



Creating A Product Strategy

For Healthy Food & Drink
Products

 **Interreg**
Atlantic Area
European Regional Development Fund



 **A H F E S**

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Product Strategy Steps 6-9

Create Action Plans

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What products should my business be selling ?

Exploring and deciding on the best mix of products
to achieve your business goals

Why should my business have a Product Strategy ?

Your product strategy forms an overarching plan which defines what your business wants to achieve with the products you sell and how you aim to achieve this.

Your business's product strategy will be unique, because it reflects the unique circumstances and aims of your business.

When thoroughly researched, focussed and well executed, your product strategy ensures that your products align with your business objectives and deliver the maximum benefits to achieve your goals.

Your strategy acts as a structured framework to achieve coherence & consistency in the products you bring to market.

Your product strategy is the start point of the Product Lifecycle Management process, through which you will manage your product portfolio to achieve your business goals.



How does my Product Strategy fit with my Business Plan ?

Your product strategy supports & interacts with your other business strategies such as your investment & growth plan, your customer and sales channels targeting, your marketing plans & sourcing policies.

Coherent Product Strategy

- coherent product ranges,
- logical pricing strategy,
- targeted marketing activities,
- credible brand stretch,
- consistent brand messages,
- optimum distribution networks & sales channels

Supporting Your Business Vision

Based on

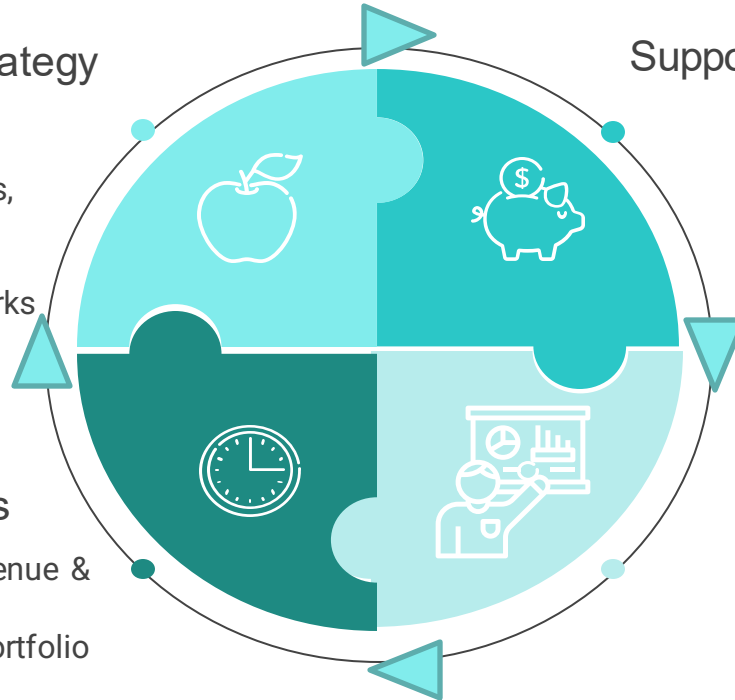
- Consumer needs
- Market opportunity
- Your Brand Values
- Your uniquely appealing offer

Delivering Your Goals

- Delivering sales volume, revenue & profit targets
- Enhancing your customer portfolio
- Entering new markets
- Securing new sales channels

Underpinning Your Activities

- Sourcing raw materials & packaging
- Product development trials
- Distribution chain
- Launch events
- Marketing plan



Why Create a Product Strategy ?

Triggers An Objective Review

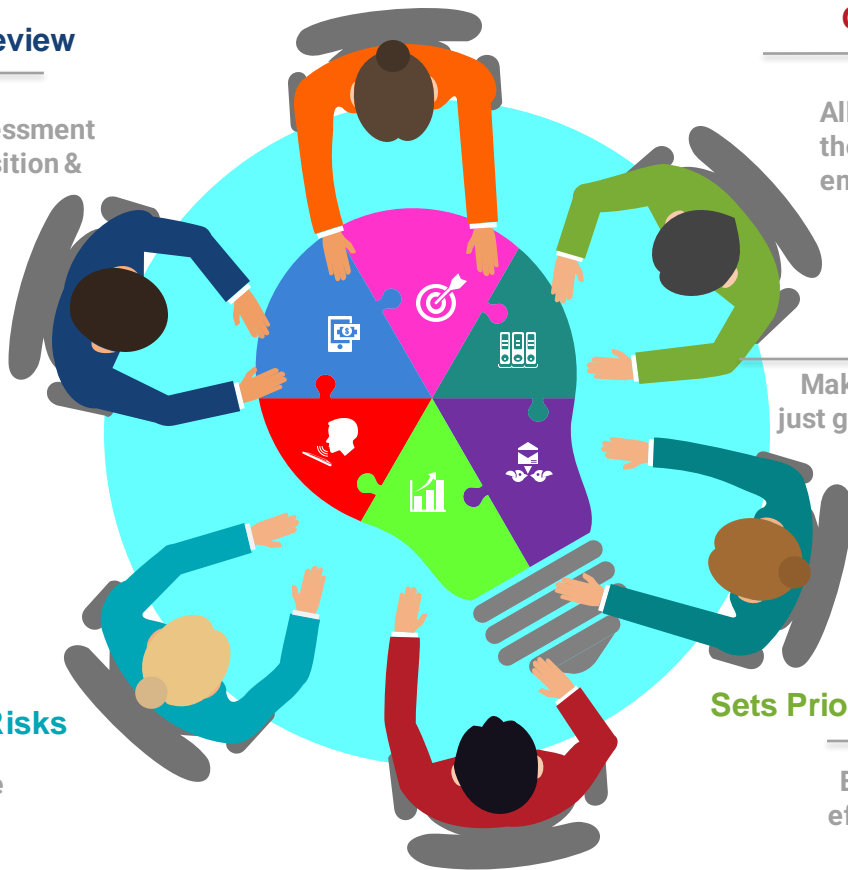
Requires you to undertake a systematic and objective assessment of your business's current position & status

Gives A Clear Picture

Allows you to challenge your assumptions and get a clear-sighted, fact-based view of your market sector

Highlights Opportunities & Risks

Ensures that you don't miss prime opportunities and that you can preempt possible problems



Generates An Action Plan

Allows you to create and share a well thought out action plan with employees, investors and customers

Ensures Right Products

Makes sure that your products aren't just good but are the right products for your target customers

Sets Priorities & Focuses Resources

Ensures you channel your time, effort, energy and investment to achieve your business goals

What are the risks of not having a Product Strategy?

1

Poor Use of Resources

You could be expending valuable time, effort and money on products that don't move you towards your goals

Getting Distracted

It is easy to get caught up in a "passion project" that excites you, but doesn't add value or appeal to your customers

2

Being Left Behind

If your competitors have a stronger focus on product strategy than you, you risk being overtaken in the market

Opportunities Lost

Without a strong focus on product dynamics you may miss evolving sales opportunities or run into issues you could have avoided.

3

4

What are the problems of a weak Product Strategy?

1

Objectives Too Broad

If your objectives are too broad they may not give sufficient direction to get where you want to go

Slogans Not Strategies

If your product strategy is too generic & could easily be transferred to other businesses, it will lack the detail needed to deliver it

2

Unrealistic Customer Targets

You need to realistically be able to reach the consumer groups you target, if you are to meet your sales goals

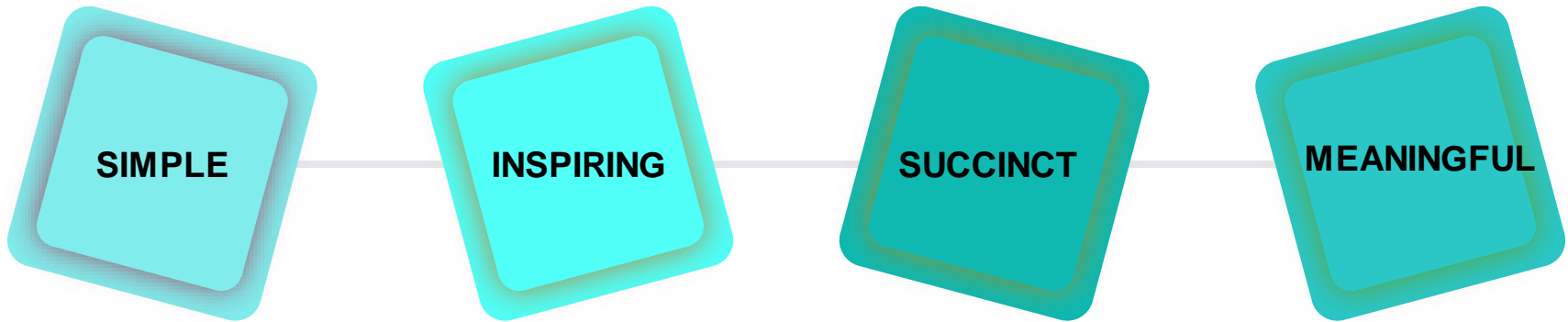
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Demotivating

An poorly researched, unrealistic or vague strategy is likely to fail & can be very demotivating for everyone involved

4

So it's worth making time to build your product strategy



The best product strategies are simple but inspiring, succinct but meaningful

Building Your Product Strategy

The Nature & Needs of the Market

Ensures you make what consumers want to buy

- Market Insight
- Consumer Research
- Competitor Analysis
- Benchmarking

Are the components of your market review

Your Business's Key Characteristics & Differentiators

Leads consumers to buy from you

- SWOT Analysis
- Performance Review
- Financial Position

Form an honest deep-dive into your current business position

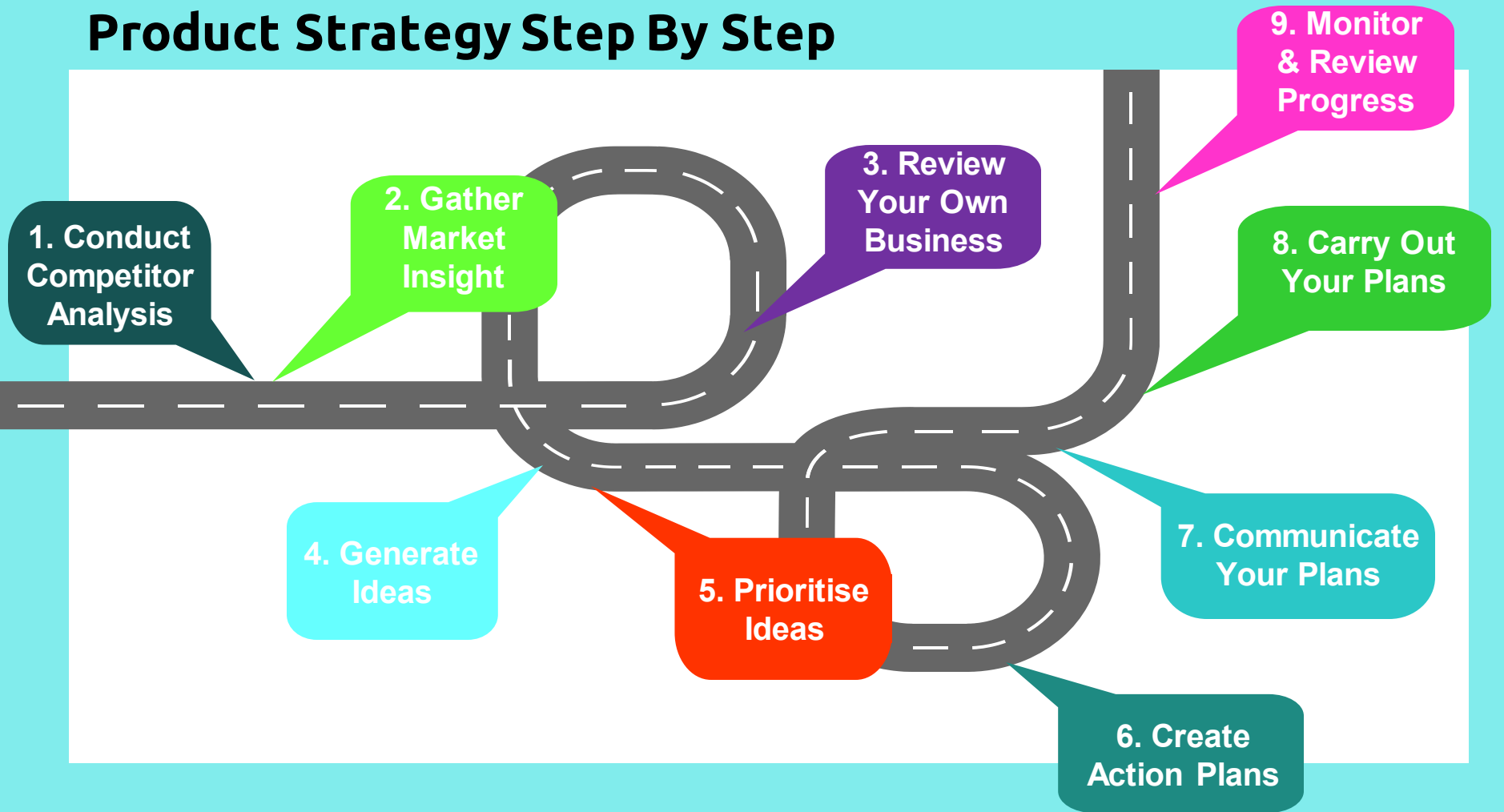
Your Company Goals

You generate revenue & profits to deliver your goals

- Clarifies Your Goals
- Promotes a Consistent Approach

Creates a point of reference which keeps your activities focused on your goals

Product Strategy Step By Step



1. Competitor Analysis – Retail Products

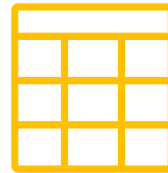
Conduct store visits and systematically record in detail what products you see (e.g. pack sizes, pricing, the manufacturer's names), note the way the fixture is laid out and its position relative to others in the aisle. Take photographs if allowed by the retailer.



Step 2

Purchase any products you want to buy for Benchmarking later.

Create a table which logs all the information & photos you have gathered in a way that makes comparison easy & provides future reference all in one place.



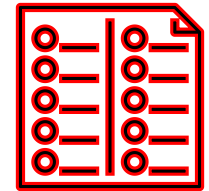
Step 3



Step 4

List your competitors and research them online.
What are their market shares?
What do they present as their unique selling points?
What changes or updates are they making to grow?
What marketing tactics do they deploy?

Compare & contrast their offer with yours – where do you excel & what can you learn?
Ask your consumers what they think of the competitors & challenge any preconceived ideas about your rivals.
If necessary rethink your approach.



Step 5



Step 1

1. Competitor Analysis – Food Service Products

01

RESEARCH



Researching food service outlets, competitors' product concepts and menus online allows you to build up a broader local, national or international picture of what is happening in the market. Trade exhibitions & events are also useful for insights. What is new or changing? What does this mean for your current or intended products?

Visiting the food service outlets of your target customers, or where your competitors products are sold, means you can review the menus for menu structure and descriptions used, assess meal composition, product presentation & nutritional data, judge their staff skill set as well as note portion sizes, pricing and marketing claims. What is the service & eating experience like and what cooking or other equipment is used?



03

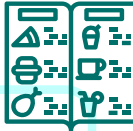
DETAILS



Compare & contrast what you have found with your own offer – what did you learn? Did it confirm or challenge your ingoing assumptions? Is your product offering appropriate or do you need to rethink your product format, recipe, pricing or preparation method for example?

VISIT

02



Order any products you want to try and make tasting and observational notes for later reference – take photos if you can. Speak to the staff, ask what sells well, whether they feel customers would like your product idea, what pricing works well and what constraints do they have for example order to service times or cooking methods?

LEARNING

04



2. Gather Market Insight

Check out our [Market Insight](#) training module for more information

Field Testing & Feedback

Consider using customer sampling, in home trials or in-house testing for food service products to get honest feedback



Market Reports

You can gather insight from Purchased Reports (Market research agencies) or Open Data (e.g. Government statistics, Academic papers, Trade bodies, Charities & Campaign groups, Creative Commons)

Social Media Listening

Track brand mentions, see unprompted, candid opinions and reviews, analyse the language used by consumers



Trade Press, News Feeds & Updates

Monitor Newsletters, articles, blogs and seminars from Sector Media, Trade Associations, Suppliers and Market Commentators

Use market insight to make educated predictions about how your market is evolving & how your products can respond to consumer needs

Consumer Research

Use Online/Phone surveys, Focus groups, Accompanied shopping trips and in-depth Interviews to get your customers views



Customer, Competitor & Supplier Performance

Check out Annual & Ad Hoc Reports covering Financial Performance, CSR strategy, investments & future plans

3. Review Your Own Business – Try a SWOT analysis

STRENGTHS

- What assets do you have ?
- What resources can you draw upon ?
- Where do you excel vs your competitors ?
- What do you offer that is positively unique ?
- What connections can you leverage ?

WEAKNESSES

- Are your goals still relevant & achievable in a realistic timeframe ?
- Do you have the right staff in the right place ?
- What knowledge and skills, resources, equipment, raw materials or infrastructure are you lacking ?
- In which respects are your competitors stronger than you ?

OPPORTUNITIES

- Are there new markets you could move into with current products?
- Can you reformulate or innovate to fill gaps in the market ?
- Is customer behaviour changing & opening new sales opportunities ?
- How can you reach new customers ?
- Would you benefit from updating your marketing strategy ?

THREATS

- Where are you vulnerable ?
- How robust is your financial performance ?
- Are you hitting your performance targets ?
- What changes could undermine your business ?
- How would you adapt to new circumstances ?

3. Review Your Own Business – Lifecycle Mapping



By plotting your existing products onto the lifecycle curve you can review their sales and profit position. What products are in their growth phase and can be exploited or what lines should you withdraw from production ? You can apply a similar method to map out your sales channels and key customers to understand sales & profit opportunities.

3. Review Your Own Business – Your Market Approach

What approach best suits your resources, skillset and aspirations for your brands and products ?



Market Leader

This is the brand that holds the largest market share.

They may not have been first to market, but having entered the market they have grown to dominance.



Market Challenger

Challenger brands aggressively seek to steal market share from the market leader.

They do this by investing in creating differentiated offer which appeals to consumers & marketing it strongly.

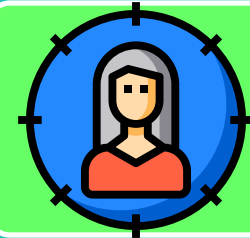


Market Follower

A market follower seeks to take market share but without investing significant in differentiation.

By using the market momentum created by the market leaders to attract customers.

They often focus on cost reductions, allowing them to sell at lower prices.

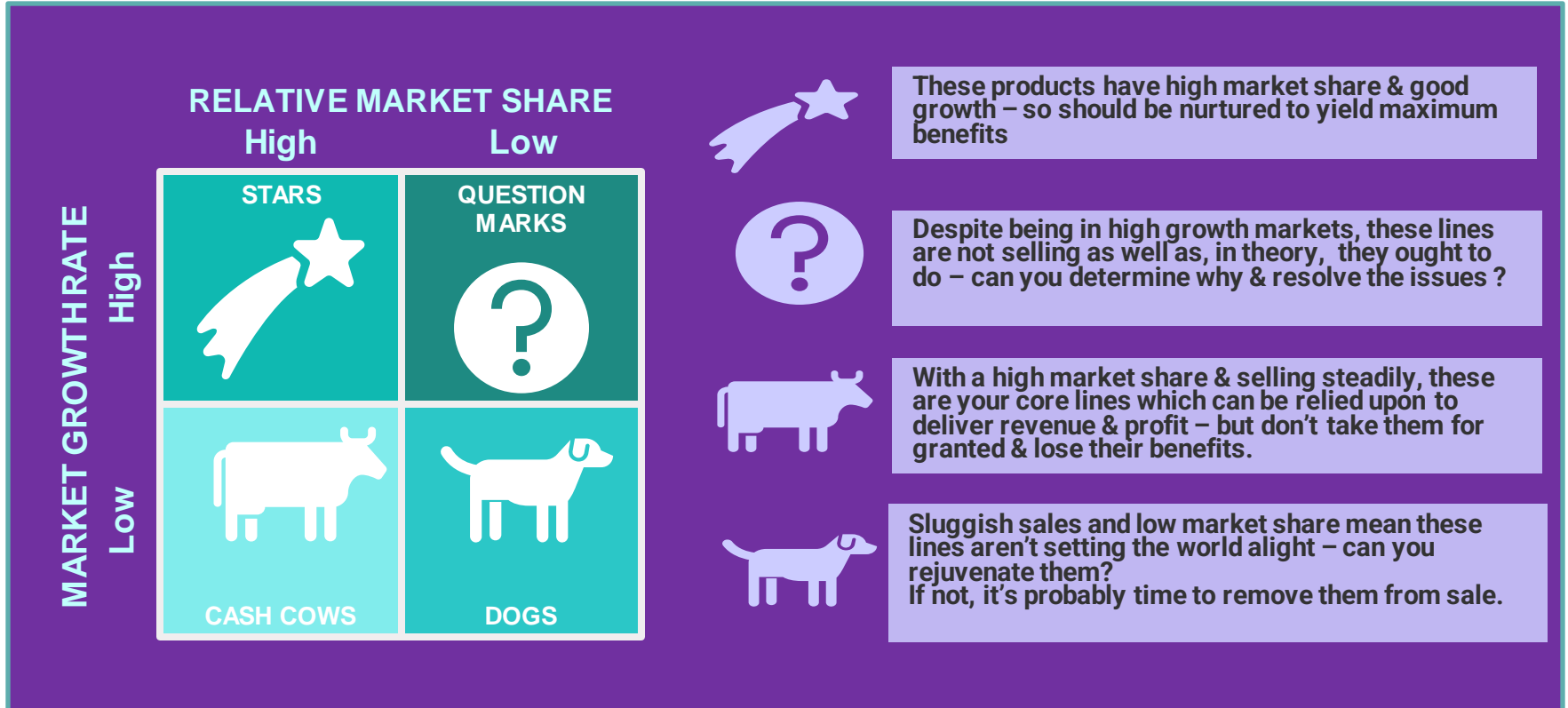


Market Nicher

A market nicher seeks to dominate in a specific market niche. Favoured by smaller businesses lacking the resources to compete against dominant market leaders, they develop a unique offer appealing to a specific customer base large enough to generate an acceptable sales level.

3. Review Your Own Business – Score Your Portfolio

Plotting all your existing products onto a Boston matrix forces you to think about each one in detail. You can assess what they contribute to your business and how you should be managing them



3. Review Your Own Business – Your Customer Strategy

What will be the best way for you to manage your approach to customers ?

There are a number of considerations when building a customer base which is profitable and sustainable for your business. Your product strategy needs to reflect & support your customer strategy. Here are some aspects to consider.



CURRENT Vs. NEW

Are you better to grow with current customers – for example by adding products or extending distribution, or to seek new customers ?

New customers may bring new sales opportunities but might be more expensive to serve or incur added distribution costs.



EGGS IN BASKETS

However, consider what is the highest percentage of sales you are comfortable having with any one customer ?

It can be risky to have all your eggs in one basket !



CONFLICTS OF INTERESTS

Might some of your important customers be upset if you also sell to their direct competitors?

You may need to consider conflicts of interest and their desire for exclusivity before adding new customers.




BRAND vs. OWN LABEL


If you have successfully brought an innovative concept to market, major retailers may ask you to produce it for them in their private label. Consider if you will supply in this format and gain the sales, rather than lose them to a competitor vs. the potential for commoditisation and loss of brand impact.

4. Generate Ideas

Check out our [Creative Ideation](#) training module for more techniques for generating ideas

 **ONE → MANY**
In this technique each person collates their ideas individually before sharing. This avoids “group thinking bias” and a herd mentality, produces more unique ideas and ensures everyone’s voice is heard

Quantity NOT Quality of ideas is your objective at this stage

 **MIND MAPPING**
Sketching your thoughts as one leads to another, then looking for connections – this can be done individually, in groups or using collaborative online software




Invite diverse opinions – don’t rely on the same contributors every time

 **OPPOSITES ATTRACT**
Come at your subject by voicing the opposite or anthesis of what you want to happen – what does this reveal about where you should be heading ?

Be silly, outlandish and have fun – don’t pass judgement yet !

IF I WERE ...
project yourselves into others shoes – how would someone famous or a different background, gender or lifestage approach the topic ?

 **QUESTION EVERYTHING**
Ask endless questions, who, what, why, when, where and beyond ! Maybe try a fishbone questioning technique ?

5. Prioritise Ideas

Check out [our Selecting Sparkle Ideas training module](#) for more techniques to filter your ideas

Progressing too many ideas can squander scarce resources, but equally having too few ideas leaves you vulnerable to being overtaken by your competition.

So striking a good balance and developing “winners” is important.



**Speed to get to market ?
Likely lifespan in the market ?**

Timings

Can you get 1st mover advantage?
How quickly might competitors respond ?
For how long might the new product have viable sales ?



Complexity of progressing to launch ?

Feasibility

Would production negatively affect current profitable products ?
Are there any legal or food safety barriers ?
Or conflicts with your brand values ?
Do you have the skills & knowledge in house or can employ/partner as needed ?



**Size of the Prize ?
Market size, revenue & profit per unit ?**

Profitability

Can you produce at a price the market will stand ?
Is the market accessible & large enough to be attractive ?
Can you fund & achieve ROI on any investment needed ?



**Competitive advantage ?
Potential for range extension ?**

Uniqueness

Is the idea innovative & unique ?
Could it become a range ?
Is it trademarked or patented elsewhere ?
Can you trademark your brand identity – name, design etc ?
How easily could competitors copy it ?

5. Prioritise Ideas

Check out [our Selecting Sparkle Ideas training module](#) for more techniques to filter your ideas

Using a scoring method to screen, filter and select the best ideas is a systematic way to decide which concepts you should progress, defer or abandon.

Thinking about what is relevant to your business, define the criteria that you need to judge your potential products - for example

- Ease of production
- Speed to market
- Investment needed
- Investment available
- Potential financial return
- Uniqueness
- Ability for competitors to copy
- Brand enhancing
- Existing market or new sector
- Sales to existing customer or new needed
- Enthusiasm of your team



Where 1 is the most negative situation and 10 the best outcome or most easily achieved.

Use this to debate & score each idea – those with the highest scores should be explored first. A low score might not mean you should abandon the idea, but it might need more time and resources so should be approached with caution.

6. Create Action Plans

Having identified the top scoring concepts to deliver your product strategy.
Now you need an action plan to move you forward!



1. TASKS & ACTIONS

Create a list of all the actions and tasks you will need to undertake to deliver your chosen product ideas to markets



2. ROAD MAP

Place these tasks in order, allocating time & responsibility to complete them and setting deadlines creates the basis of your road map or “critical path”



3. SANITY CHECK!

Now you have greater visibility & understanding of each product, reconfirm that they move you towards your goals. Double check their production feasibility & food safety. Ensure each product clearly fits within your strategy, adheres to your brand values, is attractive to consumers, suits your proposed routes to market & over all sales & profit potential.



4. GATHER RESOURCES

Ensure that you have access to everything you will need - people with the right skills & knowledge, raw materials, equipment, packaging, legal advice, food safety assessments – and define the key quality attributes & outcomes you are targeting

6. Create Action Plans

Creating a **Product Vision Statement** can help you communicate about your product and emphasise how it will contribute to your business success.

We have created a template to help you capture some important aspects of your new product. You can use many of the techniques which are featured in our other training modules to generate the information you need to ensure at your new product fits within your product strategy, supports your brand values and contribute strongly to your business goals.

Our new product is called ...

A brief description is ...

Our target customers are ... why not create a customer persona (See P1-M1 Consumer Insight module)

Our customers told us they were looking for a product which ... (See P1-M1 Consumer Insight module)

It fulfils the needs of our target customers by

It is uniquely appealing because ..

It is responding to market trends by ... (See P1-M2 Market Insight module)

With the product we aim to ...

This product will contribute to our business goals by ...

We will know we have been successful when we achieve ...

Our analysis of our competitors revealed ... (See P1-M3 Benchmarking module)

Our obstacles might be ...

We could overcome these by ...

We will review this product in the context of our product strategy on ...

Product Vision Statement ADD YOUR LOGO HERE

Our new product is called ...

A brief description of it is ...

Our target customers are ...

Our customers told us they were looking for a product which ...

It fulfils the needs of our target customers by ...

It is uniquely appealing because ...

It is responding to market trends by ...

With the product we aim to ...

This product will contribute to our business goals by ...

We will know we have been successful when we achieve ...

Our analysis of our competitors revealed ...

Our obstacles in bringing this product to market successfully might be ...

We could overcome these by ...

We will review this product in the context of our product strategy on ...

HARVEY CAHES

7. Communicate Your Plans

Most plans need input from others to deliver them effectively & on schedule

You now have a well-thought-out plan which is based on consumer needs, your business goals, skills and abilities; enabling you to communicate this effectively to team members, investors and customers.

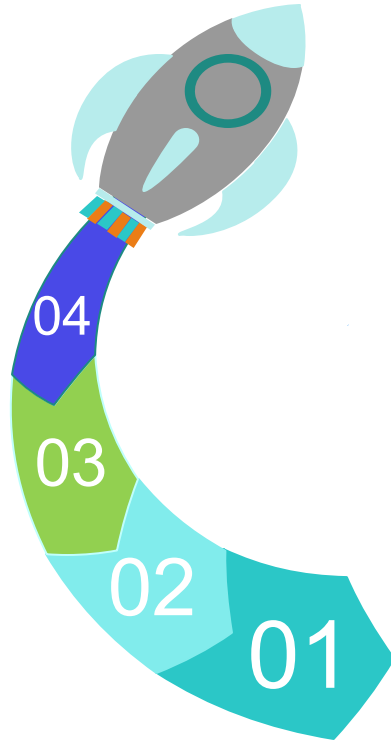
Summarise the strategy, outline the plans and use clear, visually appealing layouts in a short, focussed presentation to explain your thinking.

Taking time to explain the strategy creates confidence, a sense of common purpose and promotes team spirit and ownership as everyone can see how they can contribute to success.



8. Carry Out Your Plans

Creating an action plan with timescales, milestones and clear responsibilities allows everyone involved to understand what is required from them & by when work must be completed.



Create A Visual Plan

Having a visual version of your plan which allows the team working on it to have a common understanding, and to tick off completed tasks, keeps focus & creates a sense of satisfaction and progress too!

Divide & Conquer

Agree who is responsible for what tasks, – set team members “SMART” targets (specific, measurable, achievable, relevant & timeframed) to outline what deadlines apply, what resources, budget & help are available and what success will look like.

Adopt Managable Steps

Breaking down the plan into managable sections makes achieving the whole project seem less daunting, allows you to divide tasks amongst the team, shows what can be done simultaneously or sequentially & provides milestones to check progress.

Set Clear Obectives

Make sure you have clearly defined & communicated what outcome you are aiming to achieve & the project parameters – “mission creep” hinders progress towards your end goal !

8. Carry Out Your Plans

A schedule of project activities allows you to look ahead and make sure everything you need is in place well before the activity is carried out, so no time is wasted.

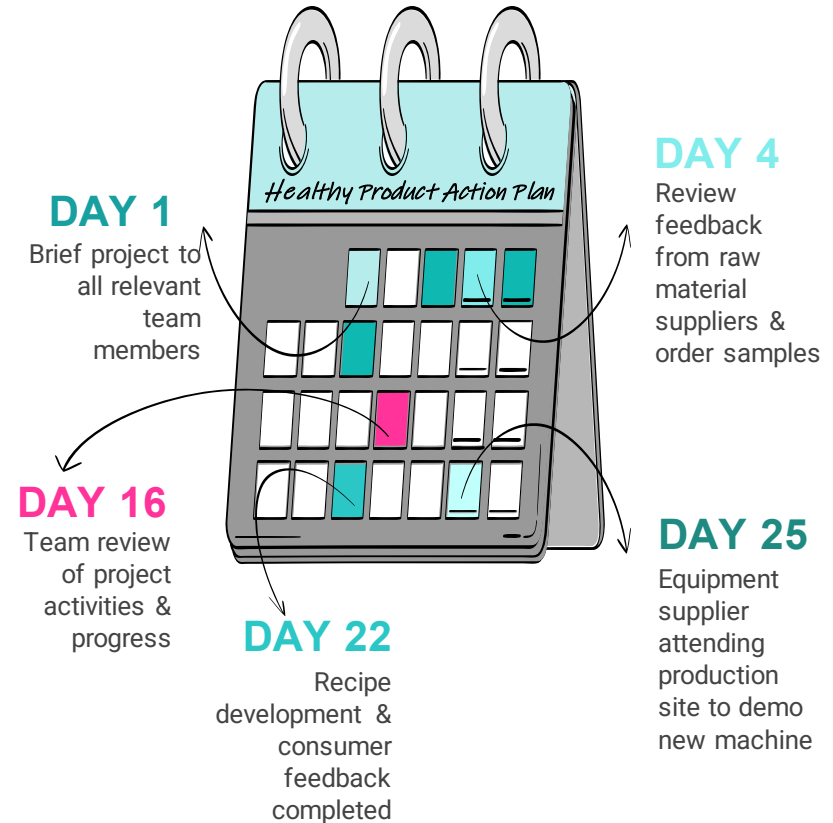
It is rare that everything goes exactly to plan !
So your schedule will probably need to flex as the project evolves. It should be updated frequently – even daily for projects with intense workloads.

Ensure you put a firm time in the diary to review the project & make sure this actually happens !

Not every task depends on a precursor – what activities can you run in parallel ?

Think about what could occur to hinder progress and try to have contingency plans in place - especially for tasks which could halt other activities, if they are not completed on time.

You also need to consider how this particular plan might impact on all the other business activities you have underway.



9. Monitor & Review Progress – Deadlines & Gantt Charts

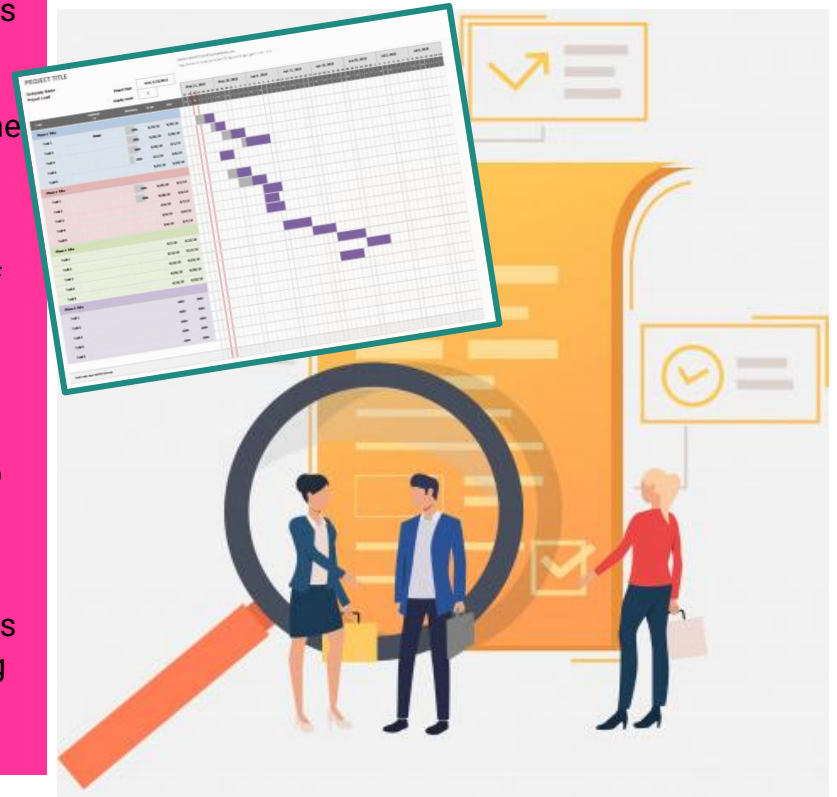
Running a food or drink company is always busy and sometimes hectic.

It can be easy for a new product project to be deprioritised in the list of daily activities needed to run the business.

Sometimes setting internal deadlines - like presenting to a customer or investor - with the risk of adverse consequences if they are not met, can bring a welcome impetus to the project.

Using a [Gantt Chart](#) or activity timeline, which sits behind your daily schedule of project activities, will give you a very useful visual overview of the entire project and an “at a glance” way to check on progress.

Ensuring you have regular reviews, at which everyone knows they will be held accountable for their part of the project, creates greater pace and ownership, which in turn contribute to keeping the action plan on schedule.



9. Monitor & Review Progress – Setting SMART Goals

SPECIFIC

MEASURABLE



ACHIEVABLE

RELEVANT

TIME-FRAMED

In order to know how well you are performing, at the outset of setting your product strategy, you will need to define “what success looks like”.

You can do this by setting quantifiable goal or defining “metrics” which are targets against which you can measure your performance.

These will be unique to your business circumstances and should reflect the things that are most important for the success of your business.

These targets need to **S.M.A.R.T.** – which stands for

Specific – e.g. we want to achieve sales of 10,000 units per month or increase profitability by 15% (not something vague like “we want to sell more than last month”).

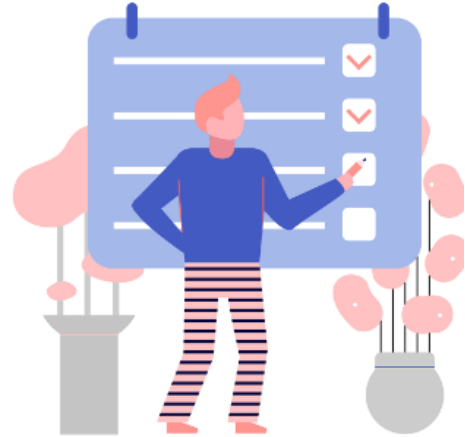
Measurable – e.g. we want to gain 3 extra customer listings within 3 months or we want to achieve 20 positive reviews on Facebook by next August – not “we want people to like it”.

Achievable – e.g. we want to increase our market share by 25% - maybe not “we want to become market leaders” if in reality, this is out of reach.

Realistic – e.g. it applies specifically to your unique business goals

Time-framed – e.g. you set a time frame for each goal and use these to judge performance.

9. Monitor & Review Progress



1. **Set an agenda** for these product strategy reviews and issue it well in advance.
2. Ensure **everyone knows what information they must provide** and give them time to collect, analyse and present the information.
3. Having a **structured way of conducting the discussion** or a set format for the reporting helps ensure nothing gets missed and important details are not skipped over.

What has gone well & might be ahead of schedule – can you capitalise on this ?

What hasn't gone to plan & why ?

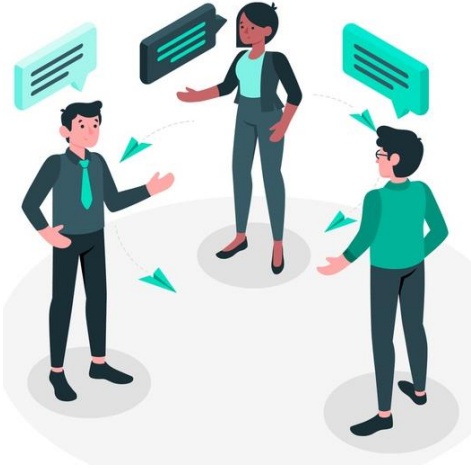
What should you do to get back on track ?

What information, knowledge, skills or resources are needed to complete the tasks that need to happen next ?

Are they in place or can they be arranged in a timely manner ?

4. Is all the **work concentrated** with one person or team - are the tasks suitable to be shared by other people, to spread the workload more evenly and speed up the outcomes you need ?

9. Monitor & Review Progress



5. **Life changes constantly** and your marketplace and business situation is no exception, so you need to strike a balance between sticking to your strategy and flexing your plans to reflect new circumstances.

What new information has been revealed that now needs to be factored into your plans ?

There is really no point delivering a project on time, if the outcomes are no longer relevant !

7. **Good, timely communication is critical** to delivering a successful project as it evolves. It is vital to keep everyone in the project team fully updated – especially if any action plan tasks or timescales change, so that you are all working in the same direction and aiming for the same goals.

You all need to be working to the same up-to-date information in order to avoid wasted efforts due to miscommunications, misunderstandings or wrong assumptions being made.

Have you make sure that any external project participants also aware of deadlines and actions needed from them ?

8. **Share praise** for a job well done, understand reasons for underperformance and think how you can give constructive support and encourage other people to step up their efforts, if they are lagging behind timelines or failing to meet expectations.

Summary: Your Product Strategy sits at the heart of your business and should be designed to deliver your Business Aims

Market dynamics alter rapidly, so review your plans frequently to ensure they continue to deliver your strategy and aims

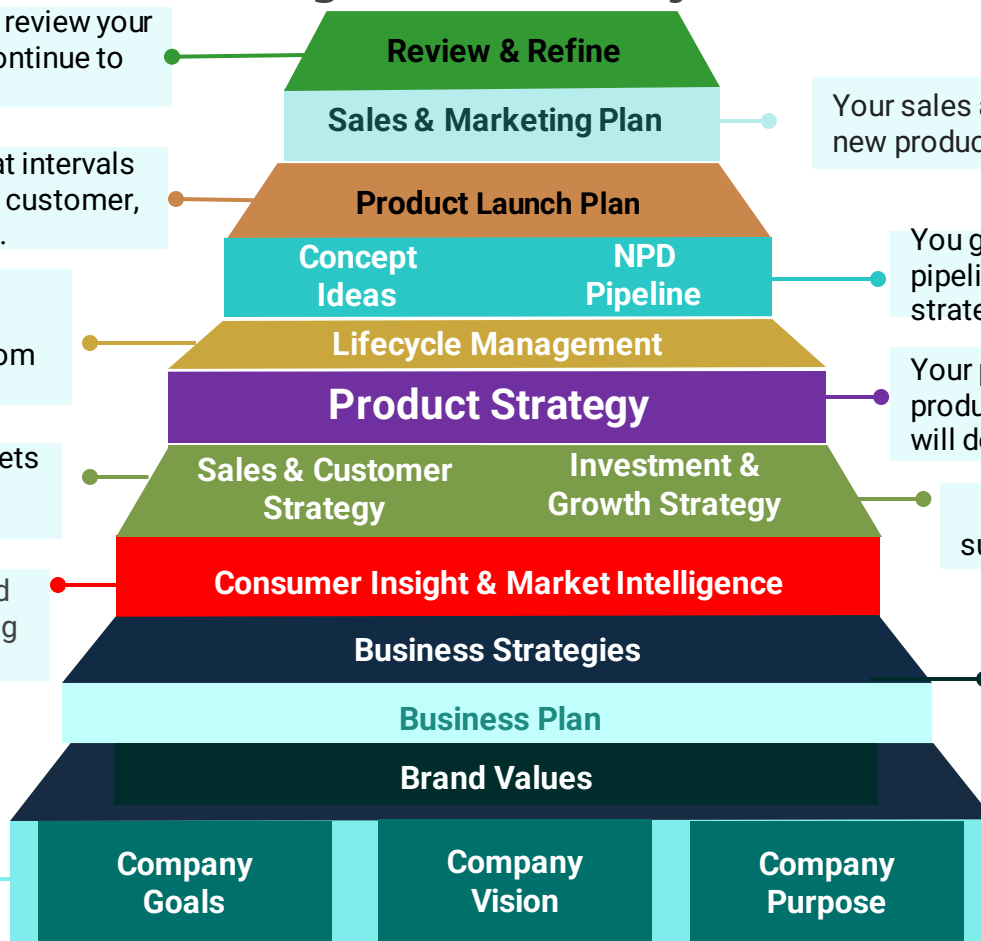
A sequence of product launches at intervals should be aligned with your sales, customer, investment and growth strategies.

Managing products within your portfolio based on their lifecycle stage maximises their benefits from launch to delisting.

Your sales & customer strategy sets out which markets you plan to target, where, how & with whom.

Understanding your consumer and market sector is critical to defining your sales & customer strategy

Your overarching company goals, vision and purpose lie at the foundation of everything your business does.



Your sales and marketing plan supports the new products to achieve growth targets

You generate concepts and prime your pipeline to deliver your product strategy

Your product strategy defines how the products you sell are aligned with, and will deliver, your business aims

Your investment & growth plan supports business plan aspirations.

Your business plan is made up of a number of strategies They are constructed to deliver your company's ambitions in a way that fits with your brand values



We hope that you have found this training module a useful and helpful support to your healthy food and drink innovation.

This training module is one of a number of training opportunities, organised into themed training programmes to support SME's (small & medium sized enterprises) in the participating regions of Wales, Northern Ireland, Ireland, Spain, Portugal and France to successfully bring new and reformulated healthy food and drink products to market.

The training was created by the partners within the AHFES project which is a quadruple helix Atlantic area healthy food eco-system for the growth of SME's funded by the European Union under the Interreg Atlantic Area Funding Programme.

This programme promotes transnational cooperation among 36 Atlantic regions of 5 European countries and co-finances cooperation projects in the fields of Innovation & Competitiveness, Resource Efficiency, Territorial Risks Management, Biodiversity and Natural & Cultural Assets.

For more information about other training available [please click here](#).



This project is co-financed by the
European Regional Development Fund
through the Interreg Atlantic Area
Programme



Acknowledgements

Presentation template by [Slidesgo](#)

Icons by [Flaticon](#)

Images & infographics by [Freepik](#)