

An integrated model of value creation based on the refined Kano's model  
and the blue ocean strategy

Ching-Chow Yang, 楊錦章

Applied Statistics

Management

Abstract

It is not sufficient for a contemporary firm to satisfy its customers; to be really successful, a firm must create value for its customers. In so doing, it will also derive value from its customers. The pursuit of both value for customers and value from customers is thus a 'win-win' strategy. In this regard, the present study first redefines the categories of customer value by suggesting a new category of 'creative value', and then discusses how this category of 'creative value' relates to other forms of 'value'. The paper then explores the concepts inherent in the refined Kano's model and the actions associated with the 'blue ocean' strategy. Using these concepts, the study presents an integrated model of 'value creation' and explains how this model can be used to select appropriate practical actions to enhance customer value, and by implication, also enhance customer retention, customer acquisition, and customer margin – all of which make significant contributions to company profits. A case study is presented to illustrate the ease of application of the model in practice.

Keyword : customer value; value of customer; refined Kano's model; blue ocean strategy; creative value