

Note: This is the text-only version of this week's lecture.

All media (i.e. videos, flash presentations, and PowerPoints) and learning activities (i.e. assigned readings, assignments, and discussions) are accessible only through the online course.

Week 3: Understanding Customers and Competition

Week 3 Overview

Log in to the course to view video and alternative version.

Click the hyperlink below for a transcript of the video.

[Video Transcript](#)

Week 3 Introduction and Objectives

In order to determine optimal growth options for the enterprise, you must have a complete understanding of customers and competition.

Learning Objectives

After completing this week, you should be able to:

1. Understand and profile your current customers.
2. Identify new potential customers.
3. Identify and profile your competition, including your most direct competitors.

Week 3 Learning Activities

Learning Activity	Description	Due Date	Points/Weight
Reading 1	Read Chapters 2 and 3 of the Meyer/Crane text and Chapter 3 of the Meyer text.	Complete by end of Day 1	~
Lesson 1	Understanding Competition	Complete by end of Day 1	~
Lesson 2	Focusing on the target customer	Complete by end of Day 1	~
Assignment 1	Create a simple user/uses segmentation grid of your customers. The key is to think about adding new users, new uses, and especially both new users and new uses.	Complete by end of Day 7	10
Discussion 1	"5C Framework"	Post by end of Day 6, Respond by end of Day 7	5

Note: All assignments are to be submitted through the **Assignments** area of the course. Similarly, all discussions can be accessed in the **Discussions** area.

Week 3 Reading 1 (Complete by end of Day 1)

Read the following:

- Chapter 3 in the Meyer textbook.
- Chapters 2 and 3 of the Meyer/Crane text.

Understanding Competition

In addition to understanding customers, you must identify and understand the competition. The following presentation describes the competitive landscape. As the presentation reveals, on one end of the continuum is "total budget competition" (TBC), and on the other is "direct brand competition." For example, a consumer might be thirsty but has a host of options to satisfy that thirst. If you run a soft drink company, your competition is more than simply other soft drink suppliers. You should be able to plot the competition for your company along this continuum, from most indirect (TBC) to most direct (brand competition).

Navigate the presentation using the Next and Previous buttons.

Log in to the course to access interactive course content and alternative version.

Click the hyperlink below for the above presentation in PowerPoint format.

[Understanding Competition](#)

Click the hyperlink below for a transcript of this presentation.

[Transcript](#)

Focusing On the target customer

Innovation involves focusing on providing novel solutions to target customers. You need to identify your current target customers and their core needs. You must know not only who uses your products and/or services but how they use them. Additionally, you need to think about how to find new users and new uses for your products and/or services as a way to grow your enterprise.

Week 3 Assignment 1: Simple User-Uses Segmentation Grid

Week 3 Assignment 1: Simple User/Uses Segmentation Grid (Submit by end of Day 7) Point Value: 10

Create a simple user/uses segmentation grid of your customers. Label the horizontal axis *Users* and label the vertical axis *Uses*.

Now, add to the grid (in different color font) new uses for your product/service for current customers. And, add to the grid (in different color font) some possible new users for your product/service. If you can, create what is called a "two-box" move: a new use and a new user. See the Meyer/Crane text, Chapter 3 for guidance.

Create your grid using MS Word. Limit your answer to 1 page.

Upload your results using the dropbox in the Assignments area by the end of Day 7.

Week 3 Discussion 1: 5C Framework

Post by Day 6

Respond by Day 7

Point Value: 5

Which one of the 5 "C"s in the 5C Framework would you start with when developing an innovation plan for your enterprise? Why?

1. Limit your response to 500 words.
2. Respond to at least two posts of your classmates, evaluating their responses to promote active discussion.

Week 3 Summary

In this week, you have learned the importance of understanding target customers and competition when it comes to framing your innovation options.. Importantly, the goal is to understand your current customers and to find ways to better serve them through innovation. It is particularly important to identify how current customers use your products or services as well as identify new ways your customers could use your products or services. Also, equally important is identifying new potential customers who may have needs for your products or services. Yes, you can grow your enterprise by getting existing customers to consume more of your products or services, but you are likely to reach a point of diminishing returns with this strategy. Therefore, expanding your market by seeking new customers should be part of your enterprise growth strategy options.

Also, while it is important to understand customers and potential customers, you must clearly know your competitors. Which ones, for example, are your direct competitors, and how do they compete with you? Are they vulnerable? Is it possible for your enterprise to grow by capturing market share from your competitors? If so, how can this be accomplished? What type of innovation might be necessary?

Finally, a deep understanding of your target customers and their core needs and how they use your products or services is vital in terms of determining opportunities to innovate. For example, who is the major user of your product or service and is there a way to encourage more consumption? Is there a segment that is underserved, ignored, or maybe unhappy that you can cater to in a better or more innovative way? Again, all segments are not created equally and all are not equally attractive. So, you must determine your priority targets and effectively position (or reposition) your product or service for that given target(s). Changing your product may not be necessary, but finding new innovative ways for customers to use your products may be the answer.