Chapter Four

Product/Service Development

The Concept of Product/Service

- ☑ Describe the Concept of Product and Services
- ☑ List Product/Service Development Process
- ☑ Discuss the Intellectual Property Protection





The Concept of Product/Service

- ☑ Product is anything offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.
- ☑ Product can mean more than a single good or service or a range of goods or services you offer.
- ☑ Many entrepreneurs find it difficult to identify a new product/service or a new market opportunity.
- ☑ Organization's success is dependent on customer satisfaction and delight.
- ☑ Customer satisfaction is achieved the development of product and service, which have all attributes required by the customer.





The Concept of Product/Service ….

- ☑ Products include physical objects, services, persons, places, organizations, ideas or mixes of these entities.
- ☑ Services are products that consist of activities, benefits or satisfactions that are offered for sale, such as haircuts, tax preparation and home repairs.
- ☑ Services are essentially intangible and do not result in the ownership of anything.
- ☑ A success product or services do not only have an attractive package design but should be also able to provide robust performance.





Product/Service Development Process

- ☑ Once the opportunity is selected and business model has been designed, the next step is to develop a commercial version of the opportunity.
- ☑ Product development is the process through which companies react to market signals, respond to changes in customer demand, adopt new technologies, foray into new areas, and ensure continuous growth.
- ☑ Product development is a core process in achieving strategic objectives, renewal of the company business model and deterring competition from displacing the company from its market position.





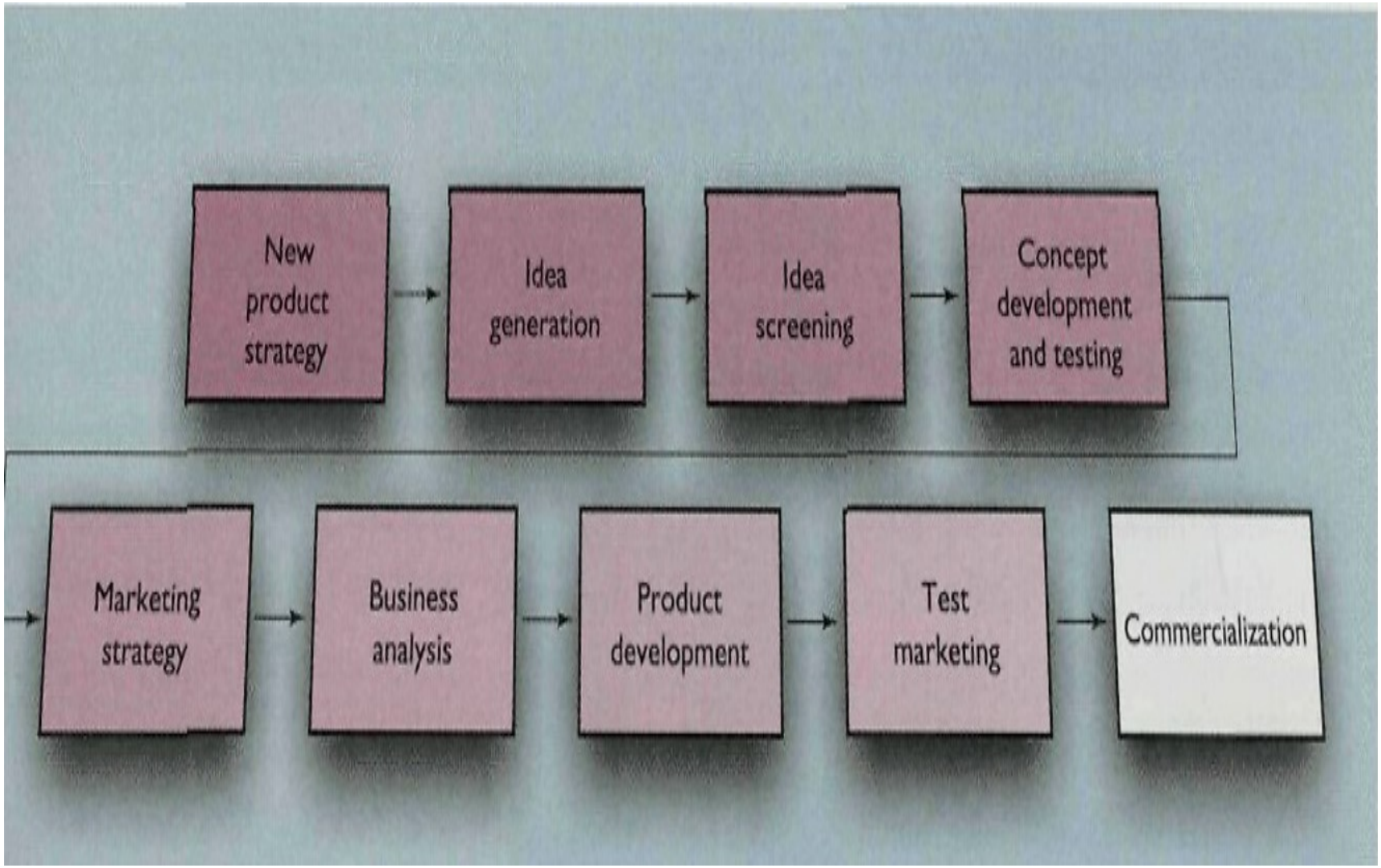
Product/Service Development Process

- ☑ Product/service development process is part of the overall new-venture creation process.
- ☑ There are many models that advocate what the product/service generation process should look like, for this purpose we shall adopt four distinct stages.
- ☑ These stages can be referred to as:
    1. Idea Generation
    2. Incubation
    3. Implementation
    4. Diffusion





Product/Service Development Process



New Product Strategy

- ☑ Effective product innovation is guided by a well-defined new-product strategy.
- ☑ **The new product strategy achieves four main goals:**
- ☑ It gives *direction*: new-product team and *focuses team effort*
- ☑ It *integrate* functional or departmental efforts
- ☑ It allows tasks to be *delegated* to team members
- ☑ It should be *proactive* not reactive management which *increases the likelihood of a more* thorough search for *innovation opportunities*.





New Idea Generation

- The new product development process starts with search for ideas.
- It *should be proactive and systematic.*
- Companies have to encourage any new idea coming.
- The key to successful domestic and international entrepreneurship is to develop an idea that has a market for the new product/service idea conceived.
- Some of the more fruitful sources of ideas for entrepreneurs include consumers, existing products and services, distribution channels, the federal government and research and development.
- A company typically has to generate many ideas in order to find a few good ones.





Idea Screening

- ☑ In the 2nd stage, the purpose is to lessen the number of ideas to few vital/valuable ideas.
- ☑ The ideas should be written down and reviewed each week by an idea committee who should sort the ideas into three groups.
  - ☑ *Promising Ideas*
  - ☑ *Marginal Ideas*
  - ☑ *Rejects*
- ☑ Each promising idea should be researched by committee member.





- ☑ *Concept Testing*:- Calls for testing product concepts with an appropriate group of target consumers/customers and getting the consumers' reactions.
- ☑ At this stage the concepts can be in words or picture description.
- ☑ Any product idea can be turned into several product concepts. The questions asked probably include:-
  - ☑ Who will use the product?
  - ☑ What benefits should the product provide?
  - ☑ When will people consume the produced?





Marketing Strategy Development

- ☑ After testing the new product the concerned body must develop a preliminary marketing strategy plan for introducing the new product into the market.
- ☑ The marketing strategy will undergo further refinement in subsequent stages.
- ☑ The marketing strategy plan consists of three parts
- ☑ Market size, structure and behavior
- ☑ Planned price, distribution strategy, and marketing budget of the 1st year
- ☑ Long run sales and profit goals, marketing mix strategy.





Business Analysis

- ☑ After management develops product concept and marketing strategy, it can evaluate the proposals' business attractiveness.
- ☑ Management needs to prepare sales, cost and profit projections to determine whether they satisfy the company's objective or not.
- ☑ *Estimated Total Sales*:- Management needs to estimate whether sales will be high enough to yield satisfactory profit.
- ☑ *Estimating Cost and Profits*:- After sales forecast the management should estimate the expected cost and profit at various levels of sales volume.





Product Development

- ☑ If product concept passes the business test, it moves to R&D or engineering to be developed to one or more physical version of the product concept.
- ☑ Its goal is to find a prototype that the consumers see as embodying the key attribute described in the product concept statement.
- ☑ Scientists must not only design the products' required functional characteristics but also know how to communicate its psychological aspects through physical cues and how will the consumer/customer react to different colors, sizes, weight & other physical cues.





Market Testing

- ☑ After management is satisfied with the products' functional and psychological performance, the product is ready to be dressed up with the brand name.
- ☑ The goals are to test the new product is more authentic consumer/customer settings and to learn how large market is and how consumers and dealers react to handling, using and repurchasing the actual product.
- ☑ Most companies know that market testing can yield valuable information about buyers, dealers, marketing program effectiveness, market potential & other matters.





Commercialization

- ☑ *When (Timing):-* In commercializing, market entry timing is critical.
- ☑ If the company hears about a competitor nearing the end of its development work, it will face three choices.
- ☑ ***First Entry***. Under this category, the firm usually enjoys the "first mover advantage" of locking up key distributors & gaining reputation.
- ☑ The 2nd choice goes with ***Late Entry Strategy***- which has three advantages include:-
  - ☑ The competition will have borne the cost of educating the market





Commercialization….

- ☑ The competing product may reveal fault that the late entrant can avoid;
- ☑ The company can learn the size of the market.

☑ *Parallel Entry:-* can be also chosen by the company to get in the market. This leads to reduced production cost and production of quality goods and services.

☑ *Geographical Strategy*:- The company must decide whether to launch the new product in a single locality, a region/several regions, in the national/international market.





Commercialization….

- ☑ *To Whom (Target-Market-Prospect):-* Within the rollout markets, the company must target its distribution and promotion to the best prospect group.
- ☑ Prime prospects for a new customer's product would ideally have the following characteristics:
  - ☑ They would be early adapters
  - ☑ They would be heavy users
  - ☑ They would be Opinion leaders
  - ☑ Could be reached at low cost





Legal and Regulatory Frameworks for Entrepreneurs

- ☑ There are many options that an entrepreneur can choose in setting up an organization, it will be necessary to understand all the advantages and disadvantages of each regarding such issues as liability, taxes, continuity, transferability of interest, costs of setting up, and attractiveness for raising capital.
- ☑ One of the challenges the novice entrepreneur will face as she goes into business understands the regulatory environment which is made up of numerous laws and regulations.
- ☑ To operate as a legal businessperson and protect the business from unnecessary suits and liabilities





Intellectual Property Protection/Product/Service Protection

What is Intellectual Property?

- ☑ **Intellectual Property** which includes patents, trademarks, copyrights, and trade secrets represents important assets to the entrepreneur and should be understood even before engaging the services of an attorney.
- ☑ **Intellectual property** is a legal definition of ideas, inventions, artistic works and other commercially viable products created out of one's own mental processes.
- ☑ It is protected legal means as patents, copyrights and trademark registrations.





Intellectual Property…..

- ☑ In order to enjoy the benefits arising from the exclusive ownership of these properties, the entrepreneur needs to protect these assets by the relevant law.
- ☑ This is the reason why' experts strongly recommend that those in creative fields seek protection through official registration of their intellectual properties.
- ☑ Patents: A patent is a contract between an inventor and the government in which the government, in exchange for disclosure of the invention, grants the inventor the exclusive right to enjoy the benefits resulting' from the possession of the patent.





Intellectual Property…..

- ☑ **Utility Patent** is utility patent protects any new invention or functional improvements on existing inventions.
- ☑ **Design Patent:** This patent protects the appearance of an object and covers new, original, ornamental, and unobvious designs for articles of manufacture.
- ☑ Like utility patents design patents provide the inventor with-exclusive right to make use/sell having the ornamental appearance protected by the patent.
- ☑ It is appropriate when the basic product already exists in the marketplace and is not being improved in function but only in style.





Intellectual Property…..

- ☑ This patent is appropriate when the basic product already exists in the marketplace and is not being improved in function but only in style.
- ☑ These patents are particularly important to companies such as shoe producers and product package design firms that need to protect their ornamental designs.
- ☑ A patent provides the owner with exclusive rights to hold, transfer, and license the production and sale of a product/process.
- ☑ It is an intellectual property right and It is issued by government to the inventor.





Intellectual Property…..

- ☑ This exclusive property right can be granted for a number of years depending on the countries laws and type of property.
- ☑ **What Can Be Patented Then?**
- ☑ *Processes*: Methods of production, research, testing, analysis, technologies with new applications.
- ☑ *Machines*: Products, instruments, physical objects.
- ☑ *Manufactures*: Combinations of physical matter not naturally found.
- ☑ *Composition matter*: Chemical compounds, medicines





Patent


Coca-Cola


Aug. 3, 1937.
E. KELLY
Des. 105,529
BOTTLE
Filed March 24, 1937
Coca-Cola
FIG. 1.
Inventor
Eugene Kelly.
fineart
america

Patent



Trademarks

- ☑ A trademark may be a word, symbol, design, or some combination of such, or it could be a slogan or even a particular sound that identifies the source or sponsorship of certain goods or services.
- ☑ These are distinctive names, marks, symbols or motto identified with a company's product or service and registered by government offices.
- ☑ Unlike the patent, a trademark can last indefinitely, as long as the mark continues to perform its indicated function. Trademarks unlike patents are periodically renewed unless invalidated by cancellations ,technical registration/renewal issues.





Trademarks


Google
amazon
Microsoft
Disney
IBM
LOUIS VUITTON
ORACLE
SAP
J.P.Morgan
IKEA
ups
HERMÈS
PARIS
Coca-Cola
SAMSUNG
TOYOTA
intel
CISCO
HONDA
CHANEL
AMERICAN EXPRESS
pepsi
ZARA
H&M
accenture
Budweiser

Benefits of a Registered Trademark

- ☑ It provides notice to everyone that you have exclusive rights to the use of the mark throughout the territorial limits of the country.
- ☑ It entitles you to sue in federal court for trademark infringement, which can result in recovery of profits, damages, and costs.
- ☑ It establishes incontestable rights regarding the commercial use of the mark.
- ☑ It establishes the right to deposit registration with customs to prevent importation of goods with a similar mark.





Benefits of a Registered Trademark…

- ☑ It entitles you to use the notice of registration (®) and provides a basis for filing trademark application in foreign countries.
- ☑ **Copyrights** is a right given to prevent others from printing, copying, or publishing any original works of authorship.
- ☑ **Copyrights** provide exclusive rights to creative individuals for the protection of literary or artistic productions.
- ☑ It protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software…





Copyrights



The Intellectual Property System in Ethiopia

- ☑ Ethiopia became a party to the convention establishing the world Intellectual Property Organization (WIPO) in February 1998 right after some time the Country had joined the Nairobi Treaty on the Protection of the Olympic Symbol in 1981.
- ☑ It is a member of the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA) which was formed in 1994.
- ☑ The Partnership Agreement between members of the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU).





The Intellectual Property System in Ethiopia…

- ☑ The Ethiopian Government established the Ethiopian Intellectual Property Office in the year 2003 containing the understated Objectives:-
- ☑ To facilitate the provision of adequate legal protection for and exploitation of intellectual property in the country;
- ☑ To collect, organize and disseminate technological information contained in patent documents and encourage its utilization;
- ☑ To study, analyze and recommend policies and legislation on intellectual property to the government.





The Intellectual Property System in Ethiopia…

- ☑ To promote knowledge and understanding of intellectual property among the general public.
- ☑ The existing laws and directives in Ethiopia in the field of Intellectual Property (IP) are the Patent Proclamation and the Implementing Regulation, the Copyright and Related Rights Proclamation and The Trademark Registration Directive.





The Intellectual Property System in Ethiopia…

☑ According to the proclamation in order to be granted a patent, an invention must fulfill three conditions;

1. **It must be new:-** It should never have been published or publicly used before
2. **It should be capable of industrial application:-** It must be something which can be industrially manufactured or used;
3. **It must be "non-obvious":-** It should not be an invention which would have occurred to any specialist working in the relevant field.





The Intellectual Property System in Ethiopia…

- ☑ The proclamation excludes the following from patentability:-
- ☑ Inventions contrary to public order or morality;
- ☑ Plant or animal varieties or essentially biological processes for the production of plants or animals
- ☑ Schemes, rules or methods for playing games or performing commercial, industrial activities and computer programs
- ☑ Discoveries, scientific theories and Methods
- ☑ For treatment of the human or animal body by surgery or therapy diagnostic methods practiced on the human or animal body.





The Intellectual Property System in Ethiopia…

- ☑ Rights of a patentee include making, using and exploiting the patented invention in any other way. Any person who wants to use the patented invention has to get the authorization of the owner/inventor.
- ☑ The patentee does not have import monopoly right over the products of the patented invention in Ethiopia.
- ☑ There are certain limitations of rights of the patentee included in the proclamation such acts done for non-commercial purposes; the use of the patented invention solely for the purposes of scientific research and experimentation etc…





The Intellectual Property System in Ethiopia…

- ☑ Ethiopia by the owner of the patent or with his/her consent; the use of the patented invention for national security, nutrition, health or for the development of vital sectors of the economy, subject to payment of an equitable remuneration to the patentee.
- ☑ The duration of a patent is 15 years which may be extended for a further period of five years if proof is furnished that the invention is properly worked in Ethiopia.





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End of chapter four



