

Product development course

Year 2

Remember?

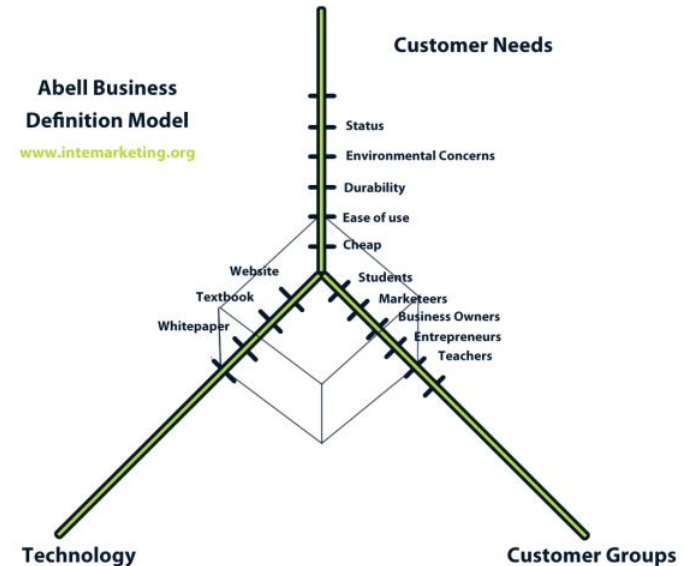
Breakeven sales volume (BEV) =

$$\frac{\text{Total Constant costs}}{\text{Contribution Margin (CM)}}$$

Contribution Margin (CM)=

$$\text{Sales revenue - variable costs}$$

Abell's business definition



Who are the customers?

□ Segments/customers groups

What do they need and why?

□ Customer Needs

How can these needs be met?

□ Technologies

Abell's business definition model explained

Segments (WHO?):

Which customer segments can we identify? List as many **segments** of customers as possible. So do not list competitors or individual customers.

Needs (WHY?):

Which **deeper needs** underlie purchasing behaviour in the market? For instance, a chair is not a need.

Technologies (HOW?):

In which various **ways** can needs in the market be met? “Technologies” in the context of the Abell model are the different products or services offered by an organisation and/or the ways in which products/services are prepared and/or the different distribution channels. Technologies in the context of the Abell model do not refer to IT!

Business definition: the combination of all Segments-Needs-Technologies which identifies the market in the context of the Abell model.

Business scope: the combination(s) of Segment(s)-Need(s)-Technology/-ies which a single organisation addresses within the market as defined in the business definition of the Abell model.

Example Abell:

Producer of soda's

Needs

The needs that are covered by buying a can of soda:

- ☐ Thirsts
- ☐ Nice taste
- ☐ Status
- ☐ Healthy

Not:

- ☐ Cheap

Segments

Producer delivers to companies and not directly to consumers:

- ☐ Supermarkets (1)
- ☐ Petrol stations (2)

Not to:

- ☐ Restaurants (3)

Technologies

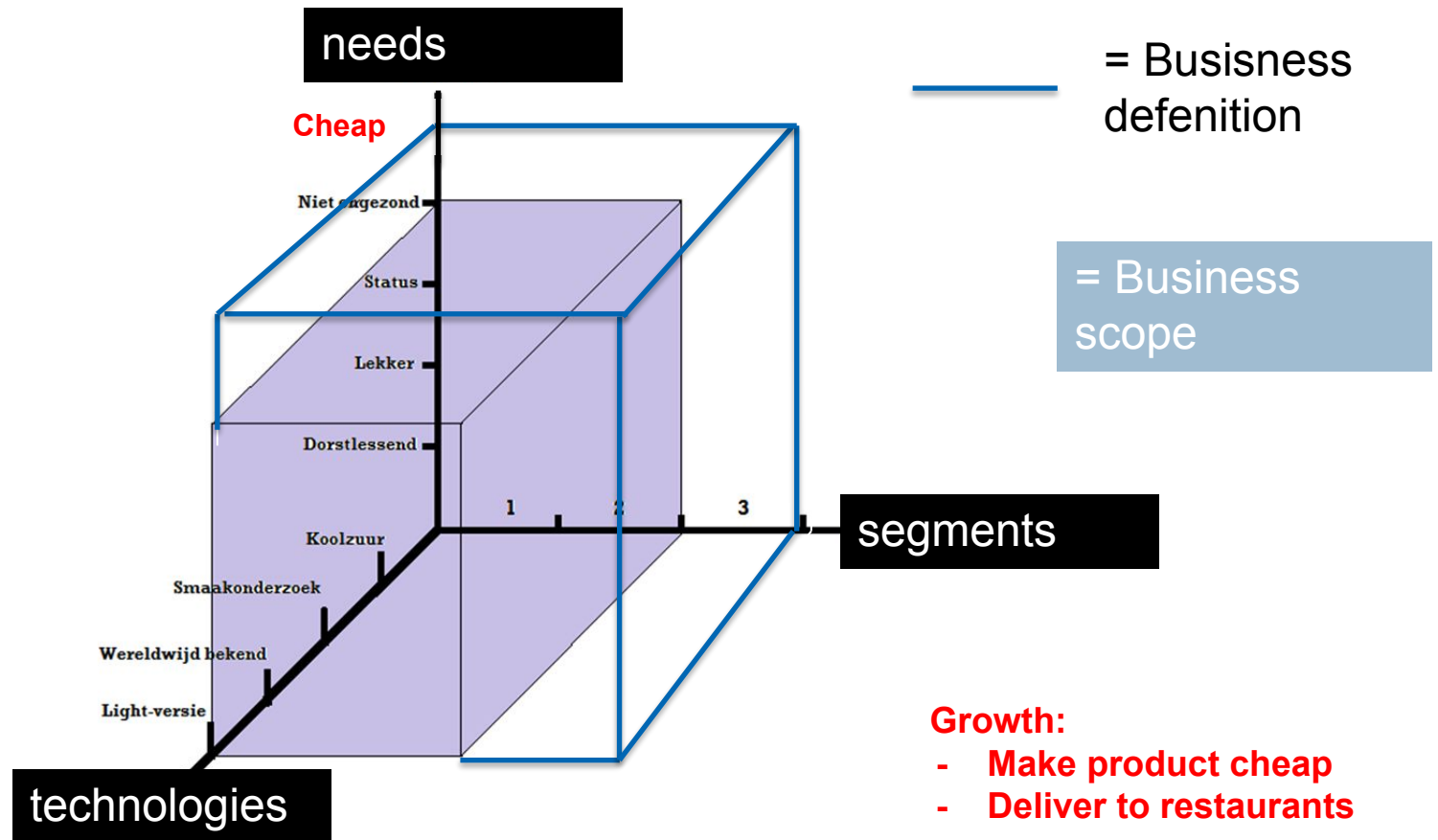
Some technologies are used:

- ☐ Adding gas = thirsty feeling disappears quicker
- ☐ Monthly survey among users
- ☐ Worldwide marketing campaign, same logo everywhere
- ☐ Light-version added to productline

Assignment:

1. Draw Abel model
2. Show Business Definition and Business Scope
3. How can producer grow?

Example Abell: Producer of soda's



Make Abell + SWOT for:

(only use your imagination, no APA)

- Ikea or
- Youtube

Relevance of Abell's business definition model

Relevance:

1. Focuses on customer segments and needs
2. Helps to understand the market
3. Identifies the business domain of the organisation and its competitors
4. Provides input for strategic innovation (extension of business domain): new products/markets

It is important to document new product development / product launch

Document	Purpose	Description
Business Case	What is the opportunity?	<i>Examination of market opportunity. Reviews market landscape, competitive analysis, assumptions, risks, and cost-benefit analysis.</i>
Market Needs	What is the problem?	<i>Description of the market opportunity, market problem and the resulting prioritized market needs.</i>
Product Description	What should we build?	<i>Feature level description of the whole solution, intended use, and the set of technology and delivery requirements.</i>
Market Strategy	What is the messaging?	<i>Market strategy and long-term objectives, positioning and messages delivered to the target market.</i>
Roadmap	What is our long-term goal?	<i>Set of releases based on the strategy and objectives</i>
Beta Plan	How will we ensure the product is ready to be released?	<i>Detailed plan for real-world use to ensure it is ready to be launched, gather early customer feedback and testimonials</i>
Launch Plan	How will we create awareness and leads?	<i>Strategy and tactics for achieving agreed upon goals for the product</i>
Marketing Plan	How will we create demand and meet revenue goals?	<i>Tactics, budget, timeline and activities that will support creating leads and reaching new customers</i>
End of Life Plan	How can we minimize customer and profitability disruptions?	<i>Plan covering how best to discontinue a product with a smooth transition, avoiding negative consequences</i>

New Product Launch using Marketing Communication

A Product Launch is a process that has a lifecycle.

The purpose of a Product Launch is to build sales momentum.

New Product Launch using Marketing Communication

- 1) Matching Product Capabilities to Market Needs
- 2) Clear Positioning and Messaging
- 3) Setting SMART Launch Goals
- 4) The Power of Leverage
- 5) Build excitement and create demand for your product before it is generally available to buyers
- 6) Timing the Launch to Maximize Sales

Matching Product Capabilities to Market Needs

A winning product launch starts with matching the capabilities of your product (or service) to the needs of your target market. This is often domain of a product manager.

You have to know that your product is solving a real problem that buyers are willing to pay you to solve. You can't just believe there is a problem that needs to be solved.

Clear Positioning and Messaging

Positioning is the set of things you do to place your product clearly in the minds of your buyers. If your positioning is not clear, your buyers will be confused and your potential partners will be confused.

“A confused buyer does not buy.”

Effective positioning is a communication process that makes the benefits and capabilities of your product so crystal clear to your buyers (and partners) that they get it without tremendous effort on your part. They see, they understand, they buy.

It's developed from a clear understanding of market needs and how your product's capabilities match those needs, rather than features. It also forms the foundation for all communication to your target market.

Messaging is the language you develop to communicate the value of your product. It includes message pillars – the simple phrases that reinforce the value your product delivers to your customers.

Setting SMART Launch Goals

You won't have a chance at a winning product launch if you don't establish SMART launch goals. The goals frame the purpose of your product launch and help guide you in evaluating launch tactics.

Once you've established the goals of your launch you need to consider how they will be measured. Do you have the tools and procedures in place to capture the measurement? If your objective is to get 100,000 downloads in the first 30 days after the launch event, will you have the mechanism in place to capture the download count? If not, now is the time to establish the tools and procedures in place or to re-evaluate your launch goals.

“Simpler Goals produce more focused efforts and better results.”

The Power of Leverage

Knowing the power of leverage will maximize your launch results. Leverage is defined as “the use of a small investment to gain a very high return”. Using this definition helps guide launch planners in evaluating the launch tactics that can most effectively achieve the launch goals and objectives. Even a small company with a limited budget can get great results through the power of leverage.

“Using the power of leverage you can get the word out faster, build your customer base faster and generate more revenue.”

Consider the employees, potential customers, Fans, Friends and Followers of your brand, partners, investors, press, and associations that you can reach out to - the people that can influence the success of your product launch. One person talking to two, will talk to four, will talk to eight and eight to sixteen. Give them something to talk about.

Build excitement and create demand for your product before it is generally available to buyers

Involve customer support – these employees are on the front lines. Take advantage of it.

Sales team – the sooner the better. Brief them early and give them the relevant information.

Channel partners – include them early so they can educate their customers.

Executives – they can be your biggest evangelists (e.g. Steve Jobs/Elon Musk)

Industry Analysts – brief them, get their feedback and keep them up-to-date on developments.

Time the Launch Event to Maximize Sales

Timing is everything and sometimes timing a launch can mean all the difference in the world. This can be especially true if a product is launched on a global scale. For example: a July and August launch in Europe is usually a waste of time and resources – everyone's on holiday.

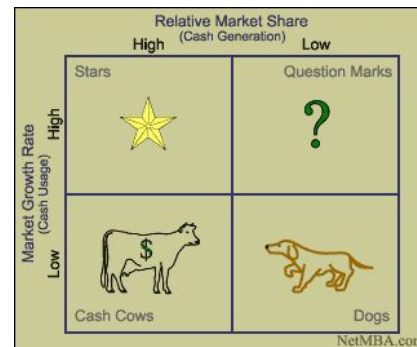
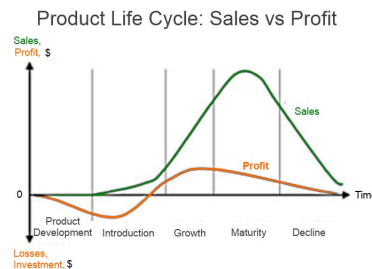
The timing of the launch event may be predetermined by a key industry trade show or other major event. Whatever the case, identify the times and locations that afford maximum leverage for the product launch.

Highlight Product Launch

- What is a product?
- Why new product?
- Screening process
- Why do new products fail or have success?
- Product Life Cycle (PLC) and time to market ☐ early adopters
- Segmenting / positioning / targeting / communication
- How much must I sell to break even?

Models:

- Abell * Swot
- BCG matrix * Ansoff



Next week

**Read again all the chapters/slides and
learn them!**

Test exam in class

