



A product development company

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## **Competing for the “All Mighty Dollar” How refreshing your product line help you win shelf space**

Anyone who is even remotely aware of their surroundings has noticed a significant increase in the number of new products being introduced every year. New product development has become the life blood of marketing driven companies, for some companies, almost addictive. While introducing new products to an ever changing market is necessary to increase market share and develop credibility with consumers, it can also be costly, time consuming and risky. To alleviate some of the cost, reduce time to market and minimize risk, many leading companies alternate refreshing current products with creating entirely new, ground up products. The automobile industry is a perfect example of this. In the past, automobile manufacturers based their line on as many as 15 platforms. Over the years, they have significantly reduced the number of platforms to as low as five. While they still launch new car designs every few years, the majority of the manufacturers re-introduce their line year after year with subtle styling or feature changes. Complimenting their new product development programs with annual redesigns keeps their line fresh without the spending and risk of a new line each year.

We now see this trend in virtually every product category on the market. Product manufacturers now face shrinking product life cycles and customers who are becoming more demanding and fickle. Regularly refreshing the product line provides a cost effective and timely solution to this product development challenge.

Refreshing a product does not have to mean it is the same product superficially recycled with new colors, graphics, etc. To truly update a product that meets the needs of the user as well as the company objectives, the current product needs to be evaluated and compared to the target market requirement. The product development team needs to consider the future of how the product will be used and optimize the new design to meet new design standards, manufacturing cost and time constraints. Many product redesigns can considerably extend a product's life cycle leading to a potentially higher profit margin with minimal capital expense.

### **Evaluating the Current Product**

New technology, processes and materials are being introduced at a rapid pace, which contributes to new competition entering the market from all angles. Again, take, for example, the automobile industry. A new model introduction soon gives way to a redesign based on consumer feedback. The redesign may be as simple as redefining a few curves, moving controls or adding cup holders, but to the consumer, the redesign is as significant as a proposed new product, when in fact it is based on a “cost reduced” platform with other models.



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### **Evaluating the Current Product (continued)**

The first step in redesigning a product is to evaluate what you already have. Analyze every piece of the unit to determine what it is, where it is used, and why it is needed. Make a list of the pros and cons of the product, its features and how it meets the needs of the consumer. Determine what's working and what's not. Spend some time watching end users interact with the product and ask them what they like and don't like through a focus group setting. Regardless of how intimate you are with your product line, a small group of consumers can confirm or reject ideas and offer many "ah ha" moments that you can incorporate into the redesign or future product concepts.

This is also an excellent opportunity to perform an internal audit. Similar to the Kaizen method commonly used in problem solving, interview as many internal departments as possible; engineering, quality, customer service, sales, marketing, manufacturing, warehouse and even shipping. The input they have to offer will prove invaluable in the new project architecture. For example, meet with the customer service representative who has taken numerous calls regarding one particular product issue. Or talk with an assembler who might have an idea that can reduce the cycle time or make their job a little easier, which could reduce your overall cost. Finally, be sure to include supply chain partners in your evaluation process. They will often have valuable information regarding industry trends, alternative materials and manufacturing processes. They may also help you understand how standards and technology may have changed since the product introduction or if there are new standards being developed that may affect new designs.

Product optimization and efficiency is another area that should be analyzed during the redesign process. Things like estimated annual usage, manufacturing methods, materials and assembly processes should be readdressed at this stage to make the product as streamlined as possible. Estimated volume of the newly designed product, for example, may be significantly higher than the original forecast. A higher forecast may require more cavitations in the tool which leads to more parts per hour, thereby decreasing the cycle time per unit.

Manufacturing methods and materials should also be evaluated. For example, if conditions or requirements have changed since the initial design or perhaps the product was originally designed more robustly than necessary; this evaluation can lead to a change in type or use of material which may also affect the preferred manufacturing methods. The next logical step is to analyze the assembly of the product. Designers and engineers often uncover steps in the assembly process that could be combined or eliminated to reduce assembly time. This analysis also reveals opportunities to reduce the number of parts with simple design changes.



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### **Evaluating the Current Product (continued)**

All of these things can all significantly improve the product while positively affecting the bottom line profit margins. Nothing is more attractive to a consumer than purchasing an already successful product with an improved set of features at a reduced cost. Once you have a comprehensive evaluation of the current product, take a look at the competitive environment.

### **Sizing up the Competition**

Years ago, new products were introduced to meet a need, or fill a niche. Now, in so many industries, beating the competition has become just as important as filling the niche or meeting a need. With more products available on the market than ever before and new categories being created every day, staying ahead of the competition is imperative. Of course, sizing up the competition is more than just determining what they have on the market that you don't or just trying to beat their price. It is about truly understanding the product, its features and benefits, customer needs, market position, shelf space and even the size of the product to address shipping efficiencies.

Comparing features is important, but the benefit of the feature is equally important. For the comparison to be useful, you need to understand how it serves the end user and/or how it is produced. Also be aware of the marketing spin companies often employ. If the product touts a trademark named feature for example, make sure you understand exactly what it is and why it has been trademarked. Sometimes, trademarks and specially named features lead the consumer to believe that it is a unique feature. Rather than doing the research, consumers often take what they read for granted and make the purchase based on appearance. Many branded trademarked features are exactly the same as competitive products but are not highlighted or called out in the packaging. Even though both products may have the same feature the consumer uses the packing information to make their buying decision without further investigation. By understanding this, you can more clearly identify the features and let them compare apples to apples.

Outside of the features and benefits, there are other things to investigate. For example, look at the size of the unit. How many competitor units will fit on the shelf (on in a container)? The ability to fit more products in a container and/or shelf can influence a buyer's decision to purchase your product or a competitor product. Even the assembly and disassembly of the competitive product or even non-related but similar products provide a great deal of insight.



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### **Sizing up the Competition (continued)**

Finally, you need to look at the cost of both products. Create a bill of material for the competitor unit and determine the approximate cost so you can compare it to yours. While doing this, you may even identify another competitor weakness or other ways to improve your product. Even though the wholesale price is set by the buyer, the price in which you can offer it to him or the profit you add to your bottom line may differ based on the this step in the process.

A competitor product does not necessarily have to be the same type of product. By understanding who the end user is, you will be able to determine what your secondary competition might be. For example, the kids bicycle industry, has to consider other products that compete for kids' money; things like skateboards, video games, cds, skates, etc. All of these items, although not directly related, will compete with a bicycle. Of course at this point you are not comparing apples to apples, but it will help you be aware of how your product rates with the consumer and help you extend your horizons when considering a redesign or new product launch.

### **Look Beyond**

Evaluating your product and comparing it to the competition is a great way to get the ball rolling, but you are not going to want to redesign the same product year after year. Take some time away from the product to brainstorm about its future. Consider what's next. Investigate new technology that is being developed and new materials, processes that might be available. You should also study other industries to find trends, mechanisms or materials that might be a good fit now or in the future. A perfect example of the impact new technology can have on multiple product categories is the Ipod. The introduction of the Ipod has effectively forced product redesigns or feature enhancements in practically every consumer product category from apparel to automotive to juvenile products. While no one was looking, the Ipod was developed and launched, giving hundreds of other product lines new opportunity.

Going green is another area of consideration. Consider how your product will impact the environment. Investigate the possibility of using recycled materials if possible. Often, if the benefits outweigh the costs, consumers will pay more for the future value of this decision. For example, wood used to build decks for decades is slowly being replaced by recycled plastic material. Although the immediate cost is nearly three times that of purchasing lumber for the same project, the long term benefits (no staining, maintenance, or replacement concerns) far outweigh the immediate cost in the consumers' eyes. All in all, going green is not just an obligation, it is an opportunity!



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### **Look Beyond (continued)**

Overall, the redesign should address any challenge or opportunity that faces the product today, tomorrow and into the future. It should take the product to the next level, not just give it an updated look or feel.

### **Optimizing for Manufacturing**

Once you have completed all of your research efforts and have a solid design direction, contemplate how you can optimize the design for manufacturing. Think about the processes you plan to use. Make sure the design you have agreed upon is manufacturable and that the parts have been designed as efficiently as possible. After all, a great design that cannot be manufactured isn't such a great design! Combine features or add new ones where you can and look for "free" features that give the end user more bang for their buck, but may not cost extra to include. For example, molding a handle into a plastic piece may not increase the product cost, but the end user might consider it an upscale feature and pay a little more for it. Another example is the addition of a cup holder. Five years ago, the average automobile may have had a cup holder or two, usually conveniently positioned for the driver's and passenger's convenience. Fast forward five years or so to find cup holders galore, from car seats to strollers to lawn chairs to fitness equipment. And in the automobile industry cup holders make a major debut in new model advertising. This simple feature that probably cost the manufacturer next to nothing has become a standard feature on hundreds of products and even has the consumer expecting it on many other products. Even though it has become more of a commodity, for several years, offering a cup holder on a product would often break the competitive tie.

### **The Bottom Line**

A kick off to redesign a product can be exciting and inspirational to a creative product development team. It gives them the opportunity to apply new found knowledge to an established idea. It lets them capitalize on user feedback in addition to their own ideas for continual product improvement. The product development team may consist of an internal group, an external firm or a combination of both. Engaging an outside firm can provide a fresh perspective and support the internal team throughout the product development process, while relying on the internal team encourages teamwork and comradery. Designing for your company's core competency has changed with a shift in global manufacturing and can be the ball and chain limiting a redesign.

New product development has been proven essential to the growth and success of most companies throughout the world. Developing new products and redesigning current products both take resources, time and money.



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### **The Bottom Line (continued)**

Alternating new product launches with redesigned product introductions is an excellent way to keep your product line fresh and new year after year without the heavy requirements of launching new products incessantly.

Regardless of which path you choose, keep your eye on the ball and remember: We now live in a world where products are obsolete by cost, function and style but ultimately by technology, standards and the constantly moving target of competing for the consumer dollar.

*Dennis Turner is chief creative officer and co-owner of Catalyst PDG, Inc. (Indianapolis IN), a product development company offering a “Mind to Market” approach to product development including concept development, industrial design, engineering solutions, design validation, marketing research, rapid tooling and short run manufacturing. Dennis has a diverse background in advanced product development including industrial design, engineering, prototyping and manufacturing. He holds more than 50 design, utility, provisional and assembly patents, earned his Bachelors of Science Degree in Industrial Design, and was certified in the Professional Practice Program from the University of Cincinnati. He can be reached at (866) 275-2757 or via e-mail at [dturner@catalystpdg.com](mailto:dturner@catalystpdg.com). For more information about Catalyst’s “Mind to Market” approach, call 866.275.2757 or email [solutions@catalystpdg.com](mailto:solutions@catalystpdg.com)*



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