

Blue Resonator

Market Driven Product

Resonator is a product or service that sells itself. Resonators are in the market not in your mind. Your opinions are irrelevant. What matters is your buyer's opinions. Your business must be continuously problem solving for your market.

What business are you in? We are in the business of continuous problem solving for our market.

Being an expert does not mean you know about your buyer's problems. Understand market problems and buyer personas before jumping into product development.

GRAPH BETWEEN UNIT SALES GROWTH VS CUSTOMER SATISFACTION

Tuned in businesses perform better than companies driven by innovation, revenue growth, or customer satisfaction - without sacrificing the benefits of these three cultures. Only when an innovation solves people's problems does it become a potent force.

Revenue-driven organization worries about individual sales opportunities one at a time, rather than what resonates with a large marketplace.

Customer driven organization relies on existing customer requests for endless extensions to existing product lines, the company can't develop breakthrough products that resonate with non customers.

Six Step Market Driven Process

Objective : To create a market driven offering.

Step 1 : Find unresolved problems to know what market and which product or service to focus on.

Step 2 : Understand buyer personas to understand who will buy your offering.

Step 3 : Quantify the impact to know if you have a potential winner.

Step 4 : Create breakthrough experiences to build a competitive advantage.

Step 5 : Articulate powerful ideas to establish the memorable concepts that match up with the problems people have.

Step 6 : Establish authentic connections to tell your buyers that you have solved their problems so they buy from you.

Your organization's distinctive competence should help you make decisions about how to focus on creating your own market driven offering.

Discover Opportunities

Step 1: Find Unresolved Problems

Objective: How do we know what market and product to focus on?

Send someone into the market on a continuous basis. Also meet regularly with non customers. The intent is not to sell anything. Just listen and observe.

Ask:

How's business?

What are your biggest challenges?

Through open-ended questions and good conversations understand problems non customers have but cannot articulate.

How do they get along without your product?

How can you leverage your distinctive competence to make their lives better?

Stated Needs Vs Silent Needs

Listen, learn and see if you can identify problems whose solutions can be turned into product offerings.

Artifact: Customer interview notes and recordings.

Meeting with Buyers

Visit buyers face-to-face in a non selling situation, in a place where talking about your market category makes sense, and by preference on the buyer's home turf.

Contact representatives of your target market by phone, email or in person. To find people who are part of your buyer persona, use lists of people who have visited your company at a trade show, by purchasing names from industry magazines, website inquiries. Say that you have nothing to sell, ask for 30 minutes of time to understand how they live (or how their business works, or how they do xyz. Tell them you are trying to learn how to build products that will make them more effective or efficient (or a service to help them have more fun.)

It is important that when you make your request, the subjects know you are

not in sales. Say, “I’m not selling. I’m trying to determine what products to offer next year.” Or “The sales department won’t let me sell. I couldn’t sell you anything even if you wanted to buy.”

Ask open-ended questions that you don’t know the answer. LISTEN, LISTEN, LISTEN. Take notes as the person is speaking. Even better, interview paired-up so one can interview and the other can write. Tape the conversation as a backup.

Market Driven Buyer Interview Checklist

1. Go in with an open mind. Be prepared to learn something remarkable, something you never knew. You may develop a whole new take on your market.

2. Remember, your buyer is the expert. You are there to observe and to listen.

3. When possible, conduct your interviews on the buyer’s turf.

4. Ask :

A) How do you accomplish that?

B) Why is this important?

C) Who needs that information and why?

D) What purpose does that function serve?

Use these questions to get the conversation going.

5. Don’t talk about your company or its products.

6. Don’t use sales people for conducting the interviews.

Look for Problems in Your Entire Market, Not Just Your Customer Base

The best way to create a market driven product is to focus on the entire market by categorizing your buyers into three segments:

Customers: 20%

Evaluators: 10%

Potential Customers: 70%

Finding unresolved buyer problems requires a research mix that balances input from existing customers, evaluators, and potential customers - in direct proportion to the size of opportunity.

Understanding the needs of these three classes of people will give you a broader perspective on the market potential of your future offerings.

Customers

Discussions should be channeled to move beyond small incremental improvements to your existing products and instead focus on the problems that will make your solution complete, and on new problem areas that you can address.

Evaluators

Win-loss analysis - Month after someone makes a purchase decision (either to buy your product or to go with the competitor) is very useful. An independent interview on how purchase decisions are really made and what problems were left unresolved is useful. In most organizations it is best to leave evaluators alone during selling cycles in favor of an in-depth interview later.

Potential Customers

What are their problems? What can we do to solve those problems? Learning about unresolved market problems is the best way to create breakthrough experiences that resonate.

You and Your Family Are Not Your Buyer.

Other Ways to Find Unresolved Problems

These are not a substitute for direct interviews. Ask open-ended questions about their lives or work habits to discover problems.

1. Conferences and conventions - Listen to the proceedings and interact with other participants. During the breaks and meals, start conversations using open-ended starters like. "So what brings you to the conference ?"

2. Read blogs to find unresolved market problems.
3. Speak at conferences and industry events.

Step 2 : Understand Buyer Personas

How do we identify who will buy our offering?

The best way to develop products and services is to identify the unresolved problems of a particular group of people. Break buyers into distinct groups, understand what problems those groups have and how to solve them. Then catalog everything you know about each buyer persona. Understand the mindset of various buyer personas.

Once the product is created, instead of a one-size-fits-all approach, communications, marketing, web sites, individual staff members should be allotted to each buyer persona, to reflect the way the product experience solves the problems of each group.

1. Interview buyers
2. Put yourself into their world as much as possible. Understand how they think. It is more than just listening and acting on what you hear.
3. Understand your buyers deeply so that you anticipate market problems that people can't even articulate.
4. Name your buyer personas. Frame photos and bios of them. Keep the buyer persona profile, name and photo. It is a tool that is used to develop empathy with and a deep understanding of the real people with problems.
5. Commit to an ongoing process where you continue to learn more and gain deeper insight into buyer personas.
6. Ask the target market for feedback about the product

For each buyer persona profile, develop a written document with as much info as you can gather about them.

1. What are your buyer personas' problems?
2. Are they willing to pay money to solve these problems?
3. What is the ideal product or service that can help them?
4. How can we reach them?

5. What media do they rely on for answers to problems?

Find out the things that are important for each buyer persona. Interview people.

Step 3 : Quantify the Impact

Objective: Kill bad product idea early

How do we know if we have a potential winner?

1. Is the problem urgent?
2. Is it pervasive in the market?
3. Are buyers willing to pay to have this problem solved? How much?
4. If all of the above is “yes”, create a product or service.

Is the problem urgent?

Make sure people really care about the market problems.

1. Does the problem really exist?
2. Is it a big deal?
3. Is the problem pervasive?

Identify a problem shared by a large number of people. Verify the commonality of the problem.

1. How many people have this problem?
2. Are there any unifying characteristics of the people who have the problem?
3. Are people willing to pay to solve the problem?

Identify a problem that people are willing to pay for solution. Save money or time, avoid pain, give pleasure etc.

Ways to measure the impact of solving a problem:

1. Data from U.S. Census, industry and trade associations.
2. Specialist research reports (\$100 - 1000 s)
3. Surveys - Conduct yourself or use a survey firm (via phone, in-person or by mail)
4. Web-based surveys: If you have contact list or a well-trafficked website.

5. Call people and ask how many have the problem and if they would pay for it.

Any product idea must be supported by market data. Otherwise its a opinion and is irrelevant.

ACID Test

1. Show a prototype to buyers. It doesn't have to be a completed product. Just prepare a presentation to show what your organization plans to offer.

2. Meet with potential buyers one at a time (not in focus group). Don't tell them the benefits of your product. Just show them what it does and ask:

A) What problems does it solve?

B) How would you benefit from using it?

C) What impact would it have on them, their families or their companies?

3. Plot where your new product fits on a Tuned-In Impact-Continuum Spectrum.

Low Impact High Impact (Save life - medical advance) **DIAGRAM GOES HERE.**

Speak to a large sampling of buyers to accurately place your product on the continuum. Draw the continuum on paper or white board. Ask them to place on the chart some products that they already use. Ex:

1. Do you use MS Word?

2. Where does it fit on the Impact Continuum?

3. Why did you choose that location?

The answers will provide valuable information about what problems the product solves for this buyer persona. Help them with one or two more products and ask:

4 . Name some products that you already own that are low impact.

In each case: Why did you place it there?

Show them your prototype & ask :

Where would you place it on the Impact Continuum?

All that matters is your prospective customers perceptions of the impact of your product on their lives, relationships or jobs.

The Tuned-In Impact Continuum provides a simple method for buyers to plot existing and potential new offerings against each other to determine relative value from low impact to high impact.

Research the prices of the other products and get an indication of how you should price your new offering. The ACID Test and the Impact Continuum identifies profitable products. ACID Test helps to confirm that entire problem is solved. Otherwise competitors will come up with the complete solution.

Different buyer personas will rate differently. Learn what problem the product solves for buyers who rate it high-impact. You can then communicate to other potential buyers in the same market segment that you have solved those high-impact problems.

Develop a Market Driven Business Proposal

Objective: To help you to make “go / no-go” and “buy vs build” decisions.

Simple one or two page business proposal that encapsulates the essence of the product you want to create.

1. What detailed unresolved problems are you solving?
2. Who will your solution impact (what buyer personas) and how many such people are there?
3. What product or service will you create to solve the problem?
4. How does your product or service impact buyers?
5. How will buyers quantify that value?
6. What will it take to convert prospects into customers?

The most important task is capturing the essence of how your business is going to solve problems in the marketplace.

Measure What Matters

1. How many meetings with buyers?
2. How often do you get out of the office and meet with actual people to learn about their problems?
3. What is the impact of solving the problems?
4. How do different buyer personas learn about new ways to solve their problems?
5. After product release: How well is it resonating with each buyer personas?

These questions will help to answer:

1. Should you spend money to create a new product?
2. Should you expand your marketing program to reach a new buyer persona?
3. Should you develop a new channel to reach European market?

Step 4 : Create Breakthrough Experiences

How do we build a competitive advantage?

Customers buy a total experience.

Diagram showing Discovery, Using, Service, Packaging and Buying goes here.

Breakthrough experiences incorporate each experience - from the first interaction through evaluation, purchase, product use, and after-sale service.

Discovery

Buyers need information to make rational and informed decisions about how to solve their problems. Create marketing materials that people actually want to consume. Ex: Blog to show how they went about problem solving. Integrate marketing experiences that are simple, non threatening and useful.

Buying

Easy to buy, fun for buyers to place order. Buyers needs must be met throughout the sales process.

Packaging

Using - Simple to understand and implement. Intuitive and natural. Help people engage with the product. Ex: Car dealership loaner car radio station tuned to same station.

Service - Do not outsource customer care. Your choice of how to focus will be based on distinctive competence. Buyers immediately understand breakthrough product has value to them.

Steps to discover, create and launch breakthrough product

Distinctive Competence

What are your organization's unique abilities to deliver superior value to customers?

It is what you excel at that your competitors do not. Answer: What is your organization's distinctive competence? (Happens before developing the

product).

Distinctive competence could be one of the following:

1. An important feature: Ex: Volvo (safety)
2. Another possibility is ergonomics. Include only essential features.
3. A distinctive business model : Ex: Streamlined development and distribution capabilities that allow you to sell products at a lower cost than competitors.
4. A deep understanding of one particular buyer persona.

Distinctive competence can be anything that helps you create breakthrough experiences. It should dictate how you build products. Distinctive competence must be built into the product. It drives marketing communications. It tells you what parts of your business to focus on and what to outsource (or build vs buy)

Step 5 : Articulate Powerful Ideas

Objective : How do we establish memorable concepts that speak to the problems buyers have?

1. Tell me how you live
2. What do you want each buyer persona to believe about your organization?
3. What phrases will you use and how?
4. How can you best articulate what's important about you?
5. What else, besides just a product, is each buyer persona really looking for?
6. Is it reliability, luxury, "safe choice" ?

Meet as many buyers as it takes to get answers that converge around both a common problem and a way to articulate the ideal solution that your company will deliver.

Four steps to turn these concepts into a powerful idea:

1. Affinity mapping : After documenting the problems of buyers, you uncover detailed and specific problems.

Look for commonalities among the problems. Sort them into categories of similar problems (4-5). Name the groups that you've identified. You are looking for convergence around an idea (or ideas) that you can use. Economic, convenience, environment.

2. Elevator Speech : Once you have mapped and named the groups, distill the essence of the message about these groups of problems into a sentence or two, for about 25-words total. The best elevator speeches are in the buyer's words. It's not about features or your company. It is about buyers and the problems that your product will solve for them.

It helps to make decisions. Refine the elevator speech into an even shorter statement of a few words that can be used as a tag-line.

3. ACID Test : Locate some people who represent the buyer persona and

run your elevator speech by them. Then ask:

A) Does this explanation make sense to you?

B) What does this product do?

C) If you heard this, would you be interested?

D) Would you want to buy or at least move along to the next step of the sales cycle?

It should be part of marketing materials, website press releases etc. Use that concise message to answer: Why should I buy your product?

4. Refining the resonator

Elevator speech is starting point for developing a powerful idea. The final step is to distill it into a hard-hitting and memorable concept.

Lexus - Relentless pursuit of perfection

Miller Lite - Tastes great, less filling

Burger King - Have it your way.

Not catch phrases, it's rooted in a set of problems that these products solve for buyers.

Messaging Development Process

Tell me about your biggest challenges.

What words would you use to describe the solution to your problems?

Keep an open mind as you go through the process. Find out how people would describe their problems. Create few elevator speech candidates.

Interview all new customers to find out why they made the purchase decision. Map those reasons to the elevator speech.

Analyze people who respond to the message, measure click and track kinds of buyers who sign up for company offers.

Articulate powerful ideas from buyer's point of view. Get to the core of your market problem.

Avoid Vision and Mission Statements

Each buyer persona may have different problem, in this case, develop message specific to buyer persona. Ask the right questions to ascertain what the problem is and then take all of the issues of dealing with that problem away from them.

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Step 6 : Establish Authentic Connections

Objective : How do we tell our buyers that we've solved their problems so they buy from us?

By "living in your buyers' world", you build empathy with your buyers as people.

Connecting with Your Buyers Directly

One of the simplest ways to establish authentic connections is to target specific buyer personas with content and programs that is created especially for them. You or your must be used more than we, us, our or company name. Develop compelling content and programs. Identify the media your buyers turn to for answers.

What words or phrases do they use in search engines?

Which blogs, chat rooms, forums. Online news site do they read?

Are they open to audio or video content?

Do they attend events or conferences?

How can you show people that you are the right choice to do business with?

How can you encourage people to join your group, buy your product etc?

Your Buyers Turn first to the Web to Solve Problems

In the past month or two in your personal or professional life, have you:

1. Been to a trade show to solve a problem or research a product?
2. Answered a direct-mail solicitation to ...
3. Use a newspaper or magazine or the radio or TV to ...
4. Used Google or search engine to ...
5. Emailed a friend, family member, or colleague to ...? Was the answer that came back a link to a web site?

4 & 5 have 80 to 100 %.

Think like a publisher and create compelling online content in the form of

online news releases, blogs, podcasts, u-tube videos and other online media to reach buyers directly. This can also be viral.

Think Like a Publisher

Develop an editorial plan to reach your buyers with web content that will help them solve their problems. Create content-rich web “landing pages” organized by buyer persona. Publish your way in with great content that your buyers want to consume.

Email newsletter, blog, podcast, series of direct-to consumer news releases focused on problems you know your buyers are interested.

Avoid pitching product, instead create information that helps buyer personas to answer their questions and solve their problems. Company materials should be created from buyer’s perspective. Create materials that show how your company solves buyer problems not how your product works. Sales people must find out about the buyers needs first.

Don’t hype. Understand people crave authenticity and transparency. Create content that goes viral.

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Blue Ocean Strategy

The Four Actions Framework

Objective : To create a new value curve.

Step 1

Which of the factors that the industry takes for granted should be “eliminated”?

Step 2

Which factors should be “reduced” well below the industry’s standard?

Step 3

Which factors should be “raised” above the industry’s standard?

Step 4

Which factors should be “created” that the industry has never offered?

Artifact: Strategy Canvas

STRATEGY CANVAS DIAGRAM GOES HERE.

The Eliminate-Reduce-Raise-Create Grid.

GRID GOES HERE.

Focus

Emphasize only three factors

Divergence

Differentiate company profile

Compelling Tagline

Delivers a clear message and advertises an offering truthfully.

Reconstruct Market Boundaries - Six Paths Framework

Path 1 : Look Across Alternative Industries

Alternatives are broader than substitutes. Products that have different forms but offer the same functionality or core utility are substitutes for each other. Alternatives include products that have different functions and forms but the same purpose. Ex: Accounting S/W vs Paper & Pencil

Products can take different forms and perform different functions but serve the same objective. Ex: Cinemas Vs Restaurant.

What are the alternative industries to your industry?

Why do customers trade across them?

Focus on the key factors that lead buyers to trade across alternative industries. Eliminate or reduce everything else to create new market space. Ex: SouthWest Airlines (Flying Vs Driving)

Path 2 : Look Across Strategic Groups Within Industries

Strategic group refers to a group of companies within an industry that pursue a similar strategy. Understand which factors determine customers decisions to trade up or down from one group to another. Combine the most attractive factors of both groups and eliminate or reduce everything else.

What are the strategic groups in your industry?

Why do customers trade up for a higher group?

Why do customers trade down for a lower group?

Path 3: Look Across the Chain of Buyers

Challenge an industry's wisdom about which buyer group to target to discover new market space. Look across buyer groups to gain new insights into how to redesign value curve to focus on a overlooked set of buyers.

What is the chain of buyers in your industry?

Which buyer group does your industry typically focus?

If you shifted the buyer group of industry, how could you unlock new value?

Path 4: Look Across Complimentary Product & Service Offerings

Untapped value is hidden in complimentary products and services. The key is to define the total solution buyers seek when they choose a product or service.

What is the context in which your product or service is used?

What happens before, during and after?

Can you identify the pain points?

How can you eliminate these pain points through a complimentary product or service offering?

Path 5: Look Across Functional or Emotional Appeal to Buyers

Challenge the functional - emotional orientation of the industry to find new market space. Emotionally oriented industries offer many extras that add price without enhancing functionality. Stripping away those extras may create a fundamentally simpler, lower-priced, lower-cost business model that customers would welcome. Functionally oriented industries can often infuse commodity products with new life by adding a dose of emotion to stimulate new demand.

Does your industry compete on functionality or emotional appeal?

If you compete on emotional appeal, what elements can you strip out to make it functional?

If you compete on functionality, what elements can be added to make it emotional?

Path 6: Look Across Time

What trends have a high probability of impacting your industry, are irreversible and are evolving in a clear trajectory?

How will these trends impact your industry?

Given this, how can you open up unprecedented customer utility?

The trends must be decisive to your business, irreversible and have a clear trajectory. Identify the trend, then look across time and ask yourself what the market would look like if the trend were taken to its logical conclusion. Work backwards from that vision to identify what must be changed today to unlock

new market space.

Conceiving New Market Space Fig 3.5 Pg 79

Drawing Your Strategy Canvas - The Four Steps of Visualizing Strategy

Step 1 : Visual Awakening

Compare your business with your competitor's by drawing from your "as is" strategy canvas. See where your strategy needs to change.

Step 2 : Visual Exploration

Go into the field to explore the six paths to creating new market space.

Observe the distinctive advantages of alternative products and services.

See which factors you should eliminate, create or change.

Step 3 : Visual Strategy Fair

Draw your "to be" strategy canvas based on insights from field observations.

Get feedback on alternative strategy canvases from customers, competitor's customers and non customers.

Use feedback to build the best "to be" future strategy.

Artifact : ERRC Grid

Step 4 : Visual Communication

Distribute your before-and-after strategic profiles on one page for easy comparison.

Support only those projects and operational moves that allow your company to close the gaps to actualize the new strategy.

For each visual strategy, develop a compelling tag-line that captures the essence of the strategy and speaks directly to buyers.

Reach Beyond Existing Demand

To maximize the size of market space, look at non customers. Instead of focusing on customer differences build on powerful commonalities in what buyers value. Think de-segmentation before pursuing finer segmentation.

What are the key reasons first-tier non customers want to jump ship and leave your industry?

What are the key reasons second-tier non customers refuse to use the products of your industry?

Look for the commonalities across their responses. Focus on these not on differences. You will glean insight into how to de-segment buyers and unleash an ocean of latent untapped demand. Look across all tiers of non customers and maximize market size.

Strategic Sequence

1. Look across paths to discover possible blue oceans
2. Construct a strategy canvas that clearly articulates strategy.
3. Explore how to aggregate the largest possible mass of buyer for your idea.
4. Build a robust business model to ensure profits

Sequence of Blue Ocean Strategy

Figure goes here...

Testing for Exceptional Utility

Value innovation is not the same as technology innovation. To avoid this trap: Create a strategic profile that passes the initial litmus test of being focused, being divergent, and having a compelling tag-line that speaks to buyers.

Buyer Utility Map

Diagram goes here.

The Buyer Experience Cycle Pg 123

Diagram goes here.

Ask questions to gauge the quality of buyers' experience.

The Six Utility Levers

Utility levers - cutting across the stages of the buyer's experience. These are the ways to unlock exceptional utility for buyers.

Remove the greatest blocks to utility across the entire buyer experience cycle for customers and non customers.

Identify the most compelling hot spots to unlock exceptional utility. Locate your offering on the 36 spaces of the buyer utility map, see how and whether the new idea not only creates a different utility proposition from existing offerings but also removes the biggest blocks to utility that blocks converting non customers into customers. If your offering falls on the same spaces as others, it is not a blue ocean offering.

Uncovering the Blocks to Buyer Utility

Table goes here.

In which stage are the biggest blocks to :

1. Customer Productivity
2. Simplicity
3. Convenience

4. Risk
5. Fun & Image
6. Environmental Friendliness

The buyer utility map highlights the differences between ideas that genuinely create new and exceptional utility and those that are essentially revisions of existing offerings or technological breakthroughs not linked to value. Check whether your offering passes the exceptional utility test. By applying this diagnostic, you can find out how your idea needs to be refined.

Where are the greatest blocks to utility across the buyer experience cycle for your customers and non customers?

Does your offering effectively eliminate these blocks?

From Exceptional Utility to Strategic Pricing

Know from the start what price will quickly capture the mass of target buyers (assuming volume is key and network externalities). If your product is vulnerable to imitation, set the strategic price to attract buyers in large numbers and also help you to retain them.

How do different buyer personas learn about new ways to solve their problems?

After product release: How well is it resonating with each buyer personas?

These questions will help to answer:

1. Should you spend money to create a new product?
2. Should you expand your marketing program to reach a new buyer persona?
3. Should you develop a new channel to reach European market?

Strategic pricing addresses:

1. Is your offering priced to attract the mass of target buyers from the start so that they have a compelling ability to pay for it?
2. When exceptional utility is combined with strategic pricing, imitation is

discouraged.

The Price Corridor of the Mass

Fig 6-5 Page 128

Step 1: Identify the Price Corridor of the Mass

A) To look outside industry boundaries, list products that fall into two categories:

(1) Those that take different forms but perform the same function. Ex: For Model T vs Horse Carriage

(2) Those that take different forms and functions but share the same overarching objective. Ex: Cirque du Soleil Circus Vs Bar & Restaurants (objective - enjoy a night out)

B) Graphically plot the price and volume of these alternatives as in Fig 6-5

C) Identify the mass of target buyers and what prices these buyers are prepared to pay for the products they currently use.

The price bandwidth that captures the largest groups of target buyers is the price corridor of the mass.

Don't price against the competition within an industry. Pursue pricing against substitutes and alternatives across industries and non industries.

Step 2 : Specify a Level Within the Price Corridor

This helps to determine how high a price buyers can afford to set within the corridor without inviting competition from imitation products. This depends on:

1. Patents or copyrights
2. Exclusive asset or core capability

Pursue mid-to-lower boundary strategic pricing from the start if:

- 1) Offering has high fixed costs and marginal variable costs.
- 2) Attractiveness depends heavily on network externalities.
- 3) Their cost structure benefits from steep economies of scale and scope. In these cases volume brings with it significant cost advantages, something that

makes pricing for volume even more key.

From Strategic Pricing to Target Costing

Target costing, addresses the profit side of the business model. To maximize the profit potential of business idea, start with the strategic price and then deduct its desired profit margin from the price to arrive at the target cost. This is essential to arrive at a cost structure that is both profitable and hard for potential followers to match. Strategic profile that has both divergence and focus makes a company strip out costs.

To hit the cost target, companies have three principal levers

1) Streamline operations and introduce cost innovations from manufacturing to distribution.

A) Can the product's raw materials be replaced by unconventional less expensive ones?

B) Can high-cost, low-value added activities in your value chain be significantly eliminated, reduced or outsourced?

C) Can the physical location of your product be shifted from prime real estate locations to lower-cost locations?

D) Can you truncate the number of parts or steps used in production by shifting the way things are made?

E) Can you digitize activities to reduce costs?

2) Partnering - Provides a way to secure needed capabilities fast and effectively while dropping the cost structure. Leverages other companies' expertise and economies of scale.

3) Change the price model of the industry. Pricing innovation - rental, leasing, slice-shared, time-share, equity-interest etc.

The Profit Model of Blue Ocean Strategy

Fig 6-6 Pg 136 GOES HERE.

A business model built in the sequence of exceptional utility, strategic pricing and target costing produces value innovation. Value innovation is based

on a win-win game among buyers, companies and society.

From Utility, Price and Cost to Adoption

Concerns of employees, business partners and public must be addressed.

Blue Ocean Idea Index

Provides a simple but robust test of system view that is an integral whole of utility, price, cost and adoption.

Utility : Is there an exceptional utility? Are there compelling reasons to buy your offering?

Price : Is your price easily accessible to the mass of buyers?

Cost : Does your cost structure meet the target cost?

Adoption : Have you addressed adoption hurdles up front?