

Case Study: New Product Concept Evaluation



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CLIENT SITUATION

The client, using innovative technology (Technology Q), developed a new product that was believed to offer superior functionality and benefits in terms of...

- **Technical performance**
- **Physical appearance and configurations**
- **Energy consumption**
- **On-going maintenance**

Furthermore the client believed that its new product concept would be highly valued for certain applications, but they had questions about...

- **Market acceptance of the new product concept**
- **How to improve the product concept to deliver greater value**
- **Pricing**
- **Competitor presence**
- **Sales channels**
- **Future demand**

RS CONSULTING'S APPROACH

RS Consulting conducted in-depth qualitative research and analysis with a diverse but representative group of market players in the two applications/industries of interest

The market players interviewed were:

- **Decision-makers within end-user organizations**
- **Potential OEMs/channel partners**
- **Influencers such as consultants and architects**
- **Competitors**

We augmented the market place interviews with secondary research and client perspective to provide a more complete analysis

With this approach RS Consulting cost-effectively delivered high-quality results and recommendations and met the project objectives

KEY FINDINGS AND CONCLUSIONS

RS Consulting identified important differences between the two applications:

	Application Market A	Application Market B
DECISION-MAKER TYPE	<p>FACILITY MANAGER</p> <ul style="list-style-type: none"> Relied upon 3rd party firms for advice and recommendations 	<p>TECHNOLOGY/PRODUCT EXPERT</p> <ul style="list-style-type: none"> Sought detailed product information; less reliant on 3rd party firms
CUSTOMER CHARACTERISTICS	<ul style="list-style-type: none"> Target application was a primary to business Further along in adoption of Technology Q 	<ul style="list-style-type: none"> Target application one of several similar applications Just starting to consider Technology Q
BENEFITS of NEW CONCEPT		
One Stop Shopping	LIMITED BENEFIT	LIMITED BENEFIT
Improved Technical Performance	BENEFICIAL, But NECESSARY?	HIGHLY BENEFICIAL
Innovative Fixtures	LIMITED	LIMITED NOW, But COULD BE FUTURE BENEFIT?
Lower Energy Consumption	BENEFICIAL, But ANY DIFFERENT?	LIMITED
Easier Maintenance	BENEFICIAL But ANY DIFFERENT?	BENEFICIAL But ANY DIFFERENT?
Easy to Retrofit	UNCERTAIN	BENEFICIAL, But ANY DIFFERENT?
PRICE SENSITIVITY	LESS SENSITIVE	MORE SENSITIVE

Other important findings and conclusions were:

- **Confirmed that end users do believe that better technical performance = enhanced image and possibly increased sales**
- **Identified potential applications other than the two originally targeted**
- **Identified an OEM channel that has excellent sales coverage of the target applications**
 - **Gained OEM feedback on the client's new product concept and their needs/expectations of a new lighting supplier**
- **Obtained end-user and OEM perspective on which competitors serve these applications and how well/poorly these competitors perform**
- **Obtained market pricing for similar products, which determined that the client's pricing would be competitive**

KEY FINDINGS AND CONCLUSIONS (cont'd)

RS Consulting estimated the revenue potential for the two target applications and included other applications identified:

Industry	Application	Estimated Revenue Potential	Current Usage of Technology Q
Industry Z	Target Application A	\$257M	<ul style="list-style-type: none"> • Estimate ~30% level of adoption • Many customers had plans to install products using Technology Q
Industry Y	Target Application B	\$134M	<ul style="list-style-type: none"> • Products using Technology Q not currently installed, but being evaluated • Initial adoption likely in 2 – 3 years, IF Technology Q is approved
	New Application Identified	Ready for Technology Q and New Product Concept?	<ul style="list-style-type: none"> • Decision-makers have responsibility for all applications, and they expressed interest in using products with Technology Q for this application
TOTAL		\$391M	<ul style="list-style-type: none"> • No revenue included for new construction but this would be a source of revenue once the economy improves

CLIENT TAKEAWAYS

- Actions to improve new product concept and increase market acceptance
- A more effective go-to-market strategy
- More clearly defined estimates for revenue and financial payback