Price/value ratio: Proven concept to fairly compare offerings in the market and identify the right balance between both dimensions for each telco player

SIMON. KUCHER

Conceptual

Price / value ratio

Value

all aspects that create value:

Perceived value summarizes

Brand value: How much value does your brand add on-top of the services?

Tariff value: What value do your rate plans offer (data, minutes, VAS, etc.)?

Price



Price levels reflect the **potential range** that can be monetized in a market

Price changes: What price changes are necessary to balance P/V?

Price perception: How can you optimize price perception without changing price levels?

 Price vs. GB comparisons don't fully reflect the full value of tariff offerings

 Thus, this concept provides the foundation to fairly compare offerings and identify the right balance between both aspects

Price/value frameworks: To improve the commercial levers of a brand, a portfolio or pricing measures, two frameworks can be used

Identifying the right positioning

ICE-Model



Conceptual

Value

perceived





Provides guidance on intangible levers, according to three different customer perception layers

Portfolio Innovation Framework

Designing an innovative and value-driven telco portfolio

01 Identify the right portfolio approach	02 Define core- and non-core portfolio elements	03 Improve price/value perception	01	Disruptive portfolio innovations	Packaging and pricing routes Definition of potential alternative portfolio approaches Selection of differentiating approaches to competition
Alternative portfolio routes:		Behavioral economics building blocks:	02	Better value perception	Leader/Filler/Killer analysis • Scoring of each offer element • Assessment of leading features in the bundles
			03	Improve price/value perception	Behavioral economics building blocks Psychological optimizations on framing/ presentation Price & product design and decision-making process to boost up-& & cross-selling
04 Increase up-/cross-		ze take rates lling proposition	04	Higher up-/cross- selling rates	Up-/cross sell potential and feasibility screening Evaluation of service penetration among customers Assessment of up-/cross-sell potential and feasibility
sell potential and feasibility screening	simulat	ion	05	Higher ARPU	Take rate analysis • Optimize portfolio to drive higher ARPUs by understanding take rates and relative utility of service components

Consists of **five levers** to **identify new ways to sell telco services** and **design** them **in a way that drives growth**

Simon-Kucher's ICE Model: To improve a telco's brand image, there are levers across three different perception stages that telcos should address



Conceptual

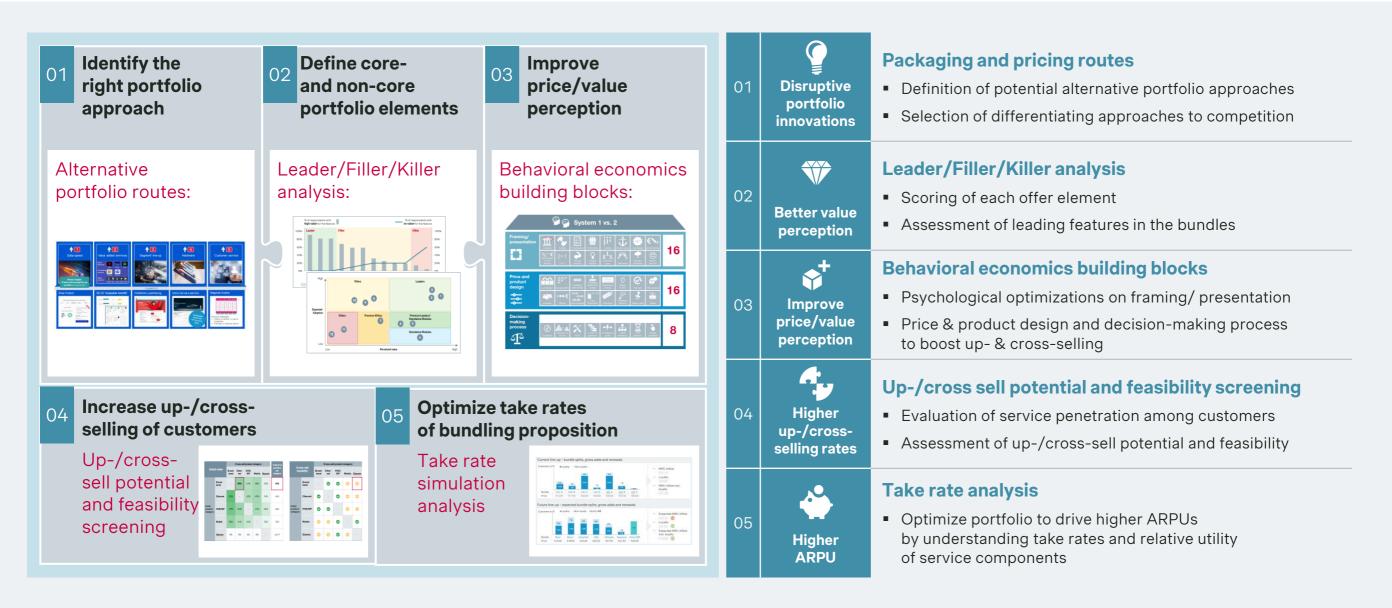
	l Image	C Communication	E Execution
Actively perceived	Brand positioning	ATL communication	Proposition
by customers	Customer satisfaction	Public statements	Customer interactions
Partially perceived	Price/value perception	BTL communication	Historic price increases
by customers			Psychological price thresholds
Subconsciously			Behavioral
perceived by customers			economics effects

Source: Simon-Kucher

Simon-Kucher | Global Telecommunications Study 2024 | June 2024 | Global Research Results

Portfolio innovation framework: Five levers enable a value-driven approach when creating new bundling propositions with better value perception and margin impact

SIMON. KUCHER



Source: Simon-Kucher