

Marketing

Go-To-Market Strategy

Professor Jim Lattin
Stanford Ignite – Full-Time 2023

Agenda

One session:

3. Go-to-market strategy (*Aqualisa Quartz*)

Go-To-Market Strategy

SESSION 3

Background

- What business is Aqualisa in?
- Why are we looking at Aqualisa in a course on entrepreneurship?

Discussion

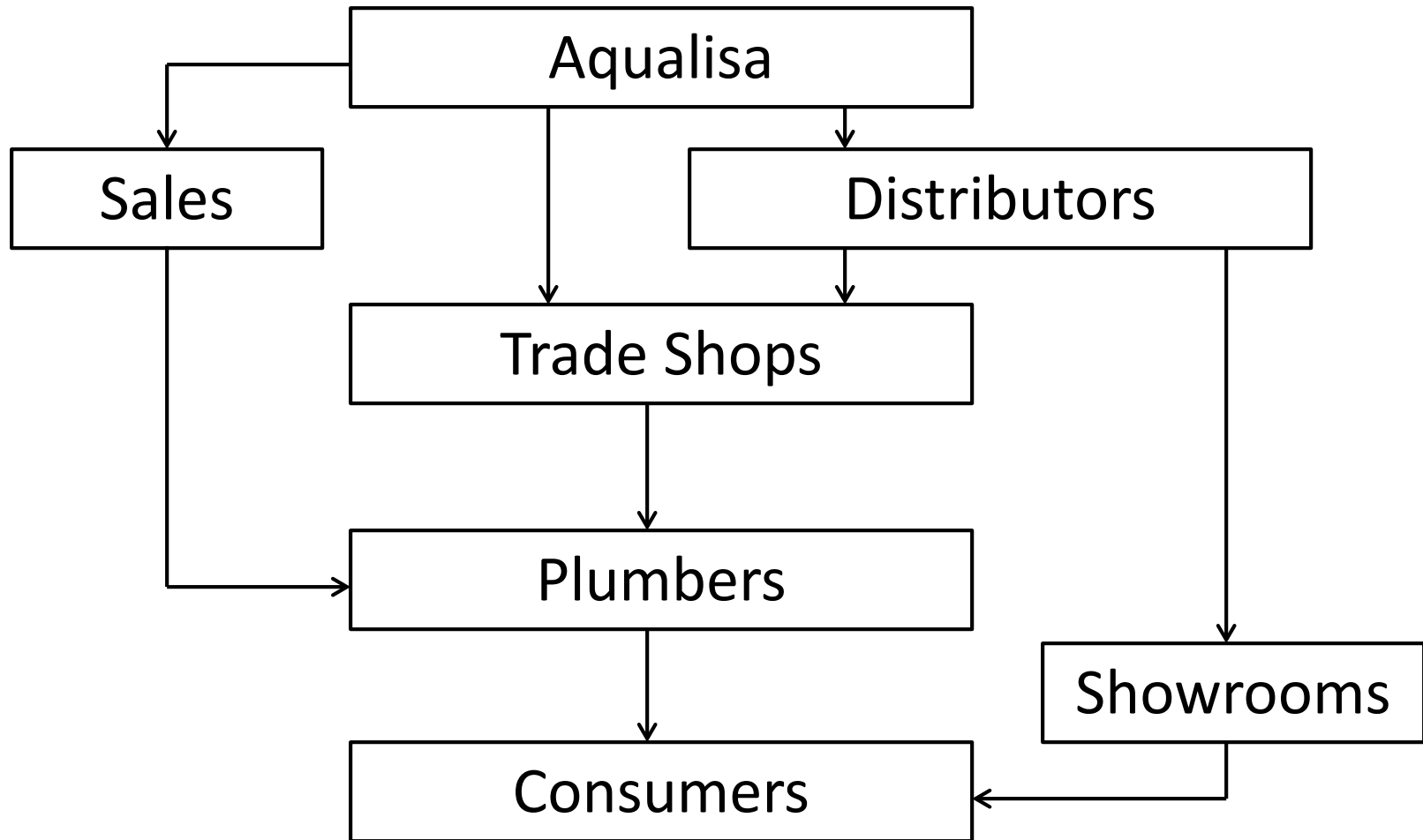
- Q1. Review of go-to-market (GTM) strategy
- *Q2. Why is the Aqualisa Quartz (AQ) shower not selling?
- Q3. How to think about economic value to the customer (EVC)
- *Q4. Is there a different way for Aqualisa to bring AQ to market?

* Focus of our discussion today

GTM strategy: Four steps

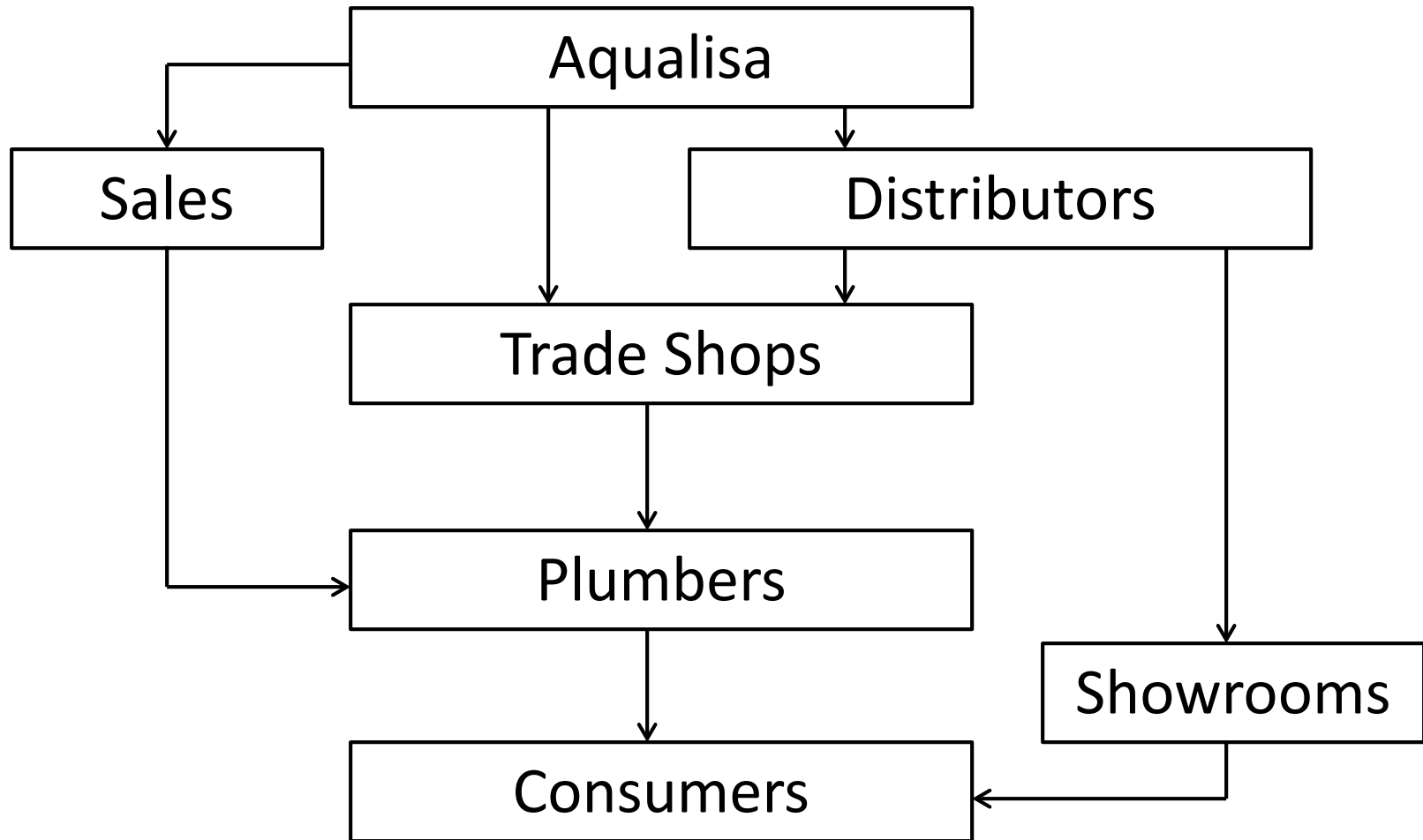
1. How is the market segmented?
2. What essential work is required by the target segment?
3. What portfolio of go-to-market participants should do the essential work?
4. Direct or indirect?

What does GTM strategy* look like?



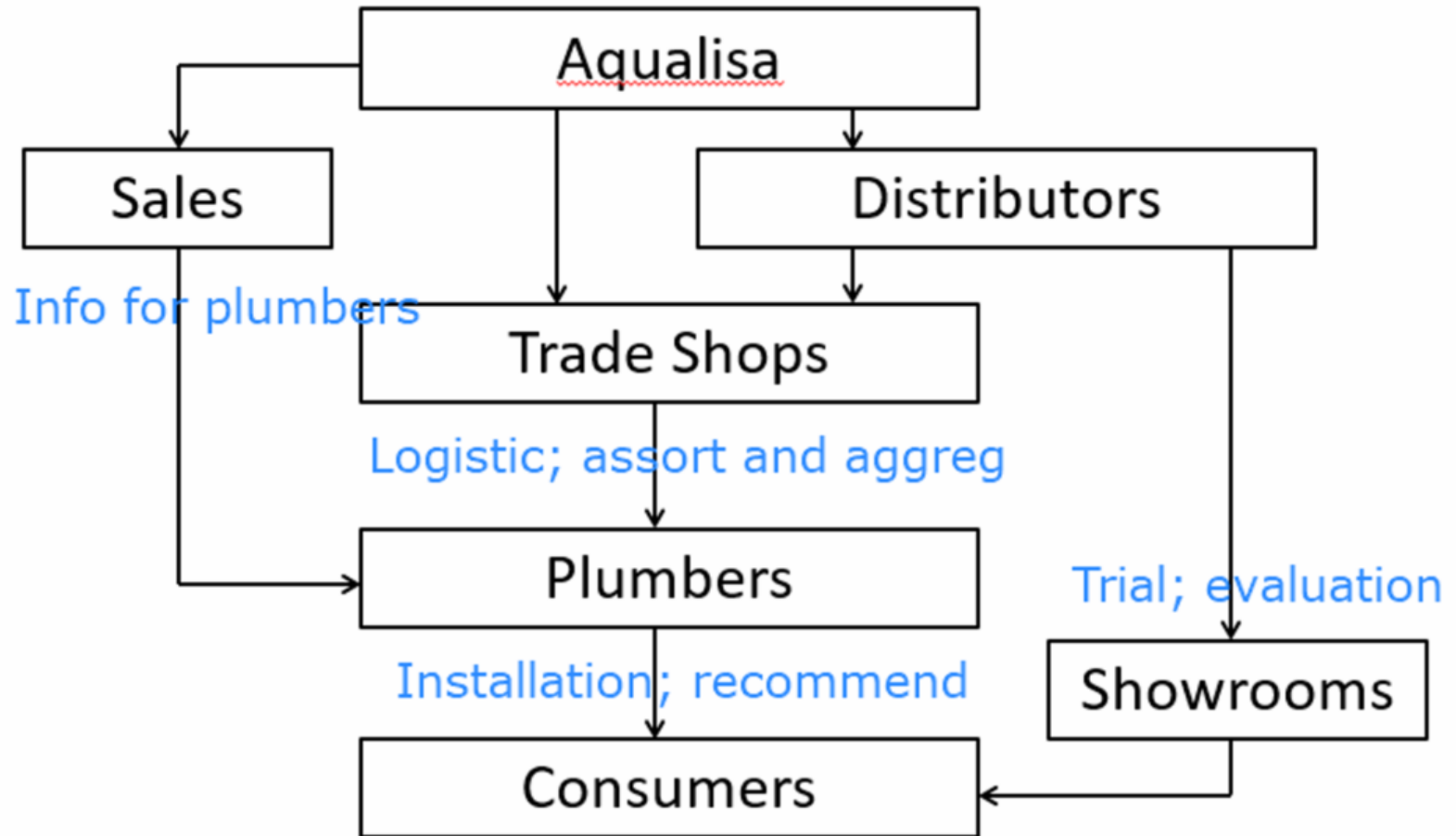
* For AV 609 + AF pump

What is the essential work?



* For AV 609 + AF pump

What is the essential work?



* For AV 609 + AF pump

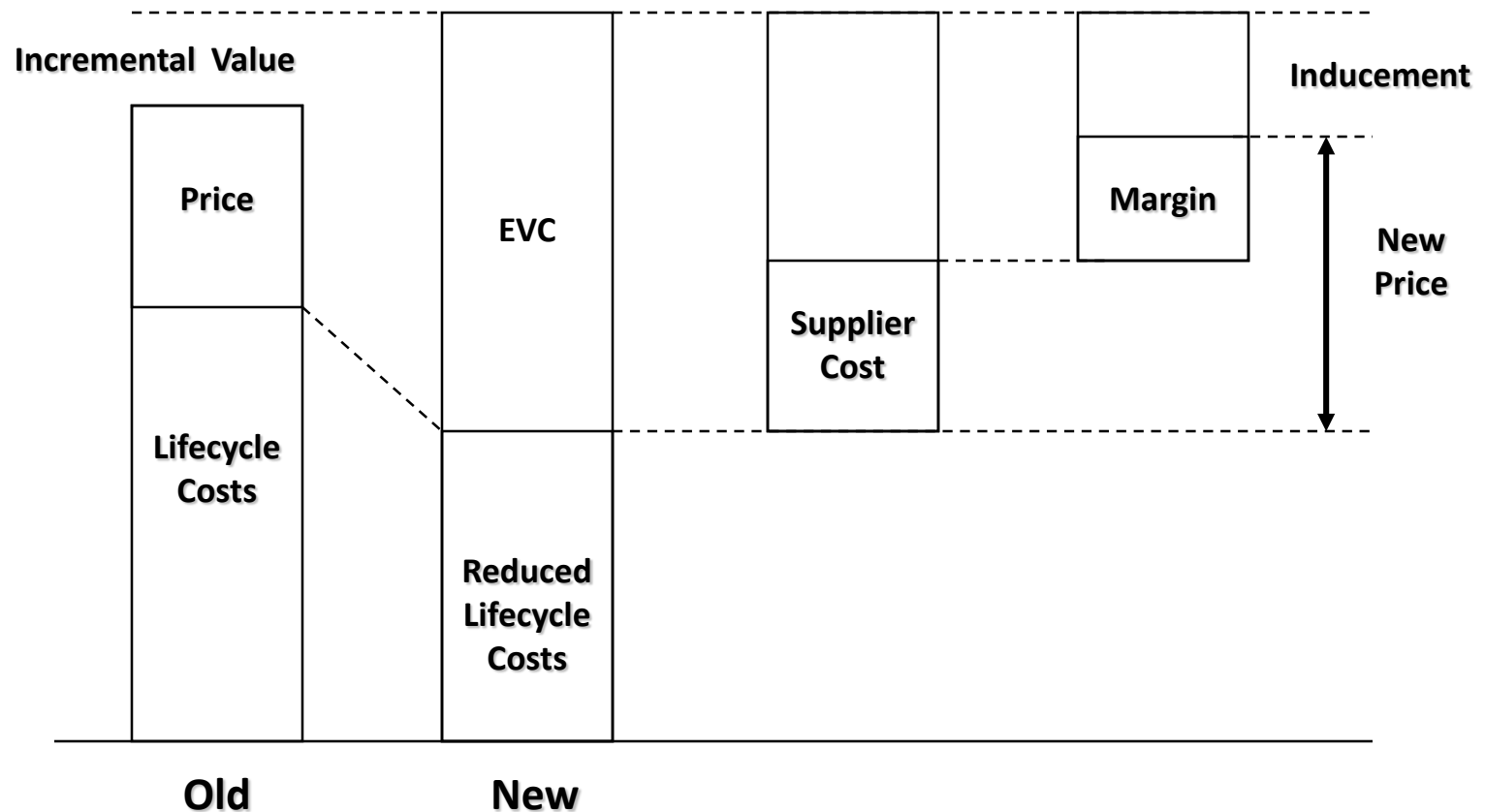
Q2. Why is AQ not selling?

- Why do you think? There may be more than one reason.

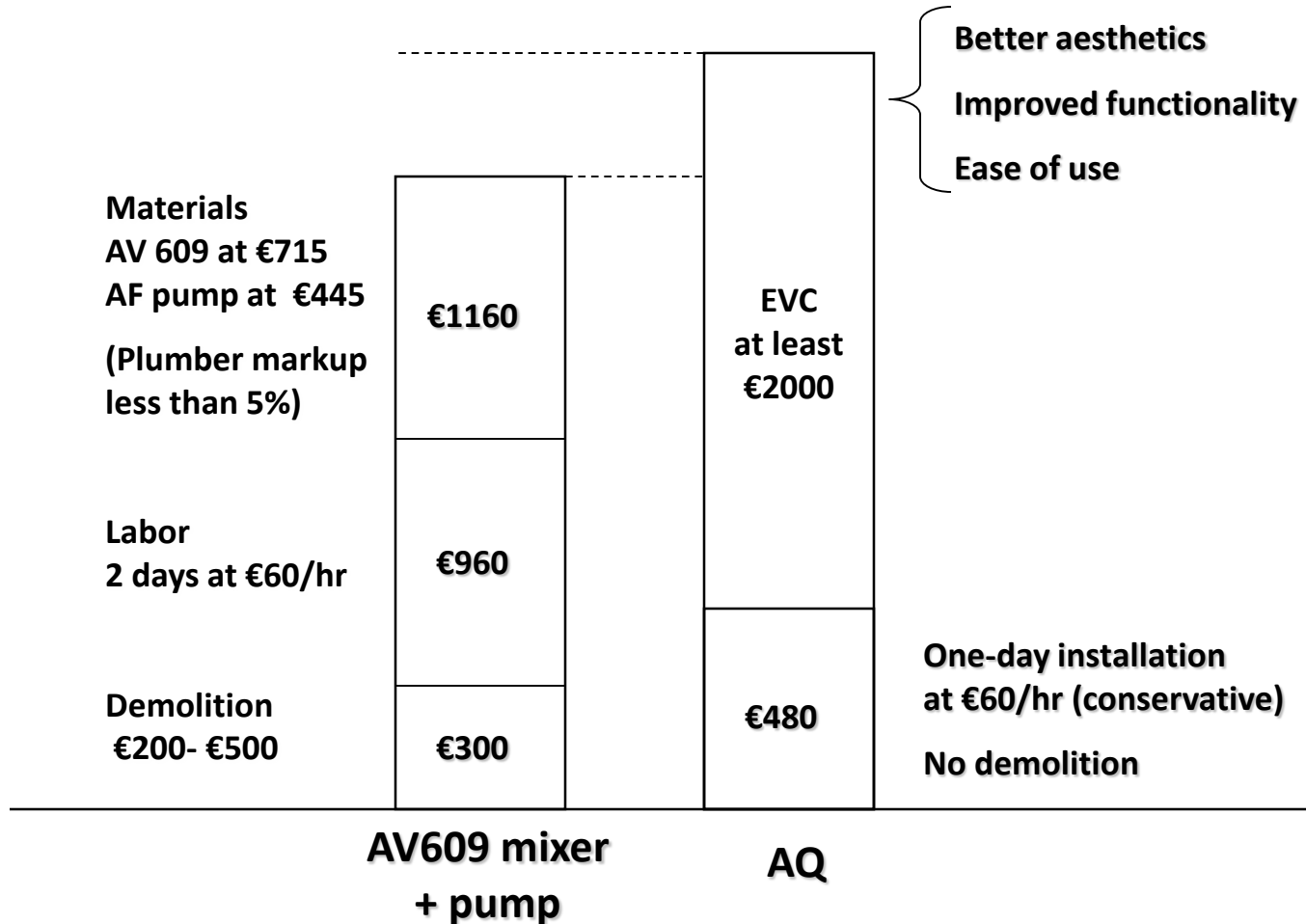
Why is AQ not selling?

- Too expensive!
- Electronic showers are new; plumbers are risk averse; past attempts did not work
- The installation of the AQ is different (easier); who benefits from this?
- Sales people don't want to compete against bread and butter (status quo); selling to existing accounts (zero sum game)
- Poorly targeted marketing; not leveraging showrooms?

Economic value to customer (EVC)



Q3. Does AQ create any value?



How much does Aqualisa capture?

Aqualisa Quartz (prem)

- Retail 1080
- Trade margin 505
- MSP 575
- Mfr margin 345
- Mfr cost 230

Aqualisa nets 345 from AQ (vs 330 from AV609 + pump)

Q4. How should AQ change GTM?

- What would you do differently in bringing AQ to market?
- How does your strategy address the problems we identified? What are the risks/challenges involved?

What happened?

- Aqualisa pursued none of the options outlined in the case
 - Instead, they waited
- In January 2002, the market started to turn
 - By May, AQ was selling 500 units per week
- Turnaround began in showrooms
 - Interior designers, wealthy consumers specified AQ to plumbers
 - Plumbers discovered potential advantages

Takeaways

- What are the generalizable lessons you have learned from the discussion of this case?

Takeaways from Aqualisa Quartz

- The mission of the marketer is to create a mutually beneficial exchange between the company and its customers
 - This requires consideration of the entire value chain (including partners and intermediaries)
 - If there is not an exchange of value at every stage, it won't work
 - Innovation (e.g., good R&D) alone is not sufficient

Takeaways from Aqualisa Quartz

- EVC analysis (or value-in-use analysis) is a tool that enables marketers to identify the different sources of value to customers and channel partners
 - Even when it is difficult to quantify the economic value of different benefits, it is a useful exercise

Takeaways from Aqualisa Quartz

- Go-to-market can be just as important as product/market fit
- Aqualisa's existing go-to-market strategy not suitable for the innovative AQ
 - Trade shops take a high mark up, but don't push the product to plumbers
 - Plumbers must price job differently to capture value
- Different go-to-market strategy?
 - Challenges of going direct; threatens conflict with trade shops (still carrying Aqualisa's bread-and-butter)
 - Sales and marketing organization seems unmotivated to sell AQ

Caution for intrapreneurs

- A product leadership strategy requires a marketing and sales organization capable of cannibalizing its own products