Strategic Management
Session #4: Value Based Strategy
WTP applied: The case of Uber


Note: This figure presents a piecewise linear demand curve with jumps at each price discontinuity. The curve is generated from the underlying elasticities estimated for each price discontinuity and for consumers facing transactions at 1.0x.

https://www.nber.org/papers/w22627
Value Creation ≠ Value Added ≠ Value Appropriated

Firms may create value but not add any value to the game!

\[ \text{Added Value Player } i = \text{Total Value}_\text{(before, with all players)} - \text{Total Value}_\text{(after, without player } i) \]

When multiple players add value, who appropriates what becomes more difficult (bargaining power; structural asymmetries)
Competitive Advantage can be thought of as a players value gap (WTP-COST) advantage compared to its next best competitor.

Brandenburger & Stuart, 1996; Siggelkow