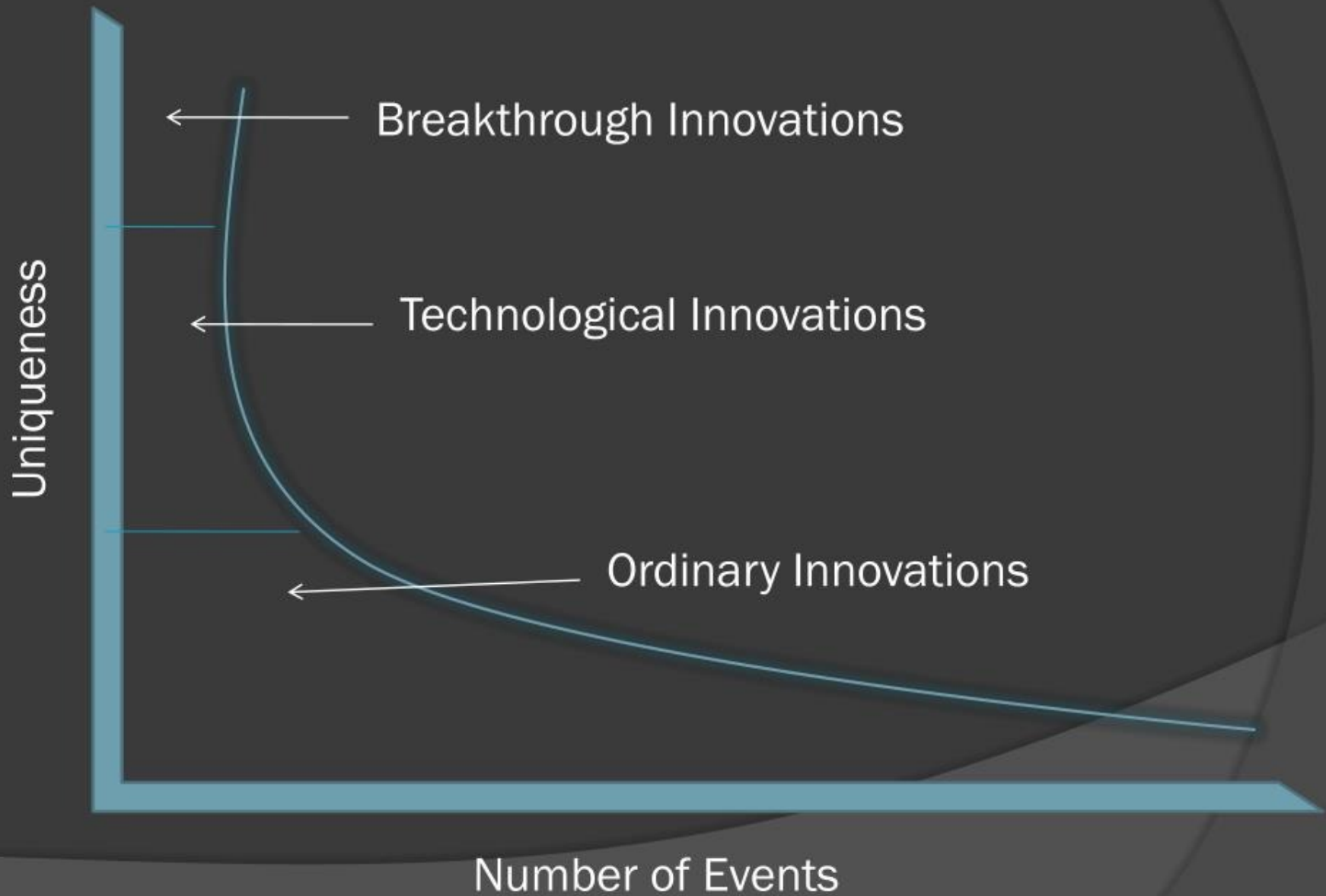


Types of Innovation



2. The Market and the Opportunity

- ⦿ This section focuses on the **size and characteristics of the market.**
- ⦿ Market trend must be studied over the period of 3 years to understand **overall market, industry, market segments and target market.**
- ⦿ Size refers to of **number of large and small companies?**
- ⦿ Characteristics refers to **geographical dispersion, response time, no of entrants every year etc.**

Opportunity Analysis Plan

A typical opportunity analysis plan has four sections

- A description of the idea and its competition
- An assessment of the domestic and international market for the idea
- An assessment of the entrepreneur and the team
- A discussion of the steps needed to make the idea basis for a viable business venture



OPPORTUNITY ANALYSIS

4. The Next Steps

- The final section of the opportunity analysis plan delineates the critical steps that need to be taken to make the idea a reality in the market.
- The steps needed to be identified and put in sequential order, and the time and money needed for each step needs to be determined.
- Entrepreneur must keep in mind that usually entrepreneurs underestimate time and cost by 30 percent.

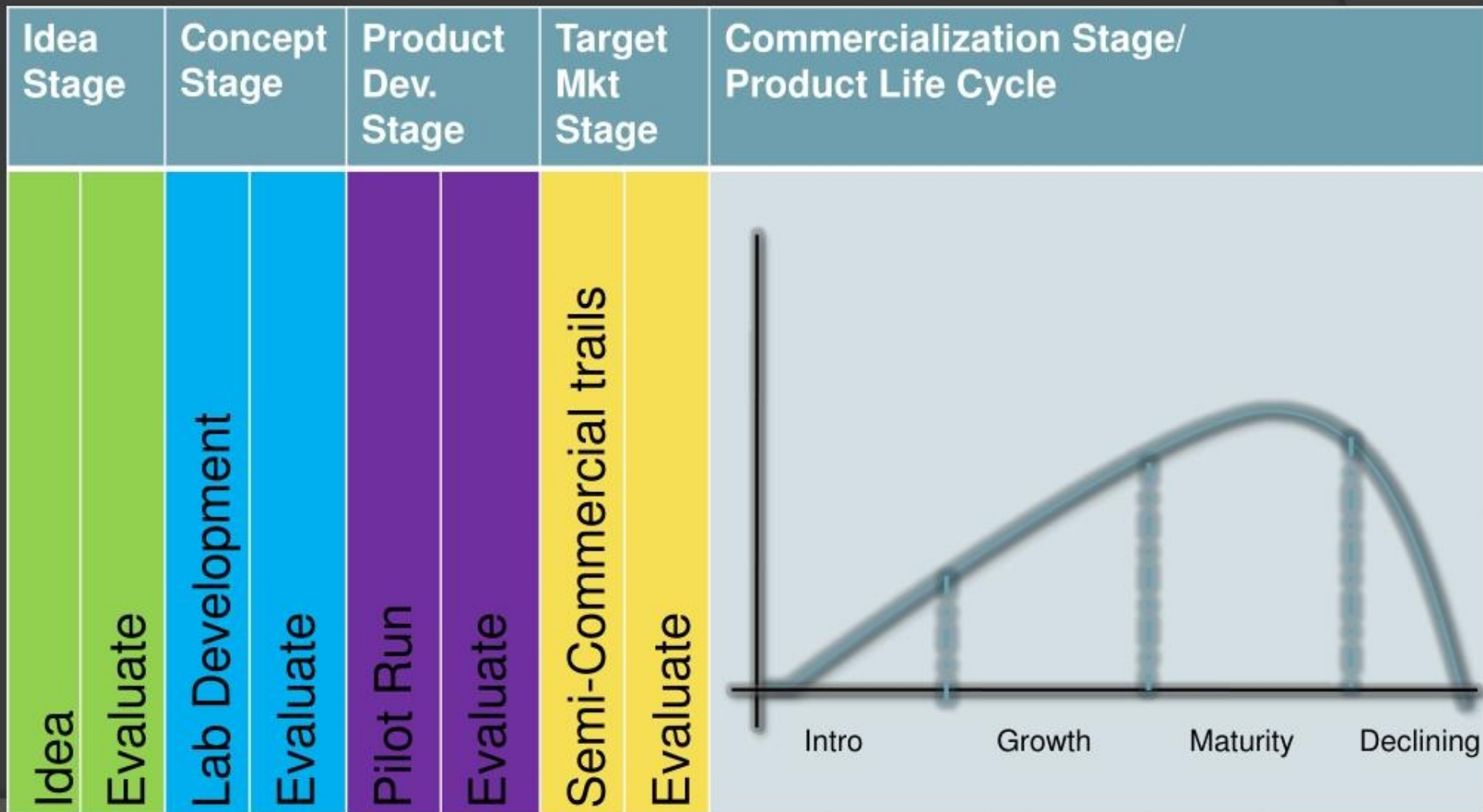
2. Concept Stage

- Favorable and unfavorable product features can be discovered by analyzing consumer responses.
- Features, Price and promotion can be evaluated for both the concept and major competing product in market.
- Following questions can;
 - How does new concept compare with existing competitive product in terms of quality and reliability?
 - Is this a good market opportunity for the firm?
 - Is the concept superior or deficient compared with existing products in market?

3. Product Development Stage

- In this stage consumer response to physical product is determined.
- Consumer Panel is one of the most frequent tool used in this stage where a group of potential consumers are given product samples.
- These participates keep the record of their use of the product and comment on the virtues and deficiencies.
- This technique is more applicable for product idea and works for only some service ideas.
- Panel of potential customers can be given a sample product and one or more competitive products simultaneously, this sometime make the comparison easier and comprehensive.

Product Planning and Development Process



2. Concept Stage

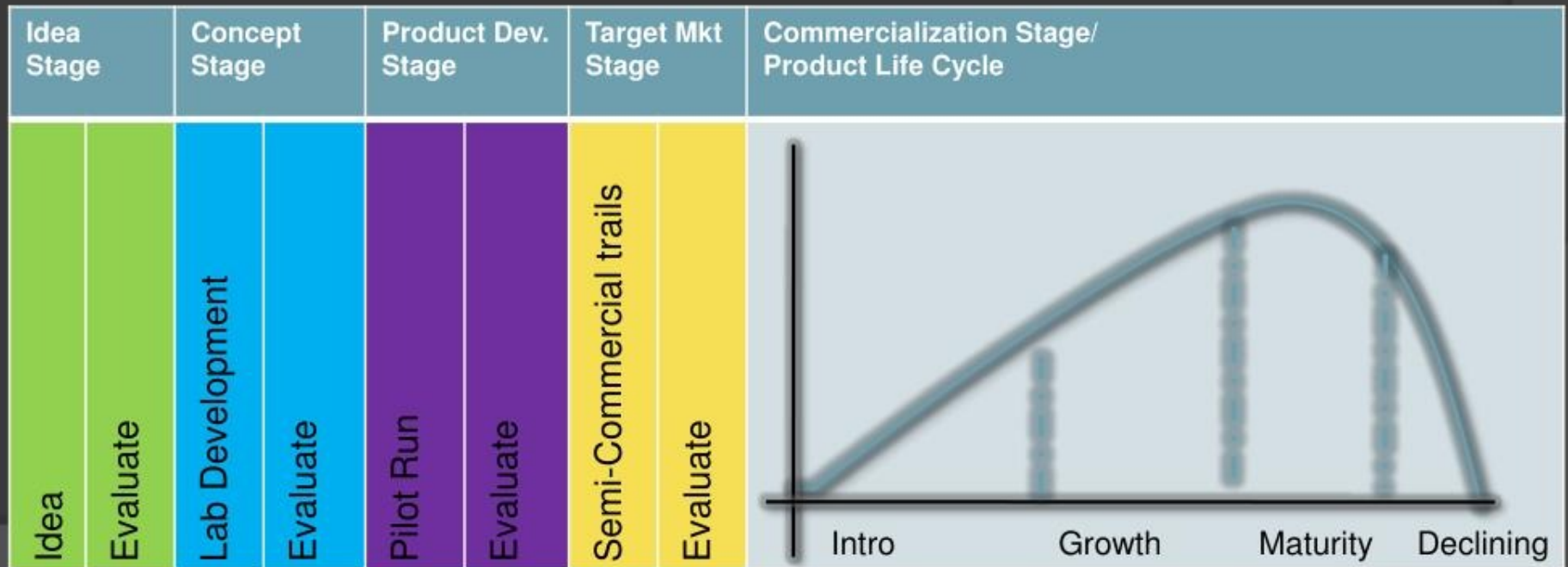
- In this stage the product idea is further developed and refined through consumer interaction.
- The Concept Stage is tested to ensure Consumer Acceptance.
- Initial reactions to the concept are obtained from potential consumers or members of distribution channels.
- Conversational Interviews is one of the most common method to measure consumer acceptance.
- Selected respondents are exposed to statements that reflect the physical characteristics and attributes of the product.
- New product idea is also compared with existing products.

3. Entrepreneur & Team Assessment

- ⦿ The focus is on assessment of **Entrepreneur and his team.**
- ⦿ At least one person on the team must have **experience in the industry area of the market.**
- ⦿ This section of the opportunity analysis plan is usually smaller than the previous two sections.
- ⦿ It allows the entrepreneur to determine if indeed he is really suited to successfully move his idea into the market.

5. Commercialization and Product Life Cycle Stage

- Stage when the market is actually advertised and launched in the market.
- Mass production is started.
- Product, that was once an idea is now introduced in the market and then it goes through every stage from introduction to Decline.



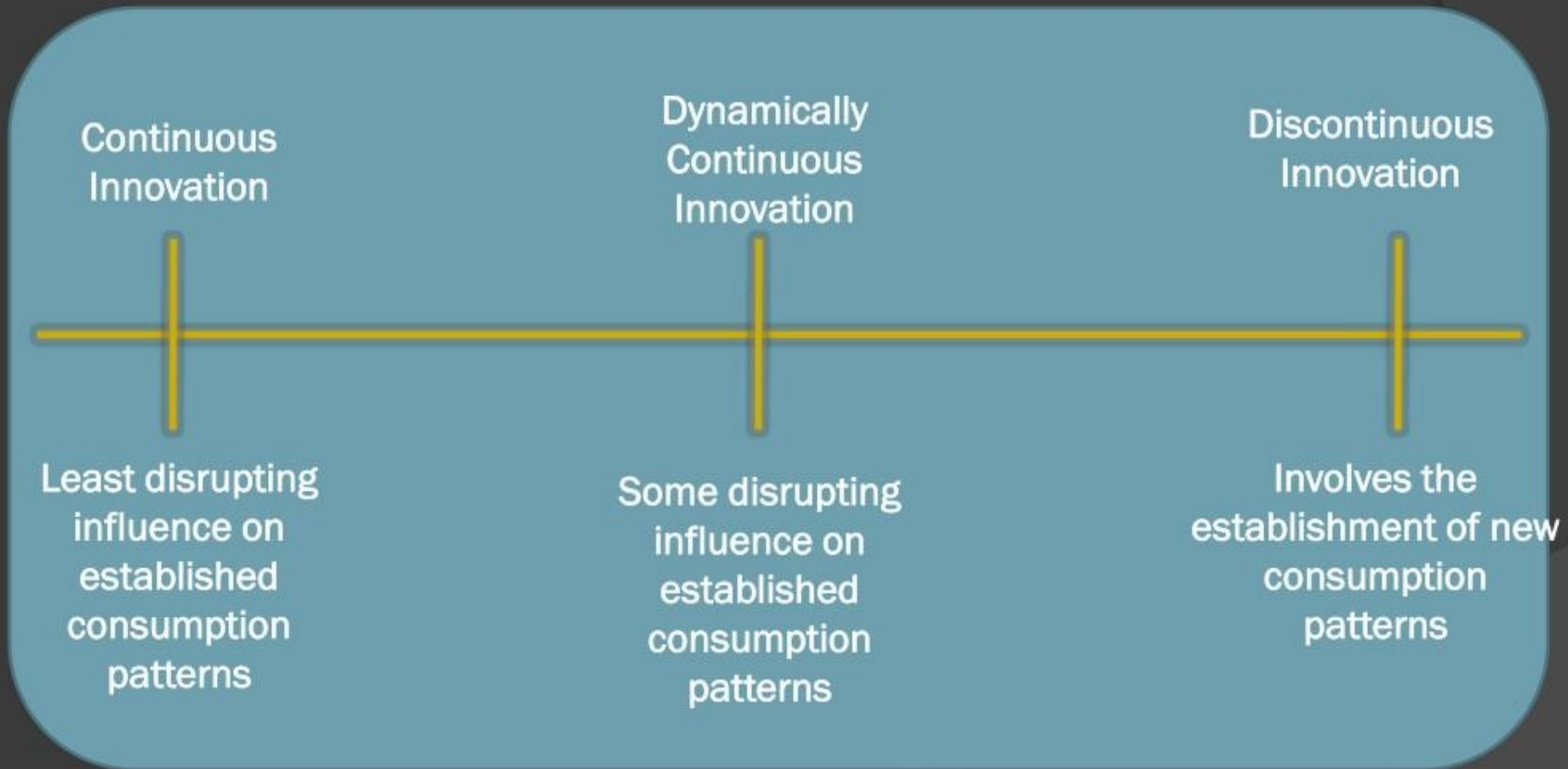
Types of Innovation

- **Breakthrough Innovation:** The fewest innovations are of breakthrough types. These extremely unique innovations establish a platform for further innovations in future.
- **Technological Innovation:** Occur more frequently, meaningful achievements offering advancements
- **Ordinary Innovation:** Most frequent, extensions of technological innovations, provides a better product or service from the previous one.

Establishing Evaluation Criteria

- At each stage of the product planning and development process, Criteria for evaluation need to be established.
- These criteria should be all-inclusive and quantitative enough to screen the product carefully in the particular stage of development.
- Criteria should be established to evaluate the new idea in terms of market opportunity, competition, the marketing system, financial factors and production factors.
- Entrepreneurs need to be concerned with formally evaluating an idea throughout its evolution.

Consumer's View Point



Continuum for Classifying New Products

Classification of New Products

- ① New products may be classified from the viewpoint of either the consumer or the firm.
- ② Both point of views should be analyzed by the entrepreneur since both the *ability to establish and attain product objectives* and *consumer perception of these objectives* can determine the success or failure of any product

4. Test Marketing Stage

- Although the results of the product development stage provide the basis of the final marketing plan, a market test can be done to increase the certainty of successful commercialization.
- This step provides the actual sale results, indicating acceptance level of consumers.
- Positive test results indicates the degree of probability of a successful product launch and company formalities.

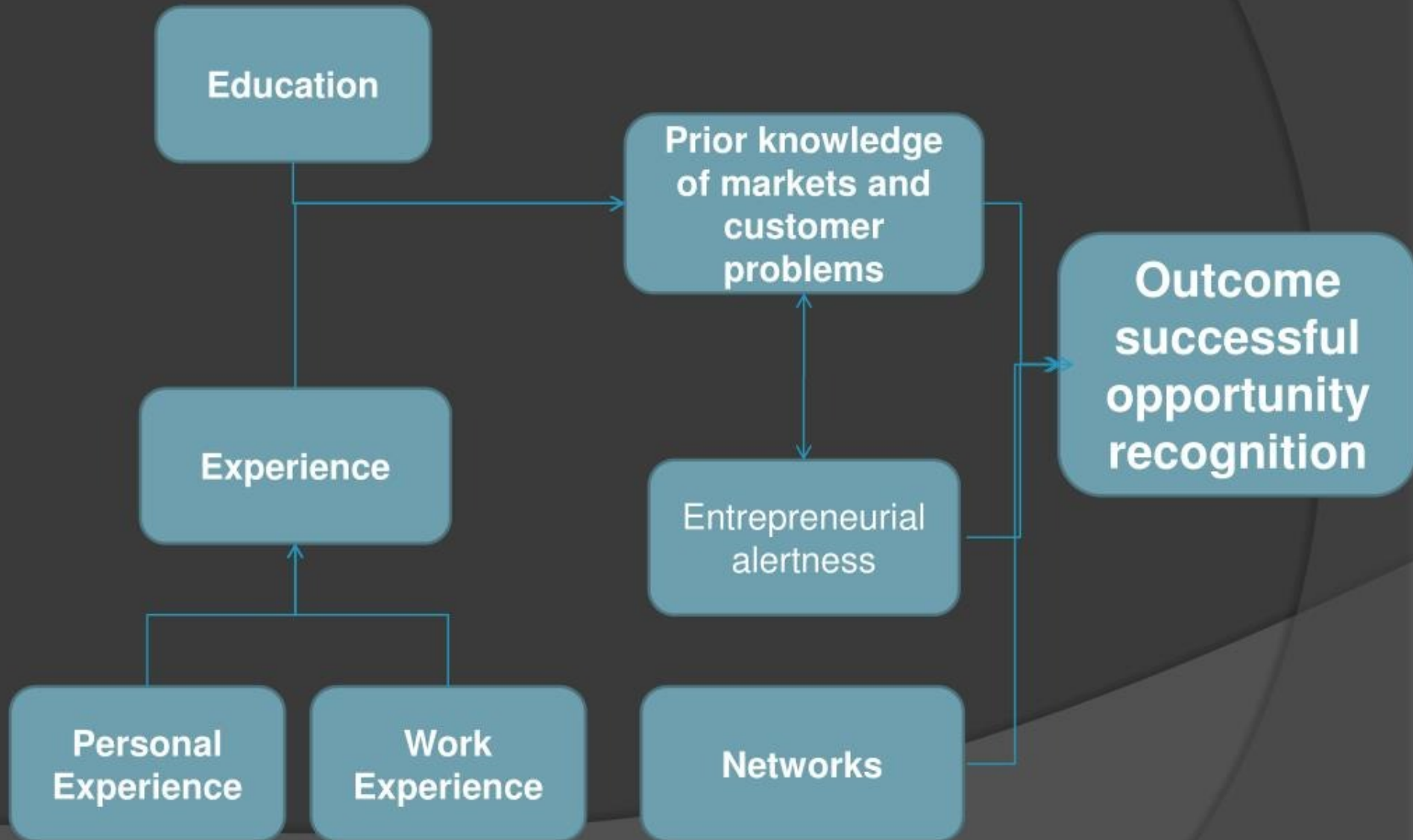
Opportunity Recognition

- A business opportunity represents a possibility for the entrepreneur to successfully fill a large enough unsatisfied need that results in large sales and profits.
- Entrepreneurs who have the ability to recognize meaningful business opportunities are in a strategic position to successfully complete the product planning and development process and successfully launch the new product.

Opportunity Analysis Plan

- ⦿ Each and every innovative idea should be carefully assessed by the entrepreneur.
- ⦿ One good way to do this job is *Opportunity analysis plan*.
- ⦿ Opportunity Analysis Plan is **not** Business Plan , as it focuses on the *idea* and the *market for the idea*.
- ⦿ It also is shorter than a business plan and does not contain a formal financial statement of the venture.

Opportunity Recognition Model



1. Idea Stage

- Identifying ideas that are promising and impractical ideas are eliminated allowing the maximum use of company resources.
- *Systematic Market Evaluation Checklist:* Idea is expressed in terms of chief values, merits and benefits. *Consumers survey is conducted*
- Several new ideas can be tested through similar method.
- This help in avoiding the waste of organizational resources on the ideas that are incompatible with market needs.
- It is also helpful in determining potential needs of market, timing, satisfaction, alternatives, benefits and risks, future expectations, price versus product performance features, market structure and size and economic conditions.

Product Planning and Development Process

- Once the idea is generated, it needs further development and refinement.
- This refinement process is called--*The Product Planning and Development Process*.
- The Process is divided into five stages; *Idea stage, Concept stage, Product development stage, Test marketing stage and Commercializing*
- The process results in the start of *Product Life Cycle*

1. The Idea and Its Composition

- The section focuses on the *idea itself*
- A *prototype* of the product is helpful in understanding all its aspect and features.
- The new product should be compared with at least 3 competitive *products of similar market*.
- The analysis will result in a description of how it is different and unique and will indicate *Its Unique Selling Proposition (USP)*
- *If the product does not have 3-5 USP then entrepreneur will need to examine whether or not the idea is unique enough to compete the market.*

Firm's View Point

Technology Newness 

Market Newness 

Product Objectives	No Technological Change	Improved Technology	New Technology
No Market Change		Reformation Change in formula or physical product to optimize cost and quality	Replacement Replace existing product with new one based on improved technology
Strengthened Market	Remerchandising Increased sales to existing customers	Improved Product Improve product utility to customers	Product life extension Add more similar products, more customers
New Market	New use Add new segments that can use existing products	Market extension Add new products modifying present products	Diversification Add new market with new product developed from new technology

New Product Classification System