



Customer Value Innovation Case History: *De-commoditizing a commodity product*

Business Issue: A commodity producer of natural gas needed a strategy to profitably navigate through industry deregulation. With increased competition and an often oversupply of natural gas, previous differentiation efforts had failed. Nevertheless, management sought a way out of the commodity price trap.

What was done: The client formed a dedicated team to rethink their go-to-market strategy based on a more in-depth understanding of future customer requirements and preferences. The team was trained in the **Customer Value Innovation** methodology and tools. Following that approach, the team conducted “Day in the Life of a Customer” (DLC) analyses of users and non-users. The team segmented the market based on the value required to win customer preference and designed innovative value delivery strategies for high margin segments.



What was learned: Over 40% of the market, previously thought to be commodity buyers, would prefer a value-added offering. Incremental value required wrapping programs and services around core product. Several target segments were significantly more profitable than the base “commodity” business.

Results:

- Profitability increased 40% within 18 months.
- Customer satisfaction ranking rose from bottom quartile to #2 in the industry.
- Project results highlighted in the *Harvard Business Review*.