

BSD 414 DESIGN THINKING SHORT NOTES

PRODUCT PLANNING

1. Developing the product concept:

- The first phase of product planning is developing the product concept. Marketing managers usually create ideas for new products by identifying certain problems that consumers face or various customers need.

2. Studying the market:

- The next step in the product planning process is studying the competition. Secondary research usually provides details on key competitors and their market share, which is the percent of total sales that they hold in the marketplace.
- The business can then determine places in which it has an advantage over the competition to identify areas of opportunity. Market research is a complex task. It must include an analysis of products that are indirect competitors' products manufactured by the company observed.

3. Market research:

- A small company should consider doing both **qualitative** and **quantitative marketing research** for its new product. **Focus groups** are an example of qualitative information. Focus groups allow companies to ask their consumers about their likes and dislike of a product in small groups.
- A focus group allows the company to tweak the product concept before testing it through phone surveys a more quantitative marketing research function.
- Market research is the one stage of product planning and it can be regarded as the way to accomplish the activity through designing questions, preparing the samples, collecting data and analyzing.
- Market researchers always use quantitative and qualitative research to differentiate the methods of investigation into those which are cared about getting an understanding of a subject and those which are involved in measuring things.
- Quantitative research is about understanding aspects of a market or what kinds of customers making up the market. And it can be split into soft and hard parts. Soft part

means phenomena like customer attitudes and hard part is market size, brand shares and so on.

- The differences between quantitative and qualitative research can be summarized that qualitative research is always open-ended, more flexible, gives consumers more creativity, pays more attention to deeper understanding so that they can get deeper data and richer ideas and quantitative research are usually statistical and numerical measurement and people will be divided into groups to get sampling or comparisons.

4. Product introduction:

- If the survey results prove favorable, the company may decide to sell the new product on a small scale or regional basis.
- During this time, the company will distribute the products in one or more cities.
- The company will run advertisements and sales promotions for the product, tracking sales results to determine the products potential success.
- If sales figures are favorable, the company will then expand distribution even further. Eventually, the company may be able to sell the product on a national basis.

5. Product life cycle:

- Product planning must also include managing the product through various stages of its [product life cycle](#).
- These stages include the introduction, growth, maturity and decline stages. Sales are usually strong during the growth phase, while competition is low.
- The first stage is introduction which means it is time for a company or brand to promote its new products.
- The goal of introduction is to attract customers' attention as much as possible and confirm the products' initial distribution, the company does not need to worry about the competition generally as the products are new.
- In this stage, there will have the first communication between marketers and customers as it will be the first time for consumers to know about the new products.

- In addition, the cost of the things will be high like research, testing and development and the sales are low as the new products' market is small.
- The second stage is growth. In this stage, the new products have been accepted in the market and their sales and profits has begun to increase, the competition has happened so that the company will promote their quality to stay competitive.
- The products also have basic consumers' attention and can develop their loyal customers. There will have second communication as marketers can start to receive customers' feedback and then make improvements.
- The third stage is maturity where the sales and profit have grown slowly and will reach their peak.
- The competitions between companies and brands will be fierce so that the companies will go out of their ways like providing higher quality products with a lower price or thinking about any improvements to survive in the competitions and make profits maximum.
- The last one is decline which means the product is going to end and be discontinued.
- The sales of product will decrease until it is no longer in demand as it has become saturated, all the customers who want to buy this product has already got that.
- Then the company or brand will cut down the old products and pays attention to designing and developing the new products to gain back the customer base, stay in the markets and make profits.

Product Planning

Product planning is a process that involves all the activities, right from the conception of the product idea to the introduction of the product in the market.

It includes product engineering and product design. Product planning basically represents the core of the process of manufacturing.

Its main purpose is to organize resources in such a manner so as to manage costs, time, staff, and other resources.

Any manufacturing process reaches its full potential if the product planning operation is efficient at its best.

Product Planning may take either of the two forms:

- A. Creating an entirely new product or adding an existing product line.
- B. Modifying an existing product suitable to latest changes.

Development of new products is important to meet the ever-changing 'needs and wants' of consumers. Businesses may also introduce new products or update existing versions if products have reached the end of their lifecycle.

Product planning is also important to counter competitors and environmental changes that the company wishes to capitalize on. Once a decision is made to undertake product planning, the following steps are followed:

1. Idea Generation:

- The process of product planning typically commences with idea generation.
- A brainstorming session may be held to decide on types of products that need to be manufactured.
- Product concepts are devised to fill the void in the marketplace or to meet customer expectations.
- For this reason, it is important to undertake market research, SWOT (Strength, Weaknesses, Opportunities and Threat) analysis of the company, and analysis of competitors' products, while encouraging product ideas from employees and partners.

2. Idea Screening:

- This stage is crucial as it helps to eliminate ideas that are not feasible.
- Ideas are short-listed and finally, the most preferred product is zeroed in on. Idea screening is an essential process of filtering.
- Factors like return on investment, market potential, company objectives, and affordability are taken into consideration while selecting the final idea.

- These factors are considered carefully, so as to avoid product failure down the line.

3. Concept Development:

- Customers are regarded as central to any business.
- Hence, it is important that their feedback is taken into consideration. It helps to develop a better understanding of customer needs and to identify the marketing message of the product.
- Businesses may also hire external market research teams to conduct surveys via the internet, phone or mail.
- These professionals conduct surveys and the information is then tabulated into bar graphs, pie diagrams, line bars, and other analytical tools for the ease of understanding.

4. Product Development:

- Once the product concept gets a go-ahead, it is then passed to the marketing stage for the creation of a limited production model in which companies develop their products on a small scale in the beginning to see if the response is favorable.
- This helps to reduce costs in case the product fails to take off. Companies also run advertisements and sales promotions, while tracking sales to determine the potential for success.

5. Product Lifecycle:

- Product planning does not stop with the introduction of the product.
- It also includes managing the product at various stages in the lifecycle. In the initial phase, sales may show a steady increase.
- Over time, competitors will introduce similar products that will result in a decrease in sales or a diminished market share.
- At this stage, various strategies need to be implemented, such as reduction of product prices, mass production, promotions and offers, product modifications, and

the formulation of different marketing and distribution approaches.

- The process of **product planning** should be seen as a form of continuous development, with limitless opportunities.
- Though it requires heavy commitment of technology, finance and staff, it helps in preventing a product failure.

Innovation in Product Development

Product Innovation: Product Planning in a Nutshell:

- Innovate or die is the stark message for businesses, but it is no less true, as no business can sell the same product in its existing form for an indefinite period.
- Along with dynamic changes in the business environment, businesses need to respond to these changes through their products and services.
- If products offered are not tailored according to the needs and requirements of consumers, they will switch to competitor products.
- This in turn would reduce sales and profits. Hence, product innovation means product planning is a crucial function in any business.