

Value Genesis: Product Innovation Produces Differentiation in Commoditized Market

Client: Fortune 500 World-class producer of petrochemicals and consumer products

Challenge: The client was an established leader in a class of household consumable products. Due to a variety of market forces, including basic patents expiring and availability of less expensive manufacturing equipment, the product offering was rapidly becoming highly commoditized. The market share for the client's product line was being eroded by a large number of new competitors, particularly generics. The client needed to develop a new family of products, based on their core technologies to rapidly differentiate their product line from the commodity items.

Diagnosis: The client possessed a strong understanding of the manufacturing of their product and the processing of the base materials. With this came a strong set of patents and other intellectual property. To date, the client had focused on addressing only the most basic needs of the customer and had treated their customer-base as a single market. Furthermore, there was a large number of unidentified and unaddressed customer needs that the client could leverage to produce additional value. In summary, the client was not taking advantage of opportunities to differentiate their product, and elevate it above the commodity offerings.

Methodology: Product Genesis began with a review of the existing products and associated manufacturing processes. Additionally, the client's intellectual property was mined for other available technologies and techniques. Working with this information and client personnel, a solid understanding of the client's process capabilities was established.

Working with commercial and consumer users, a set of needs around the product offering was developed. Through both observational and individual interview techniques, a large number of latent needs were identified, and the known but inadequately addressed needs were catalogued.

Building on the process knowledge and understanding of the customer needs, Product Genesis conducted concept development. The focus of this activity was addressing the identified customer needs by making use of available VOC methods and technologies. The concept development was conducted using a number of parallel paths. An extensive series of group concept development sessions was conducted. Participating in the sessions was a mix of internal personnel, client representatives, academic experts, and individuals from related industries. This was bolstered with individual concept development and exploration of products and techniques from competitors and other industries.

Making use of criteria developed with the customer, the concepts were documented and analyzed, and based on the analysis, a number of leading concepts were down-selected. Along with the identified concepts, key markets with significant unmet needs were highlighted. Working with the client, a roadmap was developed for evaluating the selected concepts and markets. The client

implemented this roadmap, first evaluating the size and quality of the opportunity for each of the identified markets, and then pursuing the most suitable and financially viable concepts.

Results: The Value Genesis process helped the client develop a technology and capabilities portfolio that differentiated their product line from the generic offerings that had inundated the market, allowing their product line to be sold at a premium. Additionally, the client was able to rapidly introduce products that met the specific needs of targeted markets.

Building on the portfolio of concepts and an improved understanding of the needs of the customer, the client was able to confidently invest in new manufacturing technologies and product variants to further differentiate themselves from the bulk of the market, establishing them as the leader in the market with superior margins and profitability.

