

Smart Commercialization of Consumer Electronics Products

How to Improve Your Go-to-Market Process & Maximize Profitability

Key Takeaways

Consumer electronics products dominate our lives, from smartphones to smart home devices, wearable technologies, home appliances, power tools, e-bikes, e-toys, beauty devices, audio products, and medical devices.

Brand owners and retailers are under increased pressure to plan new product features and develop launch and promotion strategies. Unfortunately, most companies lack a seamless end-to-end process for commercialization, with departments typically working in silos and overly relying on spreadsheets, email, and legacy databases to support their work.

A more integrated approach to the commercialization of smart, connected products with shared access to information and support for collaborative working can dramatically improve process agility and reduce time to market, leading to greater growth and profitability.

Responding to this market need, Centric Software has launched a solution to streamline the commercialization of smart, connected products which has the potential to help brand owners respond with greater speed and agility.

Introduction

The consumer electronics industry has evolved and grown dramatically over the last 60 years, encompassing many previously separate categories, and including new ones that have emerged in recent years. In parallel, the morphing of old-school consumer electronics products into smart, connected products has been underway for some time and is already complete in many categories. These changes are dramatically increasing the number of consumer electronics products on the market and the rate at which they are being refreshed.

This commentary will explore the rapid evolution and explosive growth of the consumer electronics market and some of the products that are driving it. It looks at the impact growth is having on key stakeholders throughout the commercialization process, especially during planning, launch, and promotion, and the greater challenges they face to achieve growth and profitability. It continues with a review of the processes and supporting tools being used to support product commercialization today

and their numerous gaps, difficulties, and inefficiency. The commentary also discusses the benefits of a more integrated approach (i.e., a smart approach), allowing stakeholders to participate in collaborative processes and access reliable information throughout the process. The commentary concludes with an overview of Centric Software's solution for Commercial PLM and Visual Portfolio Planning.¹

Profiting from Consumer Electronics Products

Consumer electronics products have been around for over 60 years but have seen dramatic changes in recent years. From a market once dominated by home audio, it has grown to encompass appliances, computers, video games, cameras, Wi-Fi, home security, in-car accessories, health equipment, toys, bikes, drones, and many others. Additionally, in the last 10 years we have seen a dramatic evolution from "dumb products" to "smart, connected products." Through the use of sensors, embedded software, wireless connections, and smartphone apps, product features are increasing dramatically in the quest to provide more value for customers and more profit for brands and retailers.

Compared to earlier generations of consumer electronics, smart, connected products offer greater flexibility to tailor products to different regional markets. They also allow for more frequent updates, driven by technological innovation and market demand. The advent of smart, connected products has also created new market opportunities: for example, monetizing post sales-services (i.e., support, upgrades, etc.) and leveraging customer usage data.

Products that are not yet smart or connected are impacted by these changes. Many exist in categories that are moving in that direction but must, in the meantime, be positioned against their smarter brethren. Even those in categories outside this evolution are being affected, with consumers now expecting new features and product updates on a regular basis.

The impact on the market has been dramatic, with demand for smart, connected consumer electronics products estimated at US\$80B in 2022 and growing at 27% per annum.² Smart, connected products are also changing the competitive dynamics of the market as the skills required to develop, manufacture, and market these products are significantly different from those required for earlier product generations. Success metrics, however, have not changed with profitability, market share, growth, and brand value still being at the forefront.

Along with the positive changes in the market for consumer products, as described above, a number of challenges have emerged that are impacting the planning, sourcing, and launch of products. For example:

- With potentially more product variants and a shorter time in-market, market planning and portfolio management have become more complicated and are under increased time pressure. Retailers managing a portfolio of private brands must work even harder to ensure their offerings remain competitive without sacrificing their relationships with their brand partners.
- With new product categories emerging and the value of existing categories changing, product planning is increasingly complicated, with decisions about, for example, which products to sell where and which channels to use (i.e., online, wholesale, direct, etc.) becoming harder.
- With more features in every product, including many driven by embedded software or cloud-based applications, management of product and packaging development is becoming more critical, with key decisions to be made around how much to design and manufacture in-house versus outsourced.

¹ Research for this commentary was partially supported by Centric Software

² Source: Grand View Research

- With new categories and competitive dynamics, careful launch planning including pricing, promotion, and volume forecasting have become even more critical.
- With new dynamics in the market including faster product turns and competitive obsolescence, supply chain and inventory management have also become more challenging.
- With greater product complexity, achieving sustainability, circularity, and recycling goals has become harder.
- With more SKUs, an enhanced, ongoing, and speedy rationalization process is required.

Lifecycle Management from Portfolio to Launch & Beyond

With all of the changes and challenges detailed above, a critical focus on the way the lifecycle of consumer electronics products is managed, and the tools used to support it, is needed. A simple overview of the key lifecycle processes is shown in Figure 1.

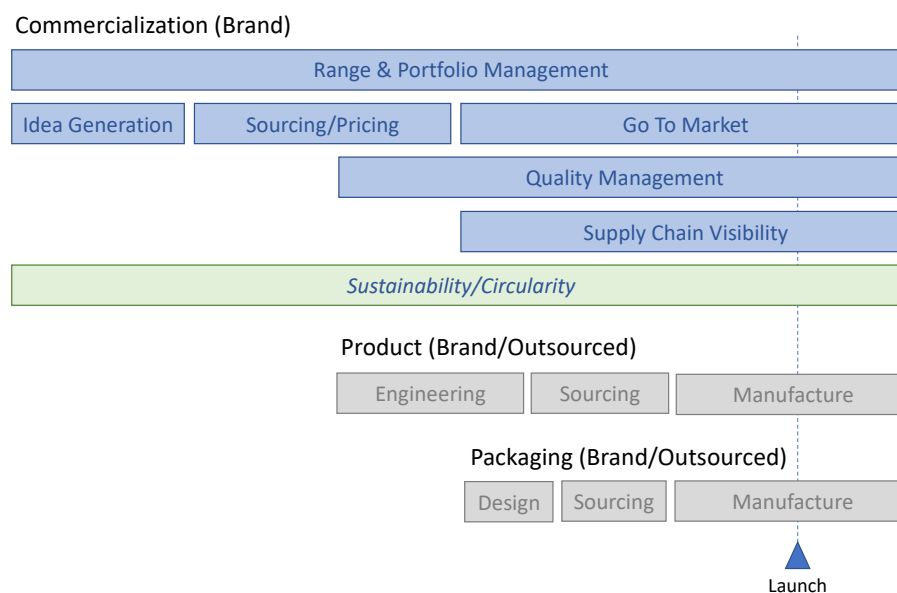


Figure 1—Consumer Electronics Lifecycle Processes
(Courtesy of Centric Software)

For ease of understanding, the processes are organized into three groups:

- **Commercialization**—the processes for planning which products will be developed and brought to market, key features to be included, where sourced, which channels they will be sold through, pricing, promotion, etc. These processes are typically executed by the brand owner and retailer, often in partnership.
- **Product**—the processes for developing a new product, sourcing components, and manufacturing. Any or all of these processes may be outsourced by the brand owner (including retailers in the case of private brands).
- **Packaging & Labelling**—the processes for developing packaging and labelling, sourcing materials, and manufacturing of said packaging. Any or all of these processes may be outsourced by the brand owner.

For the processes in the Product and Packaging & Labelling groups, software tools, including computer-aided design (CAD), simulation, and product data management (PDM), have long been available and are widely used. These are making information easy to find and helping teams work together using collaborative workflows.

However, for Commercialization the story is different with extensive use of disconnected and individually-focused software tools like spreadsheets and email. The result is that critical information is hard (or even impossible) to find and access and collaboration between individuals, across teams, and between brands and retailers is slow and tedious. Valuable time is wasted searching for information, correcting mistakes, and assigning and following up on tasks across multiple team members and outsource partners. While these problems have been largely eliminated for those working in product development, through the use of PDM and Product Lifecycle Management (PLM) solutions, they remain part of the daily experience of product managers, market planners, and others involved in commercialization.

This lack of adequate support for commercialization has reached a critical point for many companies. Market success is not just about building the “right” product, it is about bringing the “right” product to market in the “right” way, to achieve revenue and profitability goals. For consumer electronics brands and retailers, failing to invest in support for the commercialization processes is leaving them at a major competitive disadvantage.

Contrast this state of affairs with one where an integrated solution is available for commercialization. One where team members can collaborate easily using pre-defined workflows, access shared (and secure) information they know they can rely on, and access information from other critical business systems when and where needed. Organizations investing in this type of solution can expect to save significant time and money and enjoy greater success in the market through improved agility and decision-making.

Centric Software Solution

Last year, Centric Software announced a new solution for managing the commercialization process and CIMdata has now had a chance to review it. According to Centric it is designed to sit alongside or replace existing tools to streamline product planning, development, and launch with full control over workflows, supply chains, as well as cost and quality management. It includes a number of critical capabilities as follows:

- **Planning**—combine visual planning with advanced analytics for enhanced team decision-making.
- **Portfolio Management**—plan and manage complex product portfolios across multiple collections, price points, geographies, and channels.
- **Sourcing & Supplier Collaboration**—streamline collaboration via a supplier portal to oversee complex global supply chains.
- **Quality & Engineering Change**—maintain visibility of development stage-gates, track compliance, and manage non-conforming products.
- **Packaging & Proofing**—improve the management of packaging and proofing, saving time and reducing the potential for errors, duplication, and version control issues.
- **Sustainability**—measure and analyze the carbon footprint of new products.

Centric’s Background

Centric Software provides innovative enterprise software solutions that are used to plan, design, develop, source, and sell products to achieve strategic and operational digital transformation goals.

Partnering with thousands of brands, retailers, and manufacturers across 40+ countries and combining Silicon Valley innovations with market-driven best practices, Centric Software has successfully expanded across multiple industries. Boasting a 99% customer retention rate, Centric is bringing PLM innovations

and its proven speed, ease-of-use, and Agile DeploymentSM methodology to the consumer electronics industry.

Conclusion

In the last ten years, consumer electronics have changed dramatically from simple products into smart, connected products delivering significant value to customers and the potential for additional revenue and profitability for brand owners. However, with these changes come increased challenges for brand owners to navigate a fast-changing market situation and make the right decisions to exploit opportunities.

Unfortunately, most brand owners still have their teams working in silos and relying on spreadsheets, email, and legacy databases to support their work. A more integrated and smart approach to the commercialization of smart, connected products with shared access to information and support for collaborative working would improve agility and reduce time to market, leading to greater growth and profitability. Centric Software has launched a solution to streamline the commercialization of smart, connected products and CIMdata recommends that consumer electronics brands take time to review it.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design, deliver, and support innovative products and services by identifying and implementing appropriate digital initiatives. For forty years, CIMdata has provided industrial organizations and providers of technologies and services with world-class knowledge, expertise, and best-practice methods on a broad set of product lifecycle management (PLM) solutions and the digital transformation they enable. CIMdata also offers research, subscription services, publications, and education through certificate programs and international conferences. To learn more, visit www.CIMdata.com or email info@CIMdata.com.