



# Value Propositions: Theory and cases

## Episode 12 Let's practice. Example 4. Diamonds Engagement Rings from Botswana

*You are learning with the  
Spring Saga of the year  
From January 22nd to May 24th, 2024.  
[www.eleonoraescalantestrategy.com](http://www.eleonoraescalantestrategy.com)*





# Value Propositions: Theory and Cases.

## Outline

1. **Introduction** 
2. **The history of Marketing: The background of value propositions** 
3. **What is a value proposition?** 
4. **Problem solving in the context of value propositions.** 
5. **The philosophy behind the Osterwalder Canvas** 
6. **Customer profile. Gains. Pains** 
7. **Value map. Gain Creators. Pain relievers** 
8. **Fit between the Client and the Value Map** 
9. **Let's practice. Example 1. A Global Consumer Packaged Good (CPG)**   
**EASTER WEEK HOLIDAY No publication this week (Vacation from the 22<sup>nd</sup> to 31<sup>st</sup> March)** 
10. **Let's practice. Example 2. A Fast-moving Consumer Good (FMCG)** 
11. **Let's practice: Example 3. A Technological Computer Peripheral Equipment Manufacturing** 
12. **Let's practice: Example 4. A Luxury Precious Stone Mining** 
13. **Let's practice: Example 5. A Global Transportation Services Enterprise**
14. **Let's practice: Example 6. A Financial Sector initiative**
15. **Let's practice: Example 7. An agriculture-food security product**
16. **Strategic Reflections about Value Propositions.**
17. **Summary and conclusions.**

Today

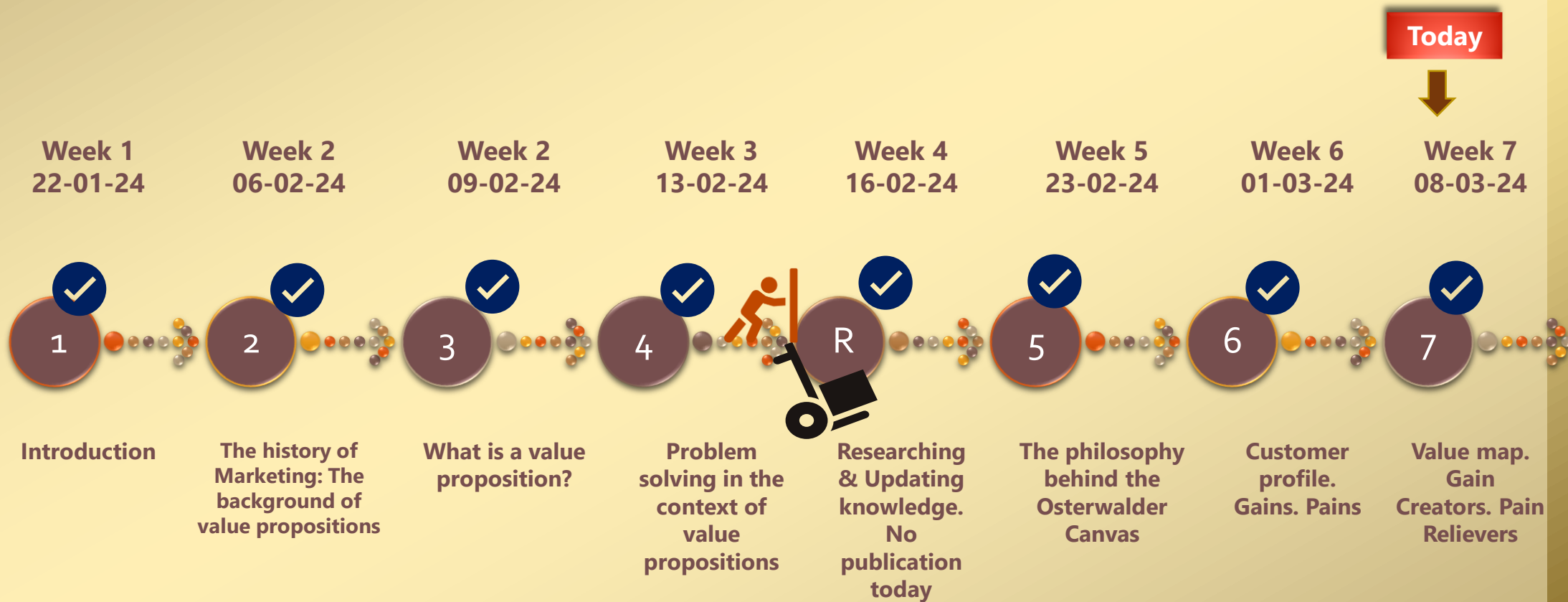
*This outline is subject to change if the author considers it appropriate.*



# Value Propositions: Theory and Cases.

Tentative Schedule Program (subject to change)

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*This outline is subject to change if the author considers it appropriate.*





# Value Propositions: Theory and Cases.

## Tentative Schedule Program (subject to change)

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The Summer saga of the year will kick-off as of June 14th, 2024.

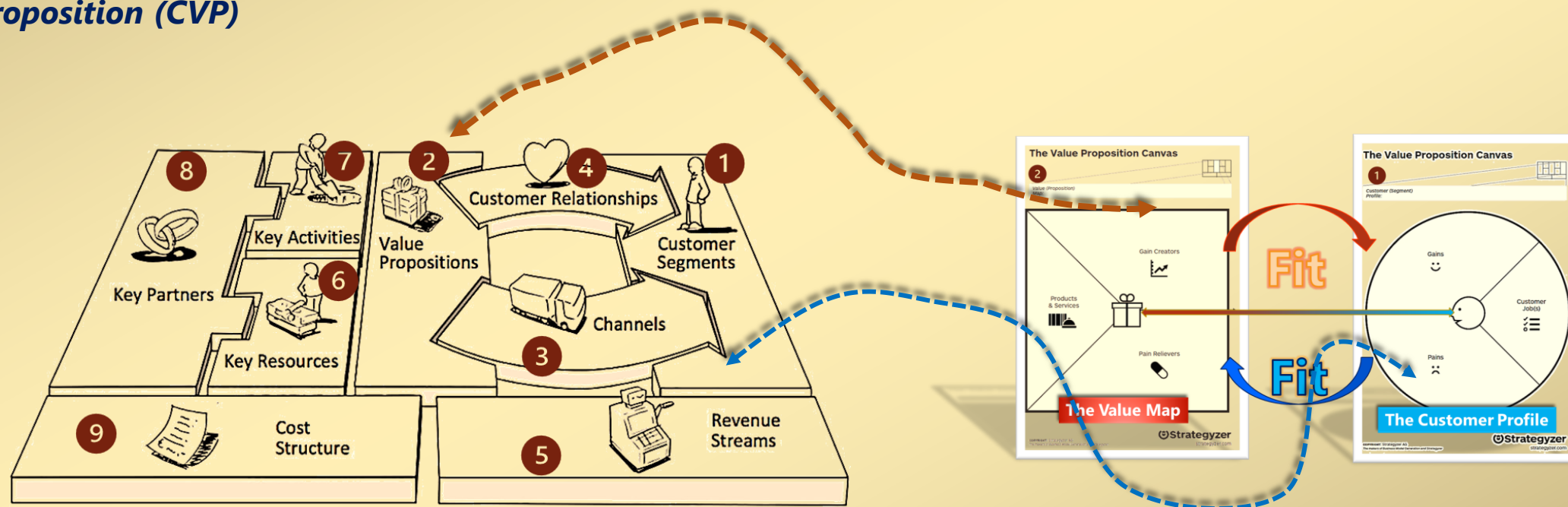




# Value Propositions: Theory and Cases.

*Today is another chance to practice. Our fourth example takes us to Africa, to Botswana.*

***Please remember that we are simply at the initial step of business modeling: building the Customer Value Proposition (CVP)***



Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.  
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# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring when in marriage.*

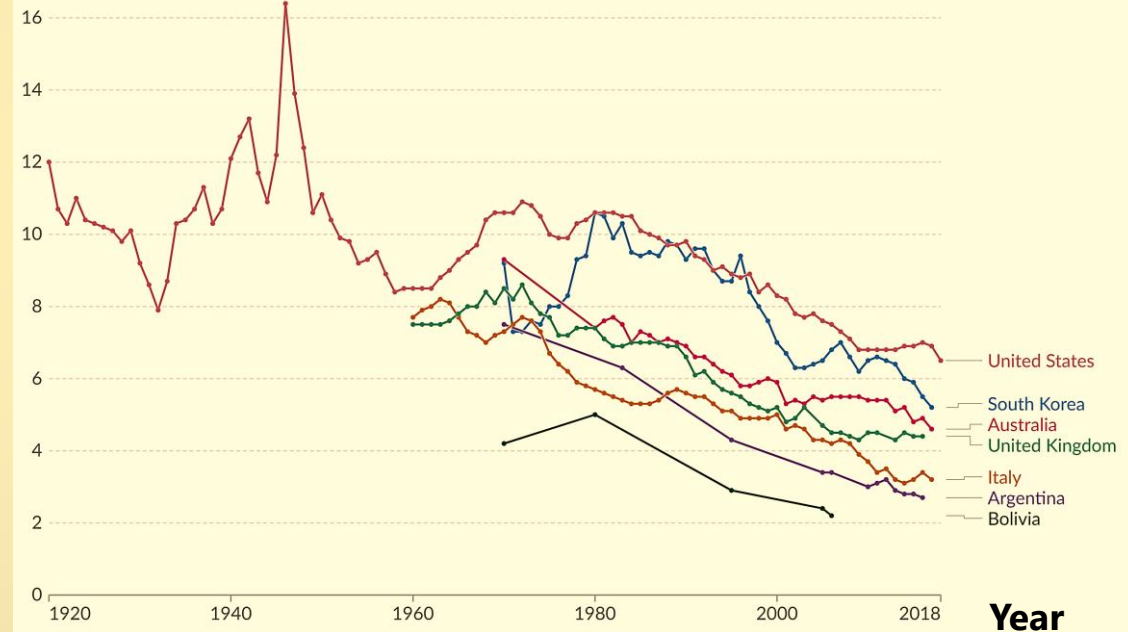
*The market for weddings is ample and wide-ranging as much as many brides tie the knot year over year.*

- If our entrepreneurs wish to sell engagement rings made with diamonds extracted and polished in Botswana, Africa; the first step is to study the potential market of brides who will marry.
- Let's see the graph at your right: Year over year, during the last 50 years, marriages rates have declined, apart from some exceptions, the CMR has gone down everywhere.
- The indicator that is used is CMR: Crude Marriage Rate, defined as the number of marriages during a given year per 1000 people
- In the United States, marriage rates have fallen by around 50% in 53 years (from 11 to 6.1) and are currently at the lowest point in recorded history: In 2020, only 6.1 marriages per 1000 people.
- Let's go to the next slide to learn which are the countries with the highest CMR in the world.

CMR

## Marriages per 1,000 people

Number of marriages in each year per 1,000 people in the population



Data source: OWID based on UN, OECD, Eurostat and others

OurWorldInData.org/marriages-and-divorces | CC BY

*Marriages are certainly declining year over year.*





# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a ritual for marriage*

***The market for weddings is ample and wide-ranging as much as many brides tie the knot year over year.***

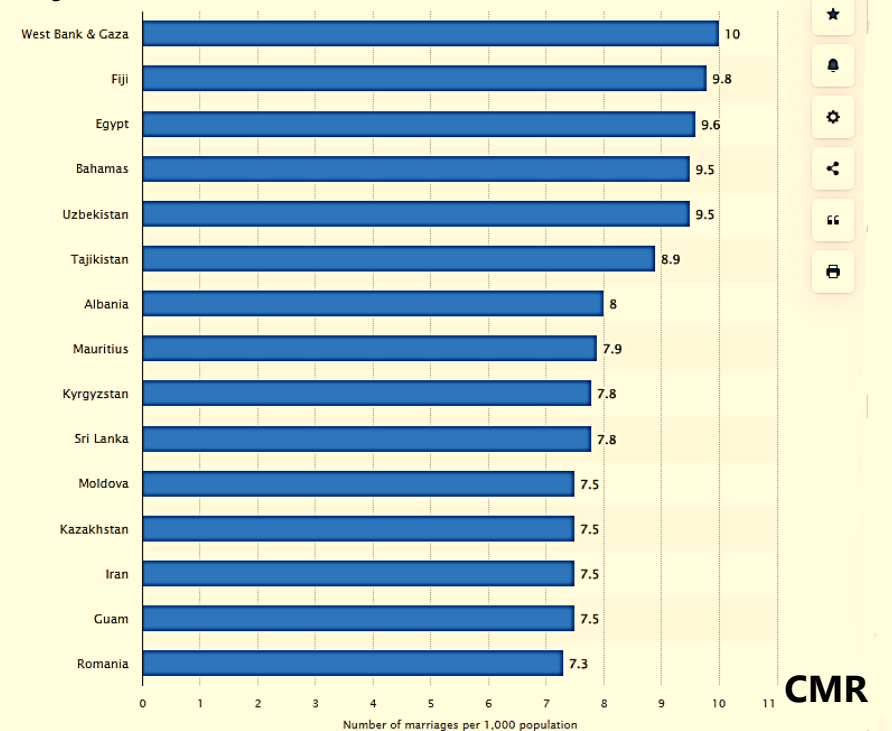
- The countries where people marry the most in terms of CMR are the area of West Bank and Gaza, Fiji, Egypt, Bahamas, Uzbekistan, Albania, and Tajikistan with CMR of 8 to 10 per 1000 people in 2018. (Source: Statista)
- Nevertheless, the OECD provides a different overview about CMR per country. Let's see next slide.



The CMR marriage rates/1000 people have declined in almost every country. Some statistics are different than others. For the sake of this publication, we try to rely in different sources, to give you a glimpse of what is truly happening. Be aware that our estimated margin of error is appraised at  $\pm 25\%$ . range of uncertainty or variability. We trust data of the OECD, United Nations organizations and some development cooperation agencies that have taken the time to review and filter their data original sources. But still there could be some margin of error involved at the official government statistics or poll market research bureaus in several countries.

Countries with the highest marriage rates worldwide as of 2018  
(marriages per 1,000 population)

Country



**Marriage rates per 1000 people (CMR) of some countries**  
**Source Statista Research Department, Jan 10, 2024**





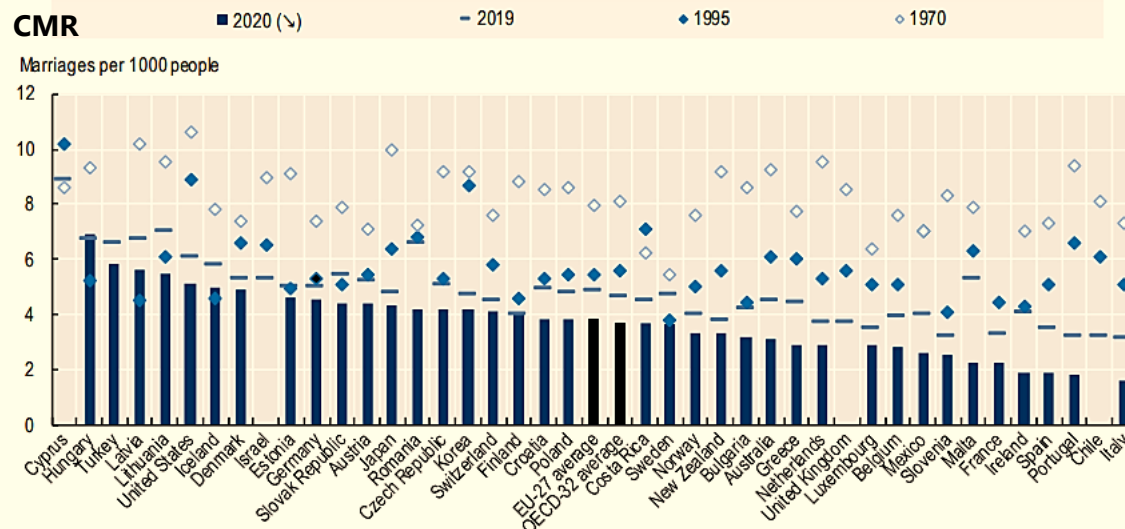
# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a tradition for marriage*

*The market for weddings is ample and wide-ranging as much as many brides tie the knot year over year.*

Chart SF3.1.A. Crude marriage rate, 1970, 1995, 2019 and 2020 or latest available year

Marriages per 1000 people



**Marriage rates per 1000 people (CMR) at the OECD countries and some others.**

- In relation to the OECD countries, the statistics published, provide a comparison between 1970 to 2020.
- Almost in every country, the CMR has declined.
- The CMR are so low in 2020 in Italy, Ireland, Portugal and Spain, with less than 2 marriage per 1000 people
- The exception: Hungary, Latvia, Lithuania and Turkey, where rates are almost three as high at around 6 per 1000 people.
- The OECD average is 3.7
- Across the OECD countries people are marrying older than before. At the end of 1990s, the mean age of women at first marriage was between 22 to 27. By 2020, the average is between 27 to 33 years old. Countries as Spain or Sweden, the average age for women to marry is almost 35 years old





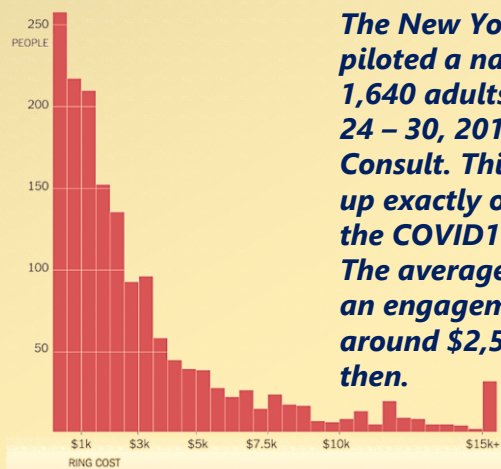


# Value Propositions: Theory and Cases.

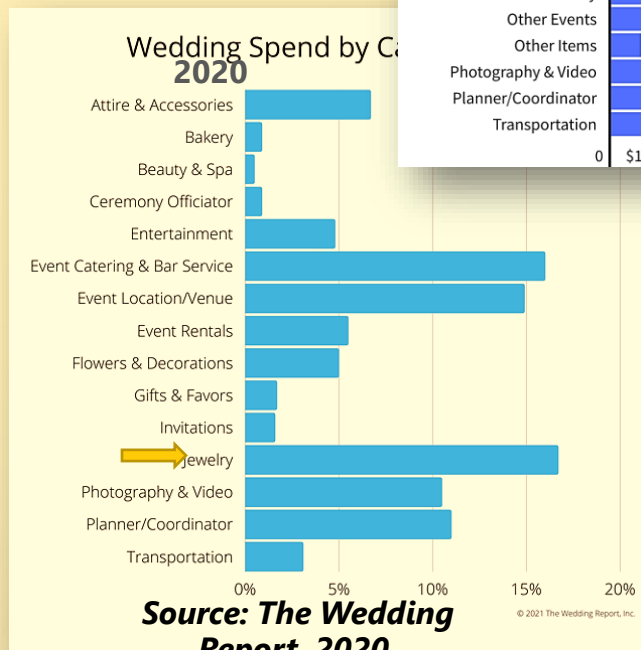
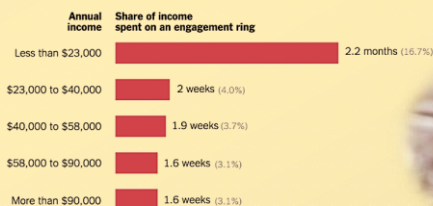
*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as part of the costs of marriage*

**What about the budget for wedding expenses?**  
**What about the diamond engagement ring?**

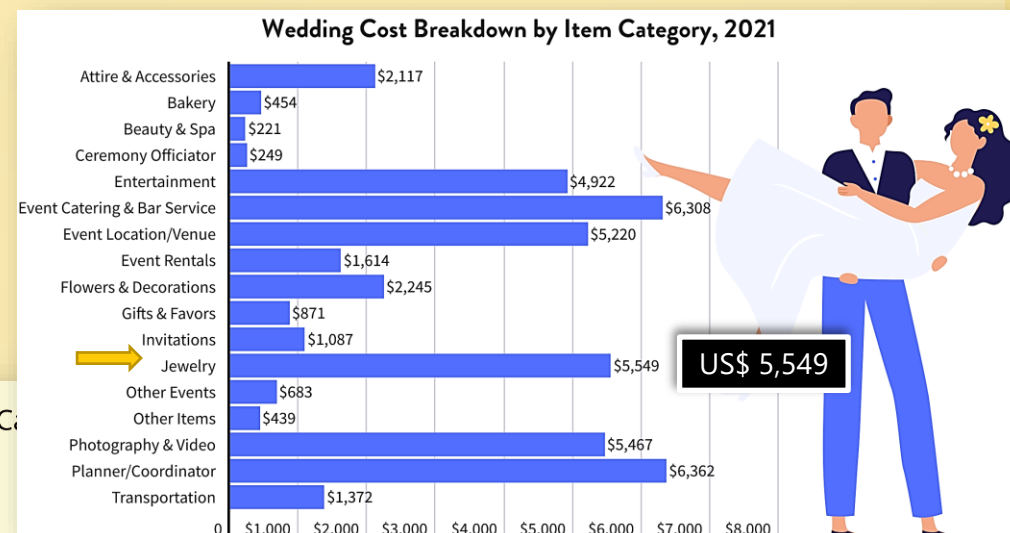
- There are several public sources of information regarding the Budget expenses for a wedding in the United States. Let's see them:



*The New York Times piloted a national poll of 1,640 adults between Jan. 24 – 30, 2019 by Morning Consult. This poll was set up exactly one year before the COVID19 Pandemic. The average spending for an engagement ring was around \$2,500 dollars then.*



Source: The Wedding Report, 2020.



Source: Money Geek, 2021

US\$ 5,225



Source: Readers Digest, 2024

18/06/2024

Source References: See slides 64-66

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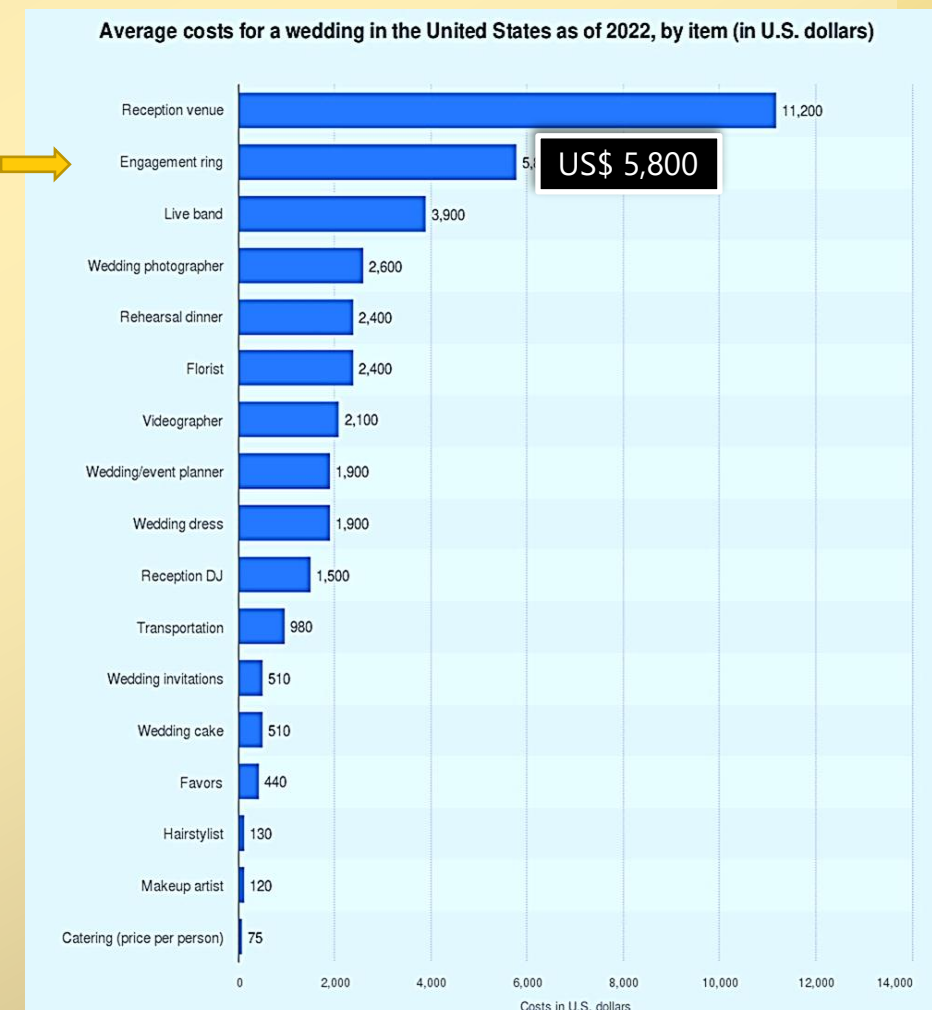
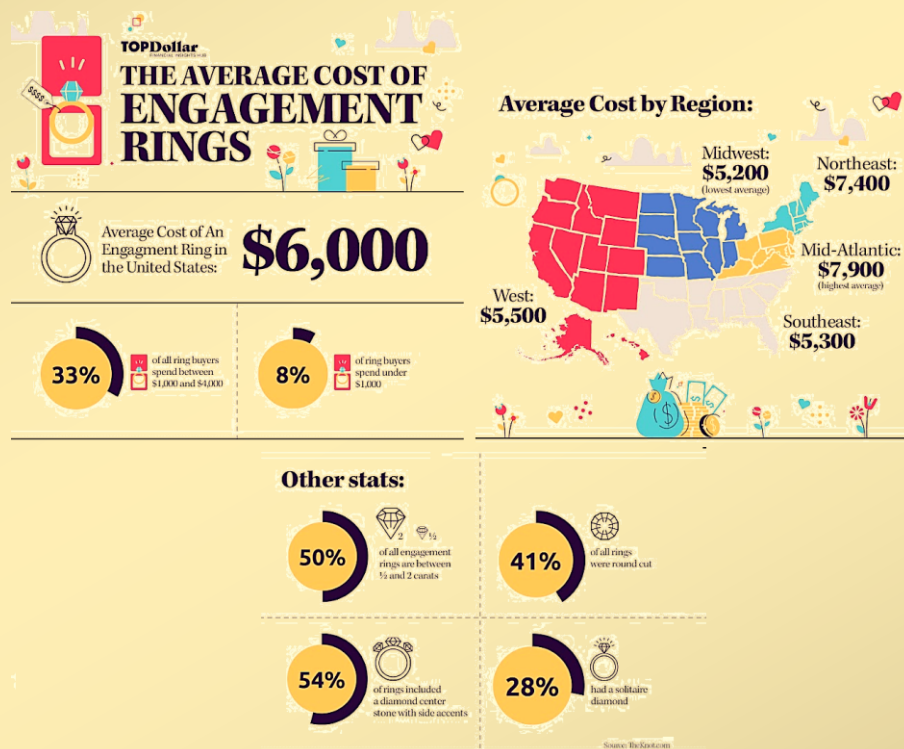
# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a love sign in marriage*

**What about the budget for wedding expenses?**

**What about the diamond engagement ring?**

- No matter what source of data we explored, the average spending on a diamond engagement ring is between \$2,000 to \$7,000 dollars. The price fluctuates depending on the point of sales.



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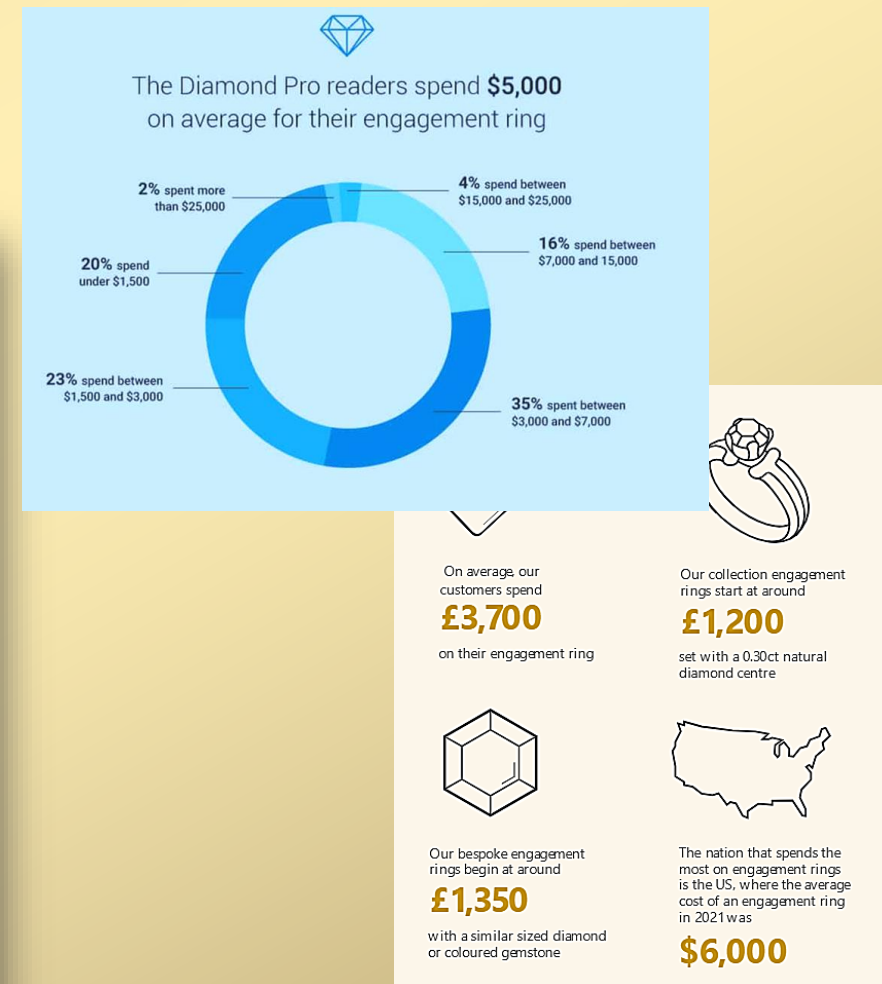
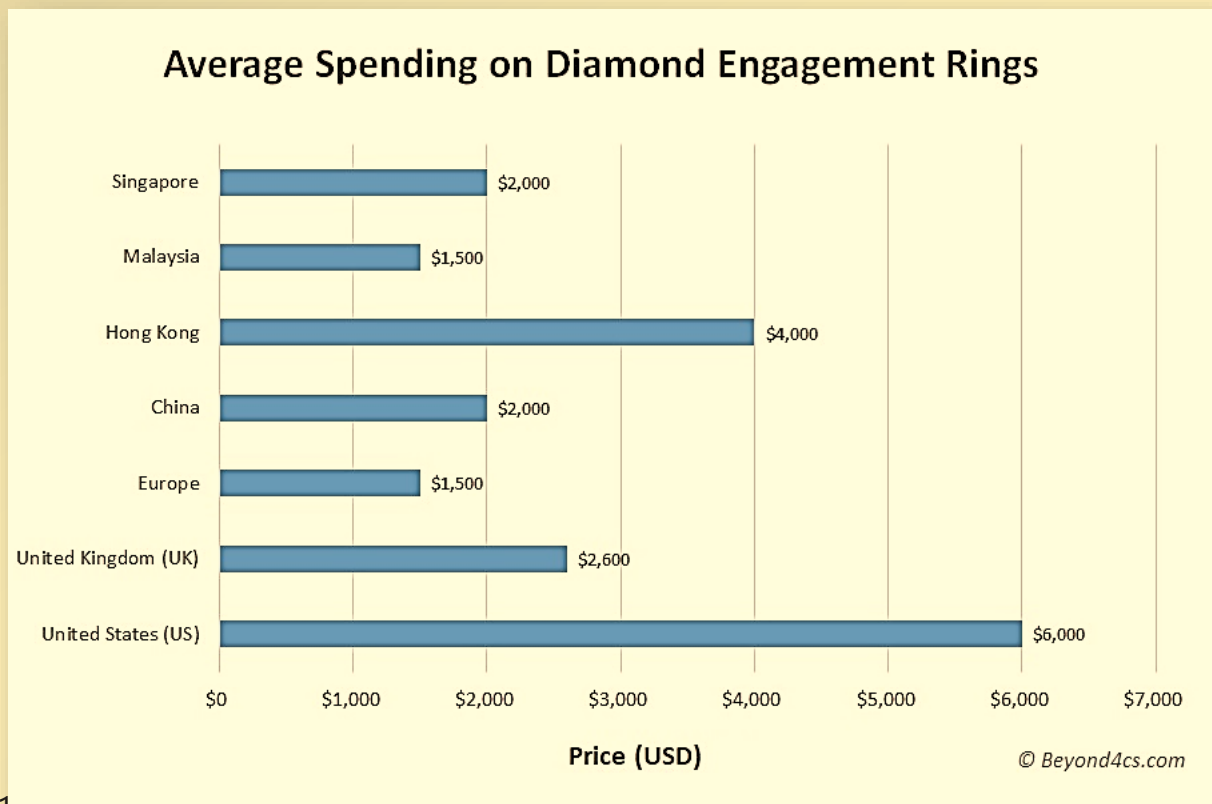
# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a sign of endearment for marriage.*

**What about the budget for wedding expenses?**

**What about the diamond engagement ring?**

- Worldwide, the amount of money that is spend in a diamond engagement ring depends on the country. The USA and Hong Kong are the places with higher values.



16/06/2024

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<https://taylorandhart.com/ring-guidance/engagement-ring-cost>





# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.*

*What is embedded in a diamond engagement ring?*

**Oppenheimer  
Blue Diamond  
\$57.5 Million**



**Orange Diamond  
US\$35.5 Million**



**Graf Pink  
US\$46.2 Million**



**KohiNoor  
Diamond  
Priceless**



**Centenary  
Diamond  
More than  
US\$100 million**



**Blue Royal  
Diamond  
US\$44 million**



**Pink Star  
\$71.2 Million**



**Princie Diamond  
US\$40 Million**



**Blue Moon of  
Josephine \$48.5  
Million**



**Hope  
Diamond  
US\$350 million**



**The Cullinan Diamonds:  
9 major stones, plus 96 minor  
brilliants and some unpolished  
fragments  
Total US\$2 billion**





# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.*

*Why is a diamond ring more than the economic value of the precious stone?*



Beauty



Love



Wealth



Power



Uniqueness



Strength



Commitment



Status



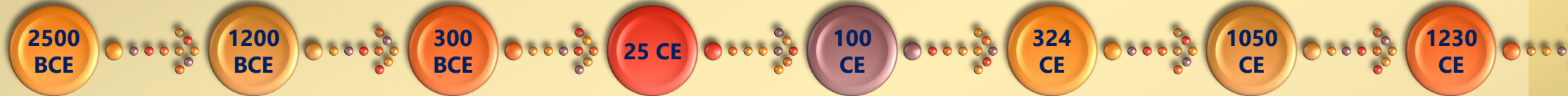


# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.*

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*Let's voyage the history of the diamonds in jewelry*



First Diamond Sighting in India. Alluvial deposits along the rivers of Penner, Krishna and Godavari. India was the source of diamonds for the Ancient world for almost 3 Millenia

Hebrews acknowledged the diamond as a very hard engraving tool and a gem-stone for a High Priest in Exodus. The diamond was associated to a meaning: God hardening his people. The Egyptian culture didn't have too much access to diamonds, or at least they preferred softer gems. Diamond tipped drills evidence in Yemen (7<sup>th</sup>-5<sup>th</sup> centuries BCE).

The word diamond is first acknowledged in Greek literature. In Greek "dama" also means conquer or tame. Diamonds were called Adamas, as unconquerable or invincible. The Adamants were mentioned in the Greek mythology (Cronus, Perseus) Plato suggested diamonds were tears of the gods. Rings with gemstones were part of the wearables in priests, rulers and high-end class in the Levant Region. Example: Ring Ai Khanoum, Afghanistan

The poet Roman Marcus Manlius celebrated the diamond as a talisman (20 CE), but also as priceless gems known only to a few kings. Romans placed so much value to diamonds, above gold. Diamonds were a charm of protection. Naturalist Pliny the Elder (died 79 CE) wrote a book about diamonds, mentioning 6 types: Indian, Arabian, Ethiopian, Macedonian, Cyprus, and the siderites

Roman emperors, senators, diplomatic people and governors always used jewelry. But diamonds imported from Southern India were presented only by the emperors. Most of the surviving Roman Diamond rings date from second half of the Third century CE. All diamonds in roman rings are used in natural, uncut state.

In 324 CE Constantine founded Constantinople. The Early Byzantine period do not show traces of historic jewelry with diamonds. Why? The Sasanian Persian empire blocked land and maritime trade around Arabia (the levant region) including the trade routes linked to India. Diamonds were used only "fit only for kings". The rise of Islam marks the 5 centuries of "Diamond Dark Age" in Europe.

Diamonds were bought in India and transported by Arab Karimi merchants through the Indian Ocean and Red Sea. Persian scholar and traveler Al Biruni (973-1048) places the diamond at the top of all other gems. *Used only by kings and emirs.* Mesopotamian rulers didn't venerate diamonds as much as Indians. They used them for drilling and for creating poison. Medieval India shows abundance production of diamond-set gold jewelry.

Venice has been traced as the place where there the industry of trading and cutting diamonds began for serving the European market. There is evidence about it from the beginning of 13<sup>th</sup> century. From Venice diamond jewelry was distributed to royal houses and members of the ruling class, and rich merchants. Marco Polo discovered that the best Indian Diamonds were taken to the Grand Khan in China and other Asian or Levant Rulers.

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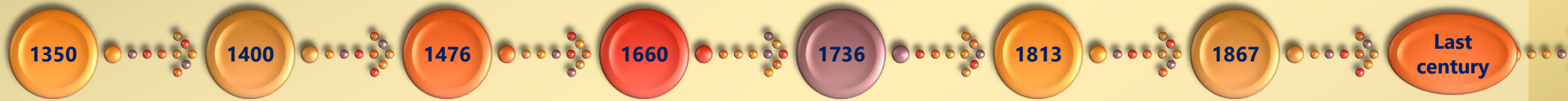


# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.*

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*Let's voyage the history of the diamonds in jewelry*



From the second half of the 14th century and onwards, diamonds became relatively abundant in the royal houses and the rich class. Men used diamond rings as gifts, diplomatic offerings, important political missions, religious wearables, brooches for ladies and promise betrothal rings. Royal Women in Europe started to wear diamonds. It coincides with the Polishing-cutters introduction in Europe.

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The wearing of diamonds by royal ladies was chic enough within people of rank, that in 1444 even Agnes Sorel "non royal" had them. Agnes was the mistress of Charles VII of France. The archduke Maximilian of Austria proposed to Mary of Burgundy with a Diamond ring, symbolizing his betrothal.

Bercken (1476) invented the "Scaife" and a new geometrical design in diamond polishing: the Rose. The Antwerp diamond exchange was established. The females of the Medici Family used diamonds as their powerful propagandistic dynastic brand during the Renaissance

Peruzzi invented the Brilliant-cut of diamonds. Cardinal Mazarin (France) had numerous brilliant diamonds with cuts called Mazarines. Diamonds were worn as a symbol of wealth all over Europe. During the renaissance period, most of cutting and polishing techniques were developed.

By the end of the 17th century, it was clear that diamonds were meant to sparkle, to shine; and London took the spotlight as the major diamond-cutting center. Louis XV crown coronation in 1722 shows the evidence of the sophistication of cutting experts of the epoch. England increased diamonds trade from India. Jewish dealers arose. Brazilian diamond mines were also discovered by 1722.

Amsterdam diamond cutters disrupted and outperformed London and competed in quality with a lower cost. Trade of Diamonds in the Netherlands was highest, because of the Brazilian vast influx of its diamonds, which were sold at least 10% less than in London.

Diamond mines were discovered in South Africa. The South African Diamonds were discovered in 1866. The boom of diamond industry began, with the modern technologies of the 1<sup>st</sup> industrial revolution. South Africa produced 95% of the world's diamonds. India was being eclipsed by the diamonds coming from Brazil and then South Africa.

New mines of diamonds were discovered in Africa: Namibia, Botswana, Zimbabwe, The Congo, Angola, Sierra Leone and elsewhere. Russia also discovered the main mines that are currently under exploitation. The 4Cs grading standards were settled: Cut, Color, Clarity and Carat. DeBeers launched "A Diamond is forever".

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# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.*

*Let's see the quality of the jewelry designs and diamond cutting by the 14th century*

- The Palatine or the Bohemian Crown was part of the Dowry of Princess Blanche daughter of England's Henry IV, who married Ludwig II in 1402. Crown originally owned by Anne of Bohemia.
- This Crown is "perhaps the only surviving piece of the 1,200 jewels listed in the King's inventory".
- This piece of jewelry shows us how diamonds were treasured and used in Europe, even before the Renaissance period.
- During the Renaissance, diamonds took European nobility and kingdoms as the first and premium most remarkable gem.
- The significance of the European diamond era was installed with values beyond power and wealth.
- The user of the diamond was considered above in status to those who didn't wear jewels. The diamond was a symbol of highest rank, merit, eminence, prestige or standing greater than anyone else by wearing them.
- The diamond quality and figure denoted the value of the one who use it: in terms of Highest status.
- The brilliance of the diamonds destined the beauty, splendor, romance, the greatest expression of finesse and love to anyone who admired them.



*Detail of the Crown: pearls and diamonds elaborated by John Palyn for Anne of Bohemia .*

*The Crowne of the Princess Blanche or the "Palatine Crown, or the Bohemian Crown", Paris (1370-80)*







# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to explore a CVP to explore the market of the brides who wish a diamond engagement ring.*

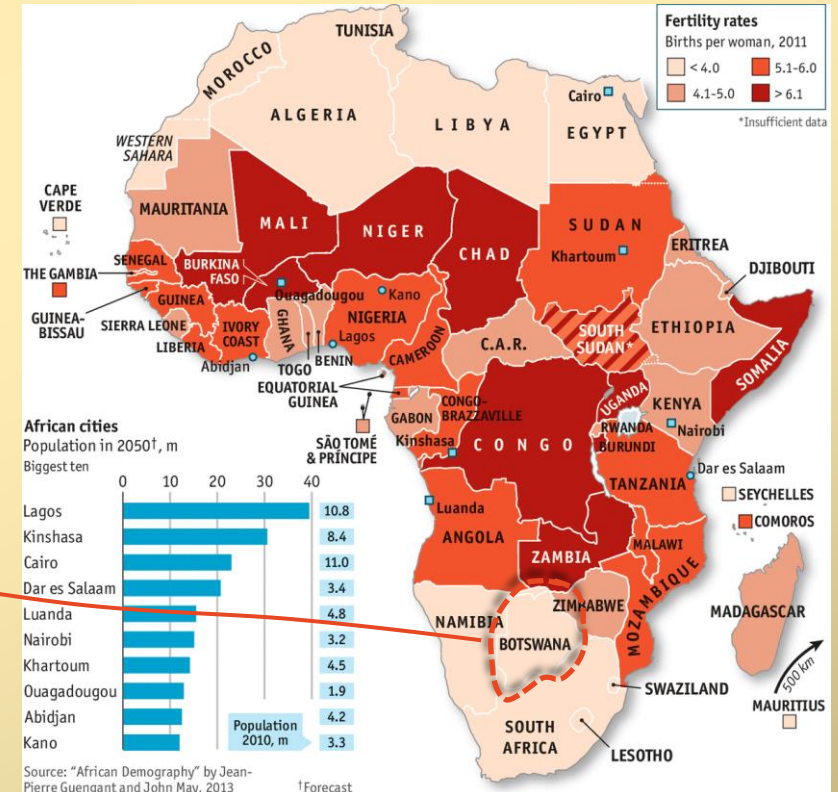
*The entrepreneurs wish to do business with diamonds extracted from Botswana.*

**Botswana is best known for the high quality of its diamonds.**

- Land Area: 581,730 sq km
- Population: 2.6 million (UN 2022 estimate)
- Capital: Gaborone
- Climate: Subtropical
- Languages: Setswana and English
- Currency: Pula
- GDP: US\$ 20.36 Billion
- Poverty headcount ratio at \$2.15 a day was 15%
- Economy stands out because of diamond production
- Botswana found diamonds in its territory around 70 years ago, and it is now one of the best sources of diamonds in the world
- Since 2005 it has been classified as a UMIC (Upper Middle Country) by the World Bank.



**Botswana is located at the center of Southern Africa, positioned between South Africa, Namibia, Zambia, and Zimbabwe.**







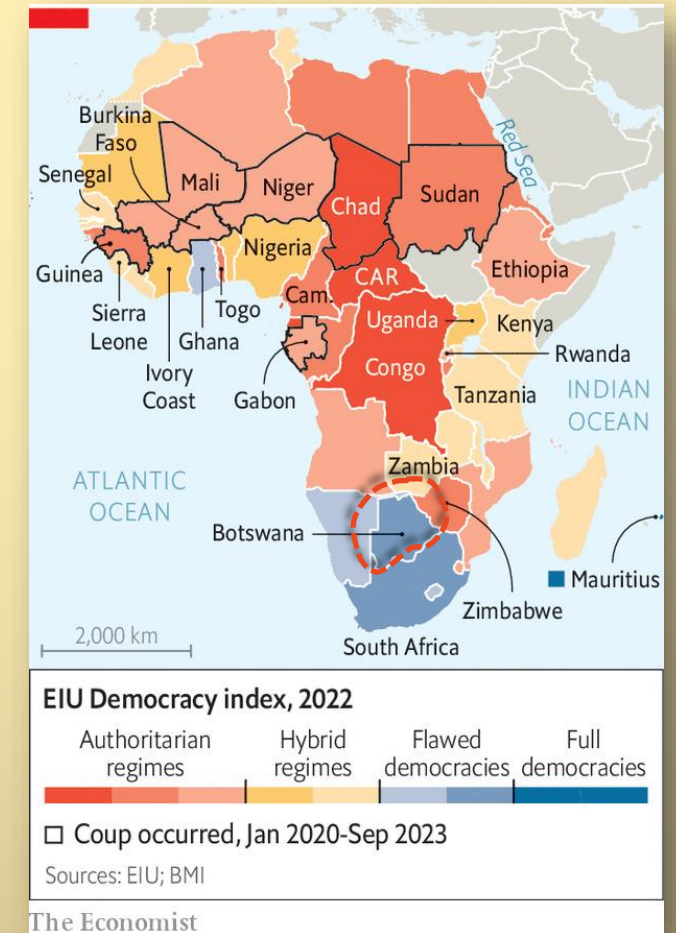
# Value Propositions: Theory and Cases.

*The entrepreneurs' integral squad have contacted us to explore a CVP to explore the market of the brides who wish a diamond engagement ring.*

*The source of diamonds for our engagement rings has been chosen. Botswana.*



- Our entrepreneurs' squad are interested to do business with one of the fastest growing economies all over the world, who became a lower middle-income country in less than 40 years. In 1966, Botswana was one of the global poorest countries at independence in 1966, and it has become an example of economic transformation in Africa.
- Botswana has historically been anchored in prudent macroeconomic policies and solid economic institutions. It is considered an example of democracy (World Bank)
- Multidimensional Poverty is 17.2%, while an additional 19 % is classified as vulnerable with high intensity of deprivation (42.2%)
- Botswana exports show 97% of high dependence on the capital-intensive mining sector. Most of its diamonds are exported in rough form, which means that its formula of success is still of an "extractive industry", like the mercantilism model.
- Three-quarters of Debswana's production, which was 24 million carats in 2022, is sold to De Beers. Botswana supplies 70% of De Beers' rough diamonds.







# Value Propositions: Theory and Cases.

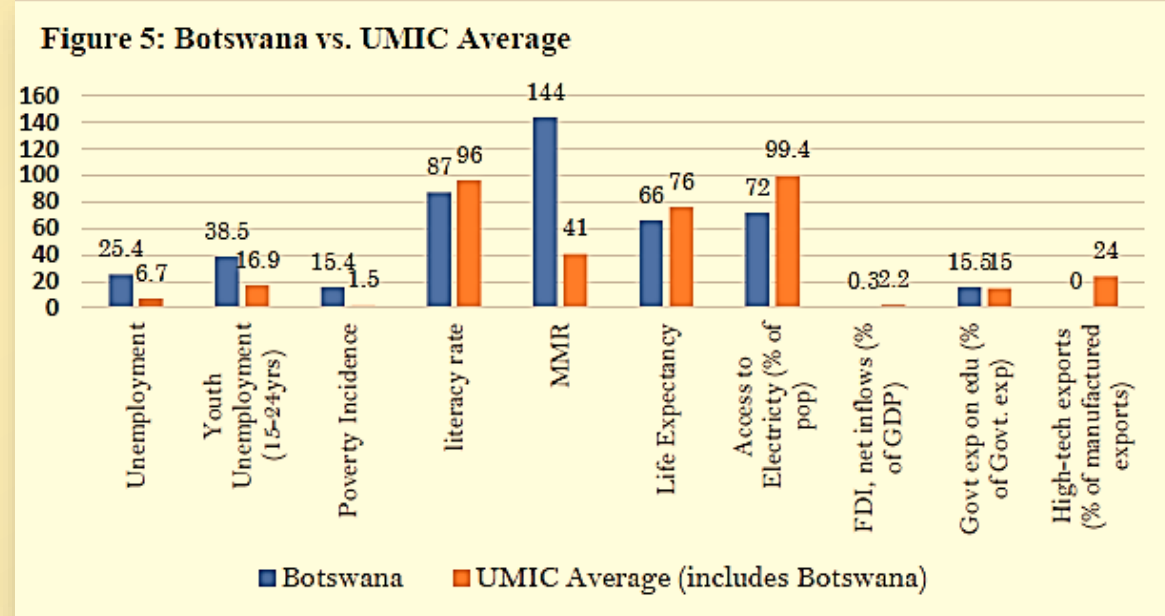
***Our entrepreneurs' squad are interested to understand why Botswana is the best place to build their business model.***

***Let's look at the situation of Botswana: It is a country with all the World Bank Indicators of an Upper Middle Country (UMIC). But it has 17.2% of people living below \$2.15/day with an additional 19.7% classified as vulnerable to multidimensional poverty. Why is this discrepancy happening?***

According to United Nations last country Report (2023), an upper middle-income country (UMIC) shouldn't typically have such high levels of unemployment and multidimensional poverty.

For all intents and purposes Botswana development performance and status is more akin to lower middle-income and low-income countries even though the average per capita GNI propels it to the UMIC category.

Therefore, Botswana's quest for attaining high-income status should be supplemented by an equally strong emphasis on (i) reducing inequalities, and (ii) improving performance against a range of development indicators/goals.



Source: <https://botswana.un.org/en/245825-botswana-2023-cca-update>

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# Value Propositions: Theory and Cases.

***The idea to sell engagement rings with diamonds sourced from Botswana.***

***The entrepreneurs believe that Botswana diamond industry deserves a much better way to transform the multidimensional poverty indicators. Additionally, the traditional diamond industry is being disrupted by its main competitors: the lab grown diamonds.***

***First, let's understand how diamonds are mined.***

Debswana owned  
Orapa Mine,  
Botswana



## **Open Pit mining**

- Removing layers of sand and rock found just above kimberlite
- Most of Russia's diamond production has been from open pit mines

## **Underground mining**

- Miners tunnel through Earth's crust to the kimberlite pipe
- Underground mines used in Australia to extend life of open pit mine

Jubilee mine in  
Sakha, Russia.



Alluvial Mining in  
Sierra Leone



## **Alluvial Mining**

- Diamond deposits removed from kimberlite source and deposited in river beds, etc.

## **Marine Mining**

- Extracting diamonds from the seabed, hundreds of meters under water
- Coast of Namibia is the richest known source of marine diamond deposits

Debmarine,  
Namibia Coast





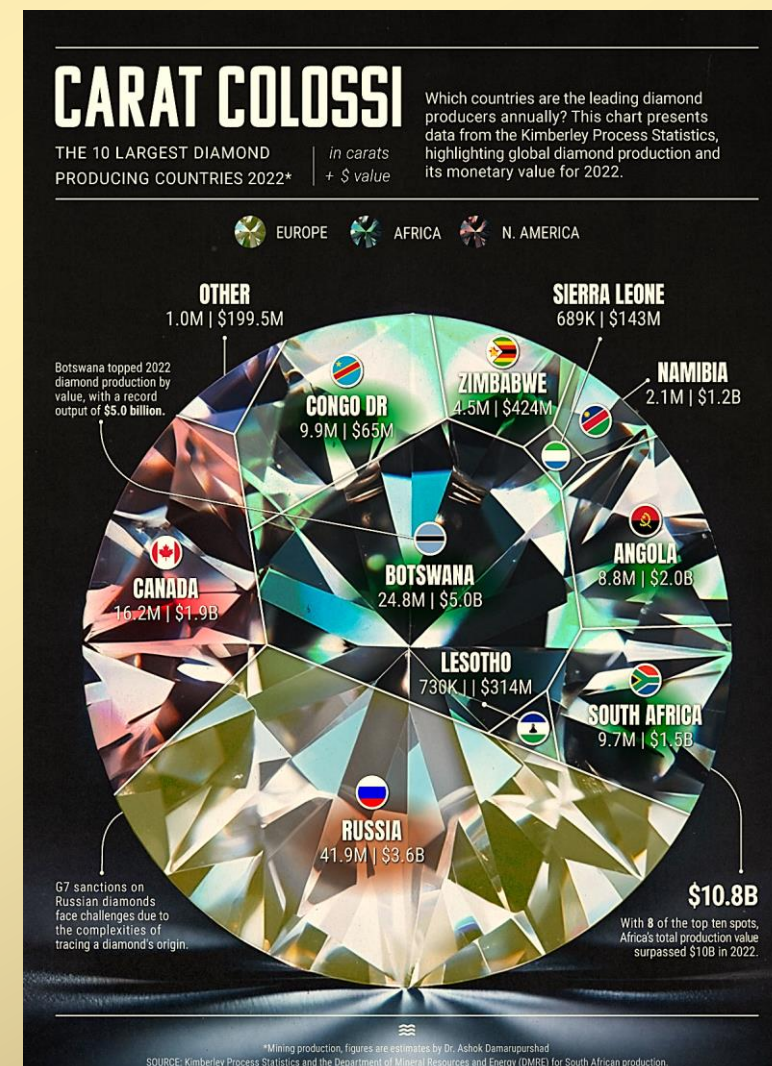


# Value Propositions: Theory and Cases.

*The idea to sell diamond engagement rings sourced from Botswana origin: why from there, if there are more potential suppliers?*

*Only 22 countries in the world engage in rough diamond production—also known as uncut, raw or natural diamonds. Let's explore the top ten (data 2022).*

Country	Rough Diamond Value (\$million USD)	Rough Diamond Production (million Carats)
Botswana	4,975	24.8
Russia	3,553	41.9
Canada	1,877	16.2
DRC Congo	65	9.9
South Africa	1,538	9.7
Angola	1,965	8.7
Zimbabwe	424	4.5
Namibia	1,234	2.05
Lesotho	314	0.73
Sierra Leone	143	0.69







# Value Propositions: Theory and Cases.

## *The idea to sell diamond engagement rings sourced from Botswana*

*The entrepreneurs “feel” that there must be a reason beyond diamond economics of why DeBeers company is working in Botswana*

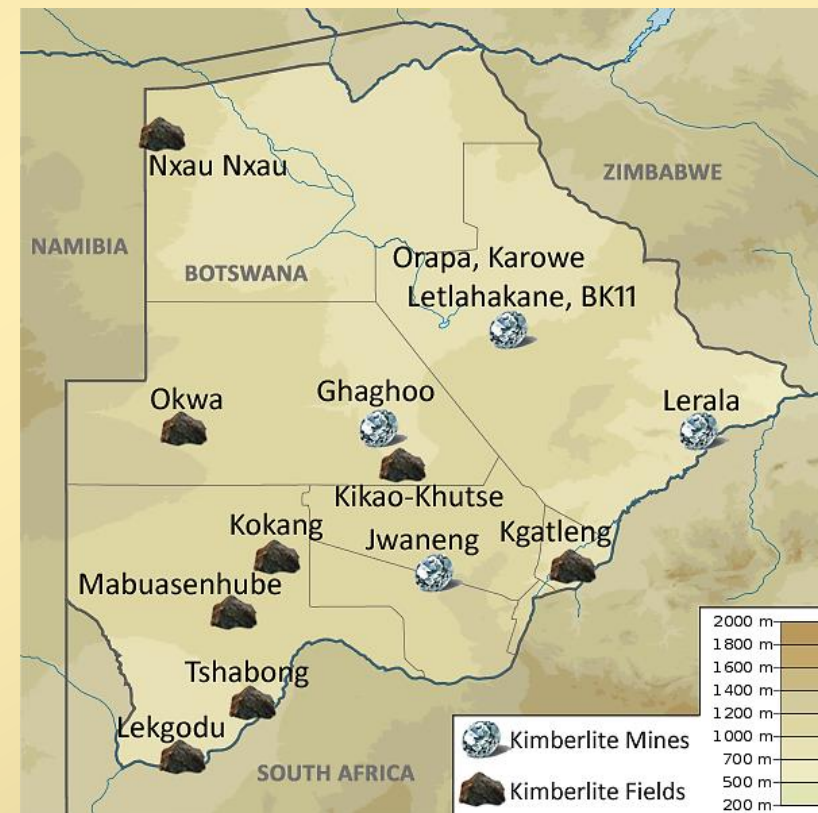
- Botswana history is tied to Great Britain colonization in Africa.
- Before its independence in 1966, Botswana was a British Protectorate known as Bechuanaland. As we mentioned before, Botswana was one of the poorest and least developed states in the world.
- The dominant ethnic group has been the Tswana, or the Bechuana People (2/3 of the total population are Tswana).



- 50% of Botswana people have accepted Christianity, with several Christian denominations.
- The economic structure of Botswana is on next page

The 5 main operating mines in Botswana are using the Mine Method of Open Pit Extraction: These are:

- Jwaneng Mine
- Orapa Mine
- Letlhakane Mine
- Karowe Mine
- Damtshaa Mine



**Map of main Diamond mines in Botswana**



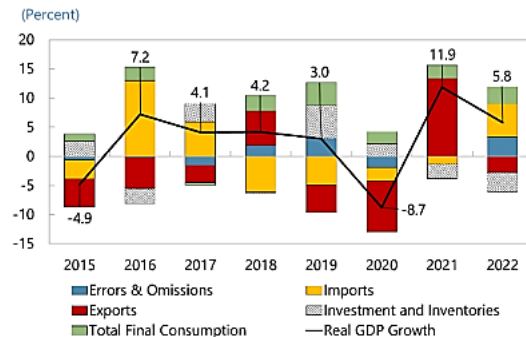


# Value Propositions: Theory and Cases.

*The idea to sell diamond engagement rings sourced from Botswana*

*The entrepreneurs “feel” that there must be a reason beyond economics of why DeBeers company is working in Botswana*

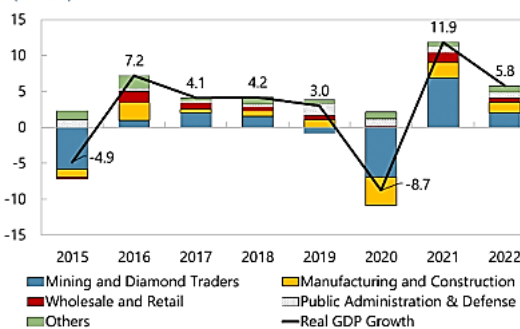
Contributions to Real GDP Growth: Demand Side



Sources: Bank of Botswana, and IMF staff calculation.

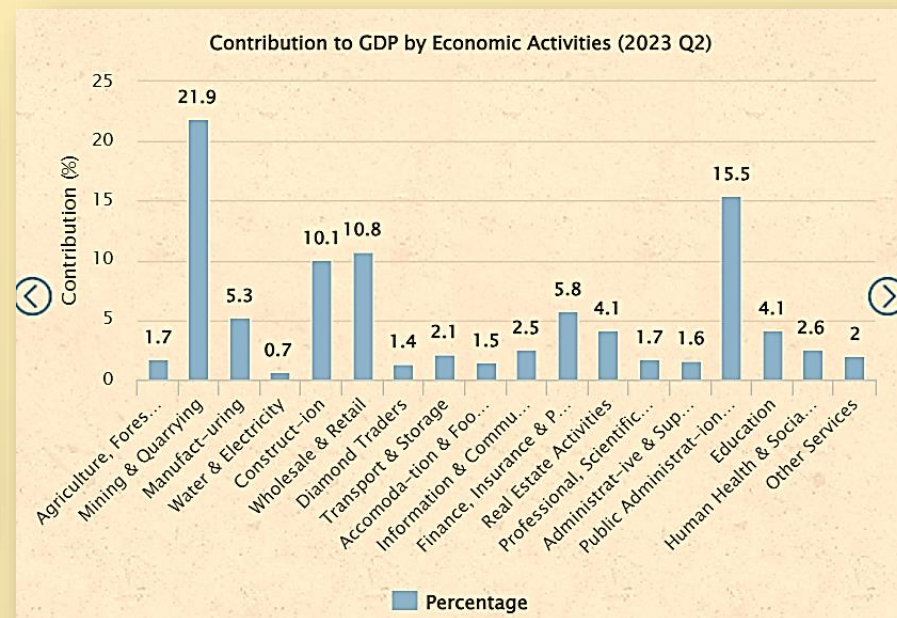
Note: positive contribution of imports means negative growth.

Contributions to Real GDP Growth: Supply Side



Sources: Bank of Botswana, and IMF staff calculation.

Note: positive contribution of imports means negative growth.



**Contribution of economic sectors to GDP (2nd Quarter, 2023)**

**Botswana mining sector development was only possible because the Botswana State had ownership stake in all major mining operations since its origins.**

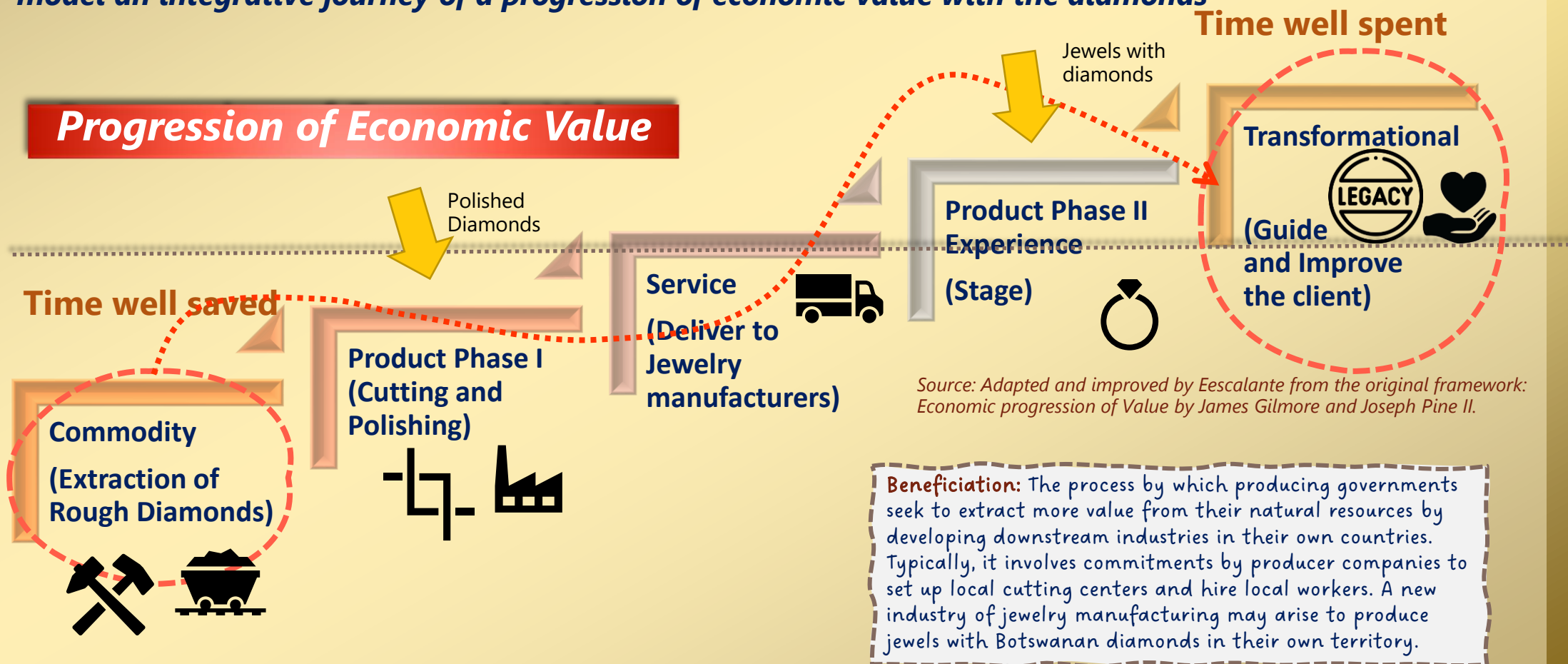




# Value Propositions: Theory and Cases.

*The idea to sell diamond engagement rings sourced from Botswana*

*The entrepreneurs are following their intuition: Botswana may become the place where they can role model an integrative journey of a progression of economic value with the diamonds*







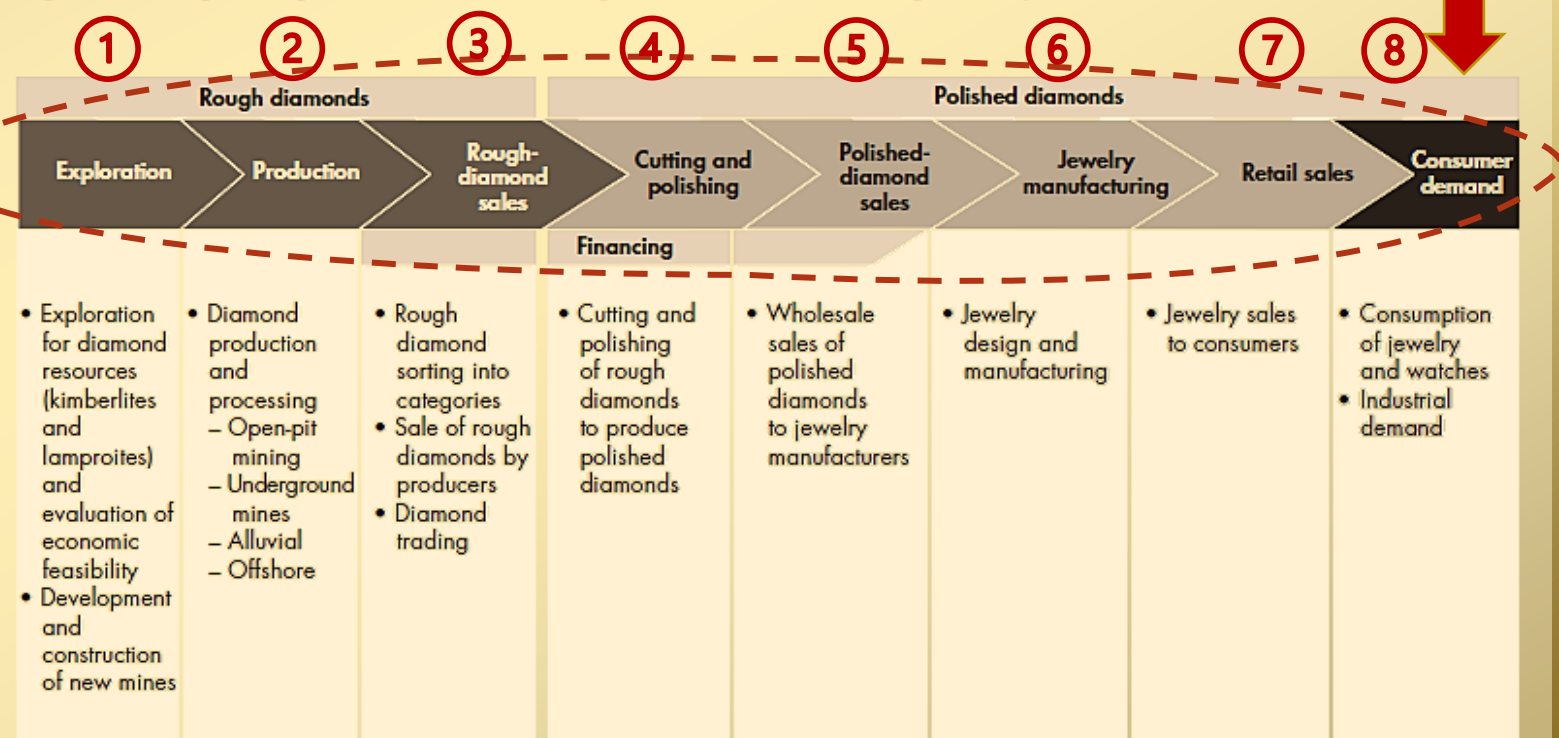
# Value Propositions: Theory and Cases.

***The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.***

***If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different than DeBeers.***

- The entrepreneurs wish to sell diamond engagement rings to a segment of the population that can't afford a \$6,000 ring in one shot. Particularly the intended husband-to-be segment of the population who earns between \$700 to \$1,200 dollars per month?
- The idea of the entrepreneurs is to sell diamond engagement rings to grooms who will propose their fiancées for first time marriages.
- The segment of our buyers is a composite of 2 decision-makers: The bride chooses the design and the look of the ring, while the groom is the one who pays for it.
- The decision of the payer (husbands to be) is economic. The decision of the user (the bride) is the selection of the ring.
- This exercise implies two CVPs: one for the bride, and one for the groom. And then we complement both in one.

**Figure 15: Eight stages from "mine to finger": the world of rough and polished diamonds**







# Value Propositions: Theory and Cases.

*The idea to sell diamond engagement rings produced in Botswana is aligned with the transformational value*

*If the entrepreneurs' squad wish to develop a value proposition for diamond engagement rings coming from Botswana, they can't ignore the entire value chain in their analysis. Why? Because of economic reasons.*

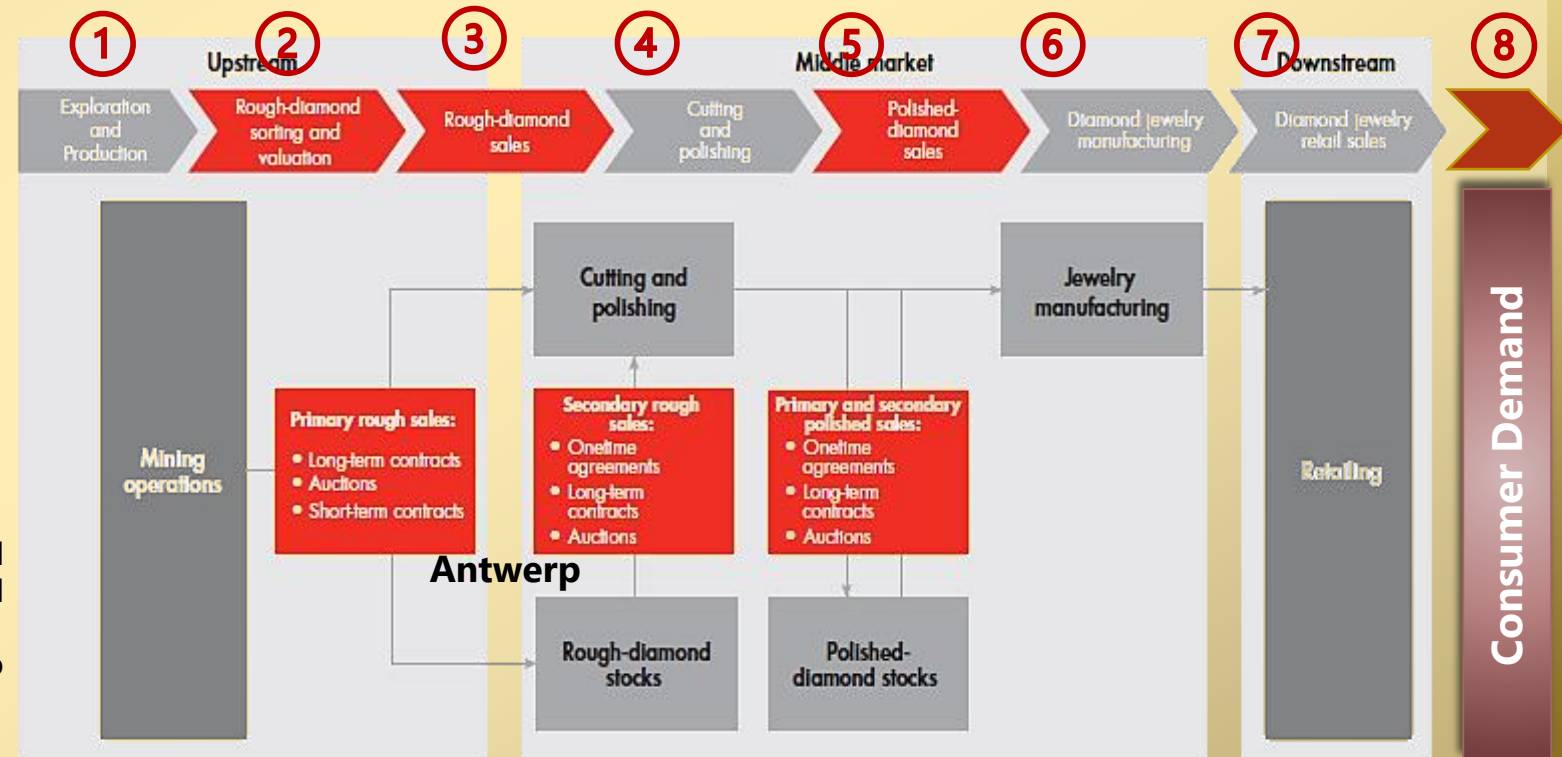
*Let's explore the journey from the mine to the finger ring.*

The industry of diamonds production has three big stages:

1. Upstream
2. Middle Market
3. Downstream

Each phase has several players or corporations that participate in the business.

Each natural diamond once sold by the miner produced, at the upstream stage; is bought by the intermediaries who then resell it rough to cutters and polishers located in several countries in the world. The polished diamond stocks are then sold to jewelry manufacturers, which assembled into the jewelry. Finally, once the jewel is finished, it goes to retailers (online or stores) where is sold to the end consumer.







# Value Propositions: Theory and Cases.

*The idea to sell diamond engagement rings produced in Botswana is aligned with the transformational value*

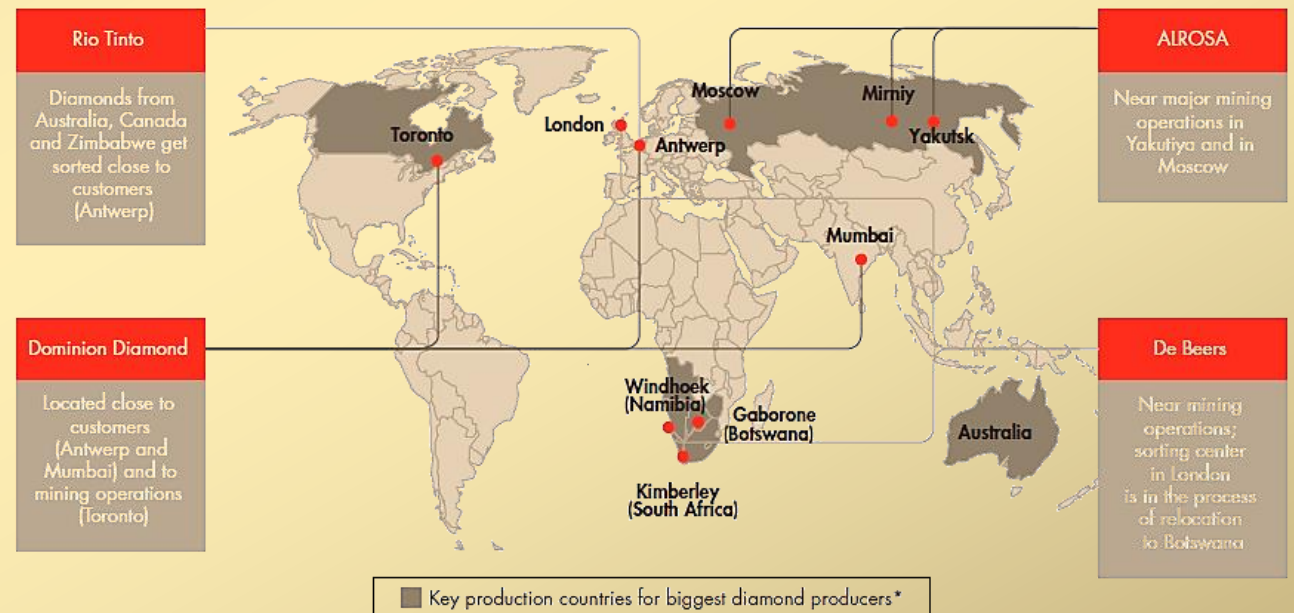
*Botswana already has a sorting center in Gaborone.*

## **Are the entrepreneurs right in their assumptions?**

Botswana has been slowly developing an integrated one-stop shop diamond country: From the mine to the finger. What is still missing?

- The Polishing-Cutting efficient core business that can outperform Indian cutters.
- And the jewelry manufacturing

*Figure 6.3:* The sorting centers of the biggest producers are typically located in regions of mining operations and close to customers



\*Canada serves as a production country for three major producers: Dominion Diamond, Rio Tinto and De Beers  
Source: Company data; Bain analysis

Source: *The Global Diamond Report 2013* | Bain & Company, Inc.





# Value Propositions: Theory and Cases.

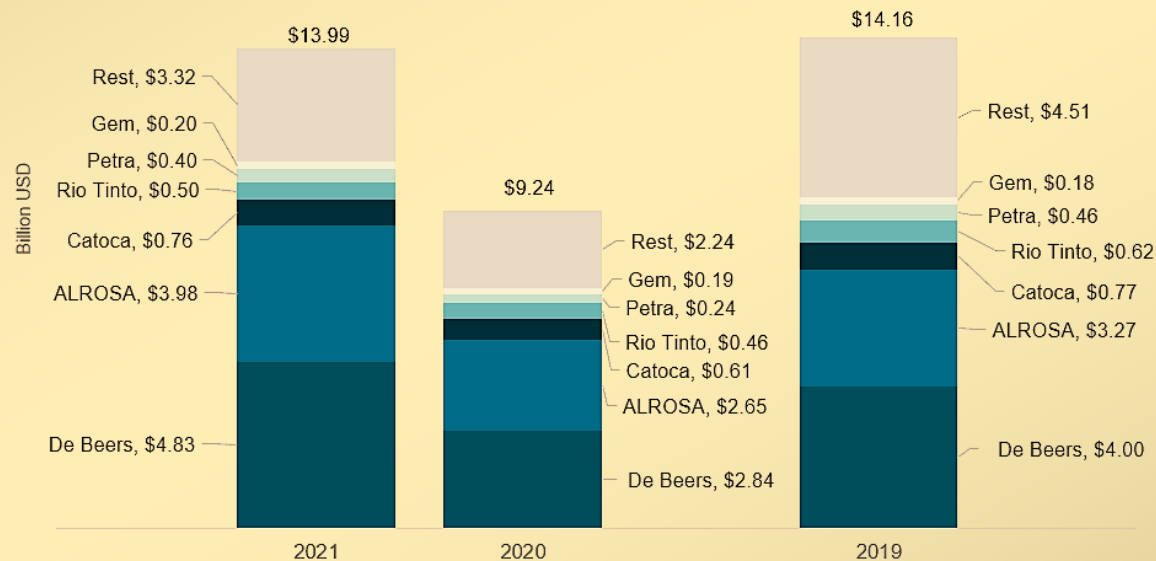
*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

Let's explore who are the miners, the producers of the rough diamonds in the world.

① ②

**A Strong Rebound in Diamond Sales Post COVID**  
Miners' Rough Diamond Sales



Source: KP, company reports, Edahn Golan analysis

EdahnGolan.com EG

The mining companies are involved in three type of activities:

1. Ore excavation
2. Processing
3. Extraction





# Value Propositions: Theory and Cases.

*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to develop a value proposition for diamond engagement rings coming from Botswana, they have to understand the role of Antwerp in the system.*

3

## **What means Antwerp in the development of the Value Proposition?**

- Antwerp was the main center of diamond history that represented diamond cutting, polish and trading of rough diamonds transported from Asia (India) to Europe passing through Arabia. Antwerp is one of the three traditional centers for the purchase and trade of the rough diamond production coming from the mines.
- The new emergent diamond hubs for polished diamonds are Dubai, Hong Kong and Mumbai.
- In the year 2011, 80% of the world's rough diamond volume was traded in Antwerp. Diamonds are shipped from the mines to Antwerp, where these are sorted. Then the diamonds are shipped to Asia for cutting and polishing.
- Antwerp has four diamond bourses or exchanges, five diamond banks and more than 1500 companies that conduct diamond business and provide different type of services to the industry, in each of the 8 stages of its value chain.
- Anyone who wishes to work in the diamond industry must acknowledge Antwerp players and its importance. Particularly if the business model can change to help countries as India.

*Antwerp's diamond district, also known as the Diamond Quarter (Diamant Quartier), and nicknamed the Square Mile, is an area within the city of Antwerp, Belgium.*







# Value Propositions: Theory and Cases.

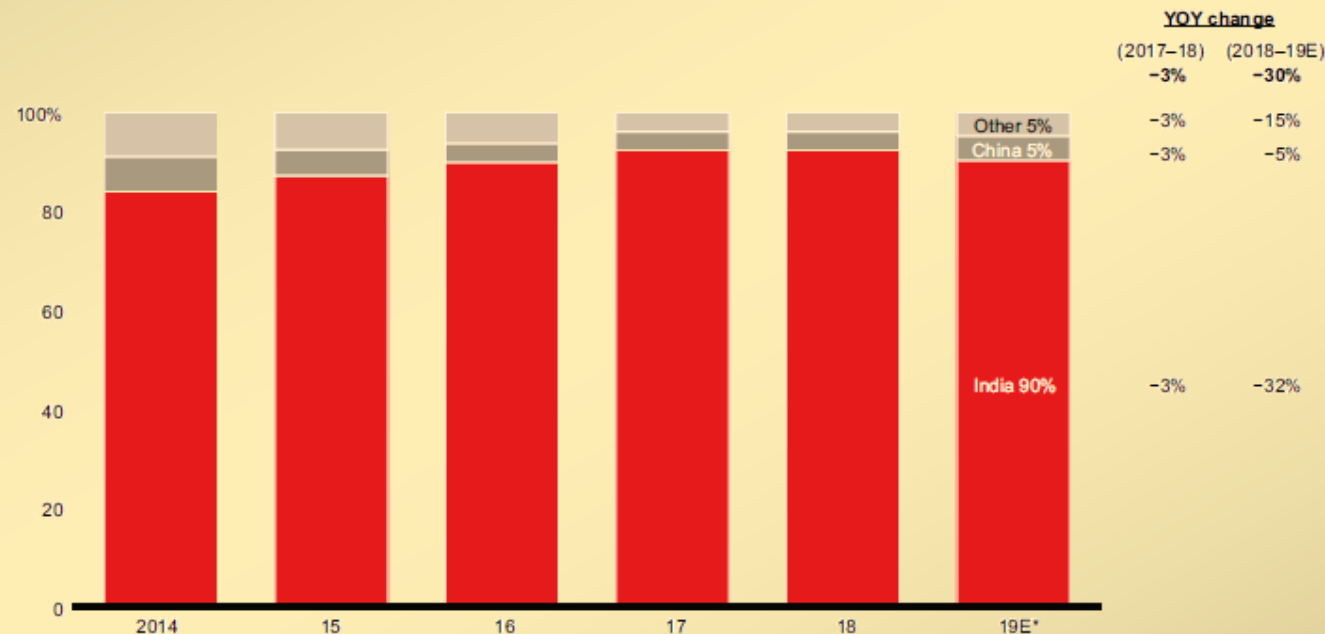
*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

Let's explore who is the top in cutting and polishing diamonds in the world? INDIA. But watch China.

4

Net import of rough diamonds to cutting and polishing countries, \$



*Ten years ago, India held the cheapest cutting/polishing cost per carat. Things have not changed yet in 2023, particularly after the pandemic. But India is losing money by charging too low.*

Cutting Centre	Approximate Cutting and Polishing Cost USD/Carat	
	2008	2013
Canada	125	140-180
Botswana	45-125	60-120
Namibia	45-125	60-140
South Africa	60-100	130-150
US	110	300
Belgium	120	150+
Israel	47-55	140-300
Far East	15-35	20-50
India	6-50	10-50

\*Estimated based on eight months in 2019  
Sources: Gem & Jewellery Export Promotion Council; International Trade Centre; Antwerp World Diamond Centre; China Customs Statistics; Israeli Central Bureau of Statistics; expert interviews, Bain & Company





# Value Propositions: Theory and Cases.

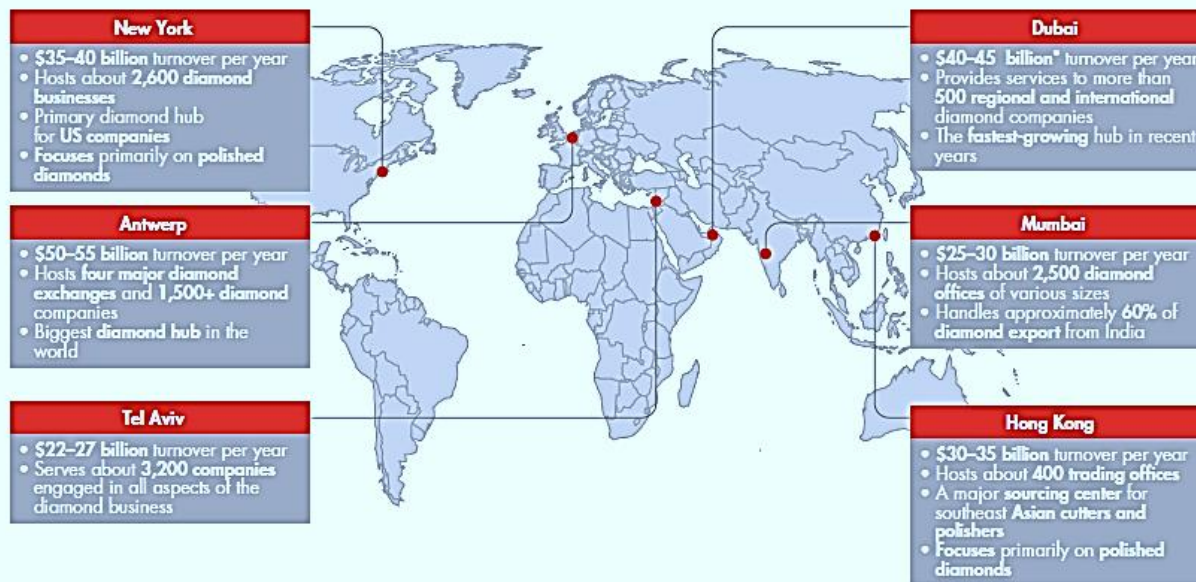
*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

**Let's explore how do polished diamonds travel to the hands of the jewelry manufacturers?**

5

Figure 7.4: There are six major diamond hubs in the world



\*Based on latest available figure (2011)  
Source: Diamond exchanges web sites; publication analysis

- Once diamonds were cut and polished in India, for centuries these gems journeyed to Antwerp in Belgium. Antwerp was the undisputed center of polished diamonds. It is not the case anymore, despite that keeps its leadership for diamond trade.
- Nowadays, more than 50% of the sales of polished diamonds take place in the central or regional offices of diamond cutters and polishers. Buyers can also go to India or Hong Kong.
- There are 6 major polished diamond hubs in the world for jewelry manufacturers: Antwerp, Dubai, New York, Hong Kong, Mumbai and Tel Aviv.
- Polished diamonds exhibitions take place in Basel and Las Vegas too.
- Online exchanges of polished diamonds have emerged and settled as an alternate venue for trade
- Pricing depends very much on the combination of weight, color, shape and cut





# Value Propositions: Theory and Cases.





































*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

Let's explore some of the different characteristics of diamond cuts available: this work is done in India mainly.

*Figure 7.7:* The many different characteristics of diamonds yield thousands of possible diamond types

5

Carat/ Weight														
	0.25	0.50	1.00	1.25	1.50	1.75	2.00	2.50	3.00					
Color														
	Exclusive White+	Exclusive White	Rare White+	Rare White	White	Slightly tinted white+	Slightly tinted white	Tinted white+	Tinted white	Tinted color				
Clarity														
	IF	VVS1 / VVS2	VS1 / VS2	SI1 / SI2	P1	P2	P3							
Cut														
	Emerald	Heart	Marquise	Oval	Pear	Princess	Round							

- Pricing polished diamonds depends very much of the mix of weigh, color, shape and cut.
- Grading of each polished diamond is carried out by independent gemological laboratories to each Stone they examine.
- The USA, China and India, have driven the diamond jewelry sales growth over the past years.





# Value Propositions: Theory and Cases.

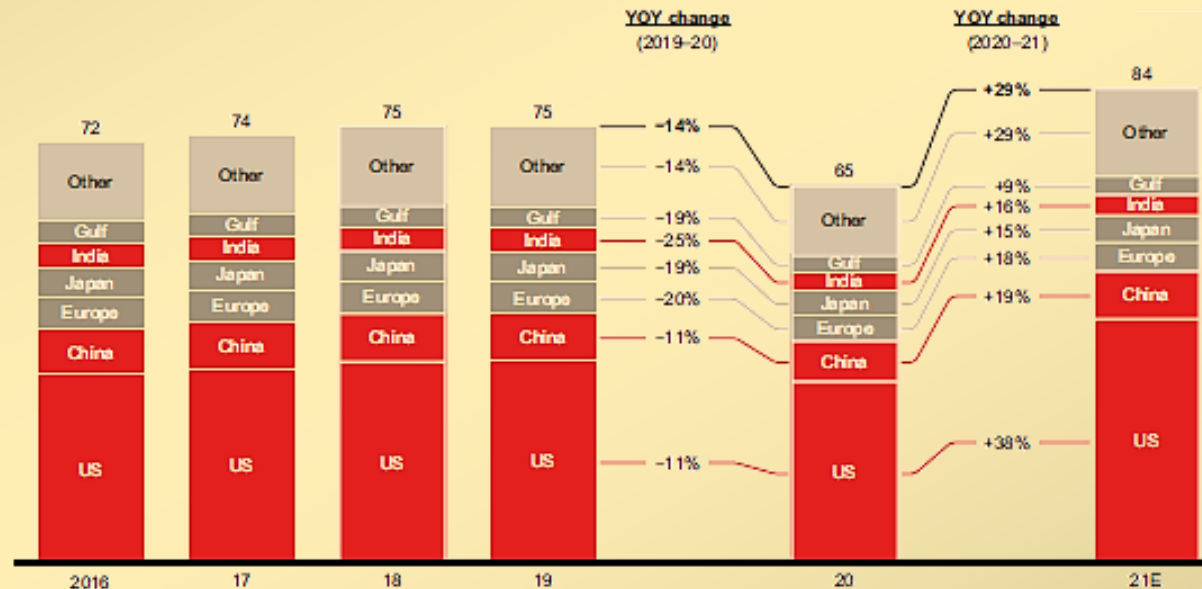
*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

**The Jewelry manufacturing industry is highly fragmented.**

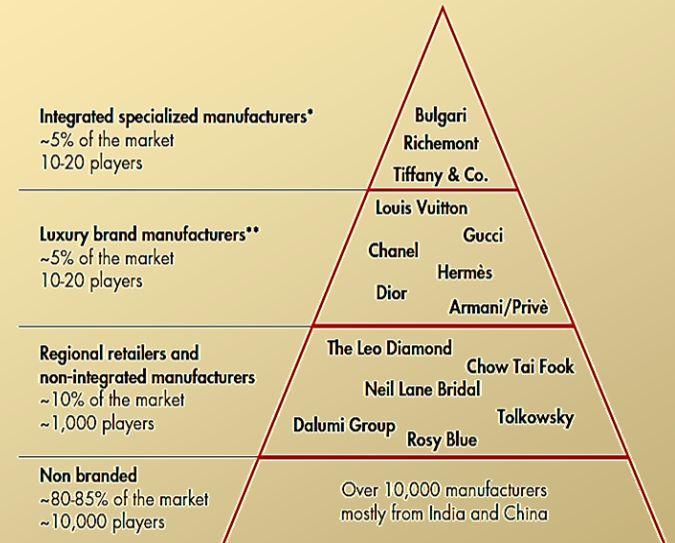
**Figure 16:** Despite the downturn in 2020, key markets grew dramatically in 2021 and exceeded 2019 results

Global diamond jewelry retail sales, \$ billions



Notes: China includes Hong Kong; Gulf includes Saudi Arabia, United Arab Emirates, Oman, Bahrain, and Qatar  
Sources: Publication analysis; Euromonitor; the Bureau of Economic Analysis of the US Department of Commerce; company data; National Bureau of Statistics of China; expert interviews; Bain & Company

- There are two categories of jewelry diamond manufacturers: branded or luxury, and unbranded.
- At the top level of the pyramid, we find the luxury integrated integrated specialized manufacturers, where Tiffany is leading market share player
- Non branded manufacturers are usually from India and China, and are most of the players, covering at least 80% of the market.



\*Specialized global jewelry manufacturers with annual sales above €100 million integrated into retail  
\*\*Branded manufacturers of luxury goods with jewelry not being core commodity group  
Source: BerenbergBank's company reports, Bain analysis





# Value Propositions: Theory and Cases.

*The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.*

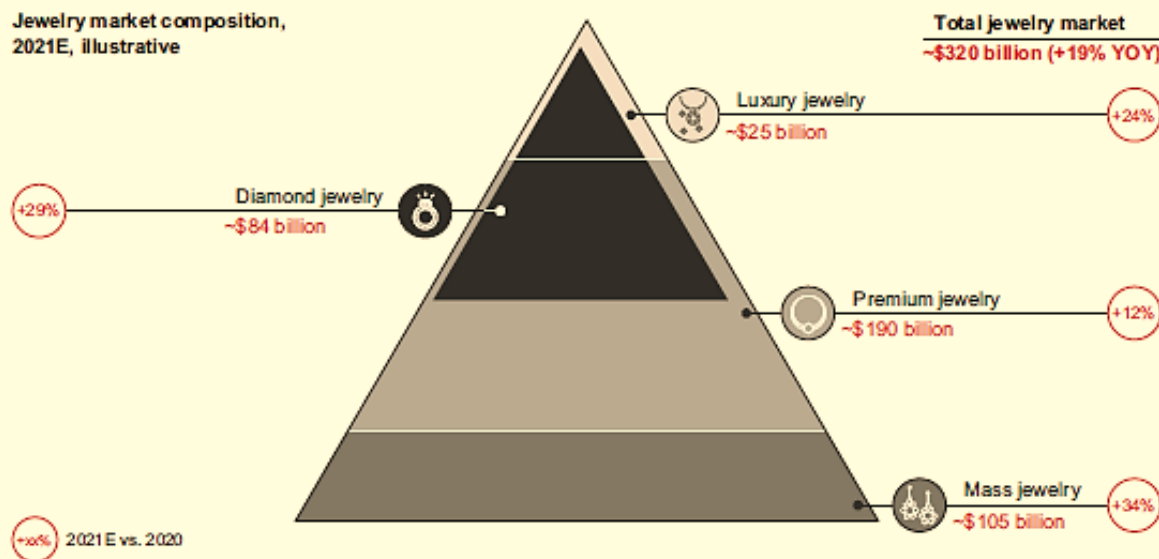
*If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.*

Let's explore what occurs with the jewelry manufacturers.

6

**Figure 18:** In 2021, diamond jewelry outpaced most other jewelry segments, thanks to strong performances in Asia and the US

Jewelry market composition, 2021E, illustrative



Notes: Luxury jewelry is manufactured with precious metals by luxury brands and sold primarily in high-end department stores, fashion boutiques, and online; premium jewelry is manufactured with precious metals or gemstones and sold through department stores, fashion boutiques, brand retail stores, and online; mass jewelry refers to other jewelry, including costume jewelry; the size of each shaded area in the triangle corresponds to the estimated market size in 2021.  
Sources: Publication analysis; Euromonitor; company data; National Bureau of Statistics of China; expert interviews; Bain & Company Luxury Goods Worldwide Market Studies 2020-21; Bain & Company

- Diamond jewelry represents around 30% of all jewelry sales. The total jewelry market is valued in 320 billion USD (data 2021).
- The US is the country with more demand, followed by China.

## GLOBAL NEW POLISHED DIAMOND DEMAND SHARE BY GEOGRAPHY

(% of global demand value in USD)

	2019	2020	2021	2022
US	46%	49%	52%	53%
China*	16%	13%	14%	12%
India	11%	9%	8%	10%
Japan	4%	4%	3%	3%
Gulf	6%	5%	5%	5%
Rest of World	19%	20%	17%	17%

\* Includes Mainland China, Hong Kong and Macau



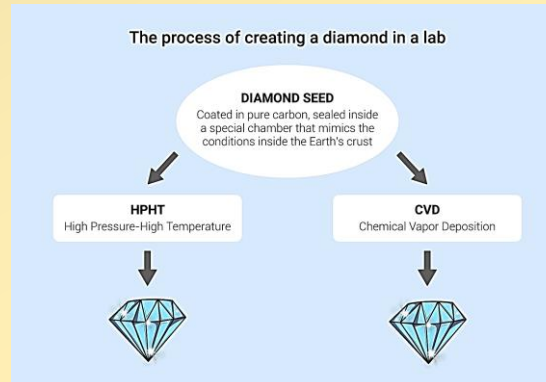


# Value Propositions: Theory and Cases.

***A CVP for a diamond engagement ring made in Botswana must consider the substitutes of natural mined diamonds: the lab-grown diamonds (called synthetic diamonds) and other similar gemstones (like zirconium) or moissanites.***

***Which are the cheaper substitutes of the diamond engagement rings?***

Lab-Created Diamonds	Natural Diamonds
Lab-grown in a matter of weeks	Formed under the earth's crust over billions of years
Constructed of carbon atoms structures	Constructed of carbon atoms structures
Mass-produced	One-of-a-kind
Lower price with no resale value	Higher price with resale value at 50%+
Available in a range of shapes and carat weight	Available in a range of shapes and carat weight
Somewhat desirable for engagement rings	Very desirable for engagement rings



- Lab-grown diamonds is the name that was chosen and given to the synthetic diamonds used for jewelry. However, be aware that synthetic diamonds have been around since the 1950s.
- Synthetic diamonds are created by a technological process that takes place in a laboratory.
- Until the 2000s, the synthetic diamonds were mainly used for industrial purposes.
- It wasn't until the 2010s decade that the manufacturing of lab-grown diamonds reached a high quality comparable, almost identical to those made from natural rough diamonds.
- The market for lab-grown synthetic diamonds picked up last decade. And it has been a disruptor of the natural diamonds.
- Let's see it with an example: Turn to the next page please.





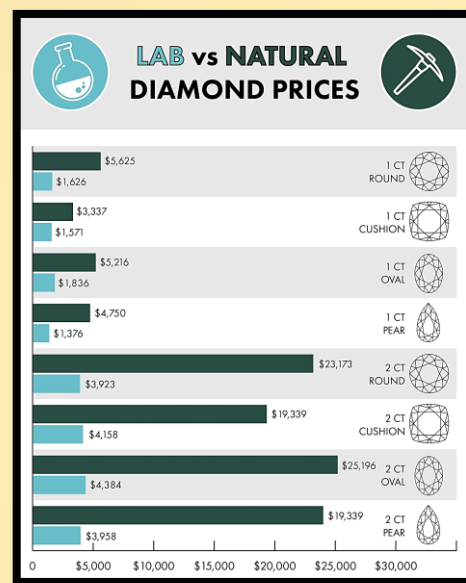
# Value Propositions: Theory and Cases.

**A CVP for a diamond engagement ring made in Botswana must consider the substitutes of natural mined diamonds: the lab-grown diamonds (called synthetic diamonds) and other similar gemstones (like zirconium) or moissanites.**

**Let's compare two commercial assessments of a pricing analysis between lab-grown diamonds and natural diamonds.**

All diamonds are G color, VS1 clarity & Rare Carat Ideal Cut		
	Natural	Lab Grown
1 carat round	\$5,625	\$1,626
1 carat cushion	\$3,337	\$1,571
1 carat oval	\$5,216	\$1,836
1 carat pear	\$4,750	\$1,376
2 carat round	\$23,173	\$3,923
2 carat cushion	\$19,339	\$4,158
2 carat oval	\$25,196	\$4,384
2 carat pear	\$23,996	\$3,958
3 carat round	\$56,216	\$8,400
3 carat cushion	\$41,848	\$8,054

<https://www.rarecarat.com/blog/diamond-ring-tips/lab-grown-diamonds-vs-real-diamonds>. Year 2021.



<https://jewelrybyjohan.com/blogs/stones/lab-created-vs-natural-diamonds>



<https://abovediamond.com/cvd-hpht-differences/>

**Before the COVID-19 pandemic, the lab-grown diamonds were perceived as an equivalent product to the natural diamonds. This has changed. Nowadays with the CVD (chemical vapor deposition) the synthetic polished production costs reduced tenfold, so the lab-grown diamond price is reducing its value to the level of premium-mass jewelry.**





# Value Propositions: Theory and Cases.

**The idea to sell diamond engagement rings produced in Botswana is aligned with the transformational value of the consumer demand**

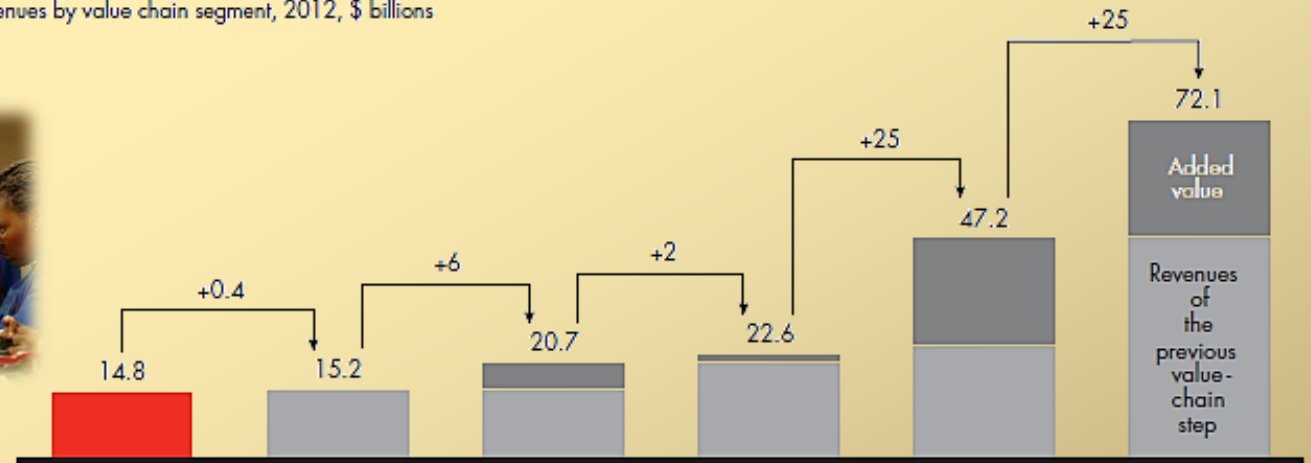
**If the entrepreneurs' squad wish to prove their value proposition right, they should procure to create a strong cutting-polishing industry in Botswana with some experts from India who can transfer the best practices. Additionally, Botswana must develop a strong Jewelry manufacturing economic sector.**

**Are the entrepreneurs right in their assumptions?**

**"HB Antwerp opened HB Botswana, a new cutting and polishing facility in Gaborone, Botswana, in 2023.** The Botswana economy has 50 licensed diamond cutting and polishing companies, of which 48 are operating, with about 50% of the companies licensed during the 2021-2022. It is a complete, end-to-end, freestanding operation composed by the people of Botswana, transforming Botswana's diamonds, using our proprietary technology that will be developed here, in our own Botswana research and development centre" March 2023.



Global revenues by value chain segment, 2012, \$ billions



Source: The Global Diamond Report 2013 | Bain & Company, Inc.

Note: Jewelry manufacturing value is estimated as approximately 65% of retail sales based on the historic average.  
Source: IDEX, Tacy Ltd. and Chaim Even-Zohar





# Value Propositions: Theory and Cases.

*There is an important element that should be considered when the groom buys a natural diamond engagement ring.*

*If the entrepreneurs' squad wish to sell a meaningful natural diamond to people who earns no more than \$1,200 dollars a month, the diamond ring should be of top quality. It should be considered as an investment bundled with an insurance, and a payments plan with the jewelry retail store.*

- If the diamond ring is of top world quality, the diamond can be sold back to the jewelry store later in case of necessity or divorce.
- The diamond should be natural (not lab-grown), and of the most excellent quality, no more than one or 1.5 carats.
- The buyer (groom) should save at least 3 to 4 times the monthly salary or agree with the jewelry store to pay it in 6, 12, 18 or 24 monthly installments.
- The financing for the customer demand is the key induction for the decision to buy the diamond engagement ring made in Botswana.
- The lab-grown ring is not an option in this case.

**Which natural diamond design to buy?**

DIAMOND & GEMSTONE SHAPES					
Round		Asscher		Emerald	
					
Oval		Marquise		Pear	
					
Radiant		Princess		Heart	
					

<http://heart2heartfinejewelry.com/jewelry/the-four-cs-of-diamonds/>

Get acquainted with the 4Cs of the natural diamonds.





# Value Propositions: Theory and Cases.

***Our entrepreneurs aspiration: Sell Botswanan Diamonds Engagement rings***

***Based on all the research that we have prepared for you in slides 1 to 38, can you try to define What is the exact product that our entrepreneurs wish to sell?***



***What is the product that our entrepreneurs wish to sell?***

***The entrepreneurs ask themselves?***

- 1. What engagement ring to sell? – Value Map***
- 2. To whom? – Customer Profile. Is it the bride? Or is it the groom?***
- 3. Can we craft a perfect fit between the entrepreneurs' product and the customer?***





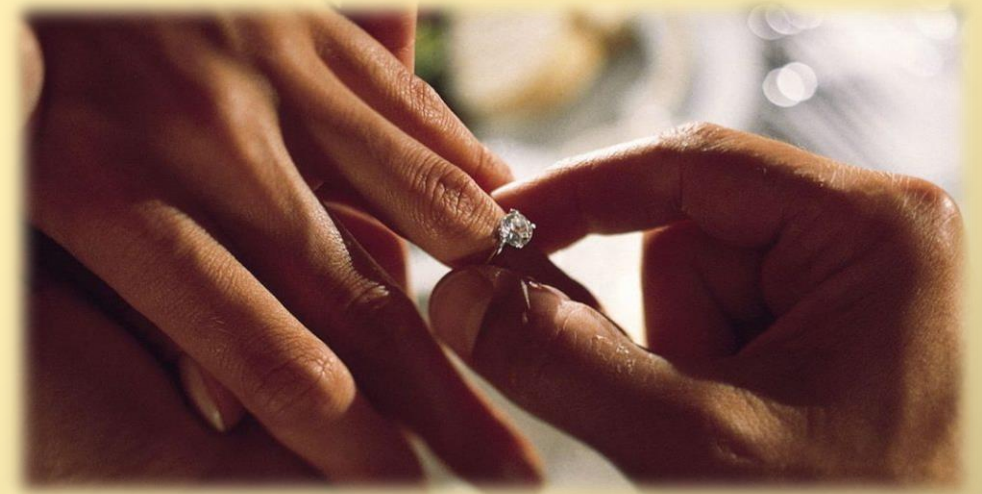


# Value Propositions: Theory and Cases.

## **HOMEWORK**

***Our entrepreneurs aspiration is to sell Botswana diamond engagement rings.***

- Your homework for today is to try to build the two customer profiles for this example
  - Customer Profile 1 made for the economic buyer of the engagement ring, the groom.
  - Customer Profile 2 for the ultimate user of the engagement ring, the bride.
- Then proceed to build their respective value maps.
  - Value map 1 for the groom
  - Value map 2 for the bride
- Ensemble both CVPs in one and try to find out if there is a fit.
- We encourage you to do it over the weekend. Do not be scared for making mistakes. No one becomes a master without messing it with tons of errors.
- I will come back on Monday to upload our solution.

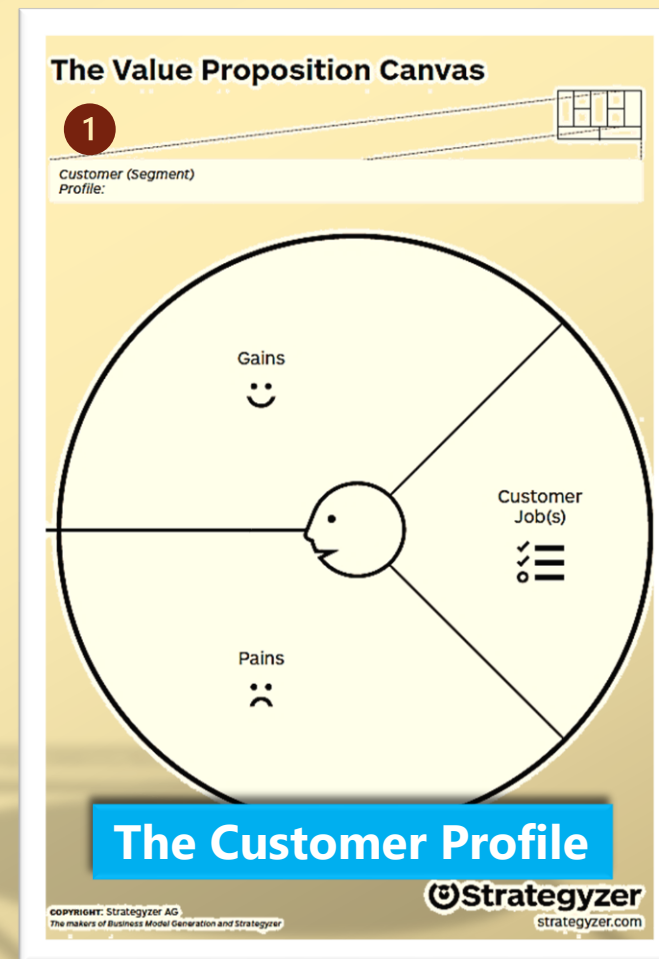






# Value Propositions: Theory and Cases.

## Let's build the Customer Profile



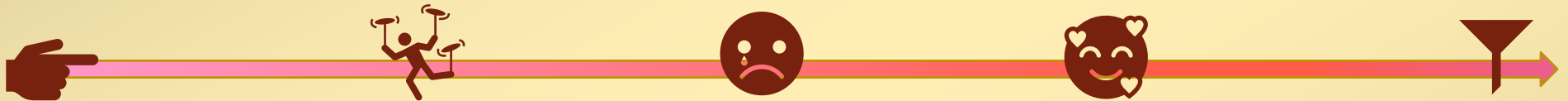





# Value Propositions: Theory and Cases.

*Let's remember: Osterwalder-Pigneur have instructed us to follow a 5-step process when building the Customer Profile.*

*Visualize the process.*



 **Select  
customer segment**

*Select a Customer Segment that you want to profile*

 **Identify  
Customer Jobs**

*Ask what tasks your customers are trying to complete. Map out all their jobs by writing each one on an individual sticky note or Post-it. Use the criteria explained to classify them*

 **Identify  
Customer Pains**

*What pains do your customers have? Write down as many as you can come up with, including problems, unresolved requests, lack offs, obstacles and risks Use sticky notes.*

 **Identify  
Customer Gains**

*What improvements or value-added features and benefits do your client want to achieve? Write down as many gains as you can find. Use sticky notes*

 **Prioritize jobs,  
pains and gains**

*Categorize jobs, pains and gains in a prioritization column.*





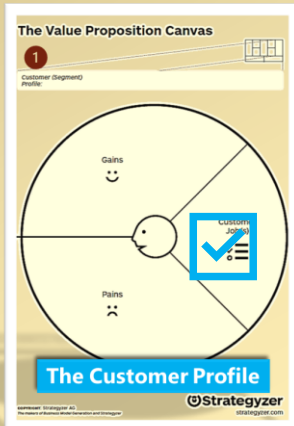
# Value Propositions: Theory and Cases.

***Our entrepreneurs are interested to sell diamond engagement rings made in Botswana***

***Let's see how can we help these entrepreneurs to build up the Groom's jobs:***



## The Groom's Jobs



### Actions



### Functional

Groom:

- Research about the appropriate mix of 4Cs for the suitable ring.
- Budget the ring: find suitable design, compare prices, ask for quotes, etc.
- Worried about have enough money to buy a diamond ring.
- Find the money to pay for the ring. Two options: save with anticipation or finance it through a loan (to the retail store, to the bank, to a family related/friend). If the second option is taken, the job is to pay it in agreed installments
- Safeguard the ring, ask for a certification of origin-value. Get an insurance
- Propose to the bride.
- Expect or hope for a positive answer from her
- Plan/organize for the wedding arrangements with the bride

### Social

- Groom finds out the social network of friends or relatives to the bride that will help him to find out the choice of his fiancée (if the ring is a surprise)
- Groom acknowledges information by asking other married men about advise of the buyout.
- Internet social research plays a social connection for the groom
- Explore the popularity or fashionable trends for the diamond and the ring materials (gold, white gold, platinum, other alloys)
- Decide to buy it near the polished diamond hubs: Hong Kong, Mumbai (Near Surat), or other locations

### Personal/Emotional

- To be sure that the "bride to be" is the one.
- Once he is decided, find out the taste-look-feel of the bride preferences for a diamond ring
- If the engagement ring will be a surprise for the bride, ask for help to a third person who can help to get the bride's best choice
- If the engagement ring will involve the bride directly: Both must acknowledge the diamond's choice of the bride: carats, cut, color, design, clarity, shape, other stones, if fit with the wedding band, solitary or not, etc.
- Choose the material/color of the ring: gold, platinum, white gold, etc.
- If recycling an old ring from a family member, this is very emotional for the families of the couple.

### Life-Changing

- The action of buying an engagement ring implies "the" most crucial life changing experience in the groom
- Connects the quality-price of the diamond with the most meaningful moment in the groom
- Affirms the commitment to build a new phase of life: a new family
- To buy an engagement ring implies preparation for a new life-style, with new consumer's experiences: relocation, a new home, new jobs, wedding expenses, an immediate pregnancy, a new way of living.





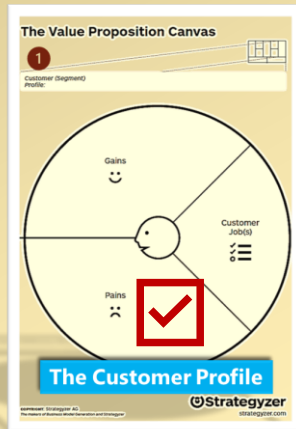
# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana.*

*Let's help the Entrepreneurs to find the difficulties or pains of the Groom.*



## Groom's Pains



### Functional Concerns

#### GROOM

- He is not able to find the right selection that will please the bride
- Groom compromised the desired cut of the diamond for other characteristics.
- Doesn't want to get indebted
- Not finding the right quality at nearest physical store
- Doesn't notice the subtle differences of the 4Cs and other criteria
- Can't pay for the wished ring
- Can't arrive to a negotiated price given his budget restrictions

### Obstacles

#### GROOM

- The bride says no
- The design of the ring chosen by the bride is not available in his hometown
- Doesn't allow a financing package to pay in installments
- His family doesn't like the bride
- Can't keep the secrecy of the engagement process before the proposal

### Unwanted Problems

#### GROOM

- Phygital (physical plus digital) buy doesn't allow to pre-check the quality of the diamond
- The need to travel to cheapest jewelry diamonds in the quest to find cheapest versions of the ring
- Bride doesn't want to engage before living together for at least a year
- Shopping online is felt as unsafe for a diamond.

### Potential Risks

#### GROOM

- Groom is left without a job
- He ignores the signs of "no fit" with his girlfriend
- An event such as a pandemic, or a war, or economic exogenous crisis
- Postpone the engagement one or several times
- Break-up





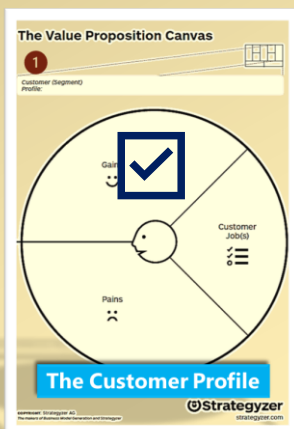
# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings*

*Let's help the entrepreneurs to find the wished or wanted Groom's gains*



**Groom's Gains**



## Required Gains

GROOM

- He can afford the wished ring for his bride
- He can pay for it (through savings plus financing (loan of 12 months post-purchase).
- He can buy the product that fulfills all the pre-requisites of the ring in terms of design, shape, quality features (4Cs), certificate of origin (Botswana), credentials of ethical sustainability production, and premier craftsmanship.
- He commits for a coming marriage
- He offers a safe sign of love and status to his bride
- He receives a YES as an answer to the question: Will you marry me?

## Desired Gains

GROOM

- To make her fiancée happy
- To feel loved and emotionally attached with the action of giving an engagement ring to her
- The Botswanan Jewelry Manufacturer-Retailer outcompetes Tiffany or other Branded Jewelers in quality and variety
- The financing plan is bundled with the retailer: the Botswanan store has partnered with a special diamond direct credit card powered by a multinational bank. To be paid in 24 installments

## Expected Gains

GROOM

- The price paid reflects his intentions and is in the range of the pre-established budget
- He can buy the diamond of her bride preference (new one) on-line directly to the Gaborone's headquarter jewelry manufacturer (which is the same retailer and cutter-polisher)
- He avoids to pay the profit margin of a third-party jewelry retail.
- He gets what he paid for (door to door) and on time

## Unexpected Gains

GROOM

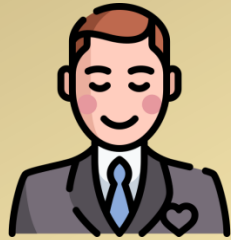
- The jewelry retailer from Botswana offers a variable cash-back if the ring is totally paid before the due date
- The jewelry retailer offers a second diamond ring with price reduction after 5 or 10 years of the day of purchase (wedding anniversary).
- The groom also will receive an economic benefit if the wedding bands will be bought there to match the engagement ring
- The Jewelry Botswanan store has jewelry representatives all over the world that deliver the product personally.



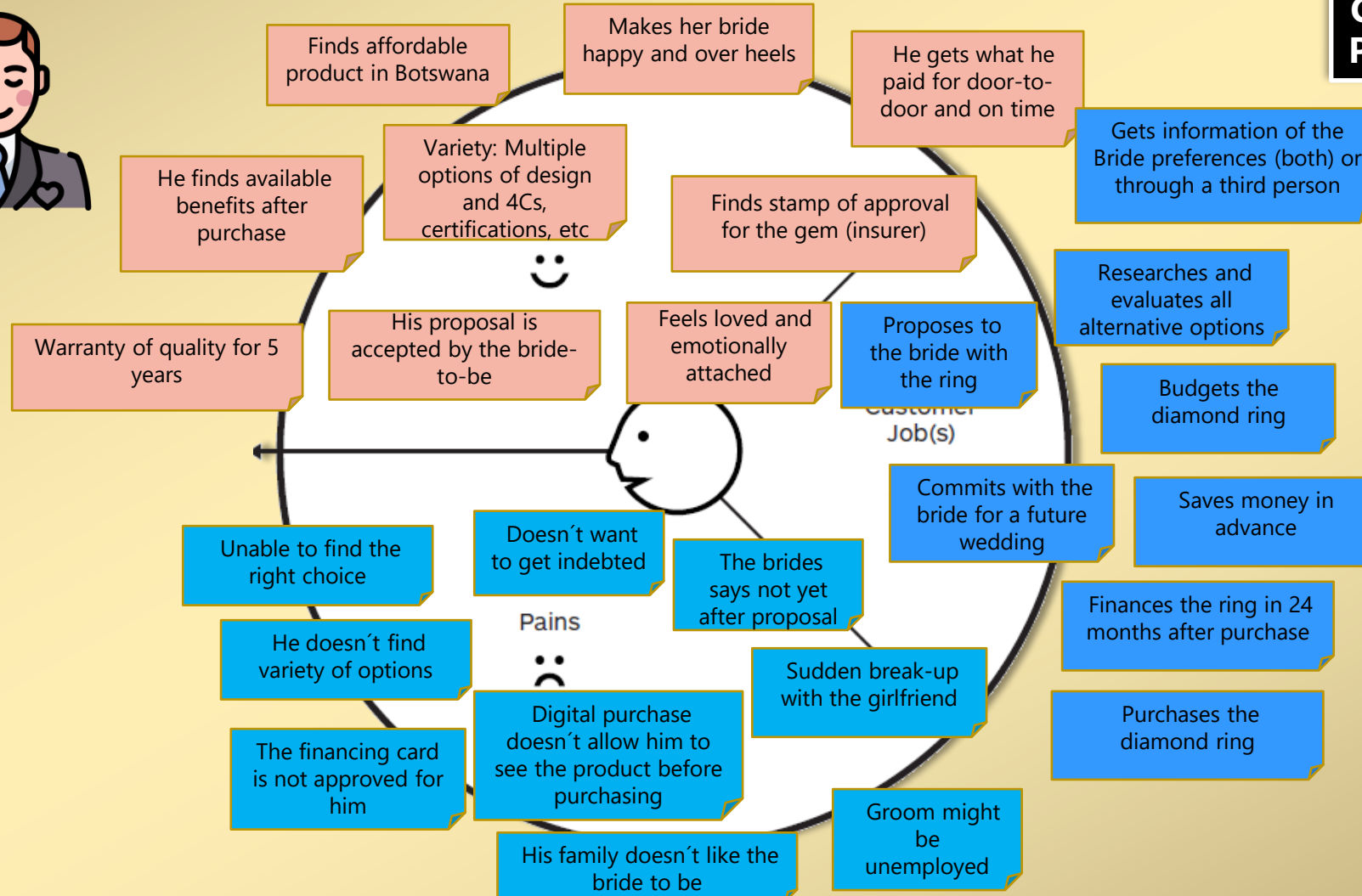


# Value Propositions: Theory and Cases.

## A Customer profile (Version 1.0) for the groom (economic buyer)



### GROOM Profile 1



Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategizer.com/library/the-customer-profile> Please use sticky notes and glue each of them over the printed template with your own written ideas





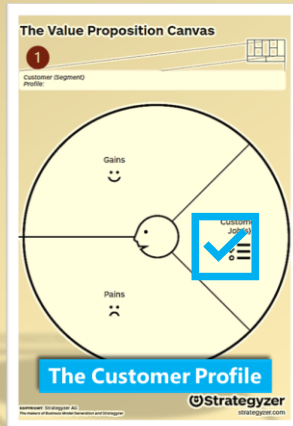
# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings*

*Let's see how can we help these entrepreneurs to build up the bride's jobs.*



**The Bride's Jobs**



**Actions**



## Functional

BRIDE

- Is ready for marriage
- Informs to the groom what is the type of diamond she wishes to utilize in case of engagement by surprise.
- Provides enough data about materials, shape, design, not just about the diamond (or other stones) but also the ring material and design.
- Says "yes" to the engagement proposal
- The ring fits her expectations
- Starts preparing the wedding plan and organizes all the elements for the future ceremony (with the groom and family members related).

## Social

BRIDE

- Compares her ring with her social network of married or engaged female friends.
- Speaks about it on social media
- Relates with other females to be "seen" as the new wife to be
- Implies a success in contrast with single friends
- Shares happiness with friends

## Personal/Emotional

BRIDE

- Loves and respects the future meant to be husband as "the one"
- Doesn't hesitate to accept the groom's proposal
- Values the engagement ring with caring and affection
- Promises the groom to don't look for anyone else
- Diamond engagement ring (natural one) represents commitment from the groom, pure love, intimacy, connectedness and a future together.

## Life-Changing

BRIDE

- Prepares herself for a new life: new home, new job, new friendships, new family
- Plans for the wedding as a unique date for all her life
- Waits to the marriage journey
- Hopes to be a mom
- Affiliates and belongs to a new group of women: the married ones.





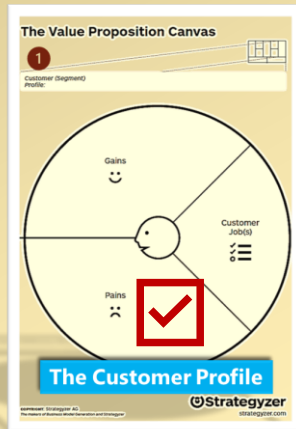
# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings*

*Let's help the Entrepreneurs to find the difficulties or pains of the bride*



**Bride's Pains**



## Functional Concerns

BRIDE

- She doesn't communicate well her diamond ring preferences
- The diamond ring is not trendy anymore
- The diamond doesn't shine well in normal outdoor light
- It doesn't fit her finger
- No certification of origin is attached
- No ethical warrant of the production of the diamond is available
- Ring doesn't look refined, or elegant but ordinary

## Obstacles

- She says no to his proposal
- She doesn't want to marry him yet, but to live together first
- Her family (or his family) doesn't like her for him. The marriage is against the will of both parents
- She accepts the proposal but calls off the wedding afterward.

## Unwanted Problems

BRIDE

- The taste of the boyfriend is privileged, instead of hers.
- If bought online, there is a mismatch between the order and the final product delivered to the groom
- The high quality and rarity of the diamond cut/color/carats/clarity doesn't fit with her personal expectations.

## Potential Risks

BRIDE

- Bride is unemployed. She is left without a job
- She ignores the signs of "no fit" with his boyfriend
- An event such as a pandemic, or a war, or economic exogenous crisis
- Postpone the engagement one or several times
- Break-up





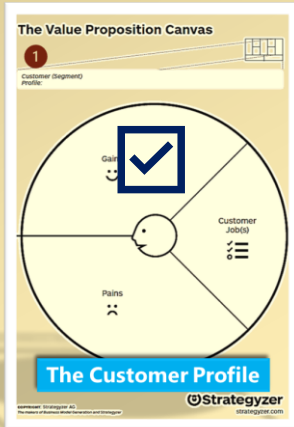
# Value Propositions: Theory and Cases.

***Our entrepreneurs are interested to sell diamond engagement rings from Botswana***

***Let's help the entrepreneurs to find the wished or wanted Bride's gains***



**Bride's Gains**



## Required Gains

BRIDE

- She feels loved and cherished by the beauty of the diamond
- The design fits perfect with her requisites
- The price was affordable for the groom
- She accepts the proposal
- It is the sign of leaving the "single status".
- The ring is accepted without hesitation
- The ring is the unquestionable assurance that he loves her.
- She feels that he is taken her seriously for marriage.
- The design ring suits to her daily activities at home and work.

## Desired Gains

BRIDE

- She feels admired by her friends
- Shows off the ring as a sign of success in society
- Her diamond is from Botswana, the top-quality location of diamond gems in the planet
- The diamond is more than perfect, a gift of "no-return" to the groom, no matter if they break-up or not

## Expected Gains

BRIDE

- The quality of the ring is beyond her expectations: nothing compares to it
- The value-added features of the diamond jewelry manufacturer are beyond anticipations: the diamond may be a pre-owned branded ring, or a new one, which has a one-of-a-kind feature that no one else will ever have in the world. In both cases the diamond is a status symbol.
- Price paid is a unique deal, but it is made from a Botswana rough diamond, which she was looking for

## Unexpected Gains

BRIDE

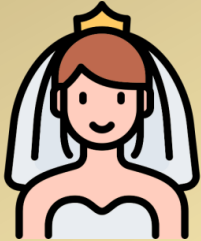
- The prestige of the branded pre-owned diamond is out of question. The new branded diamond is also unbeatable in quality, look and feel.
- The market value of the diamond is retained overtime, and it appreciates its value, in comparison to lab-grown diamonds.



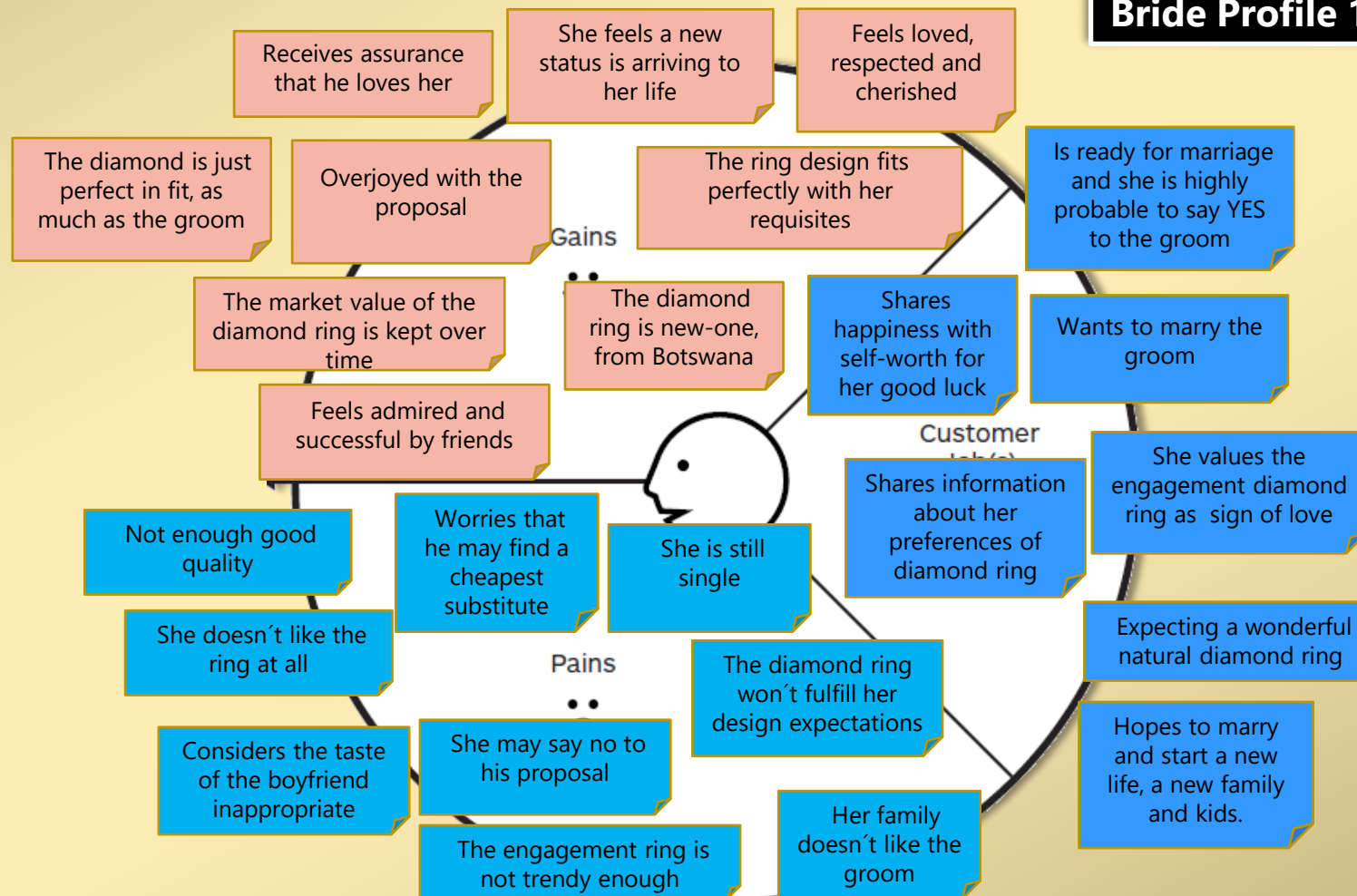


# Value Propositions: Theory and Cases.

*A Customer profile (Version 1.0) for the bride (ultimate user of the engagement ring)*



## Bride Profile 1



Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategizer.com/library/the-customer-profile> Please use sticky notes and glue each of them over the printed template with your own written ideas





# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings*



## Let's build the Value Map



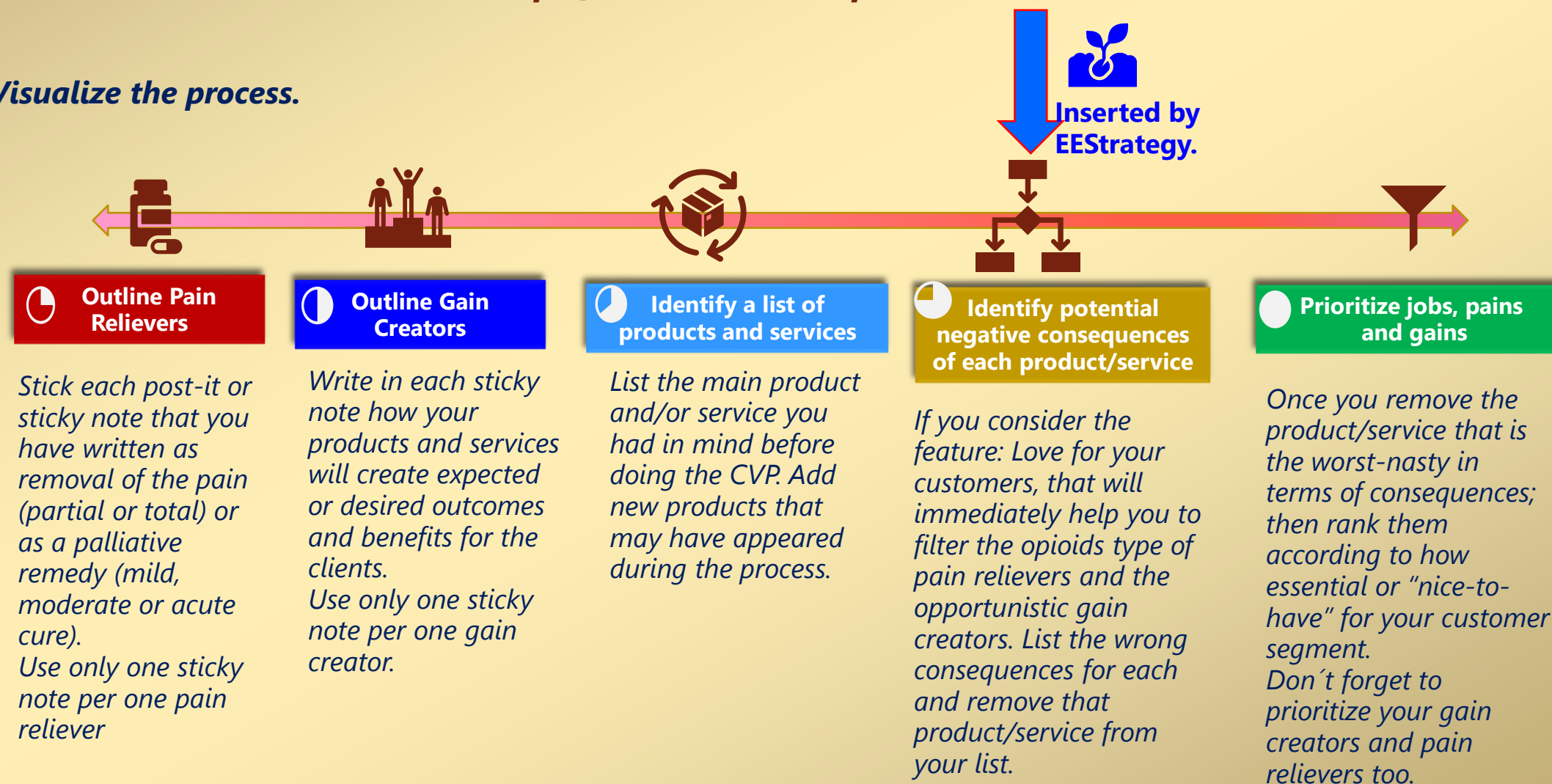




# Value Propositions: Theory and Cases.

*Let's remember what are the steps for the Value Map*

*Visualize the process.*







# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana*

*Let's see how can we help them to define the pain relievers for the groom*



**Pain relievers**



***A pain can be eradicated (removal) or reduced (palliative). A pain reliever category is designed according to the degree of solution to the problem***

## Reducing or Removing undesired functional concerns

- One stop shop concept reduces the costs: everything is made in Botswana.
- The high quality of the polished diamond industry in Botswana outperforms Indian polished industry for the first time in history
- The newly installed masters in jewelry manufacturing have been trained by the best branded jewelry entities worldwide
- The financing option in the format of Diamond Credit Card is available globally
- Variety of 4Cs mix reduces the pain of not finding what his bride prefers
- If the proposal will be kept in secret, the on-line digital and store contact with the Jewelers representative in town reduces the concern of the groom by helping him to share the right questions to the person who will help him to get the bride's preferences.

## Diminishing or Eliminating Obstacles

- The Groom finds out she will say yes to him by using several tactics previously.
- The Botswanan jewelers have a network of excellent craftsmen who can do any type of design
- The family of the bride sees his formal intentions to propose
- Financing package bundled with the purchase

## Solving unwanted problems

- The jewelry Botswanan network includes a representative bureau in San Salvador. Each country has a Botswanan dealer to clarify doubts to the customers.
- NO need to travel to Botswanan to buy the ring
- The online platform only serves to make an appointment with the local representative. The transaction is not done on the website, but in the local jewelry store bureau which is registered by law and under government supervision.

## Weakening or Wiping Risks out

- The risk of not having a financing option is wiped off
- No break-up or signs of future rupture coming
- The natural diamond makes the jewel an "investment" for long term value creation. This only works with Gold and Diamonds.





# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana*

*Let's see how to proceed to define the gain creators for the Groom*



**Gain Creators**



## Functional-Utility Advantages

- The diamond engagement ring process of selection (digital) and final purchase (physical in the local Jewelry store) is transparent and straightforward.
- It helps to reduce intermediary costs
- The local Botswanan store in the groom's town encourages "quality" and a real "sense of variety and availability".
- It increases the confidence between the retailer and the groom.
- The local office offers the certainty of a secure, safe and "out of harm's way" transaction
- The delivery is made through the local office: it increases the sensory appeal before giving out the jewel to the customer

## Social Benefits

- The personalization of the purchase experience allows a certain and secure design creation for the groom, never accessible through on-line platforms.
- Provides hope for the groom: he will be able to afford it through a financing tailor-made plan for him
- Motivates the groom to get attached to his bride-to-be through a formal proposal
- Offers a sense of affiliation and belonging to the group of grooms who have bought similar rings

## Emotional Upgrading

- It reduces the anxiety of buying "the most expensive jewel of his lifetime".
- It provides access to financing
- Design can't be wrong, with their emotional bundled two steps process: digital+physical validation
- The bride happiness is the measure of the value of the ring

## Other Gain Qualities

- Offers a high yield-return on investments than gold
- Helps the groom to save time when studying different alternatives.
- Affirms the economic buyer to buy a luxury good otherwise never attainable before.
- It nurtures and qualifies the buyer in purchasing quality and understanding of the natural diamond benefits.
- The company doesn't sell cheap diamonds, it raises the buyer to reach their top quality. It elevates the buyer.





# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana*

*Let's see how can we help them to define the final product and additional ones*



**Products/Services**



## Functional Tangible

- Diamond engagement rings tailor made to the needs and wants of low-middle income countries' new-husbands to be (earning an average of \$1000 dollars per month) who want to propose and marry their brides with a gift of the most valuable economic yield
- Average value of the diamond investment ring: between 2,000 to 5,000 dollars.

## Emotional Intangible

- The diamond engagement ring is a proof of commitment, love, adoration and formality for the relationship
- It implies the strongest sign of assurance between the groom and the bride
- It is related to an implicit vow of love and caring for the couple.

## Environment

- The Botswanan diamond industry is in the process to become the most sustainable and caring-for the environment model in the whole world.
- The Botswanan government is committed to eradicate all forms of multidimensional poverty by the year 2040
- Botswanan motto: No one should live in Botswana with less than 25 dollars/ppd.
- Botswana attests their diamonds are not depleting natural resources, neither financing illicit conflicts.

## Life Changing

- A diamond engagement ring is the economic promise of the first high-yield investment gift given by the groom to the bride
- It is the formalization of the couple who will be married to start a family.

## Social Impact

- The social repercussion of the gift (the diamond engagement ring) to a new emerging family elevates the value of the bride's gift over time
- Positions the bride out of her poverty.
- Elevates the social status of the bride by acknowledge the engagement promise

## Love

- Diamonds are gifted only when love is truly offered.
- Love and devotion are substantial symbols of the diamond.
- The size and the quality of the diamond presented has always been attached to the degree of love shared by the groom.





# Value Propositions: Theory and Cases.

## A Value Map (Version 1.0) for the groom (economic buyer)

Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategyzer.com/library/the-value-map> Please use sticky notes and stick each of them over the printed template with your own written ideas

### Groom Value Map 1



**The diamond as a first high-yield investment**

**Tailor made diamond engagement rings between 2K to 6K dollars + Financing Option for Low Middle-Income Countries**

Affordability and provides access to financing

Transparency and professional customer attention at the local Botswanan store and digital

Love and value is reflected in the jewel for the bride

Security, Safe and "out of harm way" transaction

Top quality products

Outstanding offer variety of designs

Formal proposal accompanied with a luxury gift

Motivation to save and preparation to share with bride to be

### Gain Creators

Natural Diamonds are the future in investments

The power of a diamond gift is priceless if positions marriage as important again

The diamond engagement ring elevates the contract and honors love to his bride

Reduces the uncertainty of the relationship

Excellent craftsmen of millenary tradition trained Botswanan diminishes the doubt of good quality

Physical+Digital advisory reduces the risk of a wrong design

High quality of polished diamonds and jewelers of Botswana lessens the doubt of Botswana as new entrants in intl retailing

One-stop shop with local reps Reduce costs of production

Financing package bundled with the purchase reduces lack of affordability

The amplest variety of designs available lowers the lack of preference tastes

Groom is completely sure she will say YES

No need to travel to Botswana to buy it

2 years Guarantee return with penalties decreases the risk of any break-up after proposal.

Diamond as a high-yield investment cuts down the fear of investing on it

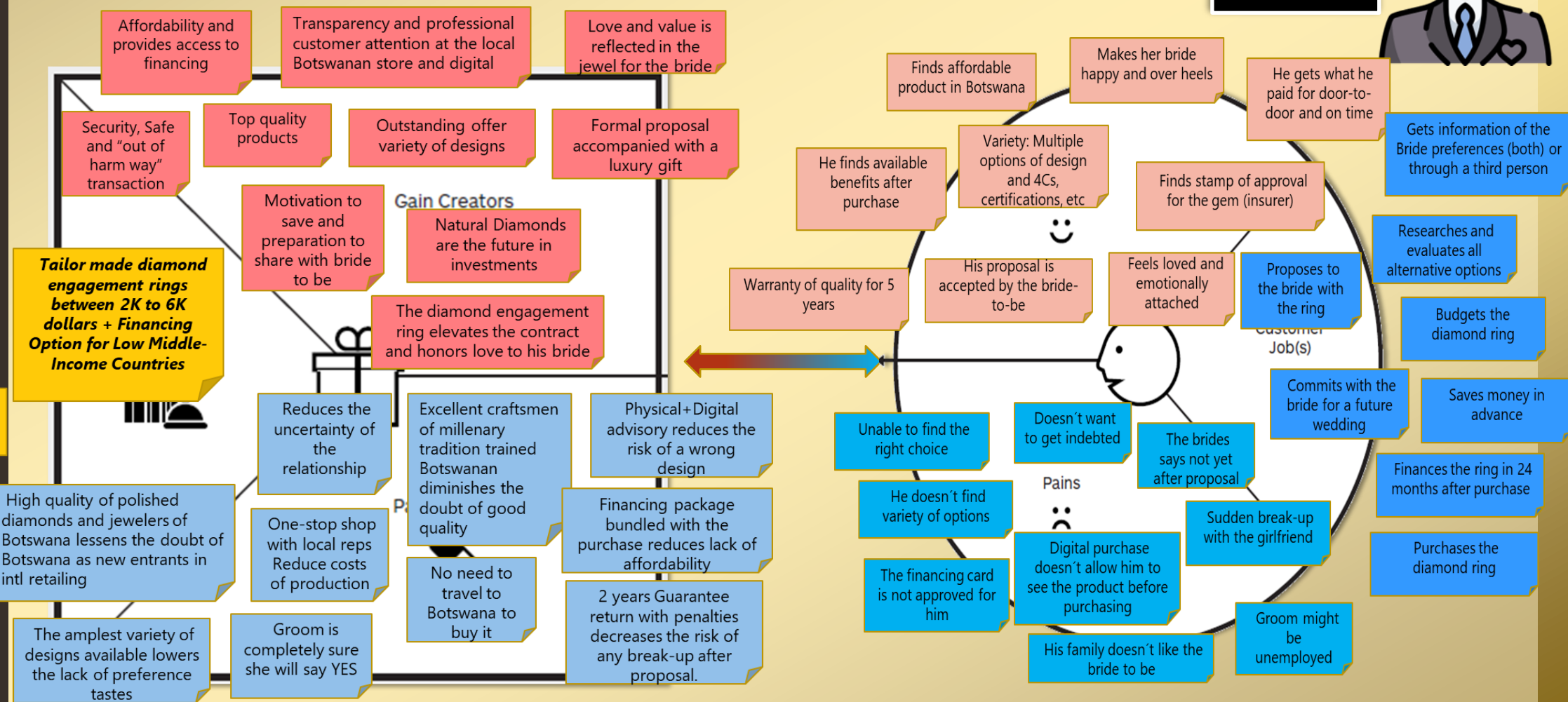




# Value Propositions: Theory and Cases.

*This is our first Customer Value Proposition 1.0 for the engagement rings  
Subject to review. Case of Economic Buyer (the groom)*

**GROOM  
CVP1**







# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana*



**Bride  
Pain relievers**

*Let's see how can we help them to define the pain relievers*



***A pain can be eradicated (removal) or reduced (palliative). A pain reliever category is designed according to the degree of solution to the problem***

## Reducing or Removing undesired functional concerns

- The variety of features of the diamonds for that budget design reduces the lack of options when searching for the preferred design of the bride
- The On-line digital research website diminishes the risk of uncertainty when budgeting
- The high-quality of the Botswanan stones, plus the newest polishers-cutters techniques lower the competition of the Masters of Indian works
- Ethical certification of Botswanan diamond productions eliminates the fear of buying to a wrong crooked company

## Diminishing or Eliminating Obstacles

- The bride is accountable to say YES to the groom
- Marriage is pre-established with the diamond ring, regardless if the wedding celebration will take place immediately or if it will be deferred for a year.
- If the wedding is cancelled, the jewelry store offers the option of accepting the returned ring, under the warranty list of circumstances. There is a penalty involved

## Solving unwanted problems

- The advisory given to the groom by the Botswanan Jewelry representative in town, reduces the problem of not building the design according to the bride's wishes and expectations.

## Weakening or Wiping Risks out

- The bride participation in the selection of the diamond helps and reduces the difficulties of the groom.
- If the bride will be surprised by the groom, the need of a family member that can help the groom to choose the right ring is more than helpful
- The warranty of the diamond (let's say for 2 years after the purchase) gives the option to returning the jewel if the relationship breaks up. There is a penalty involved.





# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings*

*Let's see how to proceed to define the gain creators for the Brides.*



**Bride  
Gain Creators**



## Functional-Utility Advantages

- By accepting the diamond ring at the proposal, the bride also commits to love the groom endlessly
- It helps her to feel adored and respected
- It increases the confidence that she is being considered as the future spouse, official partner and future mother of the kids
- It builds her self-esteem as the "unique and only" person in her partner's mind.
- It marks a before and after in the life of the bride
- If the design fits perfect with her requisites, she also acknowledges that he is "into" her
- It reaffirms his financial support

## Social Benefits

- Assists the image of the bride as if she is successful
- Affiliates the bride to a new "social-reference" group of women
- It boosts the first reassurance of a future family treasure, heirloom for the next generations.
- Shows off her new status in her social community
- It provides a subject of conversation reserved to the elites
- Feels respected for the promise of not being single anymore

## Emotional Upgrading

- Feels happy and content with the gift of the diamond ring
- If the diamond is pre-owned, she acknowledges as a piece of jewelry with a tradition – history. If the diamond is new, she embraces it as a new opportunity to compose her own history on it
- She realizes the quality and magnetic appeal of "HER" gifted jewel as a new door full of opportunities for her future life
- She feels admired and important.

## Other Gain Qualities

- She won't be single anymore. She won't stay with her parents. She will gain a value that no single person will ever gain.
- The Botswanan jewel designers privilege refinement, elegance and eminence.
- Warranty available





# Value Propositions: Theory and Cases.

*Our entrepreneurs are interested to sell diamond engagement rings from Botswana.*

*Let's see how can we help them to define the final product and additional ones*



**Bride  
Products/services**



## Functional Tangible

- A unique jewel gifted by her future husband, designed and tailor made for her; as a sign of love, hope, respect and a new phase of life in marriage.

## Emotional Intangible

- A dream to come true: to be married
- Love, adoration, respect, valuable, commitment and a promise of a new life

## Environment

- Knowing that the ring is from Botswana, helps to aid a country's development and environmentalist agenda

## Life Changing

- The diamond engagement ring changes the life of a woman: it marks a before and after forever.

## Social Impact

- The object (the diamond ring) becomes her new brand: a future married woman in society

## Love

- The diamond is the hope of being loved and love in return
- The diamond ring affiliates her to a group of respected and cherished women: the married group who are able to show off their diamond rings, symbol of traditional affection and social contract with his spouse.





# Value Propositions: Theory and Cases.

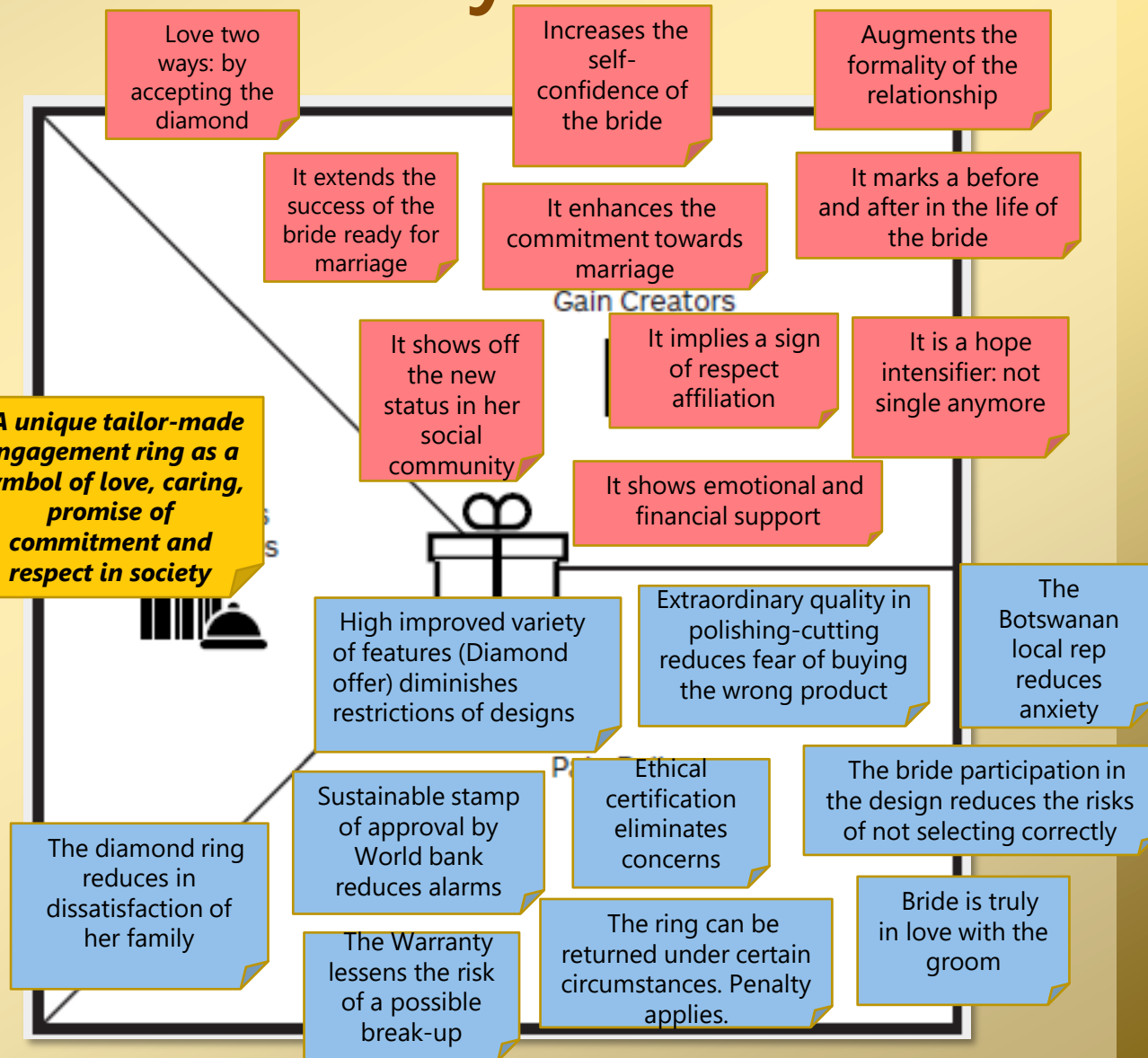
**A value map (Version 1.0) for the bride (ultimate user of the engagement ring)**

Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategizer.com/library/the-value-map> Please use sticky notes and stick each of them over the printed template with your own written ideas

**Bride Value Map 1**



**A unique tailor-made engagement ring as a symbol of love, caring, promise of commitment and respect in society**

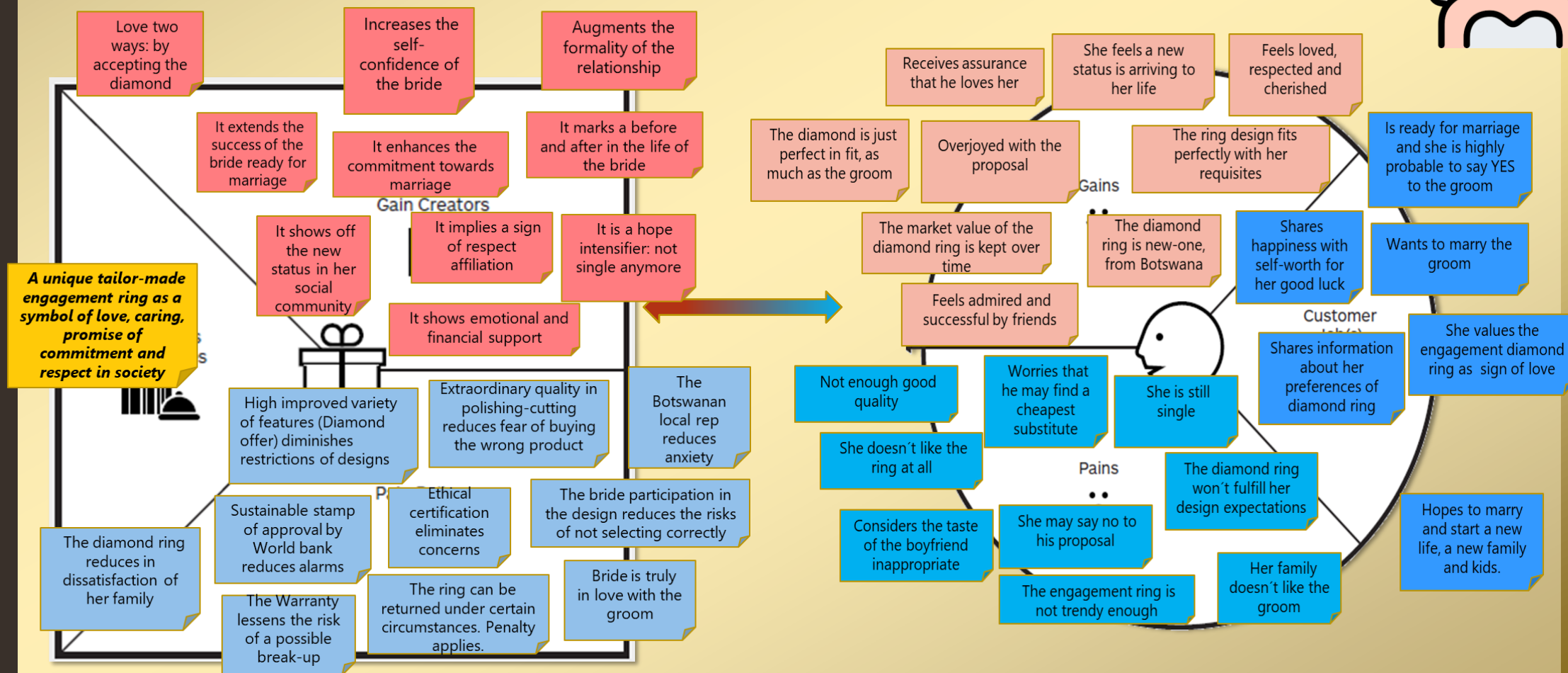
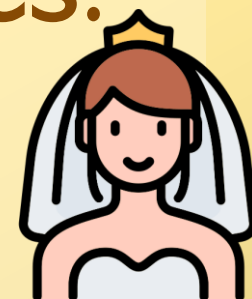




# Value Propositions: Theory and Cases.

*This is our first Customer Value Proposition 1.0 for the engagement rings  
It is the CVP of the bride (the ultimate end user of the engagement ring)*

BRIDE  
CVP2





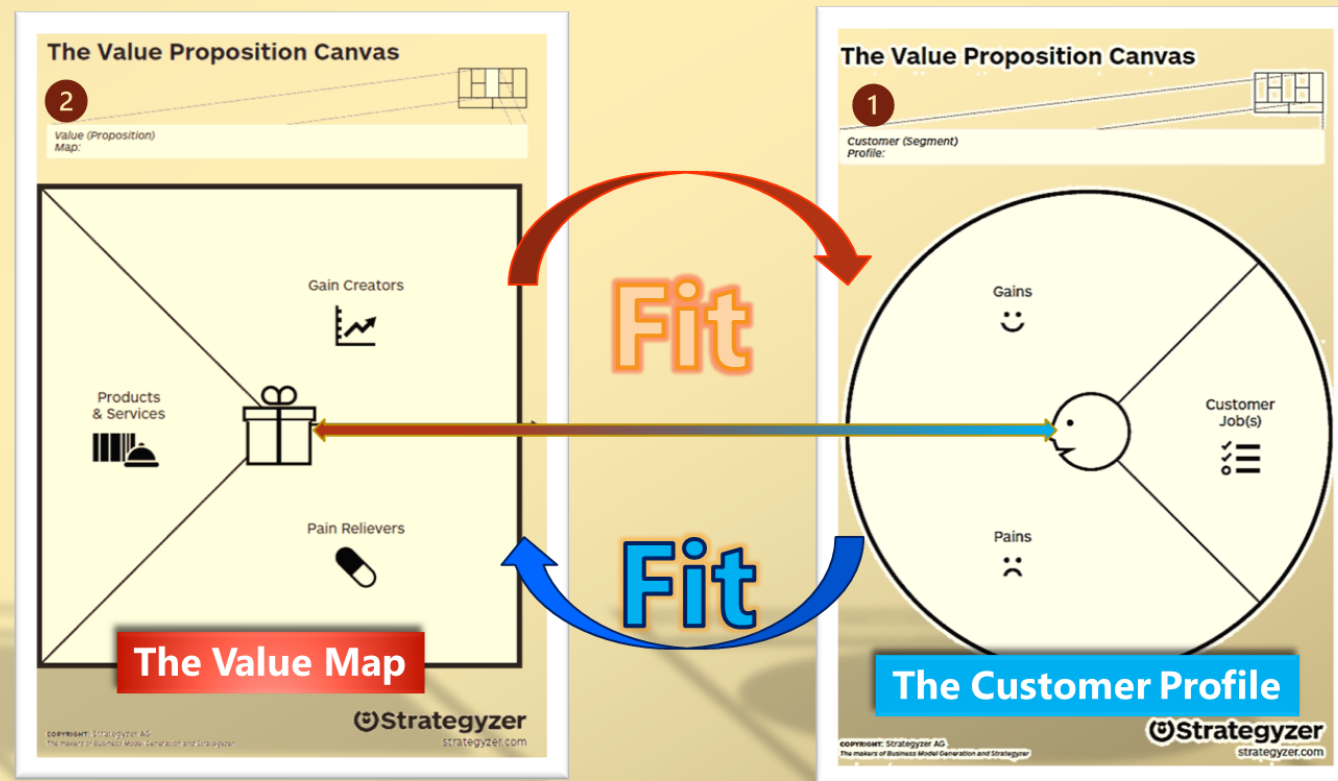


# Value Propositions: Theory and Cases.

*Finally, we should check if there is a fit. You achieve "FIT" when customers not just accept but are motivated to explore the CVP that is embedded in your product/service*

*Let's see how to connect the customer profile with the value map*

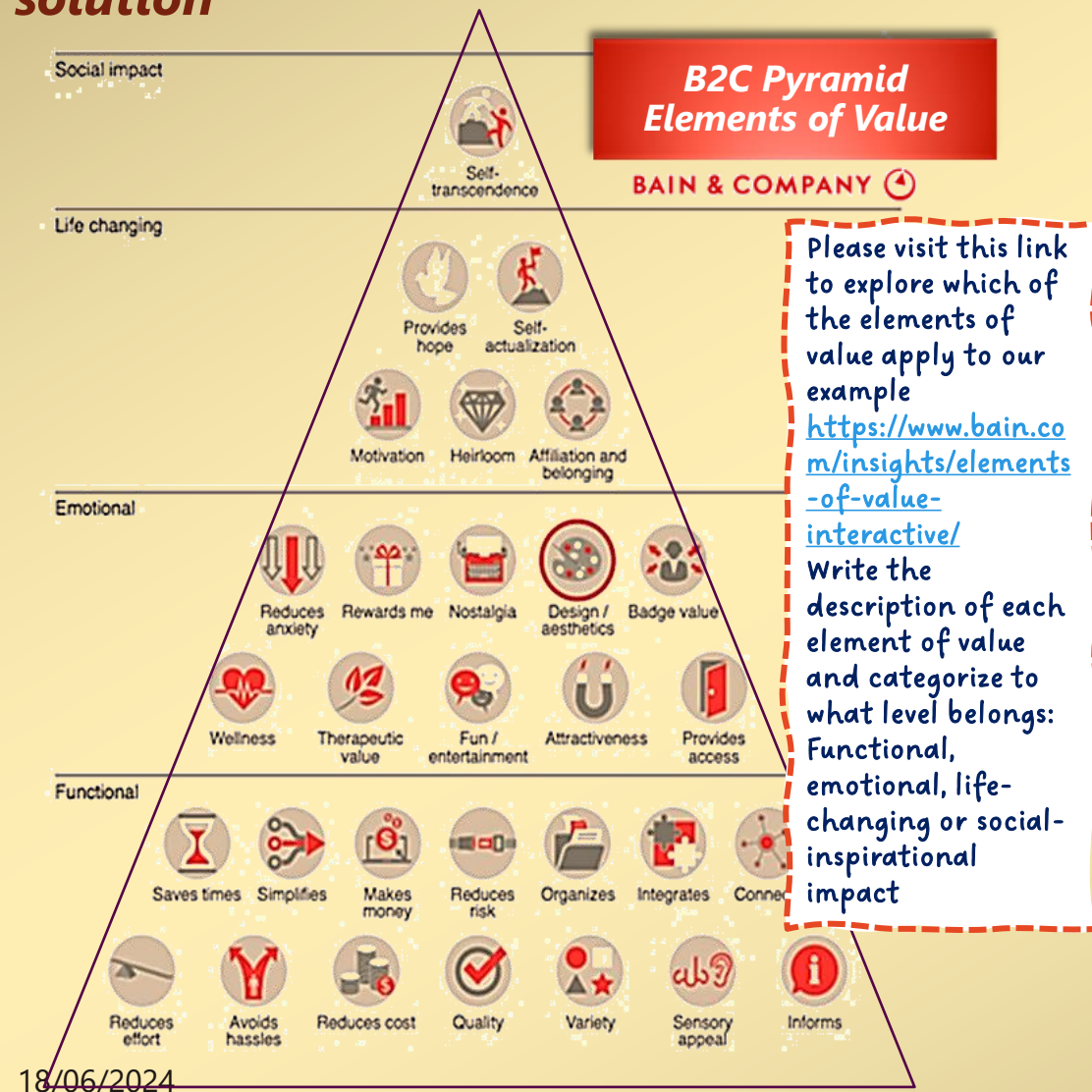
Let's check  
if there is a  
fit.





# Value Propositions: Theory and Cases.

*We will discover which elements of value of The Value Pyramid are included in our solution*



Elements of Value	Each pain reliever or gain creator belongs to a category of Value. Description	Category Level
	Self Transcendence	Social Impact
	Provides Hope	Life Changing
	Self Actualization	Life Changing
	Heirloom	Life Changing
	Motivation	Life Changing
	Affiliation and Belonging	Life Changing
	Design Aesthetics	Emotional
	Attractiveness	Emotional
	Reduces Risks	Functional
	Quality	Functional
	Variety	Functional
	Provides access	Emotional
	Sensory Appeal	Functional
	Reduces Anxiety	Emotional





# Value Propositions: Theory and Cases.

*Once the Fit is checked for each CVP individually, the entrepreneurs are facing a cross-road.*

Create synergies among the separated CVPs and coordinate between them as necessary.

Similarity of the CVP	Potential for Synergies	Potential for Conflicts
++	++	--
++	+ -	--
--	+ -	++

**Bundled Customer Segments**

**Integration**



**Autonomy**



**Separation**



**Unbundled Customer Segments**

Avoid conflicts between the integrated CVPs and allow for necessary autonomy

**Customer profile**

**How to define and identify these clients**

**End User/ Decision Maker**



The person that is the ultimate responsible for the choice of the product and service. The ultimate beneficiaries of a product or service. They can be passive or active

**Economic Buyer/ Decision Maker**



The person that is the ultimate responsible for the choice of the product and service. The person who controls the Budget and makes the purchase and payment



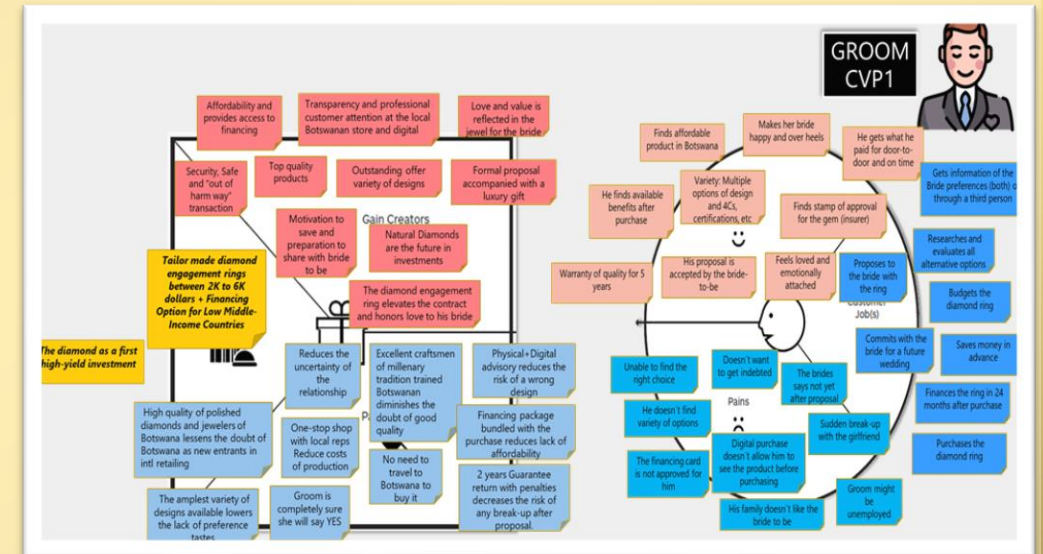
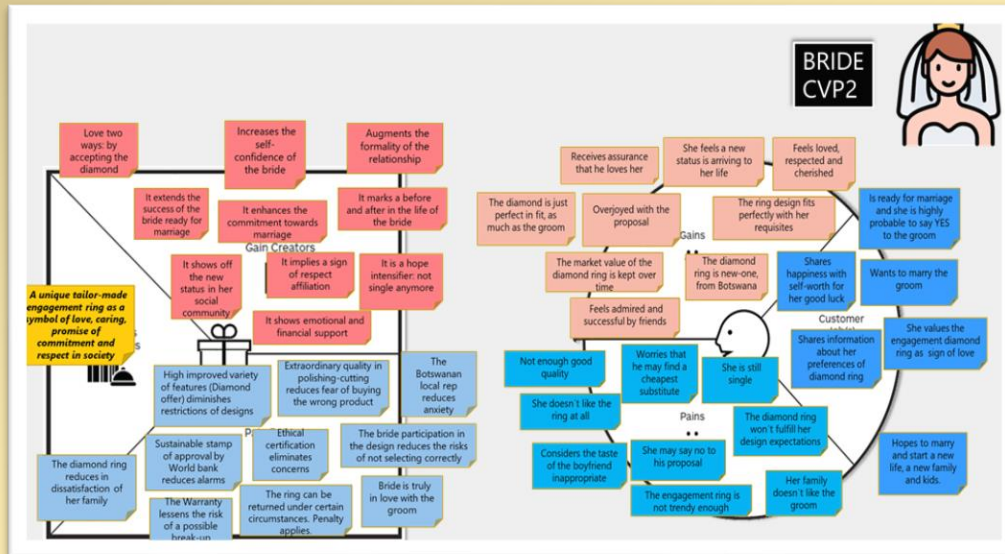
*Should we keep both CVPs separate and unbundled, or can we adjoin both in one? Or should we keep them partially bundled with some degree of autonomy?*





# Value Propositions: Theory and Cases.

***Let's check if we can integrate, or separate, or adjoin with some degree of autonomy both CVPs (the CVP of the Groom and the CVP of the Bride)?***



Our criteria is to keep both CVPs unbundled (separate).

## Why?

- Because the final result of the two CVPs show us two different conceptual meanings of the same engagement ring. For the bride the ring represents a different concept than to the groom. Two customer profiles which deliver two Value Maps with different meanings of the same product can't be adjoined without conflicts. Even if both clients merge for decision making, the fact that the groom envisions the product differently than the bride, that triggers us to keep it separate, and proceed with two separate CVPs for creating two business models. You will be surprised at the end of the business model design.





# Value Propositions: Theory and Cases.

*To prepare today's example, I was inspired by more than the 80% of the global population who wish to buy a natural diamond engagement ring for their weddings, but can't afford them.*







# Value Propositions: Theory and Cases.

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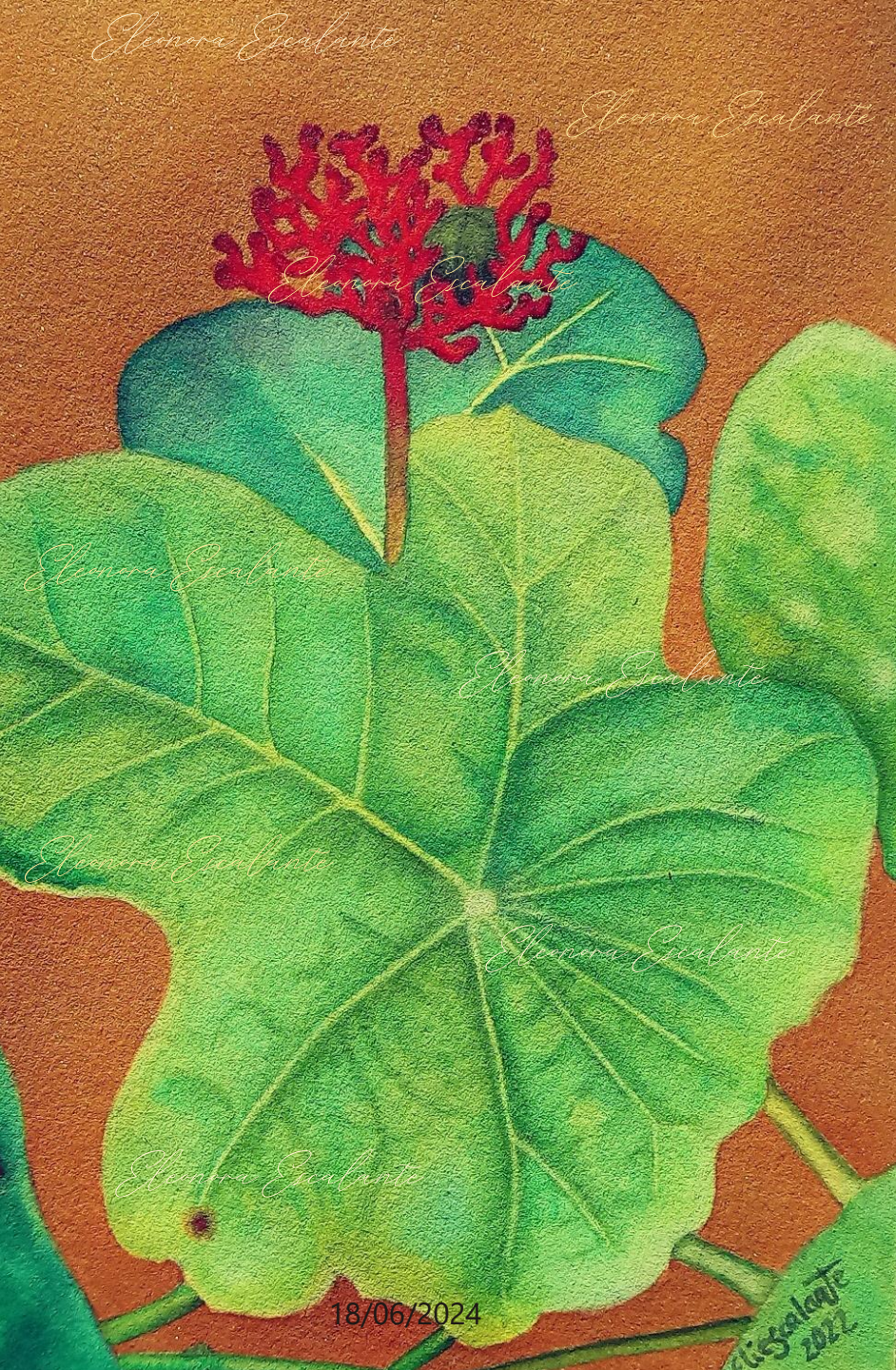
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The solution to this exercise will be uploaded on Monday.

Our next publication will be Example 5.

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