



L-Università ta' Malta
Faculty of Economics,
Management & Accountancy

THOUGHT
LEADERSHIP
EVENT

Strategy in the age of uncertainty

How firms grow through
opportunities and unique value



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TRADEMALTA



The Key Driver of *Growth*

THE COMPANIES

COMPANY	ACTIVITY	EMPLOYEES
PayCo	Software solutions for card payments, mostly for banks and schemes	244
PostCo	Software solutions for postal, treasury functions and bi-spoke provider of mission-critical software	90
AirCo	Software solutions for airport non-aeronautical revenue (retail)	47
HRCo	Specialist recruitment, selection and resourcing for the ICT and financial services industry	50
FundCo	Fund administration and support services	49
SnackCo	Manufacturer of snacks, biscuits of own products as well as under private label	149
LearnCo	Language schools	800

THE DATA

YEAR ONE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PayCo	Interviews	Firm Documents External Documents	Interviews	Interviews		Interviews	External Documents			External Documents		
LearnCo												
SnackCo	Interviews			Interviews	Interviews	Firm Documents			Interviews	External Documents		Interviews
PostCo						External Documents	Interviews		Interviews	Firm Documents		
AirCo		Interviews	Firm Documents	Interviews	External Documents			Interviews	Interviews	Firm Documents	External Documents	
FundCo			Firm Documents	External Documents			Interviews			External Documents		
HRCo					External Documents	Interviews	Firm Documents	Interviews			External Documents	

YEAR TWO	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PayCo	Interviews				Interviews	External Documents		Performance Survey		External Documents	Interviews	
LearnCo						Interviews	Interviews	Firm Documents		External Documents	External Documents	Interviews
SnackCo	Firm Documents				Interviews		External Documents			Interviews	Performance Survey	
PostCo	Interviews			External Documents	External Documents		Interviews				Interviews	Interviews
AirCo	Interviews		External Documents		Interviews				External Documents		Interviews	Interviews
FundCo	Interviews		Firm Documents		Interviews		External Documents			Interviews	Performance Survey	
HRCo	Interviews	Firm Documents				Interviews		External Documents	External Documents	Performance Survey	Interviews	

- Interviews
- Firm Documents
- External Documents
- Performance Survey

7

Deep Case Studies

12

Company Documents

24

Months

25

Publicly-available Reports

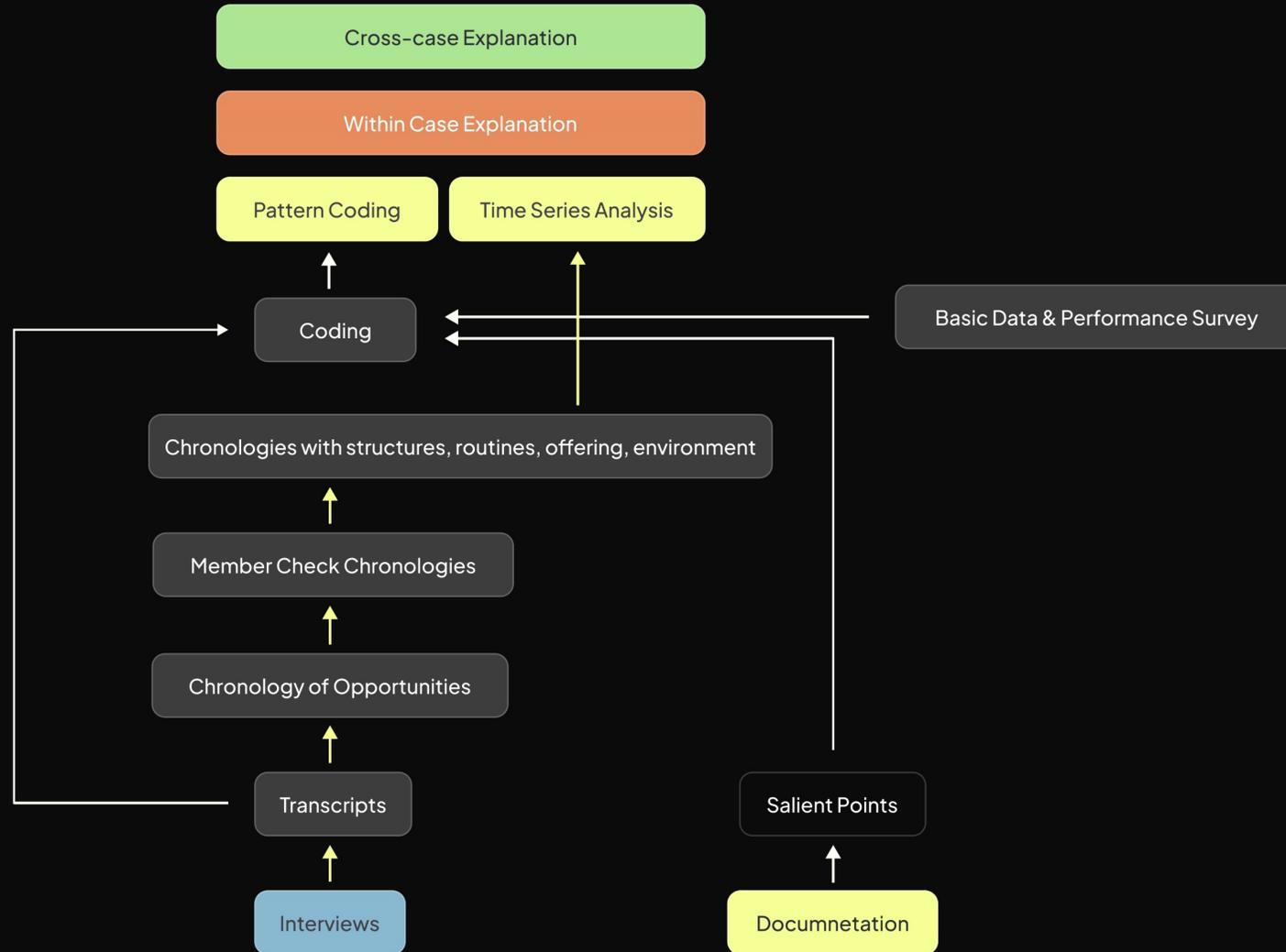
55

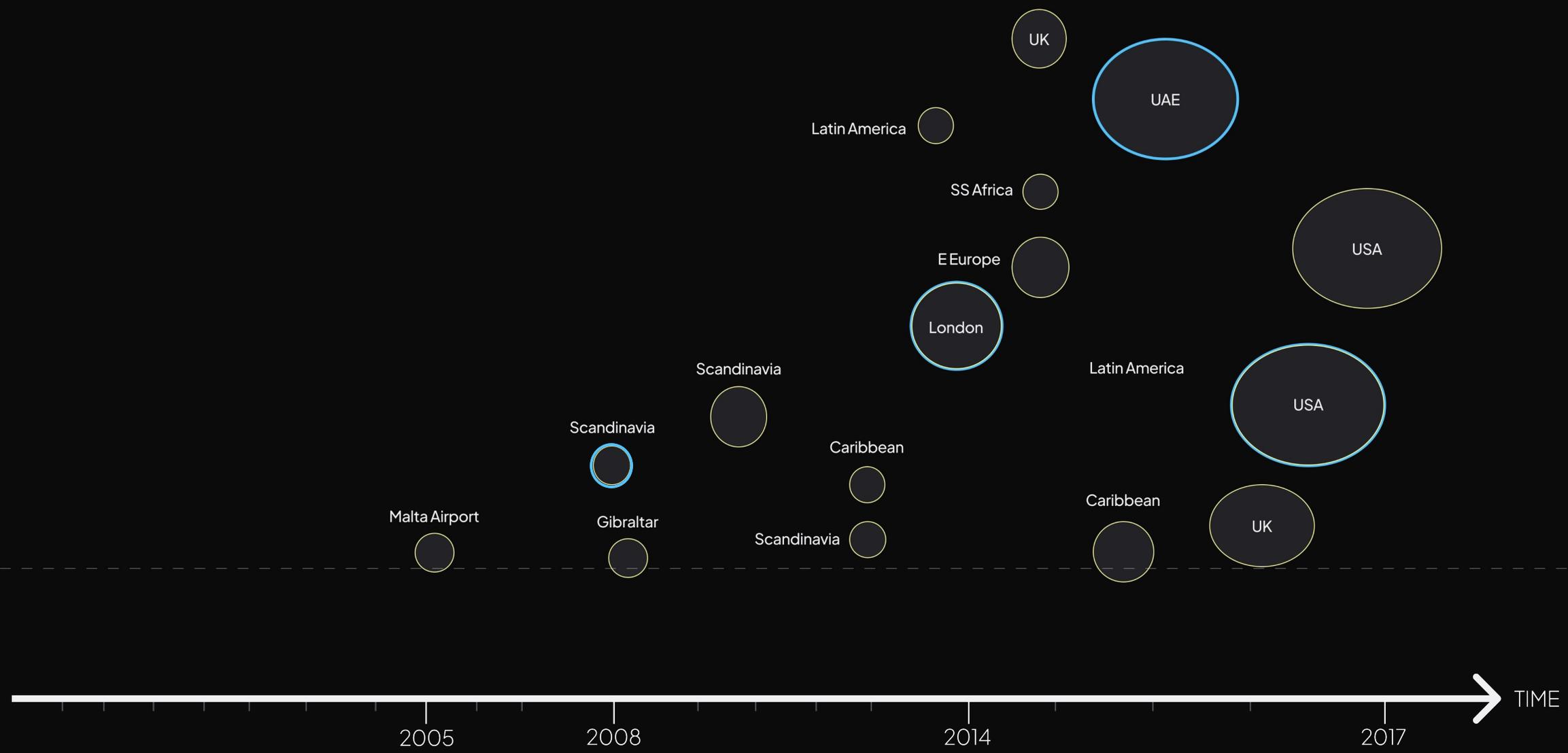
Interviews

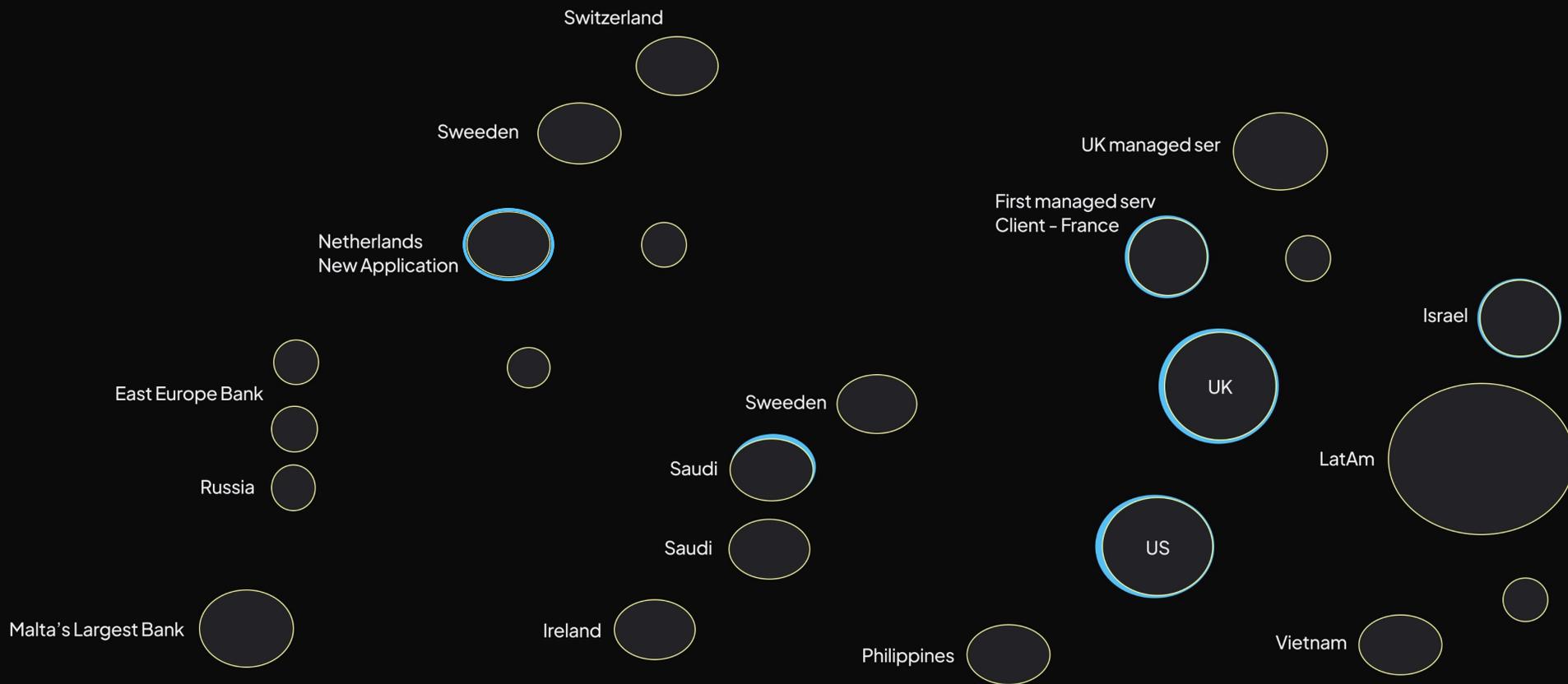
320

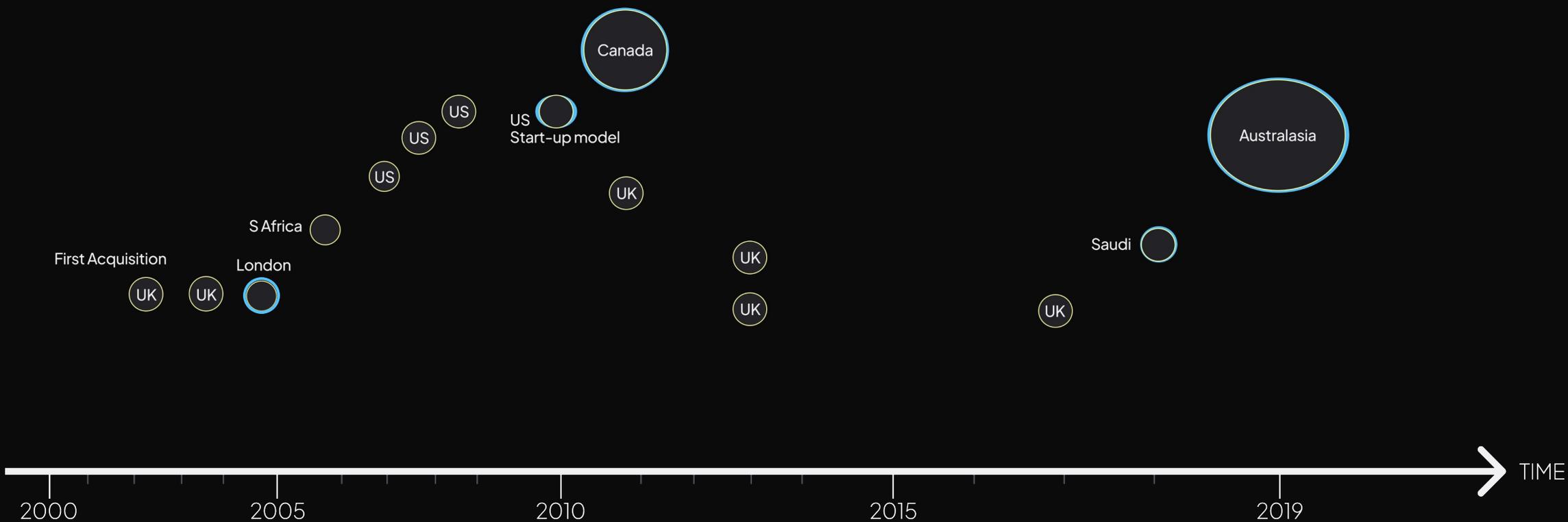
Pages of Transcripts

THE ANALYSIS









“The first big break being the acquisition of the London school, after which we knew we were on to something big”

CEO, LearnCo

“This Scandinavian airport was known to be an innovative airport and it had complexities, efficiency and size which back then were very significant”

CEO, AirCo

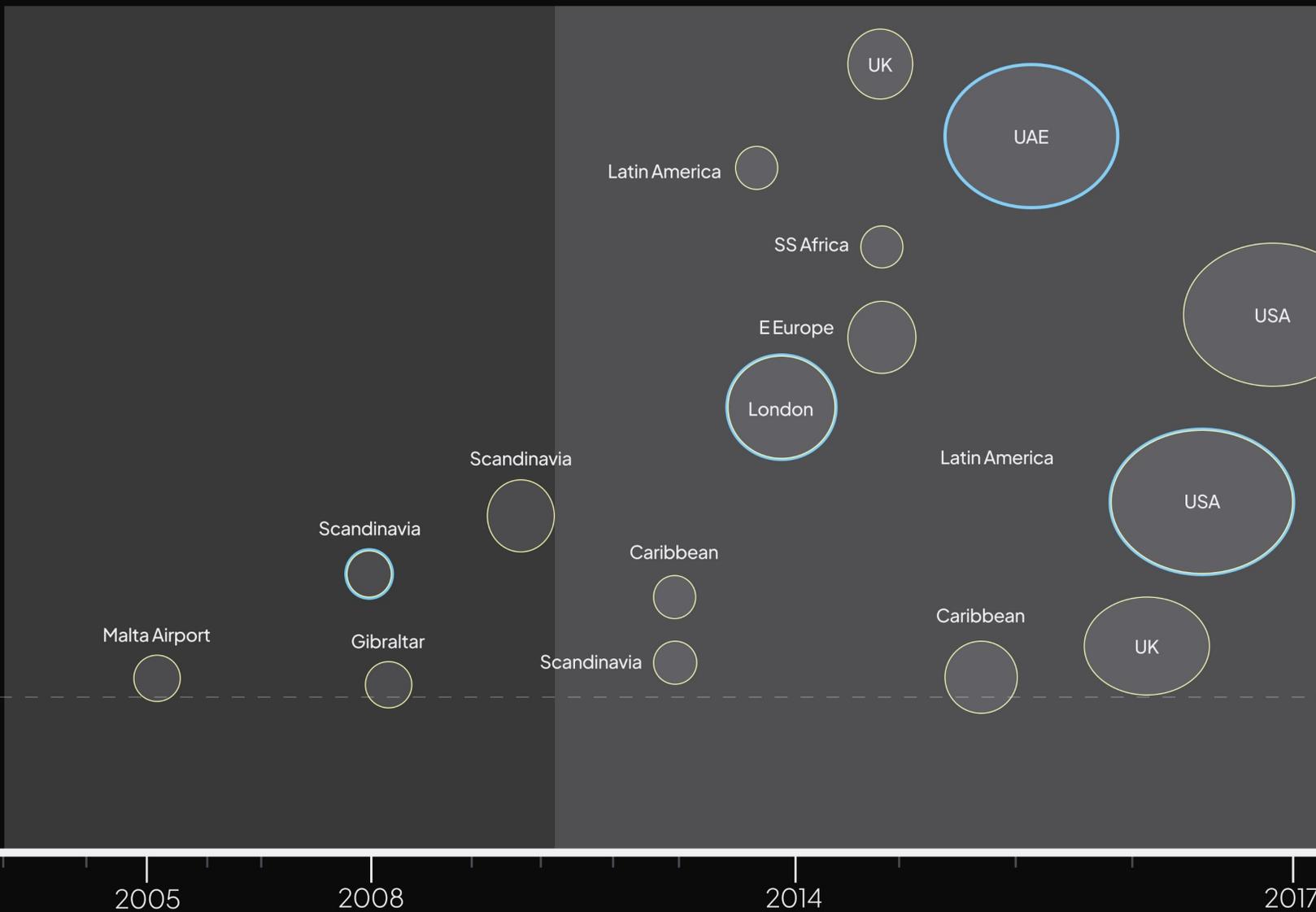
“The project in the Netherlands tested our capabilities, but made us realize that we can play in this league, of large banks and card schemes that are complex, scalable and long-term”

CEO, PayCo



PHASE 1

PHASE 2

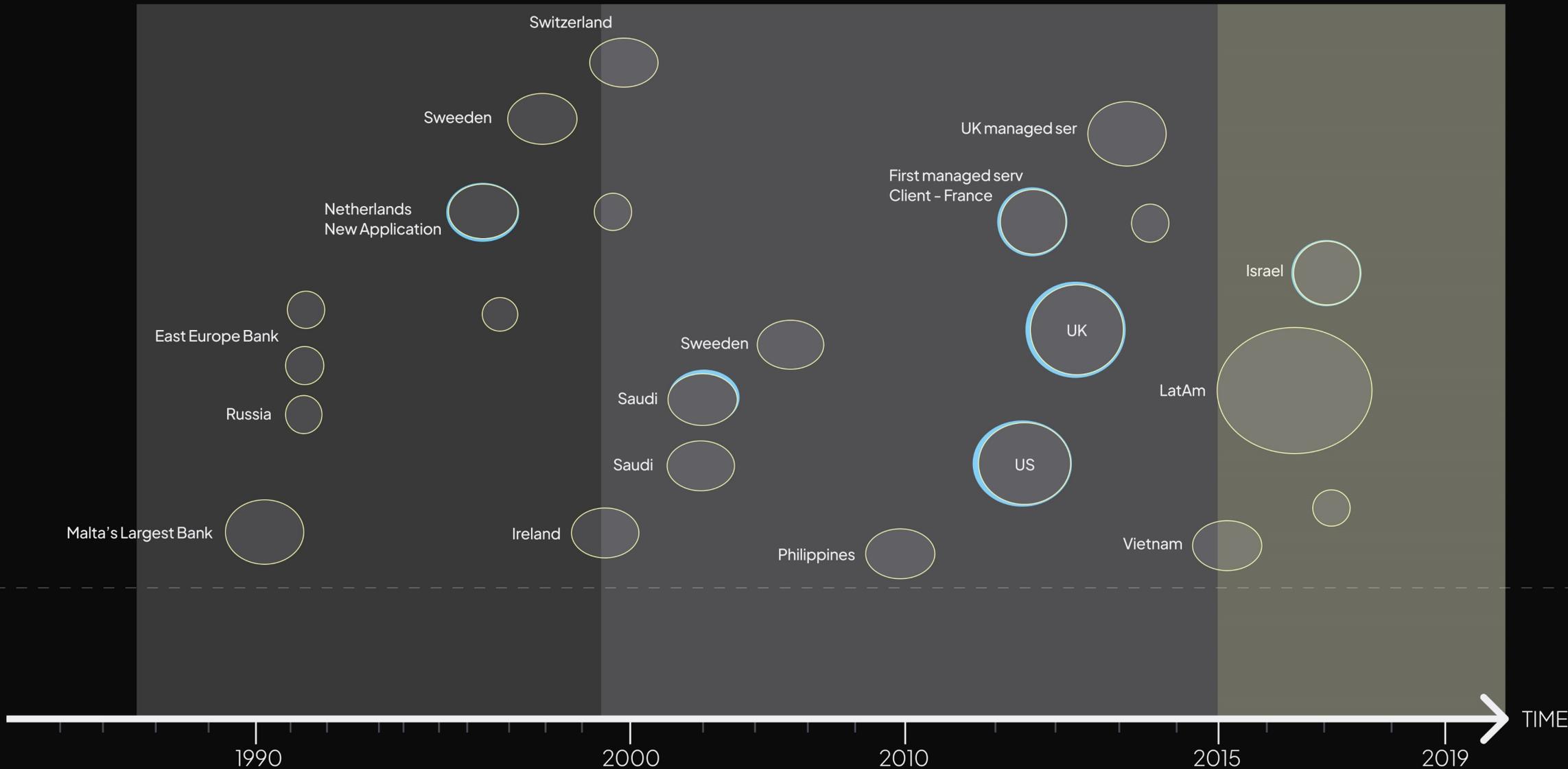


TIME

PHASE 1

PHASE 2

PHASE 3

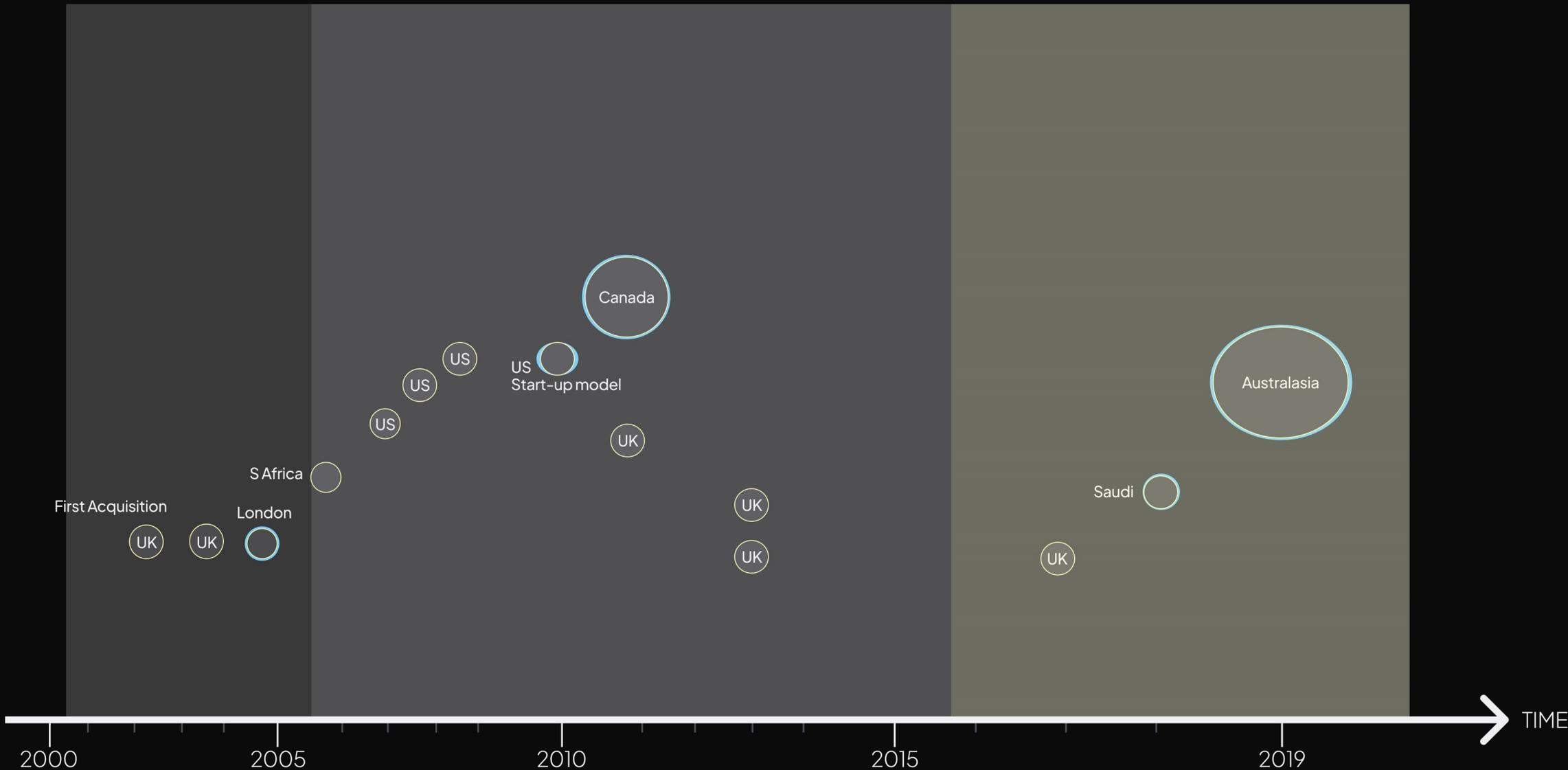


TIME

PHASE 1

PHASE 2

PHASE 3



“We built a good pipeline of work now, all meant to replicate the first important contract”

CEO, HrCo

“The minute you have the breakthrough, you have a reference, you are playing in that league and the others will follow, from there its repetition”

CEO, PayCo

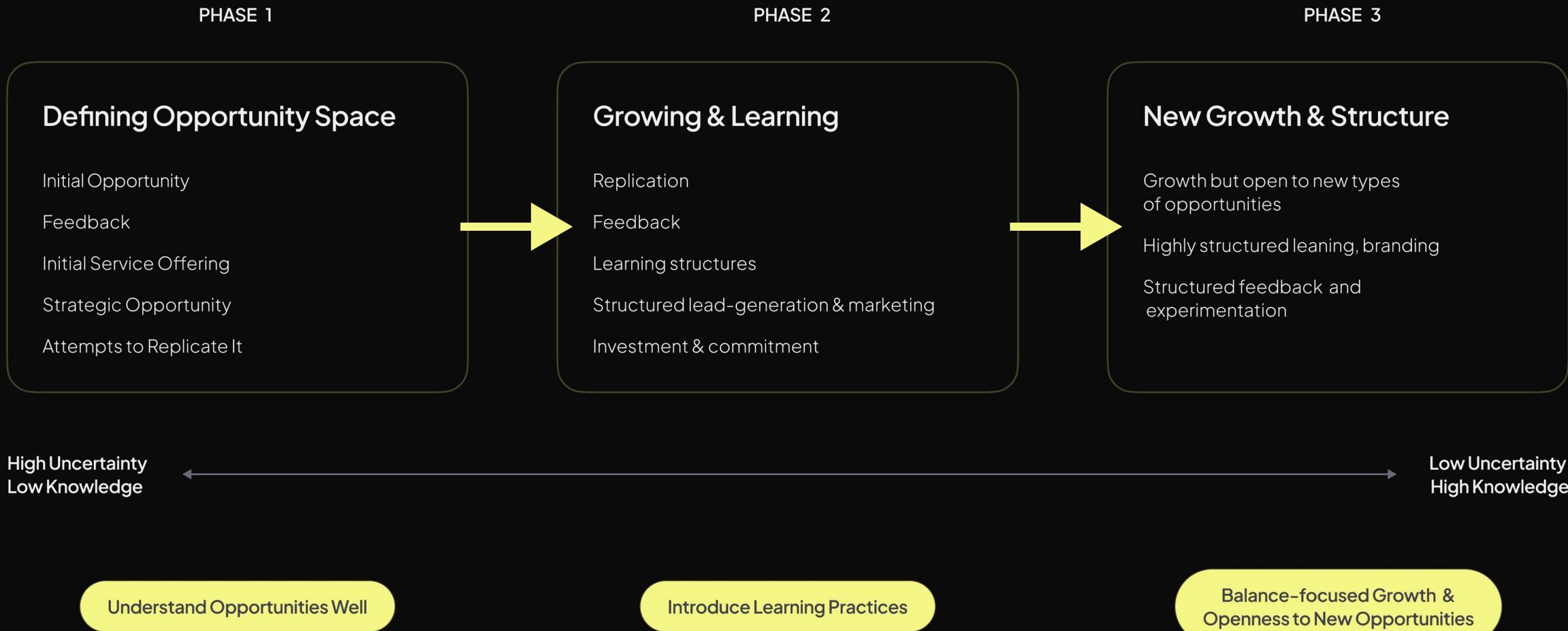
“Swiss project model is the model to follow. I guess the company has learned over the years re what makes sense and what does not”,

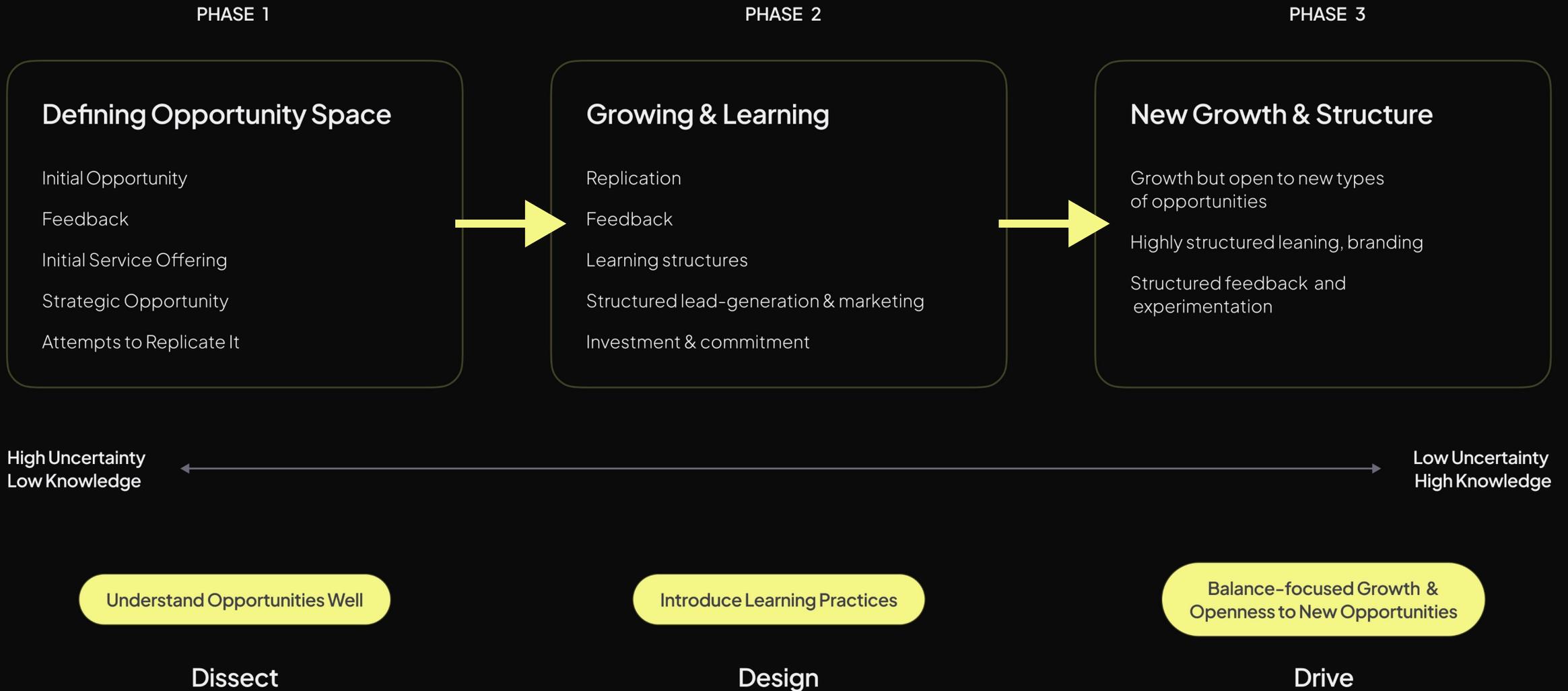
CEO, SnackCo

“In the case of the postal product, it was sold it to 7 countries, and each time replicating and growing a bit more. But replication essentially”

CEO, PostCo







Thank You

The ideas in this presentation were published in 2023 as Schembri, J., Fletcher, M., & Buck, T. (2023). To go or not to go? Opportunities as triggers of commitment to internationalisation. *Journal of World Business*, 58, p.101388.



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TRADEMALTA



The 4 Habits of Responsiveness and Learning

Robert “Glenn” RICHEY, Jr.

Harbert Eminent Scholar in Supply Chain Management

Harbert College of Business

Auburn University

Editor-in-Chief

Journal of Business Logistics

Thanks & Agenda

1. Introduction (Auburn and JBL)
2. Changing Your Strategic Perspective to Responsiveness
3. Responsiveness Habits from Research
4. Learning Habits from Research
5. The Related New Technology (Gen AI)

Auburn University: Harbert College of Business

Founding Year: 1856.

Motto: "For the Advancement of Science and Arts."

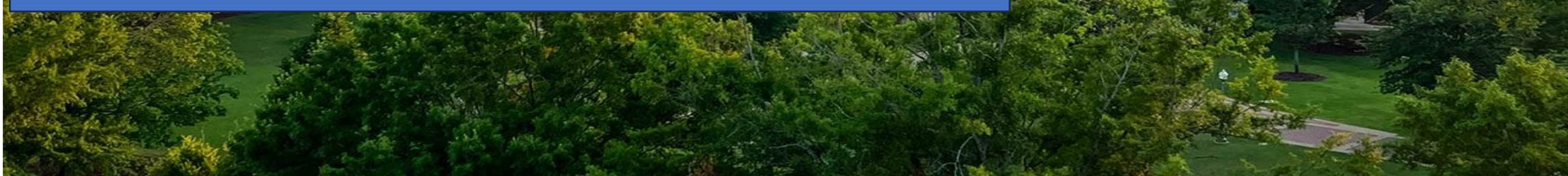
Campus Size: 1,840 acres/745 Hectares. 427 total buildings

People Size: Undergrad: 24,931, Grad: 5,510, Professional: 1,085

More than 150 majors from which students can choose.

Notable Alumni: notable graduates **Tim Cook** (CEO of Apple Inc.), **Charles Barkley** (former NBA player and crazy sports analyst), **Jim Voss** (Astronaut) **Joe Forehand** (Fmr. Chairman of Accenture), **Octavia Spencer** (Academy Award-winning actress).

Top Programs: Agriculture, Engineering, Forestry, Pharmacy, Supply Chain Management, & Veterinary Medicine



JOURNAL OF BUSINESS LOGISTICS

2020-2025

The mission of the *Journal of Business Logistics (JBL)* is to advance the **logistics and supply chain management** field by publishing high-quality, scholarly research that enhances both the **theoretical and practical understanding of logistics**. JBL aims to serve as a bridge between academic theory and business practice, addressing issues of relevance to practitioners, policymakers, and researchers in areas like **logistics strategy, supply chain management, transportation, distribution, warehousing, and emerging technologies**.

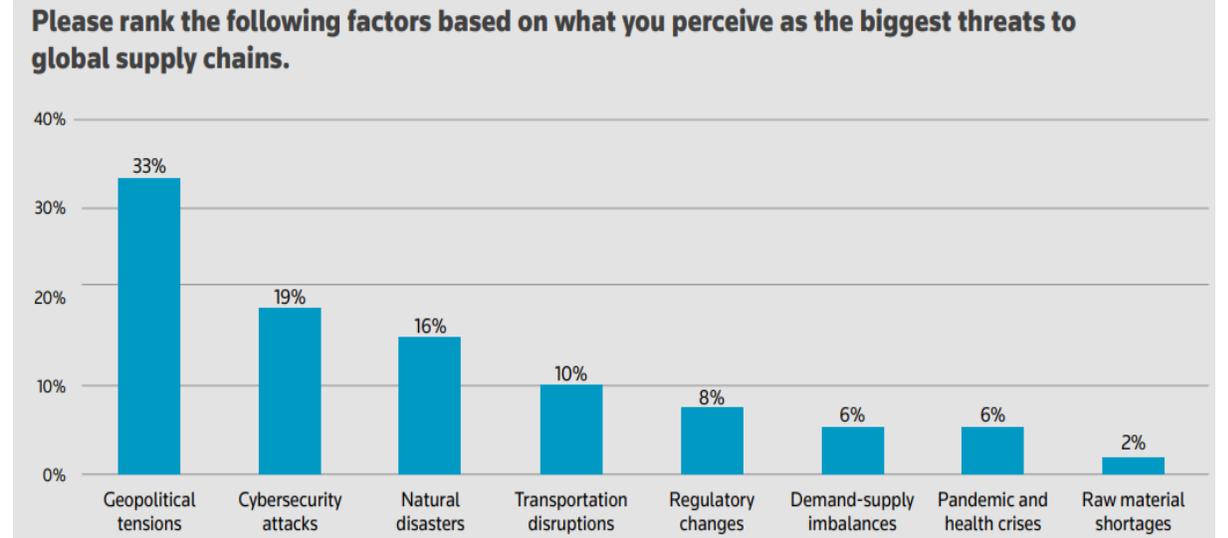
The journal focuses on disseminating research that provides actionable insights for improving supply chain **efficiency, effectiveness, and innovation**, contributing to the broader field of business logistics and supply chain management.

WILEY

Turbulence Extends to All Supply Chains

Today's supply chains are under enormous stress. Our industry has seen major impact from the pandemic, port crises, severe weather events, and supply and labor shortages—all adding to shipping delays.

KPMG



Shippers and carriers alike are contending with a turbulent global economy that features a combination of stubborn inflation and still-spotty demand.

Kearney, State of Logistics 2024

Changing Your Strategic View from Optimization to Responsiveness



Habits we will discuss:

Responsiveness

1. Adaptability
2. Flexibility
3. Agility
4. Improvisation

Organizational Learning

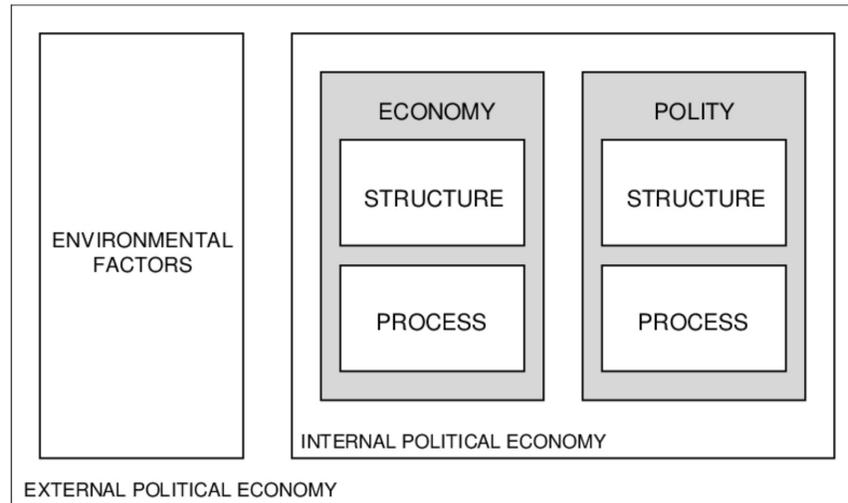
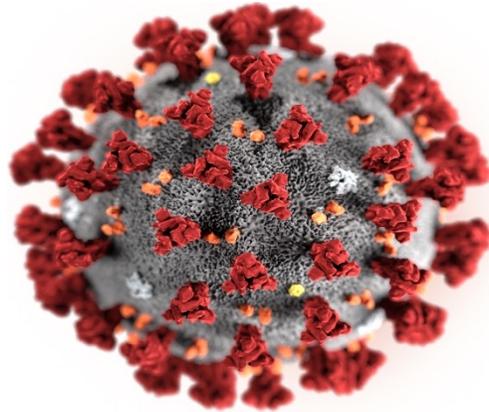
1. Prospective
2. Retrospective
3. Gradual
4. Steep

Optimized Systems and Structures can Restrict Organizational Adjustment when things go wrong!

And now the customer can see it!



Maybe have become too attracted to single-variable thinking?



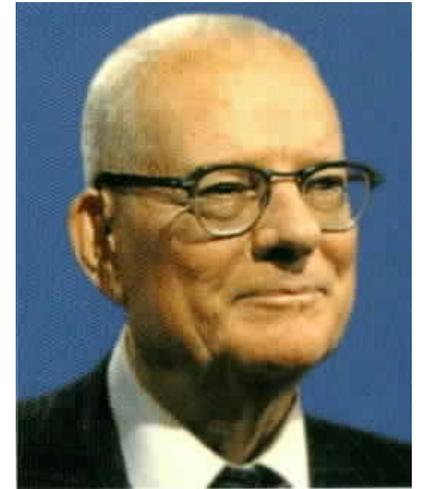
What is the problem?

How Different Are Things Today?

JIT and Lean as SC Philosophy

(A management philosophy to promote elimination of waste and continuous improvement of productivity)

- 1960's: Developed as Toyota Production System by Taiichi Ohno and his colleagues
- 1970's: U.S. and European auto makers began to apply JIT to improve quality and productivity
- 1990's: Expanded the JIT concept to streamline all types of operations
- 2020's and beyond: Disruption turns existing logic on its head!





Global Complexity



The E.U. AI Act:
A Risk-Based Policy
Approach to AI
Applications

HAI Stanford University
Human-Centered
Artificial Intelligence

G | M | F The German Marshall Fund
of the United States
STRENGTHENING TRANSATLANTIC COOPERATION

CSET
CENTER for SECURITY and
EMERGING TECHNOLOGY



HARBERT

JIT and Lean v. Responsiveness

LOGISTICS ACTIVITY V. INTEGRATED NETWORK?

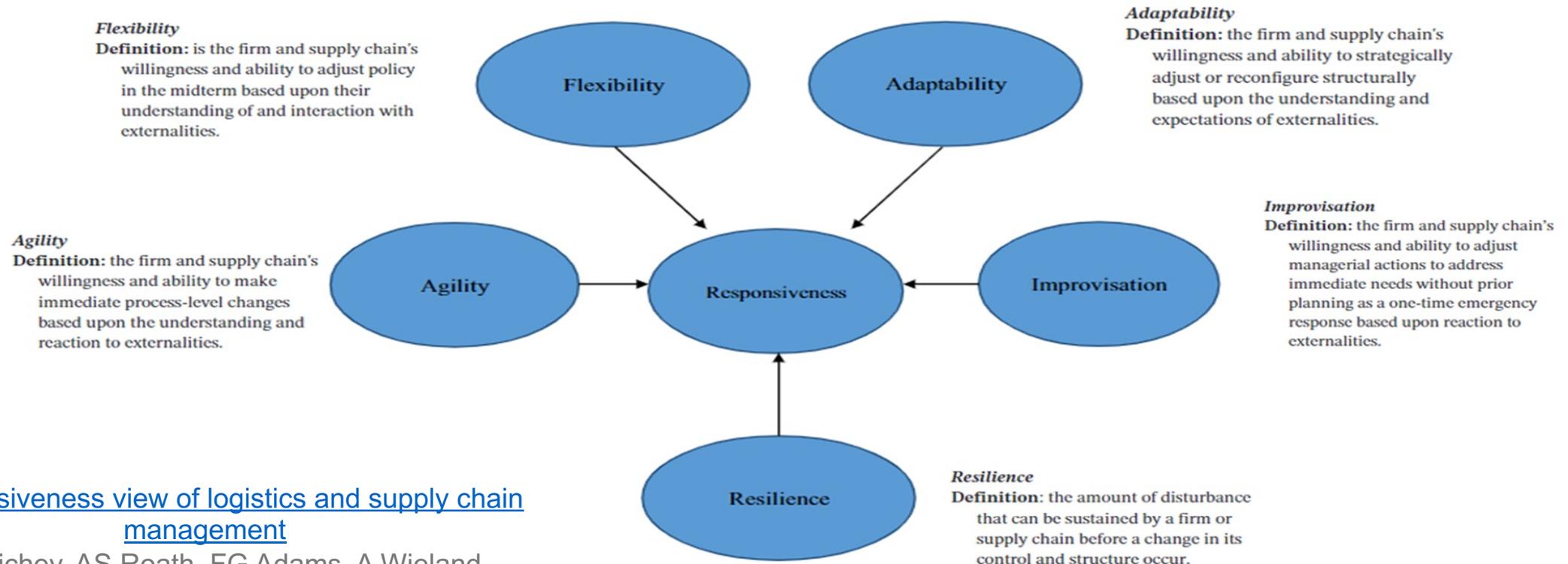
RESTRICTIVE COST FOCUS V. RESPONSIVE STRATEGY FOCUS?

Stakeholder Universe:



Building 4 Responsiveness Habits

Responsiveness is the process and outcome of organizational adjustments achieved as individual organizations within a supply chain alter behaviors, norms, and/or policies to help place a supply chain and its members in a favorable position to achieve customer value under dynamic environmental conditions.

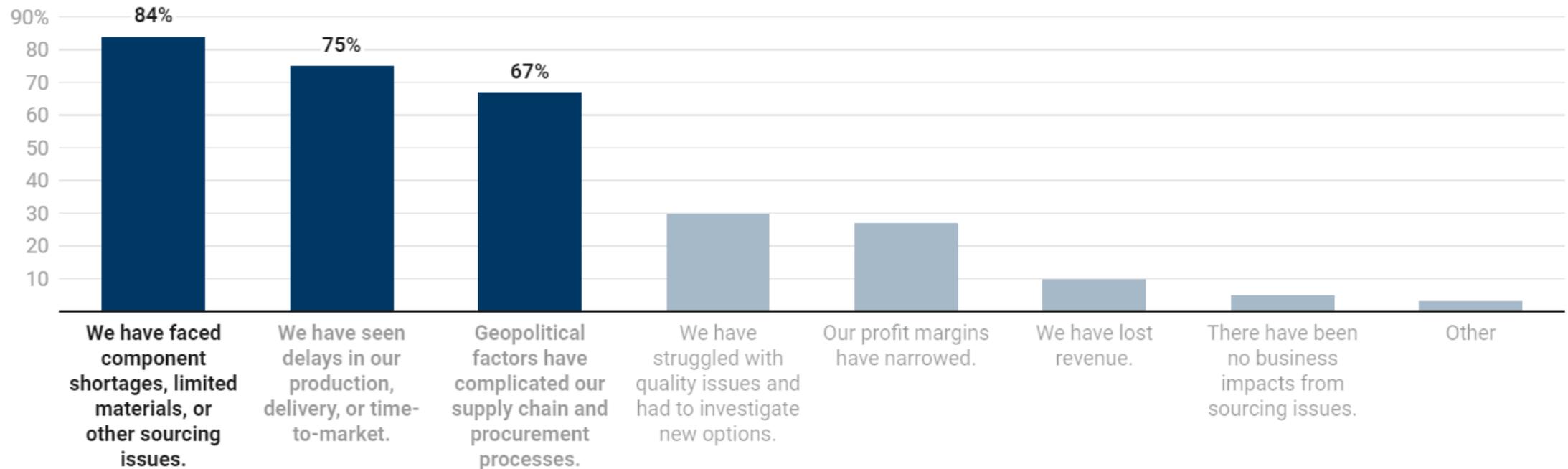


A responsiveness view of logistics and supply chain management

RG Richey, AS Roath, FG Adams, A Wieland
Journal of Business Logistics 43 (1), 62-91

The Critical SC Sourcing Constraints

What challenges have impacted your ability to meet business/operational goals in the past year? Rank your top three choices in order of impact.



Source: Jabil's 2024 Supply Chain Resilience Survey • Created with [Datawrapper](#)

Are you prepared to adjust for Disruption or Opportunity?

How might your company become more responsive...

Adapt – Change the Structure? (Long-term)

Agile – Change the Process? (Mid-term)

Flexible – Change the Policy? (Short-term)

Improvisation – Change the Mistake? (Immediate)

$$\text{SC Adjustment} = \beta^* \text{ Adaptability} + \beta^* \text{ Agility} + \beta^* \text{ Flexibility} \pm \beta^* \text{ Improvisation}$$

An Empirical Assessment



Journal of Business Research
Volume 158, March 2023, 113641



How risk, transparency, and knowledge influence the adaptability and flexibility dimensions of the responsiveness view

Tyler R. Morgan^a, Anthony S. Roath^a, Robert Glenn Richey^{a, b}

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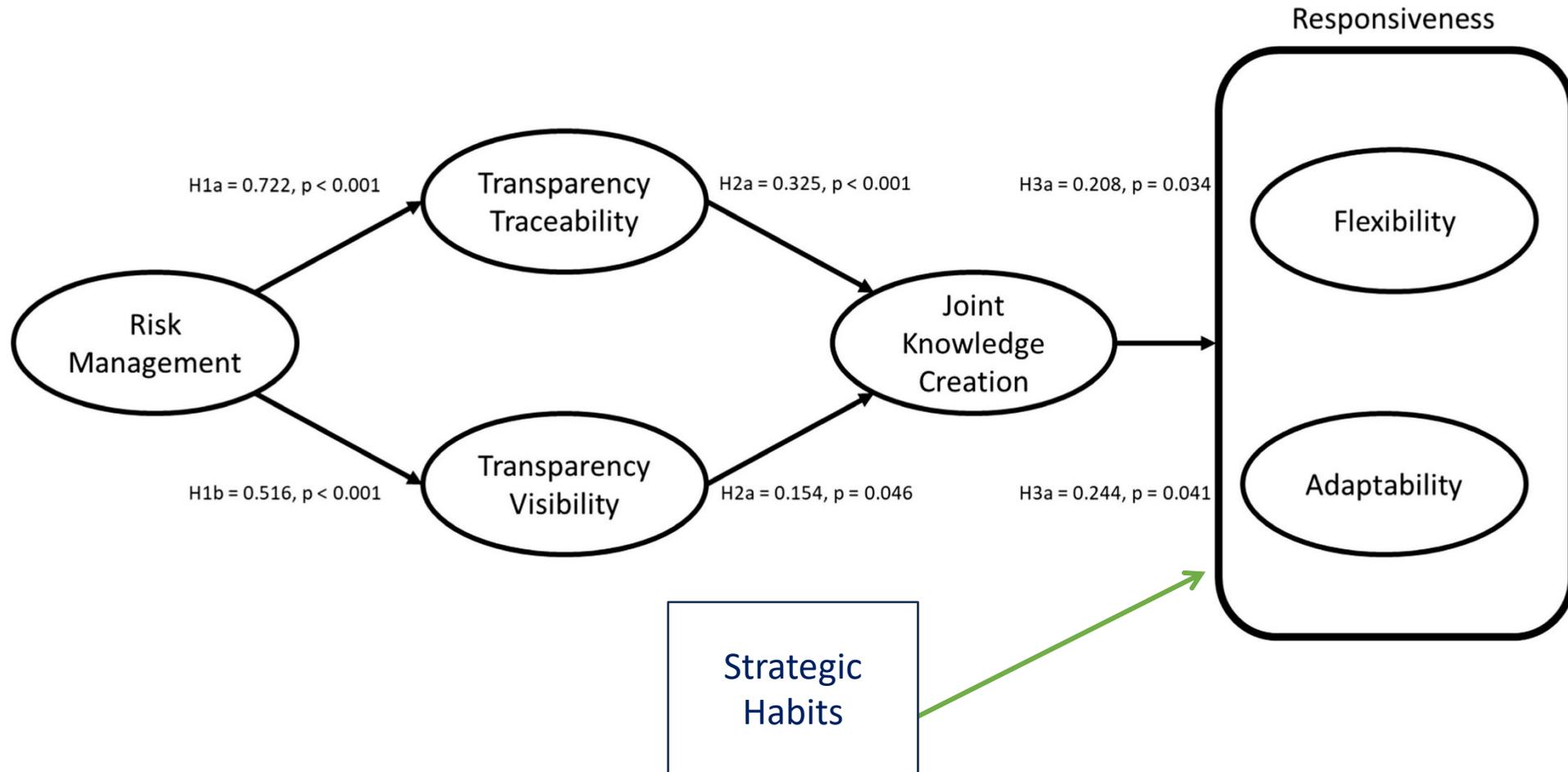
<https://doi.org/10.1016/j.jbusres.2022.113641>

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Abstract

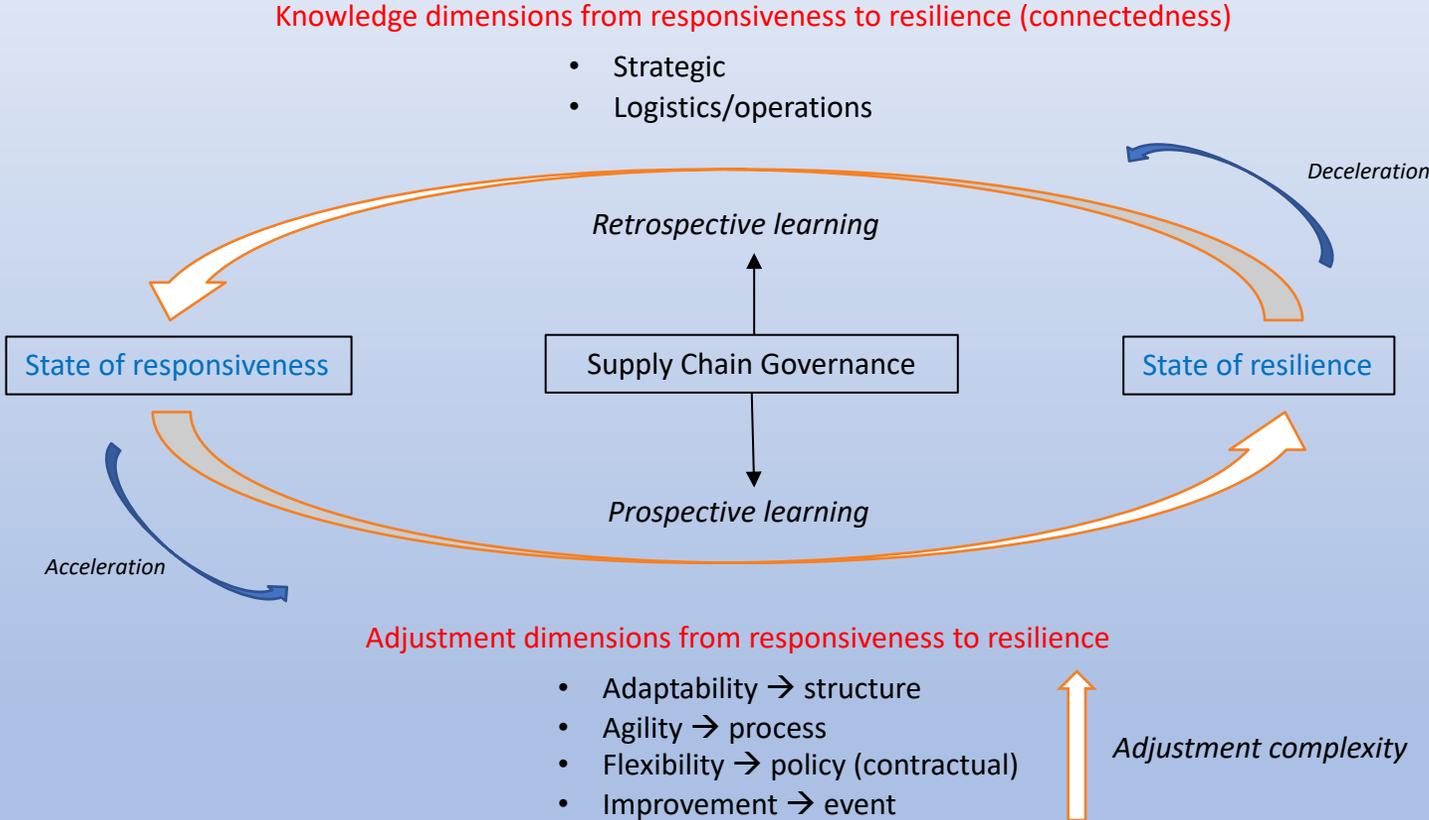
Supply chain transparency is an underdeveloped area in the literature. Accordingly, this manuscript explores supply chain transparency, its relationship to risk management and knowledge creation, and its value chain application from a Responsiveness View of logistics and supply chain management. Specifically, we examine supply chain transparency as an important antecedent to responsiveness, considering strategic dimensions of adaptability (structural adjustment) and flexibility (policy adjustment). Drawing on the responsiveness and knowledge-based views, a model is proposed and evaluated using data collected from supply chain professionals. The results reveal that supply chain transparency drives knowledge creation and mediates the relationship between a firm's risk management and responsiveness. Specifically, transparency and knowledge creation partially mediate the relationship between flexibility and risk management.

How risk, transparency, and knowledge influence the adaptability and flexibility dimensions of the responsiveness view



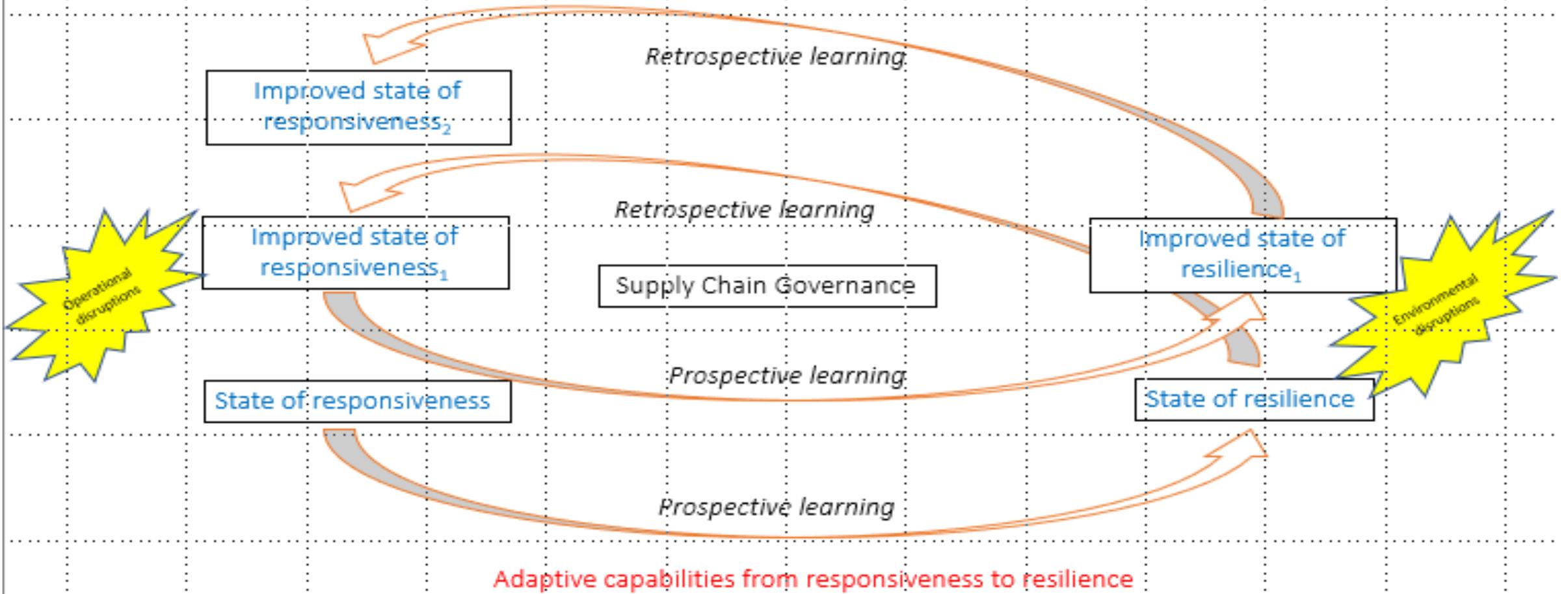
The SC adjustment cycle

Understanding the relationship between responsiveness and resilience



The Supply Chain Adjustment Cycle

Adjustment capabilities from responsiveness to resilience



4 Habits of Internationalization Learning

Four Habits or Types:

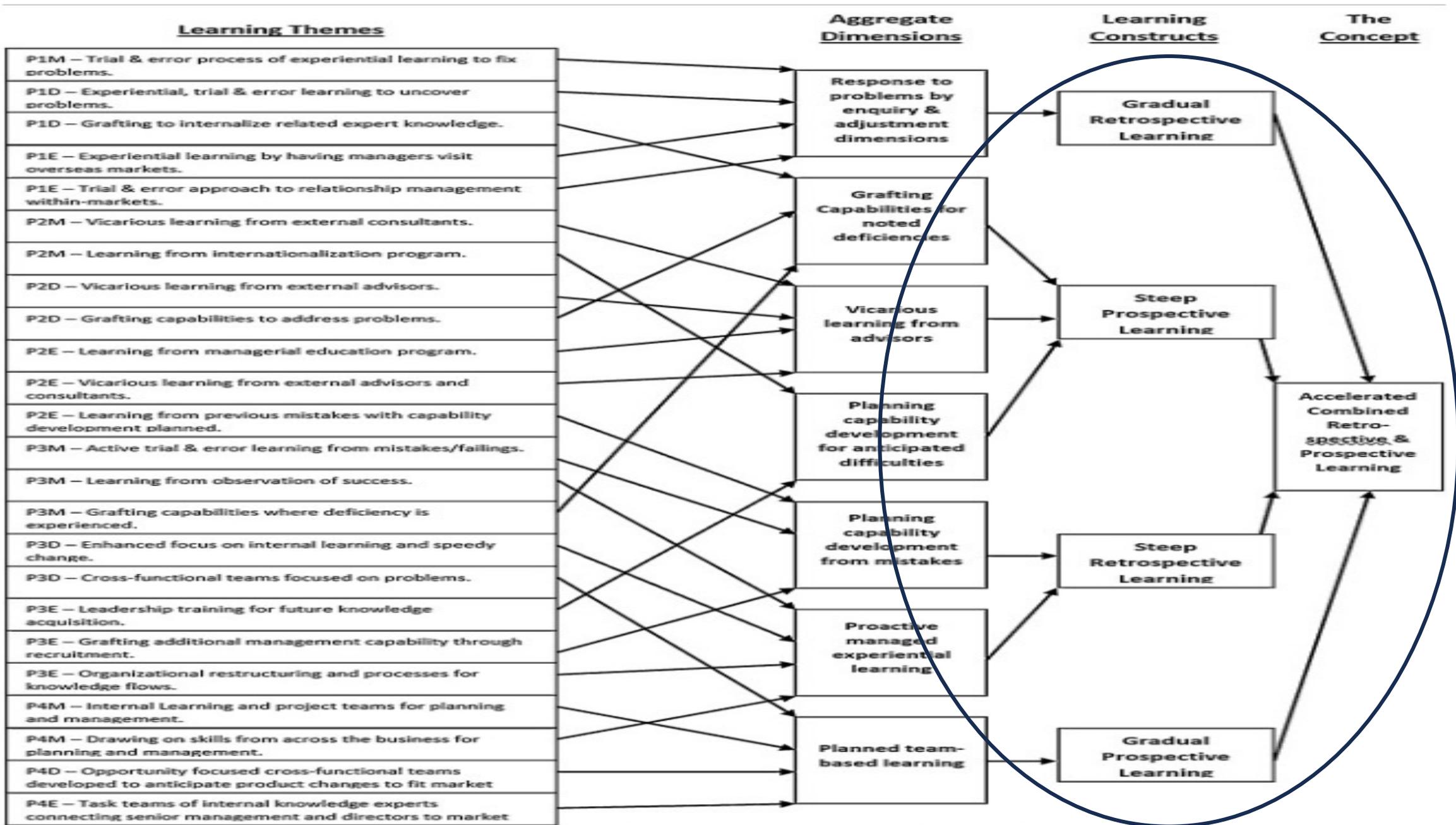
Gradual Retrospective Learning

Steep Prospective Learning

Steep Retrospective Learning

Gradual Prospective Learning

Fletcher, M., Harris, S., & Richey, R. G. (2021). Retrospective and prospective learning: Accelerating the internationalization process. *Journal of World Business*, 56(3), 101191.



Note: P1 – Period 1 P2 – Period 2 P3 – Period 3 P4 – Period 4
M – Market entry & development D – R&D, manufacturing & SCM
E – International enterprise development

Internationalization Learning from Our Research

Four Types of Learning:

Introduction/Entry - Gradual Retrospective Learning

(Trial and error, experiential understanding, problem response)

Growth - Steep Prospective Learning

(Aligning capabilities with weaknesses, seeking expert opinion, contingency planning)

Expansion - Steep Retrospective Learning

(Targeted experiential understanding, building environmental understanding of mistakes)

Opportunity - Gradual Prospective Learning

(Cross functional team based learning, opportunity analysis, internal experts)

So, strategizing in this new age of business requires:

1. Choosing a ***responsiveness adjustment*** approach by limiting the current 1980s style optimized time and cost thinking.
2. Building out your **Responsiveness Strategy** by:
 - Developing an ***Adaptable network structure***,
 - Creating ***Flexible policy (contracts) between partners***,
 - Fostering ***Agile processes*** across the extended enterprise,
 - Employing ***Improvisation sparingly*** when structure, policy and process fail you.
3. Continually improving as a **Learning Organization** by:
 - **Retrospectively learning** from the recent past,
 - **Prospectively learning** during active implementation,
 - Being **Patient**, as **gradual learning** is required in early and late stages,
 - Being **Prudent**, as **steep learning** will be required in growth and expansion stages.

How Can GenAI Technology Influence the Responsiveness and Learning?

Generative artificial intelligence (hereafter referred to as AI) is high on the Gartner hype cycle concerning logistics and supply chain management (L&SCM)-related technologies. Various AI manifestations, including **robotic process automation** (e.g., collaborative robots or “cobots”), techniques in **computer vision**, **speech recognition**, **machine and deep learning**, and **natural language processing**, have opened new pathways to efficiently and effectively manage complex decision-making and operations (Pessot et al., 2023)



Stakeholder Universe:

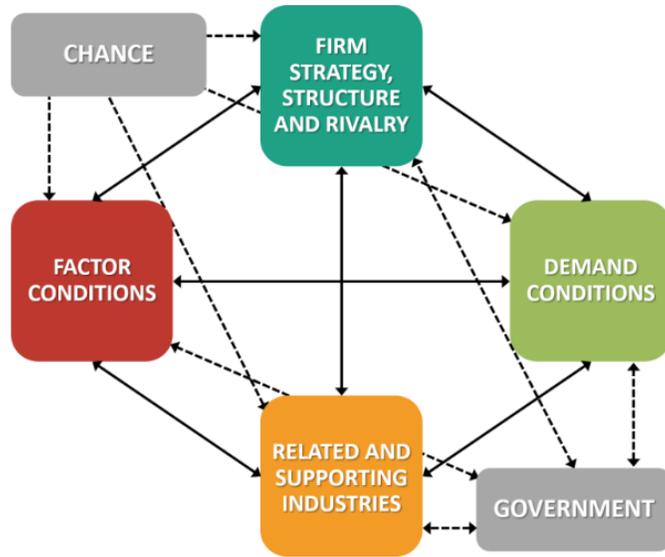
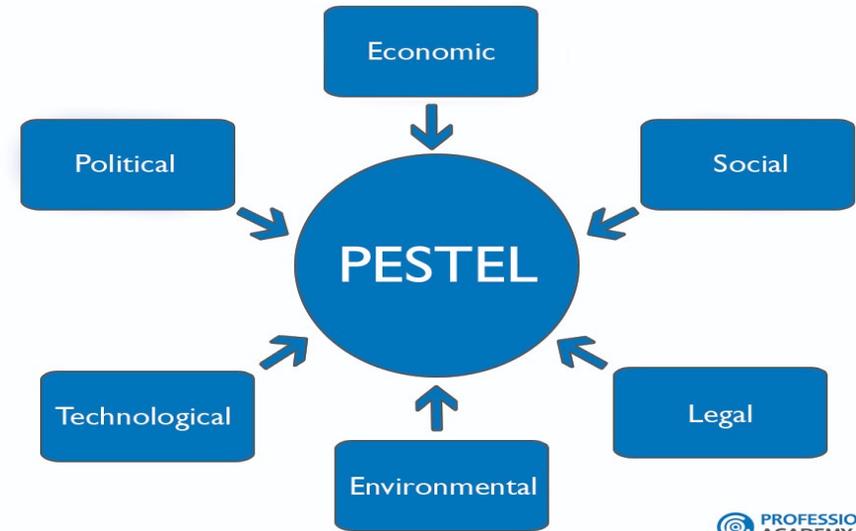


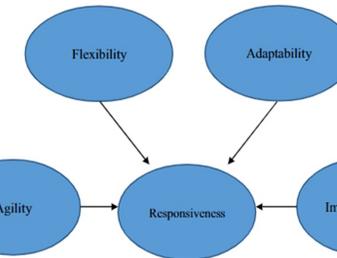
Figure 1: Porter's Diamond Model of National Competitive Advantage



PROFESSIONAL ACADEMY

Responsiveness is the process and outcome of organizational adjustments achieved as individual organizations within a supply chain alter behaviors, norms, and/or policies to help place a supply chain and its members in a favorable position to achieve customer value under dynamic environmental conditions.

Flexibility
Definition: is the firm and supply chain's willingness and ability to adjust policy in the midterm based upon their understanding of and interaction with externalities.



Adaptability
Definition: the firm and supply chain's willingness and ability to strategically adjust or reconfigure structurally based upon the understanding and expectations of externalities.

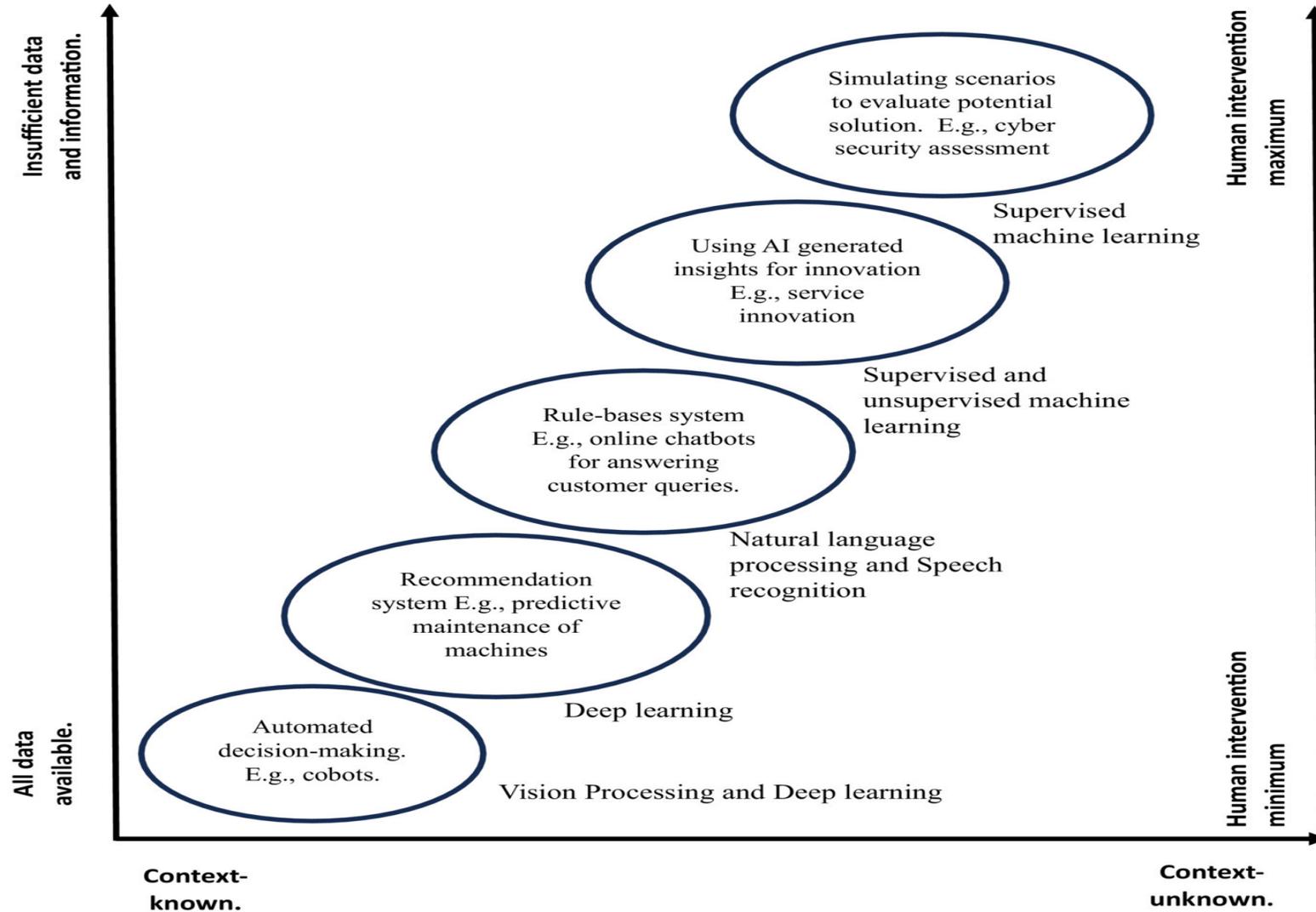
Improvisation
Definition: the firm and supply chain's willingness and ability to adjust managerial actions to address immediate needs without prior planning as a one-time emergency response based upon reaction to externalities.



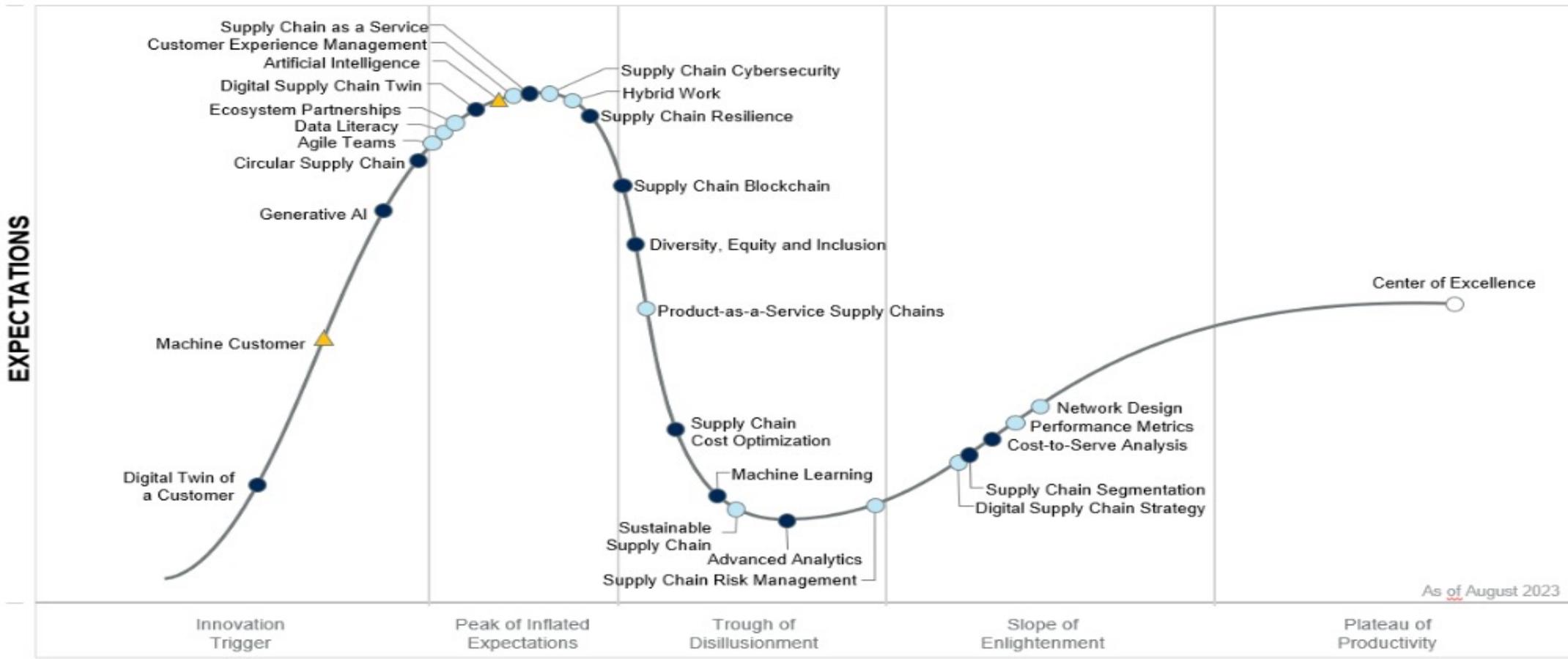
Resilience
Definition: the amount of disturbance that can be sustained by a firm or supply chain before a change in its control and structure occur.



Artificial intelligence in logistics and supply chain management: A primer and roadmap for research
 RG Richey Jr, S Chowdhury, B Davis-Sramek, M Giannakis, YK Dwivedi
Journal of Business Logistics 44 (4), 532-549



Hype Cycle for Supply Chain Strategy, 2023



Plateau will be reached: ○ <2 yrs. ● 2-5 yrs. ● 5-10 yrs. ▲ >10 yrs. ✗ Obsolete before plateau

Source: Gartner (August 2023)

The Readiness Quandary

Problem 1

“We're still running on Excel and phone calls...”

Problem 2

As rivals adopt AI solutions, companies feel compelled to follow suit, regardless of their abilities.



The Talent Issues

Limited Availability, Expertise, and Flexibility Hamper Progress

What obstacles stand in the way of implementing your supply chain digital transformation plans?



Figures add to more than 100% due to multiple responses.

The adverse effects of quiet quitting and quiet firing



Many organizations find that as they grow supply chain operations, they need senior-level talent to help ensure all supply chain processes run smoothly.

4 REASONS FOR SUPPLY CHAIN TALENT SHORTAGES

1

EMPLOYEE TURNOVER

Employees leave their jobs for career development, to improve their work-life balance, because of poor management, for better compensation, and more.



2

INDUSTRIAL GROWTH

Growth in top industrial fields has increased competition for employees and the shortage of supply chain talent.



3

INSUFFICIENT TALENT TO MEET DEMAND

There are currently more job openings than available people to fill the jobs. This situation exacerbates the supply chain talent gap.



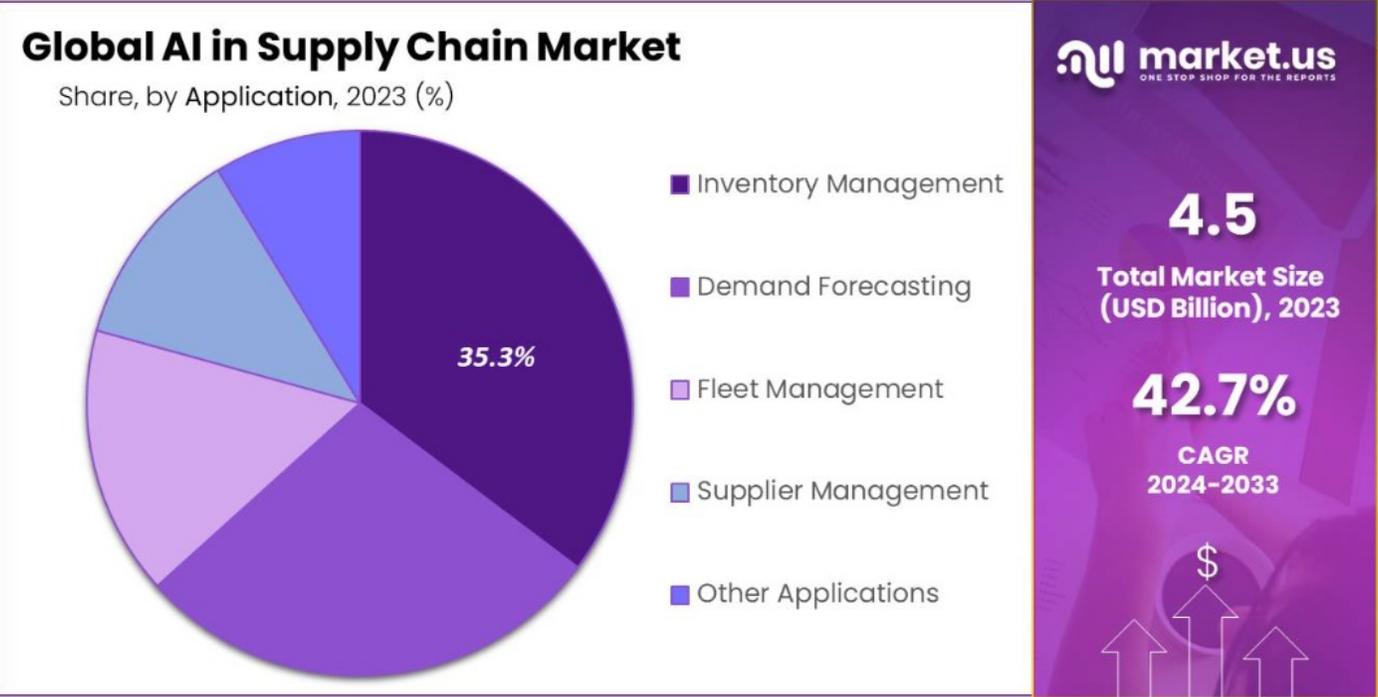
4

CHANGING TECHNOLOGIES

Companies are investing in new supply chain technologies at a fast rate, disrupting traditional supply chain technologies, and creating a gap between available and required skills.



AI in the Supply Chain



In the supply chain today, AI is used primarily for augmented decision-making. It sifts through data from a wide variety of sources to determine possible solutions, then presents the best options to humans for further evaluation and final selection.

Questions, Comments, & Suggestions?

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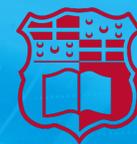




Strategy in the Age of Uncertainty

How Firms Grow, by learning, to create competitiveness

Colm Reilly
October 2024



**L-Università
ta' Malta**

Contents

1. World Trends Remove Uncertainty
2. Global Mindset
3. The Origins of Value – Knowing Where and What
4. Understanding Value
5. The Puzzle



01: World Trends Remove Uncertainty

World Trends

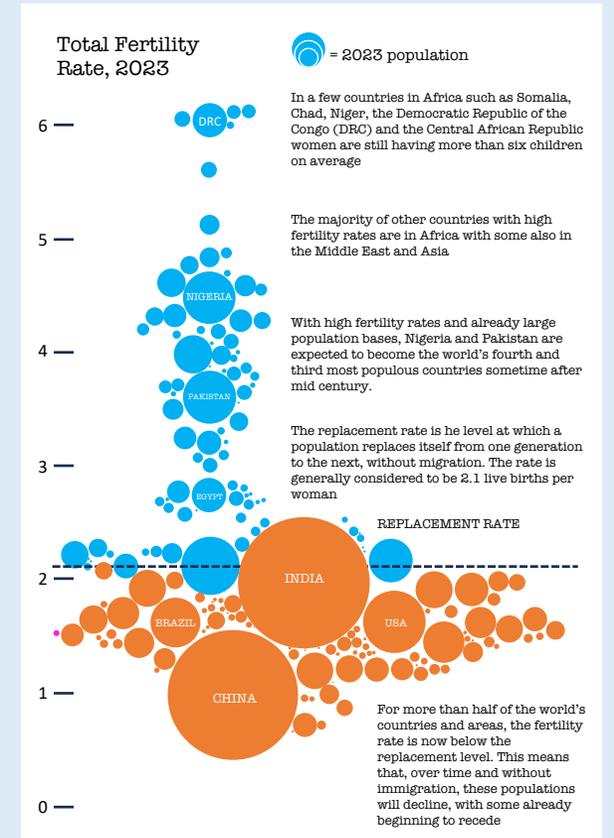
Latest World Economic Outlook Growth Projections

	Projections		
Real GDP, Annual % Change	2021	2022	2023
World Output	6.0	3.2	2.7
Advanced Economies	5.2	2.4	1.1
United States	5.7	1.6	1.0
Euro Area	5.2	3.1	0.5
Germany	2.6	1.5	-0.3
France	6.8	2.5	0.7
Italy	6.7	3.2	-0.2
Spain	5.1	4.3	1.2
Japan	1.7	1.7	1.6
United Kingdom	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Other Advanced Economies	5.3	2.8	2.3
Emerging Market and Developing Economies	6.6	3.7	3.7
Emerging and Developing Asia	7.2	4.4	4.9
China	8.1	3.2	4.4
India	8.7	6.8	6.1
ASEAN-5	3.4	5.3	4.9
Emerging and Developing Europe	6.8	0.0	0.6
Russia	4.7	-3.4	-2.3
Latin America and the Caribbean	6.9	3.5	1.7
Brazil	4.6	2.8	1.0
Mexico	4.8	2.1	1.2
Middle east and Central Asia	4.5	5.0	3.6
Saudi Arabia	3.2	7.6	3.7
Sub-Saharan Africa	4.7	3.6	3.7
Nigeria	3.6	3.2	3.0
South Africa	4.9	2.1	1.1
Memorandum			
Emerging Market and Middle Income Economies	6.8	3.6	3.6
Low-Income Developing Countries	4.1	4.8	4.9

Source: IMF, World Economic Outlook 2022
 NB: For India, data and forecasts are presented on a fiscal year basis, with FY, 2021/2022 Starting in April 2021. For the October 2022 WEO, India's growth projections are 6.9% in 2022 and 5.4% in 2023 based on calendar year.

Baby bust

In over half of the world's countries and areas, which account for about two thirds of the global population, fertility rates are now below 2.1 children per woman on average.

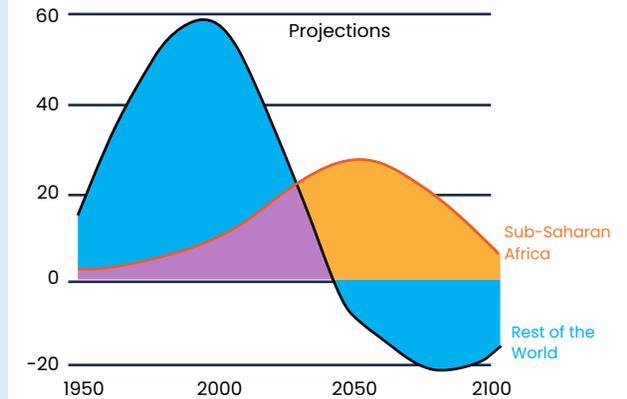


Source: United Nations, World Population Prospects (2024)
 NB: Not all countries and areas included in the dataset are visible due to small population sizes

Demographic Waves

By 2050, the working-age population will be expanding in sub-Saharan Africa, but contracting in the rest of the world.

Annual Change to Global working-age population (millions of people per year, ages 15-64)



Source: UN World Population and IMF Staff Calculations

Driver of Change/Enablers/Outcomers

	Driver of Change						Enablers of Change						"Outcomers"								
	Access to knowledge	Consumer Consumption	Political Power	Health Evolution	Generational Events	Geo-Political Power	Globalisation	Automation	Business Integration	Commodity Availability	Individual mobility	Security	Technology Convergence	Climate Change	Cultural Evolution	Demographics	Individual Mobility	Individualism	Urbanisation	Work methods	Overall Average/Score
Automotive	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Aerospace	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Space	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Security	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Defence	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Agritech	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Chemicals	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
FMCG	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Lifescience	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Man. & Mat.	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Marine	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Rail	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Creative	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Digital Media	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
ICT & Cyber	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Software	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Education	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Electronics	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Financial Services	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Professional Business Services	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Retail	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Telecomms	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Construction	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Infrastructure	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Environment & Water	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Logistics	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Mining & Minerals	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Nuclear	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Oil & Gas	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
Renewables	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n

► **Drivers of Change:**

Those influences to which companies and sectors must / will respond. They impact globalisation; shifting geopolitical power; access to knowledge; consumer consumption; health evolutions and generational events.

► **Enablers of Change:**

These are the generic influences that will have different effects on each sector (singularly and in combination) affecting the degree to which they can respond to the drivers and develop. They are: automation; business integration; commodity availability; individual mobility; security; and technology convergence.

► **"Outcomers":**

Those trends that are a result of other mega-trends but are likely to generate significant transformational impact in their own right. These are imposed on existing companies and markets and change how the companies will need to view trade and investment globally. These will define the new operational environment in which each sector will have to function. They are identified as: individualism; cultural evolution; work methods; urbanisation; demographics and climate change.

Learning is the key Lubricant alongside the independent evaluation of truth. The Search for authentic intelligence is key.....



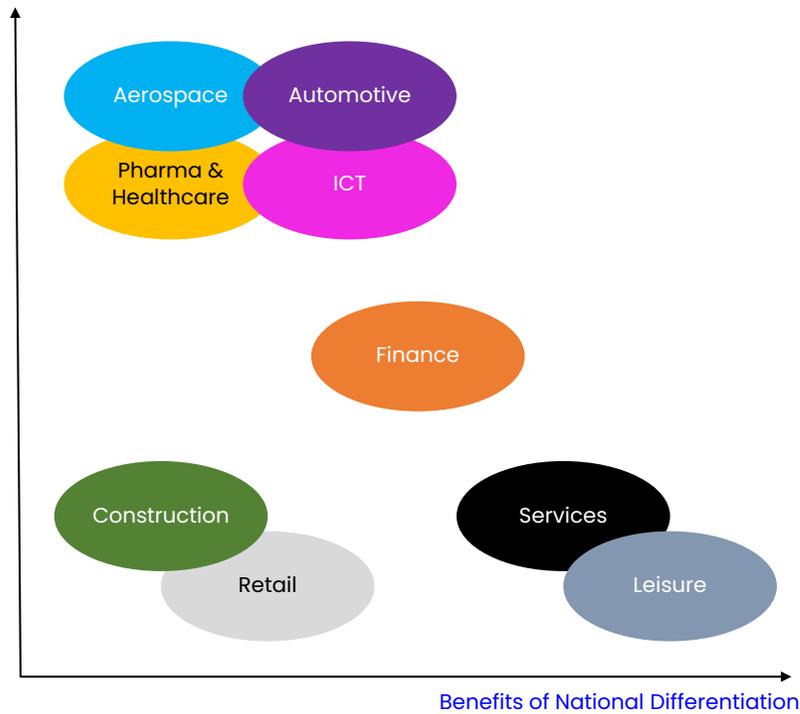
" The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn."
Alvin Toffler



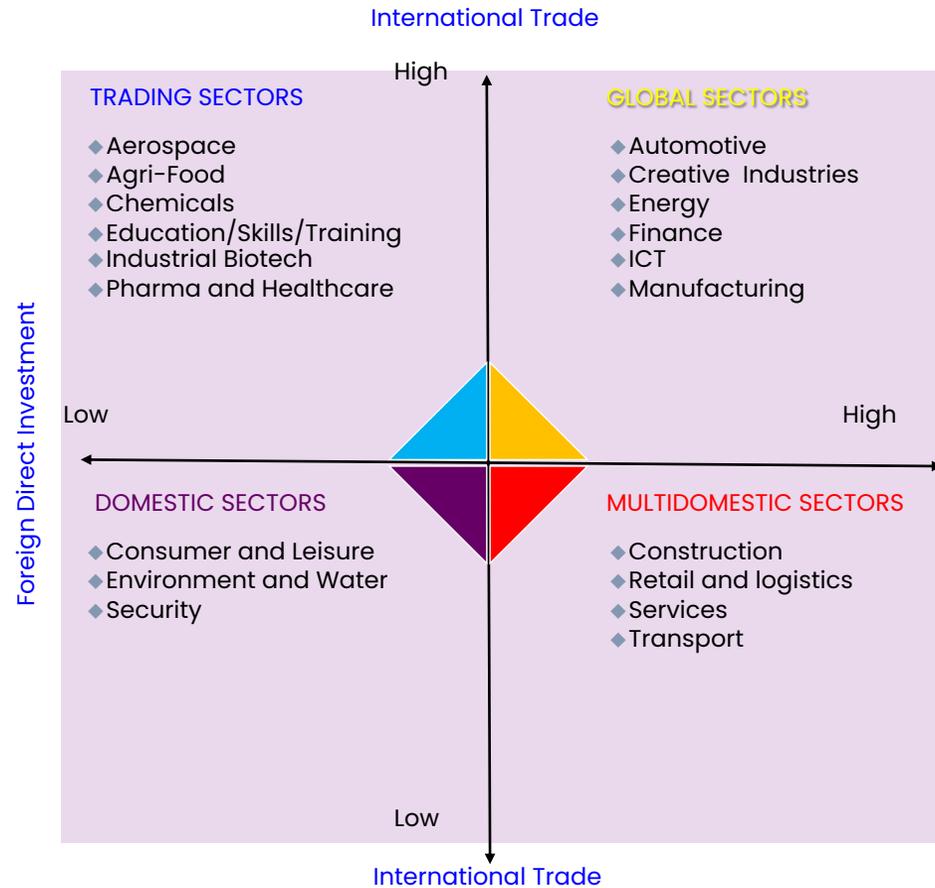
02: Global Mindset

The Trends Break Down into Global Integration vs. National Differentiation

Benefits of Global Integration



And a Recognition that Somethings are Global and Somethings are Local

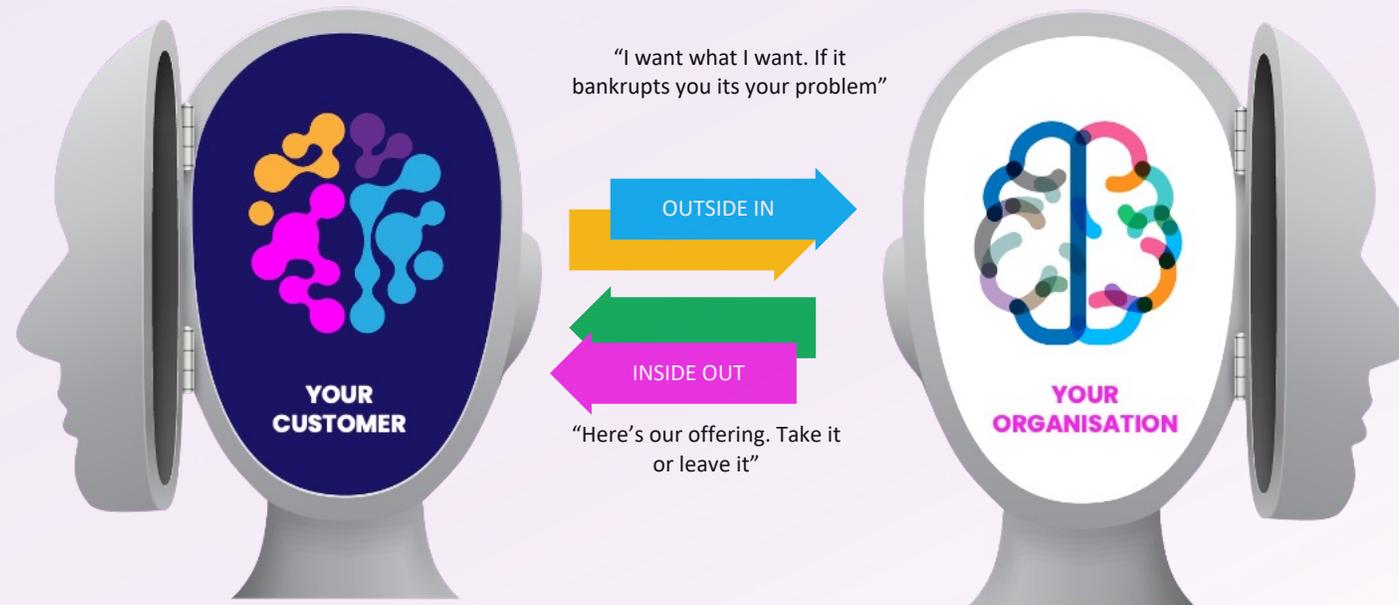


This Means that Business is Now a Learning, Unlearning and Relearning Experience



That requires a shift in our thinking – moving from zero sum to competitiveness

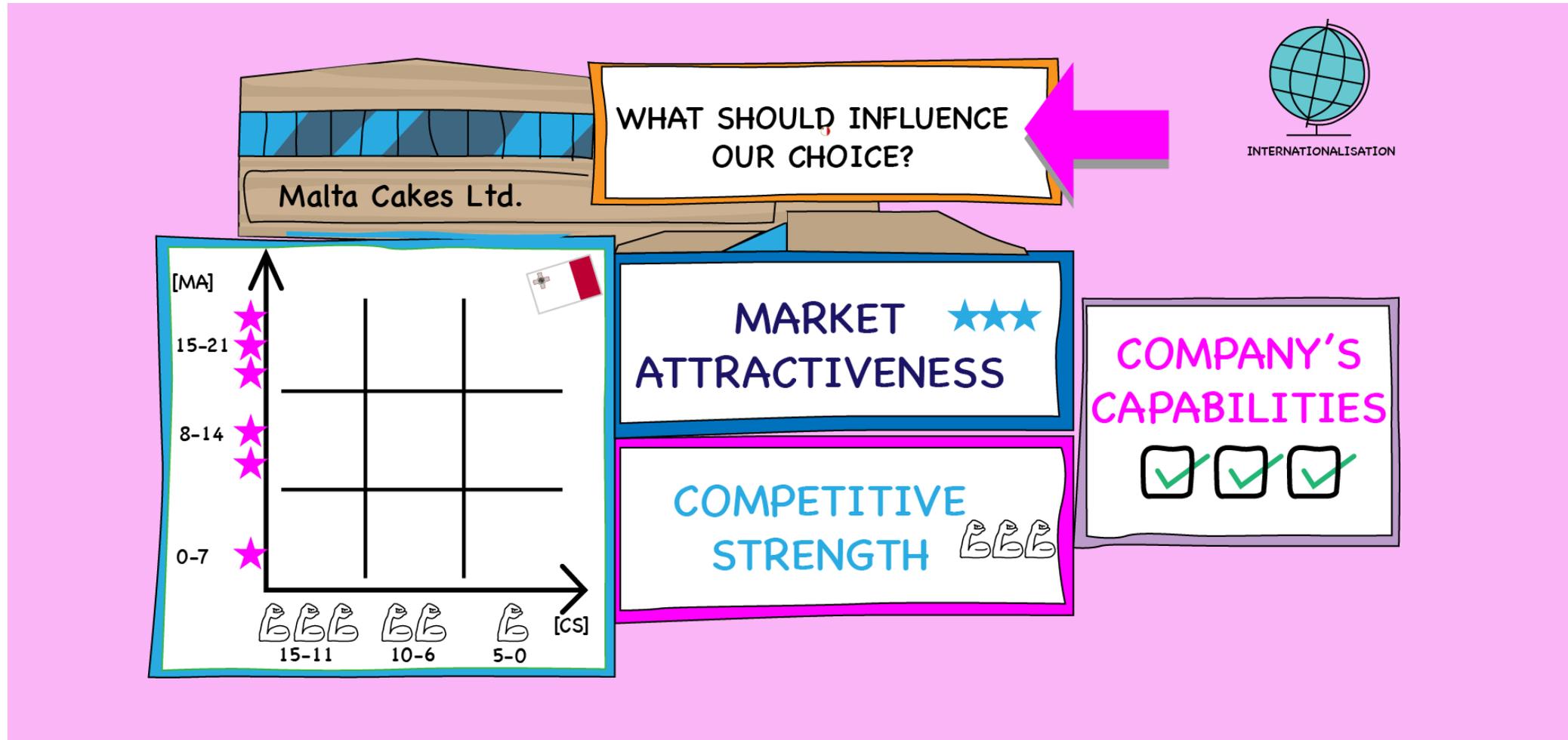
OUTSIDE IN / INSIDE OUT





03: The Origins of Value – Knowing Where and What

And a True Understanding of Where and How We Can Operate

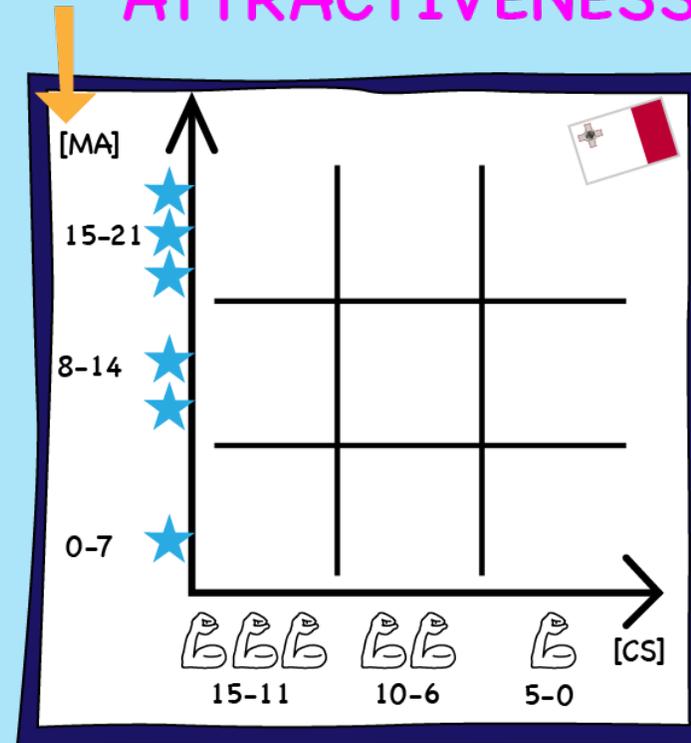


How to Pick Markets

★★★★ MARKET ATTRACTIVENESS



★★★★ MARKET ATTRACTIVENESS



How to Pick Markets



COMPETITIVE STRENGTH

FACTORS:



MARKET SHARE
FINANCIAL RESULTS



ACCESS TO
DISTRIBUTION CHANNELS

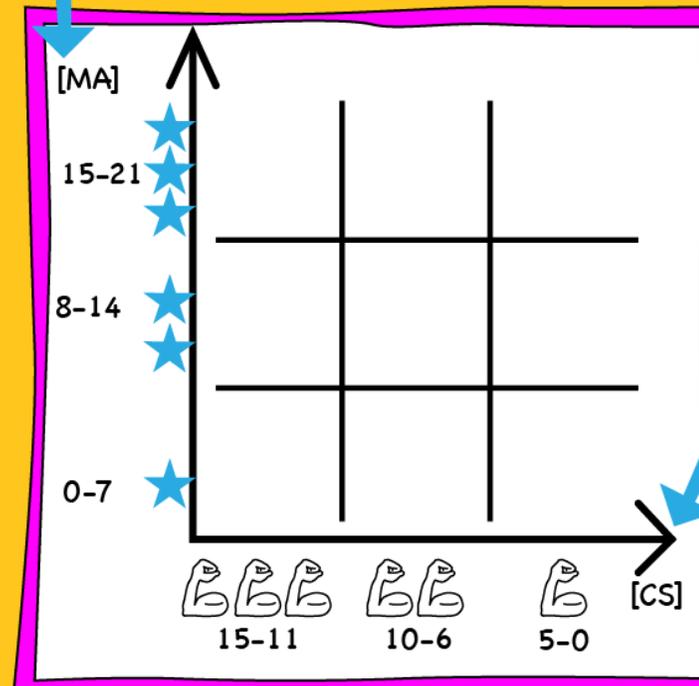


PRODUCT FIT

COUNTRY-SPECIFIC
KNOW-HOW



COMPETITIVE STRENGTH





“ACTIVE WAITING”

Global Megatrends for you to absorb

**GLOBAL
MEGATRENDS**



Market changes challenge existing business models and operations and create new opportunities.

**NEW
MEGATRENDS**



New normal starts to impact the market dynamics creating new megatrends.

**STATUS
QUO**



Current status quo is iteratively stable on evolutionary path with separated individual change processes in motion.

**THE NEW
NORMAL**

Market validated innovations and operating models become the new normal.

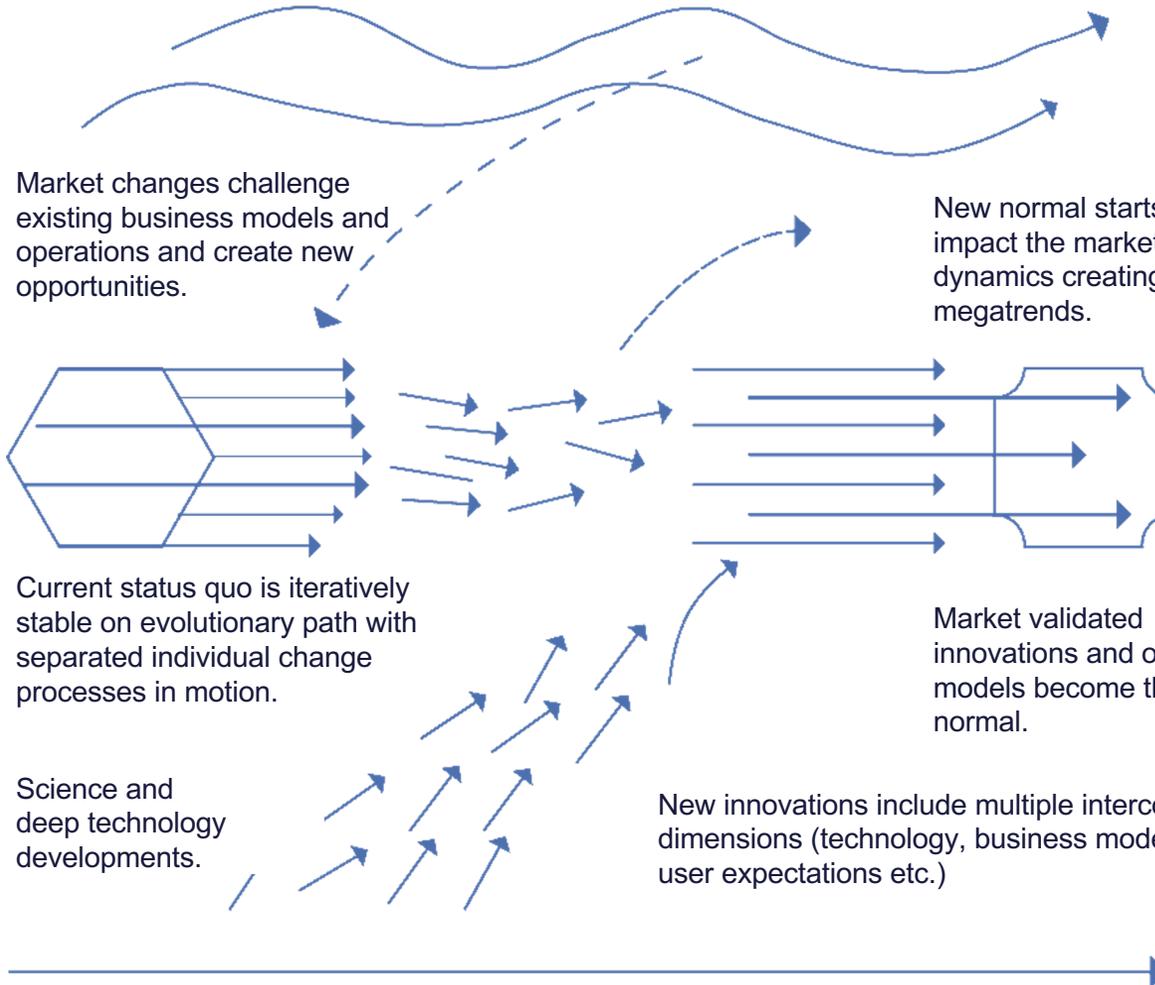
**INNOVATIONS &
VALIDATIONS**



Science and deep technology developments.

New innovations include multiple interconnected dimensions (technology, business models, behavior, user expectations etc.)

TIME





04: Understanding Value

Understanding Markets Mean We Can Understand Value

Every company should have a value proposition, and it should be customized and unique to that company, its offerings and its target audience. There are different pieces of information you can include in it. Author Michael Treacy explains in this book, *The Discipline of Market Leaders*, that there are four different elements often included within value proposition.



PRICE

One element is Lower prices. Everyone loves saving money, so providing a financial benefit for the customer is not only appreciated, but its often easier to quantify than many other benefits



QUALITY

Another element is Better Quality. If you can create something that has great appeal to your target market, it will set itself apart from similar products and services. Quality isn't about price: It's about how well you understand your customers their needs, and the problems they're trying to solve. Can you design a product that not only meets their needs, but satisfies and delights them as well? And if so how can you communicate this in your value proposition



EXPERIENCE

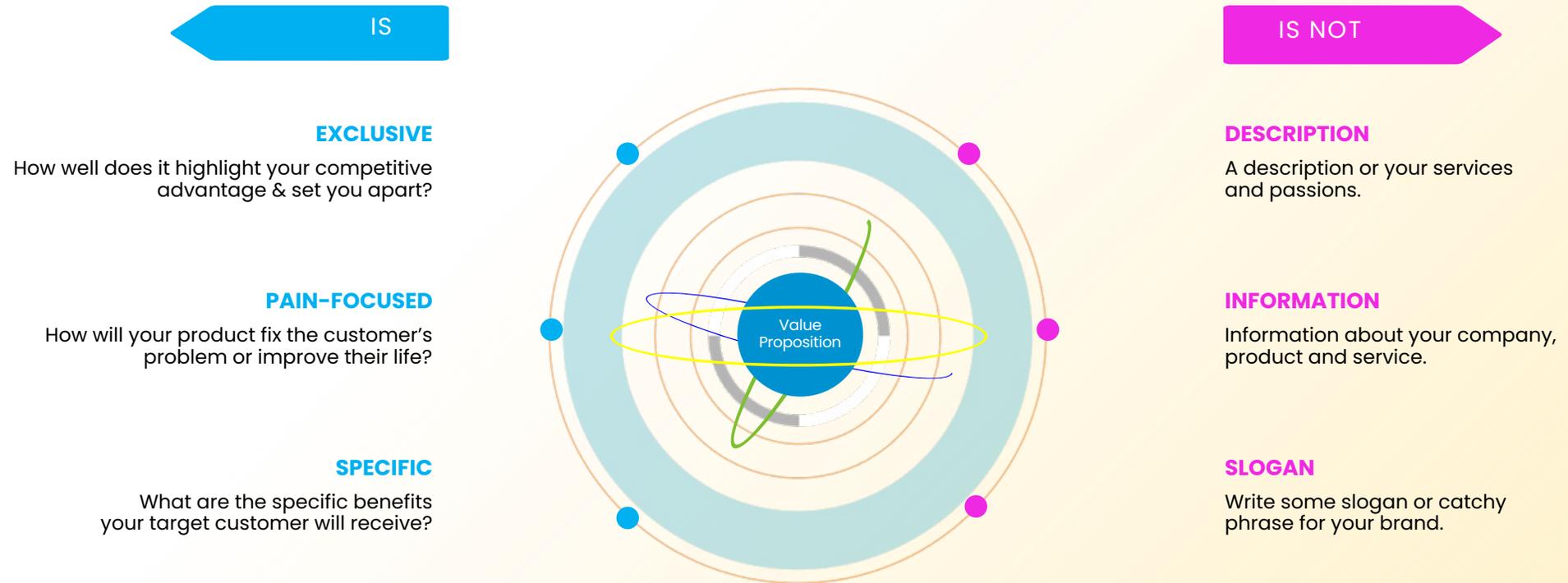
Better experience is another common value proposition element. If you can perfect a function or service that makes something easier for a customer, you're improving their experience, and it's a benefit worth sharing.



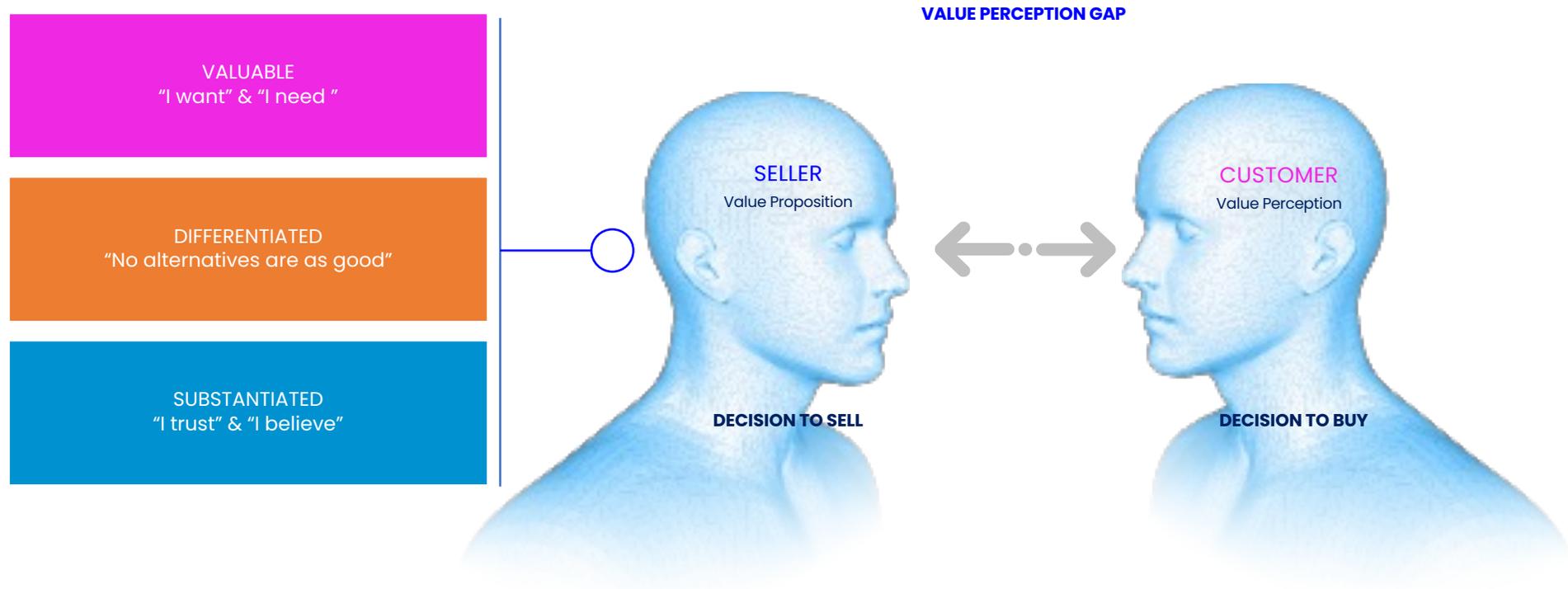
CUSTOMER RESULTS OWNERSHIP

Lastly, there's Customer Results Ownership. This is primarily seen in B2B value propositions. Some companies have elevated themselves beyond a simple provider of goods and services. They've become an essential part of the success of their customers' business. Without these companies, their companies, their customers would have to face immense challenges. Whether you're a shipping provider, a supplier of goods, or some other service, you can do it all for your customers and your value proposition should communicate that.

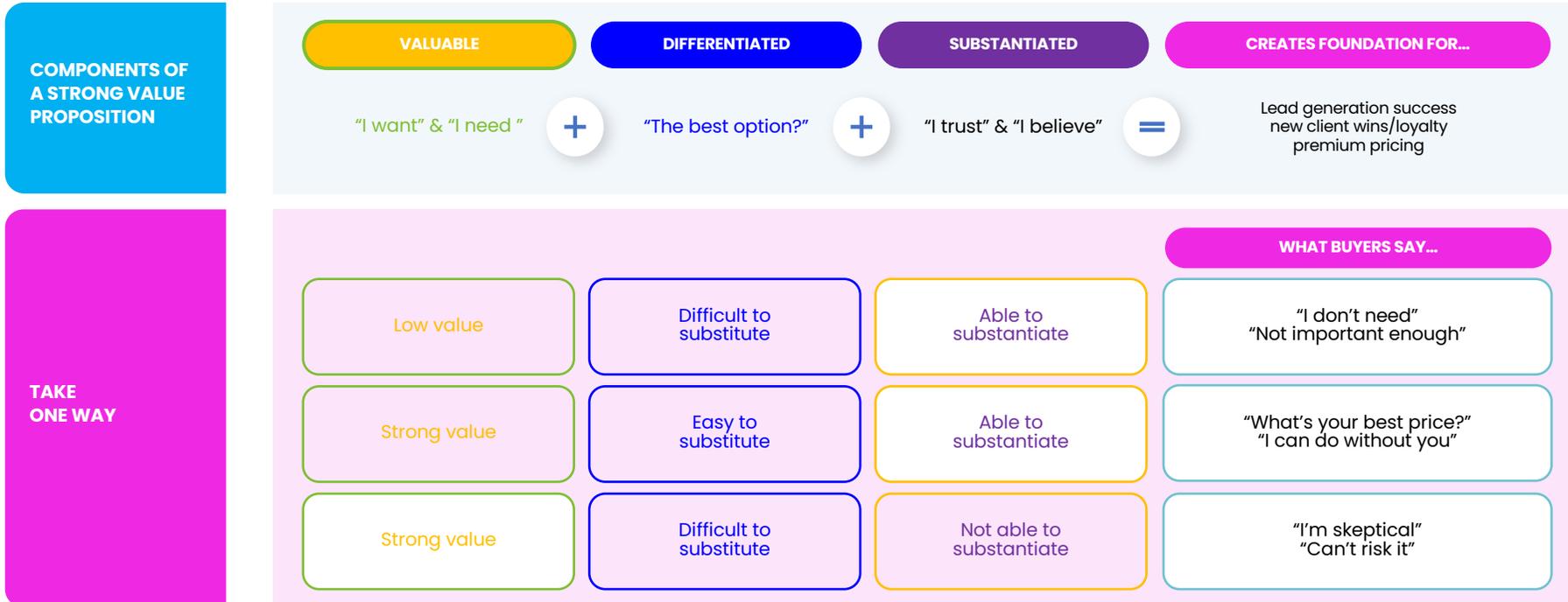
And Understanding Value Changes Everything



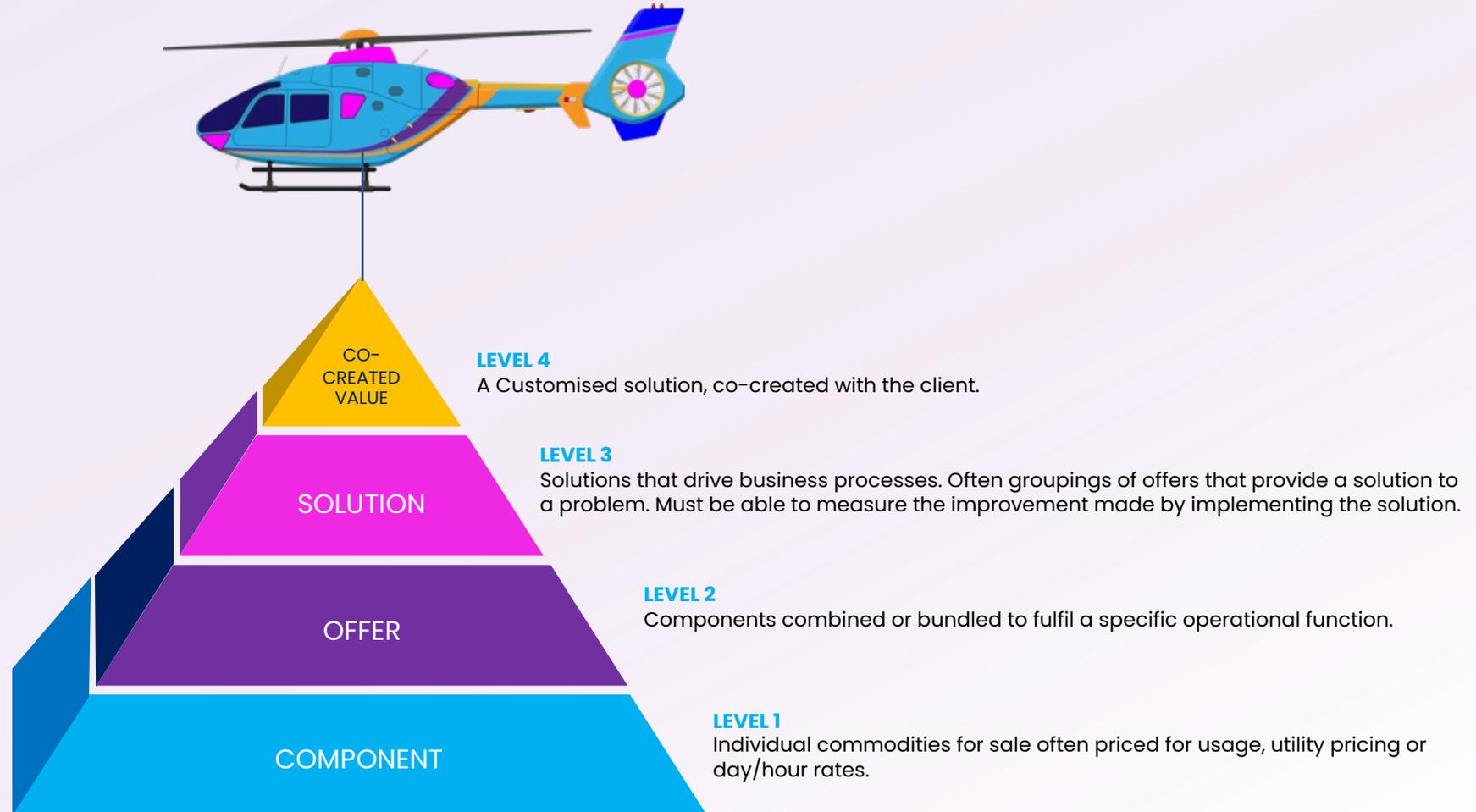
Because it Creates Value Transfer



And Counteracts Competition



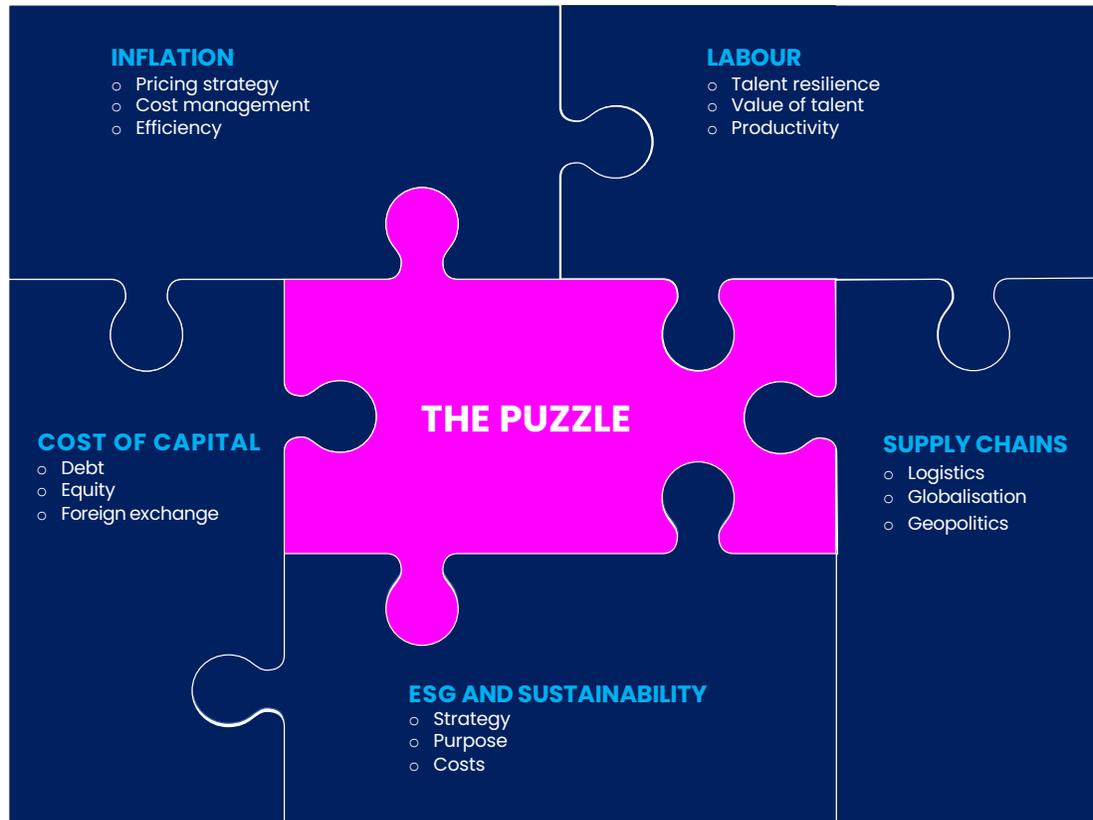
Value Pyramid





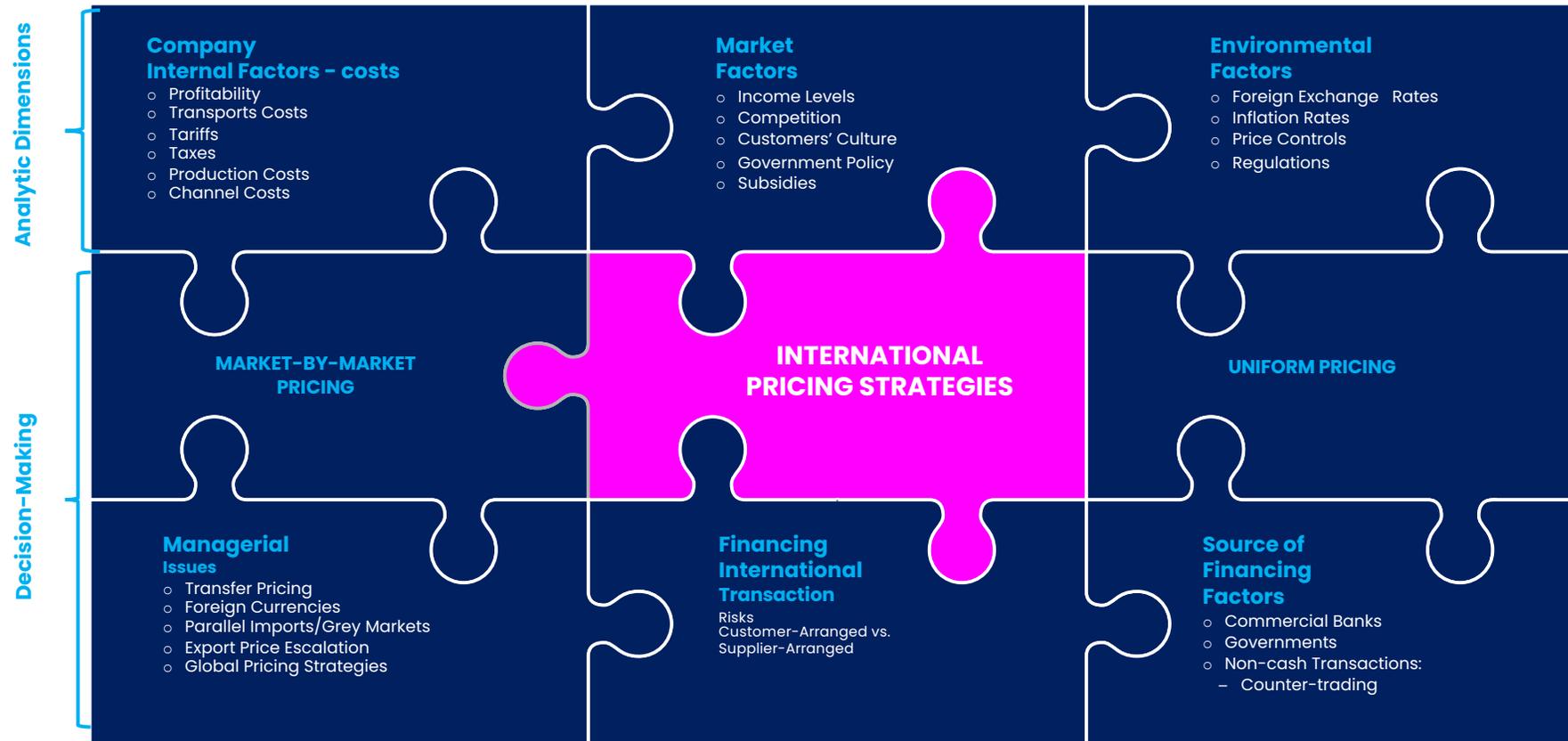
05: The Puzzle

The Puzzle – From the Outside



Drivers of economic activity previously taken as a given will now warrant much more attention from businesses, investors and consumers

Integrating the Puzzle – From the Inside



Pricing Strategies Overview

COST-PLUS PRICING

- + Simple In Use
- + External data is not needed
- Can't be used for a long time
- Competition and demand are disregarded

PENETRATION PRICING STRATEGY

- + Perfect for Market Entry
- + Helps to build customer base quickly
- Limited or no profit for a long time
- Risk of losing customer after price increase

VALUE-BASED PRICING

- + Helps to maximize profit margin
- + Little Dependence on competition
- Difficult to evaluate "Willingness to pay" Precisely
- Risk of undermining price perception

COMPETITION BASED PRICING

- + Helps to increase Market Share
- + Control and Flexibility with Smart Rules
- High Quality Data is needed
- Can't be used for certain SKU types

DYNAMIC PRICING

- + Perfect for certain types of SKU (e.g. New Entries)
- + Helps to increase profit sustainably
- Limited capacity under force majeure fluctuations
- Required substantial operation and tech maturity

BUNDLE PRICING

- + Helps to sell products with a low demand
- + Adds extra value to a buying experience
- Might discourage some groups of buyers
- Works only in combination with other strategies

PREMIUM PRICING

- + Helps to Capitalize on Brand
- + Relies on wealthy customer group
- Difficult to increase market share
- Can't be used for certain SKU Types

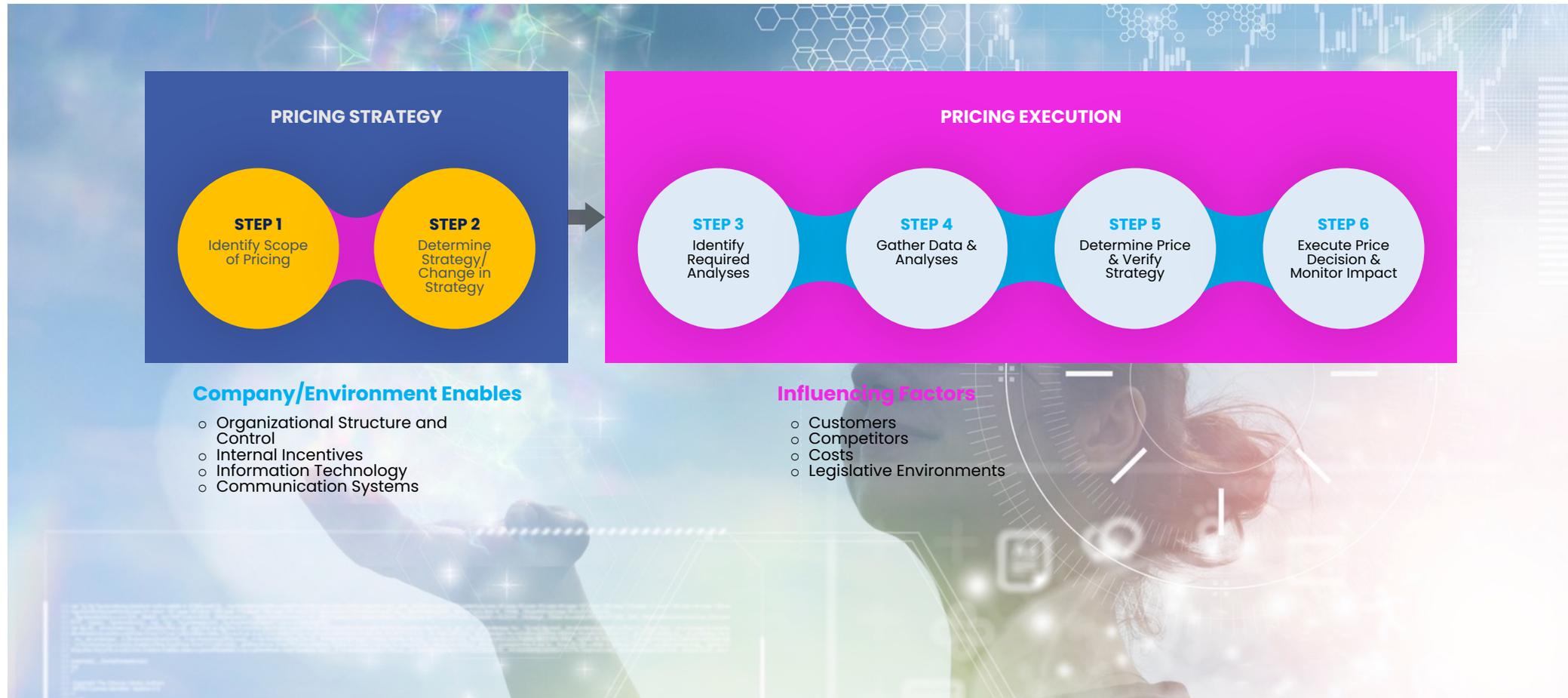
HIGH-LOW PRICING

- + Helps to capitalize on seasonal trends
- + Little dependence on competition
- Diluted margin with traditional markdown
- Can't be used for certain SKU Types

PSYCHOLOGICAL PRICING

- + Helps to capitalize on consumer emotions
- + Reinforces customer base with price anchoring
- Limited scope of use
- Works only in combination with other strategies

Pricing Management Process



Cost-Based vs. Value Based Pricing

COST-BASED PRICING

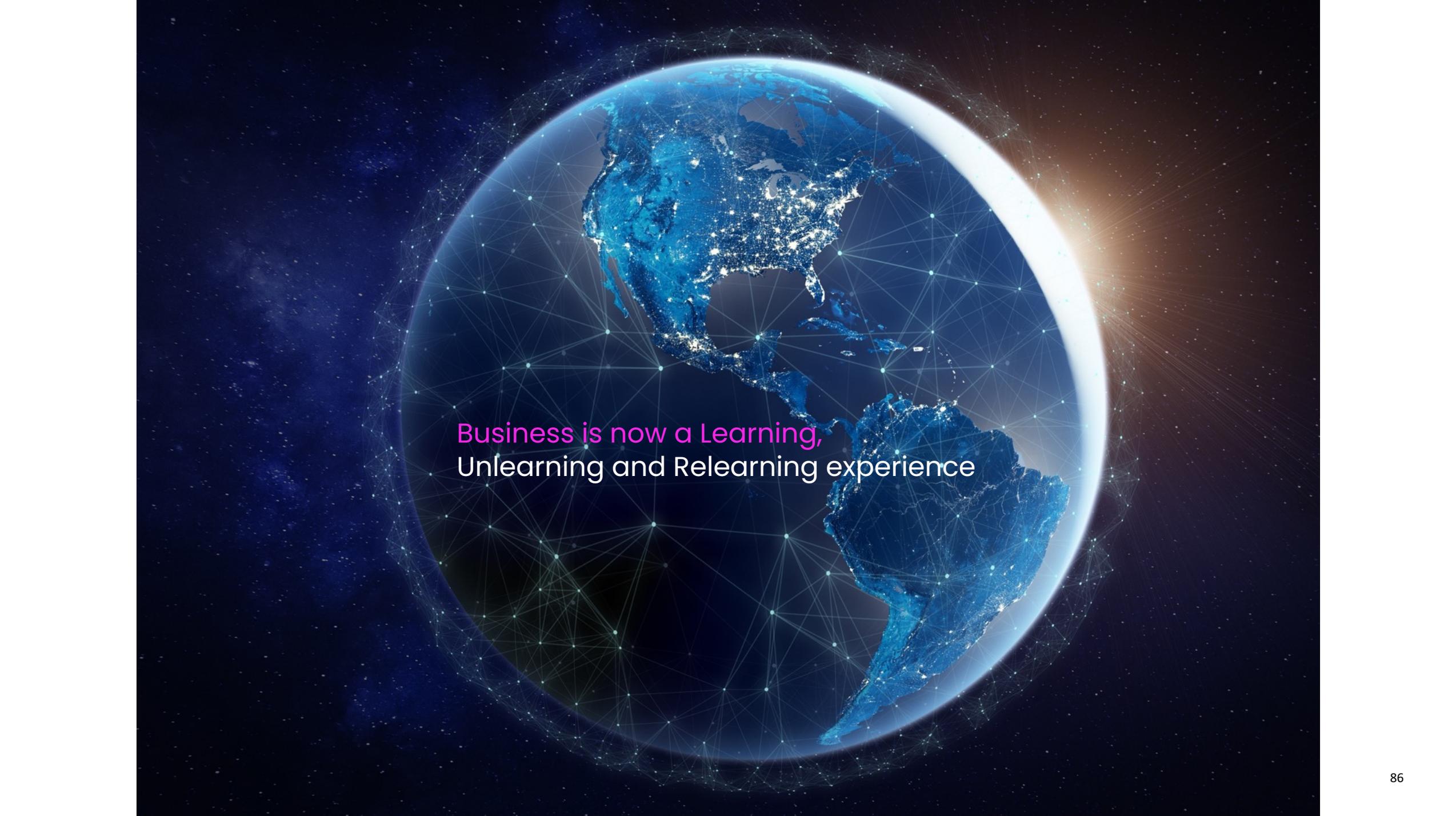
Setting prices based on the costs for producing, distributing, and selling the product plus a fair rate of return for effort and risk



VALUE-BASED PRICING

Setting price based on buyer's perception of value rather than on seller's cost



A stylized Earth is shown from space, with a network of glowing blue lines and dots overlaid on its surface, representing global connectivity. The Earth is set against a dark, starry background. A bright, glowing light source is visible on the right side of the frame, creating a lens flare effect. The text is centered over the Earth.

Business is now a Learning,
Unlearning and Relearning experience



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THOUGHT
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Strategy in the age of uncertainty

How firms grow through
opportunities and unique value



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