



**CALYX  
FLOWERS**

# MANAGING PROFITABLE GROWTH

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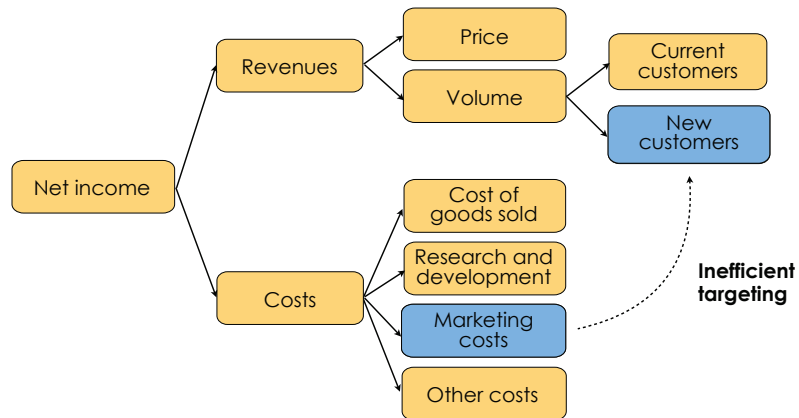
## Epilogue

- Calyx Flowers continued to position itself as a "luxury floral gifts" company...
- ...and its Vermont Teddy Bear division continued to position itself as "the creative alternative to flowers"...



## Key Learning Points

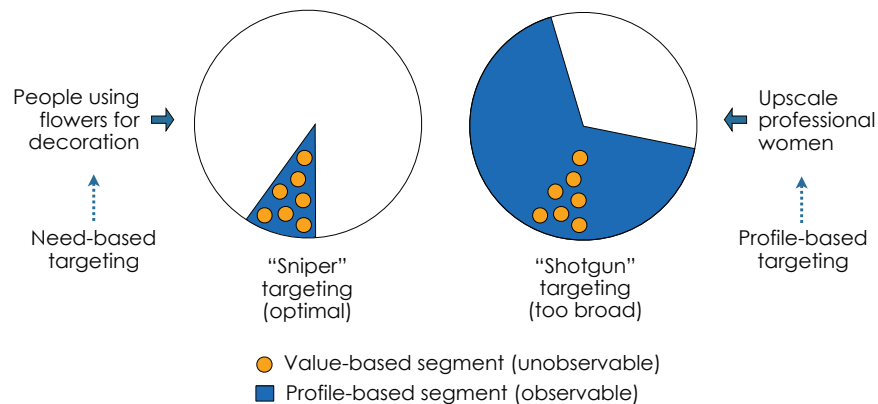
- Identify the key impediment for growing net income, eliminating which will have the greatest profit impact



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## Key Learning Points

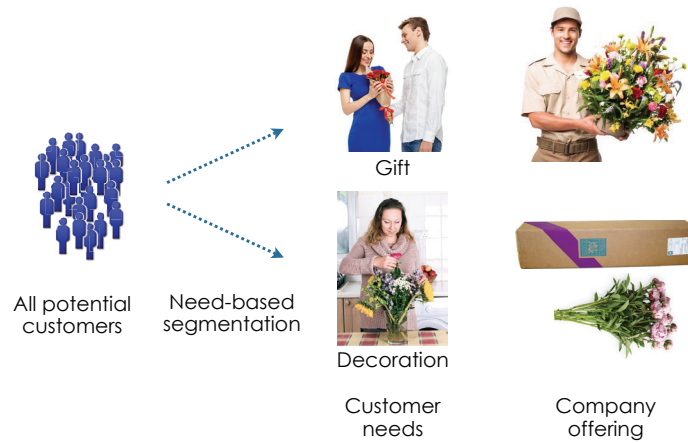
- Reliance only on customer profile can lead to inefficient targeting because customers with similar profiles can vary in their needs and resources



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## Key Learning Points

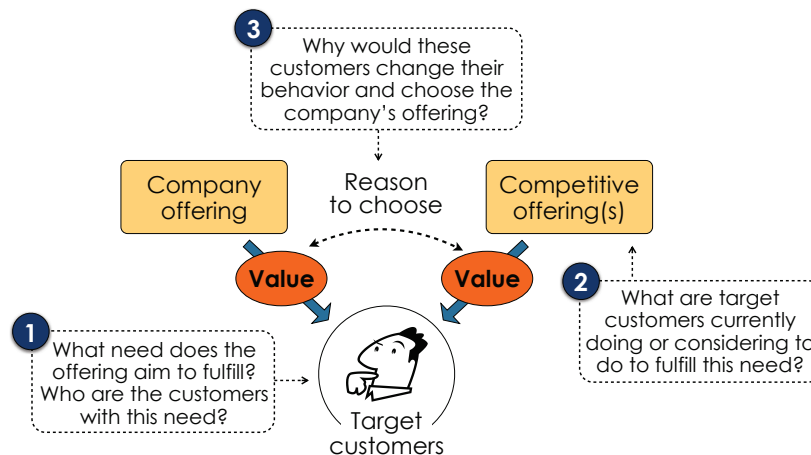
- Identify the benefits of the offering for different segments and select customers for whom the offering can create superior value



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## Key Learning Points

- Validate the customer value-creation strategy by answering the three key questions:

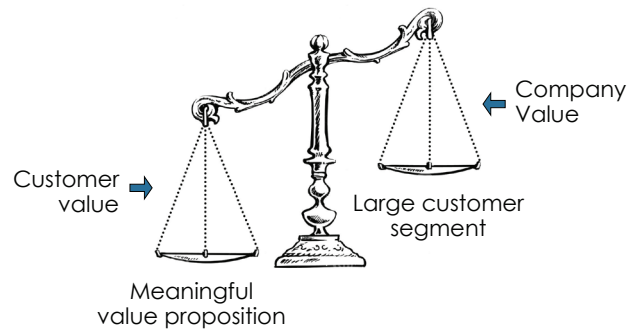


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## Key Learning Points

- Define the target segment in a way that enables the offering to create market value

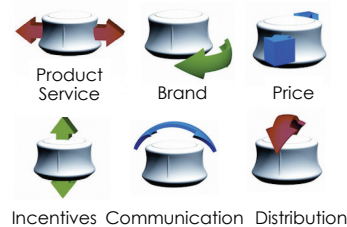
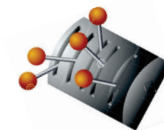
Identify the largest possible segment for which you can create a meaningful value proposition



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## Key Learning Points

- Follow the degrees-of-freedom principle
  - Degrees of freedom reflect the range of values that a manager can use to define the attributes (e.g., price, quality) of an offering
  - The degrees of freedom can help determine whether a segment is homogeneous or has to be segmented further
- Having too many degrees of freedom when designing the offering means that the target market is too broad



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## Key Learning Points

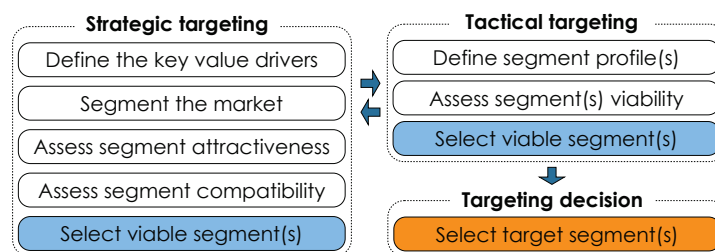
- Need-based targeting can broaden the competitive landscape beyond the same-category competitors



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## Key Learning Points

- Use a systematic approach to identify target customers



*Strategic Marketing Management: Theory and Practice*  
Segmentation and Targeting Workbook (Appendix A)

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