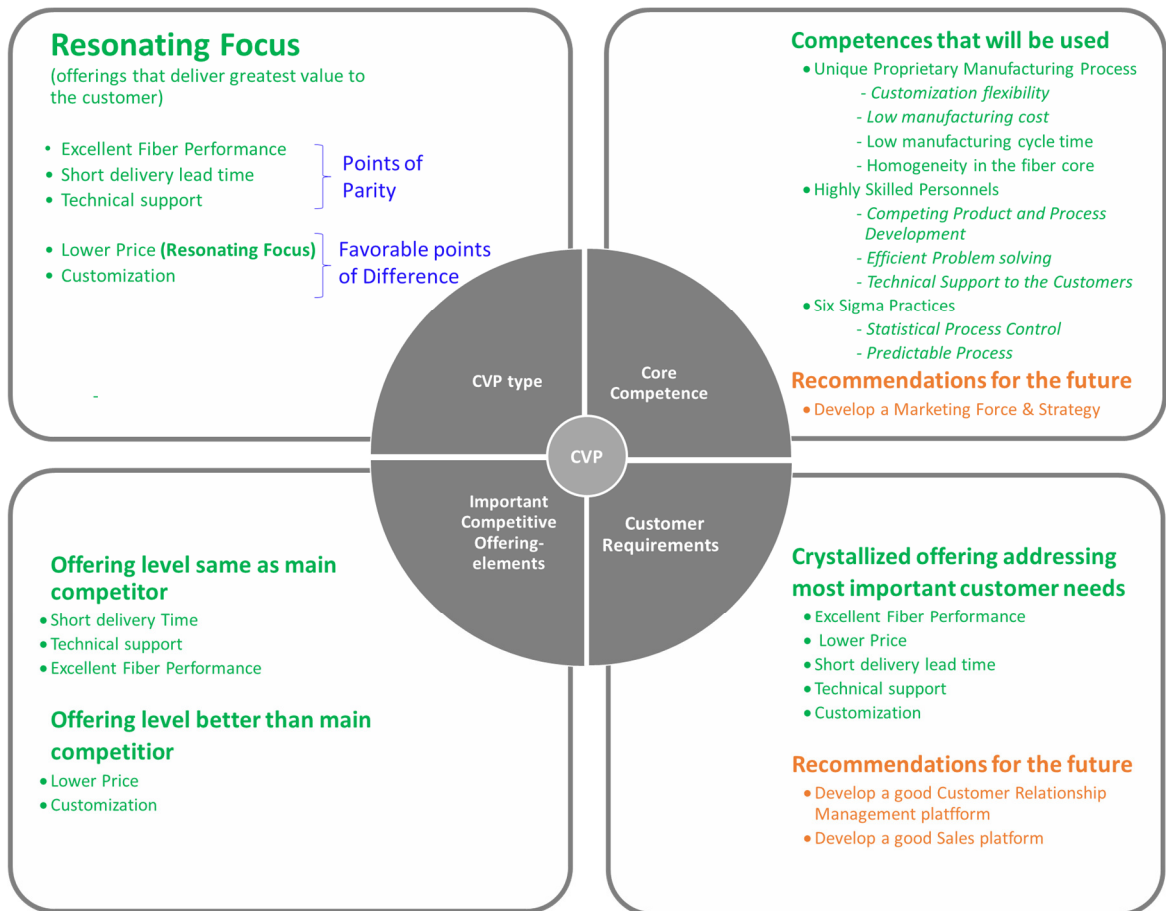
**Appendix 6: Improved value offering (first draft of the strategy canvas)**



## Appendix 7: First version of the proposal draft



**Appendix 8: First version of the refined proposal draft**





## Appendix 9: Notes from the feedback round

Really good work.
This is what exactly the company wanted for enhancing the market share.
Now the offerings look promising and very convincing.
We should do the same for other segments as well.
Noble work
Offerings now appears very competitive, have to be used for the marketing purpose.
Promising, however we need the feedback from the customers too.
Visually looking good
Company need a marketing force
Have to think about customer relationship management platform
Further have to utilize the sale force