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## 5. Business Plan/Value Proposition

- Sustainable competitive/differential advantage
- Brand management
- Risk management
- Compliance and CSR

AIM:

### Sustainable competitive advantage

1. **Product leadership:** radical new products
2. **Cost leadership:** economies of scale, not discounting

20% of new products are released with sustainable competitive advantage in mind, the usual process is attaining differential advantage.

### Sustainable differential advantage

1. **Differentiation (market share focus)**
  - Tangible, but incremental
  - Easy to copy in less complex commodity
2. **Concentration (niche focus)**
  - A more focused application
  - Focuses upon a narrower market sector (eg. Yunnan baiyao)

The effect of aim on marketing mix decisions:

Strategy	Product	Price	Place (Distribution)	Promotion	People	Process	Physical Environment
<b>Undifferentiated (Cost Leadership)</b>	Standardized, low involvement	Lower than competitive products	Intensive	Mass	Robotic	Efficient, quality controlled	Superfluous, shelf impact important
<b>Differentiated (Product Leadership)</b>	Radically different	High	Intensive, but selective	Mass	Trained, but robotic	Less efficient, but quality controlled	Appearance is important
<b>Differentiated (Product improvements)</b>	Tailored to specific market segments	Market forces determine price	Extensive	Mass, but targeted to segment(s)	Skilled, loyal, motivated and customer-focused	Efficient, effective and quality controlled	Appearance is important
<b>Concentrated</b>	Customised	Premium	Highly selective	Direct	Key Account Management	Customised and SLA-specific	Appearance is a key differentiator

### Value Proposition (5 steps)

A statement that identifies how you're going to reach each of your archetypes

- Define the **need**, along with your new, compelling and defensible **approach** to address that need with superior **benefits** when compared to the **competition** and or other alternatives

Successful value propositions are quantitative and easy to understand and remember. The four parts of your value propositions are the fundamentals: they must always be answered

## Step 1: Create and develop archetypes

Create a profile of the consumer

Develop further:

### USER PROFILE

**Name:** Sally Jones

**Age:** 32

**Gender:** Female

**Marital Status:** Single

**1. Occupation:** Marketing Manager

**Salary:** £35k-£40k p/a

**Description:**  
Sally works as a Marketing Manager for a big investment firm in the city. She currently lives in Angel, North London, in a rented 1-bedroom flat. In her spare time she enjoys going out with her friends for dinner or drinks and occasional trips to the theatre.

**2.** She uses her blackberry to browse the web and send email when she's out and about. When at home she uses a Dell laptop with Windows 7, her browser of choice is Internet Explorer 9.

**3.** Sally is not hugely fashion conscious but does like to update her wardrobe every few months. Her dress sense can be described as elegant and sophisticated.



**Occupation** - corporate background, has moderate to high disposable income, probably well educated

**Lifestyle** - office-wear, semi-formal occasions

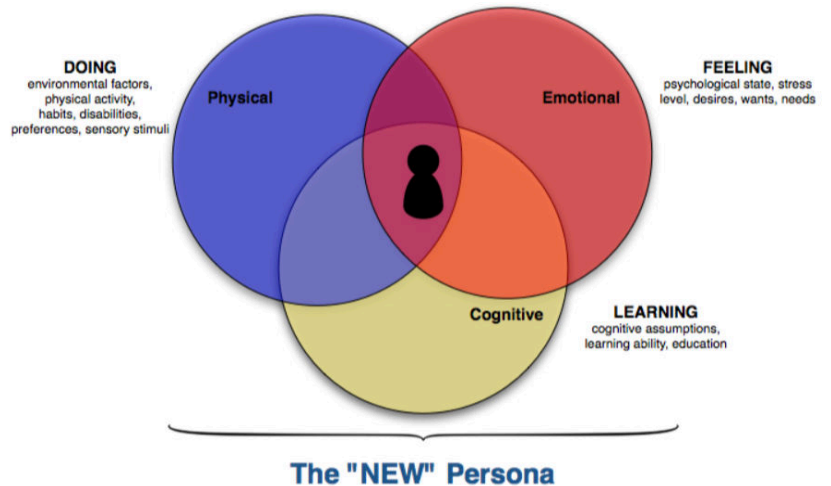
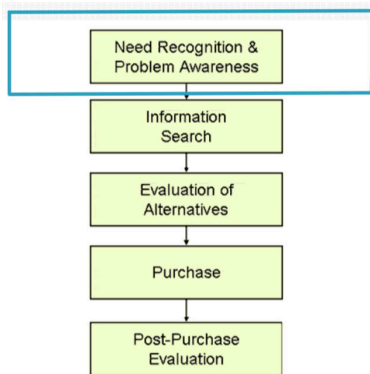
Personal habits - online purchaser, prefers mobile friendly website, socially active

**Updates** - seasonal design updates would be useful to promote new ranges eg. winter coats, autumn knitwear

**Persona descriptors**- age group, salary range gender, marital status, accommodation type etc.

## Step 2: Develop behavioural profiles

Customer decision model:



**Physical:** what activities are users doing when they access our website (research, studying)

**Emotional:** are they stressed when they access our content? Feeling confident? Tired? Desperate?

**Cognitive:** what are their assumptions? Can we make assumptions or do we have metrics about them? What is the user's maximum potential for learning (eg. educational level)

### **Step 3: Matching archetypes with behavioural profiles**

This person would buy a dress from our range but could not afford one from David Jones and wouldn't buy one from Target.

#### **Reasons to buy:**

**Physical** - I need a new dress now and I'm thinking 'what can I afford?'

**Emotional** - I need a new dress now because I have a work function and my current ones look terrible

**Cognitive** - I need a new dress now, I know roughly what I want and I'm evaluating alternatives

### **Step 4: Creating the value proposition statement**

#### **Need**

- No: the market is growing and is very competitive
- Yes: Our ladies business clothing market segment is a \$2 billion/yr and growing by 5% pa but our share has reduced by 1%pa over the past 2 years

\*Be quantitative and precise

#### **Approach**

- No: we have developed a brilliant new product range with a clever design
- Yes: to increase our market, we have created a patent-protected, high quality mix and match range of ladies' business clothing that replaces our ageing range

\*Give reasons why, explain the value

#### **Benefits**

- No: the sales forecast and the ROI are excellent
- Yes: Our new production process reduces our production costs by 8% and results in an expected ROI within the first year. Our research has proven that it will appeal to our Sally Jones archetype and we predict that our sales will rise by 5.5%pa achieving a new product of \$30M in year 3

\*Specific and quantitative results

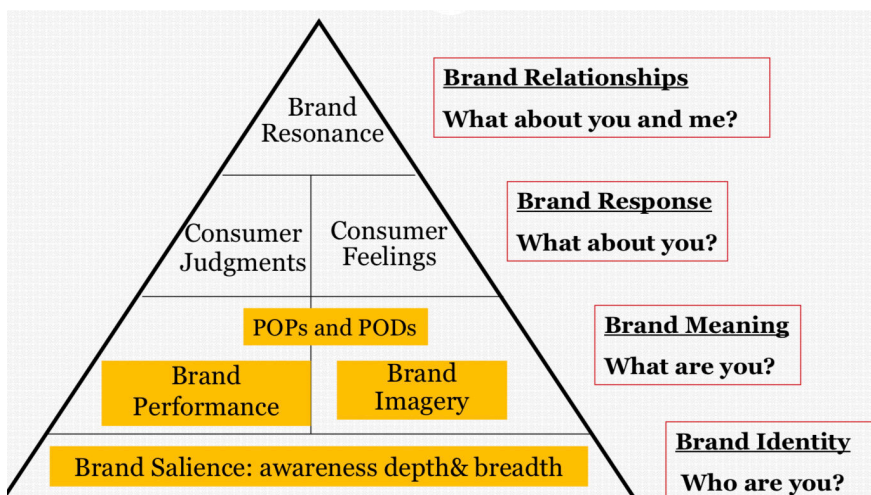
#### **Competition**

- No: we are better than our competitors
- Yes: Our competitors, Country road and Susan, still sell non-integrated business clothing and have no plans to change their approach to this market

\*What you have on your competitors

## **Brand Management: the CBBE model**

1. Brand awareness
2. Brand image
3. Brand positioning



## **Suggested format for a Business Plan**

1. *Market analysis*
2. *Customer profile*
3. *Competitive strategy*
4. *Internal analysis/product analysis*
5. *Budget & sales projections*
6. *Risks (threats)*
7. *Value proposition*
8. *Recommendations (launch plan etc.)*

## **Compliance**

### **Purpose:**

- **Creating shared value** - water, nutrition, rural development, giving back to the community
- **Environmental sustainability** - protect the future
- **Compliance** - laws, business principles, codes of conduct

### **Mechanisms:**

#### **1. Government legislation (standards, controls, protection)**

- Emission controls
- OHS (eg. frozen berries)
- Anti-consumer behaviour (Nurofen for back pain)

#### **2. Industry control bodies (self-regulation)**

PDS - product disclosure statement

Quality certification standards for every industry

Non-for profit organisations set up for gov or industry itself

Regulatory powers over firms in the vertical market sector

#### **3. 'Ambulance chasers'**

IP, Copyright protection

Injuries/illness

Unfair dismissal, workplace harassment

Illegal or anti-competitive practices

Class action

#### **4. Ethics (CSR, CSV)**

Employees (behaviour and treatment)

Other firms (opportunism and fair trading)

Professional (codes of conduct, conflicts of interest)

Summary:

- It's usually a cost
- Continuous improvement of 'internal experience' eg. failures, complaints etc.
- Objective measures of performance: set targets
- KPI implications