

Croeso | Welcome Video Lecture Series: Business Studies



THE TIMES
THE SUNDAY TIMES
CANLLAW
PRIFYSGOLION
DA
2019

PRIFYSGOL
Y FLWYDDYN AR
GYFER ANSAWDD
Y DYSGU

THE TIMES
THE SUNDAY TIMES

GOOD
UNIVERSITY
GUIDE
2019

UNIVERSITY
OF THE YEAR
FOR TEACHING
QUALITY

Phases of Product Development

Dr Ian Harris

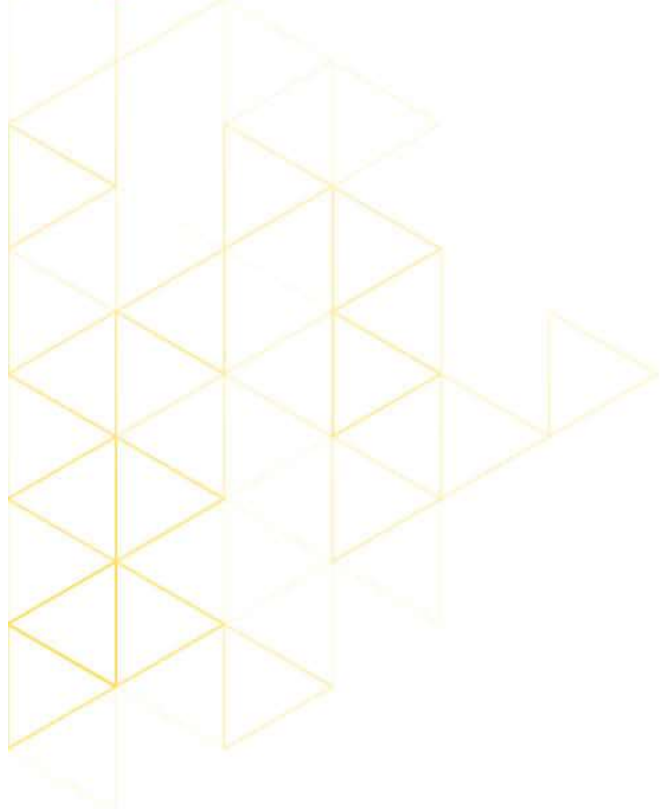
Degree Scheme Co-Ordinator:
Marketing/Digital Marketing

Processes that support New Product Introductions

- To enable effective, and market resonant development to take place organisations need to embed a series of gating processes.
- Think about a sports team, for example Football. From very early ages talent is spotted, signed up, developed, transitioned to next age range...If all the stages go well, they play in the Premiership...
- Finding a good product for market requires similar “gating”



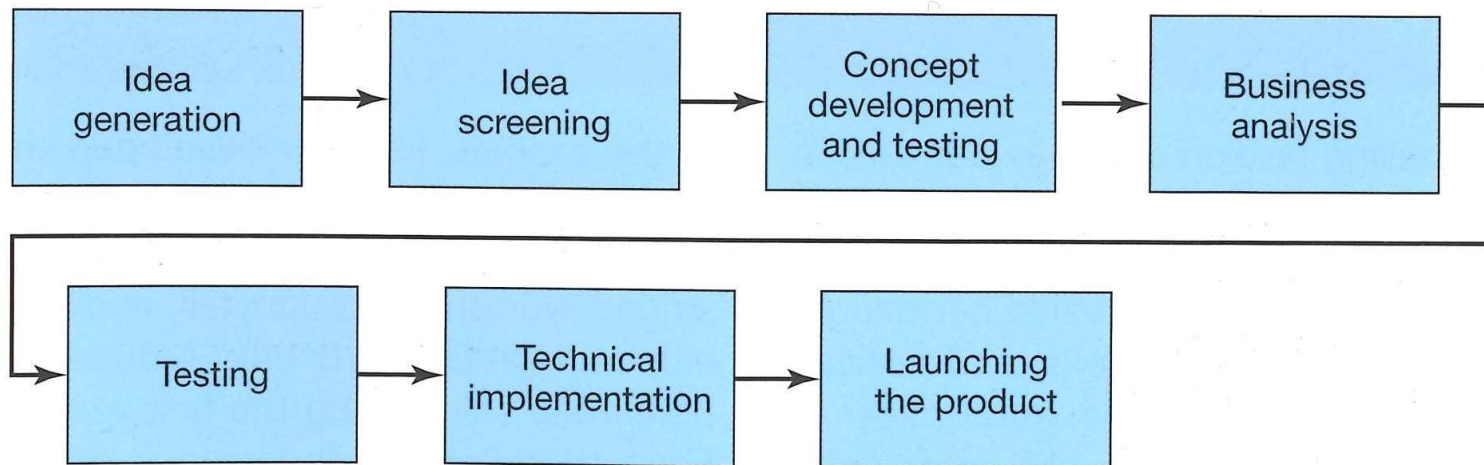
For products

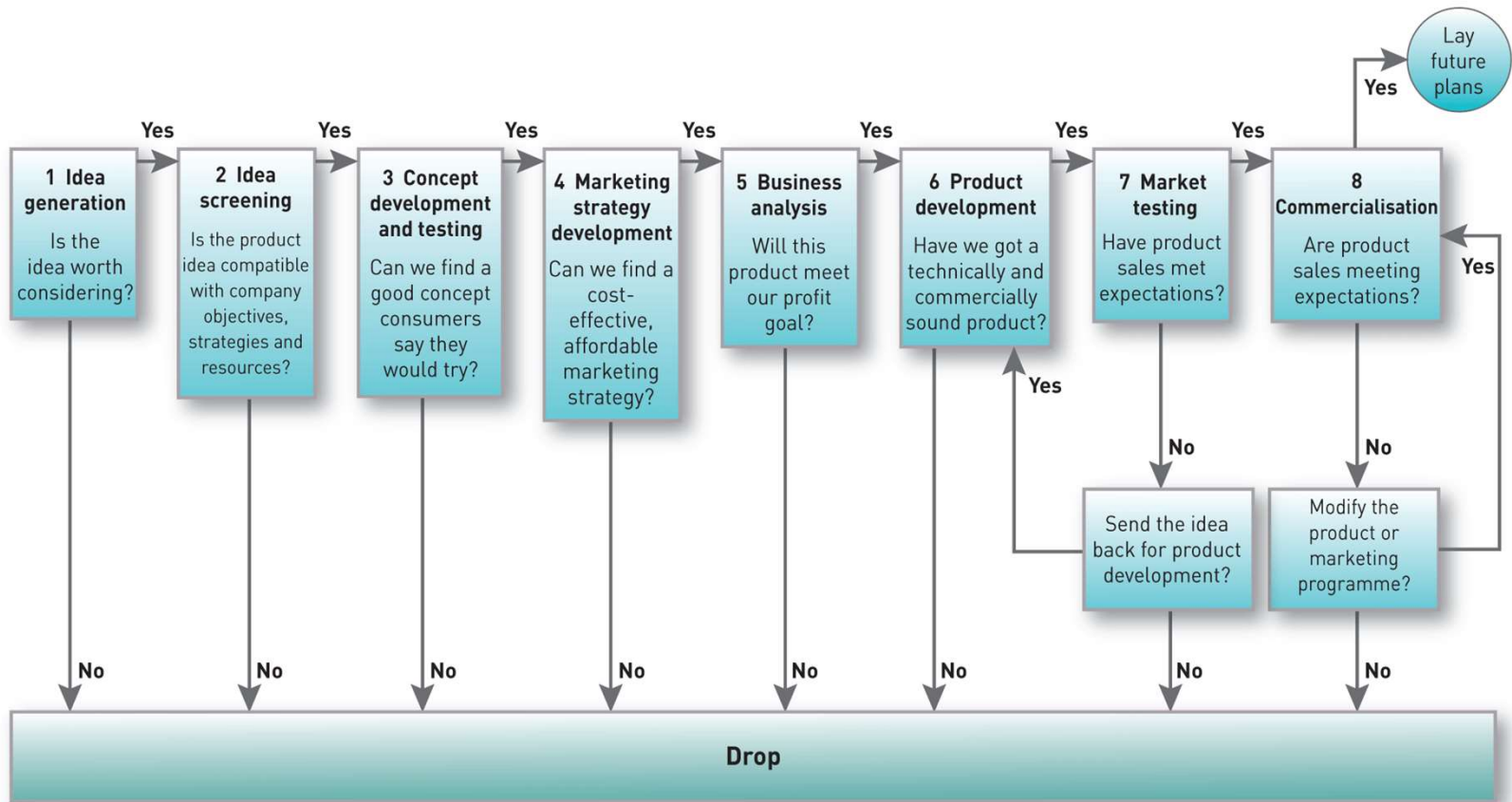


Stage/Gate Processes

- There are many versions of these
- Each industry will use a similar concept, but the number of stages/phases will differ depending on the size/complexity of the firm, industry
- You'll see two versions next. The former is what you'll want to remember for assessment; the latter will allow you to understand the process more fully

Managing the Development Process





- As a Marketing Manager you must:
 - Manage the Idea Generation and Screening stages
 - Manage the activities that move the idea from concept through productisation
 - Manage the NPI process in the marketplace

Time based competition

- Contemporary business is associated with “getting to market” quickly
- Why do you think of Uber rather than LYFT for personal transportation?
- Hyper-connected consumers discover “New Products and Brands” very quickly
- Thus whilst the development process outlined above is linear, the reality is that often the stages take place in full, or partial parallel
- E.g. for Phones/Software some testing is still taking place during launch

The screenshot displays the Office Timeline Pro application interface. The top ribbon includes tabs for File, Home, Insert, Design, Transitions, Animations, Slide Show, Review, and View. The 'Office Timeline Pro' tab is active, showing options for Help, Tell me, Share, and Comments. The main workspace is divided into two panes: a Gantt chart on the left and a task list on the right.

1 The 'Transitions' tab in the ribbon is highlighted.

2 The 'Timeline' tab in the task list pane is highlighted.

3 The 'Save' button at the bottom right of the task list pane is highlighted.

Timeline Gantt Chart: The chart shows a project schedule from Q3 to Q1 2020. Swimlanes include Delivery, Ops, Risk Mgt, and QoS. Tasks are represented by colored bars with milestones. Key milestones include 'Phase 1' (Dec 27), 'Iframes' (Dec 5), 'Equip Docs' (Dec 2), and 'Recruit: Round 1'.

Task List Table:

Title	T/M	Start	End	Duration	%
Delivery					
System Balancing	T	15/12/2019	15/09/2020	196.5 days	%
Phase 1	M	27/12/2019	27/12/2019	-	%
Phase 2	M	27/03/2020	27/03/2020	-	%
Phase 3	M	05/07/2020	05/07/2020	-	%
Consumption Metrics	T	20/08/2019	23/11/2019	69 days	85
Offloading	T	18/02/2020	04/04/2020	34 days	%
Perf Check	M	18/06/2020	18/06/2020	-	%
Iframes	M	05/12/2019	05/12/2019	-	%
SDK Optimization	T	29/09/2019	29/01/2020	87.5 days	%
Load Performance	T	01/05/2020	30/07/2020	64.5 days	80

Summary Panel (Right):

- 37% Complete
- 21 Tasks
- 7 Milestones
- 1700.5 Days Duration

3 The 'Save' button is highlighted in the bottom right corner of the task list pane.

DROP/GO errors

- DROP errors occur when the process chooses to stop development against the process
 - Kodak dropped the concept of a digital camera in the 1970s, they developed a concept, proved it worked. But launched the product too late to maintain market share
- GO errors occur when the idea/concept/product should have been shelved but investments continued
 - McDonalds Arch Deluxe targeted a sophisticated palette, and cost McD's approximately \$200 million in marketing launch costs

Idea Screening

- DROP errors occur when a firm “drops a good idea”
- GO errors occur when a firm “runs with a bad idea”

Product success requirements	Relative weight (a)	Product score (b)	Product rating (c = a × b)
Unique or superior product	0.40	0.8	0.32
High performance-to-cost ratio	0.30	0.6	0.18
High marketing euro support	0.20	0.7	0.14
Lack of strong competition	0.10	0.5	0.05
Total	1.00		0.69 ^a

^aRating scale: 0.00–0.30 poor; 0.31–0.60 fair; 0.61–0.80 good. Minimum acceptance rate: 0.61

Idea Generation

- Ideas may be found everywhere:
 - Derived from a customer needs list OR a list of current issues with your product/service
 - Sales/Support staff speak with customers daily, capture feedback/issues
 - Most medium sized companies and above have Research and Development (R&D) capabilities
 - Quality assurance in the business will identify production and product improvements
 - The business works in a distribution chain, partners will feed back issues and opportunities
 - Align customer and market research with the above

Idea Screening

- Idea generation has provided a list of potential new ideas
- But what ideas should you discard, and which should you spend more time, money, resources developing..?
- Each organisation develops a set of criteria that ideas will be evaluated against
- Criteria may include:

- Product improvements most needed
 - Screen size on an iPhone 6
 - Battery life on an iPhone 7
- Benefits to your target audience
- Technical feasibility of the idea
 - Sapphire glass on iPhone 6S
- The level and scope of research and development required
- The projected marketing potential

Concept Development and Testing

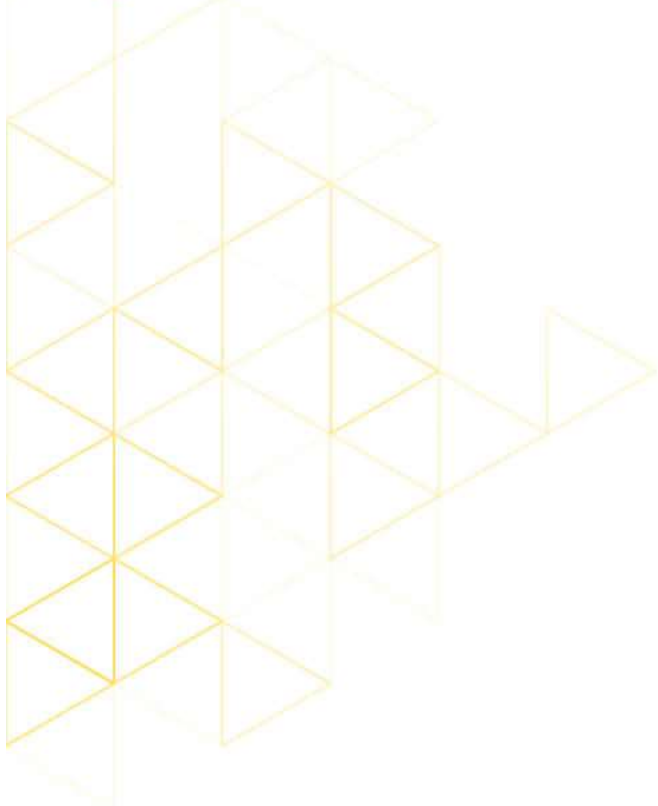
- Ideas need to be developed into product concepts
 - Customer viewpoints may be captured from this concept, and iterations of concept created
- During concept development it is possible to accurately determine production costs for short-, mid-, and long run projections
 - That is can be manufactured and delivered
- Focus group/Market test the concept, what they like, what they don't
 - Determine how potential customers might adopt the concept

- Determine the alignment of your planned target market with the feedback from your primary research
- Do you need to protect any intellectual property; as soon as it goes outside the organisation this should be decided
- For positioning, determine the most important features or attributes. Your audience may not share the organisations priorities

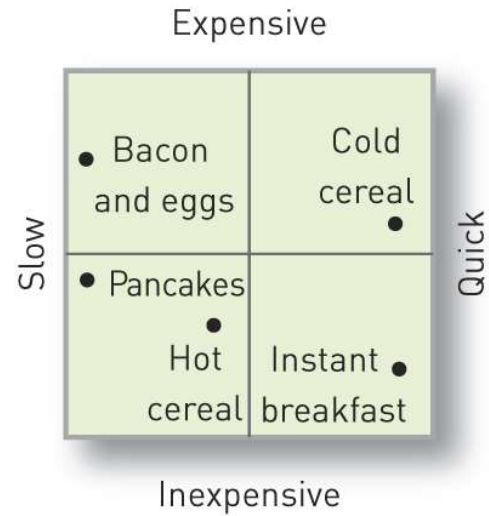
Business Analysis

- With successful concept outcomes, it's time to revisit the initial business analysis (undertaken during idea screening)
- What price should the product be, what attributes are worth what monetary sacrifice?
- In comparison with existing products/markets it's time to estimate the product's market potential – industry and organisation sales figures will help project this
- Calculate the sales volume that may be achieved from the market potential

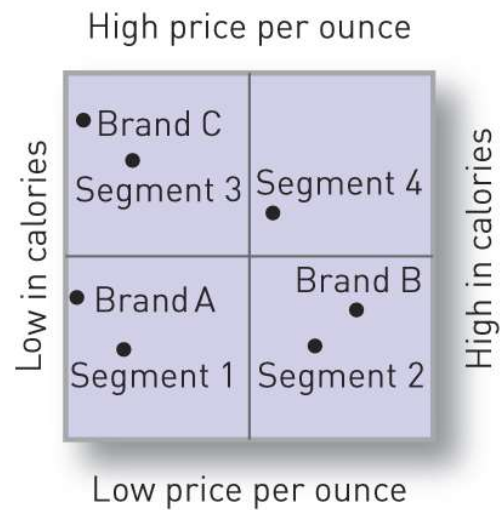
- At this point the organisation is able to more fully consider
 - Break-even points (remember this includes fixed and variable costs)
 - Calculate minimum sale price based upon the profitability targets of your organisation, e.g. for Unilever in the UK, this is typically 23%; for Poundland (a retailer) it's gross margin is 60%
 - Determine the product lifecycle, from organisation and industry figures, how many years can you project revenue for



**(a) Product-positioning map
 (breakfast market)**



**(b) Brand-positioning map
 (instant breakfast market)**



Testing (product) and market)

- From here, costs rise very quickly
 - Product development and process specialist (consultants); commissioning consultants; product and programme managers
- Protect IP
 - Patent costs are not huge in the UK, but for each territory new patents may need to be applied. Securing and protecting patents, however are VERY expensive
 - Samsung paid Apple in the US over \$530 million

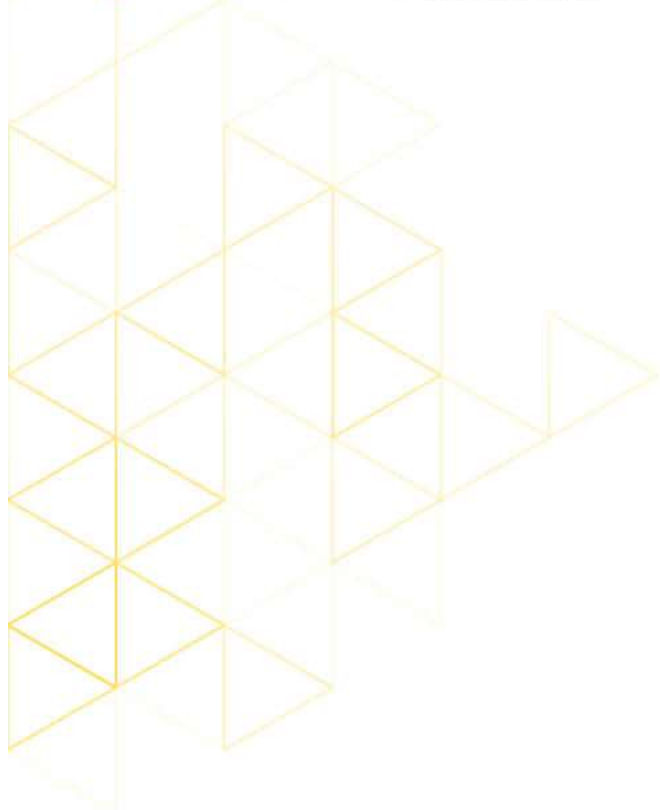
- **Prototype Commissioning**
 - It will be necessary to build prototypes to highlight flaws and defects in the product concept
 - Product mock-ups allow iterations for packaging, brand development, look and feel
- **Real-world performance**
 - Does it work in the real-world
 - Is it fit for purpose
 - Focus group to determine response from target market
- **Make improvements**

1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY



Testing (market cont.)

- Alongside Market Research
 - Is the Segment, Target, Position accurate
 - What are the marketing objectives
 - What are the marketing strategies
 - Are particular tactics required for certain targets
- When that's understood codify all the above (and more) into a Marketing Plan
- Getting the Marketing Plan incorrect is a very costly exercise – “New Coke, 1985”

Technical Implementation

- Plans are necessary to produce the product and launch it to the primary markets
 - Resources are required for this
 - Engineering (or equivalent) plans for production are necessary
 - OEM, Existing Production Resource, Specialist Resource
 - Supply and customer chain activities need to be aligned, contracted, and activated

Launching the Product

- Aligned the marketing plan
 - Direct Marketing, Advertising, Public Relations activities scheduled
- Sales planning
 - Distributor communications – sales promotions
 - Ideal customers, sales targets by month/quarter/year
- Pricing planning
 - Entry to market pricing, premium pricing, minimum sales pricing

Managing the Development Process Concept to Strategy

- Product Ideas become Product Concepts
- Product concepts are mapped onto a Perceptual Map
- Product concepts are mapped onto a Brand Positioning Map
- Perception and Brand allow the company to identify where “differentiation” is available – in this context it’s High Calories/High Price

Product Idea – *Nutritional Drink*

Product Concept 1

Infant
Nutrition
Morning

Product Concept 2

Children
Refreshment
Afternoon

Product Concept 3

Teenagers
Taste
Anytime

...

Adults
Energy
Evening

...

Diolch Thank you

THE  TIMES
THE SUNDAY TIMES
**CANLLAW
PRIFYSGOLION
DA
2019**

PRIFYSGOL
Y FLWYDDYN AR
GYFER ANSAWDD
Y DYSGU

THE  TIMES
THE SUNDAY TIMES
**GOOD
UNIVERSITY
GUIDE
2019**

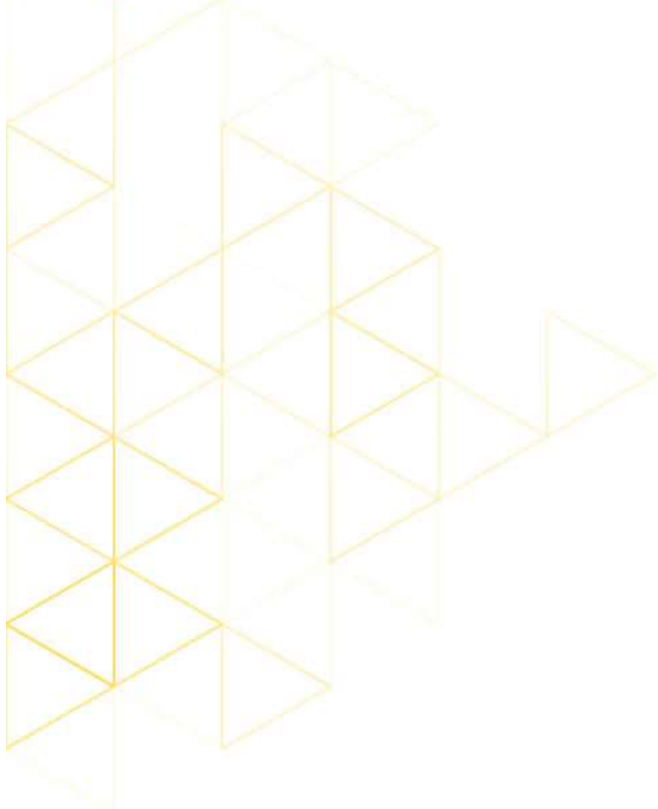
UNIVERSITY
OF THE YEAR
FOR TEACHING
QUALITY

1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY

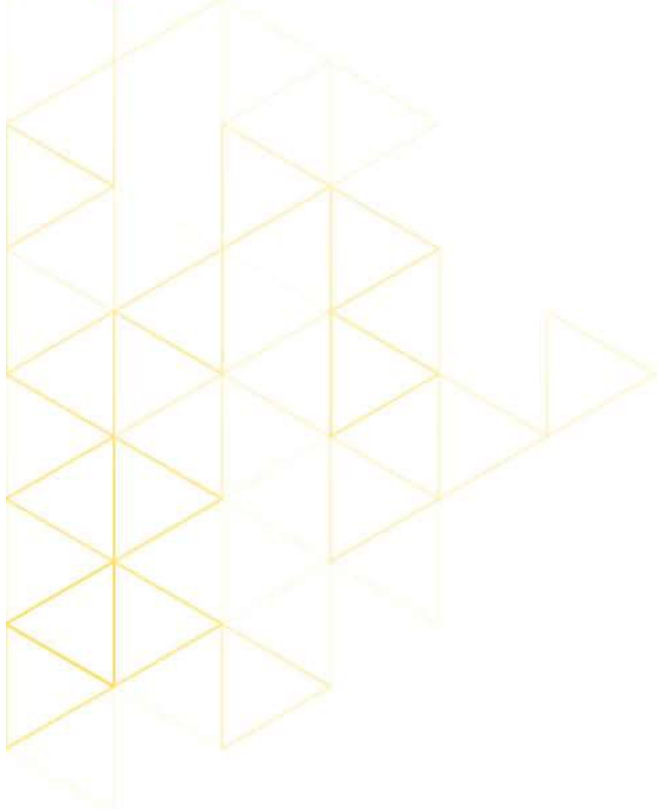


1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY

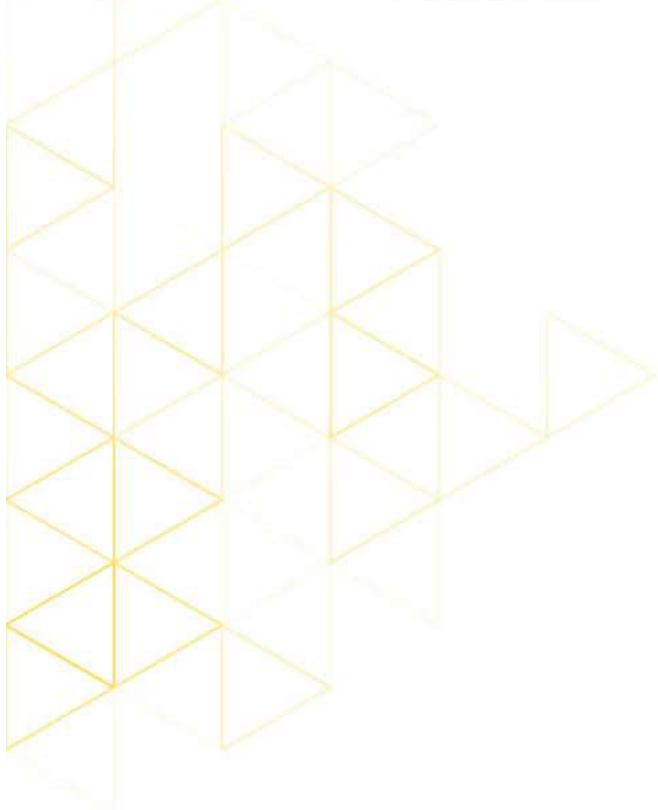


1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY

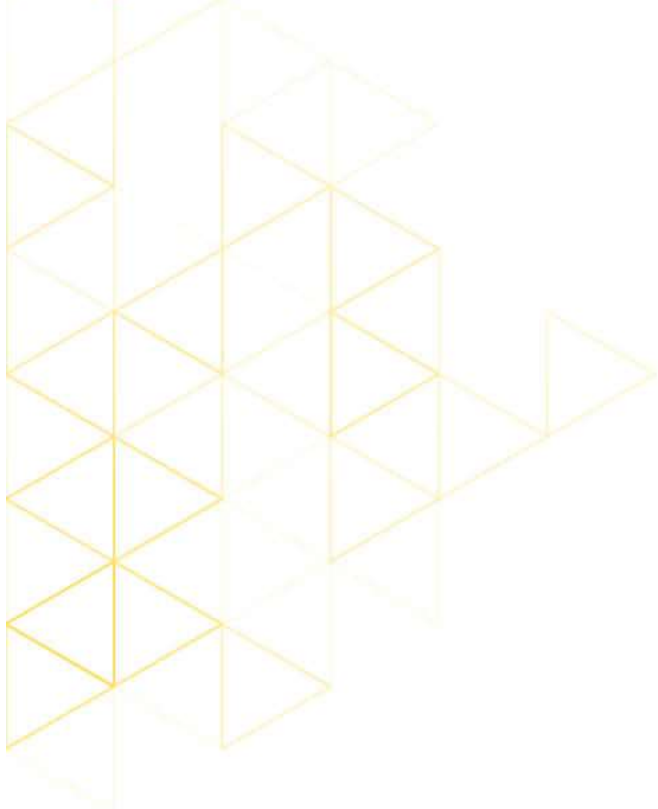


1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY



1872

PRIFYSGOL



ABERYSTWYTH
UNIVERSITY

