Value-based Retailing

Dr. Swagato Chatterjee

VGSOM, IITKGP

Definition of Value

- **Value** = (Results + Process Quality)-

  (Price + Customer Access Costs)
- **Results** = Overall quality, instructions, ease of assembly, taste/quality/health, warranty, product testing by retailer
- **Process Quality** = Wide aisles, ease of finding, high in-stock position, fun experience, short waiting times
- **Price** = Costs + delivery + assembly + credit
- **Customer access costs** = Warehouse club membership fees, inconvenient location, poor store hours, inadequate parking

What is Value?

Channel Perspective

- Value is a series of activities and processes (the “value chain”) that provide a certain value for the consumer.

Customer Perspective

- Value is a perception that the shopper has of the value chain.
- It is the view of all the benefits from a purchase versus the price paid.

Retail Value Chain

- Represents the total bundle of benefits offered to consumers through a channel of distribution
  - Store location and parking, retailer ambience, customer service, brands/products carried, product quality, retailer's in-stock position, shipping, prices, image, and other elements

Thank you