

Entrepreneurship

Lecture # 7



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Topic 7.

The marketing of innovation

PLAN

- 1. What is the Marketing of Innovation**
- 2. Launching process**
- 3. Stage-Gate system**
- 4. Development of a Marketing Plan**

What is the Marketing of Innovation

The Marketing of innovation particularises the common marketing concepts into the innovating process focusing in the decreasing of risks, uncertainty and optimisation of resources.

Launching process of innovations

**the marketing
previous to the
product**

**the launching
marketing after the
product exists**

The pre-launching marketing

- The entire purpose of a pre-launch is to laser-target a group of potential buyers for your product, service, or business opportunity and get them onto your pre-launch email list.
- From there, companies typically release additional information, news, videos, images, e-books, reports, and other types of media throughout the pre-launch.

Doing so serves a couple of important purposes:

- First, the potential buyers get to know you, your brand, and your product(s). This is critical as the most important element of this equation is building trust.
- Second, these leads are ultimately your initial “buzz builders” for your company and brand throughout the pre-launch and post-launch.

The Goal Of The Pre-Launch...

It's to go viral and get as many enrollments as possible.

It's All About The Conversion After A Pre-Launch

- Once once the pre-launch period is over, it's ALL about converting those leads into customers or reps.
- The leads are great, but where the rubber meets the road, is how many of those leads take out their wallets and share their credit card with you to buy your product, service, or enroll into your business.

You may think that a company pre-launch and a product pre-launch is the same... nope.

COMPANY PRE-LAUNCH

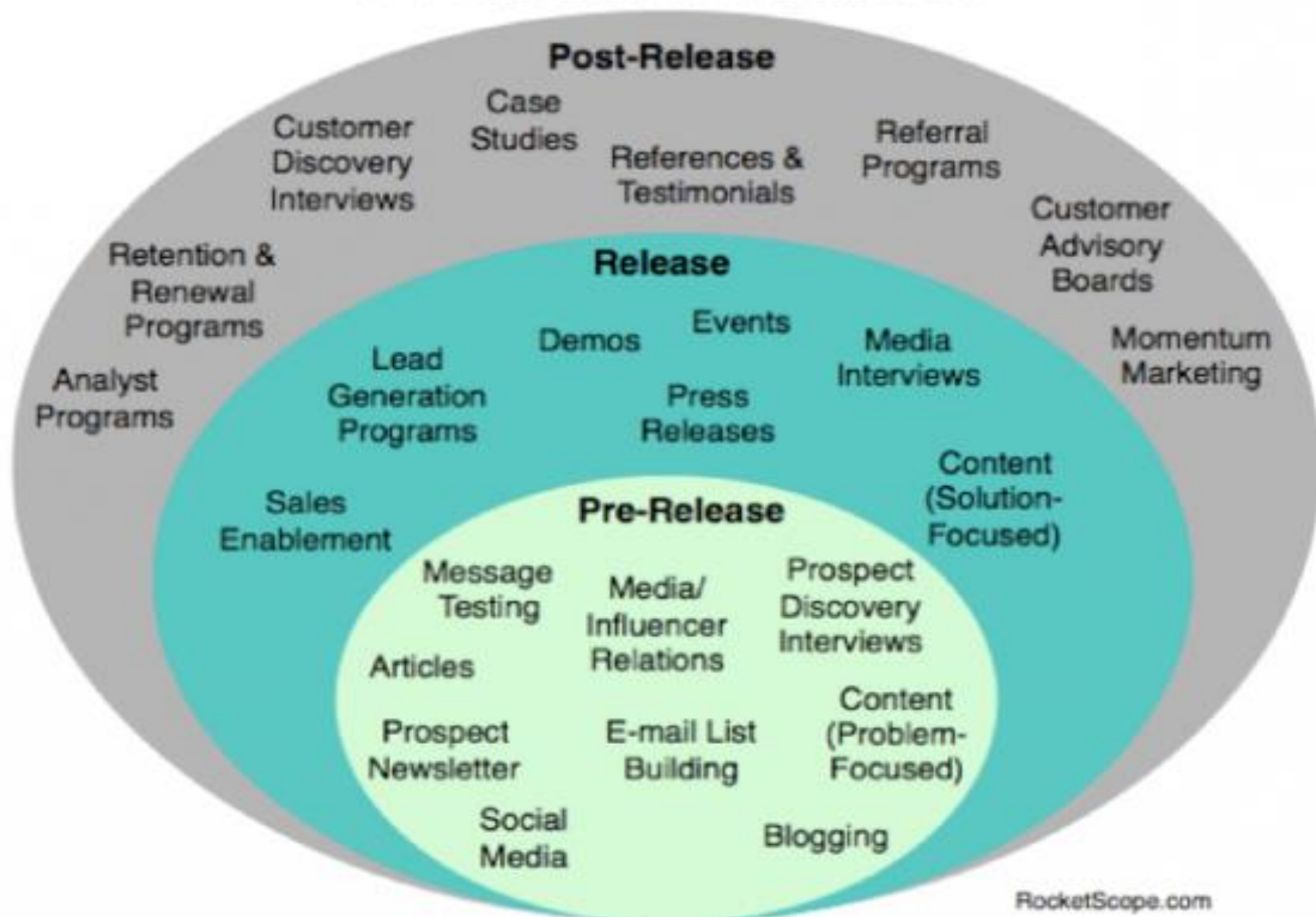


Just about any type of company can benefit from running a pre-launch to develop interest in their business before they officially open their doors.

- A few examples of these types of businesses are...
- Restaurants
- Plastic surgeons
- HVAC companies
- Membership websites
- Non-profit organizations
- Pool cleaners
- A new division of a Fortune 1000 Company
- A frozen yogurt shop
- A website that will sell pens
- A furniture store
- A cleaning business
- Just about any website
- Just about any business

If you're going to be offering any type of product or service in exchange for money, you can, and should pre-launch it to build up interest before you open your doors.

3 Phases of a Launch



Pre-Launch Communication and Marketing Channels

Source: <http://churchplantmarketing.blogspot.com/>



Stage-Gate - Your Roadmap for New Product Development

Product life cycles are shorter, competition is more intense and customers are more demanding. Companies that fail to innovate face a grim future. The problem is that winning with new products is not easy. An estimated 46% of the resources that companies devote to the conception, development and launch of new products go to projects that do not succeed - they fail in the marketplace or never make it to market.

Leading companies have overhauled their product innovation processes, incorporating the critical success factors discovered through best practice research, in the form of a **Stage-Gate** new product development process. According to several independent research studies (i.e. Product Development & Management Association, AMR Research, Booz-Allen Hamilton, etc.) between 70-85% of leading U.S. companies now use Stage-Gate to drive new products to market.

Discovery

Idea Screen

Driving new Products to Market



Second Screen

Go to Development

Go to Testing

Go to Launch



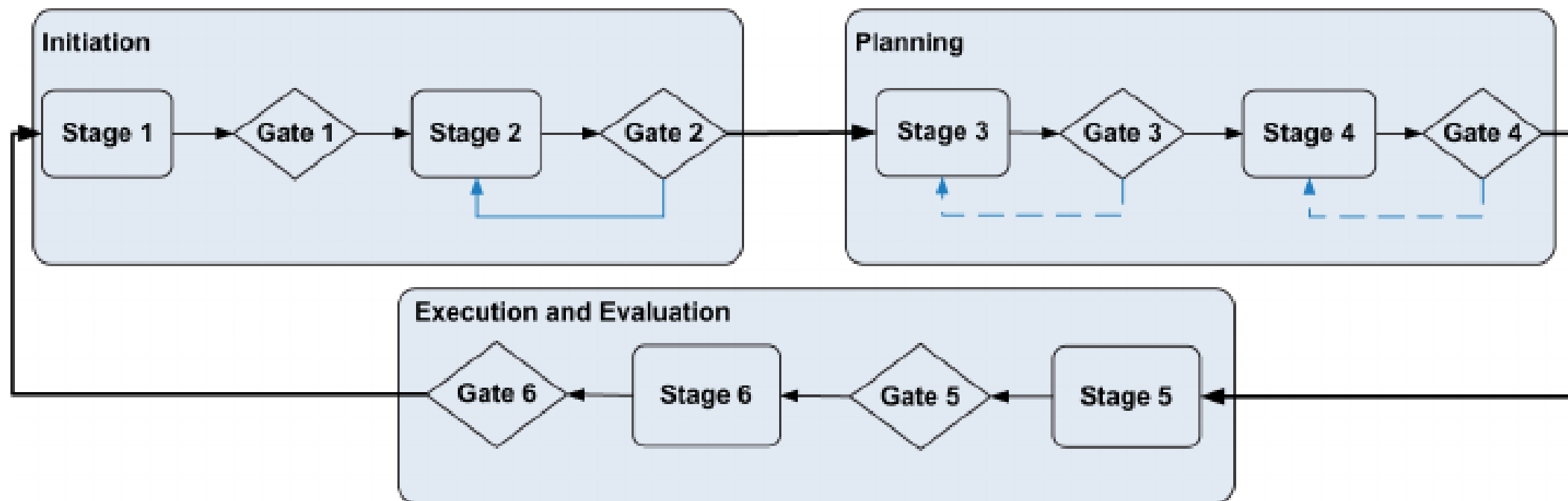
Scoping

Build Business Case

Development

Testing & Validation

Launch



Initiation

Stage 1: Opportunity spotting and identifying value enhancing technologies

Gate 1: Confirming identified technologies

Stage 2: Focused technology search

Gate 2: Project confirmation

Planning

Stage 3: Negotiation

Gate 3: Finalizing and approving agreement

Stage 4: Preparing a TT project implementation plan

Gate 4: Approving implementation plan

Execution and Evaluation

Stage 5: Implementing TT

Gate 5: Implementation audit

Stage 6: TT impact assessment

Gate 6: Developing guidelines for post-TT activities

- Stage 0 - Discovery:** Activities designed to discover opportunities and to generate new product ideas.
- Stage 1 - Scoping:** A quick and inexpensive assessment of the technical merits of the project and its market prospects.
- Stage 2 - Build Business Case:** This is the critical homework stage - the one that makes or breaks the project. Technical, marketing and business feasibility are assessed resulting in a business case which has three main components: product and project definition; project justification; and project plan.
- Stage 3 - Development:** Plans are translated into concrete deliverables. The actual design and development of the new product occurs, the manufacturing or operations plan is mapped out, the marketing launch and operating plans are developed, and the test plans for the next stage are defined.
- Stage 4 - Testing and Validation:** The purpose of this stage is to provide validation of the entire project: the product itself, the production/manufacturing process, customer acceptance, and the economics of the project.
- Stage 5 - Launch:** Full commercialization of the product - the beginning of full production and commercial launch.

The structure of each stage is similar:

- **Activities:** The work the project leader and the team must undertake based upon their project plan.
- **Integrated analysis:** The project leader and team's integrated analysis of the results of all of the functional activities, derived through cross-functional interaction.
- **Deliverables:** The presentation of the results of the integrated analysis, which must be completed by the team for submission to the gate.

Stages



Activities



Analysis



Deliverables

The structure of each gate is similar:

- **Deliverables:** Inputs into the gate review - what the project leader and team deliver to the meeting. These are defined in advance and are the results of actions from the preceding stage. A standard menu of deliverables is specified for each gate.
- **Criteria:** What the project is judged against in order to make the go/kill and prioritization decisions. These criteria are usually organized into a scorecard and include both financial and qualitative criteria.
- **Outputs:** Results of the gate review. Gates must have clearly articulated outputs including: a decision (go/kill/hold/recycle) and a path forward (approved project plan, date and deliverables for the next gate agreed upon).

Gates



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Deliverables

Criteria

Output

Stage-Gate delivers tremendous impact:

- **Accelerates speed-to-market**
- **Increases likelihood of product success**
- **Introduces discipline into an ordinarily chaotic process**
- **Reduces re-work and other forms of waste**
- **Improves focus via gates where poor projects are killed**
- **Achieves efficient and effective allocation of scarce resources**
- **Ensures a complete process - no critical steps are omitted**

Development of a Marketing Plan

- **Preliminary investigation**
- **Detailed investigation**
- **Development**
- **Testing & Validation**
- **Full Production**
- **Market Launch**

Stages in the Game Plan

Idea

Idea generation
Initial screening (Gate 1)

1. Preliminary Investigation

Preliminary market, technical
& financial assessments

2. Detailed Investigation

Build business case
User needs-and-wants studies
Competitive & market analyses
Concept tests
Detailed technical assessment

Corresponding Marketing Planning Activities

First Cut AT:

- Marketing objectives
- Size-up of market
- Defining target market
- Defining product concept & strategy
- Assessing market & sales potential

Define Precisely:

- Target market & positioning
- Product benefits
- Product requirements & features
- Expected sales

First Cut AT:

- Preliminary Marketing Plan

3. Development

**Product Development
Iterations with customers
Develop test, marketing
& production Plans**

4. Testing & Validation

**Full customer tests
Test market
Trial Production**

5. Full Production &

6. Market Launch

**Implement production
and marketing plans**

Initial Customer Feedback:

- Rapid prototype-and-test with customers

Develop Supporting Elements of Plan:

- Pricing
- Advertising & promotion
- Customer service
- Sales force & distribution

Test the Marketing Plan:

- Product tests with customers (to validate product & confirm purchase intent)
- Test market or trial sell
- Revise & modify product & supporting elements of marketing plan
- Finalise product and marketing plan

Implement Marketing Plan

Measure, Control, and Adjust Plan

Preliminary investigation:

A quick investigation and scooping of the project. The first decision to go ahead with the project: The initial commitment of resources. Even if this decision is taken in the very first step the consequences are important because if it is rigorous it could reject possible success and if the contrary the accepted products would suppose wasting of resources. New product success or failure is largely decided “in the first few plays of the game”

The First Phase: Conduct Preliminary Investigation



The **objective** of this phase is to conduct a preliminary analysis, propose alternative solutions, describe costs and benefits, and submit a preliminary plan with recommendations.

1. **Conduct the preliminary Analysis**
2. **Propose alternative solutions**
3. **De scribe the costs and benefits**
4. **Submit a preliminary plan**

A preliminary market assessment

- A quick and dirty assessment of the marketplace possible market acceptance and competitive situation largely non-scientific and relying principally on in-house sources. This facet of Stage 1 involves a variety of relatively inexpensive activities: a library search, contacts with key users, focus groups, and even a quick concept test with a handful of potential users. In this phase the Intelligence Business (Technology watch) plays a very important role gathering information from the market tendencies. It is made relying principally on in-house sources. The purpose is to determine market size, market potential, and likely market acceptance.

Preliminary technical assessment

Aims to establish preliminary rough technical and product performance objectives, a very preliminary technical feasibility study and pinpoint possible technical risks. The assessment is carried out, involving a quick and preliminary in-house appraisal of the proposed product. Addressing questions such as “can the product be developed? How? Can it be manufactured? Based largely on discussions, in-house sources and some literature work. The purpose is to assess development and manufacturing feasibility, possible times and costs to execute and possible technical, legal, and regulatory risks and roadblocks

Preliminary Financial assessment.

Following preliminary technical and market assessment comes the preliminary or first-pass business and financial assessment. At this early stage, estimates of expected sales, costs, and investment required are likely to be highly speculative and largely conjecture.



Detailed investigation

- This stage is a detailed investigation procedure, which clearly defines the product and verifies the attractiveness of the project prior to heavy spending. It is also the critical homework stage the one found to be so often weakly handled.
- In this stage we must fulfil a Marketing research: detailed market studies such as user needs-and-wants studies, concept tests, positioning studies and competitive analysis; involves considerable field work and interviews with customers.

The second Stage has three main components:

- definition
- justification
- project plan

Definition

- This answers the “**what and for whom?**” questions.
- The protocol or product definition includes:
 - definition of the target market: exactly who the intended users are in a precisely manner
 - description of the product concept and benefits to be delivered.
 - delineation of the positioning strategy and
 - a list of the product’s features, attributes, requirements, and specs (prioritized: “must have” and “would have”)

Justification

This second component answers the “**why?**” question.

That is, why should your company invest in this project? This question boils down to review of business, financial, profitability and risk considerations.

Project Plan

Answers the question “**how and by whom?**”. It lays out the plan of action from development through to launch, usually in the form of a time line or perhaps critical path plan. Resources required- money, people and equipment- are also spelled out.

The means -End Link that determines Product value

