
Opening New Markets for Existing Product Lines



A white paper by Technology Futures, Inc.

**TECHNOLOGY
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Opening New Markets for Existing Product Lines

The need to find new market arenas for existing product lines or related ones occurs routinely in most businesses. New market entry may be driven by the desire to expand total sales and profitability, by a changing market structure, or by the emergence of new technologies. In any case, successful entry into new market areas requires detailed analysis, careful planning, and a solid sense of timing. The company must determine the suitability of the product line to the new market, the present and potential size of the proposed market, possible competitor actions, and the time and effort required to introduce the product line into the new market. For more than 20 years, Technology Futures, Inc. has assisted major companies throughout the world in evaluating the opportunities and problems involved in introducing existing product lines into new market areas and in formulating and executing plans to successfully accomplish these introductions. One recent example of the ability of TFI to provide services of this type is illustrated below.

Challenge

Recently, the executives of a large U.S. electronics firm were faced with a major strategic decision. For many years, the bulk of the company's sales had been with the armed forces of the United States and, to a much lesser extent, the armed forces of other nations. Because of reductions in defense budgets, sales had been decreasing, and all indications were that the decreases would continue for the foreseeable future. Therefore,

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it appeared that, for the company to continue to be successful, a large part of their sales must be transferred from defense to the civilian market. Obviously, a successful transfer of this type was a major business and technical challenge.

As a first step in the process of converting portions of the company's product lines from military to civilian use, the company established a new "Civilian Products" division. The head of this new division selected two technology areas that he believed were particularly amenable to the proposed switch and began an analysis of the feasibility of transitioning them from the old to the new markets. Because of the importance of the project to the company, the division head elected to call on TFI to assist him and his staff in making this analysis and in planning entry into the civilian market. The objectives of the project were to:

- Determine if it was feasible to convert the two technologies to civilian use.
- Define the nature, size, and selection criteria of potential markets.
- Develop preliminary plans for accomplishing the desired market transition.

Project Outline

Because he realized the importance of his staff working effectively with the TFI staff, the manager began the project by having TFI conduct a two-day in-house Technology Forecasting workshop for selected division personnel. At the end of this workshop, TFI analysts, working with division personnel, set about accomplishing the following tasks:

- Identifying potential customers for the two technologies in the civilian market using *Nominal Group Conferences*.
- Determining customer needs and desires using *Unstructured Interviews*.
- Examining the feasibility of modifying the technologies to serve the needs of the identified customers using *Morphological Analysis*.
- Projecting the rate of adoption of the technologies in various market segments using *Fisher-Pry* and *Gompertz* adoption curves.
- Projecting future advances in the two technology areas using *Trend Extrapolation* and *Surveillance* techniques.

Project Results

Based on the analyses described above, the TFI and division staffs concluded that both of the technologies were excellent candidates for transfer to the civilian market. In some cases, the technologies could be utilized with little or no modification while, in others, significant technical modification would be required. All things considered, the analyses indicated that the two technologies offered very attractive long-term business opportunities and that the time and effort required to enter the new markets were not excessive.

Actions Taken

The division elected to move forward with its plans to transfer the new technologies into the civilian market and initiated programs to accomplish this end.

Relevance to Your Organization

For more than two decades, Technology Futures has been assisting its clients in determining the feasibility of entering new markets and in planning how such entry can best be accomplished. During this period, TFI has developed a toolkit of more than 20 techniques and methods that it uses to assist its clients in performing the technology/market forecasts necessary for successful new market entry. A project of the type described above typically can be conducted for between \$30,000 and \$45,000. Such projects are normally completed in two to four months, with preliminary results available in about one month.

If you believe that TFI could be of assistance to your organization in identifying and evaluating new product opportunities and in developing strategies for bringing these products to the marketplace, please contact John Vanston, Larry Vanston, David Smith, or any other member of the TFI consulting staff.