

The Role of Value Propositions in Market-Shaping Strategies: A Qualitative Comparative Analysis

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Purpose - Most of the studies addressing market-shaping strategies acknowledge the crucial role of value propositions in shaping systemic markets. For example, Kumar et al. (2000) propose that successful market-driving strategies come from a discontinuous leap in the value proposition. Storbacka and Nenonen (2011), on the other hand, propose that focal actors can offer market propositions which engage other actors in creating a shared market view – which consecutively may translate to corresponding changes in the mental and business models of all actors in the market system. However, these studies do not elaborate what kinds of value propositions are particularly effective in market-shaping strategies. Hence, the purpose of this study is to investigate what types of value propositions are associated with successful market-shaping strategies.

Methodology/approach - Based on a comprehensive literature review, we developed a conceptual model of the role of value propositions in market shaping. For data collection, we employed theoretical sampling to identify 21 cases of firm-led market-shaping strategies with varying degrees of success. The collected data was finally analyzed using fuzzy set qualitative comparative analysis (fsQCA) (Ragin, 2008, Tóth, Henneberg, & Naudé, 2017, Duşa, 2019).

Findings - We identified four traits of value propositions that are associated with successful market-shaping strategies. First, such value propositions are co-conceived and co-promoted with other actors in the market system. Second, market-shaping value propositions take a systemic approach to the value they communicate: they highlight and quantify the benefits of the new market system – rather than an individual product or service – to multiple actors. Third, market-shaping value propositions promise new resource linkages and support for actors to change their resource integration practices. Finally, such value propositions are communicated using new terms, visualizations and stories. However, none of these four traits is sufficient alone to shape markets. Engaging other actors in co-conception and co-promotion of the value proposition is necessary to induce a change in the elements comprising the market system. Taking a systemic approach – and quantifying the proposed value – signals that the new system is viable, and thus is a necessary condition for creating a new or changed market system.

Practical implications - Market-shaping value propositions are different from traditional ones as they focus on differentiating the new market system from the existing ones rather than the market-shaping firm and its offering from the competition. Furthermore, market-shaping value propositions must resonate with all relevant stakeholders, not just with the direct customers.

Originality/value - The identified four configurations leading to change in market system elements and the three configurations leading to overall market change are, to authors' knowledge, the first empirically grounded insights into what kinds of value propositions support market-shaping strategies.

Key words - Market-shaping, markets as systems, value propositions, qualitative comparative analysis

Paper type - Research paper

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