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Something of Value: A Value Proposition Exercise for The Marketing Classroom

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Abstract

Gone are the days of transactional marketing, and here to stay are increased expectations for marketers to act as trusted advisors while providing value customized specifically to each customer. Accordingly, marketers must clearly identify the competitive advantage of their products or services, and they need to be sure this competitive advantage is valuable in the eyes of the customer. This paper focuses on teaching students to adopt such a perspective when developing customer-focused solutions, as well as to train them on creating an actual value proposition. An exercise is presented, with data demonstrating its effectiveness for teaching value propositions.

For decades, the field of marketing has become increasingly customer-focused. Modern marketers increasingly recognize the importance of transforming from information providers to trusted advisors (Urban, [8]). Key to this knowledge is the understanding of what the customer finds unique about the provider's offerings. Knowledge of the customer and their needs allows marketers to develop value propositions that are compelling enough to lead to a sustainable competitive advantage.

In the sales industry, it is essential for salespeople to know their product inside out, know their competition, and know their industry. "Why should I buy your product?" and "Why is your service any different from what I currently use?" are questions that will be asked by prospective buyers. For marketing strategists, comparing the value propositions of their firms and leading competitors can assist them in determining industry norms and areas for potential growth (Whitler, [11]). In this regard, marketing students must develop a keen understanding of the role that value propositions play in business and customer communications.

The Importance of Teaching Value Proposition

A customer value proposition is described by Johnson, Christensen, and Kagermann ([5]) as something a selling firm designs in order to solve a customer's fundamental dilemma of selecting between alternatives when making a purchase decision. While academic literature is rich in scholarly work on the importance of value propositions, and many mainstream articles focus on the importance of creating and delivering an effective value proposition (Evans, [3]; Vallender, [9]), the authors are not aware of any pedagogical research on this topic. Accordingly, this paper proposes an exercise to reinforce the topic and move students from passive to active learners on the development of value propositions (Wooldridge, [12]).

The modern marketing curriculum is increasingly focused on value creation from the introductory level to the capstone. Encouraging students to consider the customer's needs first is an important aspect of marketing. In introductory marketing courses, value is taught with respect to its role as a component of the 4 Ps – price, product, promotion, and place. In consumer behavior courses, value is observed through the eyes of consumers, who make the most purchase decisions based on the presence or absence of value. In sales courses, adaptive selling and communicating unique propositions add value to buyer–seller relationships (Fogel, Hoffmeister, Rocco, & Strunk, [4]). While not every customer may be the right fit for the product or service offering, this cannot be decided until customer needs and desires are established.

A Value Proposition Activity

This paper proposes an active learning exercise for any marketing class that encourages participation and facilitates dialogue about value propositions, as it allows students to consider product offerings in-depth and develop value propositions that turn prospects into customers. The proposed exercise encourages students to consider customer value propositions in both a business-to-consumer (B2C) and business-to-business (B2B) context. In the B2C context, students create unique value propositions for varied consumers based on what they know about the consumer's personal preferences. In the B2B context, students are encouraged to go beyond personal preferences to consider desirable firm-level outcomes for the buying organization.

The exercise includes an introduction to value propositions, an introductory activity, class discussions, and additional implementation activities to refine the meaning and role of value propositions (See Web Appendix A). This activity can be completed in one class session, with the exercise taking approximately 60 minutes, including discussion. Additionally, this activity can be added as part of a semester-long project, as would be found in a marketing plan assignment or as a component of an advanced marketing strategy project, where the value propositions of multiple companies can be assessed. The proposed active learning experience can be organized in five distinct steps.

Step 1 – Value Proposition Introduction

Students are separated into groups of three to four, and the topic of value propositions is introduced at a broad level and with a definition. For example, Capon ([1]) defines a value proposition as "provid[ing] a convincing answer to a deceptively simple question: Why should target customers prefer the firm's offer to competitors' offers?" (p. G20). This invites conversation about the questions frequently asked by customers, such as *What is*

it that makes your product or service unique? Why should I buy your product over the competition's offering? Why should I pay more for your product than for a competing offering? Depending on the course, this may build on a previous discussion of segmenting, targeting, and positioning. Brand positioning is closely aligned with value propositions, as the value proposition identifies the differentiating qualities that align a product with its target customer groups (Webster, [10]). Following a discussion of these questions, students can engage in the first active learning portion of the exercise involving two well-known brands.

Step 2 – Basic Value Proposition Development

Choosing between two competing but comparable products, each team selects which product they will represent and promote. These products do not need to be complex; the instructors in the current study used Skittles and Starburst due to students' familiarity with them. Each team is tasked with creating a value proposition for their chosen product. After a few minutes to deliberate and craft their value proposition, teams can share their propositions. Based on instructors' needs, this may entail 30–60-second verbal presentations and/or written submissions. Also, in this step, propositions will likely be short and general, and none will intentionally target a particular customer. As students give their initial efforts, the instructor can coach them on how to go beyond cliché statements or taglines (e.g., "Taste the Rainbow" - Skittles' tagline from the 1990s) (Champagne, [2]), asking them to elaborate on these statements to determine the core attributes that consumers find unique. They may consider how attributes can be either 'gain creators' (e.g., sugary snacks provide an energy boost) or 'pain relievers' (e.g., sugary snacks stave off hunger) (Osterwalder & Pigneur, [7]).

Step 3 – Developing Value for Different Customer Groups

The non-customized propositions generated in Step 2 invite discussion about how customers are not all the same. Now, students are encouraged to consider how customers can differ (needs, personality, motivations, etc.) and ways to adapt the proposition accordingly. Teams are asked to develop a unique value proposition for each of the following four customer groups: customers who have never heard of either product, customers who prefer the team's chosen brand, customers who prefer the competing brand (e.g., Skittles or Starburst), and customers who do not like the product category (e.g., candy).

When developing the different value propositions, students are encouraged to consider the following questions: *How is your product similar to the competing brand? How is your product different from the competing brand? What does each customer group need to know about your product? What should you avoid focusing on when describing your product? What objections might each segment have about your product?* Accordingly, this part of the value propositions exercise urges students to use critical thinking skills as they create four distinctly different pitches to promote the same product in an efficient and effective manner. As teams again share their propositions with the class, this is an eye-opening experience for students to think about how they present information and how they adapt to varied audiences.

Step 4 – Expanding Value Proposition to B2B Customers

Until this point, depending on the target customers, this exercise likely will have had a B2C focus (students can easily imagine themselves as consumers of Skittles or Starburst). This focus can be altered by changing the product or information about the target audience. In Step 4, we extend value propositions to a B2B context. Raising this topic to the B2B level facilitates class discussion about addressing the personal preferences of organizational buyers while satisfying the needs of the buyer's firm.

In order to reduce confusion, the authors recommend starting all teams with the same B2B product. For this example, we use the NeatDesk Scanner and Organizer as the product (Neat, [6][6]). Similar to Step 3, multiple scenarios are provided, only this time in a B2B context, and teams create a value proposition for each scenario

to share with the class. For ease of implementation, four scenarios that describe potential buyers of the NeatDesk Scanner and Organizer are as follows: (1) The owner of a medium-sized lawn care and landscaping company that currently keeps paper copies of all receipts and documents; they will be moving to a new office in four months. (2) The assistant for a business executive who travels 80% of the time; the assistant already uses a traditional scanner and files receipts in detailed folders on the computer. (3) The CEO of a non-profit that plans and runs small events throughout the year; they are cost-conscious and have event planners in every state who keep their own records and mail receipts to headquarters. (4) The owners of a mom-and-pop retail store who keep track of everything in a meticulous paper filing system with filing cabinets; they do not trust computers.

Adding in the importance of addressing desirable organizational outcomes, necessitated by the B2B context, is a step that encourages students to think deeply and become familiar with their product's features, advantages, and benefits to fit the needs of each customer and situation. It also facilitates discussion of the importance of customizing different presentations of the same product to fit each customer. When teams share their value propositions for these four scenarios, diverse approaches will be used by different teams; valuable takeaways can result from a class discussion and critique about the varied propositions used to address the same scenario.

After this step, an additional step can be added to introduce a product that competes with the product used (e.g., a competitor of the NeatDesk). Then, the questions used in Step 3 can again serve as guidelines for making value propositions in the face of competing products.

Step 5 – Conclusion and Debrief

Once value propositions are presented for the previous step, the class should come together to reiterate key learnings and main points. Discussions of different customers will arise, and different marketing approaches to address varied needs can be identified. Students should be acknowledged for their flexible thinking and adaptive selling skills.

Methodology

In the same manner, as prescribed in the aforementioned steps, this exercise has been used in Personal Selling classes at two universities (one public, one private) to teach the importance and usefulness of value propositions. While a different instructor taught at each institution (one instructor taught two classes at Institution A, while another instructor taught three classes at Institution B), identical slides, materials, and scenarios were used for this exercise. Data from pre- and post-activity assessments in all five classes are provided in Tables 1 and 2. In total, 143 students completed this exercise and the accompanying pre- and post-activity assessments (100% response rate), with class size ranging from 19 to 44 students.

Table 1 Mean Measures of Confidence in Meaning of "Value Proposition" (VP)

	Class 1 Inst. A (n = 44)	Class 2 Inst. A (n = 39)	Class 3 Inst. B (n = 21)	Class 4 Inst. B (n = 20)	Class 5 Inst. B (n = 19)	Overall Mean (n = 143)
Have you learned about VP in other courses? (0 = no, 1 = yes)	0.70	0.69	0.38	0.20	0.26	0.52
Pre-Test: Confidence in definition (measured before this exercise)	4.13	4.63	2.90	2.60	2.74	3.68
Post-Test: Confidence in definition (measured after this exercise)	5.93	6.18	5.79	5.85	5.89	5.99
Evidence of change in confidence levels (t-statistic, degrees of freedom, p-value)	t = 8.13	t = 8.06	t = 8.19	t = 7.70	t = 8.96	t = 16.60
	df = 43	df = 38	df = 20	df = 19	df = 18	df = 142

	p =.000	p =.000	p =.000	p =.000	p =.000	p =.000
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2 *Note: Classes 1 and 2 were Personal Selling courses taught by Instructor A at Institution A, while Classes 3, 4, and 5 were Personal Selling courses taught by Instructor B at Institution B.

Table 2 Participants' Perceived Benefits of the Exercise

To what extent...	Class 1 Inst. A (n = 44)	Class 2 Inst. A (n = 39)	Class 3 Inst. B (n = 21)	Class 4 Inst. B (n = 20)	Class 5 Inst. B (n = 19)	Overall Mean (n = 143)
...was this exercise impactful?	5.32	5.76	5.48	5.90	6.13	5.65
...did you learn the benefits of customizing value propositions?	5.80	6.15	5.62	5.85	6.47	5.97
...did you enjoy the exercise?	5.18	5.79	5.90	5.90	6.58	5.74
...would you recommend this exercise?	5.66	6.05	6.05	6.00	6.74	6.01
Through this exercise, do you feel that you have learned what a value proposition is? (0 = no, 1 = yes)	0.95	1.00	1.00	1.00	1.00	0.99

Administered prior to Step 1, the pre-test asked students to define "value proposition" in their own words and to rate how confident they felt that their definition was accurate and correct with a Likert-type scale ("1 = not at all confident to 7 = extremely confident."). Students were also asked the open-ended question of why/when a value proposition should be used, and whether they have learned about value propositions in other courses. Then, Steps 1–5 were completed as suggested previously, followed by administration of a post-test. The post-test again asked students to define "value proposition" and rank their confidence. Also, participants were asked whether this exercise helped them learn what value propositions are ("no = 0 and yes = 1"). Finally, four varied outcome measures were included to assess the perceived impact of the exercise on students' perceived understanding of value ("1 = not at all impactful to 7 = extremely impactful") as well as to what extent the students agreed that they learned the benefits of customizing value propositions, enjoyed the exercise, and would recommend the exercise for use in future classes ("1 = strongly disagree to 7 = strongly agree").

Results and Discussion

Results of data analysis are provided in Tables 1 and 2. Table 1 identifies prior knowledge of the topic and confidence levels of participants before and after this exercise, finding that only 52% had previously been exposed to the topic. Of the 143 respondents, 140 answered the question, "Through this exercise, do you feel that you have learned what a value proposition is?"; 138 indicated "yes" (98.57%), the exercise helped them learn what a value proposition is. Paired *t*-tests were used to assess evidence of change in students' confidence levels in defining what a value proposition is before and after the exercise. Results indicate very positively perceived learning experiences. In all five classes, there was a significant difference ($p = .000$) in the scores for pre and post-conditions. Detailed results are shown in Table 1.

In Table 2, averages of students' perceived benefits of the exercise are shown for the five classes and overall. As a whole ($n = 143$), students agreed that the exercise was impactful on their learning (mean = 5.65), they learned the benefits of customizing value propositions (mean = 5.97), they enjoyed the exercise (mean = 5.74), and they would recommend the exercise for use in future classes (mean = 6.01). Essential to the goal of implementing this exercise, when asked if students felt they had learned what a value proposition is, the overall average response was 0.99 (where "yes" = 1 and "no" = 0); in four of the five classes, this average response was 1.00, identifying this as an activity students appreciated in learning about value propositions.

Implementations and Considerations

While the authors use this exercise in a personal selling course, its lessons and relation to other courses allow it to be useful in essentially any marketing course. Instructors can adapt this exercise to match the needs of their students, and they can use this exercise at the beginning of the semester so it can be revisited periodically with related material. While we did not collect pre-assessment data as a direct measure of learning, anecdotal evidence is supportive of learning.

In this activity, students become very engaged. They ask for additional examples (of products, customers, and scenarios) so they can continue their practice with value propositions. To expand this exercise, challenges can be added by having students create value propositions about less tangible items such as services. Or, it may be helpful to work on the oral delivery of value propositions as well as written value propositions, as each requires specific communication skills. Additionally, this can be an opportunity for business engagement, where faculty can partner with business leaders to share their own challenges related to value propositions, sharing how they form and evaluate their own value propositions relative to their competitors.

Conclusion

The value proposition exercise discussed in this paper gives educators a tool to teach the concept in an interactive way. Following a discussion on what a value proposition is and how it applies to companies and consumers, students are given activities to develop and share unique propositions to understand the importance of developing products and marketing messages that appeal to different customer groups within both a B2C and B2B context. The exercise can tie into marketing courses of any level. Student outcomes show that the exercises were met positively by students as a more interactive way to teach a fundamental marketing concept.

Disclosure statement

No potential conflict of interest was reported by the authors.

Supplemental data

Supplemental data for this article can be accessed on the <https://doi-org.libus.csd.mu.edu/10.1080/10528008.2019.1610898>.

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