

Product Analysis and Development

Prepared by Dr. Aya Mohamed

Lecture 3

ENT 614

Product Analysis (Part Two)



In the previous Lecture

Product analysis (Part One)

- The Definition of the product and its characters
- The Definition of Product Analysis?
- The Importance of Product Analysis
- Examining the Difference Between Product Screening and Product Analysis
- What Is the Difference Between Customer Analysis and Product Analysis?
- Difference Between Lead Analysis and Product Analysis
- Different Methods of Product analysis

Product Analysis Part two

- • Product Analysis Methods
- • Competitive Product Analysis
- • Why Is a Competitive Product Analysis Critical?
- • How To Write a Product Analysis Report?

The most popular product analysis methods:

1. KJ method
2. SWOT analysis
3. Value chain analysis
4. PESTLE analysis
5. Business model canvas
6. Competitive product analysis

SWOT analysis

- SWOT stands for **strengths, weaknesses, opportunities, and threats**.
- The SWOT matrix can help you make decisions about what to do next.
- It can also help you understand how your competitors operate.
- The advantage of using SWOT analysis is that it helps you understand a product by looking at its **positive** and **negative** aspects

SWOT Analysis is a tool that can help you to:

- 1- analyze what your company does best now,
- 2- devise a successful strategy for the future.
- 3- uncover areas of the business that are holding you back,
- 4- what your competitors could exploit if you don't protect yourself.

A SWOT analysis examines both **internal** and **external** factors

How it looks like

A SWOT matrix is a 2x2 grid, with one square for each of the four aspects of SWOT.

Strengths

What do you do well?
What unique resources can you draw on?
What do others see as your strengths?

Weaknesses

What could you improve?
Where do you have fewer resources than others?
What are others likely to see as weaknesses?

Opportunities

What opportunities are open to you?
What trends could you take advantage of?
How can you turn your strengths into opportunities?

Threats

What threats could harm you?
What is your competition doing?
What threats do your weaknesses expose to you?

SWOT analysis

Strengths are things that your organization does particularly well, or in a way that distinguishes you from your competitors.

Weaknesses, internal features of the organization, with focus on people, resources, systems, and procedures. what you could improve, and the sorts of practices you should avoid.

Opportunities are openings or chances for something positive to happen, usually arise from situations outside your organization

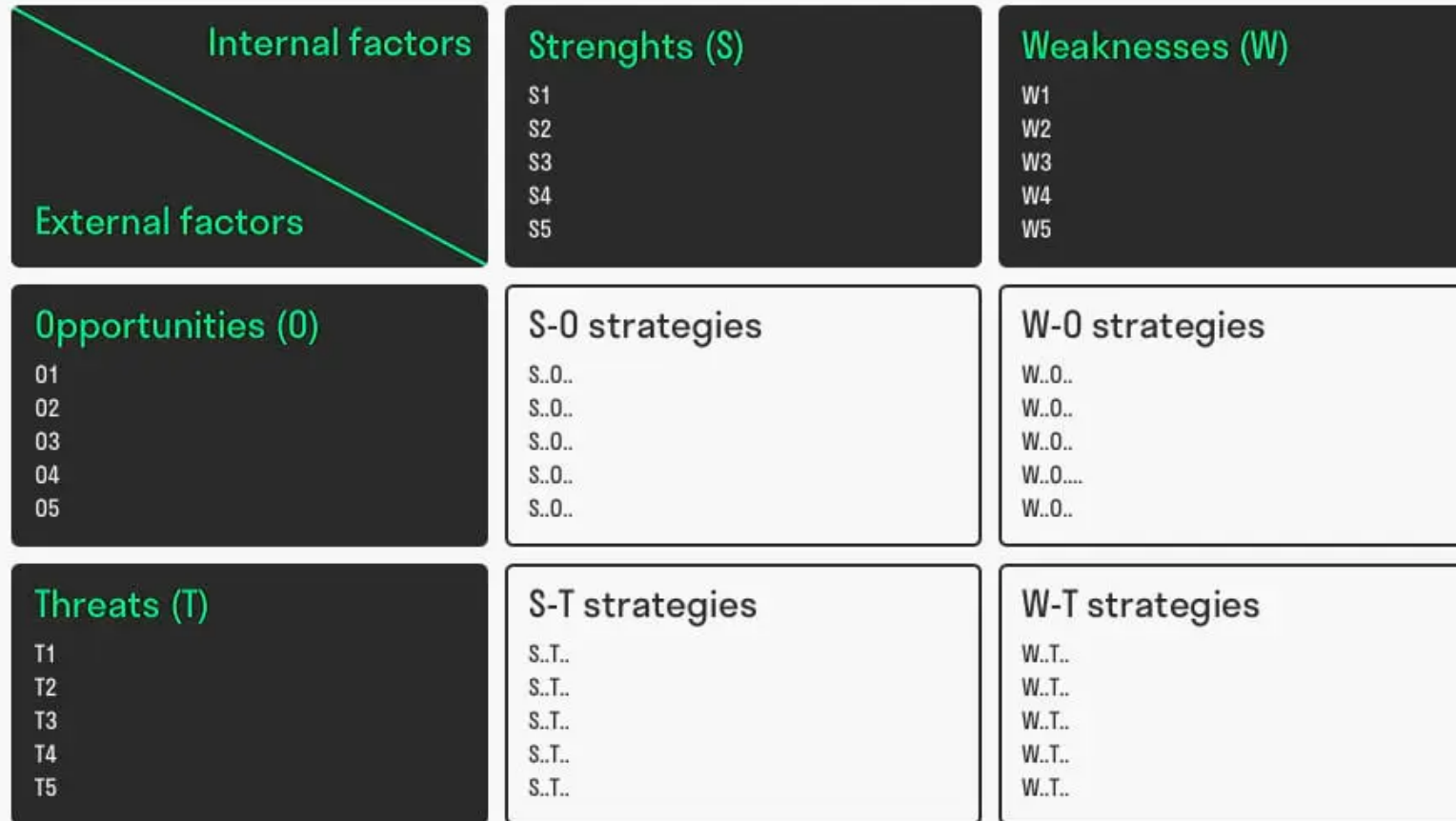
Threats include anything that can negatively affect your business from the outside, such as supply-chain problems, shifts in market requirements, or a shortage of recruits.

SWOT analysis should be followed by TOWS Matrix

- ✓ **Internal Strengths and External Opportunities (S-O)** – how can they use the strengths to benefit from existing external opportunities?
- ✓ **Internal Strengths and External Threats (S-T)** – how can they benefit from their strengths to avoid or lessen (potential) external threats?

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- ✓ **Internal Weaknesses and External Opportunities (W-O)** – how can they use opportunities to overcome the organization's internal weaknesses?
- ✓ **Internal Weaknesses and External Threats (W-T)** – how can they minimise weaknesses and thus avoid potential threats?



Value Chain Analysis

A value chain is a series of consecutive steps that go into the creation of a finished product, from its initial design to its arrival at a customer's door. The chain identifies each step in the process at which value is added, including the sourcing, manufacturing, and marketing stages of its production.

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Importance : A company conducts a value-chain analysis by evaluating the detailed procedures involved in each step of its business. The purpose of a value-chain analysis is to increase production efficiency so that a company can deliver maximum value for the least possible cost.

Value Chain Analysis

- ❑ A value chain is a step-by-step business model for transforming a product or service from idea to reality.
- ❑ Value chains help increase a business's efficiency so the business can deliver the most value for the least possible cost.
- ❑ The end goal of a value chain is to create a competitive advantage for a company by increasing productivity while keeping costs reasonable.
- ❑ The value-chain theory analyzes a **product's five primary activities** and **four support activities**.

Three

Components of a Value Chain

Primary activities consist of **five components**, and all are **essential** for adding value and creating competitive advantage:

1. **Inbound logistics** include functions like receiving, warehousing, and managing inventory.
2. **Operations** include procedures for converting raw materials into a finished product.
3. **Outbound logistics** include activities to distribute a final product to a consumer.
4. **Marketing and sales** include strategies to enhance visibility and target appropriate customers—such as advertising, promotion, and pricing.
5. **Service** includes programs to maintain products and enhance the consumer experience—like customer service, maintenance, repair, refund, and exchange.

Three

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Components of a Value Chain

Support Activities: help make the primary activities more efficient. When you increase the efficiency of any of the four support activities, it benefits at least one of the five primary activities. These support activities are generally denoted as overhead costs on a company's income statement:

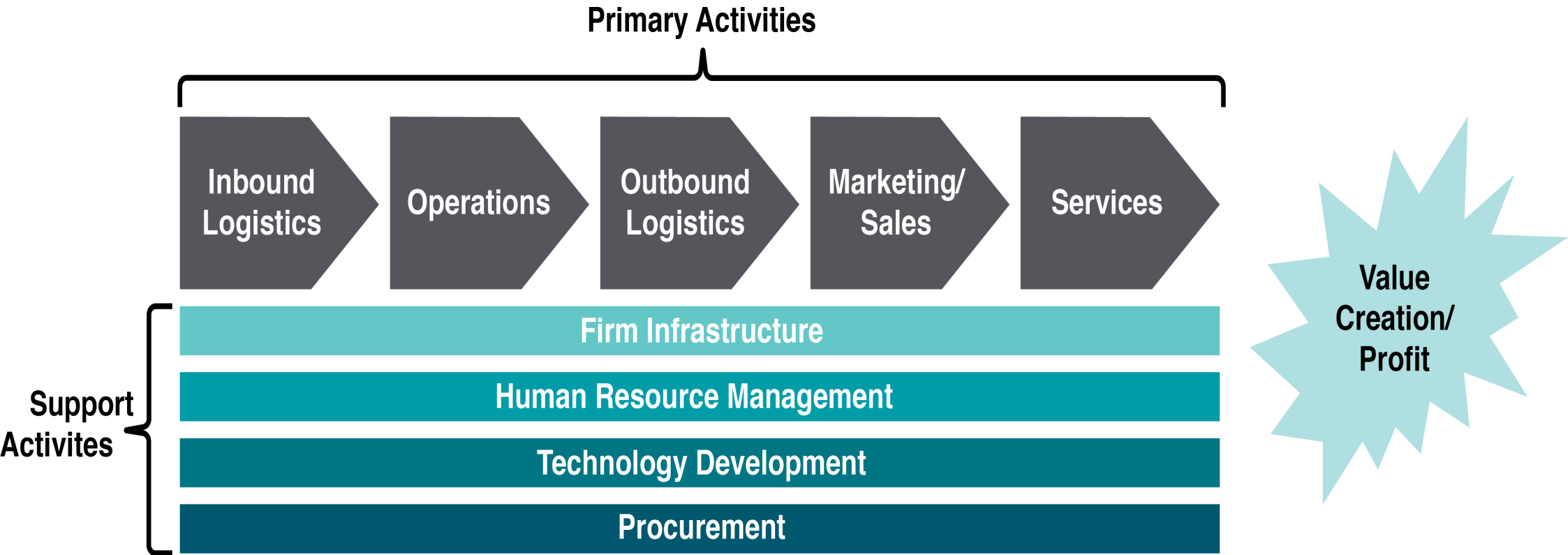
1. **Procurement** concerns how a company obtains raw materials.
2. **Technological development** is used at a firm's research and development (R&D) stage—like designing and developing manufacturing techniques and automating processes.

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2. **Technological development** is used at a firm's research and development (R&D) stage—like designing and developing manufacturing techniques and automating processes.
3. **Human resources (HR) management** involves hiring and retaining employees who will fulfill the firm's business strategy and help design, market, and sell the product.
4. **Infrastructure** includes company systems and the composition of its management team—such as planning, accounting, finance, and quality control.

How it looks like



PESTLE Analysis

PESTLE stands for the **political**, economic, **social**, technological, **legal**, and environmental factors.

This type of analysis is used to understand the external factors that can impact a product. This can help you make decisions about things outside your scope and how to work your way around them.

PESTLE Analysis

A **PESTEL analysis** is a strategic framework commonly used to evaluate the business environment in which a product released.

Traditionally, the framework was referred to as a **PEST analysis**, which was an acronym for Political, Economic, Social, and Technological; in more **recent history**, the framework was extended to include Environmental and Legal factors as well.

PESTLE Analysis

P for Political Factors, those driven by government actions and policies. like:

1. Corporate taxation
2. Other fiscal policy initiatives
3. Free trade disputes
4. Antitrust and other anti-competition issues

E for Economic Factors, economy and tend to be expressly financial in nature. Like:

1. Interest rates
2. Employment rates
3. Inflation
4. Exchange rates

S for Social Factors, shifts in the ways that stakeholders approach life and leisure. like:

1. Demographic considerations
2. Lifestyle trends
3. Consumer beliefs
4. Attitudes around working conditions

T for Technological Factors. Like:

1. Automation
2. How research and development (R&D) may impact both costs and competitive advantage
3. Technology infrastructure (like 5G, IoT, etc.)
4. Cyber security

PESTLE Analysis

E for Environmental Factors, like:

1. Carbon footprint
2. Climate change impacts, including physical and transition risks
3. Increased incidences of extreme weather events
4. Stewardship of natural resources (like fresh water)

L for Legal Factors. Like:

1. Industry regulation
2. Licenses and permits required to operate
3. Employment and consumer protection laws
4. Protection of IP (Intellectual Property)

PESTLE Analysis

Complete the template below to define the most relevant and critical political economic, social, technological, legal and environmental trends. Review the guidance, obtain research and input from key stakeholders and then list the top trends for each area.

P	Political	List issues related to tax, trade, and employment law, regulations and overall stability, all of which are likely to impact your business' activities.	• List Political trends/issues here • •
E	Economic	List factors such as inflation, growth, interest rates, and the unemployment rate.	• List Economic trends/factors here • •
S	Social	List issues such as culture, education, and demographics can influence the viability and development of your products and services.	• List Social trends/issues here • •
T	Technological	List any technological developments, internet use and government-sponsored research and development that should be examined in terms of any potential barriers or advantages for the business.	• List Technological trends/barriers/advantages here • •
L	Legal	List factors that impact current and future legal regulatory requirements of a product. These factors can include laws around consumer protection, labor, health, safety, taxes and trade regulation in the individual countries where the product will be sold.	• List Legal trends/factors here • •
E	Environmental	Include all factors that influence or are determined by the surrounding environment. This aspect is most important for industries such as tourism, farming and agriculture	• List Environmental trends/factors here • •

Business Model Canvas Definition

“A business model canvas is the visual representation of the actual business model. It highlights all the critical strategic factors of a business.”

A business model canvas refers to a short-summarized report including the basic details of the strategy for introducing any product or service to the market.

Why Should You Use a Business Model Canvas?

the business model canvas provides a mission statement for your product roadmap. Use product roadmap software for a better experience!

It acts as a handy reference point to ensure that you always stay right on track and achieve all the strategic goals described in the roadmap.

1. Quicker and easier roadmaps
2. More agility
3. Room to pivot as needed

5. Key Partnerships	6. Key activities	1. Value Proposition	3. Customer relationships	2. Customers
	7. Key resources		4. Distribution channels	
8. Budget cost			9. Revenue streams	

 Vision A brief statement about the product	 Goals The reasons of designing the products	 Key metrics Measures to evaluate the goals	
 Target customer segmentation In the early stage, based on customer demand, you should dig potential users and shift to avid users. Personas should be listed with target customers and groups, their needs, and problems to be solved.	 Unique value proposition Sore points should be shifted into unique selling points and added to extra values. For what you want to expand: upgrade in basic nature or surprising new nature.		 Channels Online channels: social network, searching engine optimization etc. Offline channels: print ads, posters, offline activities (forum, talking sessions, naming concert etc.)
	 Customer need Explore customer need Dig unique functions	 Key resources Internal resources - capital, patents, copyright, and human resources etc. External resources - background resources and relationship etc.	
 Revenue streams Paid downloads, paid testing for advanced features, membership fees, and promotional charge etc.		 Cost structure Fixed costs & Variable costs	

Competitive Product Analysis

Competitive product analysis is studying your competitors and their products to understand how well they meet the needs of their customers

You can learn a lot from the competitor's products, including:

- ❖ What features are included in their product
- ❖ How well do those features meet customer needs
- ❖ How competitive the pricing is for their product
- ❖ What marketing strategies they're using
- ❖ How successful they have been so far

Competitive Product Analysis

Understanding all of this information about your competition, you can decide how to improve their products and provide yourself an edge in the market

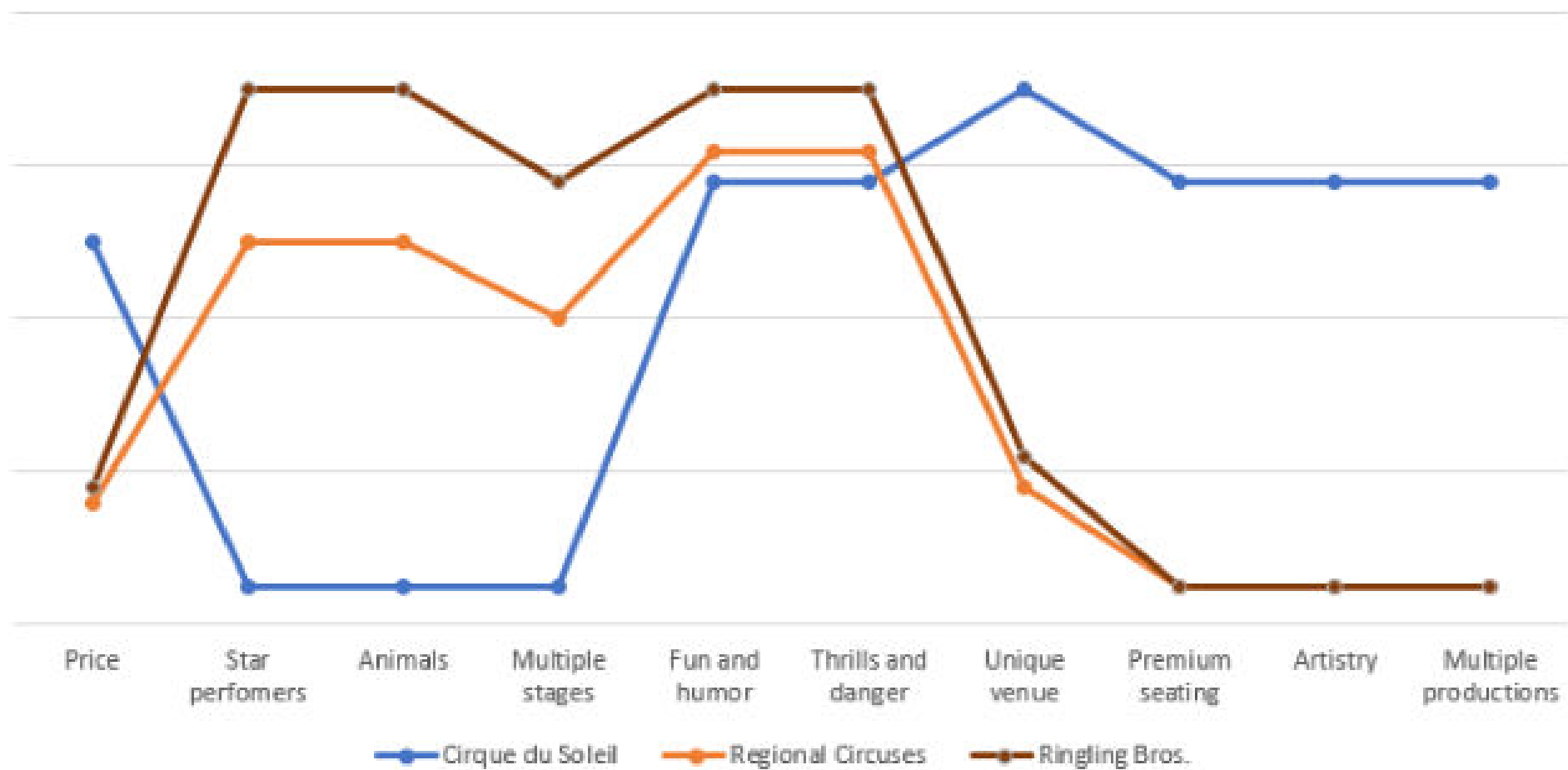
What to choose **RED** OCEAN Strategy or **BLUE** OCEAN Strategy

Blue ocean is a business strategy focusing on creating new market spaces rather than competing in existing ones. **A red ocean** is an existing market with many competitors, while a blue ocean is a market yet to be discovered with no competitors

RED OCEAN STRATEGY

BLUE OCEAN STRATEGY

Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost



Advantages of blue ocean strategy:

- Businesses can create uncontested markets that have new opportunities.
- This framework offers a new perspective and encourages unorthodox thinking about creating consumer value.
- The Blue Ocean process helps companies understand customer needs and desires more deeply.
- It moves strategic imperatives away from competition and towards differentiation

Competitive Product Analysis

Action Framework for blue ocean strategy:

- Eliminate: Which factors that the industry has long competed on should be eliminated?
- Create: Which factors that the industry has never offered should be created?
- Raise: Which factors should be well above the industry's standard?
- Reduce: Which factors should be reduced well below the industry's standard?

Price → Reduce

Size → Reduce

Features → Create

Business-only applications → Eliminate

User Experience → Raise

Why Is a Competitive Product Analysis Critical?

A competitive product analysis is crucial because it allows you to understand the strengths and weaknesses of your competition.

This knowledge will help you make decisions about improving upon their products and give you an edge in the market.

To do a competitive product analysis, you need to gather data about your competitor's products.

- ❖ **Product reviews**
- ❖ **Industry reports**
- ❖ **Company websites**
- ❖ **Social media platforms**
- ❖ **Online forums**
- ❖ **Competitor product packaging**

What product analysis method to use ?

- Each product analysis method has its own unique advantages that can help you understand a product better.
- So, which methods should you use? It actually depends on your specific goals and needs.
- If you want to understand the overall strengths and weaknesses. In that case, SWOT or business model canvas might be an excellent place to start.
- If you want to understand how a product fits into the larger market landscape. In that case, PESTLE or competitor analysis might be more helpful.
- There is **no one-size-fits-all** answer for product analysis.
- The important thing is to experiment with different techniques and see what works best for you and your team.

Many different types of analyses can be done on a product.

Each one provides valuable information that can be used to make decisions about the product.

Product analysis is essential because it helps you understand your product and how to make it better when it comes down to it.

“ Without product analysis, you would be flying blind and making decisions based on guesswork.”

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Thank You