



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.
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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 22nd to 31st 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

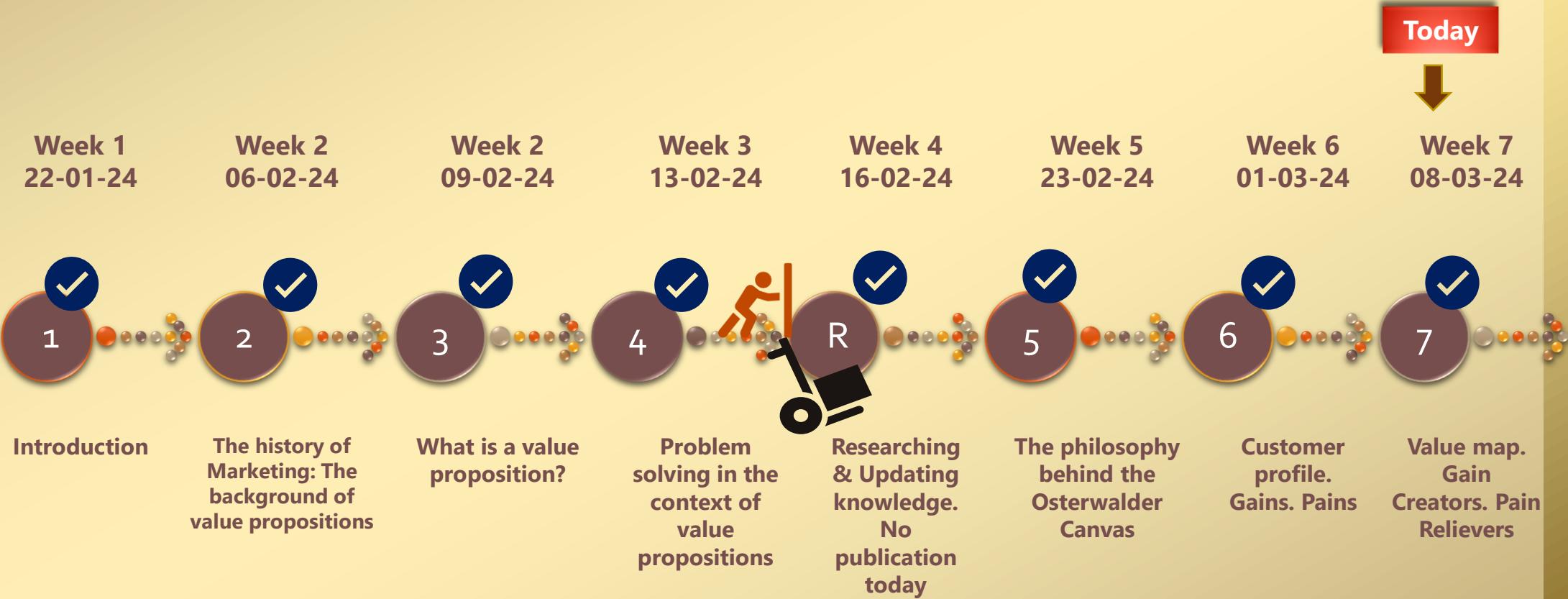
This outline is subject to change if the author considers it appropriate.



Value Propositions: Theory and Cases.

Tentative Schedule Program (subject to change)

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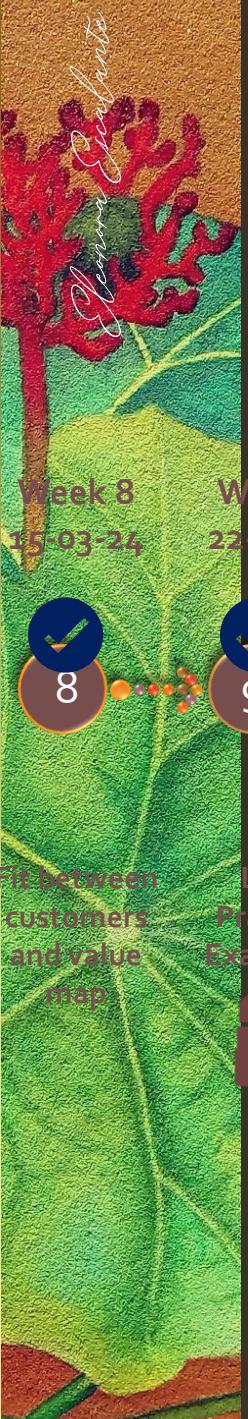
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Tentative Schedule Program (subject to change)

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Week 8 15-03-24 Week 9 22-03-24 Easter Week 29-03-24 Week 10 05-04-24 Week 11 12-04-24 Week 12 19-04-24 Week 13 26-04-24 Week 14 03-05-24 Week 15 10-05-24 Week 16 17-05-24 Week 17 24-05-24 Week 18 31-05-2024



Fit between
customers
and value
map

Let's
Practice.
Example 1

Easter
Vacations
No
publicatio
n this
Friday

Let's
practice.
Example 2

Let's
Practice.
Example 3

Moved to
next week
due to
intensive
reading

Let's
Practice.
Example 4

Let's
Practice.
Example 6

Let's
Practice.
Example 7

Strategic
Reflections
about
Value
Propositions

Summary and
Conclusions



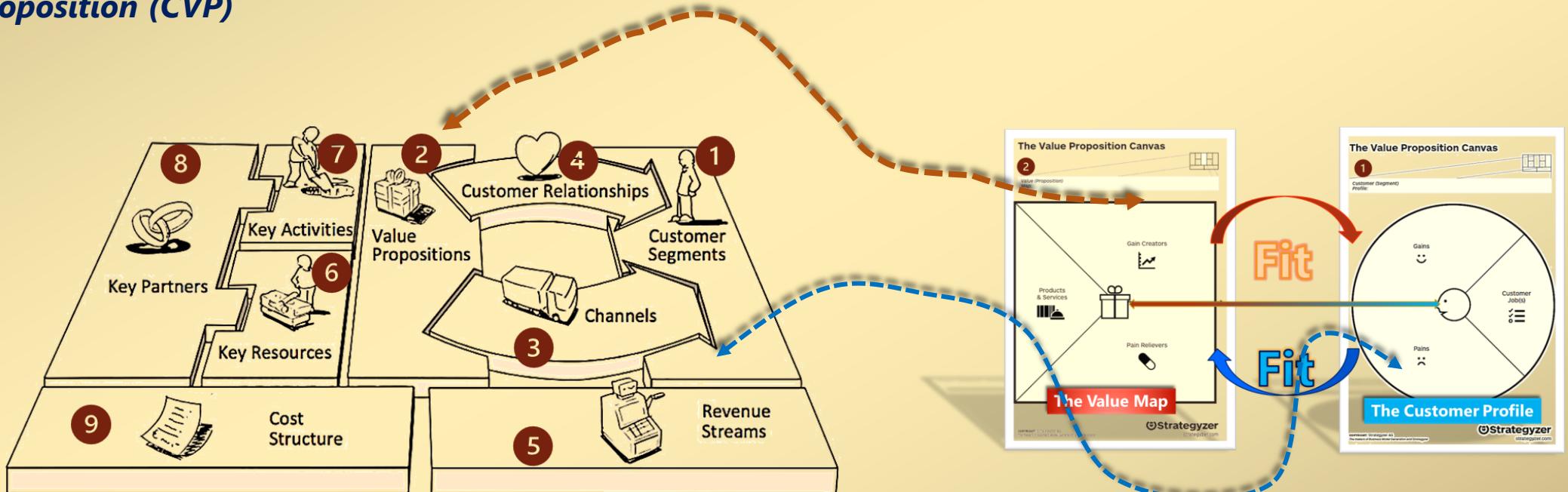
The Summer saga of the year will kick-off as of June 14th, 2024.



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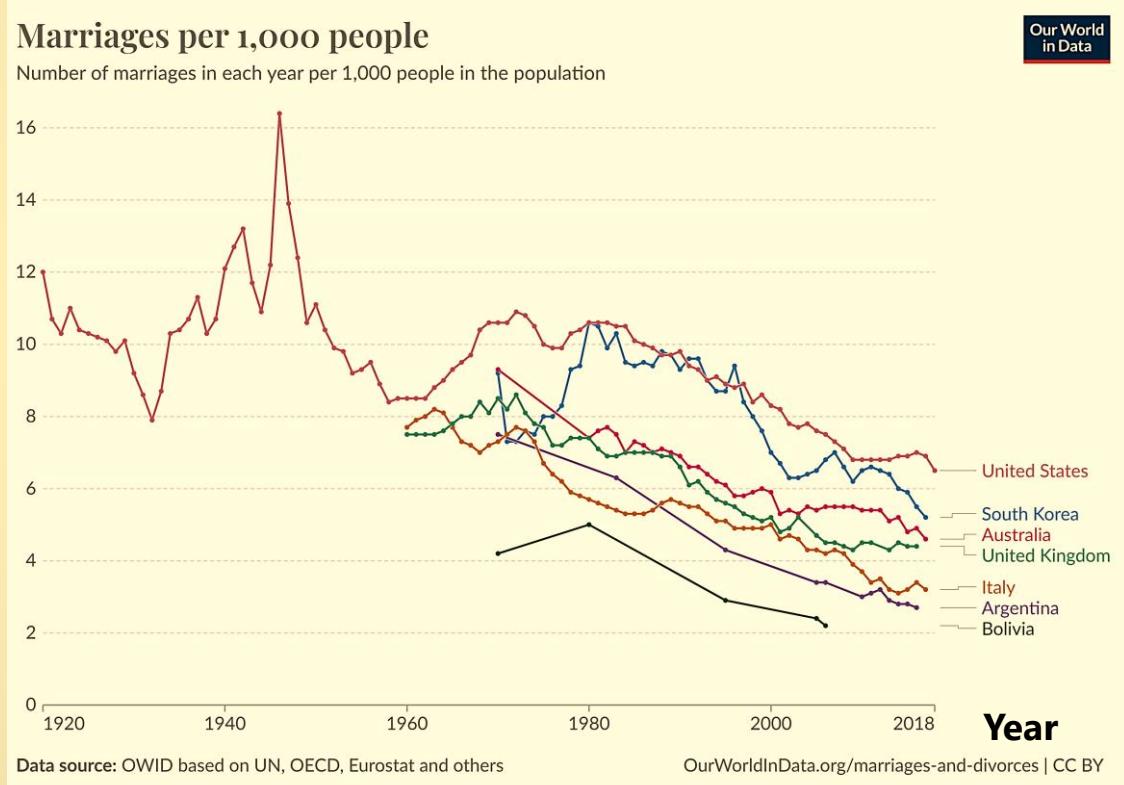
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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring when in marriage.

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 are certainly declining year over year.



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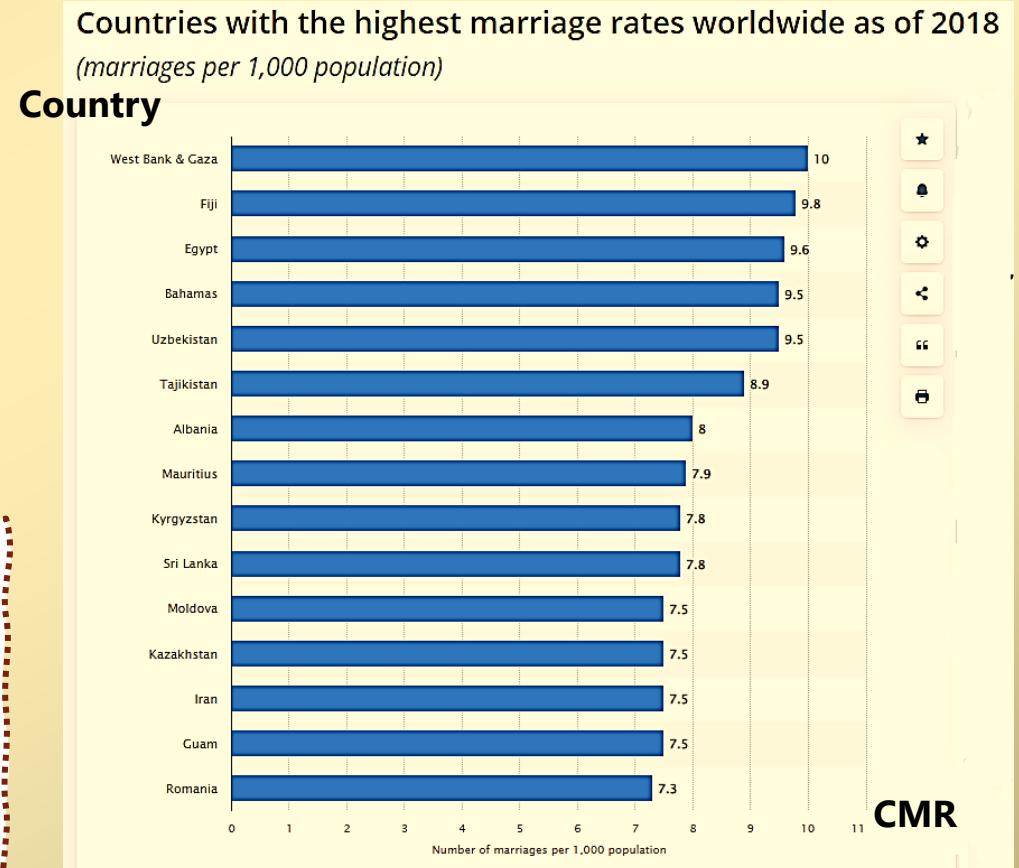
The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a ritual for marriage

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.





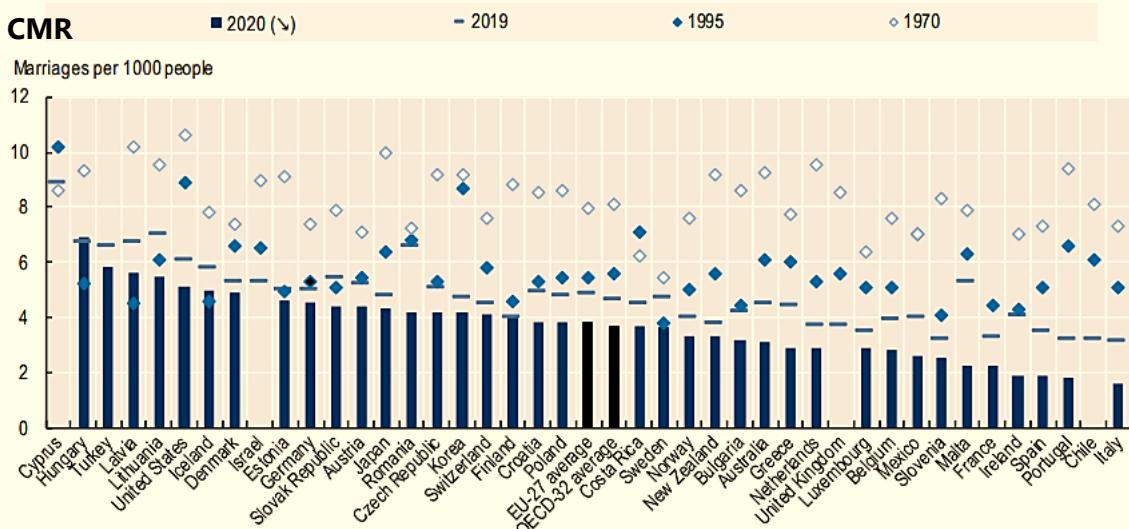
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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a tradition for marriage

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



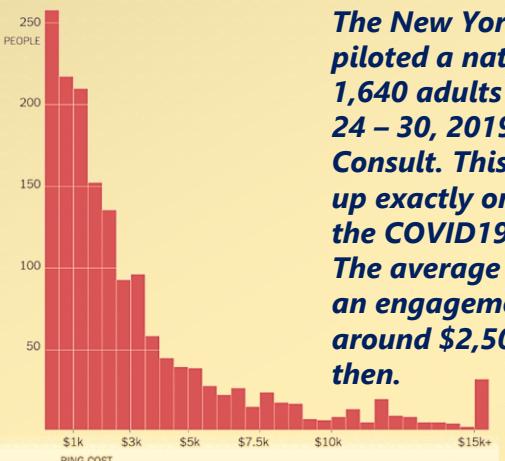


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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as part of the costs of marriage

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 Untied 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.



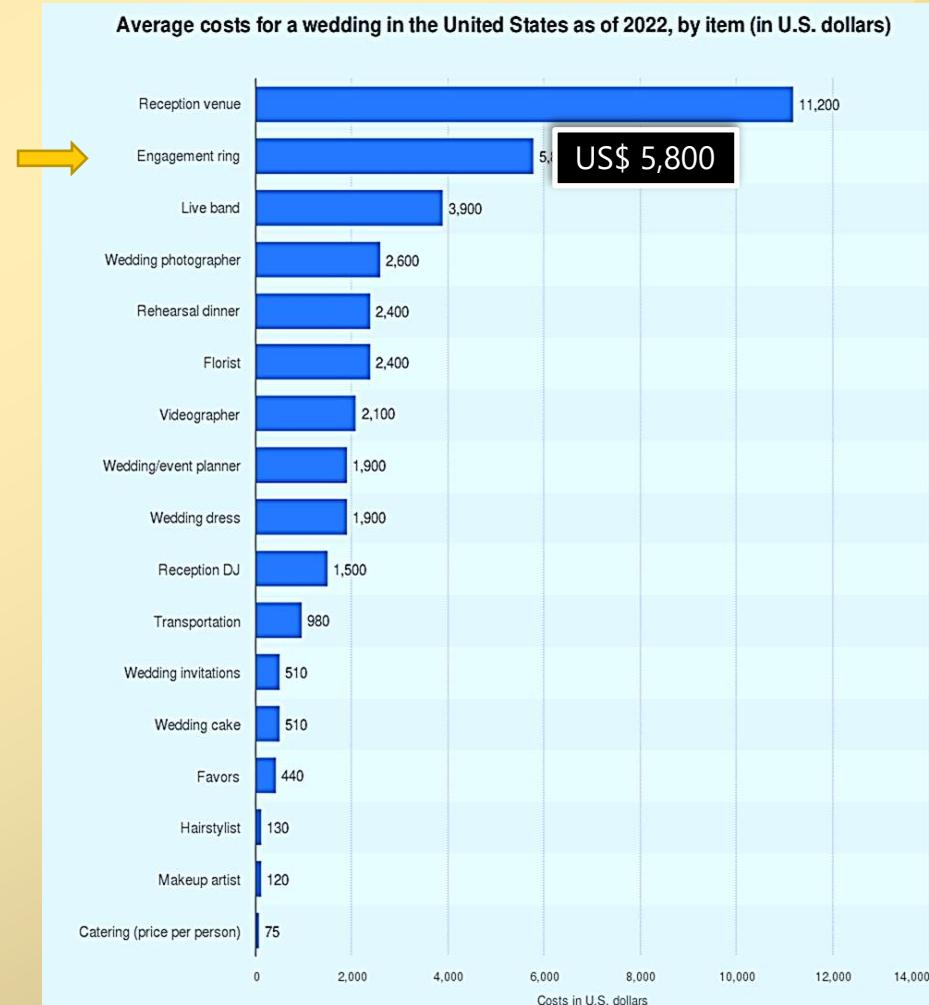
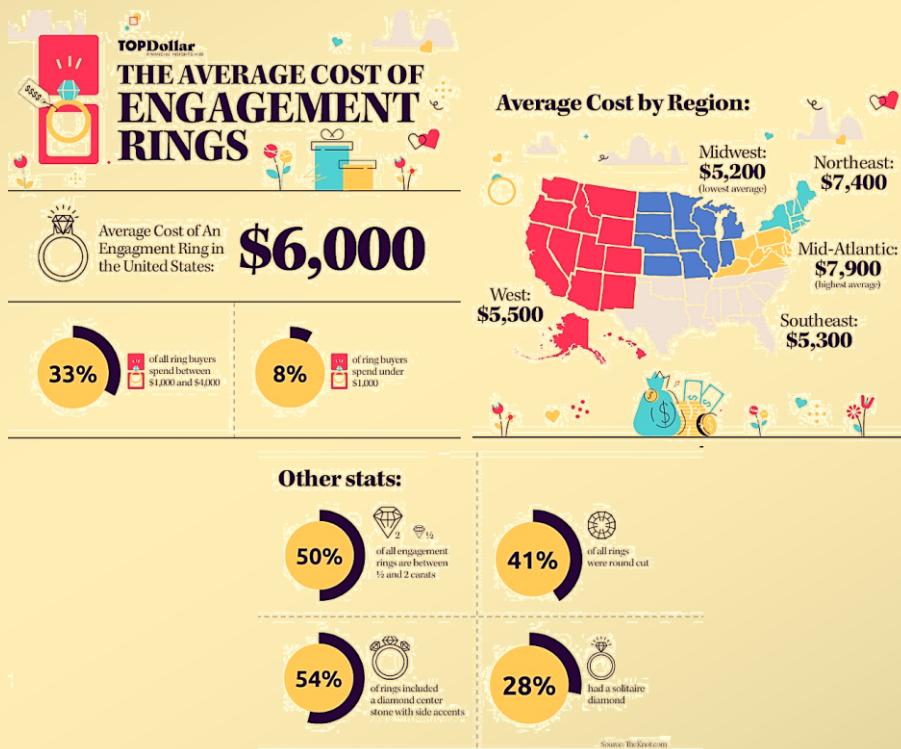


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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a love sign in marriage

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.





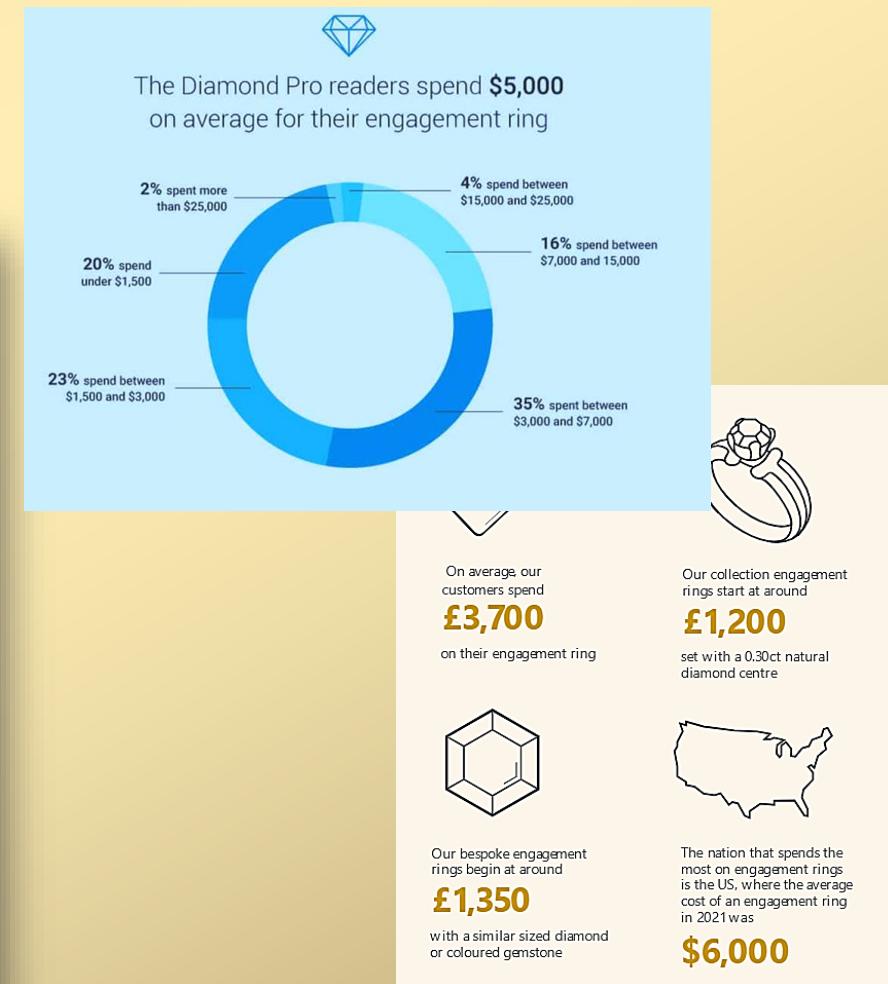
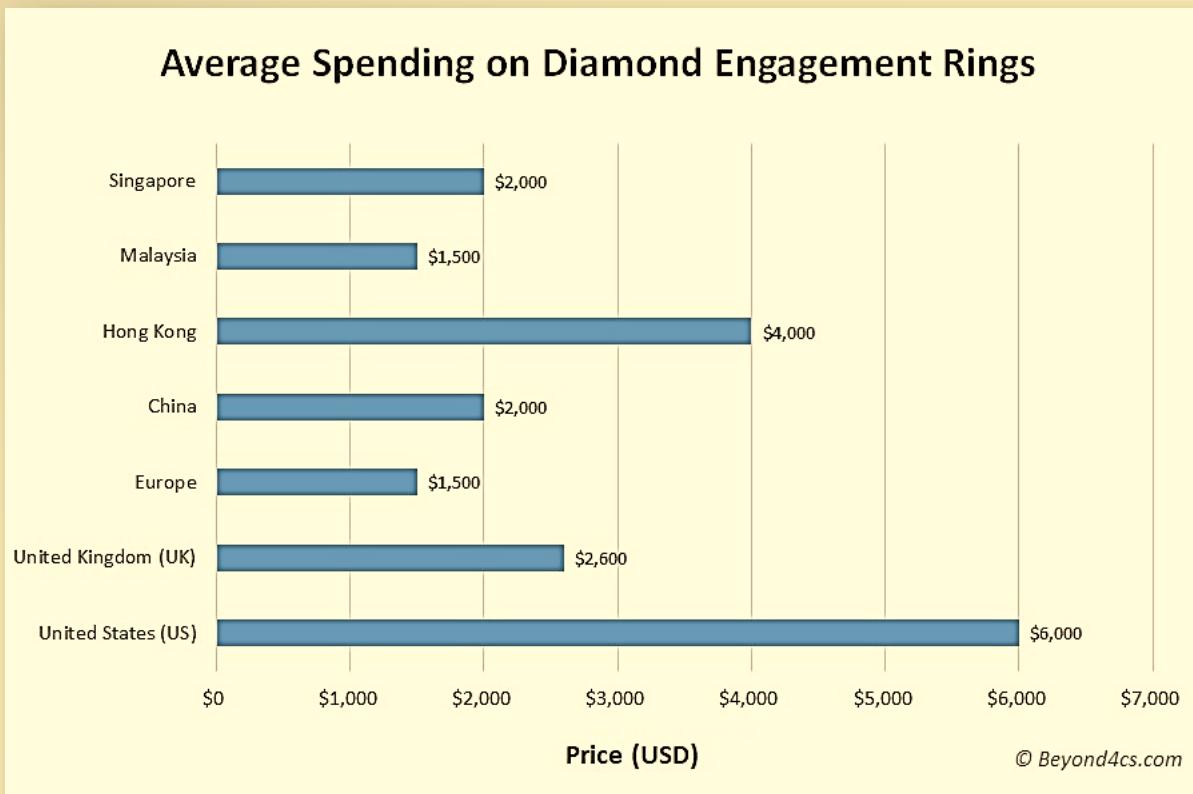
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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring as a sign of endearment for marriage.

What about the budget for wedding expenses?

What about the diamond engagement ring?

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





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What is embedded in a diamond engagement ring?

Oppenheimer
Blue Diamond
\$57.5 Million



Princie Diamond
US\$40 Million



Orange Diamond
US\$35.5 Million



Blue Moon of
Josephine \$48.5
Million



Graf Pink
US\$46.2 Million



KohiNoor
Diamond
Priceless



Blue Royal
Diamond
US\$44 million



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



Centenary
Diamond
More than
US\$100 million



Hope
Diamond
US\$350 million



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



Beauty



Love



Wealth



Power



Uniqueness



Strength



Commitment



Status

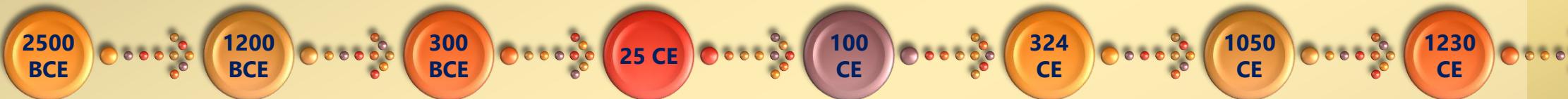


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The entrepreneurs' integral squad have contacted us to help them with a CVP to explore the market of the brides who wish a diamond engagement ring.

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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	Hebews 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 th -5 th 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. <i>Used only by kings and emirs.</i> Mesopotamic 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 th 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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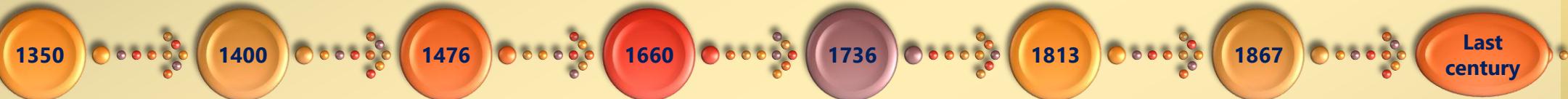


Value Propositions: Theory and Cases.

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.	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. Cardenal 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. Diamonds were discovered in 1866. The boom of diamond industry began, with the modern technologies of the 1 st 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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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 used 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.

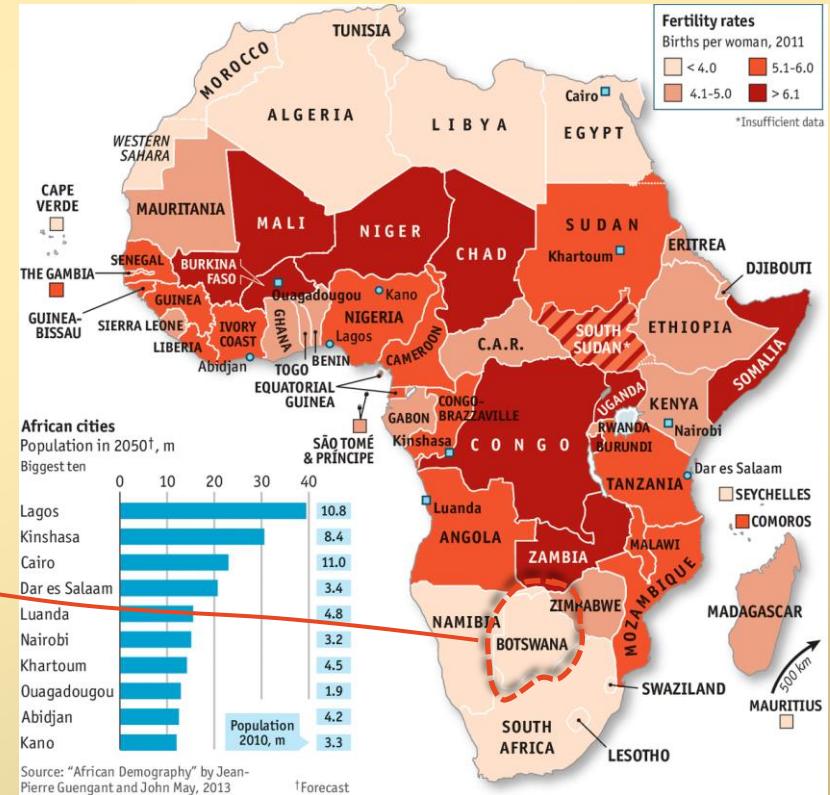
The entrepreneurs wish to do business with diamonds extracted from Botswana.

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.





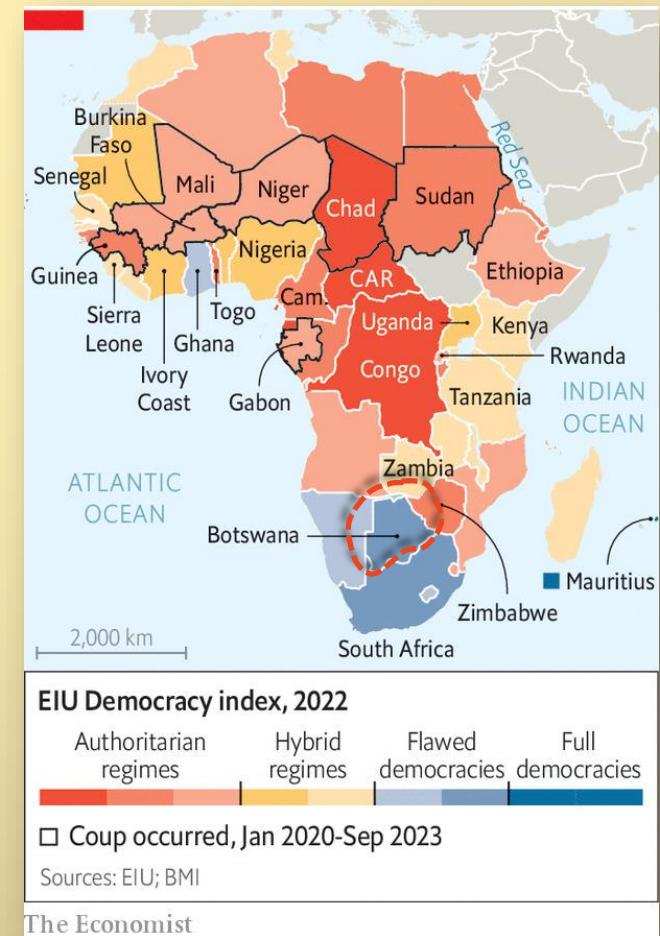
Value Propositions: Theory and Cases.

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.

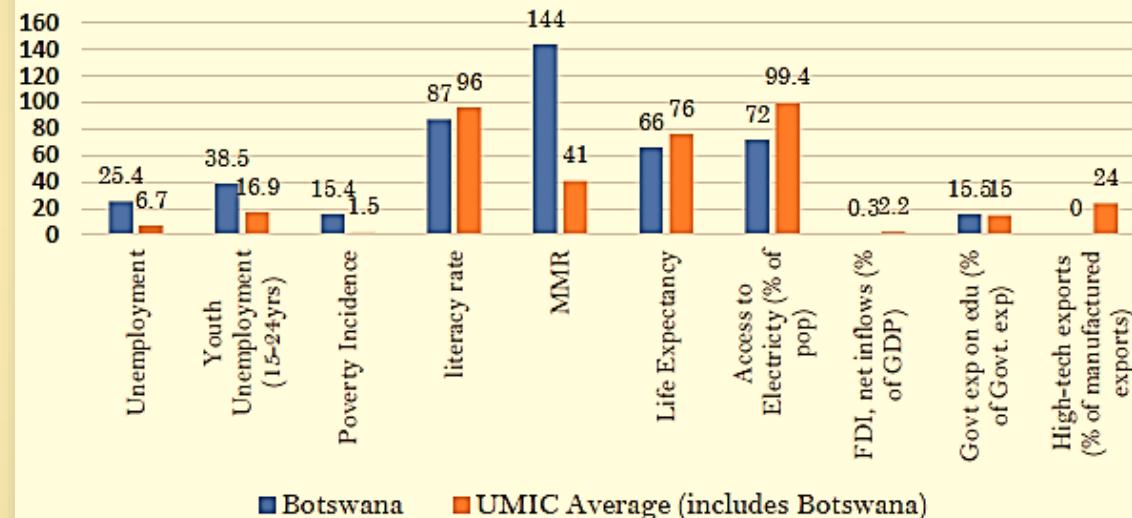
Let's look at the situation of Botswana: It is a country with all the World Bank Indicators of an Upper Middle Country (UMIC). But it has 17.2% of people living below \$2.15/day with an additional 19.7% classified as vulnerable to multidimensional poverty. Why is this discrepancy happening?

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.

Figure 5: Botswana vs. UMIC Average



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



Alluvial Mining in
Sierra Leone



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

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

Jubilee mine in
Sakha, Russia.



Debmarine,
Namibia Coast



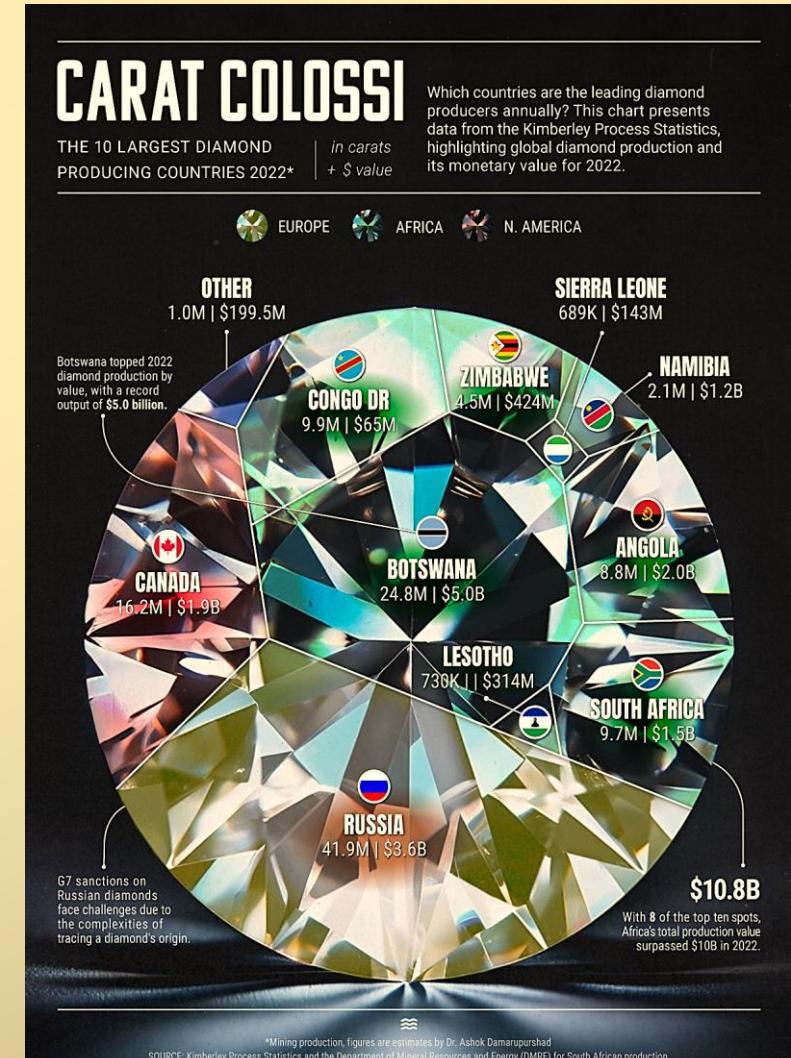


Value Propositions: Theory and Cases.

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
- Damtsha Mine



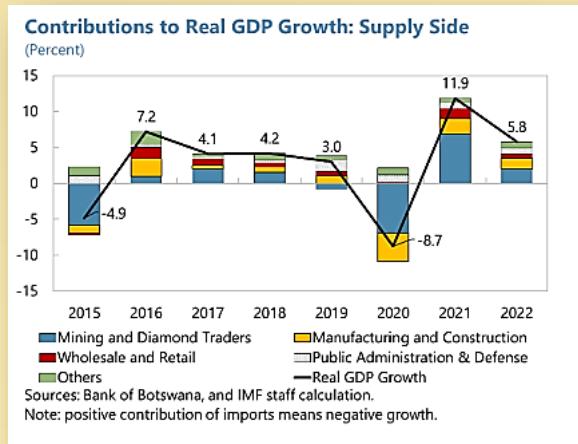
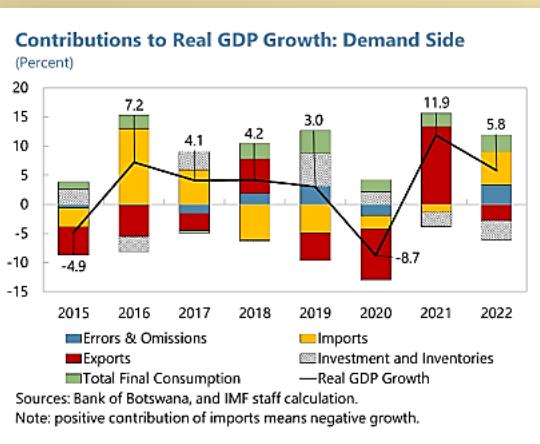
Map of main Diamond mines in Botswana



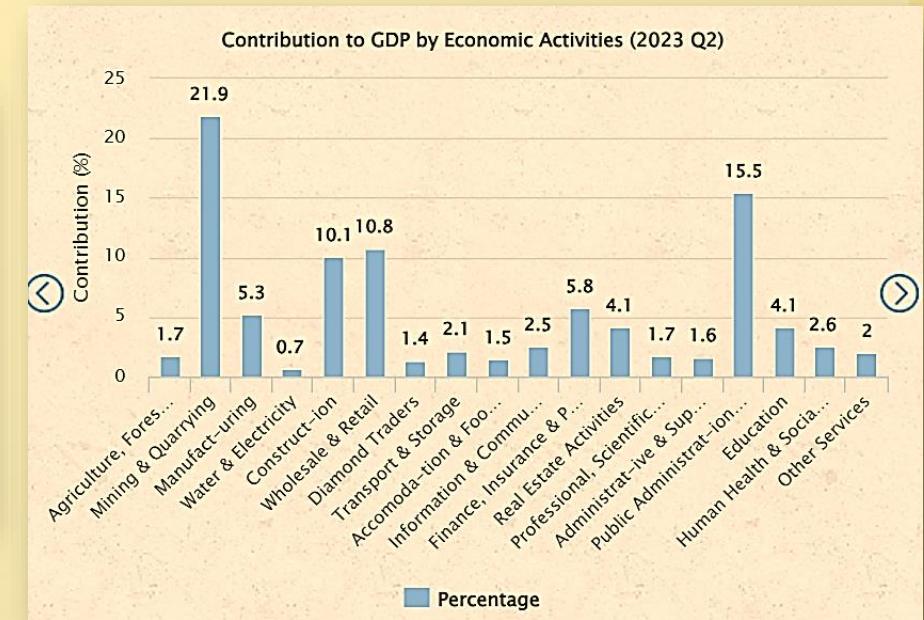
Value Propositions: Theory and Cases.

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



- Botswana is one of these unique miraculous countries in which the “lucky essence of its deeps within the earth”, played a crucial role in transforming it from zero to a Low MIC, and then UMIC country in less than 60 years.
- At the time of the Independence from Britain; Botswana only had 12 kilometers of paved road and only 22 citizens who had attended University. Almost all its citizens were illiterate. At that time, the economy relied on livestock production, and it was dependent on famine relief from international aid.
- President Seretse Khama began to search for diamonds in Botswana, and by 1967, De Beers geologists found the Orapa Mine. The Debswana Company was established: A Joint Venture 50/50 between De Beers company and the Government of Botswana.
- Since then, Botswana experienced the fastest rate of economic growth in the world.



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

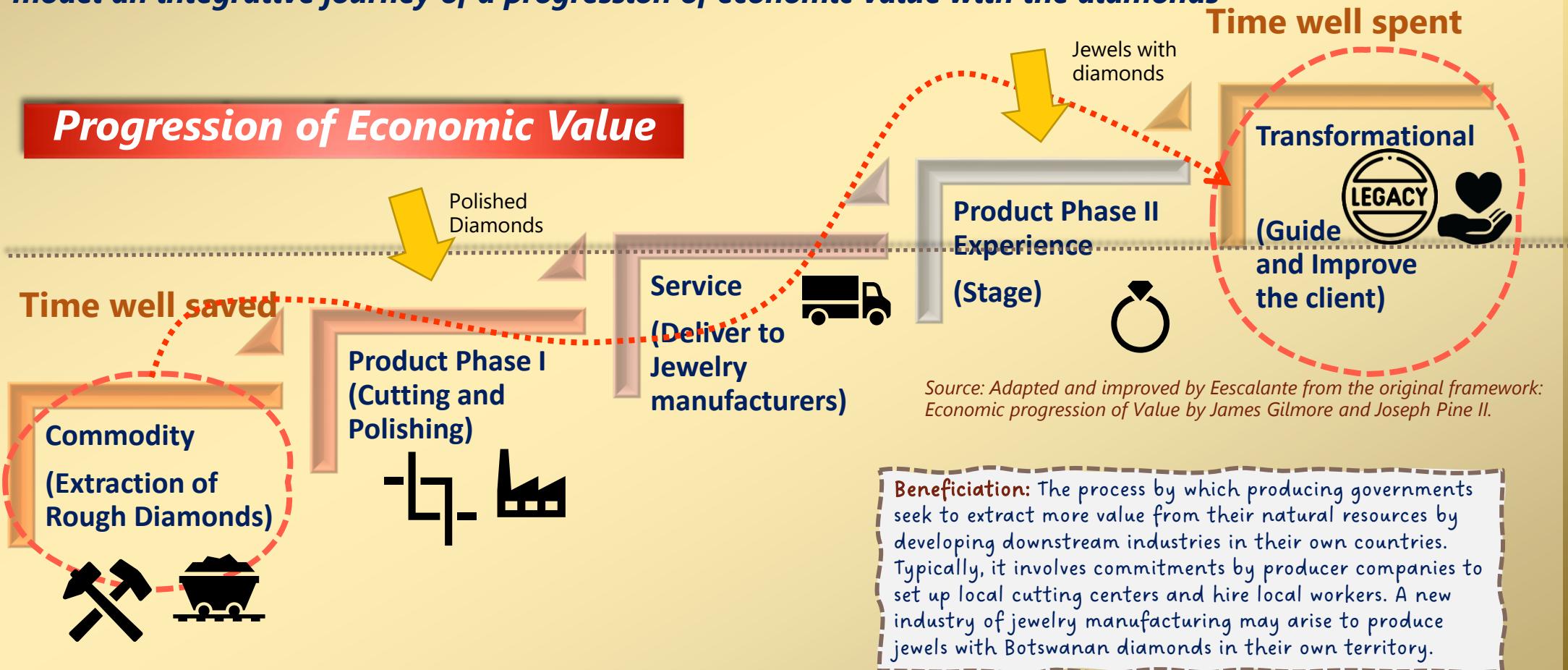
Botswana mining sector development was only possible because the Botswana State had ownership stake in all major mining operations since its origins.



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





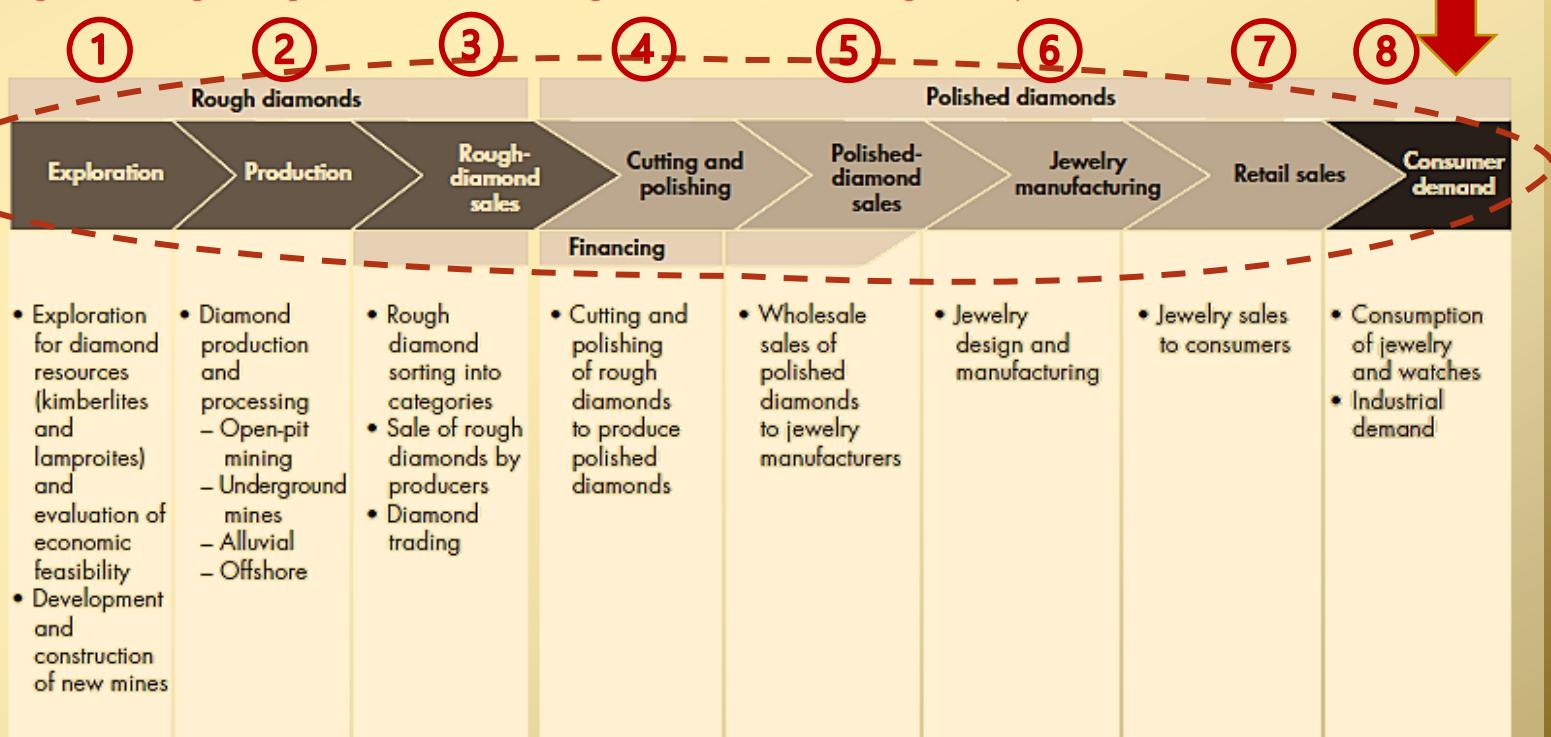
Value Propositions: Theory and Cases.

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.

The industry of diamonds production has three big stages:

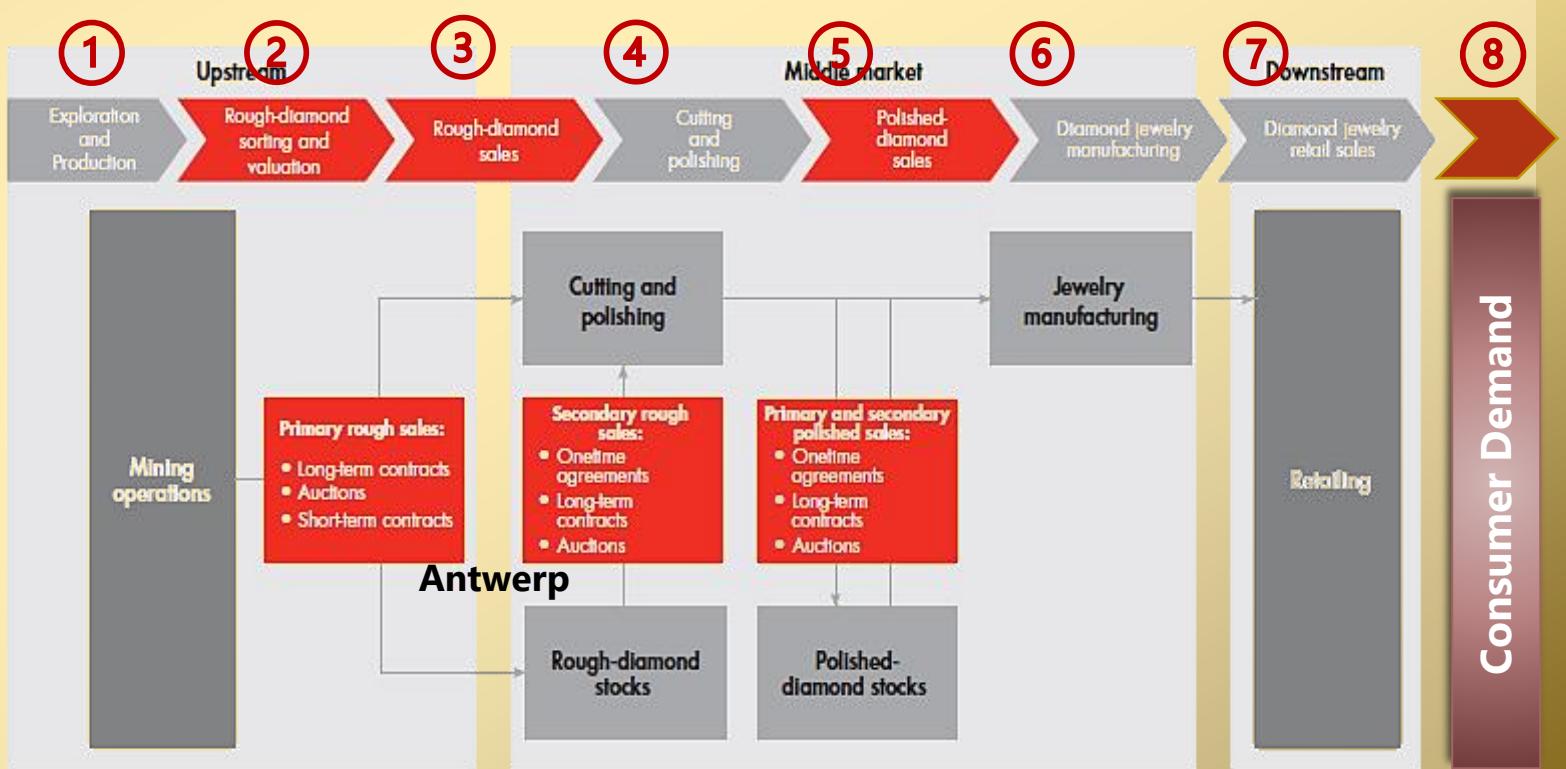
1. Upstream
2. Middle Market
3. Downstream

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.

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





Value Propositions: Theory and Cases.

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

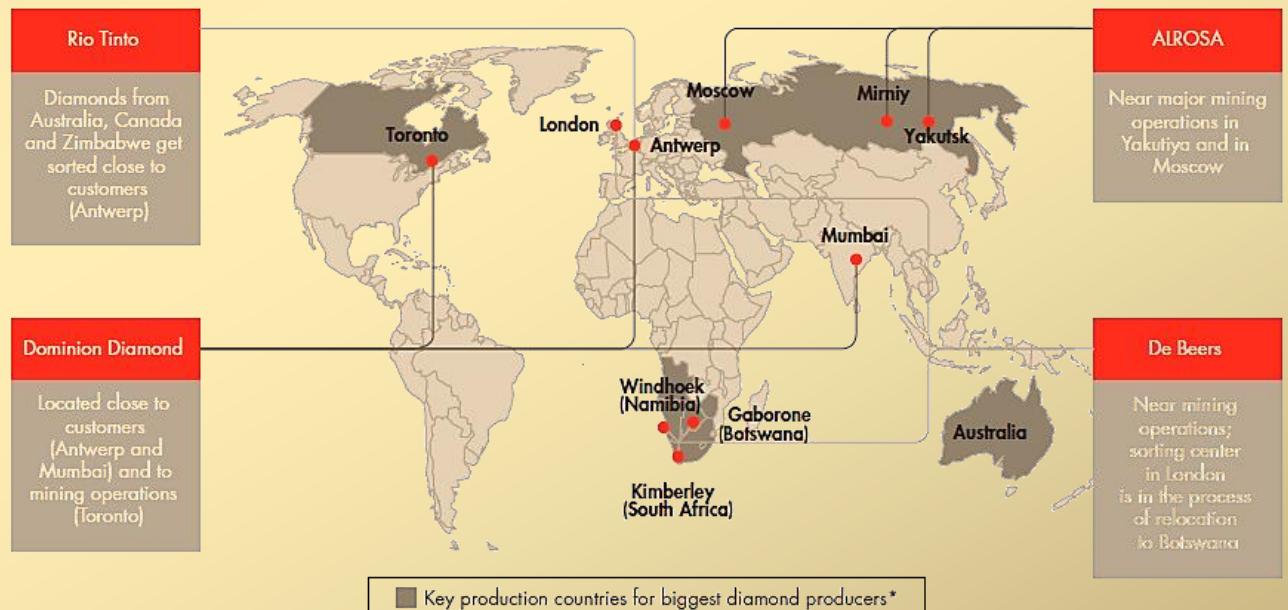
Botswana already has a sorting center in Gaborone.

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.





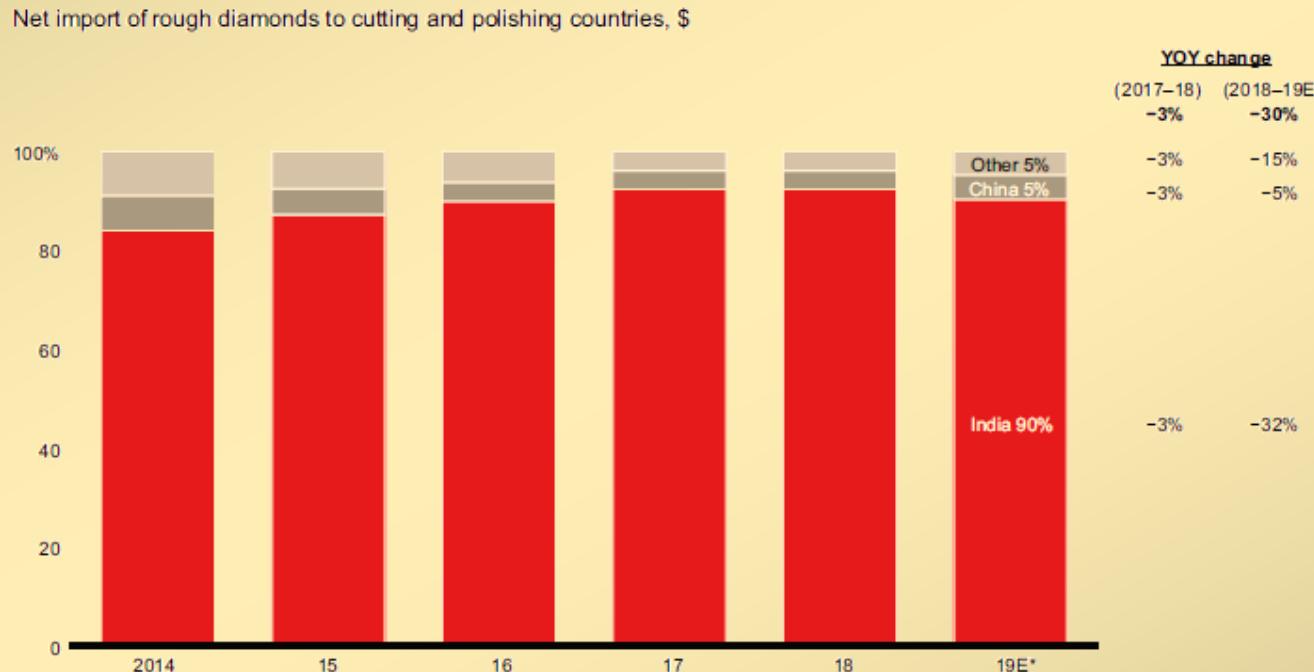
Value Propositions: Theory and Cases.

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.

4

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



*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

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



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



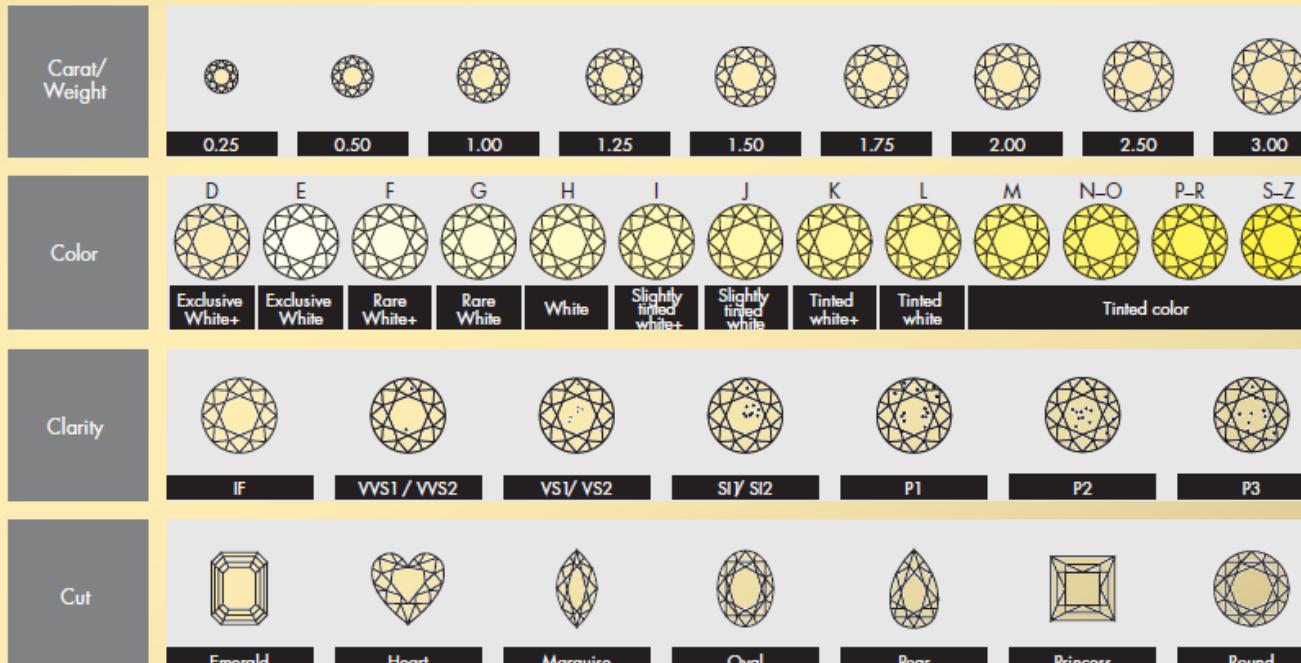
Value Propositions: Theory and Cases.

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



- 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.

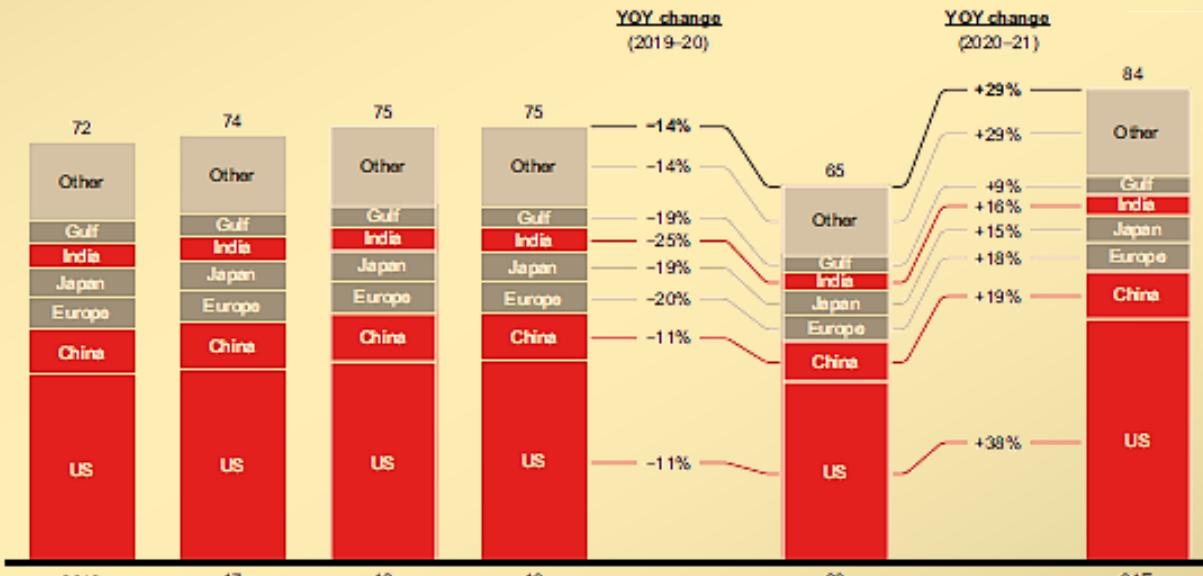
The idea to sell sustainable Diamond Engagement rings implies a world-shattering mindset for these entrepreneurs.

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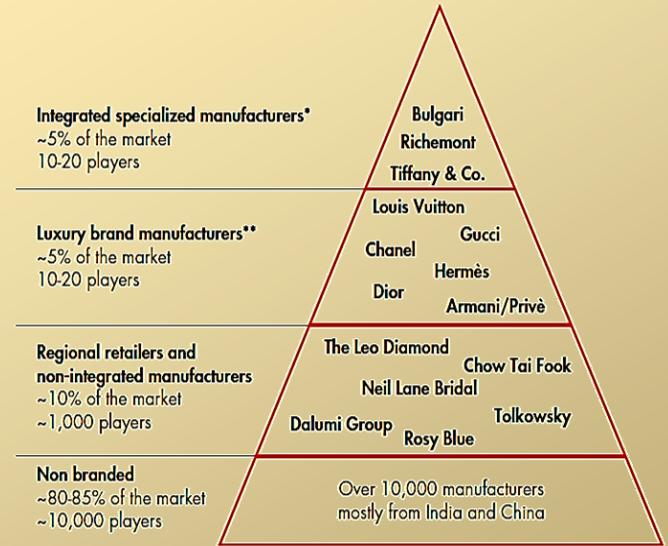
The Jewelry manufacturing industry is highly fragmented.

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

Global diamond jewelry retail sales, \$ billions



- ⑥
- 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.





Value Propositions: Theory and Cases.

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

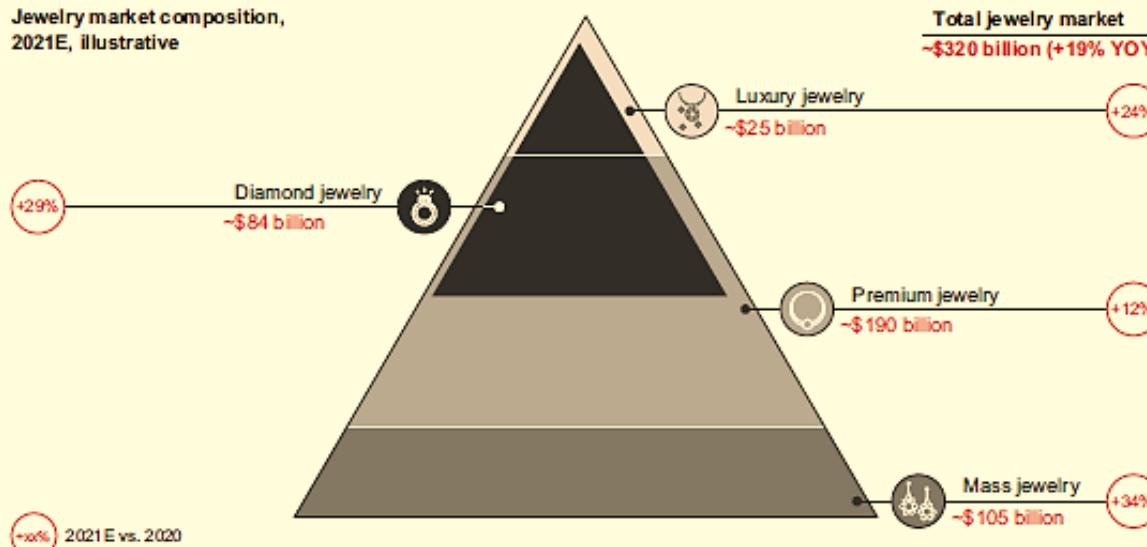
If the entrepreneurs' squad wish to sell Diamond Engagement Rings coming from Botswana, their value proposition should be different and unique.

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

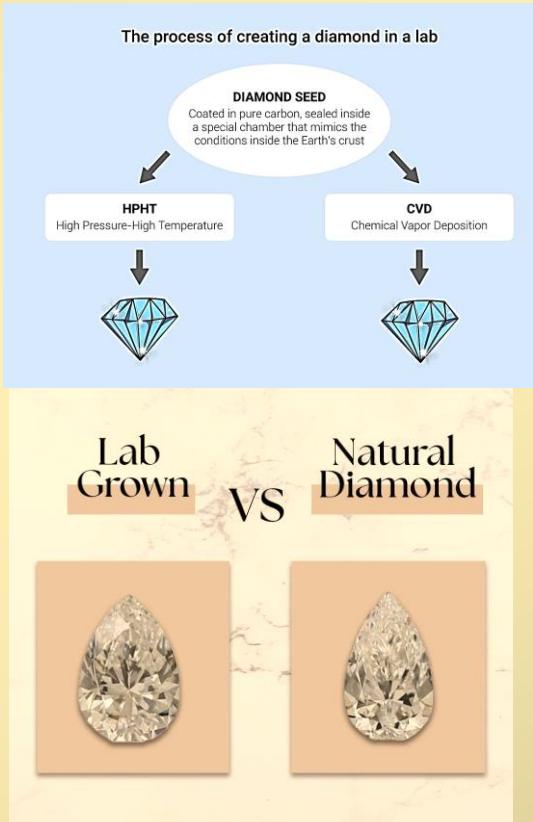


Value Propositions: Theory and Cases.

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.



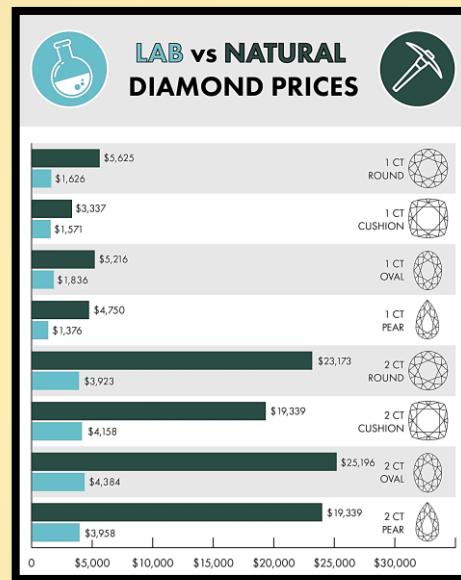
Value Propositions: Theory and Cases.

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>



*Prices for G, VS1 Ideal Cut diamonds as of March 2023



<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.

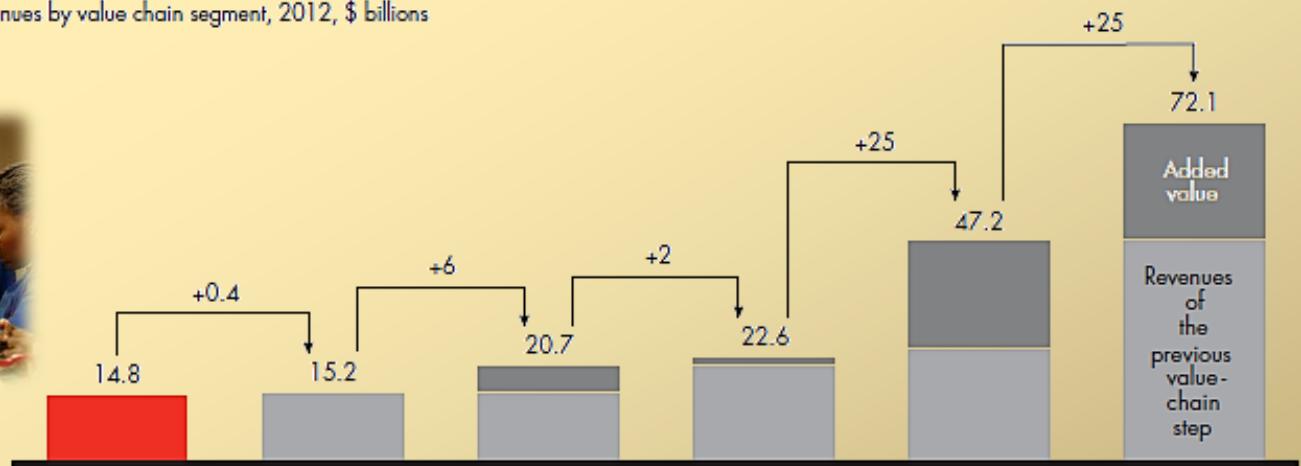
Are the entrepreneurs right in their assumptions?

"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 Chain Even-Zabar



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?



<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.

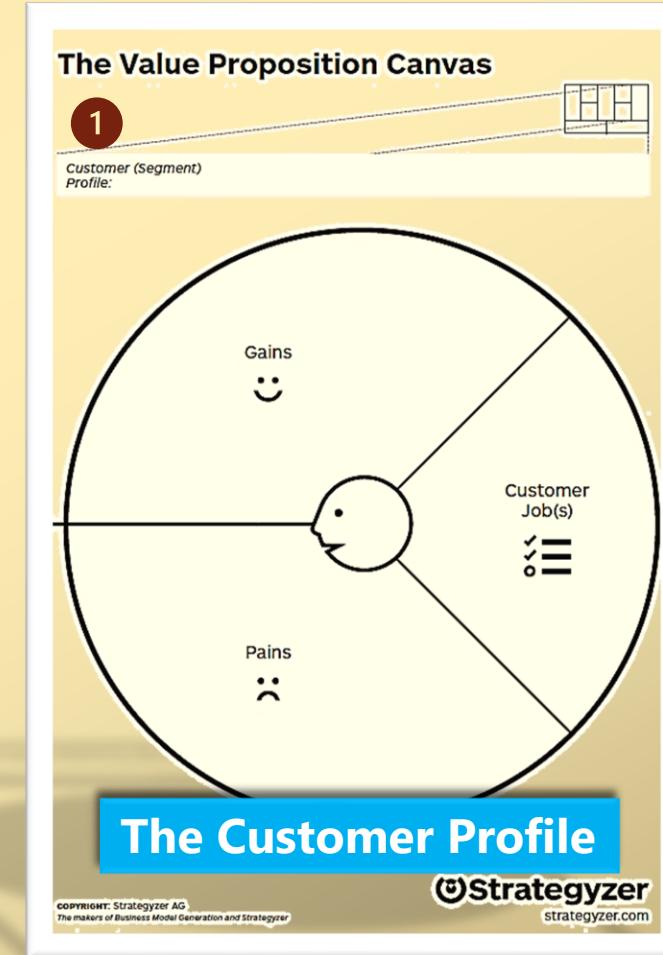
- Your homework for today is to try to build the two customer profiles for this example
 - Customer Profile 1 made for the economic buyer of the engagement ring, the groom.
 - Customer Profile 2 for the ultimate user of the engagement ring, the bride.
- Then proceed to build their respective value maps.
 - 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.



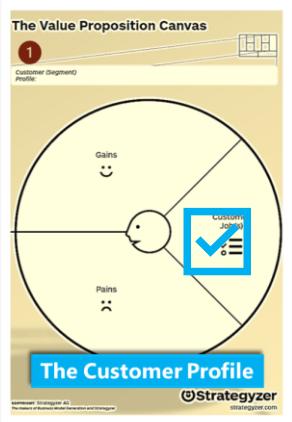
Value Propositions: Theory and Cases.

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



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.

Actions





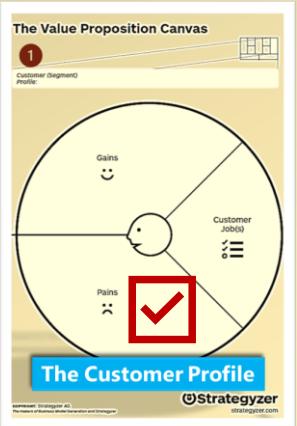
Value Propositions: Theory and Cases.

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



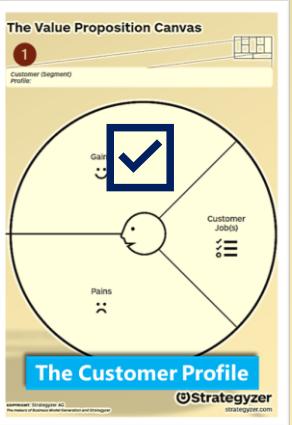
Value Propositions: Theory and Cases.

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) online 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

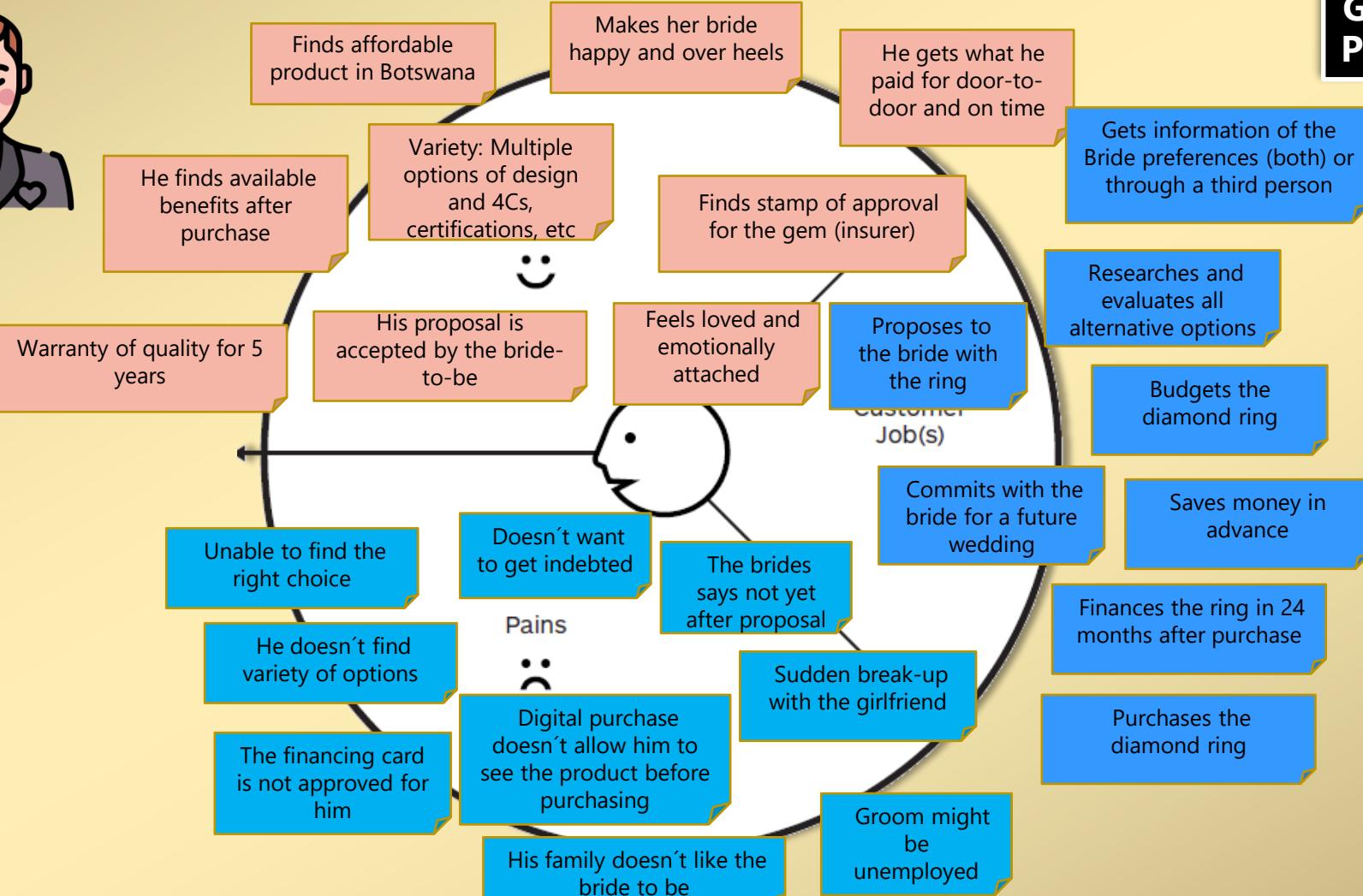
GROOM

- 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)



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



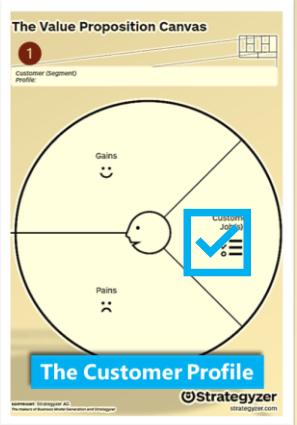
Value Propositions: Theory and Cases.

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



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.

Actions





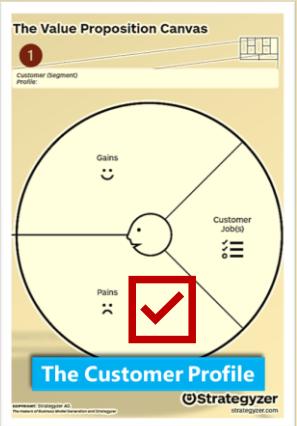
Value Propositions: Theory and Cases.

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

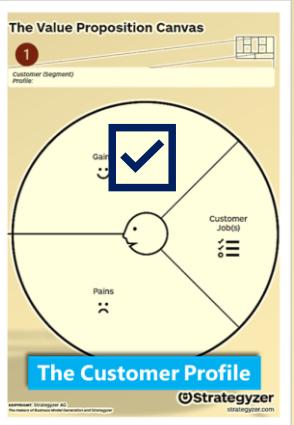


Value Propositions: Theory and Cases.

***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

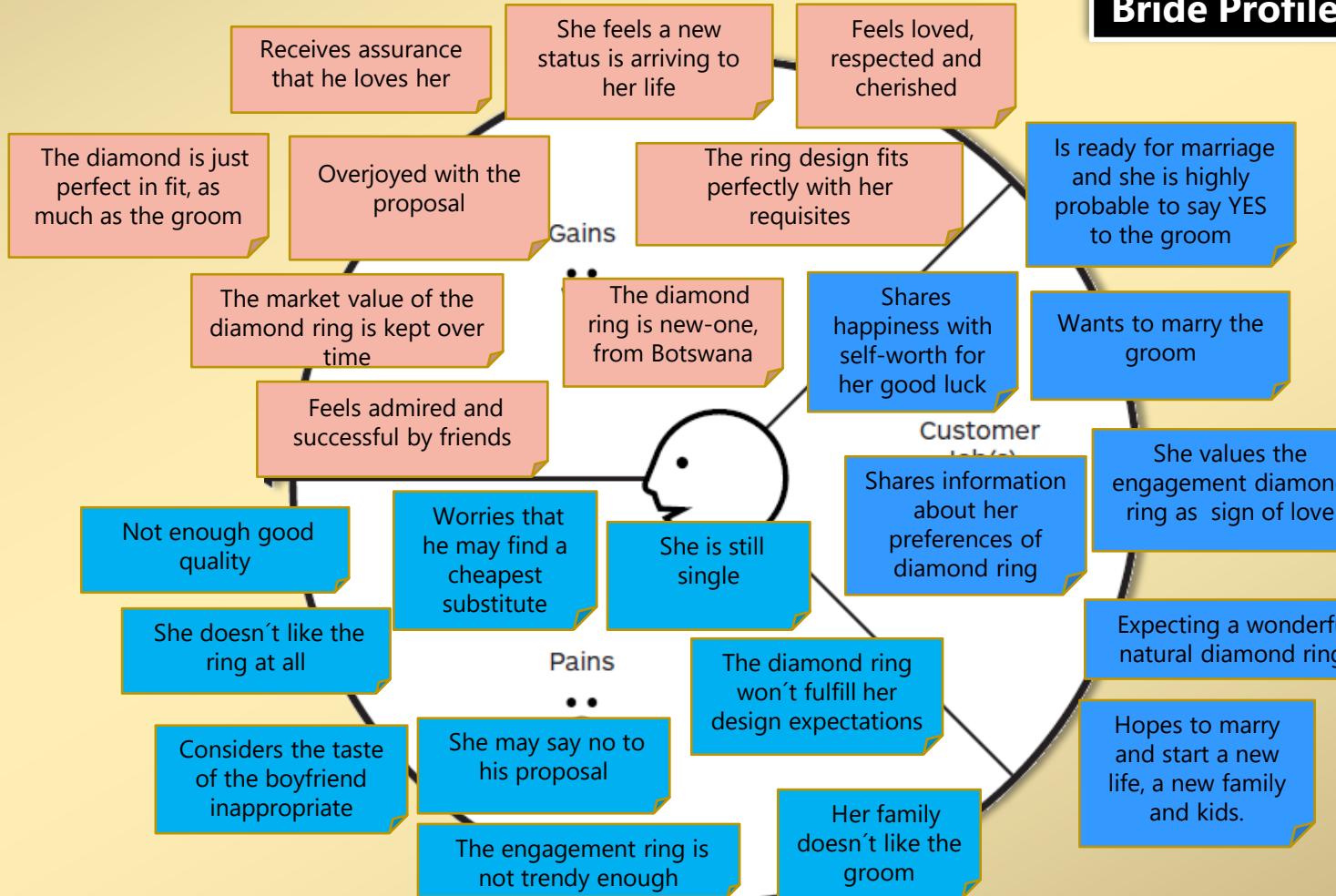
BRIDE

- 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)



Proceed to write each of your ideas in this template. Please download and print the template from <https://www.strategyzer.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**

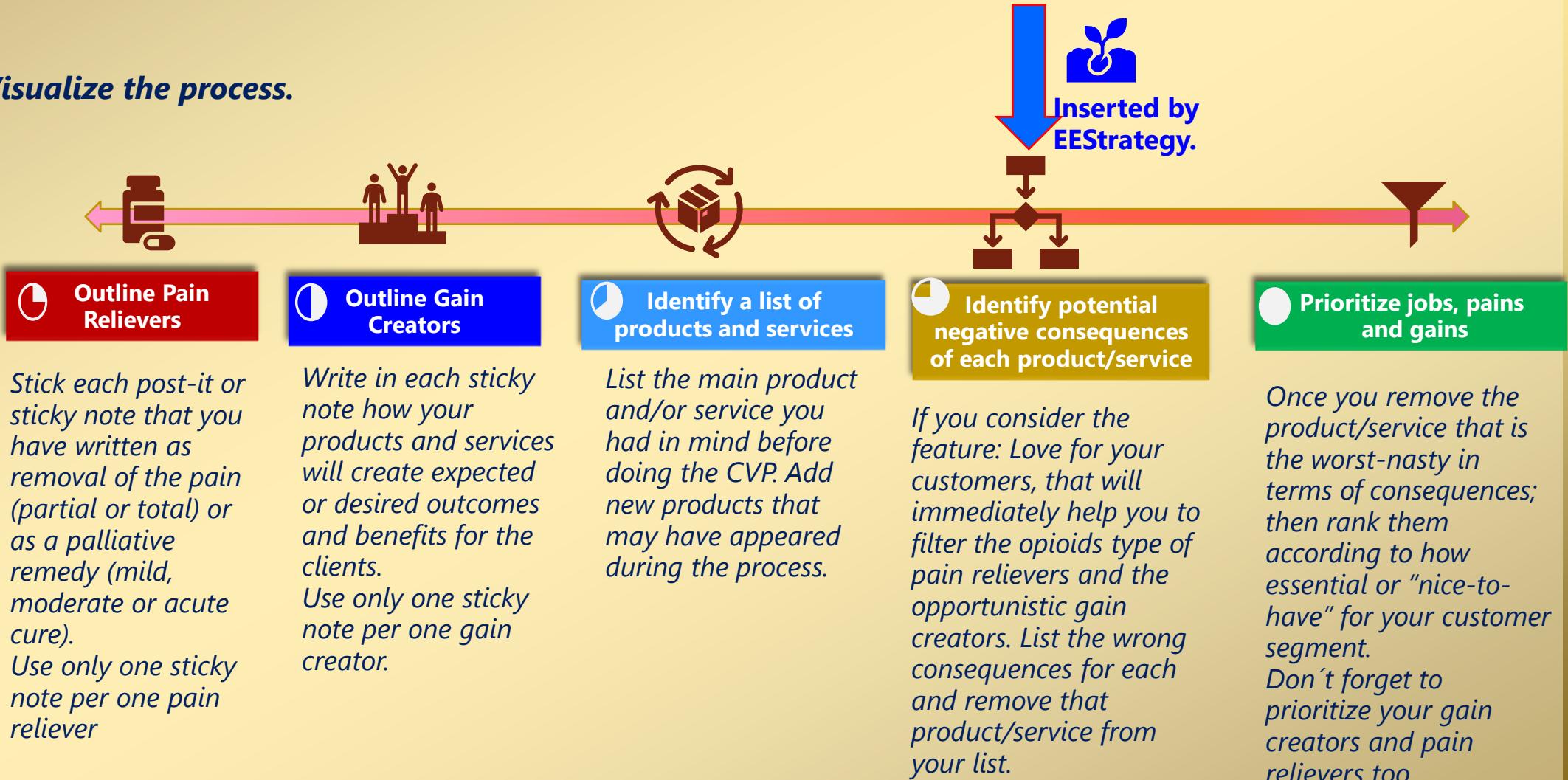




Value Propositions: Theory and Cases.

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

Visualize the process.





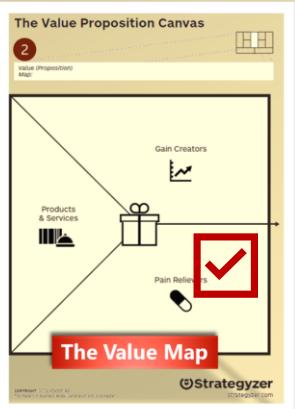
Value Propositions: Theory and Cases.

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 tailormade 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.

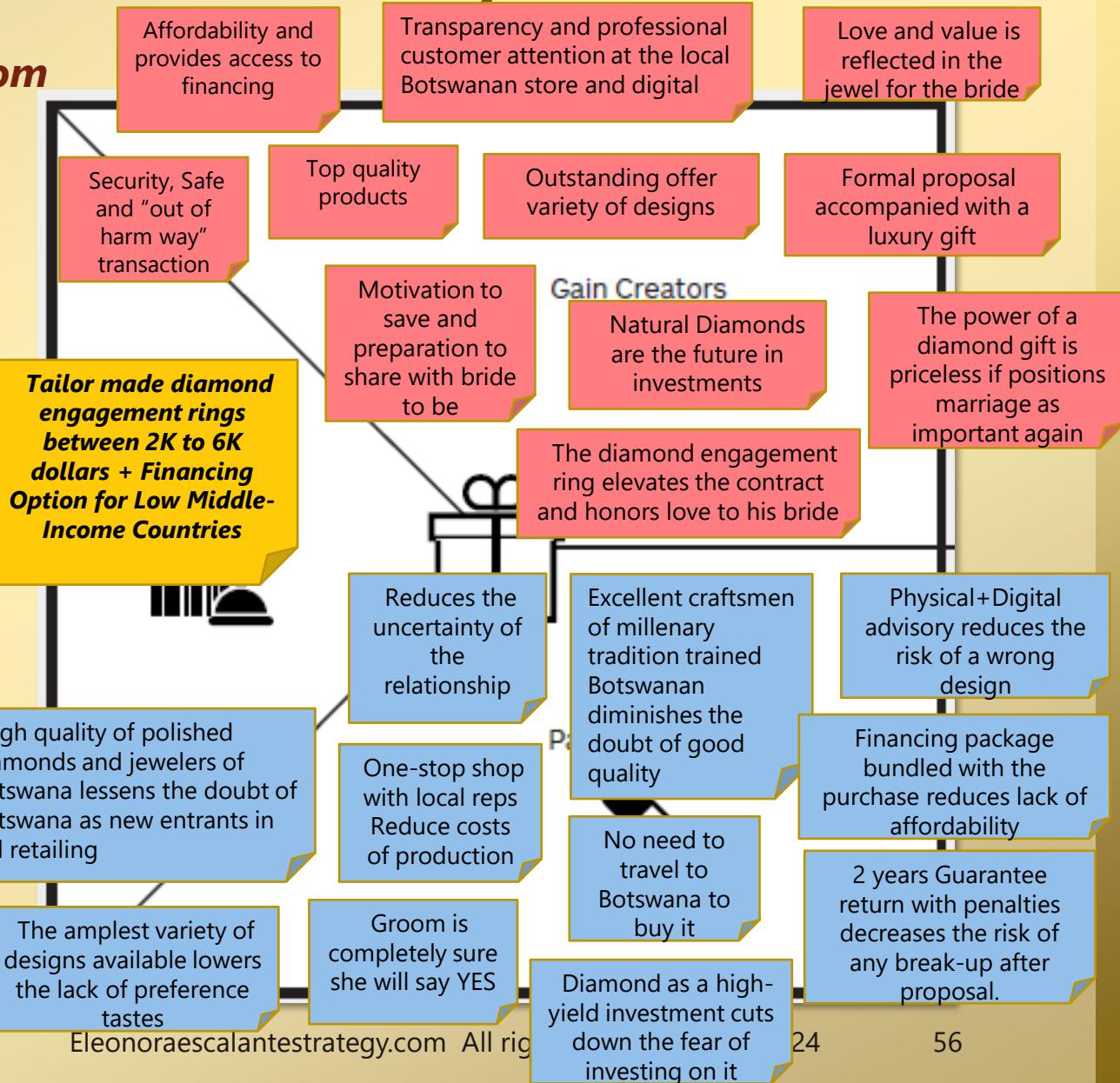
**A Value Map(Version 1.0) for the groom
(economic buyer)**

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



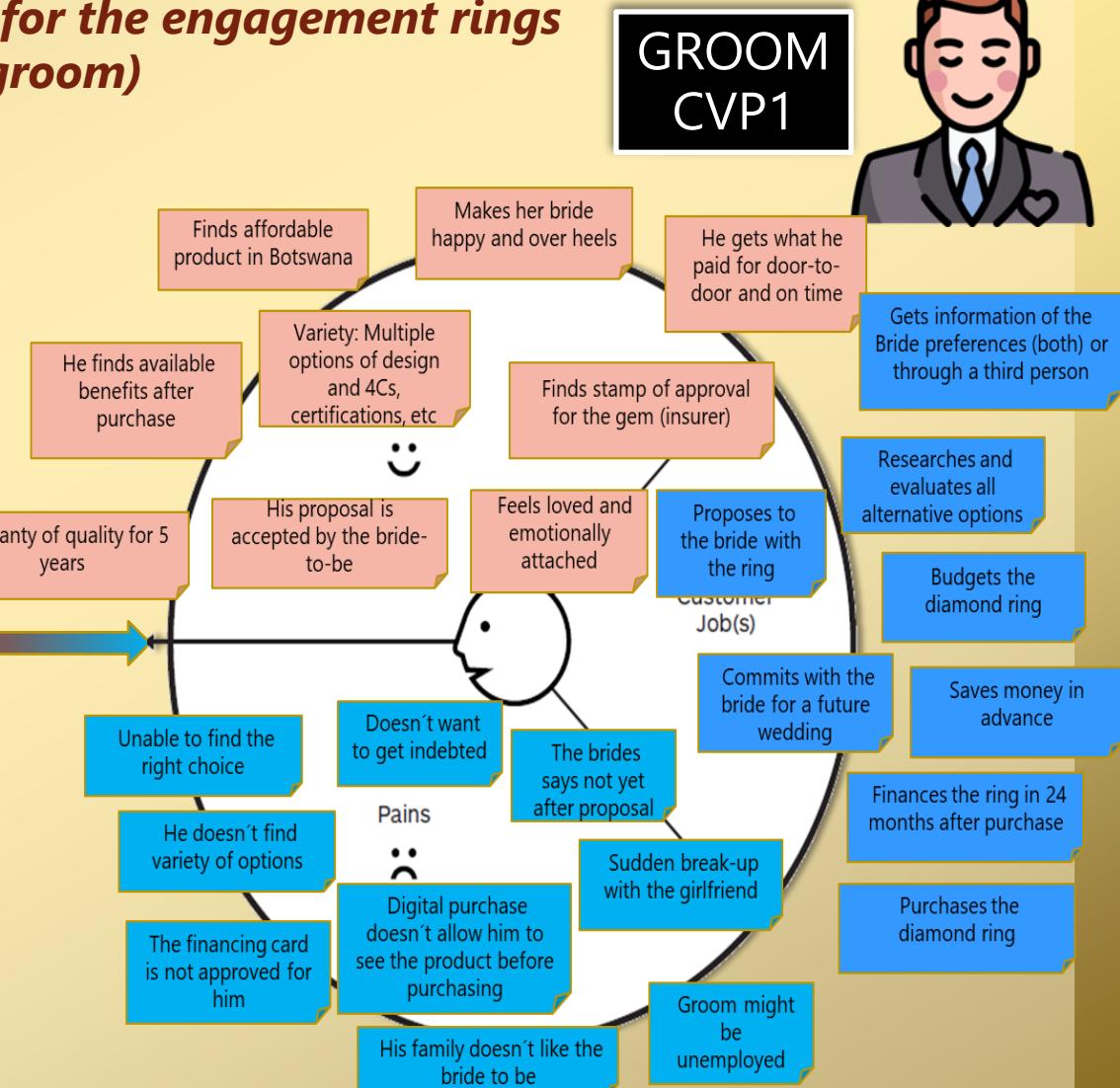
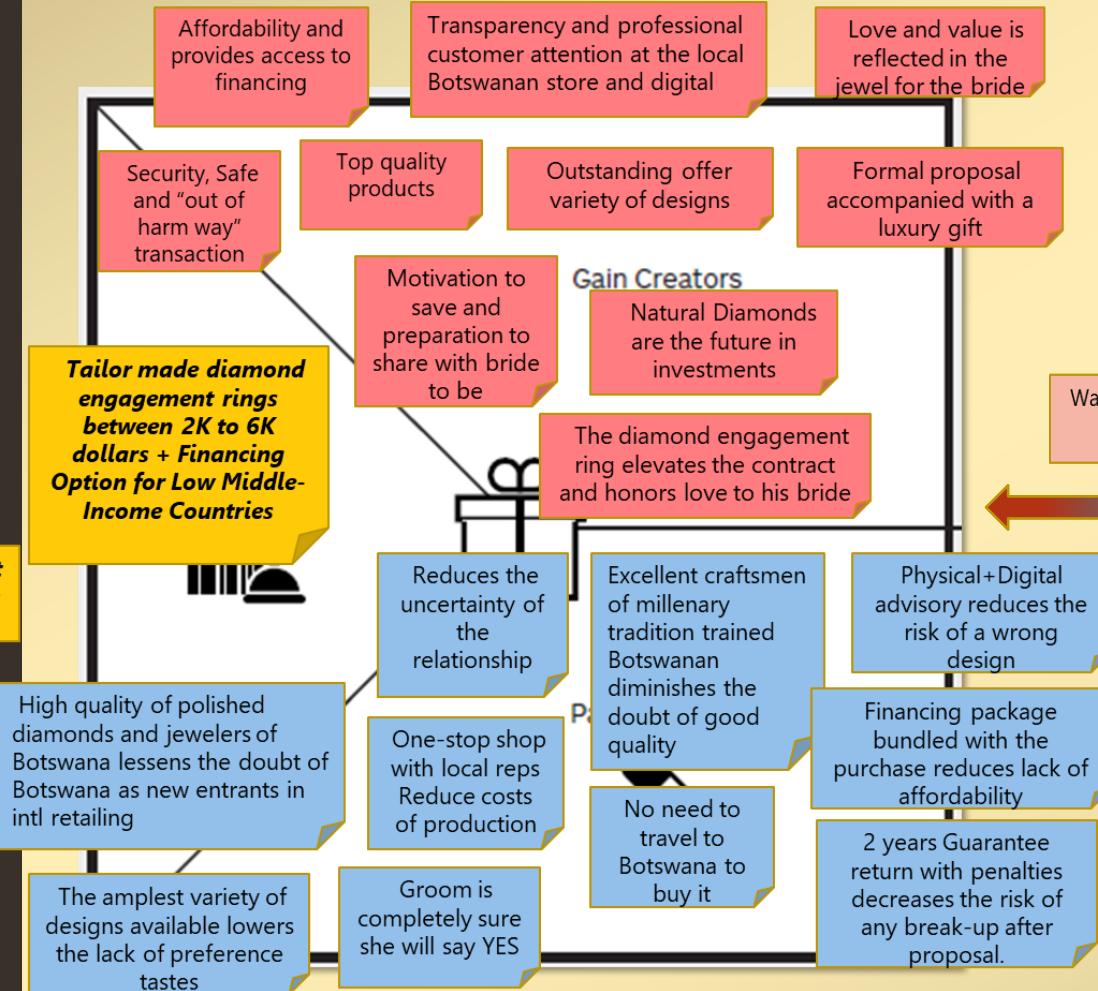
The diamond as a first high-yield investment





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)**

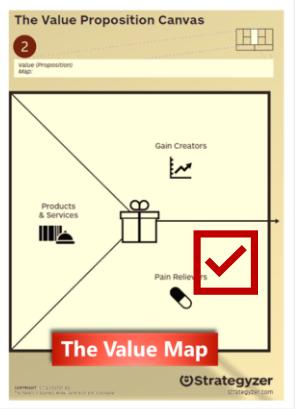




Value Propositions: Theory and Cases.

Our entrepreneurs are interested to sell diamond engagement rings from Botswana

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



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



**Bride
Pain relievers**

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.

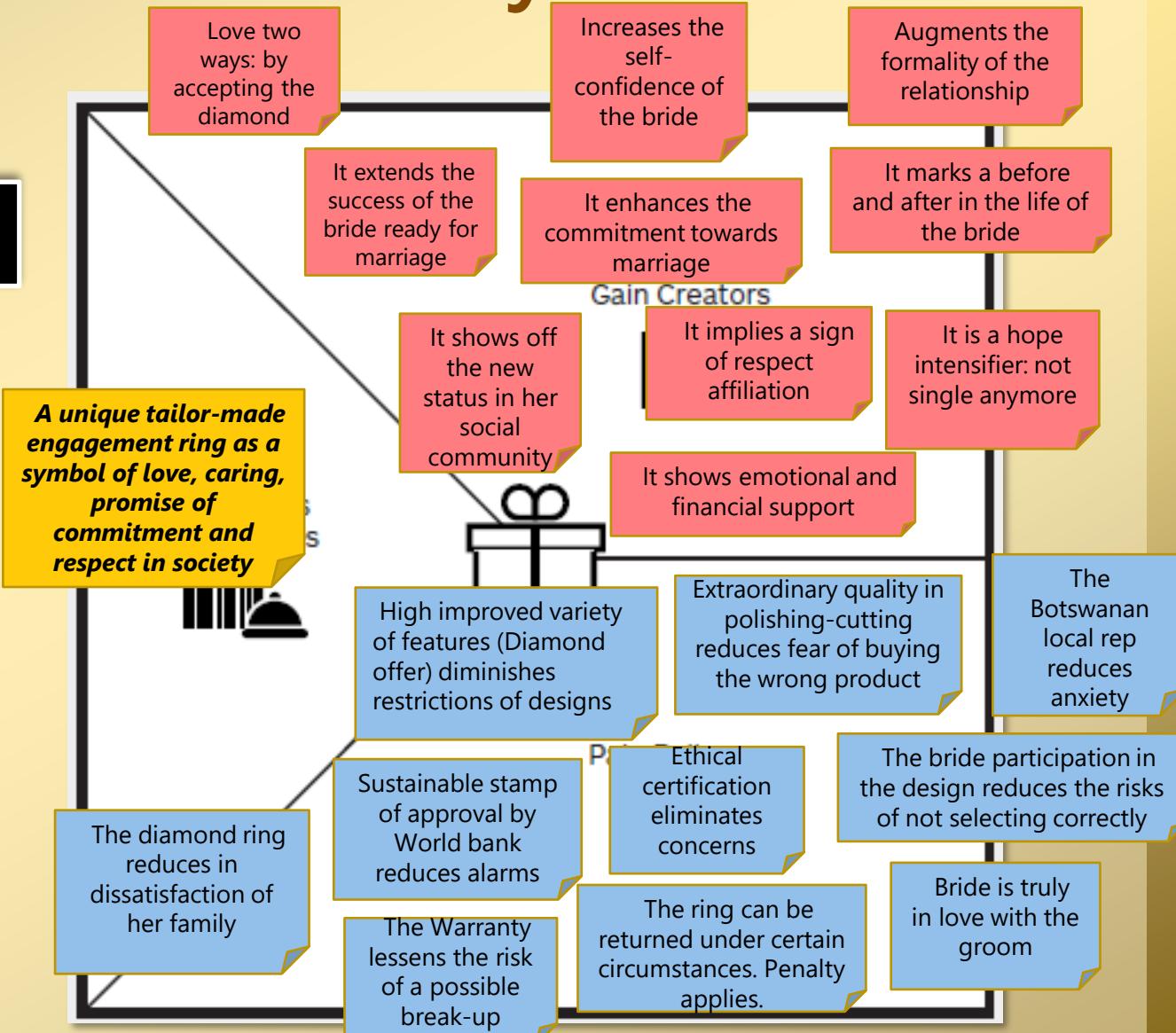


Value Propositions: Theory and Cases.

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.strategyer.com/library/the-value-map>. Please use sticky notes and stick each of them over the printed template with your own written ideas.

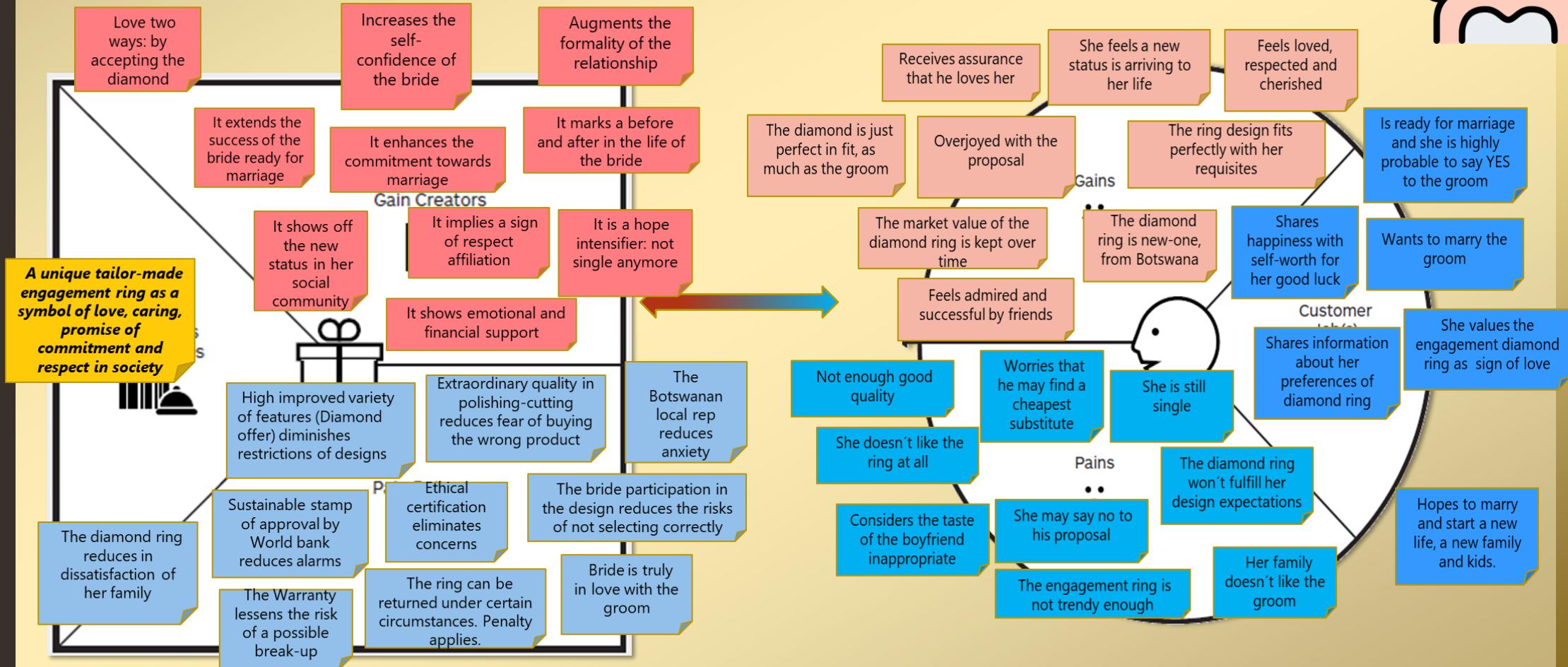
**Bride
Value Map 1**





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)**



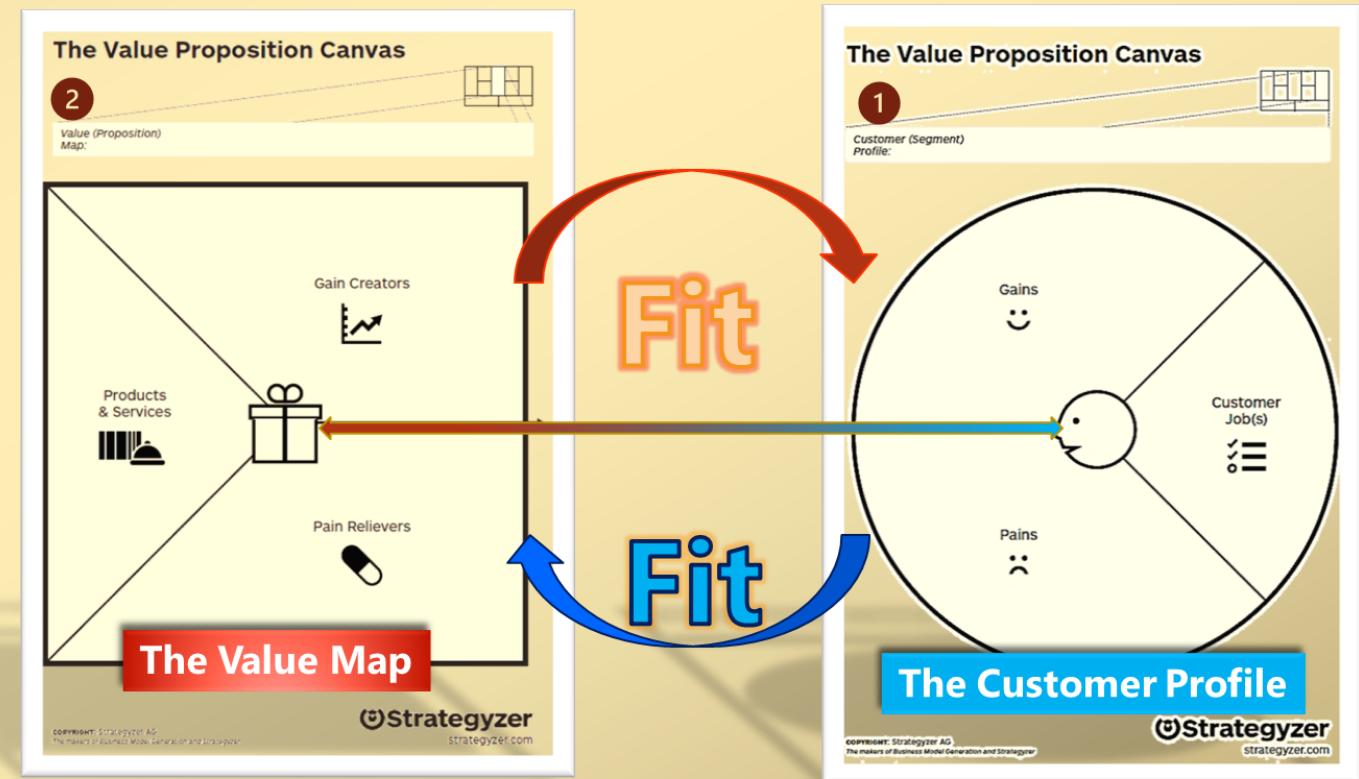


Value Propositions: Theory and Cases.

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

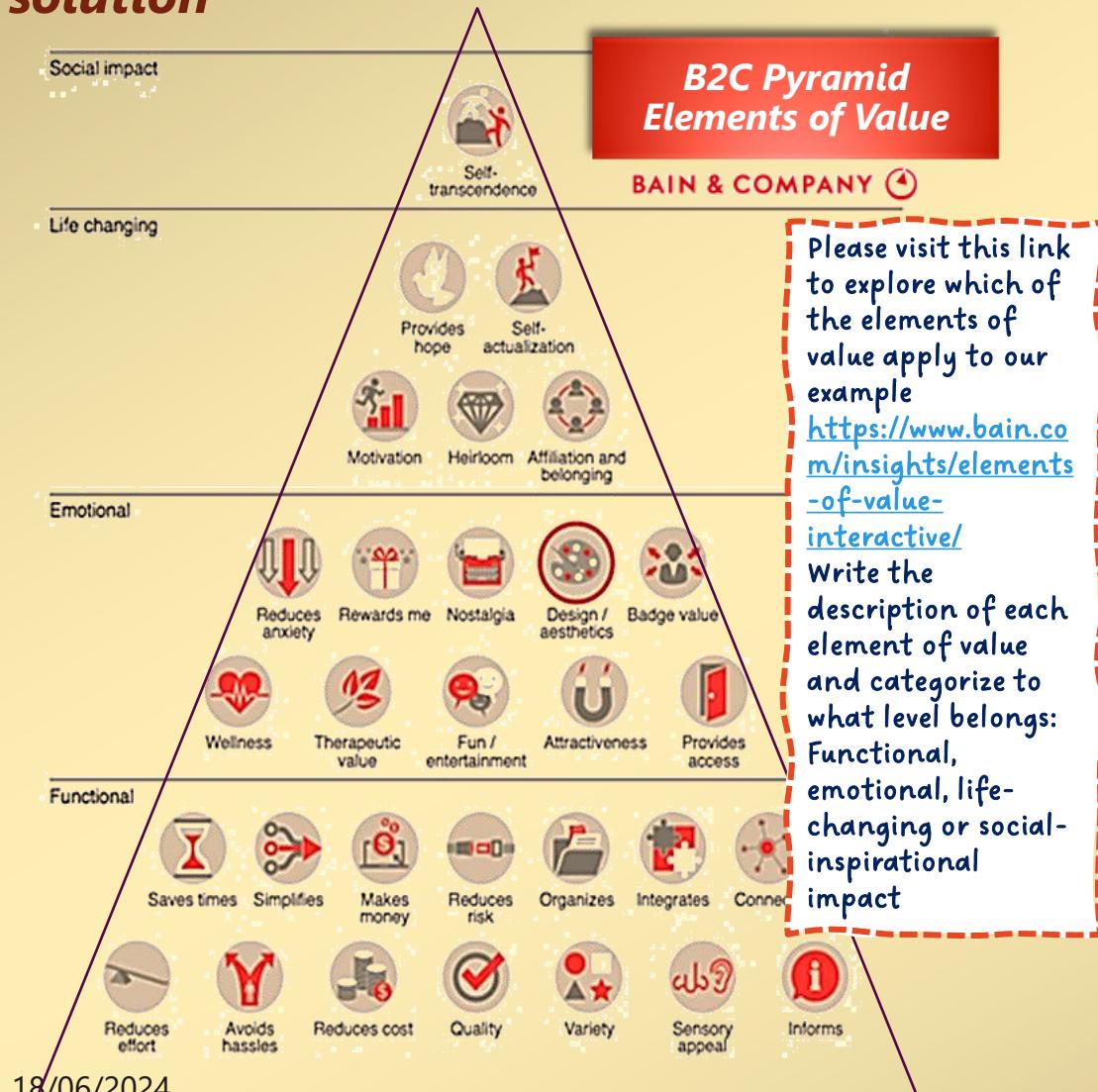
**Let's check
if there is a
fit.**





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

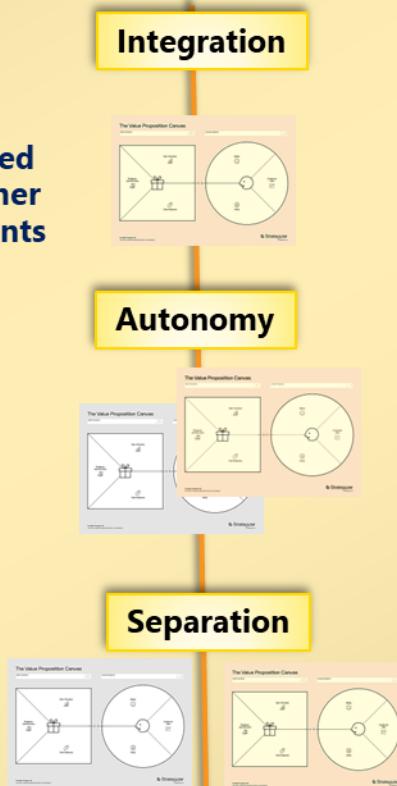


Value Propositions: Theory and Cases.

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

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

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



Bundled Customer Segments

Avoid conflicts between the integrated CVPs and allow for necessary autonomy

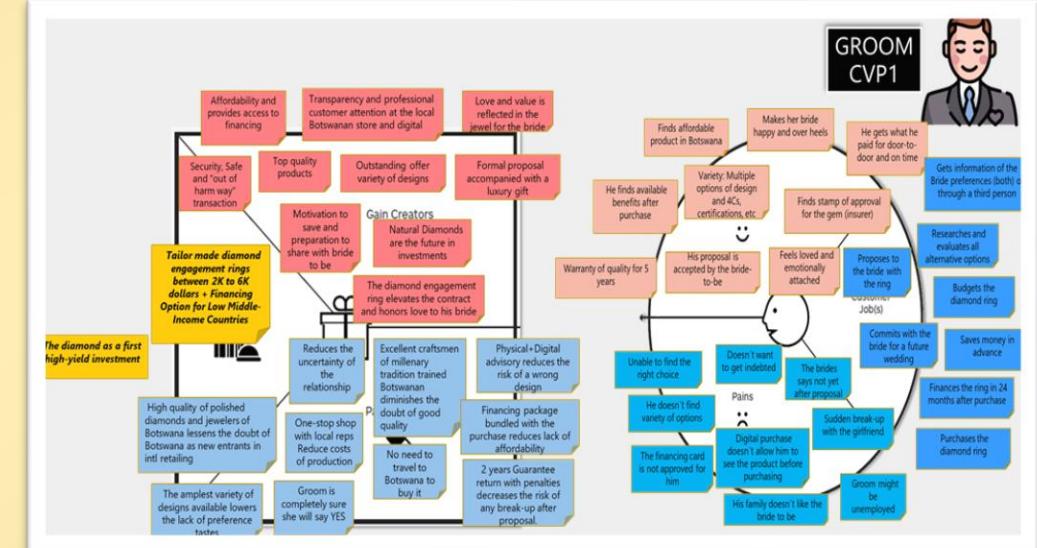
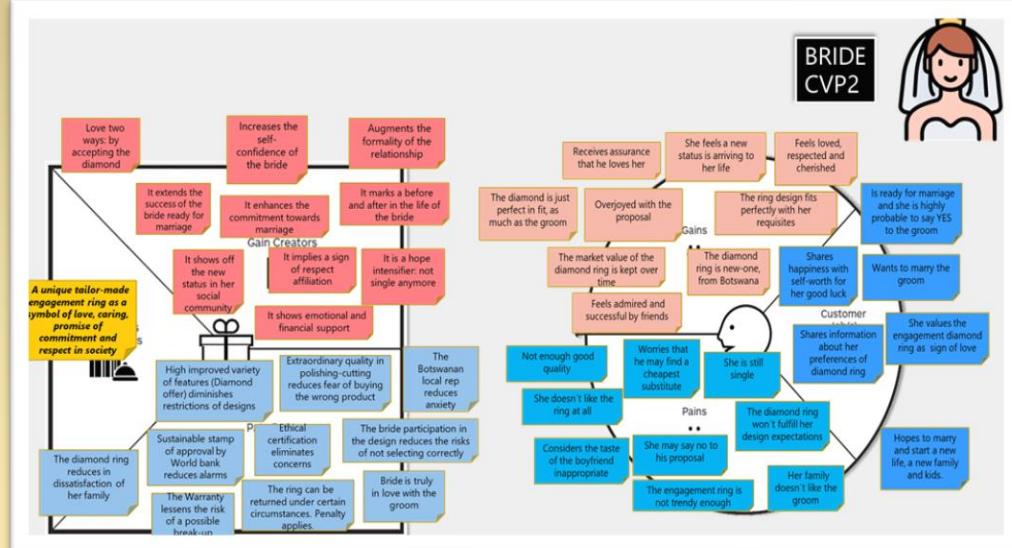
Customer profile		How to define and identify these clients
End User/Decision Maker	Bride	The person that is the ultimate responsible for the choice of the product and service. The ultimate beneficiaries of a product or service. They can be passive or active
Economic Buyer/Decision Maker	Groom	The person 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 it 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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Value Propositions: Theory and Cases.

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Value Propositions: Theory and Cases.

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16. <file:///D:/Eleonora%20Escalante%20Strategy%20G%202024/Example%204.%20Diamond%20ring/Botswana%20IMF%20article-A001-en.pdf>

Bain and Company Reports used for this class

1. *The Global Diamond Industry, Lifting the Veil of Mystery.* Year 2011
2. *The Global Diamond Report 2013, Journey through the value chain*
3. *The Global Diamond Industry 2018. A resilient industry shines through*
4. *The Global Diamond Industry 2019. Strong Origins: current perspectives on the Diamond Industry*
5. *The Global Diamond Industry 2020-2021. Brilliant under Pressure*
6. *The Global Diamond Industry 2021-2022 A Brilliant Recovery shapes up.*
7. <https://www.debeersgroup.com/reports/insights/the-diamond-insight-report-2023>



The solution to this
exercise will be
uploaded on Monday.

Our next publication will be
Example 5.
A Global Transportation
Services Enterprise

Value Propositions: Theory and Cases.
From January 22nd to May 24th, 2024.