Follow this simple step-by-step consulting playbook to identify market opportunities and launch profitable new products.
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Leverage the framework below to quickly empower your organization’s product development strategy.

Click the buttons below to access all related training, tools, templates, and other resources.

1. VALIDATE
   - Engaging Targets with Market Research
   - Facilitating Insightful Focus Groups
   - Market Research Report
   - SWOT Analysis

2. DEFINE
   - Market Requirements Document
   - Product Features Prioritization

3. EVALUATE
   - Competitive Analysis
   - Product Feature Competitive Analysis

4. POSITION
   - Market Segmentation and Analysis
   - Positioning Statement Worksheet

5. BUILD
   - Break Even Analysis
   - Product Profitability Analysis
   - Product Development Charter
   - Product Development Prioritization

6. DEVELOP
   - Product Roadmap
   - Product Development Budget

7. LAUNCH
   - Product Launch Plan
   - Product Launch Checklist

8. REVIEW
   - Post Project Evaluation
What was This Playbook Based on?

Our Analysts conducted hundreds of hours of research in the production of this playbook and have included Best Practices from many approaches to product development. Additionally, our Analysts practice this playbook with our members every day.

Before You Start You Should Know

Successfully launching new products is a part of the Product Management discipline whose focus is on building products that meet market needs and managing them through their lifecycle.

A “new” product is a product or service that has never been on the market before, or a new version of an existing product or service.

Once your strategy is developed, it is important to prioritize your opportunities. You need to focus first on the products or enhancements that deliver the biggest impact to your organization.

Helpful Hint – If you would like personal assistance implementing this methodology, contact Demand Metric to schedule a workshop with an experienced Analyst; email us at info@demandmetric.com

How to Use This Consulting Playbook

This playbook is made up of eight stages. Each stage includes a description, steps, and action items. Action items include reading our How-to Guides or doing activities with our premium tools and templates. These resources were designed to help you do three things:

Understand each step in the product development and launch process very clearly

Adapt these proven “best practices” to your organization, on your own steam

Complete analysis and activities faster than starting from scratch with blank documents
Outputs from this Planning Process:

**Stage 1 - Market Problems**
Market Research Report and SWOT Analysis

**Stage 2 - Product Requirements**
Market Requirements Document and Product Features Prioritization

**Stage 3 - Competitive Landscape**
Competitive Analysis and Product Feature Competitive Analysis

**Stage 4 - Positioning**
Market Segmentation, Customer Profiles, and Positioning Statement

**Stage 5 - Business Case**
Break Even Analysis, Profitability Analysis and Product Development Charter

**Stage 6 - Roadmap**
Product Roadmap

**Stage 7 - Product Launch**
Product Launch Plan and Product Launch Checklist

**Stage 8 - Review**
Post Project Evaluation
STAGE 1

Validate Market Problems

Conduct market research to validate your understanding of the market problems you feel you can address with a new product.

Your goal is to determine whether the proposed new product will in fact address market problems that are urgent, pervasive, something customers will pay to resolve.

STEP 1: Identify Market Problems & Needs
STEP 2: Validate Assumptions & Confirm Needs
STEP 3: Prepare a Market Research Report
STEP 4: Assess Ability to Launch New Products
This stage is important in preventing company-driven products: solutions that companies build because they know how. The goal is to deliver “customer-driven” products to the market.

The research you conduct during this stage will provide that assurance.

When conducting this research, try to avoid product-based discussions (e.g. “how could our product better meet your needs?”) which yields incremental product improvement ideas. Instead, seek to understand the market’s problems by asking about business outcomes that will significantly impact the business. This type of research can lead to “disruptive” or breakthrough products.

For example, consider the impact the invention of the chainsaw had on axe users & manufacturers:

Incremental

Breakthrough
STEP 1
Identify Market Problems & Needs

*Action Item*
Read our Engage Targets with Market Research guide and talk to some potential customers of your new product or service to identify the needs of the marketplace.

Who should you be talking to?
- **Customers** who are easy to reach out to through your existing relationship.
- **Evaluators** actively seeking a solution and represent a short-term revenue opportunity.
- **Prospects** with problems you can solve, but who are not actively looking for a solution.

STEP 2
Validate Assumptions & Confirm Needs

*Action Item*
Read our Facilitating Insightful Focus Groups guide and host focus group sessions to validate assumptions regarding the problems in the marketplace and needs of customers.

How many focus group sessions are needed?
- There is no “magic” number, but expect to facilitate more than one. In general, when focus groups quit revealing new insights, you have conducted enough.
Your report should not present the Business Case for a new product – this will occur in a later stage. Simply report your research findings and present a recommendation, which most often is to proceed to the next Stage or to abandon the idea.

**STEP 3**

**Prepare a Market Research Report**

*Action Item*

Use our [Market Research Report](#) to organize the feedback gained from focus groups and talking to the potential customers of your new product, and then communicate the results internally.

What is the goal of reporting the results of the research in this Stage?
- Your report should not present the Business Case for a new product – this will occur in a later stage.
- Simply report your research findings and present a recommendation, which most often is to proceed to the next Stage or to abandon the idea.

**STEP 4**

**Assess Ability to Launch New Products**

*Action Item*

Use our [SWOT Analysis Tool](#) to determine whether your firm has the ability to pursue this new product opportunity, given the skills and resources you have at your disposal.

What does SWOT stand for?
- **Strengths** – what is your firm particularly competent or skilled at?
- **Weaknesses** – what does your firm have difficulty executing?
- **Opportunities** – can you leverage your strengths into an advantage?
- **Threats** – are there any risks or roadblocks standing in your way?
You’ve established the validity of a new product idea in Stage 1. In Stage 2, you will conduct the research to identify the universe of features this new product could include. During this Stage you will discover as many potential features as possible, and prioritize your feature list. The goal is to include those features most sought after by customers in the first version of the new product.

**STEP 1:** Document List of Requirements  
**STEP 2:** Analyze & Prioritize Requirements
**STEP 1**

**Document List of Requirements**

**Action Item**

Use our **Market Requirements Document** to list all the requirements and associated features of your new product based on the market research you have conducted.

*From what perspectives can you analyze requirements?*

- **End User** – these features or requirements focus on the functionality or utility of the product. For example, is the product easy to use?
- **Technical Evaluators** - here the focus is on how the product technically functions. Will it integrate into existing systems, etc.?
- **Decision-Maker** – Will your product save time/money for customers?

**STEP 2**

**Analyze & Prioritize Requirements**

**Action Item**

Use our **Product Features Prioritization Tool** to analyze customer requirements and develop a rigorously prioritized list of potential new product features.

*What happens if you have too many features and requirements?*

- Your market research will yield product features and requirements, typically more than you can deliver in a single product development cycle. Our **Product Features Prioritization Tool** will help you determine which requirements offer the best return on investment.
Evaluate Your Competitors

**Key Principle #1**
Understand that a competitor is any company with a replacement product, company with a substitute product, or thing that can draw customers away from you.

**Key Principle #2**
The goal of competitive analysis is to make informed choices in a timely manner, such as differentiation on which you position your product, or weaknesses/opportunities you can act on decisively.

**Key Principle #3**
Build a healthy competitive culture: be respectful and always talk positively about competitors with staff, prospects, and customers.

**Key Principle #4**
Practice constant diligence: review competitors regularly and check for new entrants as market conditions can change very quickly.

**STEP 1:** Assess Competitors and Key Differentiators

**STEP 2:** Conduct a Product Feature Comparison

POWERED BY: Demand Metric
1. Develop a profile for potential competitors (size, products, etc.)
2. Determine the key points of differentiation for each competitive entity.
3. Perform an analysis of each competitor’s offering against the market’s buying criteria or requirements for a solution provider.

**STEP 1**

**Assess Competitors and Key Differentiators**

**Action Item**

Use our [Competitive Analysis Tool](#) to create profiles and a competitor map for your key competitors, and evaluate each in terms of Value Proposition, Pricing, and Market Share.

How do you conduct a competitive analysis?
1. Develop a profile for potential competitors (size, products, etc.)
2. Determine the key points of differentiation for each competitive entity.
3. Perform an analysis of each competitor’s offering against the market’s buying criteria or requirements for a solution provider.

**STEP 2**

**Conduct a Product Feature Comparison**

**Action Item**

After analyzing competing products, choose the market leaders and market challengers to analyze at the feature level using our [Product Feature Competitive Analysis](#) tool.

What is the goal of a product feature analysis?
- The goal of this level of analysis is to discover your product/service offering’s differentiation or opportunity for differentiation. After completing this assessment, cross check the outcome against the prioritized product requirements output from [Stage 2, Step 2](#).
Position Your Products

Positioning describes your product, defines its differentiation and how you will create value.

STEP 1: Segment and Analyze Your Markets
STEP 2: Craft an Accurate Positioning Statement
What does strong positioning do for you?

- Helps your market see how your product is different from competitors – generating prospects becomes easier as a result.

- Without strong positioning, it takes much more time & money to show prospects why they should buy from you – this forces you to compete on the basis of price, which is not sustainable.

What are the inputs for positioning?

- **Market profile**: how big is the market, what stage is it in and who are the current players?

- **Market understanding**: what problems does the market face and are there identifiable segments with these problems that you can reach?

- **Competition**: who are the competitors and which one does the best job of meeting the market’s needs?

Key Terms

- **Positioning** - the process of determining your market position.

- **Position** - the conceptual territory you stake out in the marketplace as a result of your positioning process.

- **Positioning Statement** - the expression of your position that will state how you want your product perceived and why your brand exists. This statement will guide all product marketing activities.

**Helpful Hint** – Positioning Statements are not advertising copy. Make them objective so they will hold up under external scrutiny.

What are the inputs for positioning?

**Market profile**: how big is the market, what stage is it in and who are the current players?

**Market understanding**: what problems does the market face and are there identifiable segments with these problems that you can reach?

**Competition**: who are the competitors and which one does the best job of meeting the market’s needs?

Final Thoughts on Positioning

1. **Differentiation** - Achieving this is the greatest Positioning challenge. Re-engineer your product if necessary to achieve it; don’t just rewrite your Positioning Statement to add differentiation that is not really there.

2. **Deployment** - Once you have crafted your Positioning Statement, use it. Create Positioning messages for use in sales pitches, ad copy, web content, executive speeches and other product communications that emanate from your company.
To determine/validate for whom your product is ideal. Rarely will a product have universal appeal, but it might have broad appeal. Since most companies don’t have the resources to launch a new product into all conceivable segments, this process will help you target the ideal segment – one that you can dominate – into which to launch your product.

A positioning statement is a succinct expression of your market position that is externally focused, describes the target customer and primary benefit, references the competition, and answers the question “Why should I buy from you?”

Great positioning statements result from hours of effort and multiple editing cycles. Make drafting this statement a collaborative process.
Build the Business Case

A business case is an objective, fact-based assessment that presents justification for developing the new product, and provides the basis for internal or external investment, articulates the findings of market research, quantifies the risks and rewards, and provides a financial model or cost/benefit analysis.

Ideal business cases address both the potential up-side and down-side to an initiative, and are conservative by nature. **They should be clear and concise, well researched, evolving “organic” documents that are revised over time.**

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**STEP 1:** Determine Costs, Pricing & Break-Even
**STEP 2:** Estimate Profitability & Gross Margin %
**STEP 3:** Write a Product Development Charter
**STEP 4:** Prioritize Product Development Opportunities
### STEP 1
**Determine Costs, Pricing & Break-Even**

**Action Item**
Use our [Break Even Margin Analysis](#) to determine variable and fixed costs, estimate sales, and identify unit contribution and break-even points for new products.

What do you need to know in order to determine the break-even point?
- Fixed and Variable Costs
- Expected Demand
- Proposed Price

Some of the inputs to developing product pricing are known, while others are assumptions. The better your research is, the more accurate your assumptions are, and in turn, your confidence in the business case for product development.

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### STEP 2
**Estimate Profitability & Gross Margin %**

**Action Item**
Use our [Product Profitability Analysis Tool](#) to estimate revenues, costs, and gross margin to demonstrate the proposed profitability of your new product.

What elements are included in a profitability analysis?
- Price
- Unit Costs & Sales
- Estimated Revenues
- Cost of Good Sold
- Sales & Marketing Costs
- Gross Margin% & Projected Profit/Loss
STEP 3
Write a Product Development Charter

Action Item

Use our Product Development Charter to organize your thoughts and gain buy-in and financial approval to move forward with your Product Development project.

What do you need to know about Product Development Charters?
- Analysis and market research findings will serve as inputs to this document.
- The output of this step is a comprehensive document that will facilitate the go/no-go product development decision.
- Crucial Success Factor: Ownership. This document clearly identifies the Product Manager, who will lead the development and launch effort.

STEP 4
Prioritize Product Development Opportunities

Action Item

Use our Product Development Prioritization Tool to evaluate and compare all of your product development initiatives based on their strategic fit, economic impact, and feasibility.

What criteria should you use to evaluate competing opportunities?
- Strategic Fit – including alignment with goals, positioning, and capabilities
- Economic Impact – revenue potential, cost/benefit ratio, low cost to pilot
- Feasibility – technical risk, financial resources, and availability of staff
STAGE 6

Develop a Product Roadmap

The Product Roadmap is often the difference between product success and product failure. It guides the product development effort and provides marketing with the necessary information to do its work. The Product Roadmap:

- Maps out a product's development strategy over the next 2 – 3 iterations of the product's lifecycle
- Is a mechanism for communicating a product's strategy or release schedule to internal stakeholders, customers, and prospects
- Serves as a powerful tool to help the product development team say “yes” to the right features and “no” to the many ad-hoc requests that bombard the team

**STEP 1:** Develop a High-Level Product Roadmap

**STEP 2:** Plan the Product Development Schedule

**STEP 3:** Plan for Future Releases of the Product

**STEP 4:** Build a Product Development Budget
STEP 1
Develop a High-Level Product Roadmap

*Action Item*

Download our **Product Roadmap Template** to chart market segment needs, trends, products, and technology required to produce market-driven products.

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What needs to be documented in a Product Roadmap?

- Market Segments & Estimated Revenues
- Trends in the Market Place
- Target Customers
- Customer Needs
- Products/Feature Sets
- Technology Required

STEP 2
Plan the Product Development Schedule

*Action Item*

Download our **Product Roadmap Template** to organize and plan the deliverables, milestones, due dates, owners, and approvers for each phase of development.

```
|------------------|----------------|---------------------|-----------------|------------------|-------------------|-------------------------------|
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What are the phases to technical product development?

1. Product Planning
2. Product Design
3. Product Development
4. Product Testing
5. Product Training
6. Product Promotion
7. Product Packaging & Distribution
Most products go through a natural evolution designed to provide new features and stimulate purchasing. For example, think about Apple’s products such as iPod or iPhone. If you don’t plan to update your product, simply skip this step.

Are future releases of a product absolutely required?
- Most products go through a natural evolution designed to provide new features and stimulate purchasing. For example, think about Apple’s products such as iPod or iPhone.
- If you don’t plan to update your product, simply skip this step.

Why is developing a Product Development Budget important?
- Increases credibility for Product Manager
- Organizes cost categories in a logical manner
- Ensures proper allocation of resources

Download our Product Roadmap Template to document customer requirements, product features, priority level, and planned release date of future versions of your product.

Download our Product Development Budget template to estimate the staffing costs, production expenses, and overall budget for the development of this product.
STAGE 7

Launching the Product

The Product Launch is your process for taking new products to market. A solid launch plan will:

- Set clear launch goals and objectives
- Create early revenue momentum
- Establish a strong competitive position
- Lay the foundation for post-launch product marketing.

Factors that are crucial to a successful product launch include: process ownership, lead time for planning, project management skills, marketing, a cross-functional launch team, effective communications, and adherence to a detailed launch plan.

**STEP 1:** Draft the Product Launch Plan

**STEP 2:** Create the Product Launch Checklist

POWERED BY:

[Demand Metric]
STEP 1
Draft the Product Launch Plan

**Action Item**

Download our Product Launch Plan to collaborate with the Product Launch Team, and author this internal planning & communication document.

What are the main sections of a Product Launch Plan?

1. Executive Summary
2. Go-to-Market Plan
3. Product Release Milestones
4. Deliverables by Department
5. Launch Budget & Revenue Forecast
6. Pricing
7. International
8. Support Plan
9. Risk
10. Launch Status Communications

STEP 2
Create the Product Launch Checklist

**Action Item**

Download our Product Launch Checklist to define tasks, owner, due date, and status. Use the Gantt chart function to clearly communicate the milestones for the development effort.

What gets documented in a Product Launch Checklist?

1. Product Development Stage
2. Department
3. Task & Description
4. Owner
5. Start & End Date
6. Status
STAGE 8
Review Launch Process

The Product Development and Launch playbook is a process you will repeat, so after each development and launch cycle, invest the time to review this crucial process:

- Were the planning assumptions correct?
- Did the Product and the Product Launch meet its objectives?
- Were the right people on the Launch Team?
- Were the communications timely and effective?
- Was there adequate lead time to effectively execute the launch?

Using input from your post-launch review of the process, incorporate refinements to improve it.

STEP 1: Conduct a Post-Launch Evaluation
STEP 1

**Conduct a Post-Launch Evaluation**

*Action Item*

Download our *Post Project Evaluation* template to review the Product Launch project and document any lessons learned during the product development process.

What is included in a Post Project Evaluation?

1. Overall Project Assessment
2. Scope Management
3. Quality of Deliverables
4. Key Accomplishments
5. Opportunities for Improvement
6. Future Considerations
7. Best Practices Learned
Conclusion

At the end of any business process, it's always a good idea to review it and identify areas for improvement.

Demand Metric has the tools and expertise to help you with the following:

- Set up a product development plan
- Create or audit your product development process
- Assist with using any of the tools referenced in this playbook
- Provide hands-on assistance to accelerate achieving your goals

To learn more, contact Demand Metric: info@demandmetric.com
About This Playbook

The ANA (Association of National Advertisers) makes a difference for individuals, brands, and the industry by driving growth, advancing the interests of marketers and promoting and protecting the well-being of the marketing community.

Founded in 1910, the ANA provides leadership that advances marketing excellence and shapes the future of the industry. The ANA’s membership includes more than 1,000 companies with 15,000 brands that collectively spend or support more than $400 billion in marketing and advertising annually. The membership is comprised of more than 750 client-side marketers and 300 associate members, which include leading agencies, law firms, suppliers, consultants, and vendors.

Further enriching the ecosystem is the work of the nonprofit ANA Educational Foundation (AEF), which has the mission of enhancing the understanding of advertising and marketing within the academic and marketing communities.
Demand Metric is a marketing research and advisory firm serving a membership community of over 106,000 marketing professionals and consultants in 75 countries.

Offering consulting playbooks, advisory services, and 500+ premium marketing tools and templates, Demand Metric resources and expertise help the marketing community plan more efficiently and effectively, answer the difficult questions about their work with authority and conviction, and complete marketing projects more quickly and with greater confidence — thus boosting the respect of the marketing team and making it easier to justify resources the team needs to succeed.

To learn more about Demand Metric, please visit www.demandmetric.com