



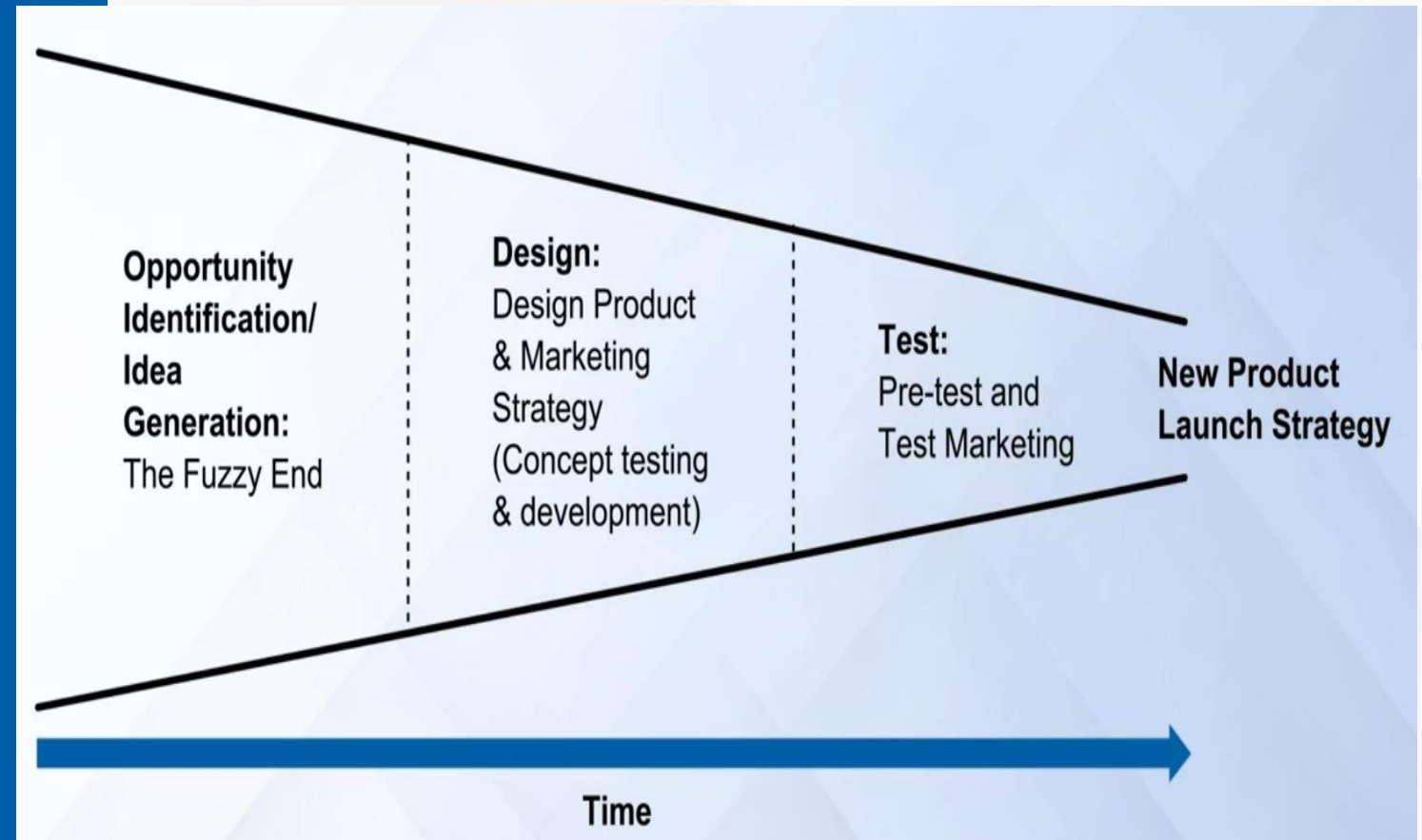
PM: Product Management and Development

Week 2– Product Development Process

New Development Process: Overview

New Product Development Process

- **Fuzzy Front End:** The process begins with opportunity identification and idea generation, with many possibilities and high uncertainty.
- **Concept Testing:** Most possibilities are eliminated through concept testing and development during the design stage.
- **Final Testing and Launch:** Final product is tested through pre-test marketing systems and test marketing, leading to launch strategy development.



Design Thinking Approach in Product Development

- **Customer-Centric Start:** The process starts with identifying customer needs and ends with a final solution for launch.
- **Idea Generation:** Ideas can come from various sources such as R&D, personal insights, or market opportunities.
- **Concept Development:** Ideas are refined through marketing research and concept testing to develop into a viable product concept.

Final Stages and Success Factors

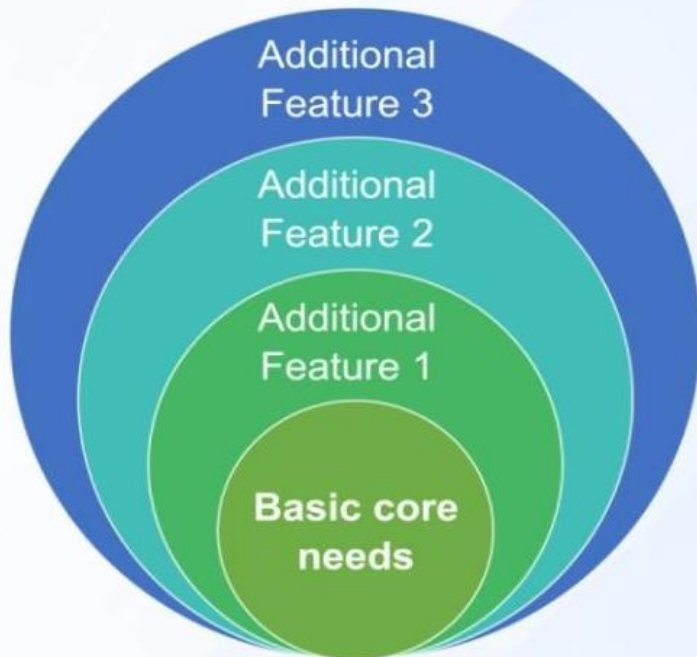
- **Product Design Stage:** The product and its marketing strategy are designed, using concept testing and development.
- **Pre-Test Marketing:** Systems like Assessor or Basis test the product and strategy before market launch.
- **Test Marketing:** Final test to reduce risk before launch, ensuring the product is market-ready.
- **Systematic Process:** Following the new product development process increases the odds of success in a competitive, dynamic market.



Customer Needs and Behaviour

Customer Needs

- Core needs must be satisfied before additional features.
- Customer needs have multiple layers; addressing the basic need is crucial.



Types of Customer Needs

- **Existing Needs:** Present in consumers' minds and easily expressed.
- **Latent Needs:** Not realised or unwilling to express directly.
- Different approaches are required to understand and address each type.

Methods to Understand Customer Needs

- **Traditional Methods:** Surveys and interviews for existing needs.
- **Indirect Techniques:** Observational methods for latent needs.
- Understanding needs involves high risk and high reward; essential for developing successful products.

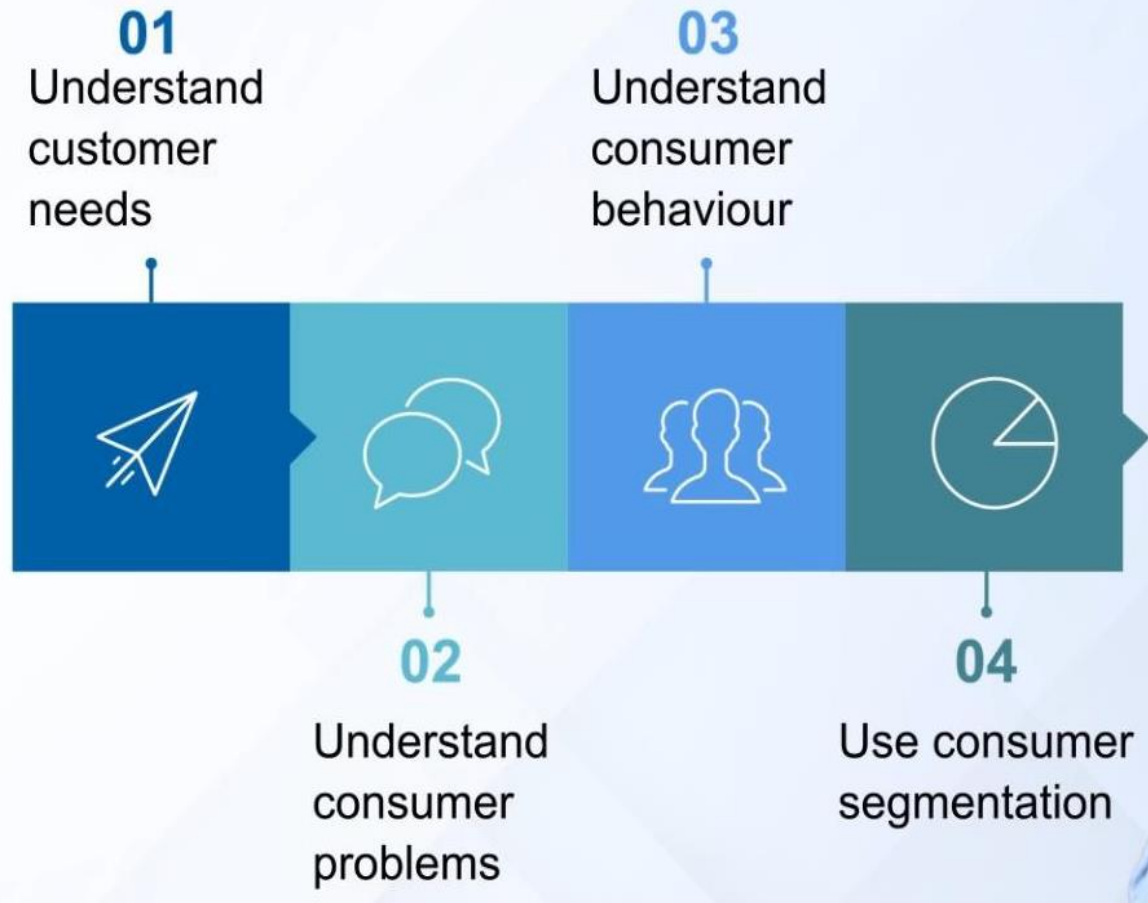
Role of Marketing

Marketing Management Process



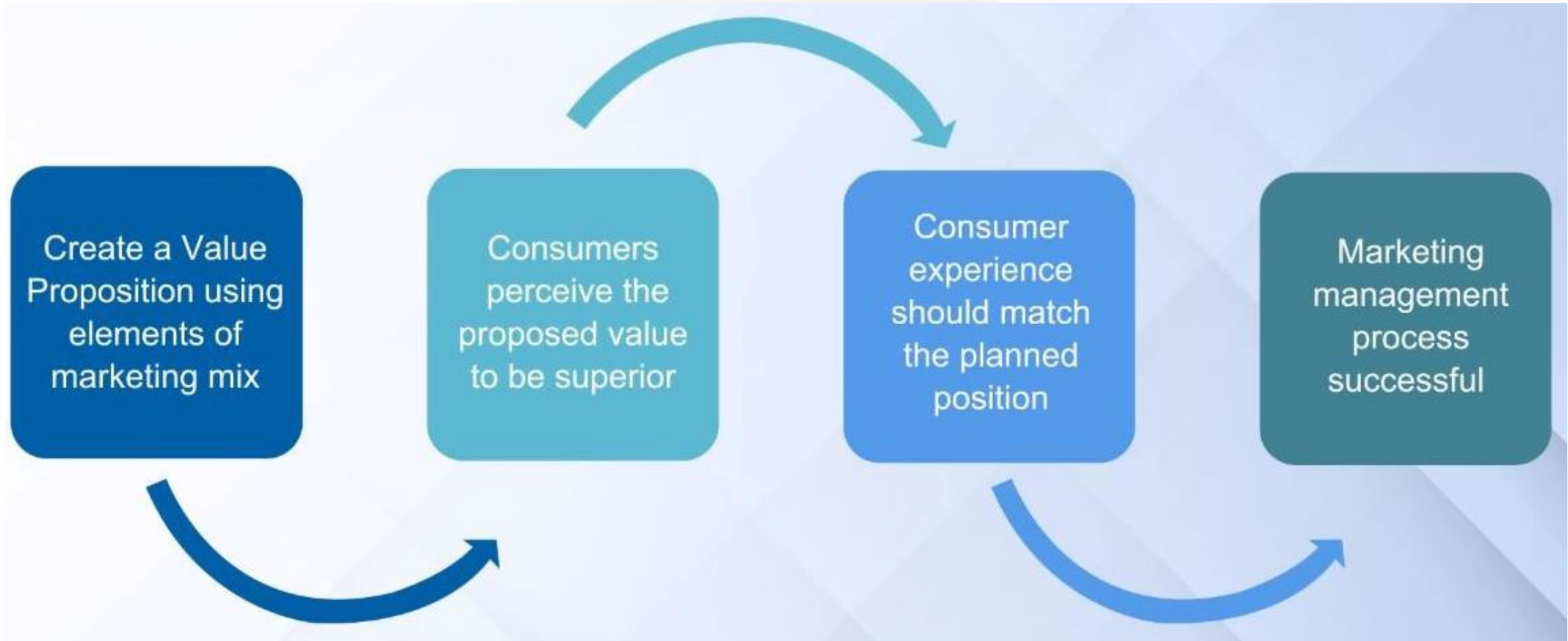
- **Customer-Centric Approach:** Marketing starts and ends with customers.
- **Understanding Customer Needs:** Utilise marketing research to understand both existing and latent needs.
- **Segmentation:** Divide consumers into similar groups based on needs and other factors.
- **Targeting:** Choose specific segments to serve based on various constraints and capabilities.

Positioning and Marketing Strategy



- **Positioning:** How consumers perceive a brand compared to competitors.
- **Perceptual Mapping:** Understand consumer perceptions of competitors.
- **Marketing Mix (4 P's):** Product, Price, Place, Promotion.
 - Product: Design to meet customer needs.
 - Price: Set to reflect value and market position.
 - Place: Choose distribution channels that align with the brand image.
 - Promotion: Communicate the value proposition effectively.
- **Value Proposition:** Create and deliver superior value to consumers.

Value Proposition



Integration with New Product Development

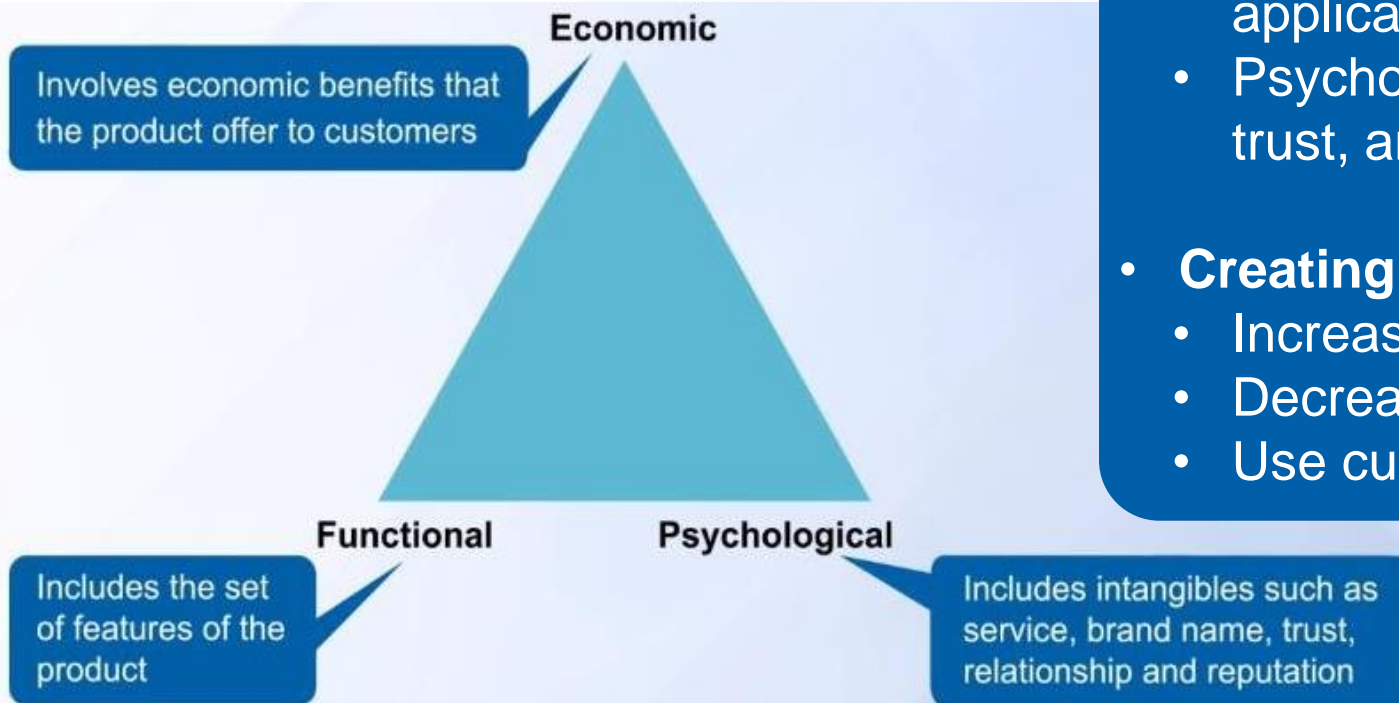
- **Alignment with New Product Development:**
 - **Fuzzy Front End:** Identify needs and customer behavior, similar to strategic marketing analysis.
 - **Design Stage:** Develop the product and marketing strategy to create a complete value proposition.
- **Consistency Across Marketing Mix:** All elements must align to achieve the desired positioning.
- **Adapting to Digital Domains:** Social media and digital advancements impact positioning efforts.

Value for Customers

Understanding Customer Value

- **Definition of Value:** Perceived monetary worth of benefits received by customers minus costs, compared to competitive offerings.

**Value = Perception of benefits
minus Perception of costs**



- **Dimensions of Value:**

- Economic: Quality versus price.
- Functional: Product features and applications.
- Psychological: Intangibles like service, brand trust, and satisfaction.

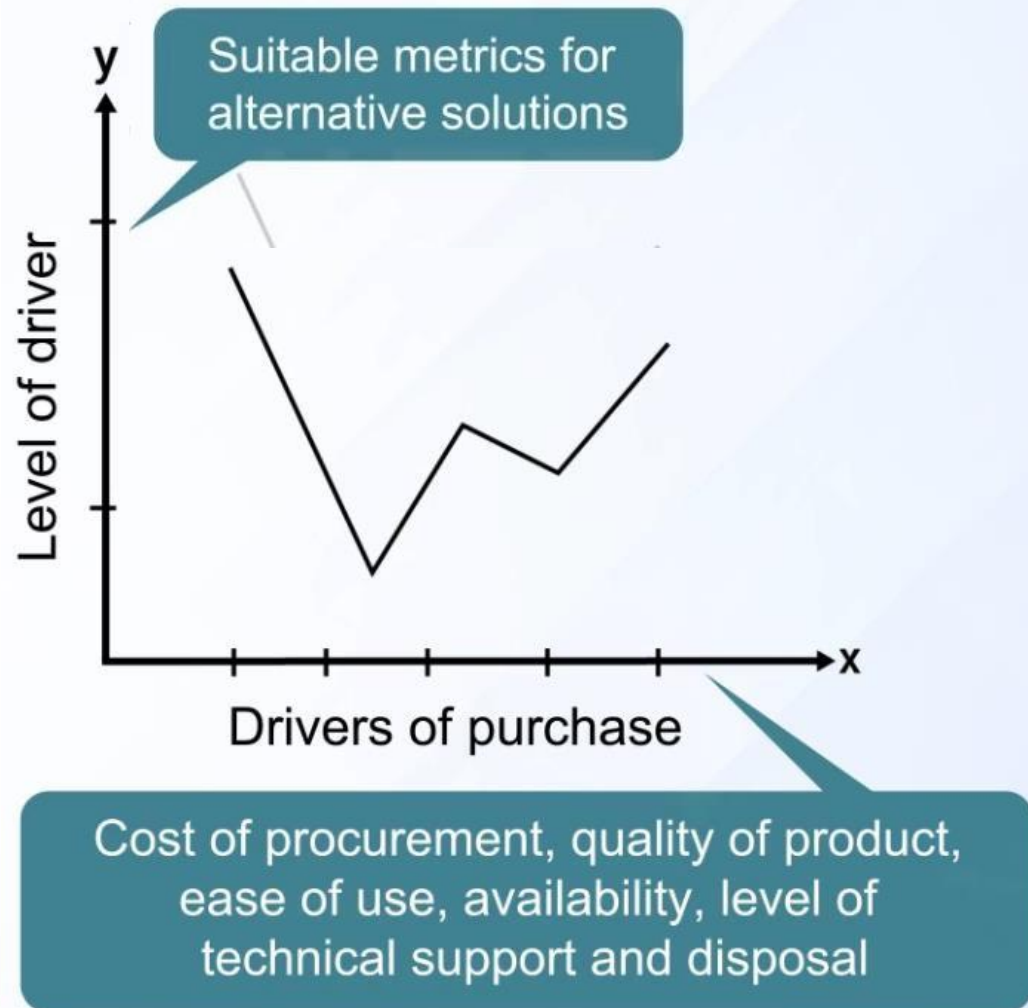
- **Creating Superior Value:**

- Increase perception of benefits.
- Decrease perception of costs.
- Use customer loyalty and retention programs.

Reducing Costs and Enhancing Value

- **Reducing Costs and Enhancing Value:**
 - Improve information search process (e.g., web presence).
 - Facilitate test drives and purchase processes.
 - Offer financing and assistance with paperwork.
 - Provide post-purchase services (e.g., reminders for servicing).
- **Lifecycle Focus:** Address costs across the entire consumption lifecycle.
- **Role of Digital Technologies:** Integrate traditional methods with digital solutions.

Visualising Value Creation



Value Curve:

- Plot key attributes on the x-axis (e.g., cost, quality, ease of use).
- Use suitable metrics on the y-axis.
- Visual depiction of competitors' value propositions.

Strategic Insights:

- Identify opportunities to enhance value.
- Focus on key drivers of purchase to dominate competitors.



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