

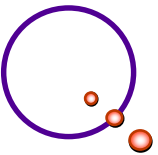
# Moving the Market:

## Understand the “Degrees of Change” that Create Barriers to Growth



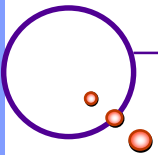
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The “Degrees of Market Change” is one of the inherent barriers that impact your ability to change market behavior.

See How QDI’s Growth Models and Roadmaps Can Help You

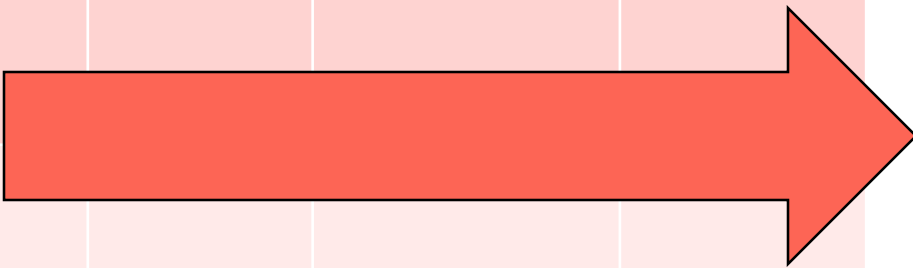


# The Basic Growth Strategies You Are Exploring

## Point to the Core Underlying Issues

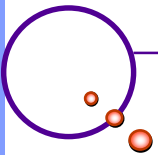
- **The answer to creating growth in any strategy comes down to knowing:**
  - What's going to **move the customer to do what you want him to do that you can execute within your organization?**

Market / Product	Existing Product	New Product	New Product Category to You	New Product Category to the Market
Existing Market				
New Market				



The answer to these questions varies based on your growth strategy

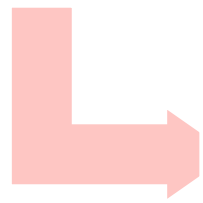
[Click here](#) to learn the key questions to ask for each strategy



# Every Strategy Starts by Asking Four Basic Questions Relative to the “Degrees of Change” of Your Offering

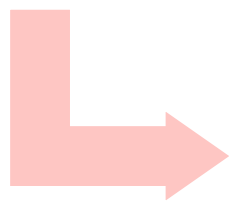
What product / service are you thinking of selling?

- Is the market big enough to justify investment?
- Is there competition that makes entry difficult?
- How fast will it grow / adopt your product?



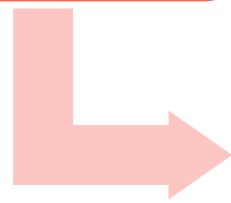
Who is the target customer – or target customer segments?

- What portion of the opportunity, adoption rate, and competition exists in these customers?
- Are the decision makers people you have existing relationships with?



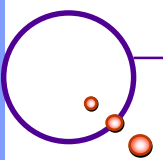
How are you going to get customers to consider your offering and presence in their purchase process?

- Will your existing channels be successful with this offering? If so, what will they need to succeed?
- If not, what are your options?



Why is the customer going to purchase your product versus his alternatives?

- Is your product superior on some dimension or lower cost or is your service and support better?



# “Degrees of Change” – A Concept From the Agile World

## - are Signs of External and Internal Barriers to Change

The Agile principles and concepts beneath them, point out the importance of considering the degree of change associated with any new project.

Translating this into the world of market strategy:

- The degree of change simply refers to the unknown elements of the market opportunity a company is considering. The degree of change is determined by estimating the amount of experience the company has implementing the strategy that is being considered to capture a specific market opportunity.
- If the strategy has been implemented many times by an organization and the implementation method is well understood by the team members, the degree of change will be low.

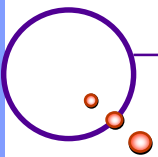
the **AGILE**  
MANIFESTO

1 **CUSTOMER**  
**COLLABORATION**  
over contract negotiation

2 **INDIVIDUALS** AND  
**INTERACTIONS**  
over processes and tools

3 **RESPONDING** to  
**CHANGE**  
over following a plan

4 **WORKING**  
**SOFTWARE**  
over full documentation

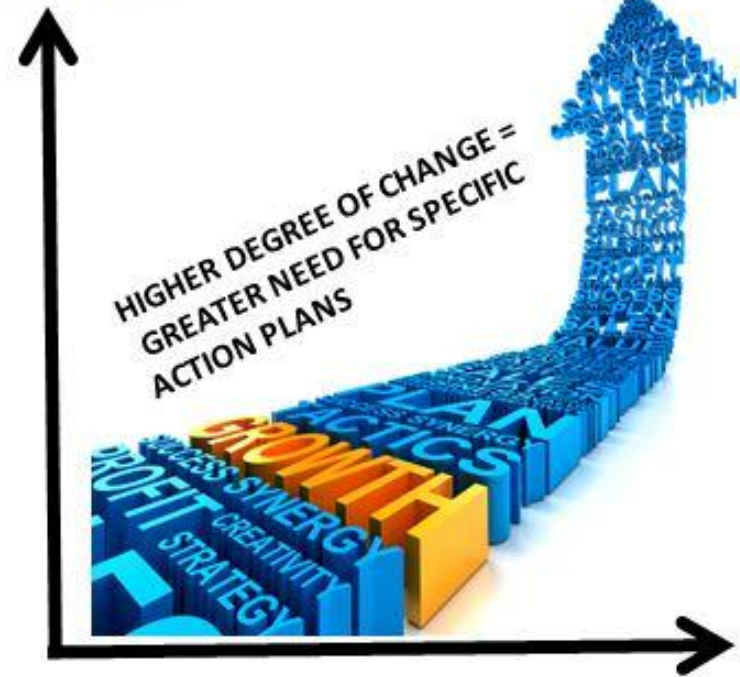


# “Degrees of Change” – Applying Concepts From the Agile World to Market Growth Strategies

- On the other hand, if the marketing strategy being considered is relatively new and the members of the team do not have significant experience implementing these strategy elements, the degree of change is high.

The higher the degree of change, the greater the need for specific action plans to support the change.

LEARNING



PLANNING

Learning the “degrees of change” from customers and inside your organization is essential to overcoming the barriers to growth

# Ansoff Growth Matrix (New Product / New Market)

The traditional Ansoff Growth Matrix (new product / new market) is a classic way to begin to think about the degrees of change a marketer can face.

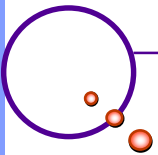
QDI expands this model in both dimensions to introduce variants of product and market change that challenge marketers.

## Ansoff Matrix – 4 boxes



*The **Ansoff Matrix** is a strategic planning tool that provides a framework to help executives, senior managers, and marketers devise strategies for future growth. It is named after Russian American Igor **Ansoff**, who created the concept.*

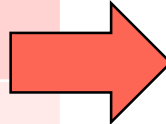
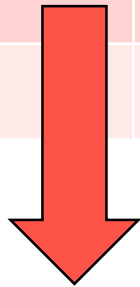
*from [https://en.wikipedia.org/wiki/Ansoff\\_Matrix](https://en.wikipedia.org/wiki/Ansoff_Matrix)*



# Your Product Position on the Life Cycle Defines What You Need to Do to Educate and Support Customers

## Ansoff Matrix

	Existing Products	New Products
Existing Customers		
New Customers		

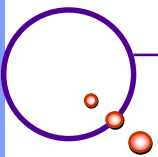


“Degrees of Change” of Product / Customer Determines Requirement for Market Success

Product “Degrees of Change” to You, the Customer, or the Market Determines Where Your Product is on its Market Life Cycle

Product	Existing Product	Product Extension	New Product Category to You	New Product Category to the Market
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*Read more about these on following page.*

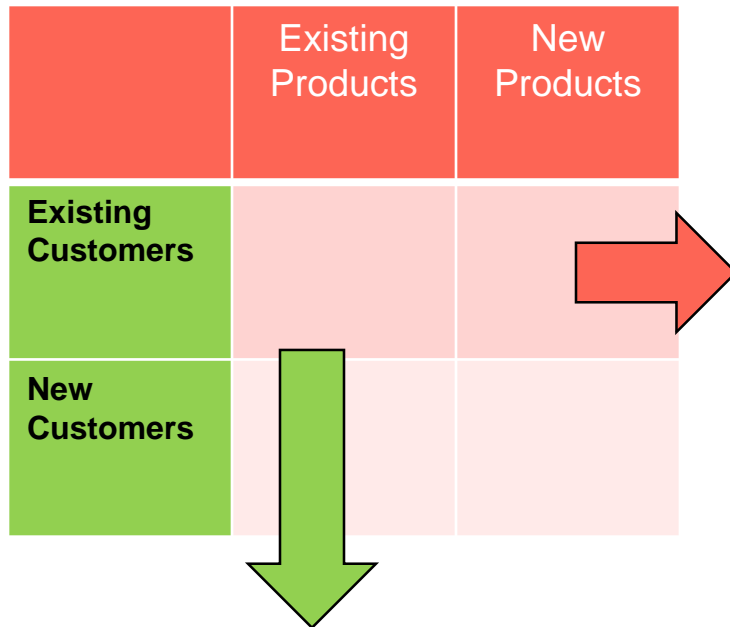




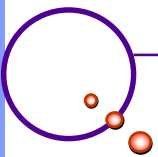
# “Degrees of Change” in Products & Customers Points to Risk and Determines Requirement for Market Success

Ansoff Matrix

	Existing Products	New Products
Existing Customers		
New Customers		



- Existing Products (nothing new)
- New Products (changes in the current type of product you sell, i.e. a new mower model in your mower line)
- New Product Category to You (matching a competitive product that you don't have, i.e. launching a zero-tune mower line when you only had tractor mowers before)
- New Product Category to the Market – being the first to launch the concept of zero-turn mowers, or being the first to launch the smart phone



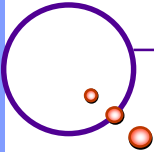
# Added Challenge / Complexity and Opportunity of New Products / Markets / New Buyers

“Degrees of Change” in Products & Customers Points to Risk and Determines Requirement for Market Success

Market / Product Degrees of Change	Existing Product	Product Extension	New Product Category to You	New Product Category to the Market
Existing Customers – Existing Buyers				
Existing Customers– New Decision Maker Functions*				
New Customers – Traditional Decision-Maker Functions				
New Customers – New Decision Maker Functions*				
New Customers - Traditional Decision-Maker Functions				
New Customers – New Decision Maker Functions*				

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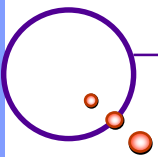
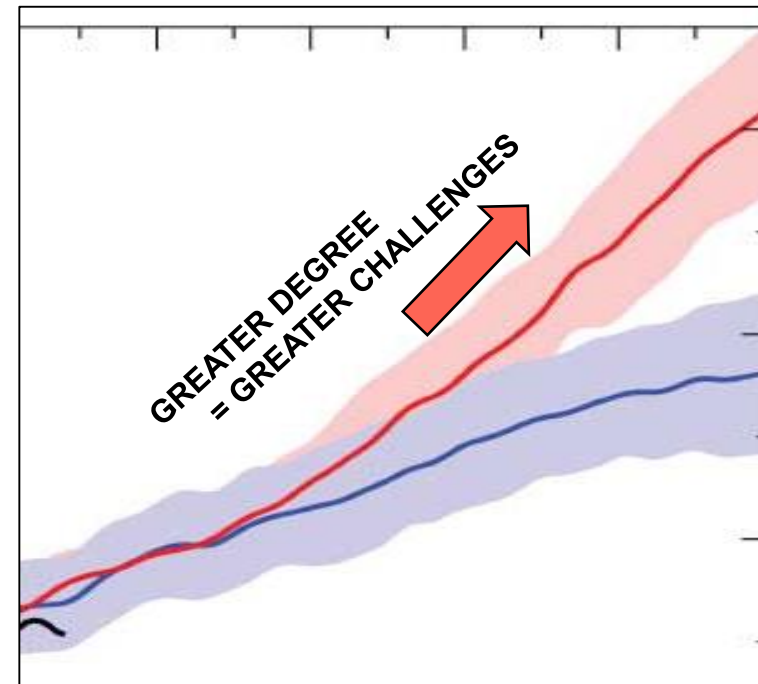


# The Combination of Product and Customer ‘Degrees of Change’ Points to Where You Are on the Market Life Cycle

and... the market requirements ... and the operational changes needed for success

The greater the “Degree of Change” the product causes for you and the market, the greater the challenge of bringing it to market.

Also, as the example on previous slide of “new product category to you and to the market” shows, there are two dimensions to this type of newness:



# Degrees of Product Change

## Modification of an existing product class

Zero-turn mowing, while a revolutionary product concept, still mows lawns. The application is already defined and the product brings new benefits to customers.

**EXISTING  
PRODUCT**

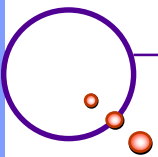
## Creation of a new product class

The smart phone is a classic example, but also is “auto-steer mowing” where the tractor controls the mowing path for greater efficiency and control of the mowing process.

**NEW**

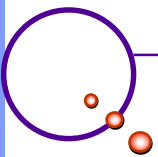
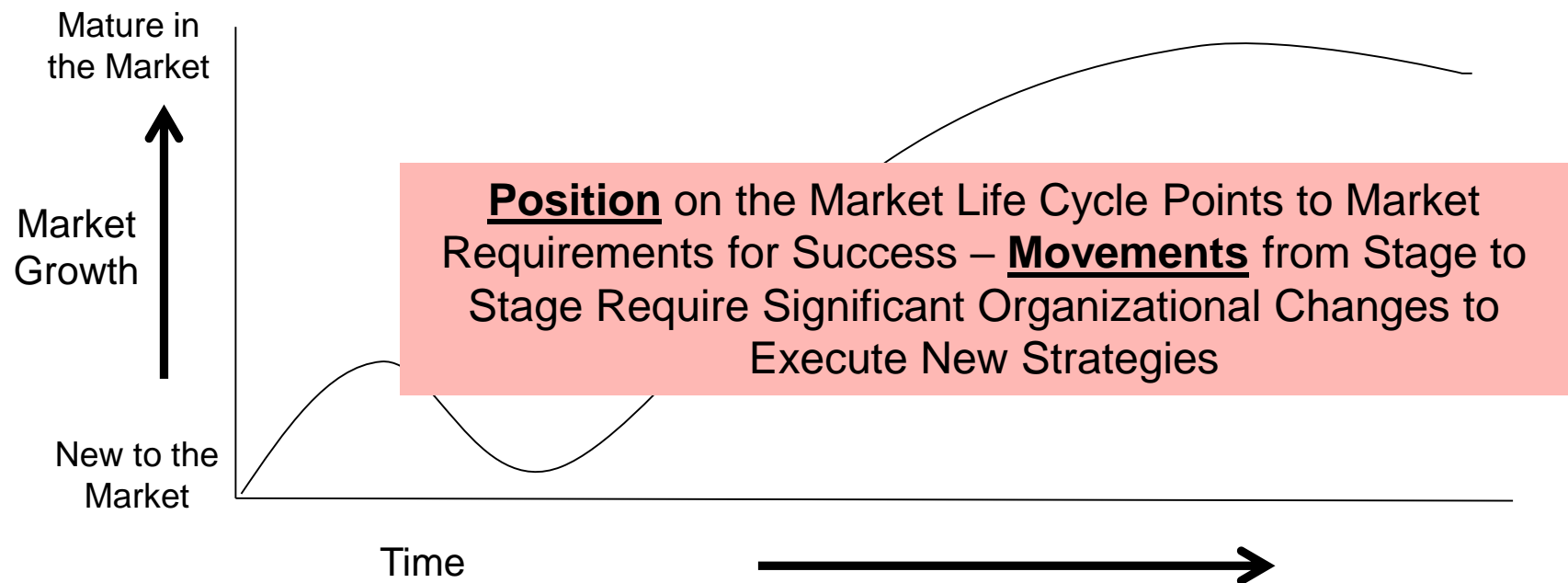
This is a whole new concept around mowing that first has to be understood in terms of benefits and the requirements for adoption, then has to be experienced to validate the concept and its benefits.

These are product classes the customer has to learn what to use it for and how to use it. The learning requirement and potential risk of failure are much higher in these product categories than the newness of a zero-turn mower.



# The Market Life Cycle: Another View of “Degrees of Change”

The market life cycle is an accepted guide to the basic marketing requirements. It is another way for marketers to look at the “Degrees of Change” required in bringing a new product or service to market.



# The Position of Your Strategy on the Market Life Cycle Determines the Activities Required in Each of These Stages

**Position** on the Market Life Cycle Points to Market Requirements for Success – **Movements** from Stage to Stage Require Significant Organizational Changes to Execute New Strategies

## **Innovation / Introduction**

*Suppliers and customers have to learn why to buy and how to use new products / services. Suppliers require deep domain knowledge of customer processes and / or business. Potential rewards to sell and purchase should be much higher than other options as selling costs and customer adoption risks are much higher.*

## **Growth**

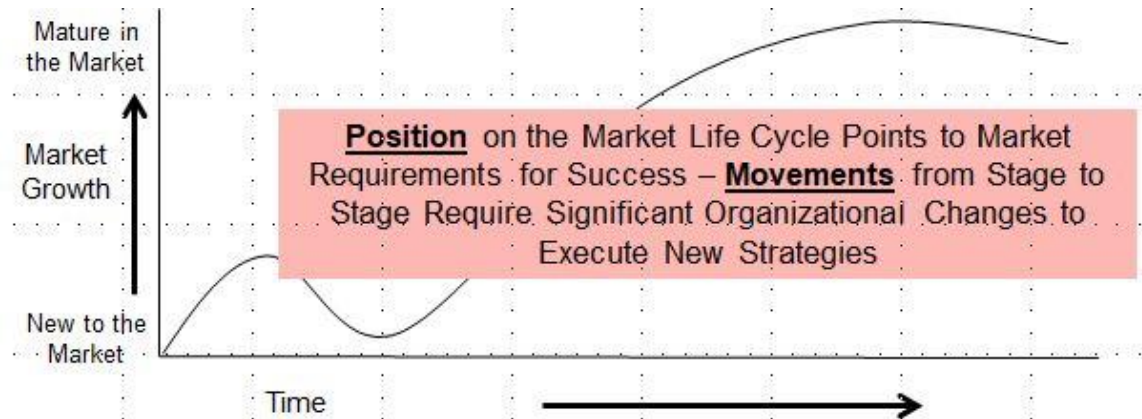
*Marketers have to grow the sales channels and customer base. Finding and educating customers is essential for growth. Application domain knowledge is critical.*

## **Maturity**

*Customers know all about the product. Giving customers new reasons to buy your product / do business with you, is required. Domain knowledge now needs to be focused on how customers buy and support products vs. application of product.*

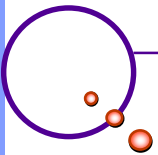
# Early in the Life Cycle.....

Early in the life cycle-  
when the product is  
an innovation – new  
to customer and the  
company....



...you are in the introduction phase where the seller has to learn how to sell, whom to sell it to and how to support them, while the buyer is learning why to buy, how to use, and how to support the new product / service.

At this stage of the life cycle, selling and sales support expenses are very high as the learning component, including learning the required domain knowledge (knowledge of the customer's business and operations) are extensive.

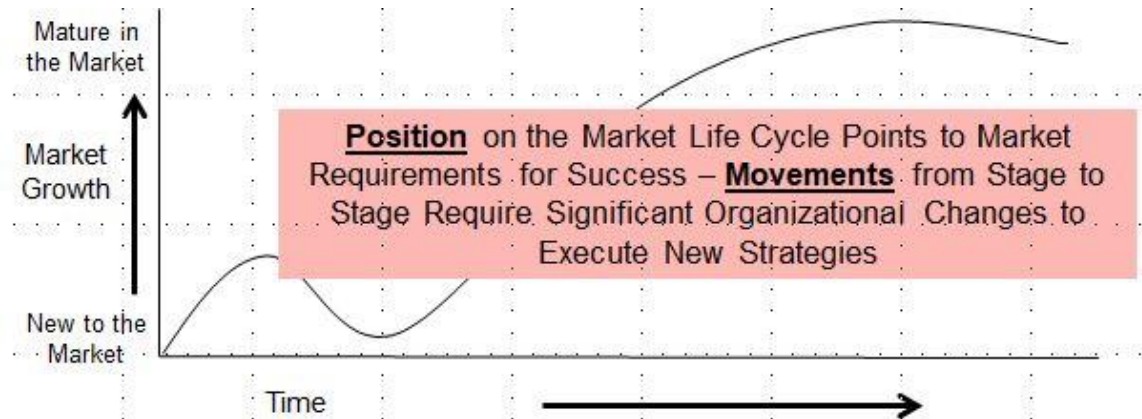


# As Markets Grow, then Mature...

Mature Market stage



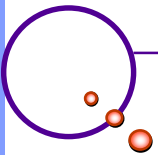
Growth stage



## As markets grow and Mature:

Markets grow because marketers and customers answer the first set of questions and put in place organizations capable of bringing the product, knowledge, and experience to the customer and customer adoption becomes easier and less risky.

When the market matures, the customers know more about how to use and support a product than the supplier does because they have been using it every day and modifying it as necessary to meet their evolving needs.

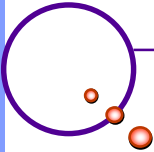
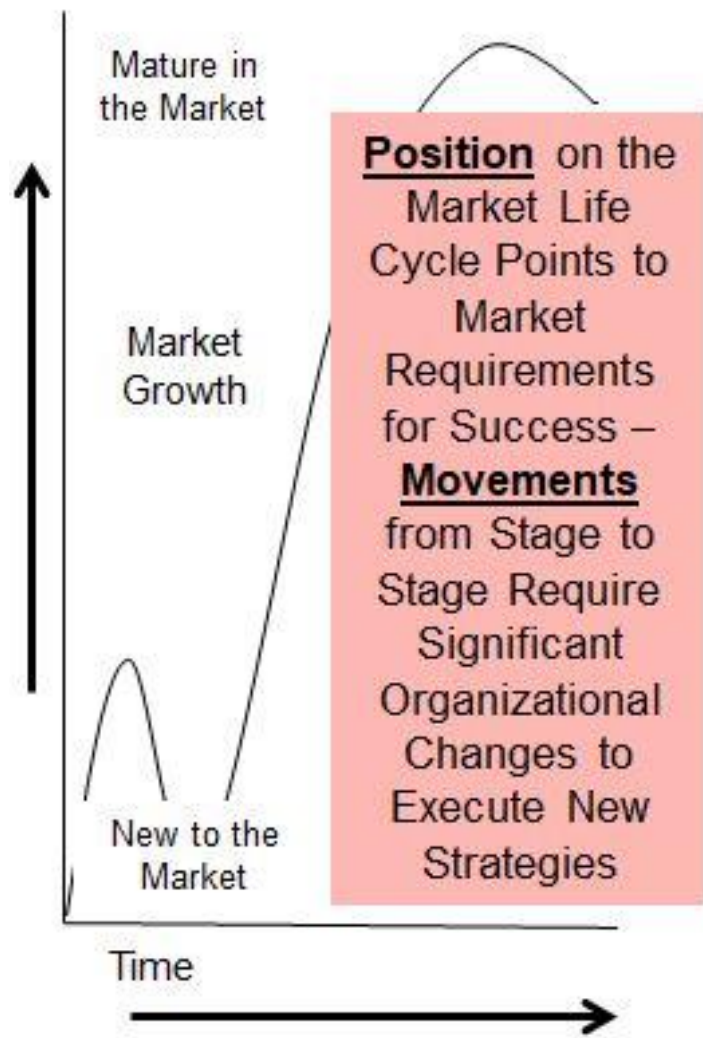




# Each Stage of Market Life Cycle Requires Changes

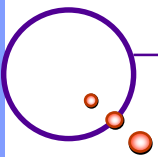
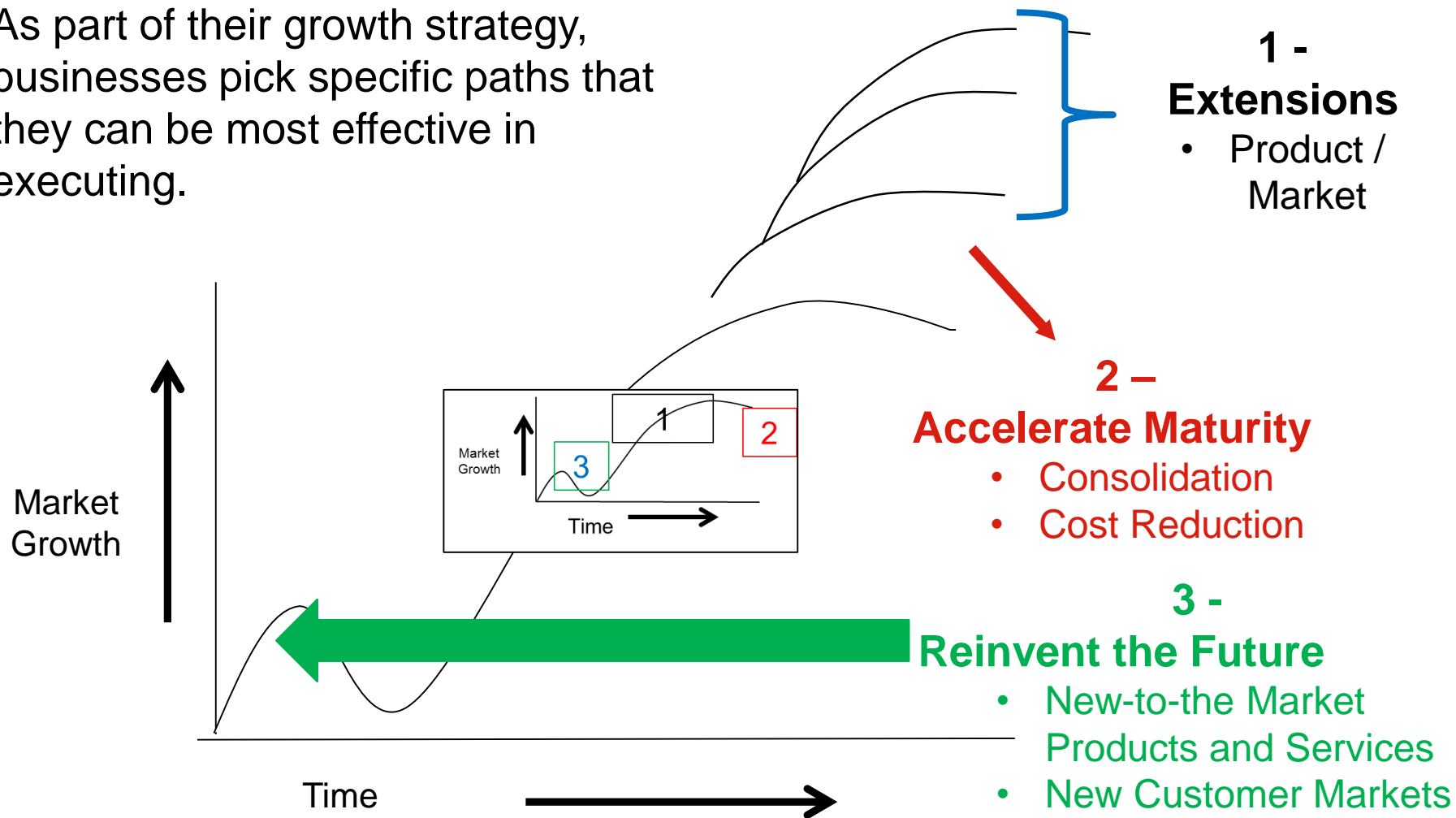
When at the beginning of the process, the seller needed extensive domain knowledge of the customer's business, as the market matures the marketer needs to focus more on how the customer buys and supports the product so that he can organize his resources to do this.

Each stage of this market life cycle forces marketers to modify their marketing system to assure they are effectively and efficiently meeting market needs. This often requires organizational changes, or takes place so slowly that the organization gradually changes with market needs.



# Your Growth Strategy Also Points To Market-Life Cycle Business Opportunities

As part of their growth strategy, businesses pick specific paths that they can be most effective in executing.



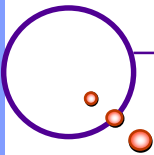
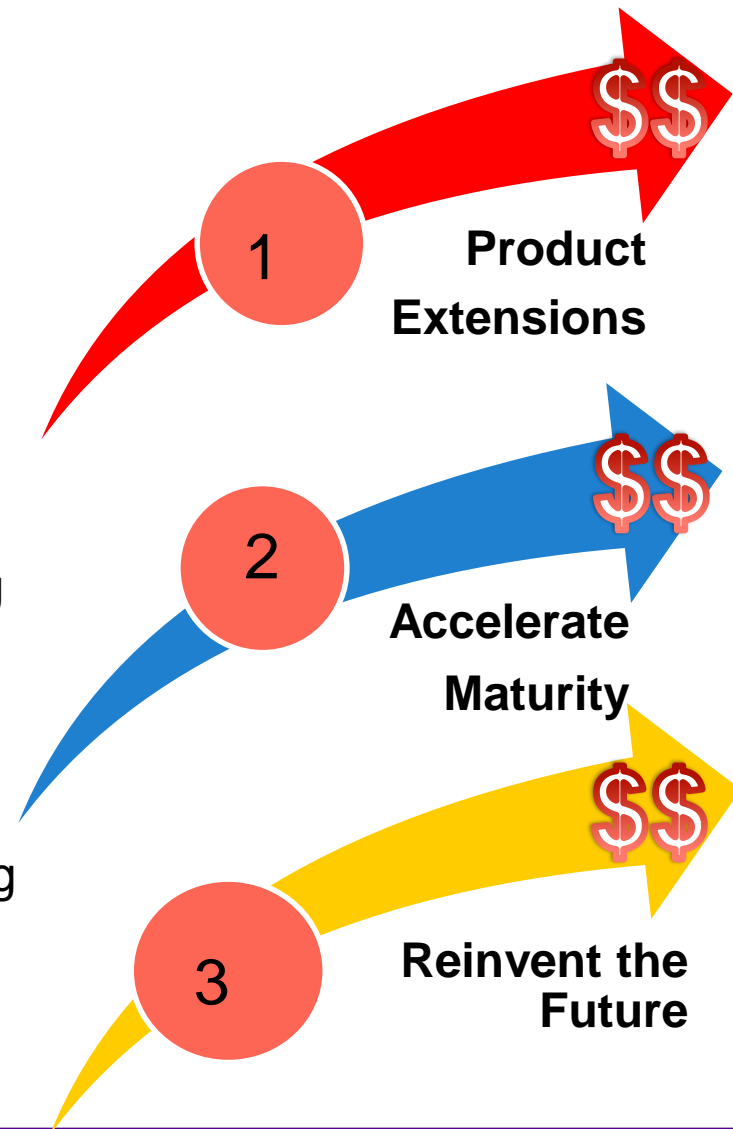
# Three Paths to Business Growth

We see three paths:

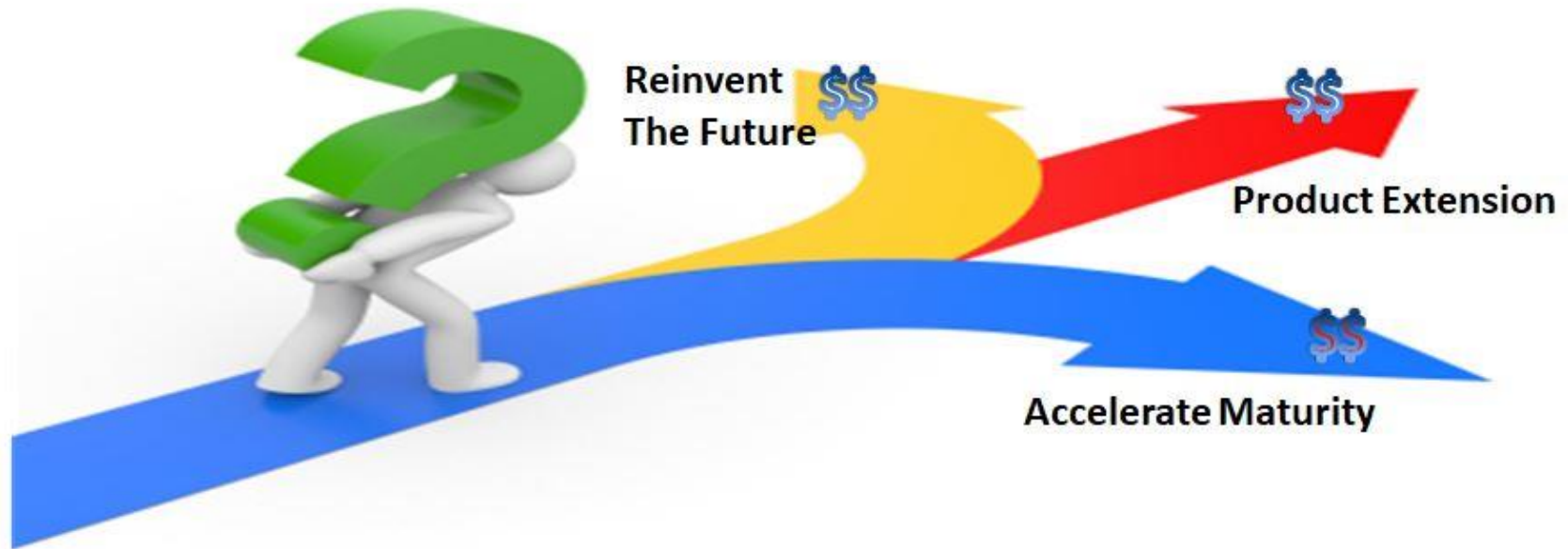
Product extensions, which essentially are designed to continually expand the growth phase of the market by regularly bringing new products and product categories to market to continue growth.

Accelerate maturity, which is a strategy of cost reduction and consolidation. Companies following these strategies focus on being the low-cost marketer and use scale as a lever to achieve these goals.

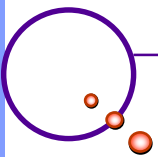
Reinvent the future, which is a strategy of creating “new to the business and new to the market” product categories to create a whole new growth curve.



# Each Path has Its Own “Degrees of Change”

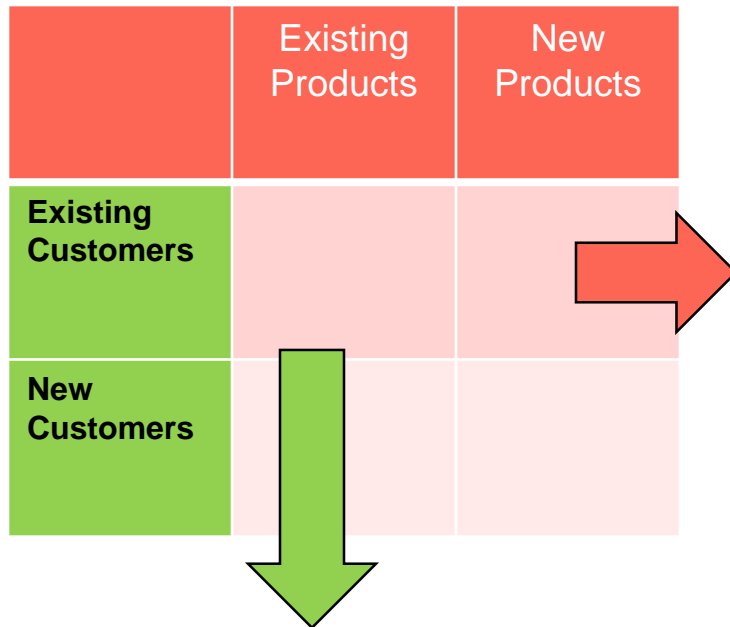


As shown in the market life cycle, each of these strategies has its own “Degrees of Change” and resulting set of marketing requirements. The challenge from multiple growth strategies is that if they are fundamentally different strategies (i.e. multiple dimensions of newness) you stress the organization’s capabilities to succeed in any one of these.



# Applying these “Degrees of Change” Ideas to the Customer Matrix

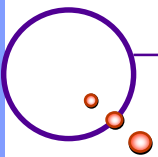
Ansoff Matrix



The slides earlier in this presentation pointed to what companies might do to change “products” to grow their market.

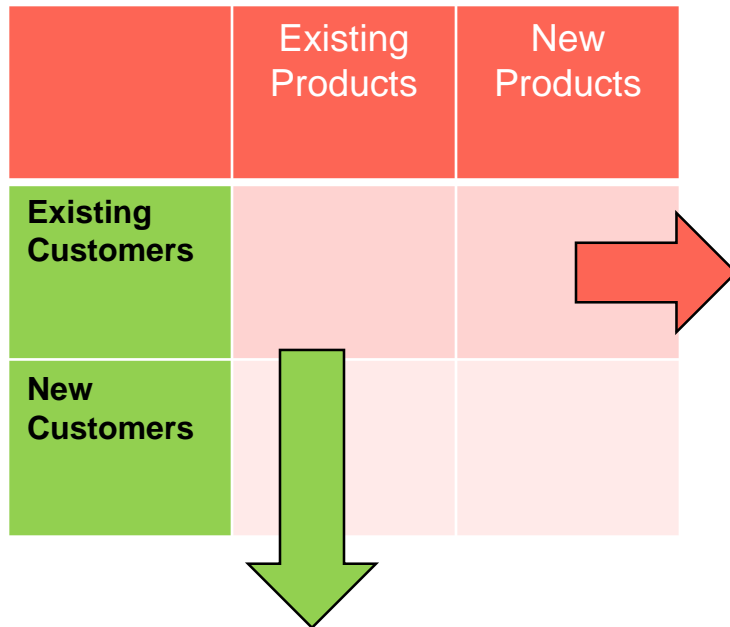
In addition to having to deal with the “Degrees of Change” on the product dimension of the Ansoff matrix, marketers have to overcome the “Degrees of Change” on the customer matrix.

The chart on the following pages shows the range of customer “Dimensions of Change”.



# “Degrees of Change: Customers”

Ansoff Matrix

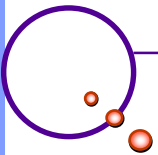


Existing buyers (where you could have ongoing relationships), to:

New buyers / decision-makers in the same company where you have to gain access and build relationship, to:

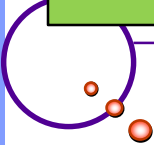
New customers in the same industry where the buyer types and the needs will be the same, to;

New customers in new industries where buyers, needs, business process, and value could be different from your experience.



# Your “Customer” Position Identifies the Difficulty of Engaging in a Sales Process and Closing a Sale

<p style="text-align: center;"><b>Relationship “Degrees of Change” between your company, customer facing personnel, and the customer’s decision-makers</b></p>	Existing Customers – Existing Buyers	Existing Industry
	Existing Customers– New Decision Maker Functions*	Existing Industry
	New Customers – Traditional Decision-Maker Functions	Existing Industry
	New Customers – New Decision Maker Functions*	Existing Industry
	New Customers - Traditional Decision-Maker Functions	New Industry
	New Customers – New Decision Maker Functions*	New Industry



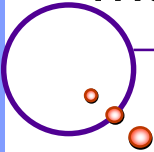
# Are You Are Asking Yourself These Questions ?

- Are you facing increasing “Degrees of Change”? If so, how will you be able to execute a go-to-market strategy?



- Can your existing channels develop the customer access, competency, and relationships, and have the commitment to be successful in your new initiative?

- If not, what can they do and what options do you have to augment your sales and marketing organization or modify your offering to be something they can successfully bring to market?



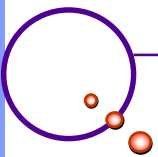


# Successful Implementation of One Strategy Does Not Automatically Assure Success in a Different One

**Can you ask the same organization to execute strategies aimed at each of the growth paths?**

The “Degrees of Change” required for anyone who is successful implementing one of these strategies to move to another strategy are significant.

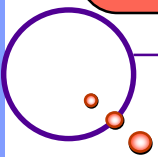
Most companies who try to do this stumble and either fail, or learn and create separate sales and marketing organizations for products at the far ends of the life cycle, and some even create separate organizations for each stage of the life cycle.



# Our Questions Just Started Your Internal Exploration - Going Forward There's Much You'll Need to Learn

- Addressing these high level questions to organize what you know and assess your opportunities is the first step in moving forward on a new growth plan.
- Once you have confidence that you could succeed – that you can identify ways to build customer value and you can implement the types of product development, and sales and marketing initiatives necessary for success, the next step is to **LEARN WHAT YOU DON'T KNOW ABOUT THIS MARKET / THESE CUSTOMERS / THEIR NEEDS / THEIR CHANNELS.**
- Then, use what you are learning to reassess your ability to succeed – create the differentiated value and execute this value in the marketplace.

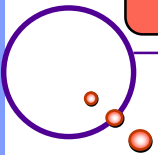
Once you are here, or anytime in the process, give us a call at 847-566-2020. We can help in this process and have world-class capabilities to bring Voice of the Market into your strategy development efforts.



# How QDI Helps You “Learn What You Need to Learn” to Break Through Your Market Barriers to Growth

- QDI works with your team
  - To frame the underlying marketing issues and organizational barriers to change
  - To execute discovery research to:
    - Find opportunities to create value
    - Identify and overcome barriers to execution (value delivery)
    - Validate, modify, or radically change assumptions based on organizational learning
  - To develop and test
    - Customer value propositions
    - Organizational implementation requirements
  - To track ongoing program performance and to modify the value proposition and / or the execution plan and support to keep growth on target

Let us help you break through your barriers to growth



# QDI Strategies Help you Grow Your Revenue Stream

We tell these stories because to be successful in overcoming the barriers to growth, companies have to do two things simultaneously:

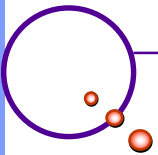
Learn what you can do to change customer behavior and what you must do to execute that change.

Step 1 to Change Behavior –  
Create a Winning Value  
Proposition



Behavior – Implement  
Changes to  
Communicate and  
Deliver Your Value

Neither of these changes are trivial, and often the internal one is the more difficult change for organizations to make.



# What QDI Strategies Customers Say

"QDI's work quantified the opportunity in our "mega" segment and identified the criteria this group uses to evaluate us. We're in the process of putting in place the information and communications necessary to win these customers."

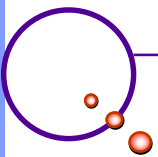
Jack McQuellon, Caterpillar

"In my experience, what distinguishes QDI is that they identify the deep underlying insights quickly. Their research techniques draw the relevant truths out of the marketplace and these enable us to develop valid strategies that will make a difference. Our company's true opportunities in the current marketplace become apparent . The interactive process gets buy-in from the participants within our company so at the end of the project, we have actionable strategies."

Michael Hadjinian, TPI Composites

"Terrific work- based on QDI's findings we are already putting marketing programs in place targeting buyers at the key decision points they identified."

Frank Dennis, Dennis Consulting



# Visit the QDI Strategies Web Site and Learn More About How We Can Help You Add Value and Grow Your Business

## How does QDI help?

*QDI listens and understands what customers, channel partners and other customer facing people are saying, and grasps how it relates to your business challenge - whether that is kick-starting a stalled product line or effectively marketing a new product. QDI has an intellectual and intuitive skillset and a process for linking what they are learning to your business to find solutions for your problems and how to execute those in the market.*

To learn more, take a look at QDI's White Papers with case histories about companies facing market challenges: <http://www.qdistrategies.com/resources/case-studies/go-to-market/>

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