



Importance of Marketing in Product Development

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Growing the Bioeconomy

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What is marketing?

- The process of planning and executing the conception, pricing, promotion and distribution strategies of goods and services to satisfy customers needs and wants in a defined market.





The role of marketing

- Qualifying the value of differentiation
 - Understanding what or how a product is different
 - Determining the value and
 - Who will pay for this differentiation
 - A rocket car versus a hybrid car





Marketing activities

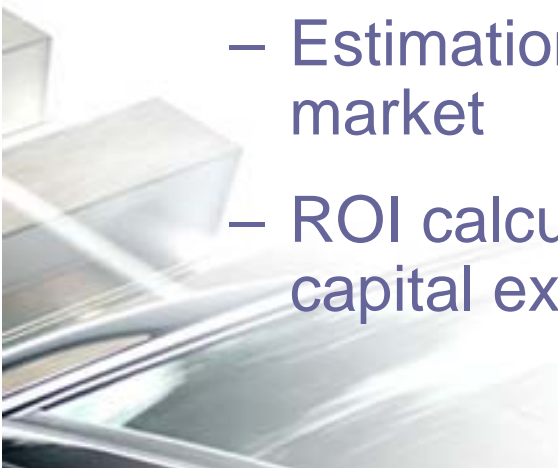
- Activities which address the following
 - Understanding value proposition
 - Defining the market segment
 - Understanding the competitive situation
 - Evaluating company's situation and resources
 - Assessing the ROI to the company
 - Continuously analyzing the product, place, promotion and price of the product





How is this done?

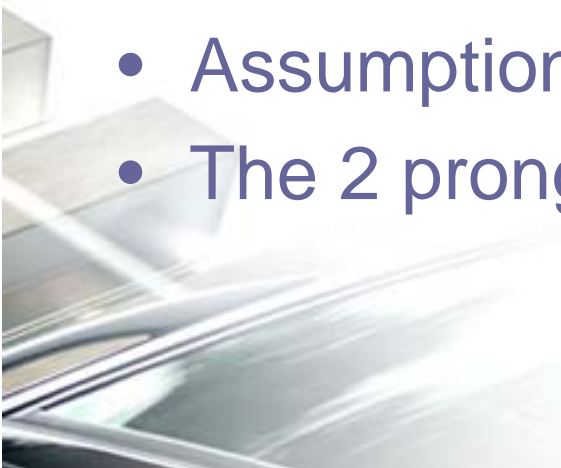
- SWOT analysis
- Porter analysis
- Situational analysis
 - Cooperative, economic, political, legal etc
- Competitor review
 - Products, company position, industry situation
- Product specific analysis
 - Estimation of total market size and likely potential market
 - ROI calculation based on production costs, research, capital expenditures, advertising, etc





Information from where?

- Collecting information on markets is challenging
 - Industry associations
 - Government agencies (USDA-ARS and USDA-ERS)
 - Trade journals
 - Industry contacts
 - ‘For pay’ marketing reports
 - Internal contacts
- Assumptions must be backed by data/references
- The 2 prong approach





Why is this important?

- Product development is expensive
 - Retail sector
 - Up to 90% of new product fail after 1 year
 - Pharma sector
 - Cost of a new drug
- Staying ahead of the curve
- Time and resource management





Where does the product fit?

| | | Products | |
|---------|---------|--------------------|---------------------|
| | | Current | New |
| Markets | Current | Market Penetration | Product Development |
| | New | Market Development | Diversification |



TIME





Examples

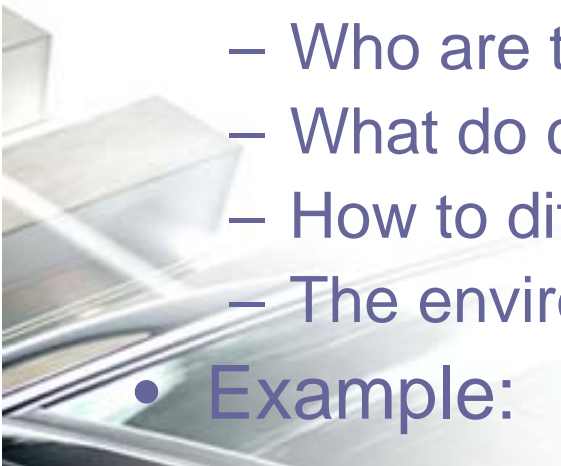
- Current products for current markets
- Current products for new markets
- New products for current markets
- New products for new markets





Current P/New M

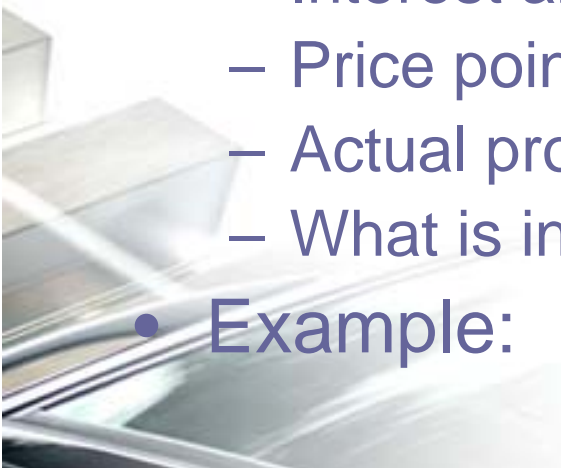
- Know
 - Product cost/overhead etc
 - How to make it
 - Who the competitor are
 - Information about product
 - Benchmark of sorts
- Need to find out
 - How large is the market
 - Who are the customer/segmentation
 - What do customers value
 - How to differentiate for value
 - The environmental situation
- Example: DDGS





New P/Current M

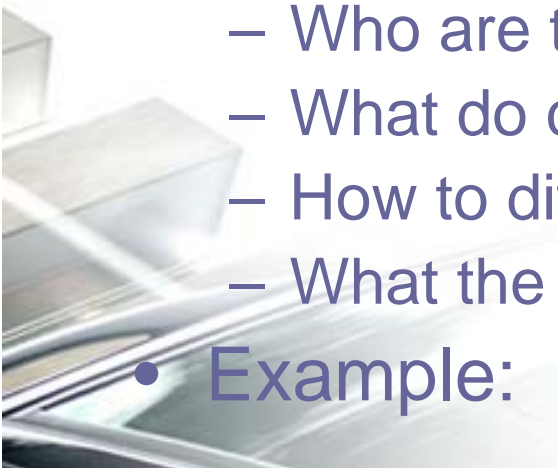
- Know
 - How big the market is
 - Who the major players are (i.e. contacts)
 - How to sell to current customers
 - Current environment & situation
- Need to find out
 - Actual product costs
 - Interest and value to customer
 - Price points
 - Actual production volumes/inventory
 - What information is needed to sell
- Example: GMO crops





New P/New M

- Know
 - Not much
- Need to find out
 - Actual product costs/ capital investment
 - Price points
 - Actual production volumes/inventory needed
 - How large the market is
 - Who are the customer/segmentation
 - What do customers value
 - How to differentiate for value
 - What the competition is doing
- Example: Natural preservative in organic mkt





Marketers & Researchers

- Market driven research and product development
- Work together to
 - Understand what the product can do
 - Design experiments to answer ‘value proposition’ question of product
- Coordinated effort reduces ‘products in search of markets’ problem





Managing the products

- Product management
 - Product life cycle
 - Updating pricing structure
 - Opening new markets
 - Monitoring competition
 - Improving production process
 - Managing budgets





Conclusions

- Product development is expensive
- Marketing should drive the process
 - *Marketing is Everything* by Regis McKenna
- Key questions in marketing
 - What is the value of _____ to our customer? Or where is the value...?
 - With our features, what are the benefits to the customers
 - Ask why five times.





Recommended reading

1. Books by Al Reis and Jack Trout
 - Focus
 - The 22 Immutable Laws of Marketing
 - Positioning
2. Marketer's Toolkit (Harvard Business School Press)
3. The Fall of Advertising and the Rise of PR (Trout and Trout)
4. Profiting from the Core (Zook and Allen)
5. Good to Great (Jim Collins)
6. Six Thinking Hats (Edward DeBono)
7. Harvard Business Review





Questions

