

Product Marketing: Meeting the Needs of Your Customers

Jonathan Levav



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MODULE 2

Segmentation |
Targeting |
Positioning |
Marketing Opportunities |



SEGMENTATION

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Setting Strategy

IDENTIFY MARKET OPPORTUNITIES



Customer



Company



Competition

SET STRATEGY

2



Segmentation

- Segment market
- Develop profiles of segments



Targeting

- Evaluate segment attractiveness
- Select target segments



Positioning

- Develop positioning concepts for each target segment
- Select, develop and communicate the chosen concept

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WHY ?
SEGMENT ?



Bases for Segmentation

BASES WHY PEOPLE DIFFER

- ⼿ | Needs
- 🧠 | Preferences
- 🏃 | Lifestyles

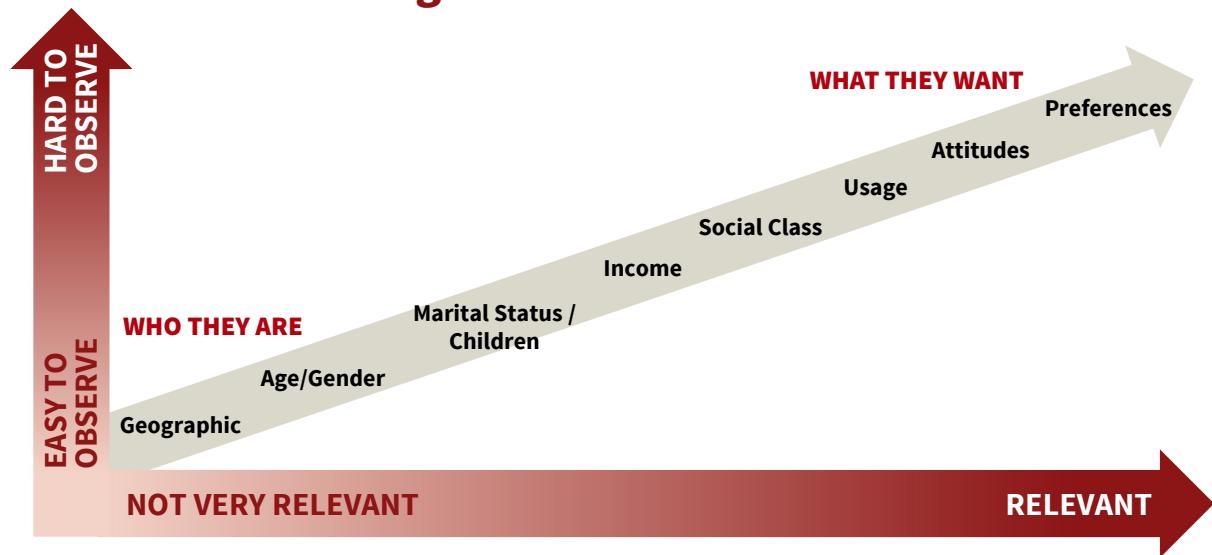
DESCRIPTORS WHO THEY ARE

- 👶 | Age
- 📍 | Location
- 💰 | Income
- 📝 | Education

GOAL: PREDICT BEHAVIOR

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Segmentation Tradeoffs



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It's Critical

“

If you're not thinking segments, you're not thinking.

To think segments means you have to think about

what drives customers, customer groups, and

the **choices that are or might be available** to them.

- *Ted Levitt*

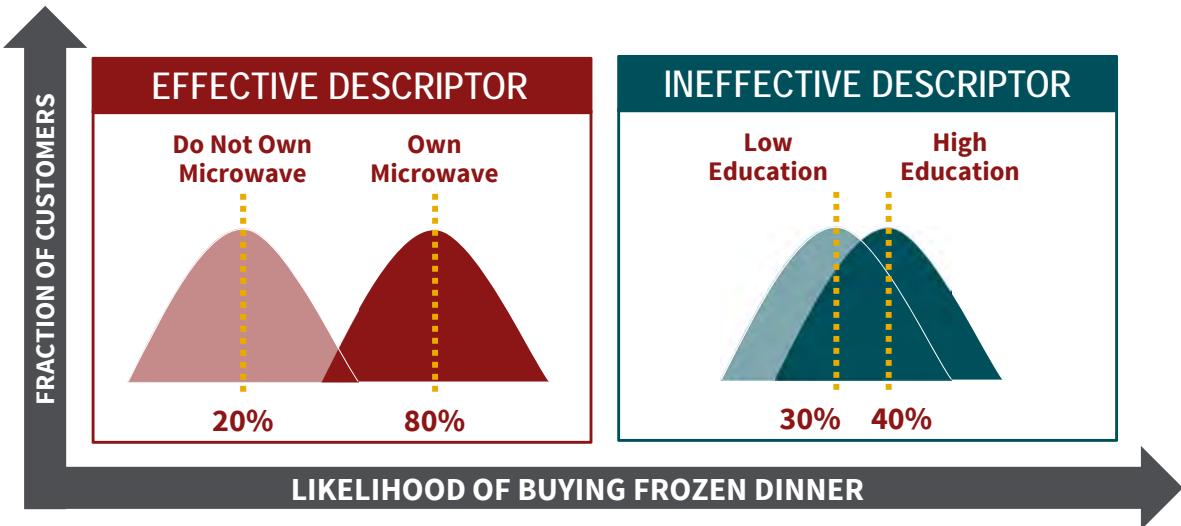
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Good Segmentation

LARGE
IDENTIFIABLE
DISTINCTIVE
STABLE

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Distinctive



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TYPES OF SEGMENTATION

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SEGMENTATION
TYPE
DEMOGRAPHIC



SEGMENTATION
TYPE
DEMOGRAPHIC



MEET
HANK LEVAV



Dog Food Market

ATTRIBUTE	SEGMENTS			
	FUNCTIONALIST	FAMILY MUTT	BABY SUBST.	NUTRITIONIST
DEMO	Central/South Low Income Children	East Low Income Children	West High Income No Children	East/Central High Income Urban
DOGS	Several	One Average Size	One Small - Large	Several
ATTITUDES	No Bother Dog outdoor	Little Interest	Attached Dog Fragile	High Attachment
FEEDING BEHAVIOR	Basic Feeders Low Priced	Heavy Usage Biscuits Lots of cans	Soft Moist High Priced	Many Feedings

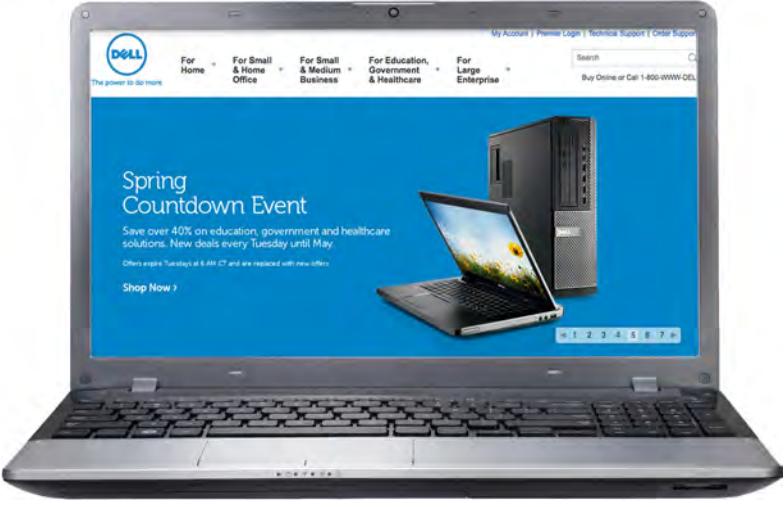


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Segmentation Type | PSYCHOGRAPHIC

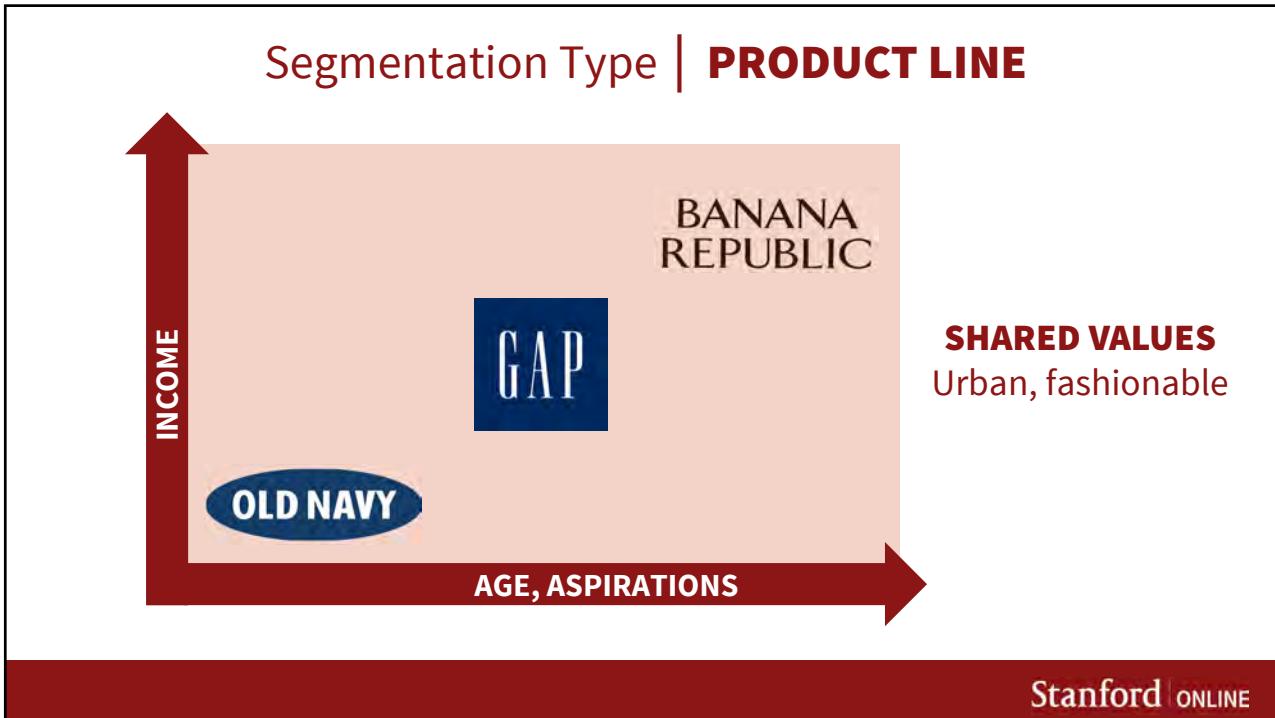


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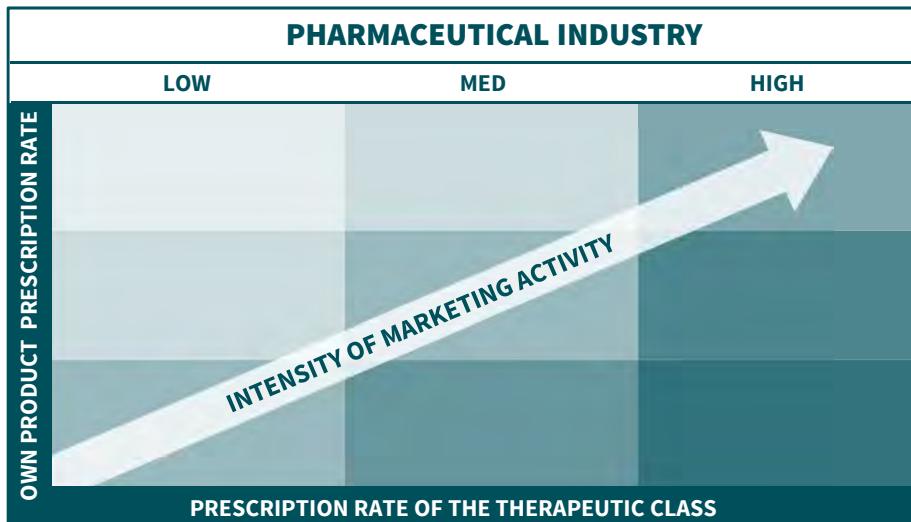


The image shows a silver laptop open, displaying a screenshot of the Dell website. The website has a blue header with the Dell logo and navigation links for 'For Home', 'For Small & Home Office', 'For Small & Medium Business', 'For Education, Government & Healthcare', and 'For Large Enterprise'. Below the header, there's a promotional banner for the 'Spring Countdown Event' with text: 'Save over 40% on education, government and healthcare solutions. New deals every Tuesday until May.' A 'Shop Now' button is visible. In the center of the screen, there's a photograph of a laptop and a desktop computer.

SEGMENTATION TYPE
SELF SELECTION



Segmentation Type | BEHAVIOR-BASED



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TARGETING

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Targeting



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Target-Focused Launch

The image compares two cars from different eras, illustrating marketing mistakes:

- Honda ELEMENT**: Described as "\$200 MILLION DORM ROOM ON WHEELS".
- Scion xB**: Described as "\$1 BILLION BOOM-BOX ON WHEELS".
- CLASSIC MARKETING MISTAKE**: A green box containing two photos of the cars and the quote "The younger generation is not looking for ugly cars." attributed to "Mitsubishi U.S. President".

IFCAR, Public domain, via Wikimedia Commons

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SCION AND ELEMENT IN THE BIG CITY



Customer Prototyping

Create prototypical consumer of targeted segment

FORD 500



Lewis
Early 40s guy
Works in bank

FORD FREESTYLE



Kathy
Late 30s mom
Homemaker

FORD FIESTA



Antonella
28 year old
Lives in Rome

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Saying No

Taxonomy at the Pump: Mobil's Five Types of Gasoline Buyers



ROAD WARRIOR

- Middle-aged men
- Higher income
- Drive 25,000-50,000 miles /year
- Buy premium with a credit card
- Purchase sandwiches and drinks from the convenience store
- Sometimes wash their cars at the carwash



TRUE BLUES

- Men and women
- Moderate to high incomes
- Pay in cash
- Loyal to a brand and sometimes to a particular station
- Frequently buy premium gasoline



GENERATION F3

- F3 = fuel + food +fast
- Men and women
- Half under 25 years
- Upwardly mobile
- Constantly on the go
- Drive many miles
- Snack heavily from the convenience store



HOMEBOIES

- Usually housewives
- Shuttle their children around during the day
- Use whatever gasoline station is based in town or along their route of travel.



PRICE SHOPPERS

- Frequently on tight budgets
- Rarely buy premium
- Aren't loyal to a brand or particular station
- Efforts to woo them have been the base of marketing strategies for years

16 % OF BUYERS

16 % OF BUYERS

27 % OF BUYERS

21 % OF BUYERS

20 % OF BUYERS

Adapted from The Wall Street Journal, Jan 30, 1995

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POSITIONING

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What is Positioning?



The image created in the mind of target customers.
There is no such thing as a commodity.

- Ted Levitt

Positioning is not what you do to a product.
Positioning is what you do to the mind of the prospect.
That is, you position (place) the product in the mind of the prospect.



- Jack Trout and Al Ries

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Positioning Statement

FOR target customer

WHO statement of need/opportunity

PRODUCT NAME is a product category

THAT core benefit proposition

UNLIKE primary competitive alternative

OUR PRODUCT point of difference

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Example: Amazon in 2000



“

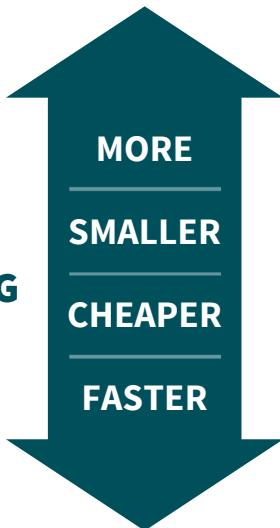
For World Wide Web users who enjoy books, Amazon.com is a retail bookseller that provides instant access to over 1.1 million books.

Unlike traditional book retailers, Amazon.com provides a combination of extraordinary convenience, low prices, and comprehensive selection.

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Positioning Strategies

VERTICAL POSITIONING



HORIZONTAL POSITIONING



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Vertical Positioning



No Pulp

Some Pulp

Lots of Pulp

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Vertical Positioning



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Vertical Positioning



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Horizontal Positioning

4h

Viagra
(Pfizer)



~4h

Levitra
(Bayer/GSK)



36h

Cialis
(Lilly/Icos)



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Viagra Positioning



Courage
Sympathy
Fight condition



Celebrity
Success

VIAGRA benefits at a glance

Offers powerful performance when you want it, not when you don't	✓
Proven to increase sexual enjoyment in men with ED	✓
More health plans cover VIAGRA than any other oral ED treatment	✓
The Value Card allows you to get free prescriptions*	✓
Shown to work in as little as 14 minutes†	✓
Proven safety profile with long-term use	✓

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Cialis Positioning



Individual results may vary. Not intended for multiple dosages per day.
INTRODUCING CIALIS, THE FIRST TABLET FOR ERECTILE DYSFUNCTION THAT GIVES YOU UP TO 36 HOURS TO CHOOSE THE MOMENT THAT'S RIGHT FOR YOU AND YOUR PARTNER.

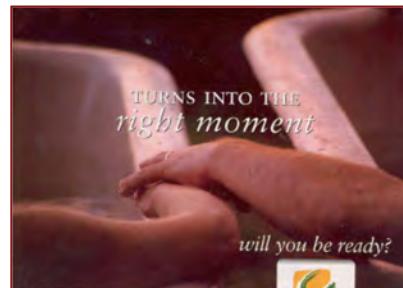
Discover Cialis (pronounced say-uh-lis), a new prescription tablet for erectile dysfunction (ED) that goes to work fast and can work up to 36 hours.* And Cialis made to work only with sexual stimulation, so a relaxing moment can turn into the right moment.

Which moment will be the right moment for you?

See important safety information below and Patient Information on following page.

Cialis is not for everyone. If you take nitrates, often used for chest pain (also known as angina), or alpha blockers (other than Flomax 0.4 mg once daily), prescribed for prostate problems or high blood pressure, Cialis should not be taken because it could cause a headache, severe drop in blood pressure. Don't drink alcohol in excess (to a level of intoxication). Cialis and alcohol combination may increase your chances of getting dizzy or lowering your blood pressure. Cialis does not protect a man or his partner from sexually transmitted diseases, including HIV.

The most common side effects with Cialis were headache and upset stomach, backache and muscle



Don't miss another moment, talk to your doctor today and see if a free sample of Cialis is right for you. For more information visit www.cialis.com or call 1-877-4-CIALIS.

enough to stop taking Cialis. Although a rare occurrence, men who experience an erection more than 4 hours (priapism) should seek immediate medical attention. Discuss your medical history and medications with your doctor to ensure Cialis is right for you and that you are fit enough for sexual activity.

*Initial trials, Cialis was shown to improve, up to 36 hours after taking. No ability-of men with ED to have a single sexual intercourse. Cialis is a registered trademark of Boehringer Ingelheim.

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Horizontal Positioning

Uber

lyft

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Positioning Examples

ATTRIBUTE	Duracell Durability
BENEFIT	Volvo Safety
PRICE/QUALITY	Hyundai
USE/OCCASION	Vicks Nyquil
PRODUCT USER	J&J Baby Shampoo
RELATIVE TO PRODUCT CLASS	7-Up
RELATIVE TO COMPETITOR	Avis vs. Hertz

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Developing Positioning Strategy

Which positions are of greatest value to our target customers, given their needs?

Which of these positions are “taken,” and which positions are relatively free of competition?

Which of the available positions fits best with our objectives and our distinctive capabilities, i.e., can we back up the chosen positioning by demonstrable product attributes or benefits?

Can we “change the rules” of the game by discovering new critical points of differentiation?

Are all our positioning messages consistent?

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EARLY PREGNANCY
DISCUSSION

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Early Pregnancy Test Kits

Q: Are there differences in consumer needs in this market?

Q: What are the descriptors of these segments?

Q: What is the best positioning for this product?

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Really, it Happens

Walk into an Osco drugstore,
and on a shelf near the ovulation
testing kits you'll find
Conceive brand pregnancy tests.

A cherubic infant smiles at
you from the pink box...

A little farther down the aisle, and near
the condoms, you'll find another
pregnancy test, called **RapidVue**.
The package features no smiling baby,
just brick-red lettering against
a mauve background.

**Both tests are products of San Diego-based Quidel Corp.
and THEY ARE IDENTICAL except for the packaging.**

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STARBUCKS CASE

DISCUSSION

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AZUL AIRLINES

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ONLINE

Azul Airlines

TAM



Gol



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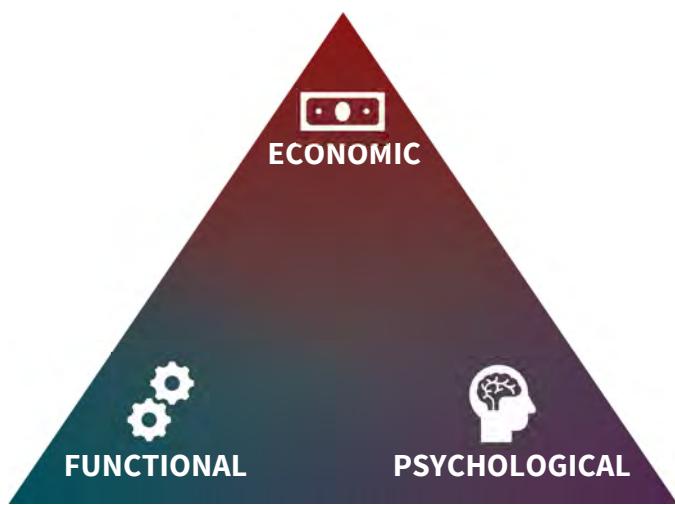


MODULE 3

SOURCES OF VALUE



Sources of Value



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TYPES OF SOURCES OF VALUE

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Functional Value



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Multi-Attribute Model

	FEATURES	DESIGN	EASE OF USE	PRICE	OVERALL
IMPORTANCE	0.4	0.3	0.2	0.1	
BLACKBERRY	10	8	6	4	
IPHONE	8	9	8	3	
HTC	6	10	8	5	
SAMSUNG	4	3	7	8	

YOUR
PRODUCT

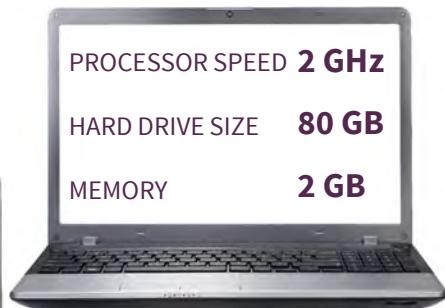
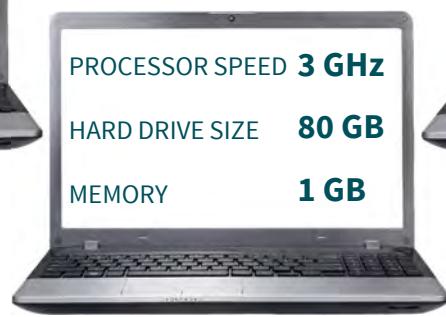
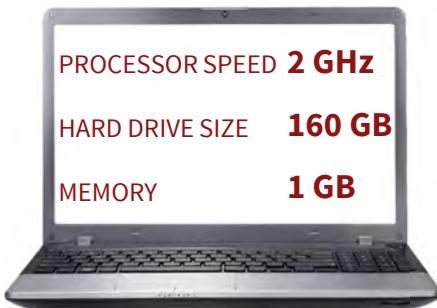
$$\text{PREFERENCE}_k = \sum b_{ik} e_i$$

Perception that your brand possesses the attribute

Importance of each attribute

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Conjoint Analysis



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ECONOMIC VALUE

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Economic Value to Customers

Total (life-cycle) cost savings from using a new product in place of a current product

EVC

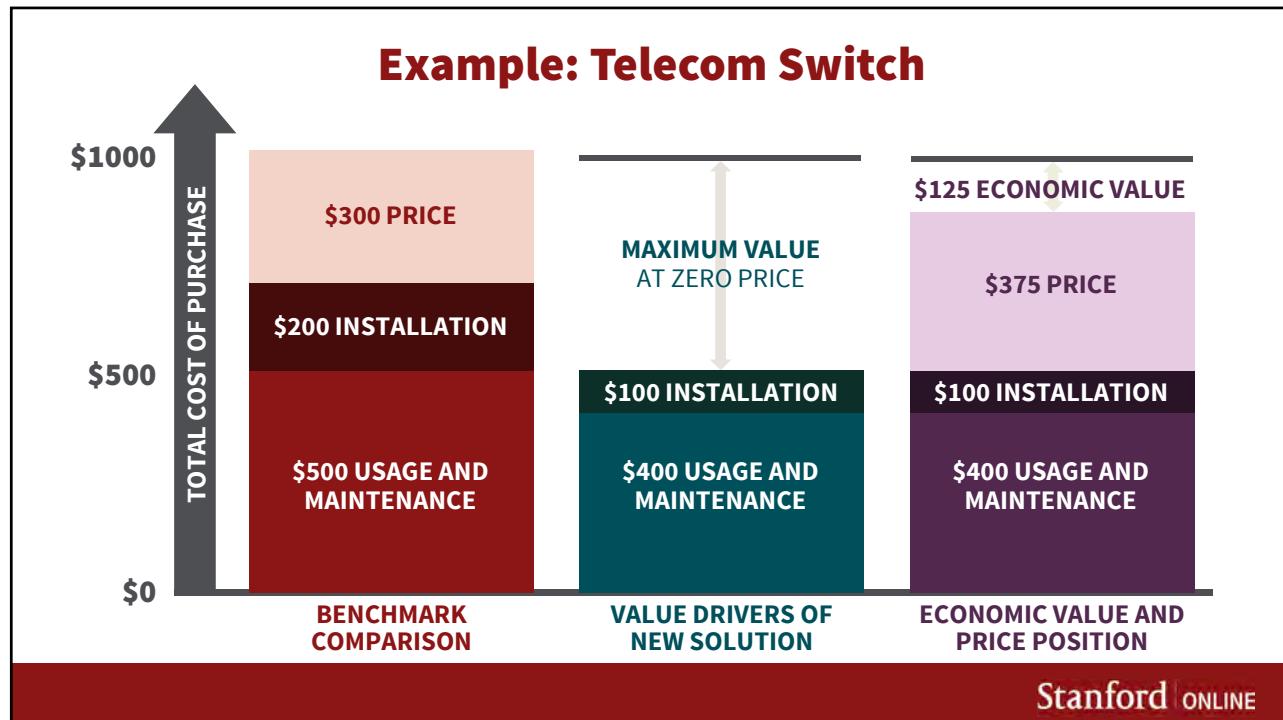
(Total ownership cost of existing product) –
(Total ownership cost of new product)

Maximal WTP

Total lifecycle savings from new product compared with old product

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Example: Telecom Switch



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Example

COSTS \$0.05 (REGULAR CUP \$0.02)



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Example

HOW CF BULBS SAVE MONEY

BASED ON 10,000 HOURS OF USE
AND \$.147 / KILOWATT HOUR

	ONE 18 WATT FLUORESCENT BULB	TEN 75 WATT ORDINARY BULBS
PURCHASE PRICE WITH CON EDISON DISCOUNT	\$8	\$8
ELECTRICITY COST FOR 10,000 HOURS	\$26	\$110
TOTAL COST	\$34	\$118
LIFETIME SAVINGS OF FLUORESCENT BULB	\$84	

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Using EVC is Tough



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Issues in Using EVC



CONS

Customer differences in usage

Convincing customers

Other (fuzzy) benefits ignored



PROS

Pricing

Segmentation

New product introduction

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**PSYCHOLOGICAL
VALUE**

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Brand Value

“

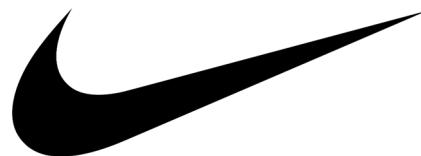
Our company's name and trademarks
are by far our most valuable assets.

- *Johnson and Johnson Corporate Management*

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What is a Brand?

A name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.



A promise that a firm makes to its customers.



The book that became part of a movement



A brand to bring it to life

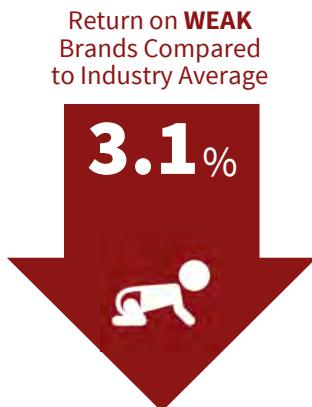
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Brands and Firm Value

McKinsey Study- 130 consumer companies



Return on **STRONG**
Brands Compared
to Industry Average



Return on **WEAK**
Brands Compared
to Industry Average

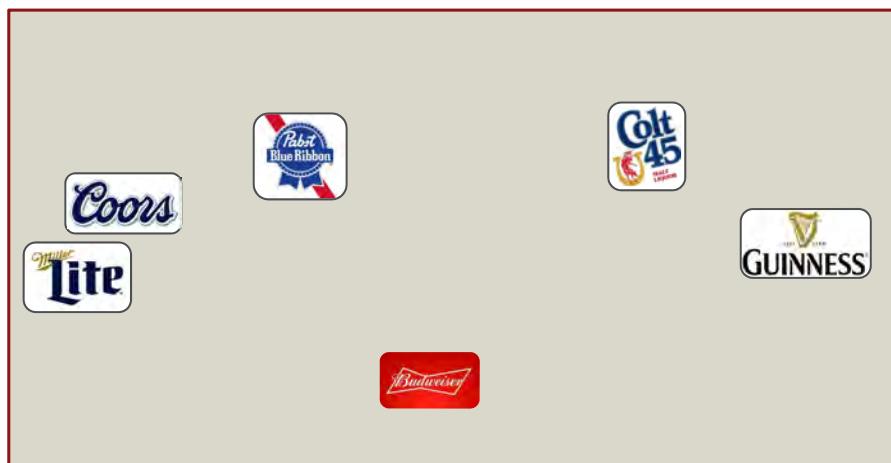


Fortune 250
Intangible Assets

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Brands and Product Experience

Taste Perceptions of 6 Beer Brands When the Drinker Knows What He is Drinking



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Brands and Product Experience

Taste Perceptions of 6 Beer Brands When the Drinker Does **NOT** Know What He is Drinking



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Is It All in Our Heads?



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BUILDING BRAND EQUITY

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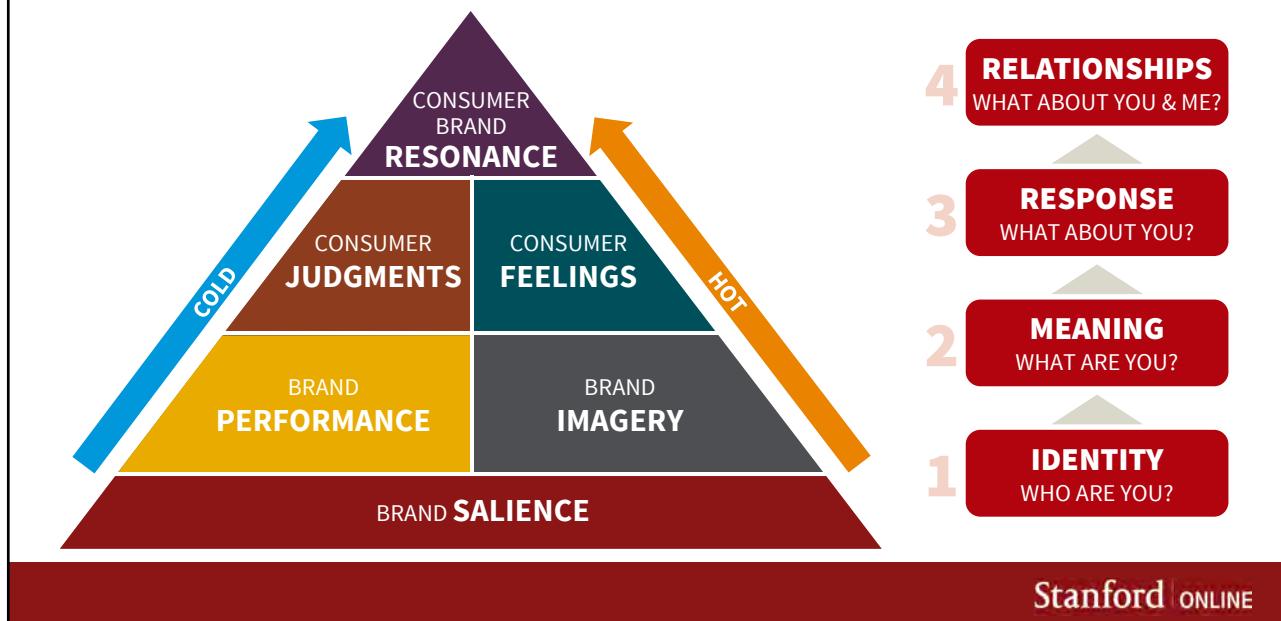
Building Brand Equity

Response to a product due to brand name over
and above other aspects of the product offering



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Core Brand Values Pyramid



Brand Salience: Shape/Symbols



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Brand Salience

DEPTH

Ease of recall/recognition

BREADTH

Range of consumption situations



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Brand Awareness

AWARENESS

FAMILIARITY

ATTITUDE



Names, Symbols and Slogans
Aid Memory Retention



Inhibits Recall of
Competing Products

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Salience Protects Market Position

Levitra
Cialis

Faster acting
Longer Lasting

Ad Spending

Over \$130 million each
(\$88 million for Viagra)



TOOK **8** YEARS TO BEAT VIAGRA!

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Salience in the Right Consumer



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**BRAND
ASSOCIATIONS**

Now what do you think of Cadillac?



"Cadillac Escalade" (CC BY 2.0) by FotoSleuth



C.Sundin, CC BY-SA 3.0,
via Wikimedia Commons

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Changing Meaning Through Cold Path

Cadillac Transforming Image Via Performance

With a folding hardtop that completely disappears at the touch of a button, the XLR presents a sleek and clean profile.

Under the XLR's hood lies its most significant major mechanical distinction – the 4.6 liter Northstar V-8...upgraded in a variety of ways for improved performance, emissions, and fuel economy.

NEW AD STRATEGY



Classic Models



Performance Models
Engineering and Speed



Revitalize
Brand



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Changing Meaning Through Hot Path

MasterCard and the Priceless Campaign

THEME

Living the good life...was not the accumulation of material things, but the sharing of meaningful moments with loved ones and close friends

CATCHPHRASE

There are some things money can't buy.
For everything else there's MasterCard.



BENEFITS

Variations in 96 countries / 45 language
Accepted at more locations around the world than any other card

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Brand Meaning and Personality



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Japan vs USA

BRAND PERSONALITY				
Excitement/ Liveliness	Competence/ Steadiness	Sincerity/ Peacefulness	Sophistication/ Elegance	Ruggedness/ Kindness
Daring Spirited Imaginative Up-to-date	Confident Reliable Intelligent Successful	Down-to-earth Honest Wholesome Cheerful	Upper class Charming	Outdoors Tough
Talkative Positive Friendly Young	Confident Reliable Responsible Patient	Shy Mild-mannered Naive	Elegant Smooth Fashionable Sophisticated	Warm Thoughtful Kind Family-oriented

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Personality Example

“ Like the Puma as an animal is not a herd animal, we also want people and our brand to stand for individuality and as such, we position the brand so it blends sport, lifestyle, and fashion in a unique way.

- Jochen Zeitz

MARKETING STRATEGY

Strives for development of hip brand personality

- MINI – Puma Driving Shoe partnering with BMW
- Sponsored Jamaican Olympic Team
- Spokespeople (past or present) fit strategy: Serena Williams, Barry Zito

DISTRIBUTION

Sells edgiest, most fashionable items to trendy retailers, while selling more mainstream products at Foot Locker

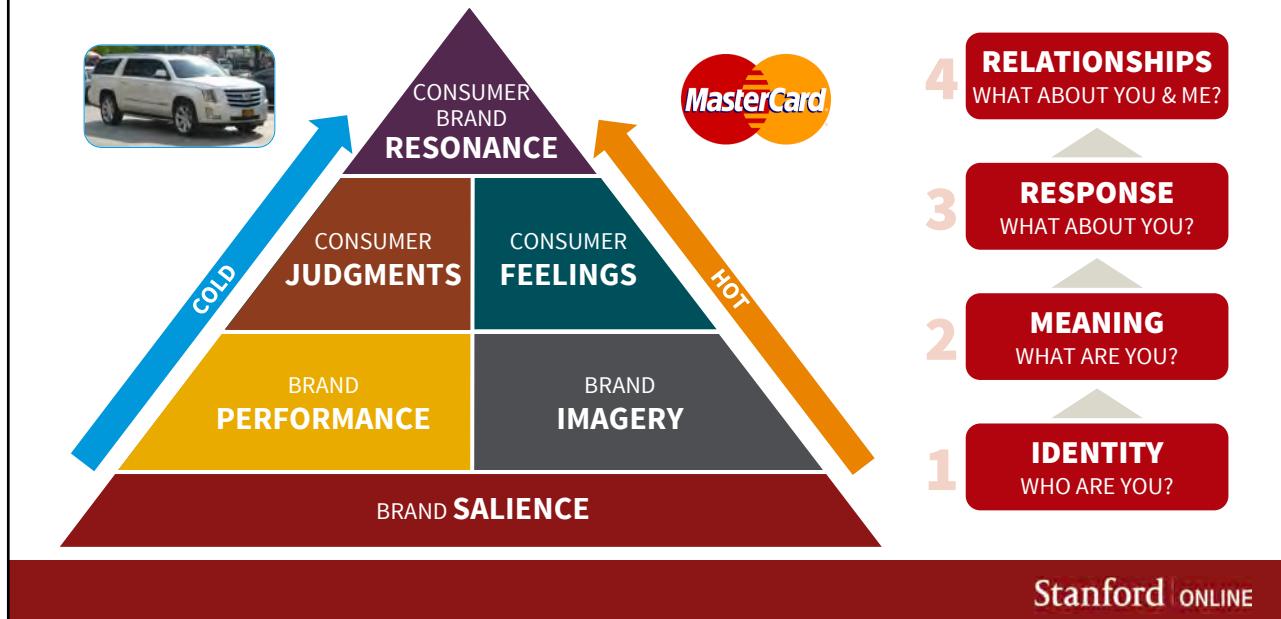
BENEFITS

804 million Euros in sales in Q4 2012



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Reminder



Resonance: Brand Activity



"Boo Lefou 'Pugs of Anarchy' For Movember" (CC BY-SA 2.0) by DaPuglet

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Resonance: Brand Communities

3 Core Components of a Community

SHARED CONSCIOUSNESS

Members feel they sort of know each other

Who else drives Broncos: Guys like myself and guys who like engines.

RITUALS AND TRADITIONS

Way in which meaning of community is reproduced

If you drove a Saab, whenever you passed someone else driving a Saab on the road, you beeped or flashed your lights.

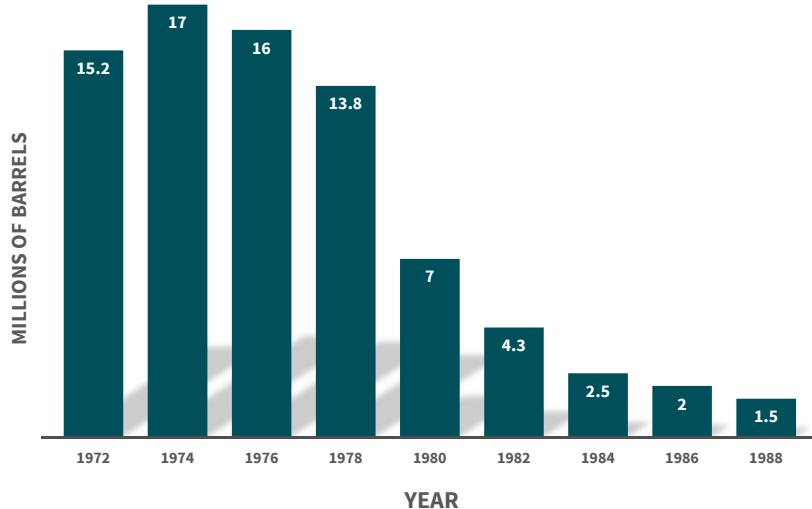
SENSE OF MORAL RESPONSIBILITY

Sense of duty to community as a whole

We see another Saab on the road, we pull over and help, no matter what it is.

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Brand Equity Needs Management



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Brand Extensions



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Line Extension



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Brand Extension

SONY



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Brand Extension

CATERPILLAR®



“

STRONG and **HARDWORKING** just like Caterpillar machines. Our clothing and collectibles are made by licensed suppliers, to ensure our customers of **AUTHENTIC** Caterpillar products.

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Extending Depends on “Fit”

Transferability
of skills and
assets



Bic's razors
and pens
(but not
perfume!)

Complementarity
of use

MR. COFFEE®

Mr. Coffee coffee

Functional
attributes



Ivory
shampoo

Intangible
attributes



Harley-
Davidson

User
types



Gerber
baby
clothes

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Brands are Important

BUT

The trouble with brand equity is that it has no
consistent meaning.... Hard to measure!

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Words of Wisdom

“

Our biggest asset is four letters: SONY. It's not so much our buildings or our engineers or our factories, but our name.

Idei-san will have to do things his own way, of course, but a new president must above all else preserve and build our reputation, because that determines the value of the company in the 21st century... If Idei-san can't do that, I'll just have to fire him.

- Norio Ohga (*Chairman, SONY, 1994-2003*)

SONY

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**THE ACCORD
FRAMEWORK**

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ACCORD Framework

ADVANTAGE
COMPATIBILITY
COMPLEXITY
OBSERVABILITY
RISK
DIVISIBILITY

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MODULE 4

NEW PRODUCT STRATEGY



Ideation Templates

Structured/systematic approach to idea generation

Identify patterns in past successful innovations

Reproduce these successful **patterns** when searching for innovation opportunities / ideas

Applied to new product / service ideation and advertising

Product focused, not customer focused
→ function follows form

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SUBTRACTION TEMPLATE

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What's Similar Between These Three?



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Pitch Black Restaurants



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Look Ma, No Laces



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Subtraction Template

Removing an essential component

“

Perfection is finally attained not when there is no longer anything to add,
but when there is no longer anything to take
away.

- Antoine de Saint-Exupery

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Subtraction Template

INSTRUCTIONS

- 1** | Write down the product's **internal components** (i.e., components within the manufacturer's control)
- 2** | Identify each component's **function** in the product
- 3** | **Remove** (or reduce) a component
- 4** | **Visualize** the resulting product
- 5** | Search for any **consumer needs** that match the new product

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TASK UNIFICATION TEMPLATES

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Task Unification Template

Assigning a new task to an existing resource



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Creation of Value

Stop a bot.
Improve a map.

reCAPTCHA improves our knowledge of the physical world by creating CAPTCHAs out of text visible on Street View imagery. As people verify the text in these CAPTCHAs, this information is used to make Google Maps more precise and complete. So if you're a Google Maps user, your experience (and everyone else's) will be even better.

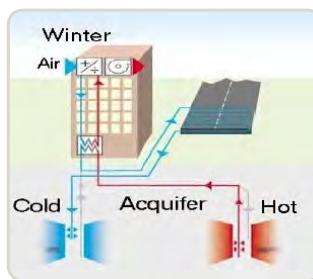
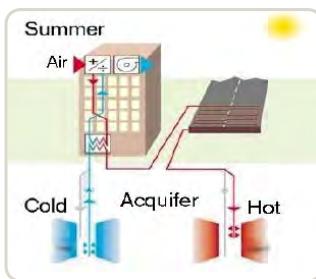
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Duraflame's Firelogs and Quick Coals



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Road Energy Systems by Ooms



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Image source: Korea Online Community

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柯南要作

Image source: China Online Community

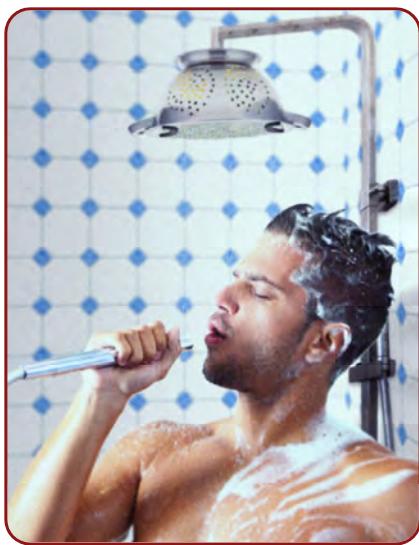
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Baby Mop Cleans Your Floors



Image source: DHGate, AliExpress, BetterThanPants

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TV Remote Dumbbell

Forget push-ups and don't even waste your time on bench presses. If you really want that ripped look, you'll need to hit the couch and log some serious tube time.



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Sandals by Reef



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Coors Light's Cold Wrap Bottles



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Coors Light Cooler Box



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Uncharted Play



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The Yerka



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Task Unification

INSTRUCTIONS

- 1** | Write down the product's **internal components**
(i.e., components within the manufacturer's control)
- 2** | Identify each component's **function** in the product
- 3** | Write down the product's **external components**
(i.e., components of the product's environment / packaging)
- 4** | Could one of the functions currently fulfilled by an **internal** component be
transferred to an **external** component?
Can we remove the now obsolete internal component?
- 5** | Could one of the functions currently fulfilled by an **external** component be
transferred to an **internal** component?
- 6** | What new, desirable functions could be fulfilled by the external components?

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**DIVISION
TEMPLATES**

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Division Template

SEPARATING COMPONENTS

PHYSICAL literally, cut it

FUNCTIONAL separate components with different functions

PRESERVING each part preserves characteristic of the whole

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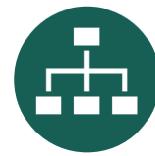
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Division Template

INSTRUCTIONS

- 1** | Write down the product's **components**
- 2** | Identify each component's **function** in the product
- 3** | **Divide** the product into its component parts
- 4** | **Visualize** the resulting product
- 5** | Search for any **consumer needs** that match the new product

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MULTIPLICATION TEMPLATE

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Multiplication Template

Kiss toilet seat cooties good-bye

The Multi-Seat Family Model

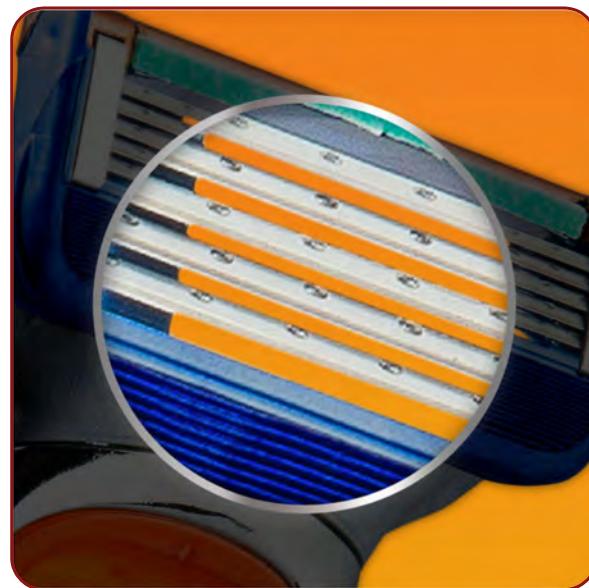
It's hard to talk about good family hygiene these days without talking about toilet seat cooties at the same time. They're there. We all know it. Squirming around in their disgusting little microscopic ways. A big yuck. But what can you do about them?

Meet the multi-seat family model. A "concept commode" for the modern health-conscious family. Pictured here is the standard four-seater (Mom, Dad, Junior, and a guest). But there's no reason the concept couldn't be extended, so to speak, up to 5, 6, even 7 seats. Sure you might need a little stepladder, but that's a small price to pay for the confidence of knowing that your seat was the only seat that your seat ever touched.



**MULTIPLY
COMPONENTS**
with a slight change

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Multiplication Template

INSTRUCTIONS

- 1** | Write down the product's **components**
- 2** | Identify each component's **function** in the product
- 3** | **Multiply** one of the components
- 4** | **Visualize** the resulting product
- 5** | Search for any **consumer needs** that match the new product

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ATTRIBUTE DEPENDENCY TEMPLATE

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Attribute Dependency Template

**Creating or changing
relationship between
attributes**

Sometimes involves adding
relationship, sometimes subtracting
(related to subtraction)

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Patented smart pill bottles designed to increase medication adherence

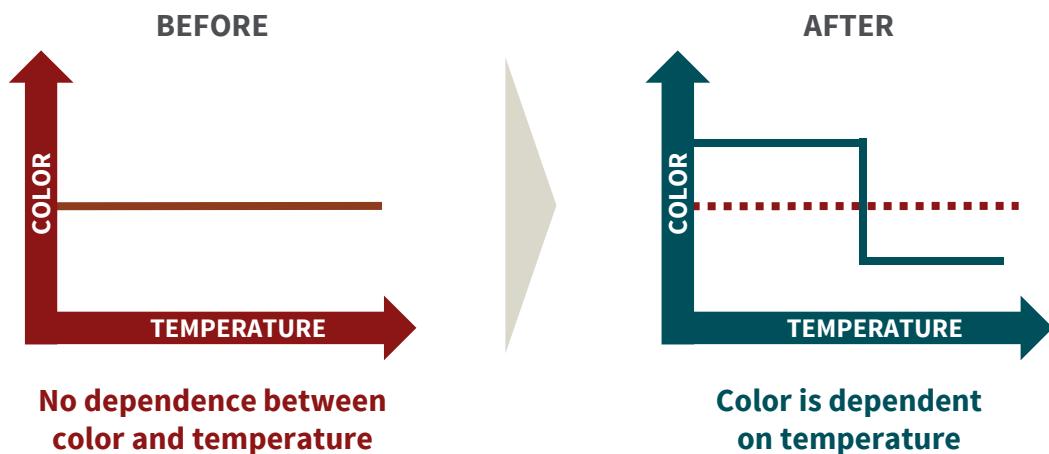
Our bottles have been designed to track the amount of medication inside them in real-time, wirelessly send this HIPAA-compliant data into the cloud, and remind patients to take their prescribed dosage via automated phone call or text message.

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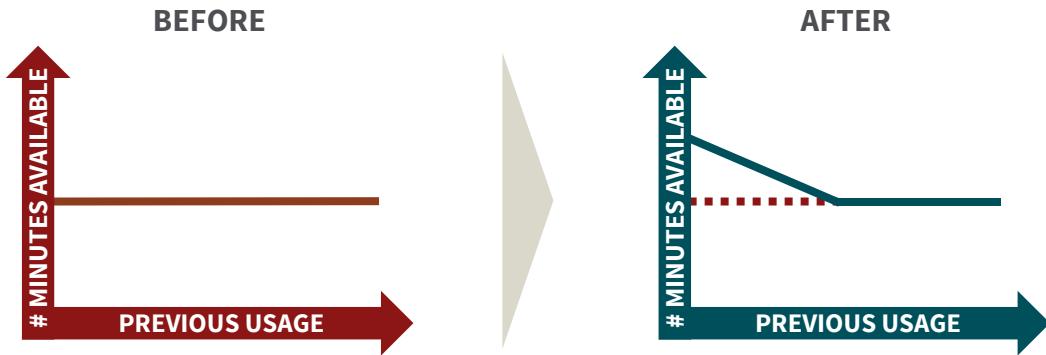
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Graphical Representation



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Rollover Cell Phone Plans



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Removing Existing Dependencies Between Attributes



INTRODUCING

EMPLOYEE PRICING **PLUS**

You pay what we pay.
Not a cent more.

[→ See employee prices for GM vehicles](#)



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CELL PHONES

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Application: Cell Phones

INTERNAL ATTRIBUTES

-  | Ring tone
-  | Ring volume
-  | Speaker volume
-  | Size
-  | Screen display
-  | Vibrating mode



EXTERNAL ATTRIBUTES

-  | Ambient noise
-  | Signal strength
-  | Amount of battery left
-  | Identity of caller
-  | # of minutes left on plan
-  | Time of day / year
-  | User's calendar

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Matrix for Cellphone

	 RINGING TONE	 RINGING VOLUME	 SPEAKER VOLUME	 SCREEN DISPLAY	 VIBRATING MODE
Ringing Tone					
Ringing Volume					
Speaker Volume					
Screen Display					
Vibrating Mode					
Ambient Noise					
Signal Strength					
User's Calendar					

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Attribute Dependency

INSTRUCTIONS

- 1** | Write down the product's **internal attributes**
(attributes under the manufacturer's control)
- 2** | Identify a set of **external attributes**
(outside the manufacturer's control but in direct contact with product)
- 3** | Construct a **Forecasting Matrix**:
Columns - internal attributes
Rows- both internal and external attributes
- 4** | Explore **dependencies** between pairs of attributes

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MODULE SUMMARY

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5 Templates



SUBTRACTION

Useful for complex products or to control costs



TASK UNIFICATION

Aiming to control costs



DIVISION

Simple quantitative improvements



MULTIPLICATION

Simple quantitative improvements



ATTRIBUTE DEPENDENCY

Useful generally, but hard

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BUGABOO

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Bugaboo Takeaways

FOUR GENERAL DIRECTIONS TO LAUNCH A NEW PRODUCT

	New Market	Existing Market
New Product	1	2
Same Product	3	4

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Bugaboo Takeaways II

FOUR POTENTIAL DRIVERS OF GROWTH

Customer-Driven

What do our current or future customers want? (e.g., double-stroller)

Expertise-Driven

What do we do best? (e.g., Bugaboo thinks it's expertise is innovation in mobility)

Product-Category

Expand product line, accessories

Distribution-Driven

Grow by increasing distribution of current products

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