PRODUCT VALUE DIMENSIONS AND STRATEGIC DECISIONS

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Abstract:
Although the product value is a central element in the competitive strategy, it has not been properly discussed in theoretical models. The authors have found no clear analysis of cause--and-effect relationships between the product value and the strategic decision issues in the literature. Regarding this theoretical gap, the present article proposes a theoretical model of the dimensions of the product value and relates these elements to the strategic decisions that should be taken in the context of competitive strategy elaboration. The related decisions are exploited, and guidelines for competitive strategy definition are structured. Thus, this theoretical essay has three main contributions. First, it extends the current concept of product value through an in-depth and detailed view. Second, it presents a direct link between product value forms and competitive strategy. Third, it outlines a comprehensive and integrative view of the process of competitive strategy elaboration based on product value.
Keywords: Product value; value attributes; strategic decisions, competitive strategy.

1. INTRODUCTION

The product value concept is particularly crucial in the competitive markets. The classical economics literature defines the perfect competition concept, which assumes that products are homogeneous, the information is perfect for all players, firms can freely enter and exit in the market, and none can individually affect the total supply or demand. As a consequence, the agents are price takers; that is, the supply-demand equilibrium defines the price, and the agents have no market power. As stated in its name, perfect competition is an idealized model of market functioning (HILDENBRAND, 1993;).

Accordingly, over the last century, many studies have shown the gap between this idealized model and the dynamic of real markets (BAIN, 1962; Pryor, 2002). Owing to the gap between classical theory and practice, scholars have undertaken investigations with the aim of identifying new market structures and understand the firms' real behavior. As

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an example, the monopolistic competition was highlighted as market structures where products are not perfect but close mutual substitutes (CATTANI, et al. 2017). Further, some scholars recognized the importance of entrepreneurs and their decisions in the firm's growth, beginning the field known as business strategy (ANSOFF, 1965; CHANDLER, 1969). In this context, Ronda-Pupo and Guerras-Martin (2012) defined strategy as the dynamics of the relationship between the firm and its environment, where the firm takes a set of actions with the purpose of enhancing its yield. Inside a corporation, the strategy is delineated in three levels. The highest level is the corporate strategy, which comprises a set of units under the same ownership (ANSOFF, 1965; CHANDLER, 1969). The next level refers to the strategic business unit (SBU), or to the whole corporation when it comprises just one unit (PORTER, 1980). Moreover, the SBU is organized into departments, as well as marketing and sales (M&S), production, sales, and research and development (R&D); the third strategic level is the deployment of the business unit strategy in these departments (HALLGREN and OLHAGER, 2006; HILL, 1994).

The term competitive strategy is particularly used to define strategies at the second level, as well as a company effectively competes with other market players. We can analyze this competition from a wide or a narrow perspective. The wide perspective considers the competition mainly using a simplified microeconomic view, where it is assumed that all players in the same industry compete among themselves. Porter's (1980) five forces model represents this perspective. In this model, in addition to directly related competitors, the company faces pressures from clients, suppliers, substitute product manufacturers, and potential entrants. As such, several strict perspectives can be outlined from this broad picture to allow a better understanding of a company's strategic challenges.

In particular, from the perspective of the relationship between the firm and its clients, the definition of the form which it will generate value for them is a key element of competitive strategy, whereas it is assumed that the clients will buy the products that, compared with other options, offer the greatest value (KORNBERGER, 2017). Thus, it is crucial that the company observe the value generation process in the elaboration of its competitive strategy (KORNBERGER, 2017; WOUTERS and KIRCHBERGER, 2015). This assumption is mainly considered in competitive strategy models that deal with the relationships among companies and clients (D'AVENI, 2002; PORTER, 1980). However, these models address the product in a general way without a systematic consideration of the specific drivers of its process of value generation and its implications for the firm´s competitive strategy. Indeed, the following questions still deserve better attention: What are the elements of product value? How can these elements be used to guide the definition of competitive strategy?

Given these research questions and the theoretical gap outlined above, this paper aims to propose a model of the forms of product value generation and to establish the relationship between the product value generation process and the competitive strategy development. Additionally, a set of guidelines for competitive strategy elaboration is proposed.

2. LITERATURE REVIEW

From the classical economics perspective, economic agents are entirely rational; that is, they always choose the alternative that maximizes their utility. However, Simon's (1957) t*heory of bounded rationality* (TBR) challenged this assumption. In accordance with TBR, many factors influence the agents and bound the quality of their decisions, so that most individuals seek satisfactory results rather than best ones when making their decisions. Moreover, the results of some works showed that the heuristic choice could lead to failure or a suboptimal decision (FRIESEN and EARL, 2015; OZAK, 2014).

Additionally, the analysis of the purchase process reveals information asymmetries between clients and producers about the product status (KOLODINSKY, 2012; WILL and SKIBA, 2013). Therefore, there is a cost for accessing this information (WILSON et al. 2013). As a result, the information asymmetry encourages firms to invest in their brands (MUMBY, 2016) and advertisements to positively influence the client (JEWELL and SAENGER, 2014; KIM and HYUN, 2011), generating value to him.

Another kind of gap between clients and products is the physical access. As such, there is a cost to get access to a product physically. From the utilitarian perspective, the cost concept goes beyond the financial aspect. Indeed, it covers other elements of the individual's evaluative system. Hence, together with the monetary aspect, there are: waiting time (CACHON and SWINNEY, 2011), product accessibility (MOLNAR et al. 2013), information accessibility (BURMESTER et al. 2015), among other factors. When these costs are reduced, the value of a good increase for the client.

Notably, clients can evaluate the product as a value-generating object regarding functionality, usage finality, or attributes. This is better explained in the next section; for now, we assume that all purchase decisions are multi-attribute decisions in which clients try continuously augment their utility (MEREDITH et al., 1994). For example, clients can evaluate products based on their physical composition, aesthetics, durability, or flavor, and prioritize these attributes according to their interests (DESARBO et al., 2006; KACHANI and SHMATOV, 2011).

Two facts arise from clients' multi-attribute evaluation of goods. First, it is unlikely that products are perfect substitutes among themselves. The perfect substitution of two goods means all clients evaluate all attributes of these products to have the same performance. In addition, it is not expected that one product will outperform all others for all attributes, for all clients. Otherwise, superior performance in some attributes (e.g., brand image, durability, customization), in most cases come with worse performance in others, such as price, or delivery time (CORBETT and VAN WASSENHOVE, 1993).

Table 1 summarizes this discussion by presenting the parallel between perfectly competitive and real markets; it also portrays the implications of real market characteristics for the process of generating value by the firm through the product.

Table 1.
A comparative synthesis between the characteristics of perfectly competitive and real markets and the implications.

Market aspect	Perfectly competitive market	Real market	Practical implications for firms
Information accessibility of goods	Immediate and without cost	Customer cost; information asymmetry	Investments in advertising can reduce the cost of information access and enhance the brand image
Physical accessibility of goods	Immediate and without cost	A cost involving pecuniary aspects and other valuation elements	Investments in logistics can reduce customer waiting time and enhance product availability
Characteristics of goods	Perfect substitutes; price is the only attribute of interest of the client	Imperfect substitutes; multiples value attributes	Completely innovative products can be provided; a vast mix of products with different value configurations can be offered as substitute goods

Considering the previous discussion and the synthesis in Table 1, the process of product value generation in real markets occurs through the balance of costs and benefits provided to the clients. This process is better understood from the physical aspect of products and their externalities, which can be related to physical, informational, or economic access.

2.1. Subjectivity and its effects on the product value assignment process

In addition to issues related to individuals' bounded rationality and the judgment heuristics discussed in the previous section, the purchase decisions encompass subjective value judgments. In accordance with Simon (1957), the value judgment is related to the last individual's purposes. In the context of client choice, the value judgment implies that the same product can provide different levels of performance for each person (KORNBERGER, 2017).

Specifically, a need or a desire which motivates a product purchase is influenced by aspects inherent to the actor, such as gender, height, age, income, and preferences (LI et al. 2014). In addition to the influence of clients' physical and economic conditions, the psychosocial aspect is another subjective issue in the purchasing process. Factors such as the sense of belonging to a particular social group, personal values, and affinity may influence the acquisition of social identification goods (MUMBY, 2016; MERCHANT and ROSE, 2013; PELTONIEMI, 2015).

From a purely psychological view, emotions and the individual's personality influence the choice of product, highlighting aspects such as consumer desire, impulse buying, self-fulfillment, and risk aversion (ELLIOT, 2016; JANSSENS and PELSMACKER, 2009). In summary, the product evaluation process performed by the consumer is a relative process in which the assignment relies on the comparison among the available products (KORNBERGER,

2017); sometimes subject to no superior solution, which depends on physical, psychological, and social conditions of each client. These issues are summarized in Table 2.

Table 2.

Subjective aspects of the process of assigning value to products

Aspects related to the subject of purchase	Consequence
Perception and cognitive limitations	Inability to get full information about the available products and understand the product attributes
Need or desire	The individual seeks the product to meet any need or desire
Value judgment	The same object can provide different levels of performance for each individual
Physical and economic conditions	The purchase is determined by underlying buyer characteristics such as age group, gender, and income
Social condition	The individual may be motivated to purchase products that identify him with a particular social group
Psychological condition	The individual can go through different psychological states at the time of purchase, e.g., self-fulfillment, risk perception, impulse, and desire

3. METHOD

In this article was used the theoretical approach, whereas a conceptual model of product value and its relation to the firm strategy is proposed. The model proposed presents a set of constructs with near logic relation and a high level of internal cohesion, which is an essential requisite to theory formulations (SUTTON; STAW, 1995). As such, this paper presents a new conceptual framework as a primary contribution, which according to Shapira (2011) is one of the main purposes of theoretical papers as a form literature improvement. Also, this article uses an integrative approach (SHEPHERD; SUDDABY, 2016), where it was associated the concept of product value with strategic decisions in the realm of competitive strategy.

For elaboration and proposition of the conceptual model, it was first made an extensive search about the concept of product value and its relation to the competitive strategy. After, through the use of the deductive method, it was proposed the model introduced in the following sections. As such, it is presented a literature review with a critique and a propositional approach which is recently used by Giovanardi and Lucarelli (2018) in the analysis of the concept of location and spatial strategies.

Besides the theoretical contribution of the presentation of a new view about the relationship of product value and the competitive strategy, the model presented in this article can be thoroughly used as reference guide by practitioners in the competitive strategy elaboration, which can be one of the purposes of theoretical papers (SHEPHERD; SUDDABY, 2016). The validity of this paper is on the direct relationship with the constructs of the firm reality and its susceptibility to empirical test (SUTTON, STAW, 1995).

4. PRODUCT VALUE

4.1. Product functionalities

A critical issue from the client perspective is that a particular purchase occurs only if the client believes that the benefit of the product is similar or higher than its cost (WOUTERS and KIRCHBERGER, 2015). Consequently, the value of a product can be considered as the balance between the benefits and costs perceived by the customer (MEREDITH et al. 1994).

From the value perspective, no product is an end in itself; that is, it is always an instrumental element which the customer uses to achieve a defined benefit (GUTMAN, 1982; MOLDOVAN et al. 2011). The central element in the product design is its basic functionality, that is, the characteristics that allow the customer to perform or execute specific functions (NAGY and SCHUESSLER, 2016; TOWNSEND et al. 2011). For instance, a car enables quick locomotion with a certain level of comfort and safety, and a telephone handset allows connection to the telephone network for communication.

An analysis of various branches of an industry shows that although the products sold have the same common basic functionality that allows them to be classified into the same category, such as shoes, food, or automobiles, there is also a high level of diversity within each of these branches, which enables the products to be classified into sub-categories (BARROSO and GIARRATANA, 2013; CATTANI et al. 2017; MOLNAR et al. 2013). Thus, in addition to generating value through basic functionality, it is possible generates product value through one or more specific functionalities, this being the second level of value generation.

In the strategy and marketing areas, the generic strategy approach (PORTER, 1980), and market segmentation (HARRISON and KJELLBERG, 2010; MAS-RUIZ et al. 2013) are most similar to this proposal. The concept of specific functionality suggests that several existing markets can be understood through a hierarchy (CATTANI et al. 2017). To illustrate this situation Figure 1 presents a hierarchical outline of the publishing industry as an example of this concept. An important aspect of this market is the definition of areas of knowledge in which a publisher will operate. A common publisher strategy is to publish books within a limited number of areas, such as technical, scientific, educational, or literature. Usually, the big publishers can operate in several areas, and minor publishers are restricted to a few areas. However, even the largest publisher does not edit books in all knowledge fields. Thus, the intensity of mutual competitive pressures of two publishers which operates in the editorial industry depends on the areas which they operate. As a result, these pressures can range from a high level for publishers who operate in the same areas of knowledge, to zero for those who work in entirely different areas (e.g., one publisher dedicated to medicine books and another that produces literature and art books).

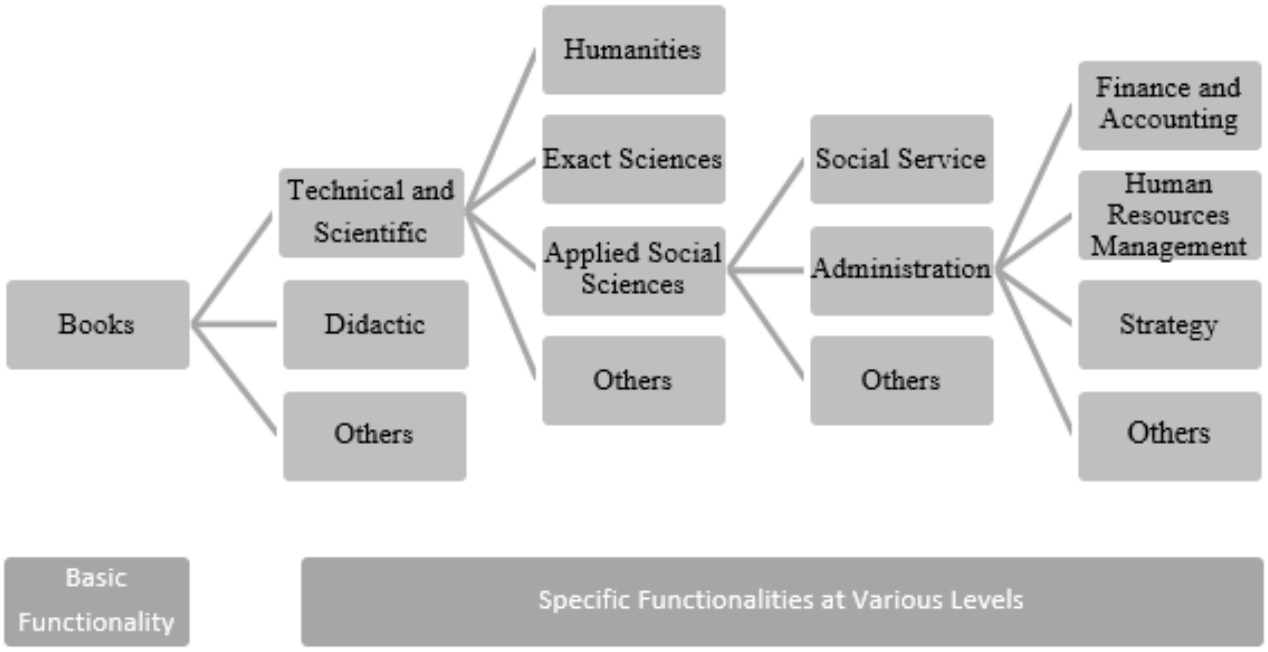

Figure 1.
A partial hierarchy editorial industry

4.2. Value attributes

The third level of value generation is comprehended by value attributes. Even products that have the same basic and specific features may differ according to their performance on these attributes, which can in some cases lead companies to develop core competencies in certain product attributes (SHEEHAN and VINCE, 2015). In fact, this is a fairly common practice in markets (KACHANI and SHMATOV, 2011). All products can be understood through an abstraction process that highlights various attributes of customer interest (DESARBO et al. 2006; KACHANI and SHMATOV, 2011;). Indeed, Table 3 shows a classification of types of value attributes based on the set of attributes extracted from the various texts covered in this article. However, Table 3 shows its classification based on the product concept and its external effects (externalities). The attributes associated with the product's physical composition are classified as endogenous, since they are associated with the constitutive nature of the good, such as the aesthetics of the product, the strength, durability, resistance, flavor, fragrance, and so on.

Table 3.
Proposed classification of types of product value attributes

Dimension: Product value	Type of value attribute	Examples
Physical composition of the product	Endogenous	Weight, color, texture, shape, strength, taste, durability, etc.

Dimension: Product value	Type of value attribute	Examples
Externalities of access to information	Exogenous information	Product content informative, etc.
	Exogenous valuation	The message associated with the product such as content, personal success, simplicity, social status
	Exogenous psychosocial factors	Identification with specific lifestyle or social group, culture, subculture, ideology, etc.
Externalities of physical access to the product	Exogenous access	Location, delivery time, sales environment, service, etc.
Economic externalities	Exogenous economics	Price, the term of payment, guarantee, interest rate, market facility, perceived risk of buying, etc.

The other dimensions of product value are associated with exogenous value attributes which are not related to the constitutive nature of the good. Like endogenous attributes, these attributes influence the process of value generation in the product. The dimension called externalities of access to information is categorized within the exogenous value attributes, concerning the product information transmitted to the client (e.g., PELTONIEMI, 2015). In this case, the value generation process takes place initially for the informative activity, whereas one seeks to make the customer aware of the existence of a particular product or a particular situation associated with it (a promotion, for example) (HENRIQUE and BARBOSA, 2009). Another aspect is to inform the customer about a particular product feature, which is a meaning-making process. In addition to providing knowledge, the dissemination of product information is often associated with elements that add value.

Exogenous valuation can also be associated with purely subjective human feelings and values such as affection, emotions, nostalgia, and success (ZHOU et al. 2013). Finally, exogenous psychosocial factors associate the product with a particular social group of customers according to their beliefs, lifestyle, and collective values (ELLIOT, 2016).

The externalities of physical access to the product are related to exogenous access, which includes issues such as the distance to accessing a product, waiting time, and shopping environment (BEULE et al. 2015).

The economic externalities dimensions are associated with economic attributes. Besides the notorious influence of the price in the product value, one should also consider aspects such as guarantees, the deadline for payment, the interest rate charged, and the perception of risk in acquiring, and complementary services provided (BOLAND et al. 2012).

Comparing the concept of value generation in this article with existing models in the literature, we see that unlike the proposed model, the existing models do not explicitly consider aspects related to the general and specific functionalities for the value generation process; although some of these models address the concept of value attributes, its conceptual generalization does not allow a feasible picture of the product value in specific situations. One example is the quality attribute. The following basic question stands

out this situation: How can we characterize the quality of different objects, such as cars, perfumes, medicines, or food?

The model proposed here permit to cope with this question through the conceptual generalization of several value attributes which may be instantiated in the analysis of the value of different types of products.

4.3. Types of clients

Customers from a particular industry may form a heterogeneous whole that can be subsumed into subgroups using different classification criteria. The identification of the types of clients may be an essential aspect of competitive strategy since different groups of clients may have different requirements and expectations concerning a particular product (HARRISON and KJELLBERG, 2010). In this paper the concept of specific functionality and the performance of value attributes should be used to analyze the value generated for a particular type of client, which is directly associated with the concepts of focus strategy (PORTER, 1980) and market segmentation (HARRISON and KJELLBERG, 2010; MAS-RUIZ et al. 2013).

Using the concepts related to product value from subsections 3.1 and 3.2, we consider targeting a particular product to a particular group of customers by configuring its specific features and/or value attributes to increase the value generated for this group. Overall, clients can be categorized according to their nature into consumers and organizations. In turn, these two broad groups can be classified into subgroups according to parameters such as occupation, income, and age group, in the case of consumers. In another hand, organizations can be classified into businesses, governments, and nongovernmental organizations, and so on. Table 4 shows a sketch of classification of customers by their nature.

Table 4.

Various types of clients

Types of clients according to their nature		
Consumers	Age group	
	Occupation	
	Genus	
	....	
Organizations	For-profit companies	Large companies
		Small companies
	Government	
	Non-governmental non-profit organizations	
	...	

5. THE COMPANY'S STRATEGIC DECISIONS FROM THE PRODUCT VALUE DIMENSIONS PERSPECTIVE

The assumption of that the elements, which comprehend the product value, include general and specific functionalities, as well as the performance of various types of value attributes implies that the firm should decide about the set of functionalities and values to be emphasized in its products to reach the preference of specific groups of clients. These decisions are discussed in the following subsections.

5.1. Decisions related to the endogenous value attributes

These decisions are related to the physical configuration of a company's products, including their general functionality and specific functionalities, which implies in the performance of their endogenous attributes. These decisions depend on the set of resources, expertise, and competencies that the firm has acquired. Nevertheless, these elements can be evaluated in two ways. First, they can be evaluated qualitatively about their nature, manifested primarily in the configuration of the company´s functions, production, research and development (R&D), and marketing and sales (M&S) (HILL, 1994; OLAVARRIETA and FRIEDMANN, 2008). The configuration of resources and expertise from this perspective enables the identification of the technical limits of the company's production, that is, which products it can produce, and their performance in the various value attributes. Second, they can be evaluated in a quantitative way related to the total amount of products that the firm can produce in a given period.

Decisions related to the products and types of customers should, therefore, be taken in light of resources and entrepreneurial skills available, as well as in competitors and the several groups of customers in the market.

5.2. Decisions related to externalities of access to information

There are two decisions related to this type of externality: the definition of information transmission media, and the definition of the content of the message being conveyed. Information content includes the level of detail of the message transmitted to the client, as well as the values and symbols associated with it. Although the definition of the media and advertising production requires resources, it is noteworthy that the company has a high level of autonomy regarding the definition of the message and the information content that it wishes to offer to the market. The company must assess the values of the groups of customers that it wants to attain the preference.

5.3. Decisions related to externalities of physical access to the product

This type of decision is regarded in the geographical area where the company operates and the distribution channels to be used. Taking into consideration the capacity constraints,

there will be for the most of companies a limited supply area, as well a restricted number of channels to be used. The exception to this rule is a small number of global companies (e.g., microprocessor manufacturers and aircraft companies) which direct products to all regions of the world.

For industries in which logistics have great importance in the final costs, the definition of the geographical coverage area is one of the most important elements of competitive strategy. For example, D'Aveni (2002) developed the concept of mapping competitive pressures to verify the performance of airlines in the U.S. market. As the provision of services and trade, this decision is fundamental in various sectors (MOLNAR et al. 2013). Although geographic coverage has an essential role in competitive strategy, this issue still needs further theoretical development. An upward analysis of the geographic scope of activity may occur on several levels, ranging from local to global scope. Thus, the geographic coverage that a company uses to define its geographical positioning strategy will depend on the nature of its activities, as well as its size.

Distribution channels are mechanisms that the company uses to reach its clients (PANTANO and VIASSONE, 2015). Often, a distribution channel is the result of the collaboration between different companies, which coordinate the delivery of the products to the customer (STERN et al. 1996).

The distribution channel has a direct influence on the performance of the value attributes related to the access to the product. Aspects such as ease access, distance, and waiting time are essential elements of value for the customer, mainly in circumstantial purchases of small or medium value products (KACEN et al. 2012). The decision about what types of channels to use is a consequence of the nature of products, the strength of relationships between companies in a channel, and each company's strategy for its products (PANTANO and VIASSONE, 2015; STERN et al. 1996). However, a company can work with different types of channels (stores, distributors, direct sales, sales via the internet) to reach the consumer (CHEN et al. 2014).

Moreover, among the many stages of the supply chain, the point of sale is critical as the last stage, and one that involves interacting directly with the consumer. The point of sale can generate value for the customer because of its location, accessibility, aesthetic form, and care (ECKERT et al. 2015), while the remaining stages mainly influence aspects such as product availability and delivery time.

5.4. Decisions related to economic externalities

The decisions about these externalities define the economic components associated with the product that will generate value for the client. The most basic question here is the pricing policy for each product, in addition to other financial aspects such as promotions and payment deadline (ALLENDER and RICHARDS, 2012; KONDO, 2004). To decide the composition of the product's economic value, the company can evaluate the product's cost

structure, including its price and partnerships (e.g., with banks and financial agents) to improve the performance related to payment, cash flow, and so on.

6. GUIDELINES FOR THE DEVELOPMENT OF COMPETITIVE STRATEGY

Drawing on the model of product value generation and the decisions areas of competitive strategy, this section presents a set of guidelines for the elaboration of competitive strategy. Firstly, it is necessary to consider in each decision area the several possibilities of action of a firm. This evaluation should be based on the resources and competencies that the firm accumulates in comparison to its competitors. Some texts on this theme suggest that the actions of other agents influence a firm's competitive strategy. A client's product evaluation includes his experiences with a given product and other similar products.

Thus, we assume that a product's competitiveness is the result of its capacity of generate value in the following constructs: (1) general functionality; (2) specific functionalities; and the performance in the six types of attributes: (3) endogenous, (4) exogenous information, (5) exogenous valuation, (6) exogenous psychosocial factors, (7) exogenous access, and (8) exogenous economics. These elements should be used to compare the value generated between concurrent products.

Using the above eight constructs and the construct type of client, we introduce a set of five guidelines for the elaboration of a firm's competitive strategy:

1. Based on the eight constructs presented earlier, identify the possibilities of value generation in the products which the firm may offer to the market;
2. Compare the forms of value generation identified in the last step with the value generated by products of rival firms;
3. Identify the many groups of clients that can acquire the firm's products and which of the corresponding value features are relevant for them;
4. For each product of the firm portfolio, create a synthesis of advantages and disadvantages about rival products in the context of each client group;
5. For each product, define a final configuration taking into consideration the constructs presented, and then try to explore the firm's advantages and diminish or neutralize its disadvantages about competitors' products, driving it to a determined client group.

The firm should define, for each construct, the product value and what is the best form within which configure it to increase its competitiveness (Powell, 2001). Figure 2 presents a conceptual schema mapping the product value based on the previous discussion. This map can help to identify and define the product value in the five steps proposed above.

The complete mapping of the value composite of all firm's products shows its competitive strategy. In contrast to the Porter's (1980) assumption that a firm must choose only one of the three generic strategies (cost leadership; differentiation; or focus) to be successful, thus presenting a univocal relationship between firm´s competitive strategy and product value, the model proposed in this paper assumes that different value configurations can exist within a same competitive strategy. Put differently, the value is associated with the product, and a same competitive strategy can gather several set of products which different compounds of value. This concept is already known in the literature (YAYLA-KULLU et al. 2013). For instance, there are firms which offer different product brands with the same basic and specific functionalities, but the products differ in the performance of value attributes (e.g., brand image, durability, price, design, etc.). In this cases, the value is associated primarily with the brand.

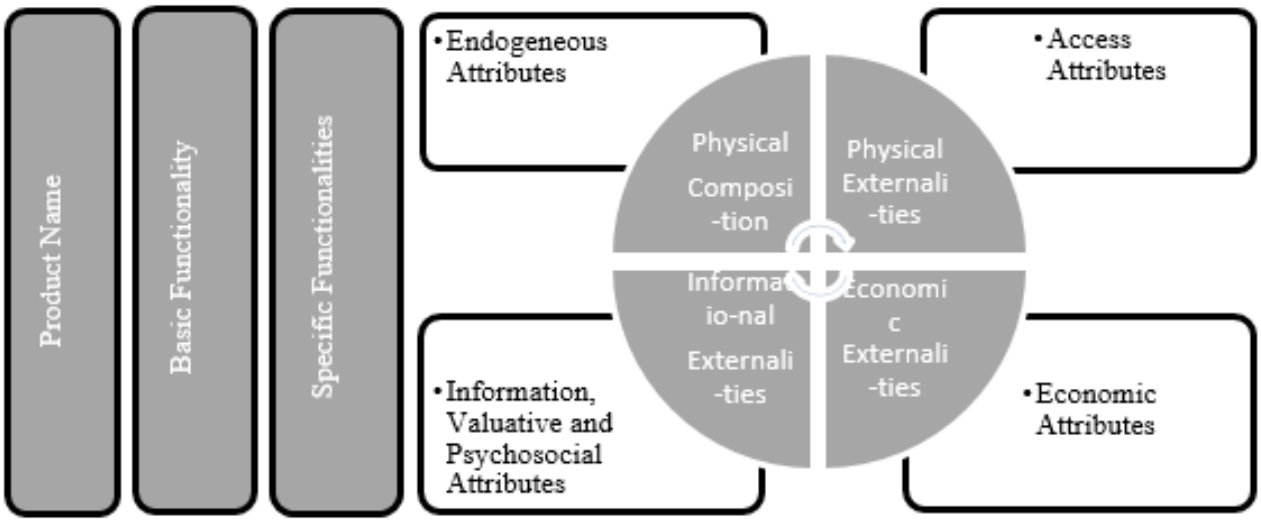

Figure 2.
Product value map.

7. CONCLUSION

From the behavioral perspective, and considering the firm and client characteristics that influence the value generation process, this paper proposed a model of product value generation, analyzed their implications for competitive strategy formulation and presented the decision areas for the formulation of this strategy.

The value generation process assumes that the core of the competitive strategy is the way in which the firm generates value in its products from the following elements: general functionality, specific functionalities, endogenous value attributes, exogenous information, exogenous valuation, exogenous psychosocial factors, exogenous access, and exogenous economics attributes.

Remembering the research questions presented in the introductory section: What are the elements of product value? How can these elements be used to guide the definition of

competitive strategy? We conclude that the product generates value for the client through the proposed constructs of the value generation, and these elements should be the reference points for the elaboration of competitive strategy. This conclusion is based on the premise with which in free markets, the survival and development of a firm depend on of its capacity to make products that generate more value than competitors, attaining the client preferences. Thus, this premise should guide the competitive strategy formulation.

The main contribution of this paper is to present a model that gathers a series of concepts hitherto scattered across different models under a unique conceptual framework. Thus, this model provides an integrative and innovative view of how the product generates value, and how this should guide the competitive strategy elaboration. Considering the current strategy models, this model presents the following theoretical advances, namely, it: proposes as a fundamental element of strategy a framework based on the following constructs: basic functionality, specific functionality, and value attributes; presents a detailed view of the types of product value attributes, suggesting that they transcend the physical aspect to include the concept of exogenous attributes; establishes a clear relation between forms of value generation and the decisions that should be taken in the context of competitive strategy elaboration; and suggests a group of guidelines that make clear and feasible the mapping and formulation of this strategy.

As a practical implication of the proposed model we suggest the application of this model in firms of different industries, to mapping their current competitive strategies and to help them enhance their performance; the application of this model to benchmarking rivals, through the mapping of their competitive strategies. As future research, we suggest the development of a detailed method for the elaboration of the competitive strategy based on the guideless proposed in this article.

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Recebido em: 18/01/2018
Aceito em: 14/04/2018