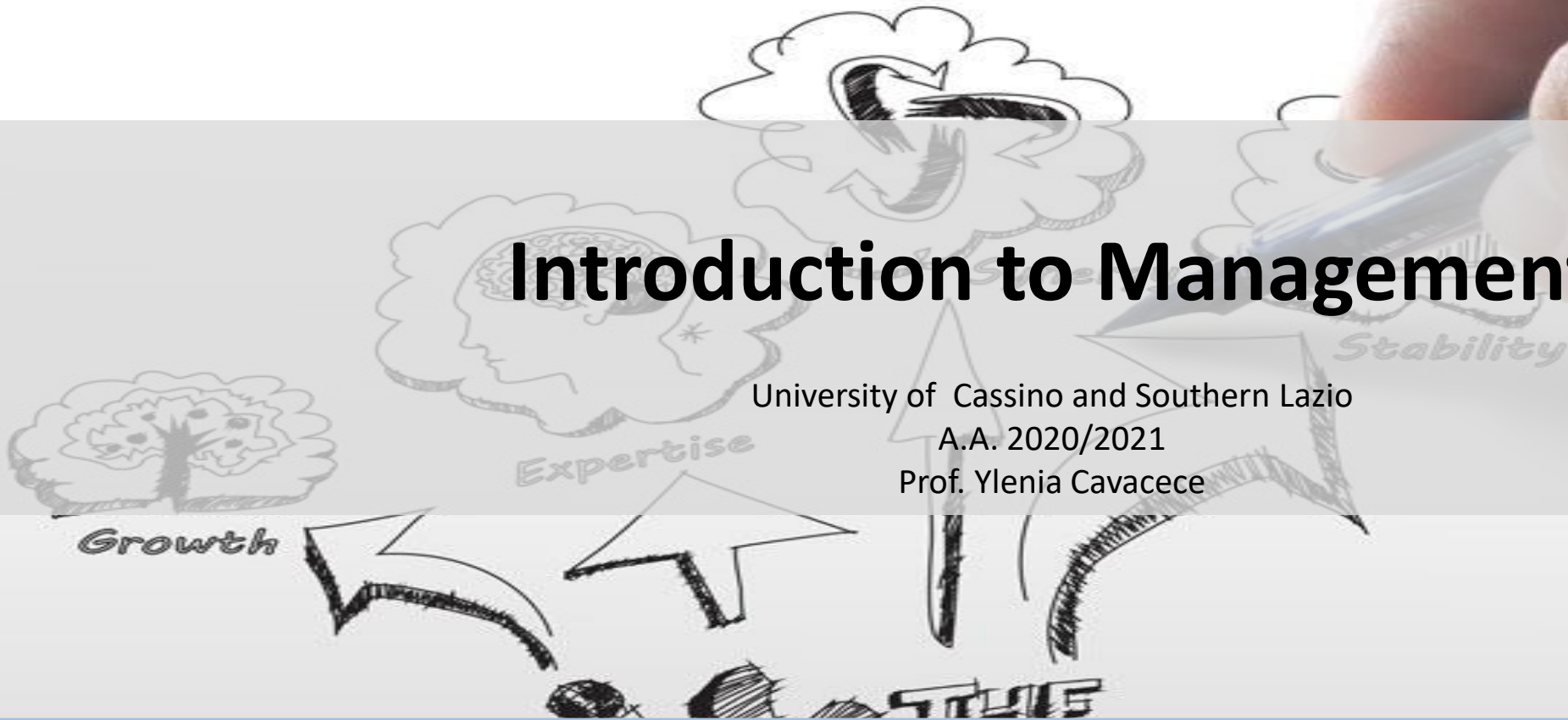


# Introduction to Management

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A.A. 2020/2021  
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## Abell's Matrix



# Abell's Model

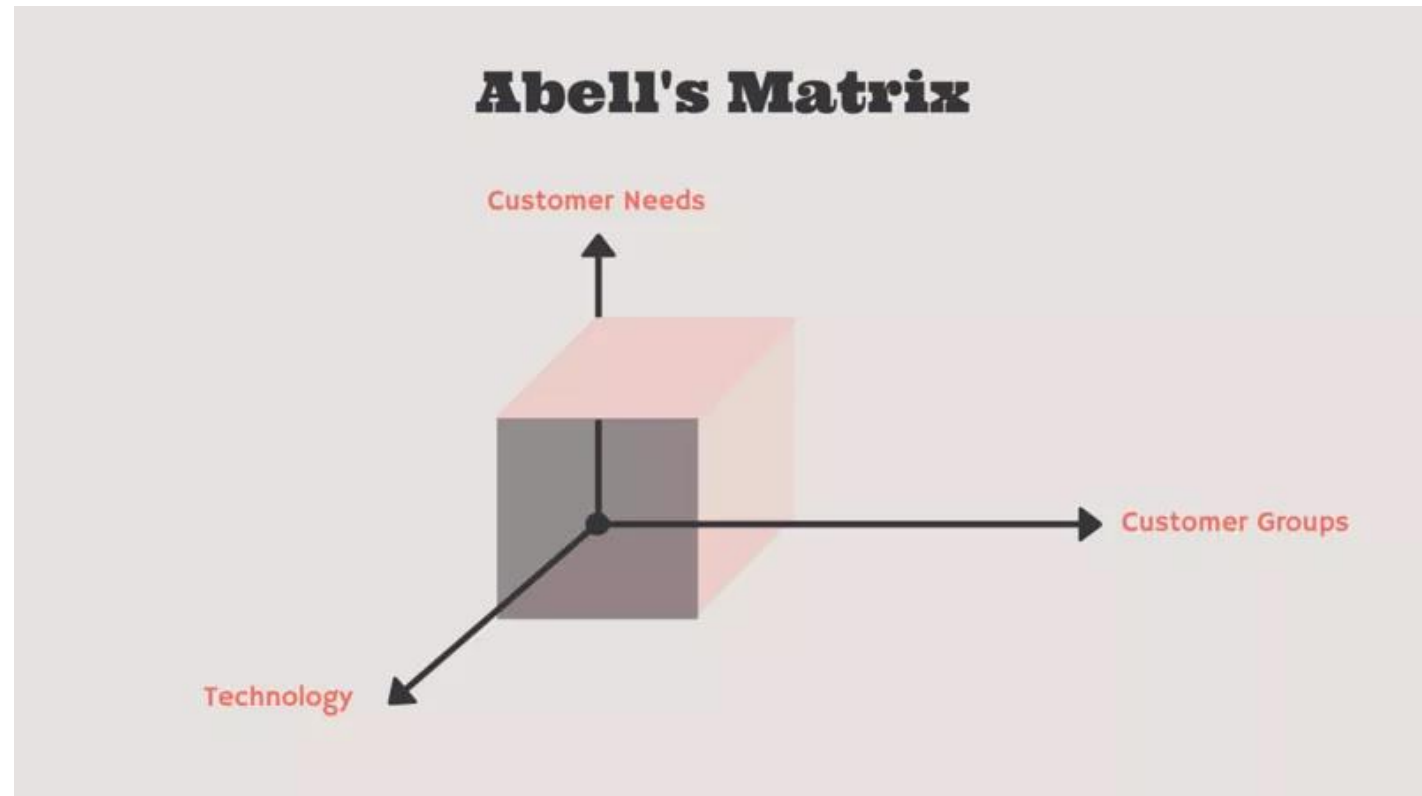
Three questions play an important part in the formulation of the mission statement:

1. Who are the customers of the organization?
2. How can the organization meet its customer needs?
3. What techniques does the organization use to meet the customer needs?

Derek Abell summarized the three questions in a model composed by three axes: a horizontal axis on which he positioned the customers/ user groups, a vertical axis with buying needs and an inclined axis with the applied technologies.

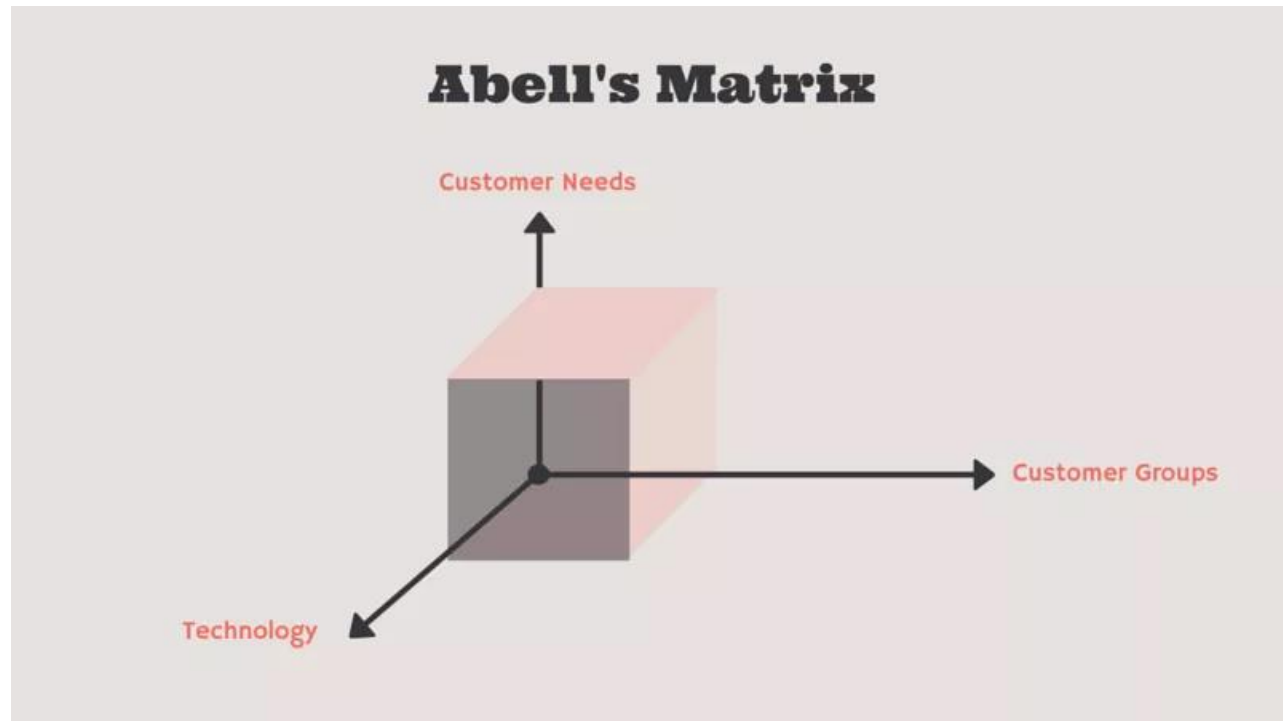


# Abell's Model



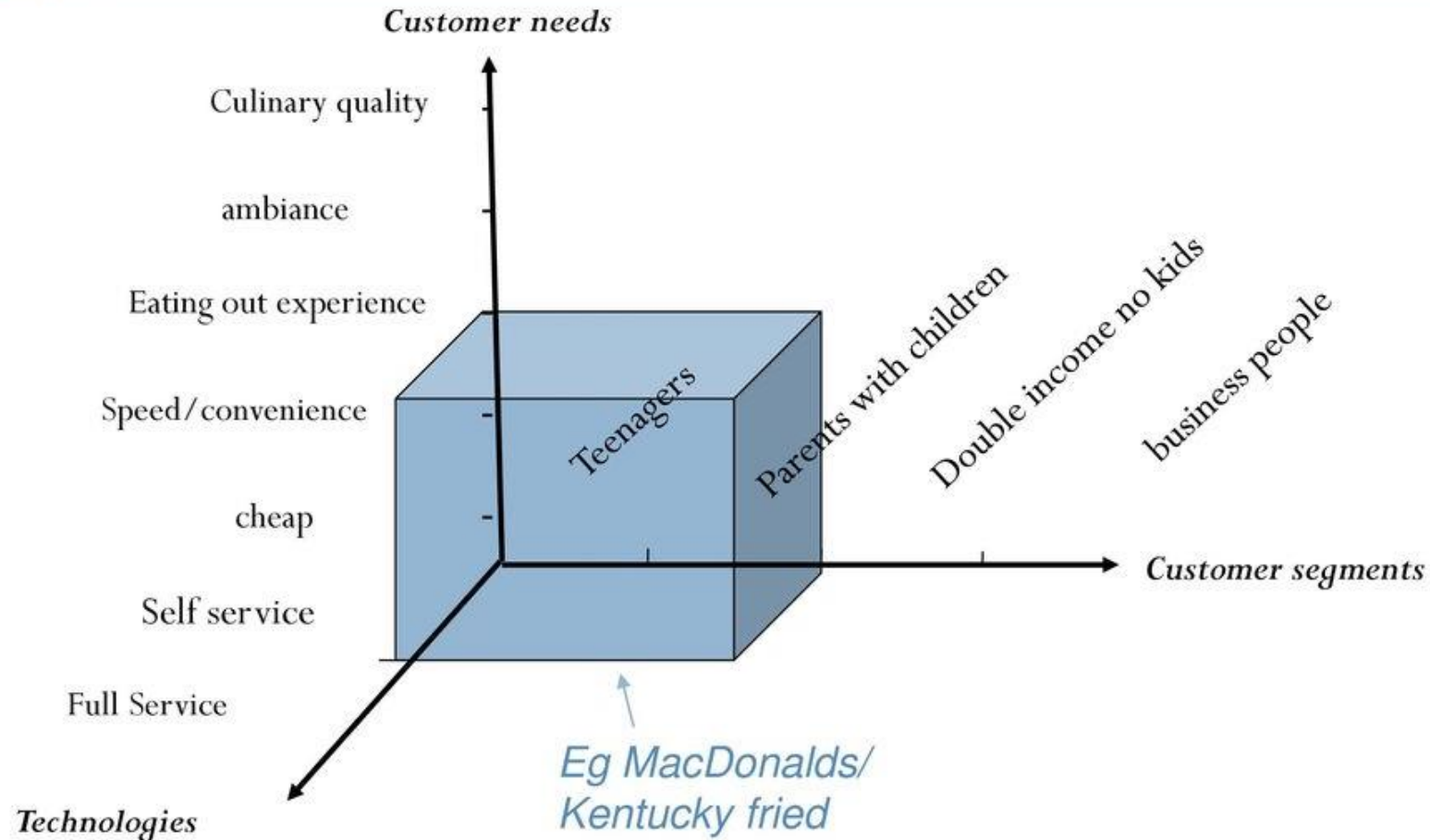
When plotted on a three dimensional model, the horizontal axis is taken as the customer groups, the vertical axis as their buying needs and the inclined axis is taken as the applied technologies. Taken together, the Strategic Business Unit (SBU) of the company can be viewed.

# Abell's Model



A major point of importance in this matrix is to focus on understanding the customer rather than the industry and its products and services. Through these three dimensions, this tool helps define a business by its competitive scope and the extent of competitive differentiation of its products/services.

# Abell's Matrix of McDonalds



# Practical Use Tips

To begin implementing this model, it is first important to understand the dimensions and the entire model space. The three-dimensional space of the cube is the business scope of the company. The model helps identify what the company has been doing and also helps create a conceptual framework to identify opportunities for the future. Some key questions to help create this model include:

- What are the current customer groups/segments the company is serving?
- What needs is the company satisfying for these customers?
- What features or uses of the company's products are fulfilling these needs?
- Are there new customer groups with similar needs that are not being served?
- Can there be other uses of the product to fulfill other needs?
- Are there other technologies that need to be utilized to serve the needs of existing customers?



# Reflecting on the Three Dimensions

The matrix is built to question the business model along three dimensions

## **1. Who?**

Here, the idea is to completely identify and understand customer profiles of those segments being served. Once the segments are identified, work can be done to retain the segments that are most relevant. Segments can be individual customers, business customers, they can be segmented according to geographical location, sedentary or nomadic, role in the industry, social professional category, purchasing power or level of education among others.



# Reflecting on the Three Dimensions

## 2. What?

In this dimension, the objective is to identify the needs of the consumer that are met by the product. This is done by identifying and characterizing the solution (the product or service) in terms of its features that it brings to the customer segments identified in the “who” category. These features may include improved effectiveness or efficiency, better risk management, greater well-being among others.





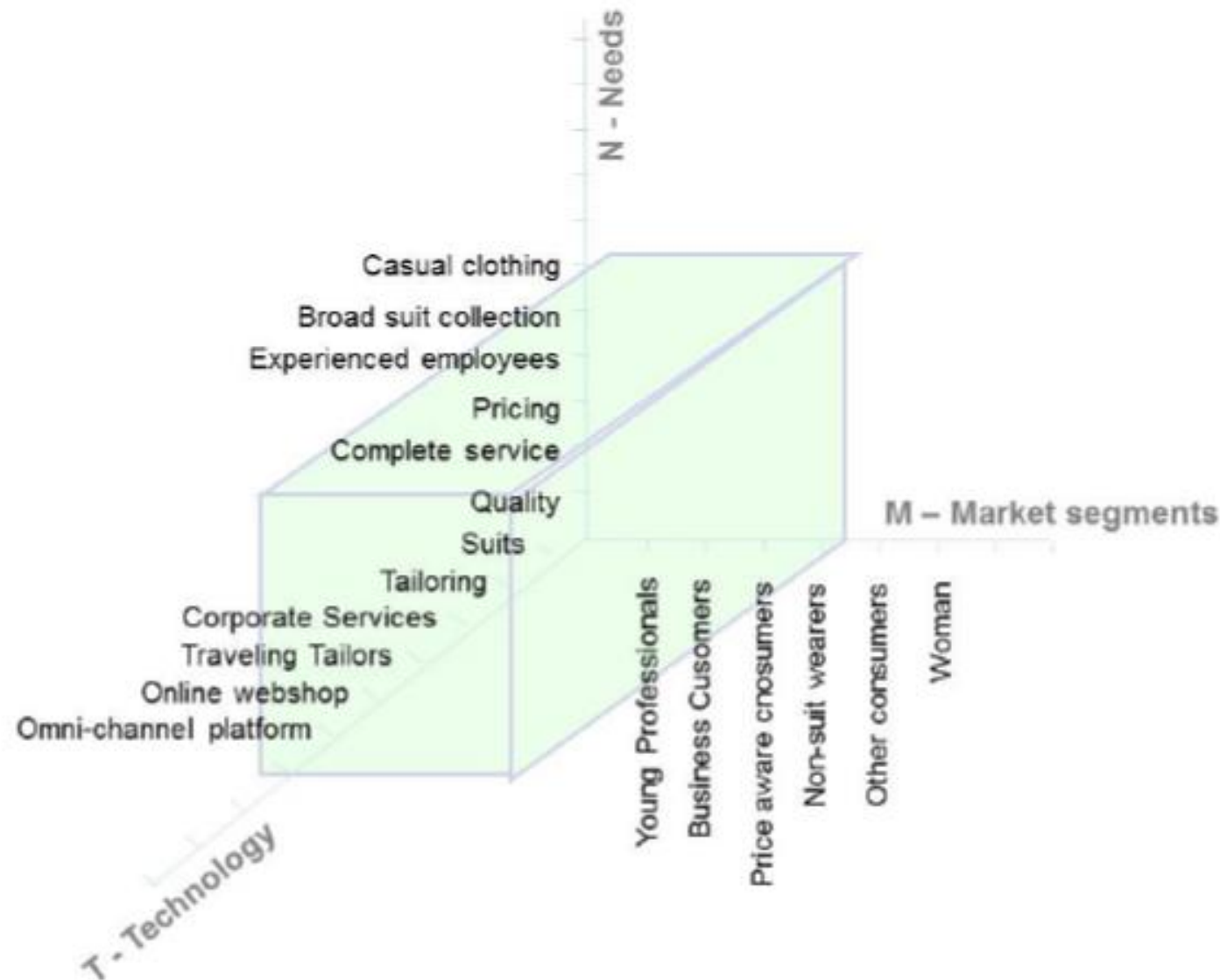
# Reflecting on the Three Dimensions

## **3. How?**

At this stage, those means are identified and characterized through which the highlighted features are manufactured and delivered to customers. These means or technology include manufacturing techniques such as a choice of technical processes or a specific form of organization, distribution techniques such as home delivery, retailers, wholesalers, and large distribution and provision technologies such as user license, remote operation among others.



# Abell's Matrix of a fashion company



# Applications of the Abell's Model

The matrix can be used in a number of ways by an organization. Some of these uses include:

- ✓ Defining the business scope
- ✓ Describing and communicating changes in the business definition.
- ✓ Describing and communicating the business of any competitors in the market.
- ✓ Analyzing the growth opportunities for a business in a systematic and organized way
- ✓ Describing and communicating the evolution of markets



# Strengths of the Abell's Model

- It emphasizes that products are merely a physical manifestation of the application of a particular technology to the satisfaction of a particular function for a particular customer group. The choice is one of the technologies, functions and customer groups to serve, instead of the products to offer.
- Central in the model of Abell is the customer, not the company itself.
- This framework can be used to describe both the current status and the desired status.
- The graph is easy to understand for each employee.



# Limits of the Abell's Model

- The model provides only abstract growth directions.
- The model does not provide assistance to determine the appropriate scale or size of a business.
- The three-dimensional thinking is more complex than two-dimensional thinking



# EXAMPLE

## Starting a Car Dealership

Whether starting a new business or evaluating an existing one, the Abell business definition framework is a useful tool for stating out all the relevant information in an easy to assess format. In this example, we will consider what would need to be considered if you set out to start a car dealership.



# EXAMPLE

## Starting a Car Dealership

### **Who?**

The first question to ask is who will the business be serving?

For a car dealership, some segment options include:

- The rich and powerful executive
- The working-class hero
- The urban party goer
- The suburban family



# EXAMPLE

## Starting a Car Dealership

### What?

Some reasons for buying a car may include:

- Peer pressure
- Status in an existing or aspirational peer group
- Sex Appeal
- Masculinity
- Peace of mind and safety
- Excellent driving experience





# EXAMPLE

## Starting a Car Dealership

### What?

Some questions that customers may ask themselves when buying a car may be among the following, depending on their hidden desire:

- Is it efficient and cost effective?
- Is it fast and sporty?
- Is it bold and strong?
- Is it comfortable and luxurious?
- Is it spacious and reliable?



# EXAMPLE

## Starting a Car Dealership

### **How?**

If the segment identified requires cars that are powerful with big wheels, bold and spacious but not too fancy or expensive, depending on the purchase power, the prime cars to sell would be muscle cars or pick-up trucks. As a dealer, your technology will be the systems needed to acquire these cars and market them in the right way, at the right time to the right people.

