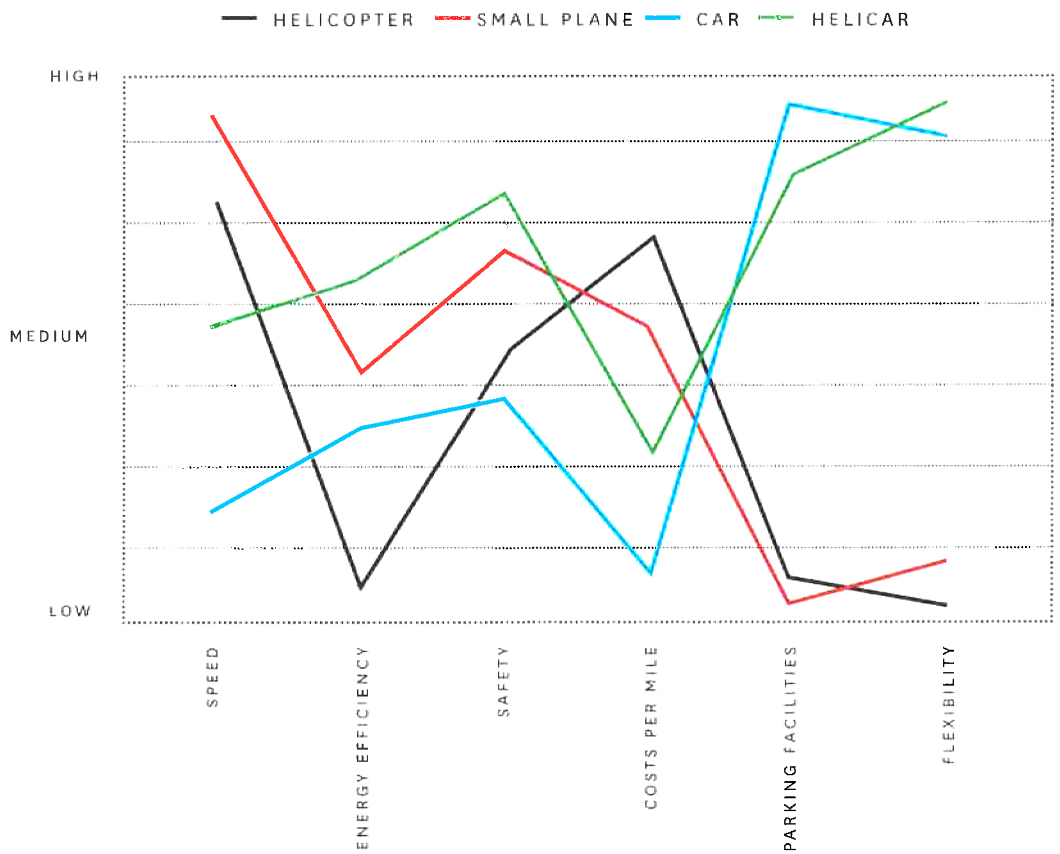

Mobility from door to door – that is the thought behind the PAL-V flying car. Developed and designed in the Netherlands, it made its maiden flight in 2012. Photo: PAL-V. Ideal points in the graph are indicated by triangles.

VALUE CURVE

Value Curves are visual representations of what consumers think about products or brands. In that they are very similar to Perceptual Maps. They help managers assess how consumers view their products or brands in relation to those of competitors.

When can the method be used?
The Value Curve is a useful tool for building an effective marketing strategy. Value Curves provide valuable input for segmentation, differentiation and positioning, and the subsequent decisions on marketing mix elements. They can be used for existing products or brands as well as potential new ones. For existing products, they help you to evaluate the strengths and weaknesses of competing offerings with respect to criteria that customers find important and to identify sources of competitive advantage. They can also reveal a need to reposition a brand or product, and show the dimensions along which repositioning should take place. For potential new brands or products, Value Curves can identify market opportunities. This is typically when there are no current offerings that come close to customers' ideal points. Whether the product in question is existing or new, knowing how customers perceive products and what they would like in an ideal product is very important for designers because they can use this information to focus their design process.

How to use the method?
Putting together a Value Curve does not require a lot of expertise and experience. Basic Excel skills should suffice for creating a graph showing the Value Curves for each product – see example. Some reading up on how to word questions and which response formats to use would be good to prevent having to collect the data all over again if the original data is unusable due to misleading wording and use of inappropriate response formats. Doing a pilot run is advisable for refining the data collection instrument.

Possible procedure
The procedure for creating Value Curves is as follows:
STEP 1
Identify the relevant product attributes, such as 'easy to use', 'price', 'beauty', that potential customers are most likely to be aware of and find most important. These are called determinant attributes.
STEP 2
Identify competing products/brands, forming the 'competitive set'.
STEP 3
Ask potential customers to rate each product/brand on the chosen attributes.
STEP 4
Ask potential customers to rate how important these attributes are. The most important attributes are called 'ideal points'.
STEP 5
Plot the findings from the previous two steps to form Value Curves for each product.

Limitations of the method
- A Value Curve represents the perceived position of brands at a specific point in time. It must be updated regularly, particularly when the market is changing rapidly.
- A Value Curve can indicate market opportunities, but it says nothing about how long the window of opportunity is and whether or not the organisation has the internal resources and capabilities to realise it.

Tips & Concerns
- When lines representing competing products/brands are close together, there is intense competition between them. When they are further apart, competition between them is low.
- Empty areas on the Value Curve indicate competitive gaps. These gaps can be considered opportunities only if customers want that particular combination of attributes.
- A cluster of ideal points indicates a segment within the target market, for example a group of people with similar preferences in relation to the product of interest. The more ideal points in the cluster, the bigger the segment.

REFERENCES & FURTHER READING: Kim, W.C. and Mauborgne, R., 1997. ***Value innovation: The strategic logic of high growth.*** Harvard Business Review, January-February, 75(4), pp. 103-112. / Kim, W.C. and Mauborgne, R., 1999. ***Creating New Market Space.*** Harvard Business Review, January-February, 77(1), pp. 83-93. / Mullins, J.W. and Walker, O.C., 2013. ***Marketing Management, A Strategic Decision-Making Approach.*** 8th ed. Singapore: McGraw-Hill/Irwin.