THE FOUR ACTIONS FRAMEWORK

- **Reduce**: Which factors should be reduced well below the industry's standard?
- **Eliminate**: Which of the factors that the industry takes for granted should be eliminated?
- **Create**: Which factors should be created that the industry has never offered?
- **Raise**: Which factors should be raised well above the industry's standard?

A New Value Curve
THE FOUR ACTIONS FRAMEWORK
“QUESTION BY QUESTION”

• Which factors that the industry takes for granted should be eliminated?
  • Factors which your industry has long competed on
  • Factors of competition intended for a Red Ocean Strategy.
  • Factors which we take for granted but no longer have any value
• Which factors should be reduced well below the industry standard?
  • Factors which are pushing to hard to stay competitive but yield little or no gain over the competition
  • High development costs but little or no profit

• Which factors should be raised well above the industry standard?
  – Eliminate compromises your industry forces consumers to make
• Which factors should be created that the industry has never offered
  • Find a new source of value for the customer
  • Shift demand and/or create new demand
  • Shift strategic pricing in the industry
APPLICATION TO A REAL-WORLD EXAMPLE: CASELLA WINES

- Wine market stagnant in the US
- Few people knew how to understand and appreciate the complexity of wines
- Competing wine yards all marketed on fineness, quality, and prestige
- Narrow target market: difficult to understand for the average consumer
• Expansive range of wines made it difficult for consumers to choose
• Stereotyped by the general public as a formal upper-class drink
• The average consumer was used to something more “drinkable” like beer or cocktails
THE FOUR ACTIONS FRAMEWORK APPLIED TO CASELLA WINES

- Which factors that the industry takes for granted should be eliminated?
  - Promotional campaign
  - Aging qualities
  - Ecological terminology and distinctions (What does tannins, oak, and complexity mean to the average consumer?)
• Which factors should be reduced well below the industry standard?
  • Wine complexity
  • Wine range (no complicated array of choices)
  • Vineyard prestige (Red Ocean marketing)

  • Which factors should be raised well above the industry standard?
    • Price kept above the price of budget wines
    • Budget wine drinkers moved up
Which factors should be created that the industry has never offered?

- Create a wine that is fun and easy to drink
- Only two variants create make selection easy
- Labeling sets wine as a fun and informal drink, appealing to more potential consumers
<table>
<thead>
<tr>
<th>Eliminate</th>
<th>Raise</th>
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<tbody>
<tr>
<td><em>Which factors can you eliminate that your industry has long competed on?</em></td>
<td><em>Which factors should be raised well above the industry's standard?</em></td>
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<td><strong>List those here...</strong></td>
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**ELIMINATE-REDUCE-RAISE-CREATE GRID**

- Pushes companies to differentiate and reduce costs, breaking the value-cost trade off.
- Checks companies which decide to focus on only creating new products without reducing costs
- Easy to understand
- Every factor is scrutinized leading the company to discover implied assumptions made unconsciously in competition
# Eliminate-Reduce-Raise-Create Grid: Applied to Casealla Wines

<table>
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<tr>
<th>Eliminate</th>
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<tr>
<td>Enological terminology and distinctions</td>
<td>Price versus budget wines</td>
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<tr>
<td>Aging qualities</td>
<td>Retail store involvement</td>
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<tr>
<td>Above-the-line marketing</td>
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<td>Easy drinking</td>
</tr>
<tr>
<td>Wine range</td>
<td>Ease of selection</td>
</tr>
<tr>
<td>Vineyard prestige</td>
<td>Fun and adventure</td>
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