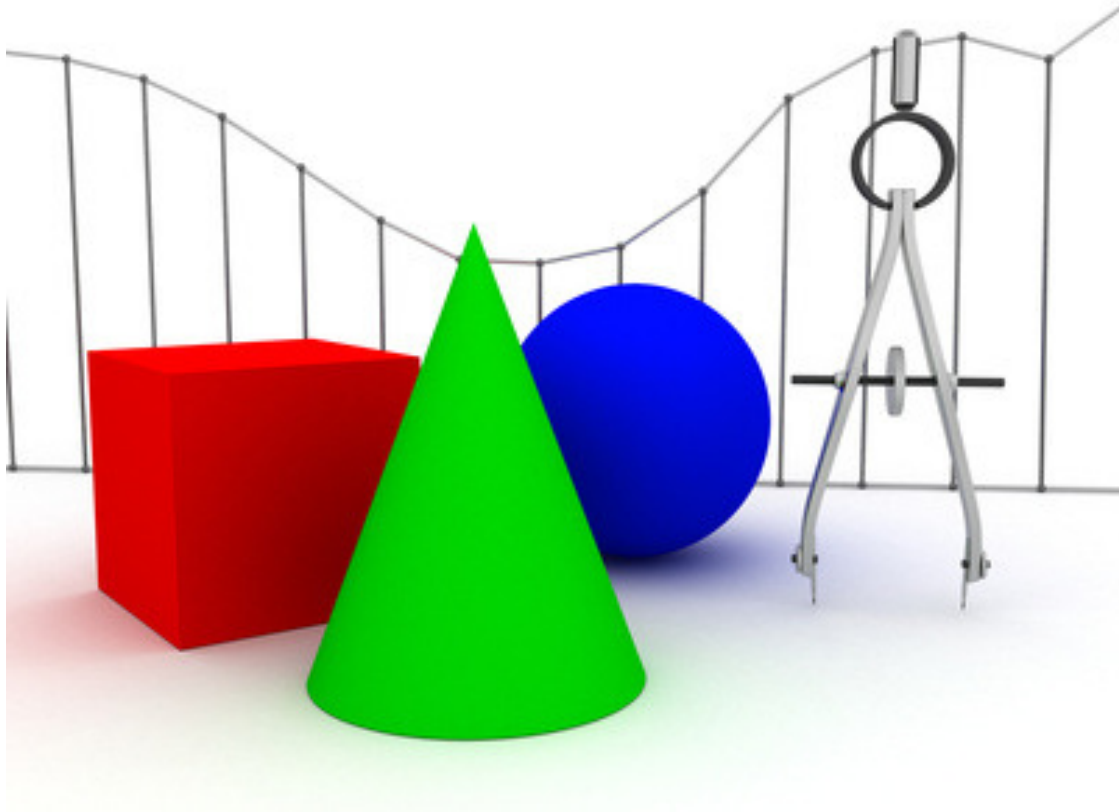


Product Development For The Smaller Business



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Yes it must be done!

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Effective Products

The life-blood of a business is an effective product line. Yet, many businesses are “one trick ponies”. This is especially true of smaller businesses. Little work is actually put into rejuvenating older products or adding new ones. When that one product reaches the end of its life-cycle, well, that’s it for the business. It is often a slow death with all the progressive symptoms, including more and more competition, loss of market share and lower and lower profit margins. It gets harder and harder for these businesses to stay afloat.

Efficiencies are Not Enough

Business owners and managers fondly remember the old days when the product was new and everybody wanted it; and they rationalize; its the economy, the employees, bad marketing and sales, or something else that is keeping sales down. They fire and hire, they install new sales people and more sales people, they take out larger and larger credit lines and they hire consultants to come in and improve efficiencies. But, improving the symptoms of the problem never solves the root problem; and having the most amazing and efficient electronic buggy whip company will never make that product what it once was.



Benefits of Market Research

It is difficult for small and medium size businesses to spend resources on market research and product development when they are so busy with the day-to-day business of keeping customers satisfied and keeping their company afloat. This type of “future thinking” investment seems frivolous in the light of the daily grind. After all, caring for current customer needs is what puts the bread and butter on the table. “It has always worked in the past and it will work in the future.” These older wiser business owners have decades of experience in this market; what could anyone tell them that they don’t already know about this market?

Change is Tough!

Well, it is tough to change but having an effective product line is the most essential part of a business. Effective products are those that solve a problem or pain for a certain group of people better than the competition. This is what marketing and business overall is about; solving problems for people. When products stop doing that businesses lose customers and don’t gain new customers. A business without customers is out of business!

Product Development

There are many headings under which product development is found including marketing, innovation, corporate development, mergers and acquisitions, research and development and many others. What it boils down to is identifying a niche market problem or pain and producing and/or delivering a product that solves that problem or pain.

How to Identify a Niche and Problem

How can you identify a market niche with a problem? Surprisingly most business owners and managers have meetings, brainstorming sessions and planning groups who throw out ideas about great new products without considering the market at all. Having an interesting or flashy product isn't the answer. No matter how interesting or novel your new product idea is, if it doesn't solve some niche groups problem better than other products it won't work. Nevertheless, this is the most common product development process for small a medium size businesses when they bother with product development at all.



The starting point is to get data on the existing overall target market and then drill down. Get more facts about smaller segments of the larger market and what their problems and pains are. There are several ways to get market research information but it is important not to use a limited perspective. Objectivity is the key. Most business owners and managers believe that because of their years of experience they know everything they need to know about the market. This is a huge mistake and all too common. Objectivity comes from outside not inside the business. The problem for smaller businesses again is the cost. Market surveys, focus groups and market research reports are often costly and time consuming. This gets back to the problem of limited resources.

Market Research with Limited Resources

There are ways to do market research with limited resources though. Some examples are; on-line survey tools, email surveys, in-house surveys, low cost research reports, trade publication reports, consumer publication reviews of products and even reports from product manufacturers. There are business consultants that can help with this type of research and a market research program for your company.

Identify the Right Product

Once you have identified the market, market niche and problem/pain area its time to identify the right product to fix it. You now have some choices to make.

Choices:

1. Current product add-ons
2. New product offerings (new to your company)
3. Re-design current product

Existing product options (Existing at other companies):

1. Affiliate Programs
2. Reseller Programs
3. White Label Programs



Marketing

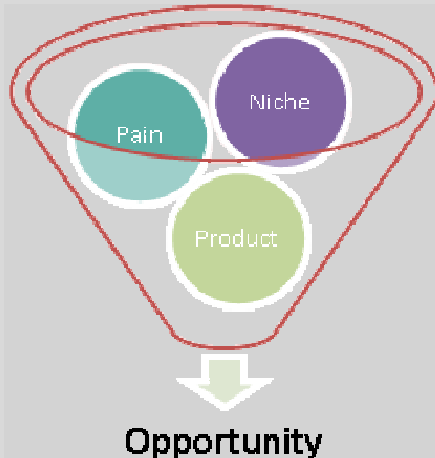
Finally when you have identified your niche market and you have identified your new or updated product you will have to produce it or arrange for production and then market it. This paper doesn't deal with production or production arrangements so I'm going to move on to marketing.

Its great to have a new product or improved product but if the right niche market doesn't know about the product it is for nothing. Remember the whole idea is to design a product that serves a particular group of people. You will need to connect to them again to let them know you have what they want and need. This is target marketing.

You will want to strongly consider new forms of marketing available today. I'm talking about social network marketing. This is a big deal now days and more and more people are using the internet to research their purchase decisions and to actually purchase products. Most small business owners and managers just don't seem to have the time to devote to social networking. Sites like Twitter, Facebook and LinkedIn can become all-consuming if you aren't careful. There are alternatives to getting sucked into this vortex though, and still reap the benefits of social marketing. You may want to use some traditional marketing too; like direct mail, email blasts and telemarketing to reach your niche market. Also, remember that marketing isn't sales but the technique of identifying an opportunity for a sale.

Marketing Program

You're going to want to develop a Marketing System or Program that you can continuously improve. It will be important to measure the results you are getting compared to metrics that are important to your business. You can then make changes in the program to improve it over time. Marketing is a long term process and results are not often gained immediately.



Marketing Help

Many small and medium size companies don't have the resources to have a full time marketing department on staff complete with all the special areas that are required for a great program. After all you probably don't repair your own car or do your own dental work; you hire experts to do that for you since it would be too costly to learn all that is required while keeping your own business running. If this is your situation you can hire a qualified consultant and outsource specialty areas to experts. The returns will be many times the investment.

Summary

We have gone through the overall product development system in a summarized way. There will be many details to attend to get a program together that really works for your company. Each industry and company is different so programs should be designed for what you are doing and for your market.

Below is a review of the major components recommended for a complete program. Again, these are general areas and there are several levels of details that you will want to add with your team.

Complete Program.

1. Identify a niche market and their specific problem or pain.
2. Identify a product or product update that solves the pain better than the competition.
3. Develop a production or supply program
4. Develop the marketing program
5. Get consulting help

Product Development Program



For product development help contact WinningAdvantage at www.productplug-in.com or call 856-817-6231. You can also go to www.winning-advantage.com.