

**TURNING YOUR**

**GREAT IDEA**

**INTO THE NEXT**

**BIG THING**



# Turning Your Great Idea into the **Next Big Thing**



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[www.design2market.co.uk](http://www.design2market.co.uk)



[www.strachanip.co.uk](http://www.strachanip.co.uk)

A step by step guide to  
**developing, protecting, and selling**  
your product idea.



**D2M**

[www.design2market.co.uk](http://www.design2market.co.uk)

 **Strachan***IP*

[www.strachanip.co.uk](http://www.strachanip.co.uk)

# Making your dream a commercial reality



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# About the Authors



## About the Authors

### **Phil Staunton** MD of D2M Innovation

**“I’ve been involved with turning ideas into reality for 20 years and worked on over a thousand products.** I even developed and launched my own pushchair with John Lewis.

This e-book seeks to bring together the knowledge I have gained, and that of other experts in the field, to help you turn your idea into a successful product. If you want some professional help, or even a free initial consultation or opinion on the viability of your idea, don’t hesitate to get in touch with my company, D2M Innovation.

In the meantime, enjoy this e-book, and I wish you every success on the exciting journey of commercialising a product – there’s nothing else like it!”



## About the Authors

### Vicki Strachan CEO of Strachan IP

**“I have over 20 years’ experience helping SMEs and Start-Ups identify, capture preserve and protect the valuable IP they create.** I have worked in partnership with Phil and his team at D2M Innovation for a number of years, and watched them turn many ideas and dreams into reality.

Intellectual property (IP) is often a critical factor between success and failure, and it should be considered at almost every stage of the product development cycle. That is why Strachan IP has joined together with D2M to bring you this e-book and we hope you find it useful.

If you have any questions or need any help with your IP, please do book a free initial consultation via our website.”



# Introduction





## Introduction

What typically happens when a person has a great idea for a product? More often than not, nothing. A majority of great ideas remain dormant because people may not have the courage, resources, time and/or money to take action. Either that, or they just don't know what to do and any information they do find on the subject doesn't go deep enough or isn't detailed enough to provide a proper overview as to what is involved.

For those who take action, most are unprepared for the journey and, therefore, find themselves spending their valuable time and money on activities that never seem to result in a product being launched and bringing in revenue.

Converting any idea into a reality is never an easy task. In fact, it can be extremely difficult, with lots of different skill sets being required, from design and development to branding and marketing. Whether you are an entrepreneur or corporate executive, this will not be an easy journey.

**But, as the old saying goes, “If it were easy – everyone would do it”, and it must be said that upside is huge.** James Dyson is a prime example. He is now, according to the Sunday Times Rich list, the second richest person in the UK. Of course, it isn't just about the money: according to Forbes, there is no better way to truly discover more about yourself and your capabilities than trying to develop and launch a new idea.

Many articles have been written about this subject, but we have yet to read one that really digs deep enough to help one truly understand what is required from the originator of the idea, as well as from professionals with other skill sets, to complete the journey from idea to reality. Maybe this is because none of the authors of these articles have been through the process themselves, or perhaps they have not been prepared to involve enough experts in other fields to create a complete guide. **This e-book seeks to fill this gap and provide, maybe for the first time, an in-depth look at what it really takes to take an idea from drawing board to market leading product.**



## Introduction | Getting Started

**Start out thinking about this as a new commercial opportunity.** Yes, it's a new idea but most people get carried out by features or how their new idea will work and miss the bigger picture. You will only make your idea a commercial success if you focus on the wider commercial context from the outset. As such, early stage viability assessment can be critical as you look at the wider picture in terms of the market, costings, RRP and potential marketing messages, rather than just focusing on the look or the functionality of the product.

**Here are 5 key elements to remember in the early stages:**

- 1** Don't reveal the idea to anyone *without a confidentiality agreement in place*, otherwise you could invalidate future intellectual property applications.
- 2** Establish a *market need* for your product. This should be a high frequency or high intensity requirement of your target market.
- 3** Focus on ascertaining that the idea is *commercially viable*.
- 4** Develop a *Minimum Viable Product*. Further innovation and additional features can come in later generation products. This will help to keep your costs, and timeline to revenue from the new product, to a minimum.
- 5** Make sure that *your new idea isn't actually duplicating other peoples' efforts*. Apparently, around 30% of R&D is duplication of effort. Patent Searching early on can help to provide reassurance on this point, and also help you to understand the extent to which your own product can, ultimately, be protected.



## Introduction | Getting Started

Believe it or not, there are just 3 things that you need to make your product a success.

**1** ————— **2** ————— **3**

Solve a high intensity or high frequency problem and protect your solution.

Develop a great product that your target market loves.

Get your product in front of a good number of your target market at the right price.

It really is that simple, but that does not mean it is easy. For example, getting your idea in front of a good number of your target market will usually involve either landing a major retailer or having a really good, well funded marketing strategy.



# Confidentiality & Submission



## Confidentiality & Submission

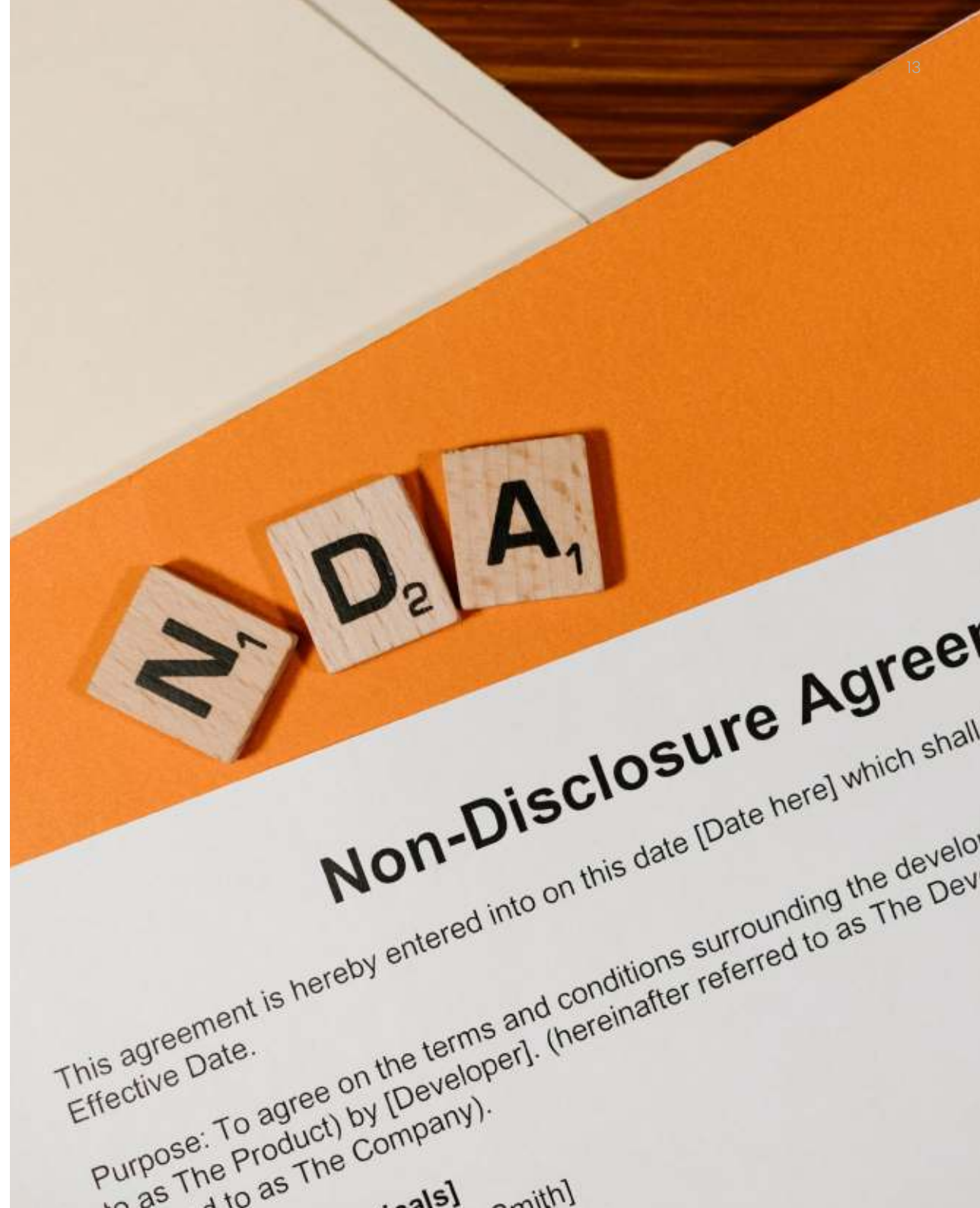
In order to ensure that your idea remains confidential and your intellectual property rights are not compromised or undermined, you should ensure that you disclose your idea to as few people as possible, and then only once a confidentiality agreement or 'NDA' has been signed.

NDA's record the conditions under which information is disclosed in confidence and impose a duty on the signatories not to divulge or use the information so provided.

**They crucially enable you to discuss an idea without risk of invalidating a future patent or registered design application.**

There are plenty of NDA templates available free of charge, for example, on the UKIPO website:

<https://www.gov.uk/government/publications/non-disclosure-agreements>

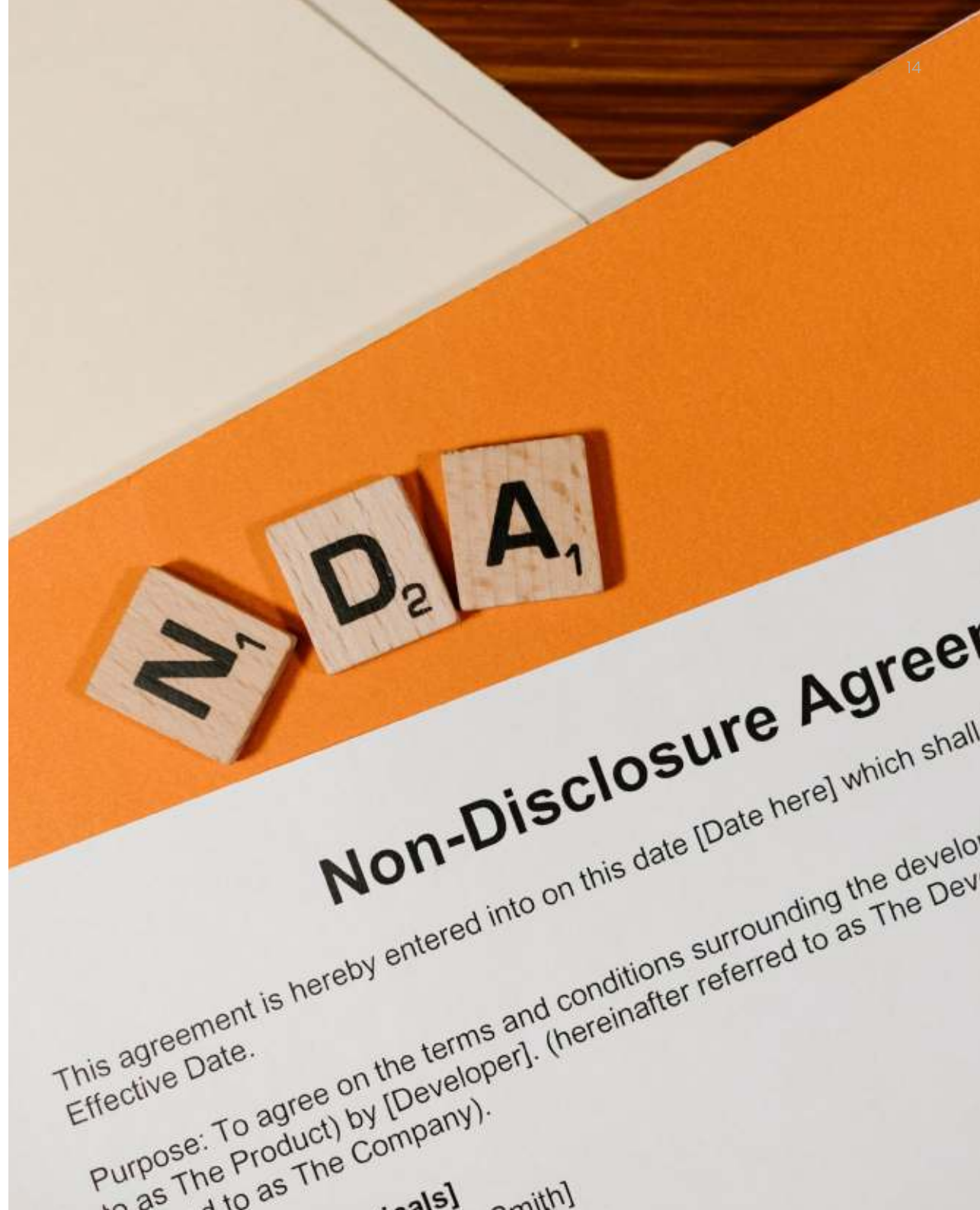


## Confidentiality & Submission

All registered IP firms, including Strachan IP, are regulated by the Intellectual Property Regulation Board ([www.ipreg.org](http://www.ipreg.org)) which sets out very strict confidentiality rules by which they are bound. Therefore, there is no need for a Chartered Patent Attorney to sign an NDA before you can speak to them. This is about the only exception however, and if you're talking to anyone else then do get a signed NDA first.

D2M will always sign a confidentiality agreement with all new enquiries before their idea is disclosed. All staff are subject to this NDA and have confidentiality clauses built into their contract of employment. D2M are committed to ensuring the confidentiality of your idea and guarantee to give you an honest opinion on how to protect your idea and whether it is worth proceeding with the concept. All the Intellectual Property around the concept remains yours, even if we add further protectable features to your ideas.

**It is crucial to ensure that this is the case when commissioning a designer, prototype engineer or anyone else to work on your project, as you don't want to find out later on that they have some ownership over existing or new IP going forwards.**



## Confidentiality & Submission

D2M offers a free consultation to discuss your project, the challenges you might face and the potential development journey. This can be a phone call or a meeting. To book a free initial consultation, please visit <https://www.design2market.co.uk/contact-us/>. Once we've received your contact form we will send an NDA for you to sign. We guarantee to protect your confidentiality and we will not pass your details to anyone else.

Strachan IP also offers a free initial consultation, and it is wise to have that first conversation during the early stages of the product development cycle. Intellectual Property can not only be used to protect your business when your product is ready to be commercialised, but can also be an invaluable design tool and help to guide the development process. To book a free initial consultation, please visit [www.strachanip.co.uk/contact/](http://www.strachanip.co.uk/contact/)



## Confidentiality & Submission

**If you provide your permission, D2M and Strachan IP can, and often do, work together right from these early stages**, so that there is a focus, throughout the product development process, on what the unique selling point(s) of the new product are likely to be, and how they will be protected.

Your IP strategy is likely to develop and, possibly, change during the product development stages, and this ongoing collaboration between the designers and an IP attorney, which is usually provided free of charge, can be invaluable in ensuring that the right elements of your new product end up being protected, at the right time, and as robustly as possible.





# Our Story – Part 1

Phil Staunton

Having designed multiple pushchairs and around 30 other products in the nursery sector, we had built up a network of global contacts, suppliers and distributors. I have three young boys, who at the time had just moved out of the buggy stage. My wife and I had been through four different pushchairs, each of which was deficient in its own way. So I decided that the team at D2M and I would design and launch our own.

Firstly, we carried out an innovation workshop and came up with a whole load of ideas. This included funky wheels that had been used on forestry equipment, but not pushchairs, and so we started designing the product from there.



We were initially going to ‘white-label’ the product. This is a good option when you don’t have much money to launch a business as you piggyback off someone else’s brand. White-labelling is when you sell your product to a well-known company for them to sell under their own brand. However, the product development process went so well that we decided the design was too good to give to another company and we wanted to launch our own brand!

In retrospect, this was naïve and we should have stuck with what we knew best – outstanding product design and developing innovative products. We should have let someone else do the marketing and branding. This error was what led to a £100k mistake... More on this later. Let’s get back to the key information you need to develop and launch your new product.

# Starting a Company



## Starting a Company

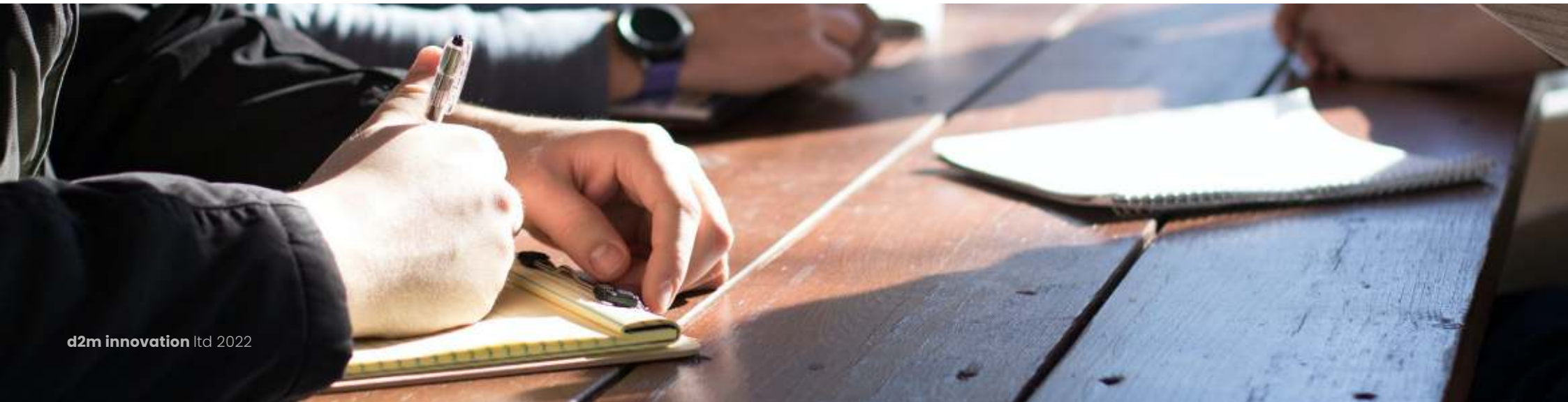
If this new product idea is for an existing business then the process is a lot simpler as, hopefully, you have existing routes to market, resources to draw upon within your business and existing customers that might be able to provide market insights. If not, then you'll almost certainly need to form a business.

This will mean that you can offer shares to investors and sell products to other businesses or direct to customers and, provided you also register the company for VAT, you can reclaim VAT on all professional fees.

*If you are thinking of starting a company and selling your product directly (rather than licensing), then there is a lot to think about. You will need to find a manufacturer, obtain orders, register your company and start running accounts. Distribution, shipping, returns and product insurance are further concerns.*

### **D2M can help out in the following ways:**

- + We can help *source a manufacturer* for your product in this country or abroad.
- + We can support you in achieving retail orders by *creating compelling product promotion packs*.
- + We have a *network* of sales agents, distributors, accountants, solicitors, marketing agencies and consultants to support with almost every stage of setting up a new business.



# Starting a Company

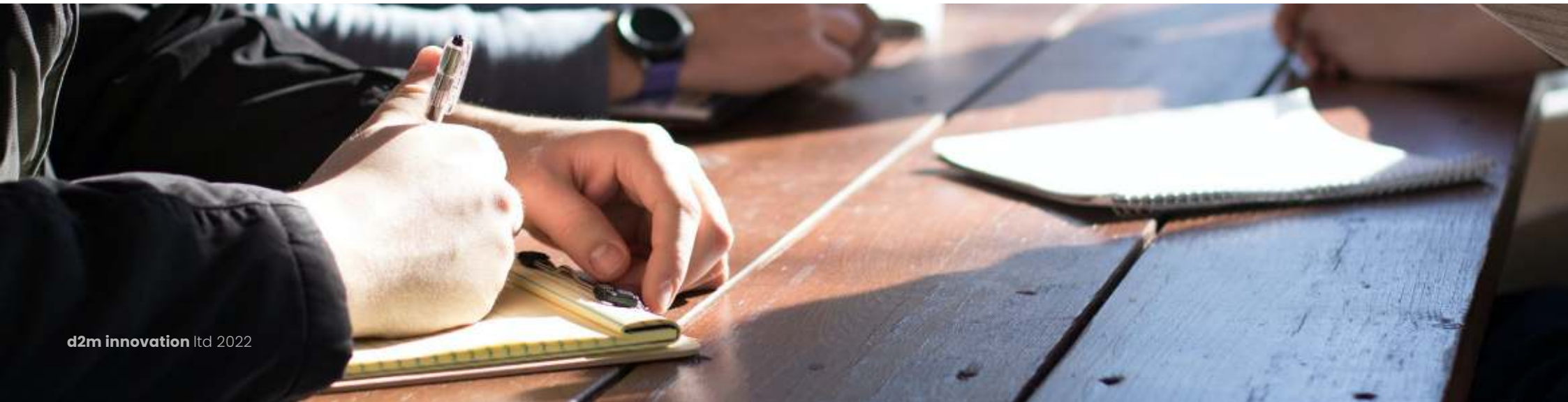
## MAKING A PLAN

You may feel too busy managing your business from one day to the next to spend valuable time putting all your ideas, observations and predictions down on paper. However, investing time in writing a business plan, either yourself or with the help of a business advisor, could provide an invaluable resource.

## TRADEMARKS

You may wonder where IP could come in at this early stage, but it does. For example, if you are starting a company, you will, of course, choose a company name and, if it is available, register the Ltd company with Companies House. But that does not automatically give you the right to use that name as the brand or trade mark under which to commercialise your product. You could end up infringing someone else's registered trade mark and have to re-brand, which can be an expensive exercise, especially after all the packaging and marketing materials have been produced.

Strachan IP can help here by helping you to have a trade mark search performed and obtaining an expert opinion as to whether or not you are safe to use your chosen name. We can, eventually, help you to register your trade mark too, but you might want to wait until the product is nearer to commercialisation before committing to that expenditure. We can talk you through the options and help you to decide what and when you need to think about trade marks (yours and those of others).



# Our Story – Part 2

Phil Staunton

I met a highly experienced ex-big-brand marketer who came on board to do the brand, marketing and sales side of things. We felt having him on the team would make launching the brand a less risky option. We cracked on and aimed to launch the product and brand at one of the three biggest nursery shows: Kind Und Jugend.

For this we needed the following:

- 1 A really good prototype that would demonstrate the USPs of the product whilst looking almost the same as the finished pushchair.
- 2 Manufacturing costings so that we could talk with distributors about pricing.
- 3 A plan and realistic, achievable timings for production units.
- 4 Colour and accessories range.
- 5 Initial marketing material showing how it would be promoted.
- 6 A brand.

Points 1-3 were my responsibility and the work was mainly carried out by my existing design team. Points 4-6 were the responsibility of my new business partner. Find out why these later points proved to be a big issue later.

## Case Study

### Time:o:stat

Representative: Anthony Cherry

**£250,000 per year** in sales of the original Time:o:stat

Forecast to complete over **£1,000,000 in total sales** this year through all four Time:o:stat models now on the market.



# Funding



# Funding

Generally speaking, if the idea is good enough and your development plan is credible then finding funding should be relatively easy. Why wouldn't an investor want to back a new idea that is bound to be a commercial success and make them a solid return on their investment? **The key here is to ensure that the plan is credible, that there is a solid and sufficiently large market, and that you have got what it takes to launch the product.**

D2M has helped many clients access funding for their design concepts from a range of sources. We have pitched alongside clients to angel investors, worked on Kickstarter campaigns, and secured government grants. All these funding routes have particular nuances and we want to help you avoid the traps some clients have previously fallen into. For more information on funding, read our **'Funding An Idea' ebook** available in the resources section of our website.





# Funding

R&D tax relief and Patent Box claims must be made through a limited company, which again highlights why forming a business is likely to be critical if you don't have one already. These tax reliefs can be extremely lucrative and you can backdate claims by up to three years. The threshold for 'innovation' for the purposes of R&D tax credits is surprisingly low so it might be worth a call with a specialist to establish if you can claim for previous research and development carried out by your business. Patent Box reduces corporation tax on profits of patented products quite considerably. Again, speak to us if you'd like to be put in touch with an expert in this area.

Whilst on the subject of funding, it is also worth mentioning that your intellectual property can help to secure funding through investors and even be used as security for bank loans under certain circumstances. But only if you know it's there!

**If you have any questions about intellectual property at this stage, please do book a free initial consultation at [www.strachanip.co.uk/contact/](http://www.strachanip.co.uk/contact/) or download our ebook 'Finding the Hidden Value in Your Business' at Downloads - Strachan IP.**



## Crowd Funding

Crowd funding is a method of raising investment from many different backers (or a 'crowd'), wherein each backer takes a small stake in a business idea or project by contributing towards an online funding target. Most crowd funding platforms won't charge you for publishing a pitch and it is likely that you won't be charged at all if your funding target is not reached. If you do reach your target, the platform you've used may take a 5% commission.

Crowd funding has the potential to create a strong network of support for your product because each of your backers would want to see your product realised. To that end, they may promote your product to others, which in turn helps to source more funding. A successful investment bid can also be used to promote your product by creating an interesting story that can be sold to the national or local press. Such publicity would also display the enthusiasm of your backers for your product.

Most crowd funding platforms share certain features, such as an all-or-nothing system of fundraising in which money is only received if a funding target is hit. However, platforms do differ as to whether they are reward-based or equity-based. A reward-based platform will require you to offer backers a reward as an incentive to invest in your product. Rewards vary according to the level of investment and are usually related to the product in some way (a discount on its purchase, for example). An equity-based platform will require you to offer investors shares in your business.



# Crowd Funding

Crowd funding is most effective when you build an inspiring narrative around your idea in order to excite potential investors. Most platforms allow you to upload videos as part of your pitch to help you achieve this, a service D2M can help you with. Carefully constructing your business plan or reward scheme before you make your pitch will also help to ensure that you are successful at utilising this method of funding.

For more information on different Crown Funding platforms, read our 'Funding an Idea' ebook on the front page of our website: [www.design2market.co.uk](http://www.design2market.co.uk)

## A word of warning...

Before you disclose your idea to the world via a Crowd Funding platform you must give some thought to your intellectual property. How are you going to prevent others from simply copying your idea? It might be that an initial patent application or registered design application will need to be filed, but these must be filed before the idea goes public so please do talk to an IP attorney early, especially if you plan to use Crowd Funding as a source of funding.

You can book a free initial consultation via our website: [www.strachanip.co.uk/contact/](http://www.strachanip.co.uk/contact/)



# Case Study

## RUIT Bag

Representative: Sarah Giblin

Total raised through crowdfunding

April 2015: £63,743

October 2015: £158,098

July 2019: £91,245

April 2021: £47,782

November 2021: £41,494



## Case Study

### Typica - Magnetic Markers

Representative: Noam Bar Yohai

Total raised through crowdfunding

March 2016: £347,000

Launched in 2016 and quickly achieved massive success on crowdfunding. Since then has secured distribution in multiple countries and is for sale in hundreds of retailers. ([magnetips.co](http://magnetips.co))



# Our Story – Part 3

Phil Staunton

We had a number of investor contacts and so decided to put together a comprehensive investor presentation. My new business partner had various example investor decks that were incredibly persuasive and professional. We copied the template and used the services of my in-house graphic designer to start putting the presentation together.

Financial projections are a big part of any investor deck and I used two ex-finance directors who were semi-retired to help put these together. In total, our investor deck was probably over 2 months of solid hard work by these four people. We were helped by some of my friends in business to advise on the presentation. There is nothing like a fresh set of eyes to highlight deficiencies in an investor deck. One question I kept asking was, “would you invest?” There is nothing like asking people to put their hard earned money on the line to compel them to point out further issues!



We started to get investors saying yes and so engaged a solicitor to work up a shareholders agreement and we put in our SEIS application (this is a government investment scheme that reduces the overall financial risk that an investor takes).

Once the funds had come in, we started building the prototypes.

# Intellectual Property

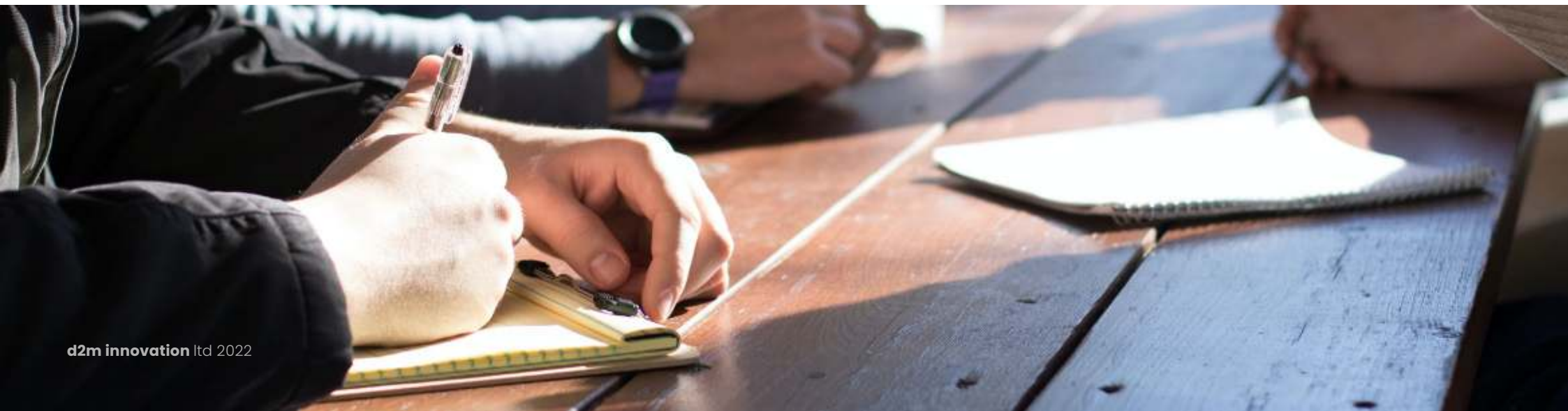


## Intellectual Property

We have been talking about Intellectual Property (IP) throughout the preceding sections, and will continue to do so because **it needs to be considered throughout the product development cycle**, not only to ensure that your business is properly protected when a product is ready for launch, but also to ensure that money is being spent on IP at the right times (and not too soon or, worse, too late), to satisfy investors and to secure funding. Nevertheless, it is important enough to warrant its own section in a description of the product development cycle, especially in relation to patents.

Securing patent protection for an idea can be a complicated process, but it could be very important, and often critical, to the future success of your idea. If the idea is patentable, this is generally considered the best way to protect it because it protects the underlying concept, rather than the way it looks or the specific way it is eventually realised. Nevertheless, there are many other types of intellectual property rights that can help too, each one being applicable to different aspects of your product. As well as patents, registered designs, registered trade marks and copyright, to name a few, all offer protection too and may be applicable to your idea. **By consulting an IP attorney early in the process, you will have a much better idea as to how you will protect your market share when it comes to commercialising your idea, which will be critical to your business plan.**

If you would like more detail about patents, please download our free ebook, "The SME Guide to Patents" at Downloads - Strachan IP. Further detail on many of the different types of IP rights can be found on our website [www.strachanip.co.uk](http://www.strachanip.co.uk) and if you would like to speak to someone about protecting your idea, please do book a free initial consultation and assessment at [www.strachanip.co.uk/contact/](http://www.strachanip.co.uk/contact/).





# Intellectual Property

In order to be patentable, an invention must be new (i.e. have at least one novel feature over what has been done or published before) and have an inventive step (i.e. that novel feature must not be an obvious modification of what has been done or published before and provide some technical advantage). If a patent is right for your idea, here is a brief outline of the steps involved:

## 1 Step 1: Patentability Searching

Obtaining a worldwide patentability search is a sensible first step before drafting and filing a patent application and, can even be very useful in helping to guide the development process. This is principally because you will not be able to patent your idea if someone else has already patented (or tried to patent) the idea (just because it isn't on the market does not necessarily mean someone else hasn't thought of it before). Patent searching should always be performed by a licensed search company, as they use techniques, algorithms and databases that are not available to the general public for free. We can help with this, and if you would like to discuss having a patent search performed, please let us know.

## 2 Step 2: Developing your idea

It is important to define and, in most cases, start to develop the novel aspects of your idea. It is rarely possible to protect the overall concept, and it is essential to include in a patent application a detailed description of at least one way to realise the idea. The closer that description is to the product you actually plan to commercialise, the more likely it is that you will eventually secure patent protection that effectively covers that product. At D2M, we specialise in creating innovative, patentable solutions to design problems and we have a lot of experience working closely with IP firms like Strachan IP to ensure that our clients' products are properly protected.

## 3 Step 3: Drafting your patent application

Once you have defined and (at least partially) developed your idea, and you are satisfied that it is in fact unique (using the results of the patentability search), you can draft your patent specification. Drafting a patent specification is a very specialised task and is best done by a Chartered Patent Attorney (i.e. a member of the Chartered Institute of Patent Attorneys, or CIPA, and regulated by the Intellectual Property Regulation Board – [www.ipreg.org](http://www.ipreg.org)) who will ensure that this is done correctly for you. D2M and Strachan IP have been associated for many years and have worked closely together on many successful projects.

## Case Study

### Couch Coaster

Representative: Barry Freeder

CouchCoaster is an innovative product designed to support your drink securely while sitting on a sofa, thereby removing the risk of accidental spillages. It has weighted arms that keep it in position. Developed from sketch concept to production by D2M, it is now selling internationally.

"I worked with D2M on two design projects which resulted in the successful launch of my first two inventions. These have become worldwide best sellers across five continents."

Barry has a turnover of £850,000 per year from the two products D2M has helped design.



d2m innovation ltd 2022



## Case Study

### Couch Coaster

Representative: Barry Freeder

#### Launch:

CouchCoaster was launched in mid-2016 and is now being sold internationally through a network of stores and online retailers. The business turned over just under £1M last year from CouchCoaster and its sister product, Table Coaster.

Its routes to market include distributors in other countries and Amazon, as well as direct retail in the UK. The business overheads are low, with Barry, the originator, working from home and using distributors for logistics and the day-to-day task of selling the product, yielding an impressive margin and associated profits.



## Case Study

### Couch Coaster

Representative: Barry Freeder

#### Intellectual Property:

Given the worldwide success of the CouchCoaster, what is preventing a third party from copying the design and launching their own, competing product? The simple answer is intellectual property. Hit Products Ltd, the company that developed and now commercialises the CouchCoaster, has filed a patent and registered designs protecting various aspects of the concept. Patents protect technical innovation, whereas registered designs can be used to prevent third parties from making or selling something with the same outward appearance as the protected design, and can be a hugely powerful tool, especially for consumer products like the CouchCoaster, to help you to maintain your market share and prevent (often cheaper, sub-standard) copies from entering the market and, not only reducing your profits but potentially damaging your brand.

Barry believes that the money he spent on the IP protection was some of the best money he spent. He has used his patent to stop many copies, particularly on Amazon, which is one of his main retail outlets. Amazon has a system built into its web platform where sellers can report infringing items and then Amazon de-lists those copy-cat products. This is free and Barry has used this many times over to stop cheap replicas from eroding his market share.



# The Strachan IP Story

Vicki Strachan

Our story is a simple one.

Our CEO, Vicki Strachan, has over 20 years' experience of helping SMEs to protect their intellectual property within larger, more corporate law firms and, whilst she loved the work, she struggled with the inherent conflict of interest between the way she likes to work with her clients, and the duty and obligation to account for, and bill, every minute of her day. Strachan IP was formed with a view to deviating from the traditional and doing things a little differently, and now we can do the work we love our way.

We can put our clients' commercial needs first and offer a tailored, personal and approachable service that our clients love.



## Case Study

### Stewart Golf

Representative: Mark Stewart

"I have worked with Phil and D2M numerous times over the past 10 years or so on various projects and will continue to do so. Phil and his team have an excellent working knowledge of pretty much all manufacturing processes and have contacts with manufacturers globally to make things happen. D2M are also clear on project timelines and managing expectations which is key in product development."



# Viability Assessment

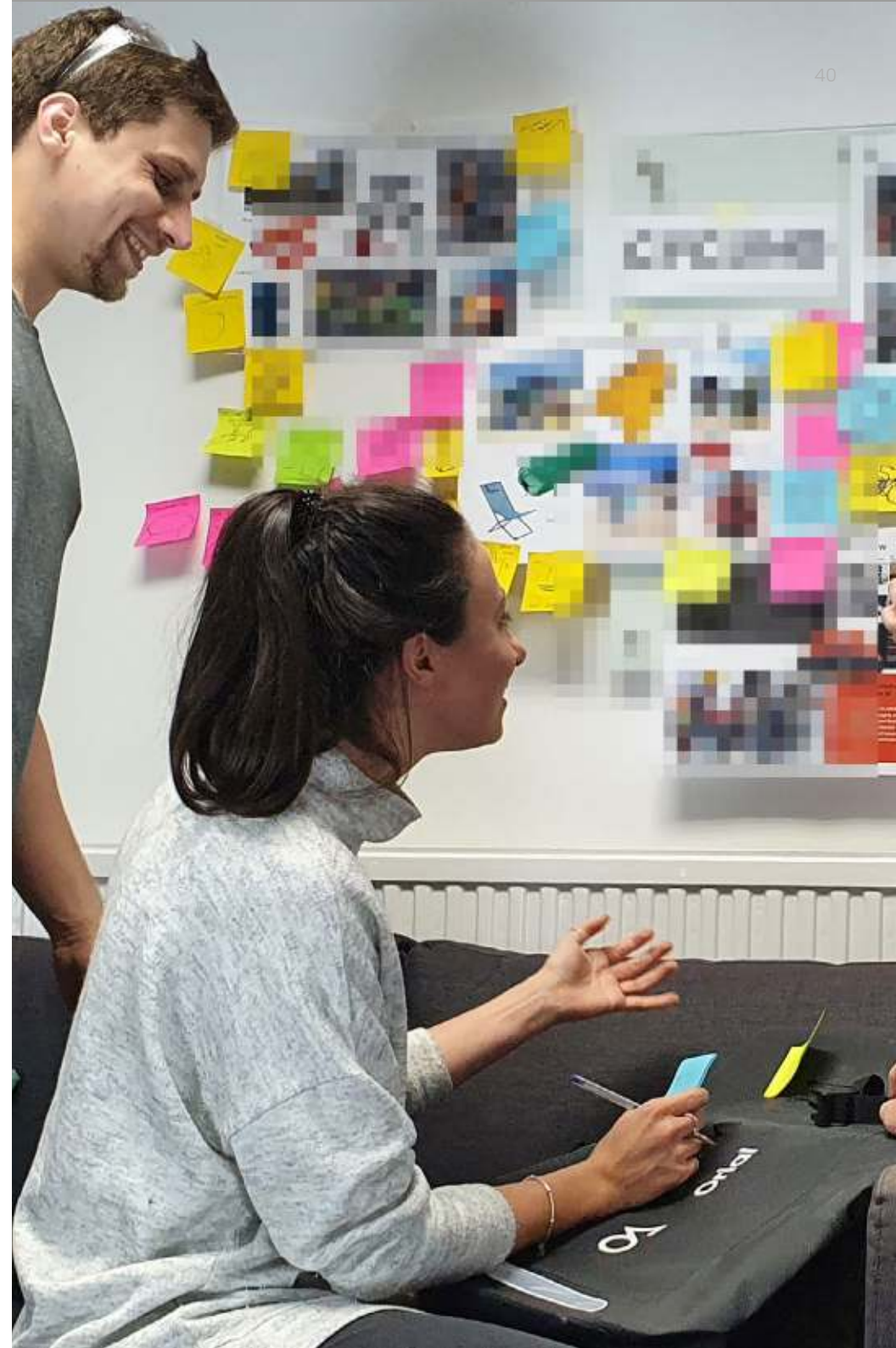


## Viability Assessment

The outcome of a questioning process like this is that our clients are able to manage the risks from the outset of product development. Many design agencies develop the product before assessing the viability. At D2M we want to do this first, so our clients can refine their business strategies accordingly.

The fundamental aim of the Commercial Viability stage of work at D2M is to ascertain whether or not the project is feasible. In order to achieve this, several important factors are considered and key questions asked:

- 1 Does the product fulfil a 'real' need?
- 2 Is there a potential market for the product?
- 3 Can the product be patented or otherwise protected using other forms of intellectual property?
- 4 Is there similar technology available and if so how applicable is it to the product? Can this technology be used? How much research and cost would this technology require to be fully utilised?
- 5 What are the costs associated with producing the product? In order to determine this, we work with our partner factories to reach a ball park cost.
- 6 How much time and, therefore, budget will it take to develop the product?

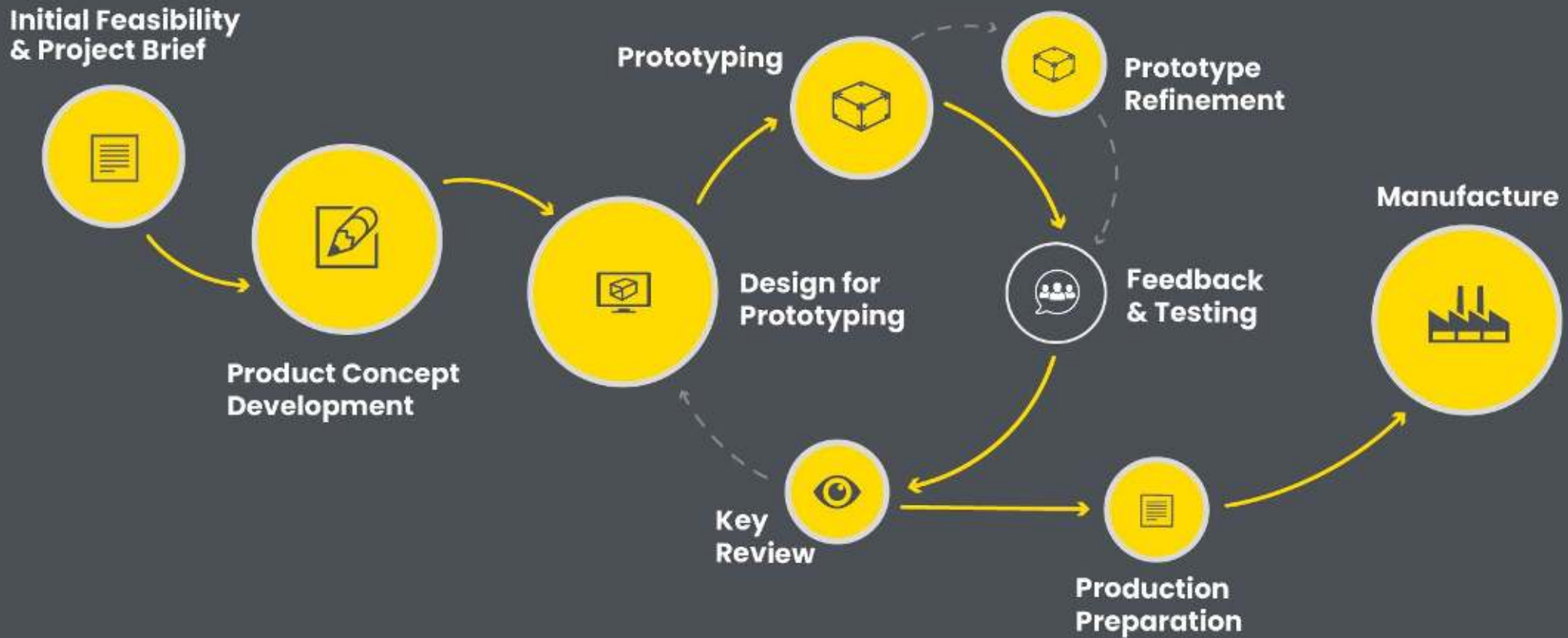




# Introduction to Product Development



# Product Development Journey



# Introduction to Product Development

Product development consists of transforming an initial idea into an appealing and viable product that can be manufactured. It is often necessary to commission a professional product designer with strong creative ability and an excellent knowledge of engineering materials and manufacturing techniques in order to effectively develop an idea.

It is often worth ensuring that the product designer working on your project that relevant skills, knowledge and experience. Commercial experience designing products that are now on sale is critical and should be a key requirement. You will also be working closely with them on your project so it is critical that you get on well and that they understand your vision for the product.



# Introduction to Product Development

The product design process should involve:

Research into materials, technologies and similar existing products

Innovative concept development through sketching and initial Computer-Aided Design (CAD) models

Detailed design for manufacture and consideration of materials

Full consideration of usability and ergonomics

Product styling

Functional mechanical or electronic development, if required.

# 10 Critical Lessons about Product Development

## 1 Product development requires money.

This seems obvious right? But we are often asked how much it costs to develop a new product. The answer to this question varies depending on the complexity of the product and the manufacturing processes required to make it. If you are trying to develop a product on a limited budget, the key is to get the concept to a point where you can get further funding in order to put it into production. This usually means you'll need visualisations, a prototype that proves the concept, quotes from a factory so you know how much it will cost to manufacture. The bare minimum you will need (for a simple product) is £5k. To get a product all the way to market will often need much, much more! Over the years, the main reason we've seen ideas fail is because they run out of funds before they are investment ready.

## 2 Design products for your end user, not yourself.

Get market feedback. As early as you can in the design process, get feedback from your end user on your product. We have people phoning us every day with an idea that is 'going to change the world' that 'everyone will want!' The reality is that, more often than not, not everyone will agree with you! The goal of product development is to sell products! So make sure that you are designing something that people will buy. The best way to do this is to get user feedback from as many people as possible throughout the development process and listen to them, adapting the design as you go.

## 3 Know when to call it a day.

No one likes to hear it, but it's the truth: Not all great ideas make it to market. Getting honest feedback about your product will help you to know what the likelihood of your product succeeding is. It's important to listen to feedback and get advice from experienced industry experts for each part of the process. We always aim to minimise our client's risk by ensuring that they have a tangible prototype and the protection they need with which to go out and get valuable feedback, from factories and users, with minimal outlay. The hard part is listening to the feedback and knowing when to stop funding an idea. If it's going to fail, fail early!

# 10 Critical Lessons about Product Development

## 4 Design for manufacture from the outset.

At D2M we always design for manufacture from the beginning of the project, starting with the concept phase. Sadly, clients often come to us with stories of wasted money and prototypes that are useless because they are impossible or prohibitively expensive to manufacture. Any design consultancy that you employ should be considering manufacturing limitations and costs from the word go. Remember that an awesome looking concept or prototype doesn't necessarily equate to a viable product! Making considered and informed decisions about materials and manufacturing methods as you develop your product will help to ensure a bigger profit margin once it goes into production.

## 5 Don't protect your idea with a patent too quickly.

New clients sometimes come to us with their concept already patented. You might think this is a great step to take, to protect the idea before you share it, even with a company who specialise in product development. While we don't profess to be patent specialists, we do know that the development process our clients go through often means that their idea changes considerably from the point they come to us and the time it goes into production. Often these changes to the design are vital to make the product manufacturable, viable and marketable. The problem comes when these changes invalidate your patent! It's often sensible to make sure that your idea is well developed BEFORE you apply for a patent or registered design.

## 6 Iterative prototyping is vital to the product development process.

'Can you prototype my idea?' is a question we are often asked. Of course, the answer is usually 'yes!' but it's important to remember what a prototype is and what it isn't. A prototype is often the first time that an idea comes to life. It rarely looks like the finished product will look because the important thing to establish first is that a concept works. Initial prototypes are usually made of parts and materials that are 'off the shelf' (bespoke parts come later), which keeps the cost down. With each prototype (and there are usually several), the concept is refined and tweaked. So expect early prototypes to look rough and ready. Later, colour, materials, finishes and final parts will all start to appear but it's often not until the factory sample (when manufacturing processes are used) that the product looks exactly like you imagined.

## 10 Critical Lessons about Product Development

### 7 Textile prototypes have limitations

Choice of fabric is always a key consideration for textile products. Rucksacks need to be waterproof and hardwearing; baby products need to be soft and washable; protective clothing might need an SPF rating or reflective elements; you might want to use sustainable or eco-friendly fabrics. When our talented textiles designers make prototypes, they always use fabrics that closely represent the fabrics that will be used in the final product. However, their primary concern in the early stages, is to establish the dimensions, construction methods and functionality. The fabrics will only ever be finalised when the product goes into production. Even the early factory samples won't be made in the final fabrics/colour. This is because fabric is usually ordered in large quantities and a factory won't commit to ordering rolls of expensive fabrics without an order being placed.

### 8 Product development can change the future of a company.

We have worked with several SME's over the years. This work has usually involved taking a product that they already sell and re-designing it. Sometimes it's a question of styling an already great product so that it stands out from other products on the market. At other times we've looked at functionality and innovation, giving companies new USP's within their marketplace. Small changes in the design of individual parts can have a big impact on manufacturing costs, profit margins and sales figures. Product development can be a key to unlocking the future profitability of a product-based company.



## 10 Critical Lessons about Product Development

### 9 A story really helps to sell your product.

It's important to remember that there's no point in developing something if you can't market it. Either because you don't have the skills or funding to employ someone with the skills or because the message of the product isn't simple enough to communicate easily. So make sure you think about marketing early on in the process. Who will market the product and how will you market it? In these days of social media and direct to consumer selling, a story can really help you to develop a strong brand and market and sell your product. What inspired your idea? What journey did you go on to bring it to life? Some of our most successful clients have recorded their product development story and used it as a launchpad for their product. It's good to bear this in mind as you work on the brand and marketing strategy alongside the product development. No product sells itself.

### 10 It's worth it in the end!

Developing new products is never easy. It requires persistence to find the right solution that balances the factors of design, manufacturing and market limitations and requirements. There will always be highs and lows. Sometimes things go wrong...prototypes don't work, factories fail to deliver, investment doesn't come through or the numbers don't add up. But when you hold something, that you imagined in your head, in your hands for the first time, it's worth the journey to get there! Rest assured that D2M will work with you to add creative value, extensive knowledge and help you to connect with other agencies who will also support and advise you, to make the whole process as smooth as possible.





# Concept Development

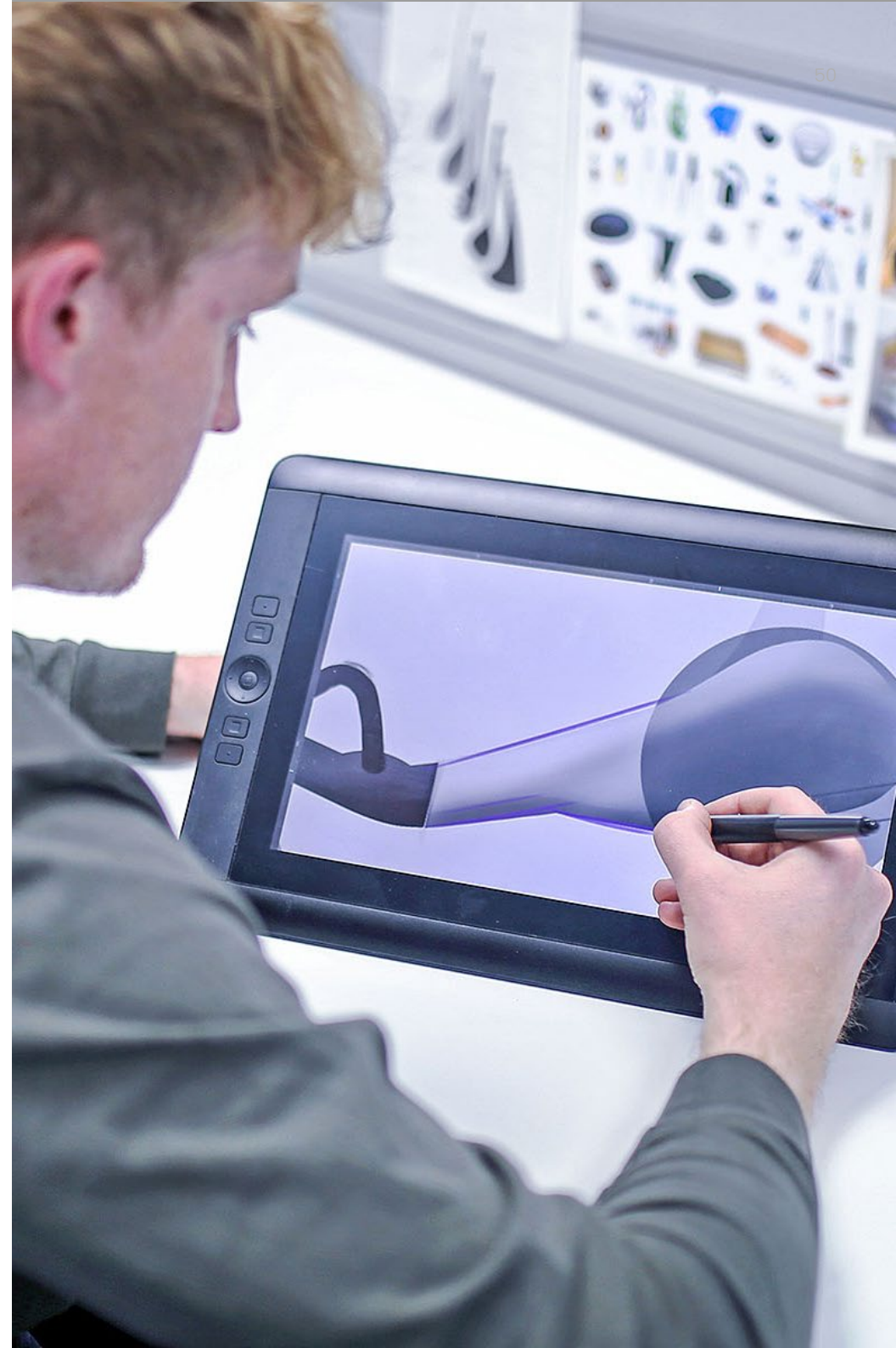


## Concept Development

The professional design team at D2M will develop your idea through excellent sketch or initial computer-aided design work.

And what will that do for you? It will bring your idea to life with product visualisations which consider materials and production. This will also strengthen your intellectual property rights and take you a step closer to securing solid protection for your idea.

Working with your vision for the product, the team at D2M will fully explore the idea and attempt to define a future direction for the project including creative thinking around further functionality and features. It is far from rare for our design team to create and develop new intellectual property that can supplement and eventually strengthen your patent or registered design protection.

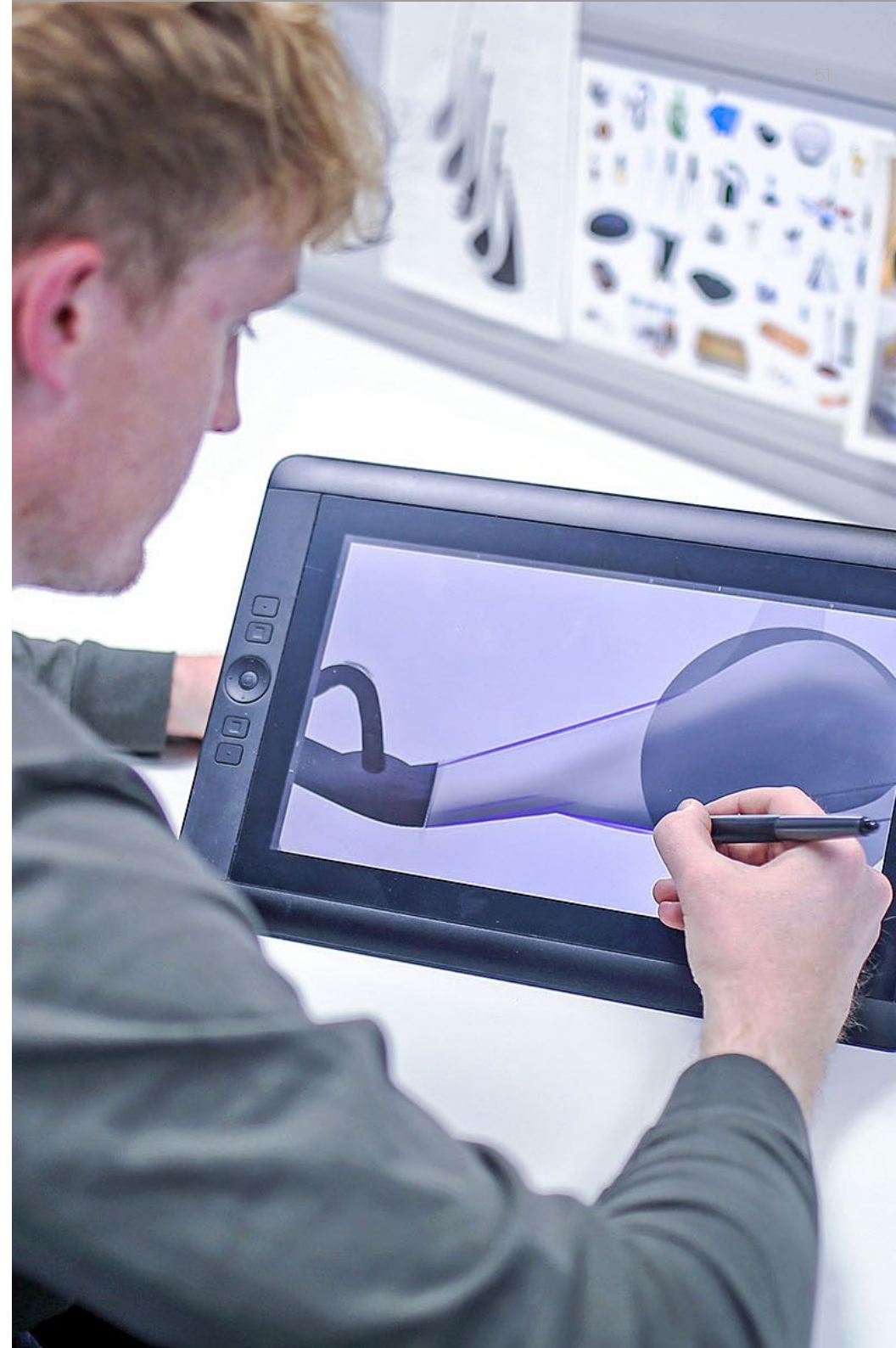


# Concept Development

## INTEGRATING IP & DESIGN

Even if an initial UK patent application has been filed, innovative product design during the subsequent 12 months can help to strengthen your patent application. It is not usually possible to protect a broad concept, and the more detail you have in your patent specification, especially at the 12-month point (from filing the initial UK patent application), the better your chances are of securing strong patent protection for your product.

Product design refines and improves how an idea works and is therefore often integral to achieving strong patent protection. D2M and Strachan IP often work closely together at this stage of the product development process, to ensure that our clients' IP protection is eventually as strong as possible.



# Our Story – Part 4

Phil Staunton

So we had a clear plan of what we needed to achieve before the big reveal and we cracked on with development and prototyping. Obtaining manufacturing costings wasn't a problem as we had factory contacts and they helped with the production plan. Brand and marketing were where the real problems lay. We debated the best way to achieve these points and, in the end, decided to spend quite a bit of money with an expensive branding agency.

£30k into the branding work, we were suddenly told that without spending another £70k, we wouldn't have the necessary graphics for the show. Apparently, we had committed £30k just for the concept work!

The work seemed decent, but this was such big news to us and a real problem. We ended up raising more money by giving up more shares in the business.

We paid the costs and let them get on, whilst we focused on the necessary product prototypes for the show whilst planning the launch event. We sent invites to critical people in the industry and excitement was building!

We launched at the show as planned... But did it go well?



# Marketing Insights



## Marketing Insights

Marketing Insights is a very important stage in the product design process. The feedback obtained from your potential target market is vital in order to produce a product that is tailored to them as they are the people ultimately purchasing your product. Before getting too far into an innovative product development process it is key that you obtain some initial marketing insights that will help steer and guide the direction for the project. **As the target market will be ultimately purchasing the product it is key that you develop the product to suit their needs.**

Marketing insights can be completed multiple times throughout the product development process if you would like to make sure you are developing a product to suit the target markets needs. It can be done in a variety of ways depending on the information you are looking to gather: online surveys, in depth user interviews, user testing, focus groups, etc. You can also approach potential retailers and industry specialists to gain feedback on your product idea to see if it's a product that they would potentially stock in their stores and if they had any suggestions on what needs to be improved.

If the marketing insights shows your potential customers aren't interested in your product, don't panic! This just means you will need to adapt your idea into a working product that suits their needs and what they're looking for. This is important information to learn before you get too far into the development process. **It's better to learn what potential consumers think before you've made large investments in tooling and marketing.**

Keep in mind, you should always have all involved sign an NDA before sharing information about your design.

# Textiles



## Textiles

The first stage in building a textile prototype is concept development. This involves sketching the initial concept and considering, on a basic level, what fabrics to use (hard or soft, heavy or light, etc.). This stage can also be used to determine whether anything of value can be added to the initial concept, a process that may result in the creation of textile mock-ups or proof-of-concept prototypes (prototypes that prove that a concept functions as intended).

The next stage involves drawing patterns in order to determine the scale and size of the pattern pieces or fabric components of the product. These pieces are provisional and may be subject to change later in the process. A second prototype can then be built, the creation of which will take into account further fabric choices and detailing such as stitching type and thread colour, webbing, fasteners, zips, buttons, hook and loop attachments, etc.

Any problems that are highlighted by the second prototype are solved in the development of a final or presentation prototype. At this stage, all aspects of the product are finalised including pattern, shape, size, materials and colour. Trend websites may be consulted in order to select up and coming seasonal colours if appropriate to the product. If custom prints are required, these are also designed at this stage. Finishing techniques such as piping and binding may be employed so that the presentation prototype approximates the final product as closely as possible, and branding or logos may be developed for the same reason.

Once a presentation prototype has been completed, a manufacturing specification can be produced, by means of which manufacturers will be able to produce samples of the final product. It is good practice to compare a number of different suppliers in order to source cost-effective manufacturing.



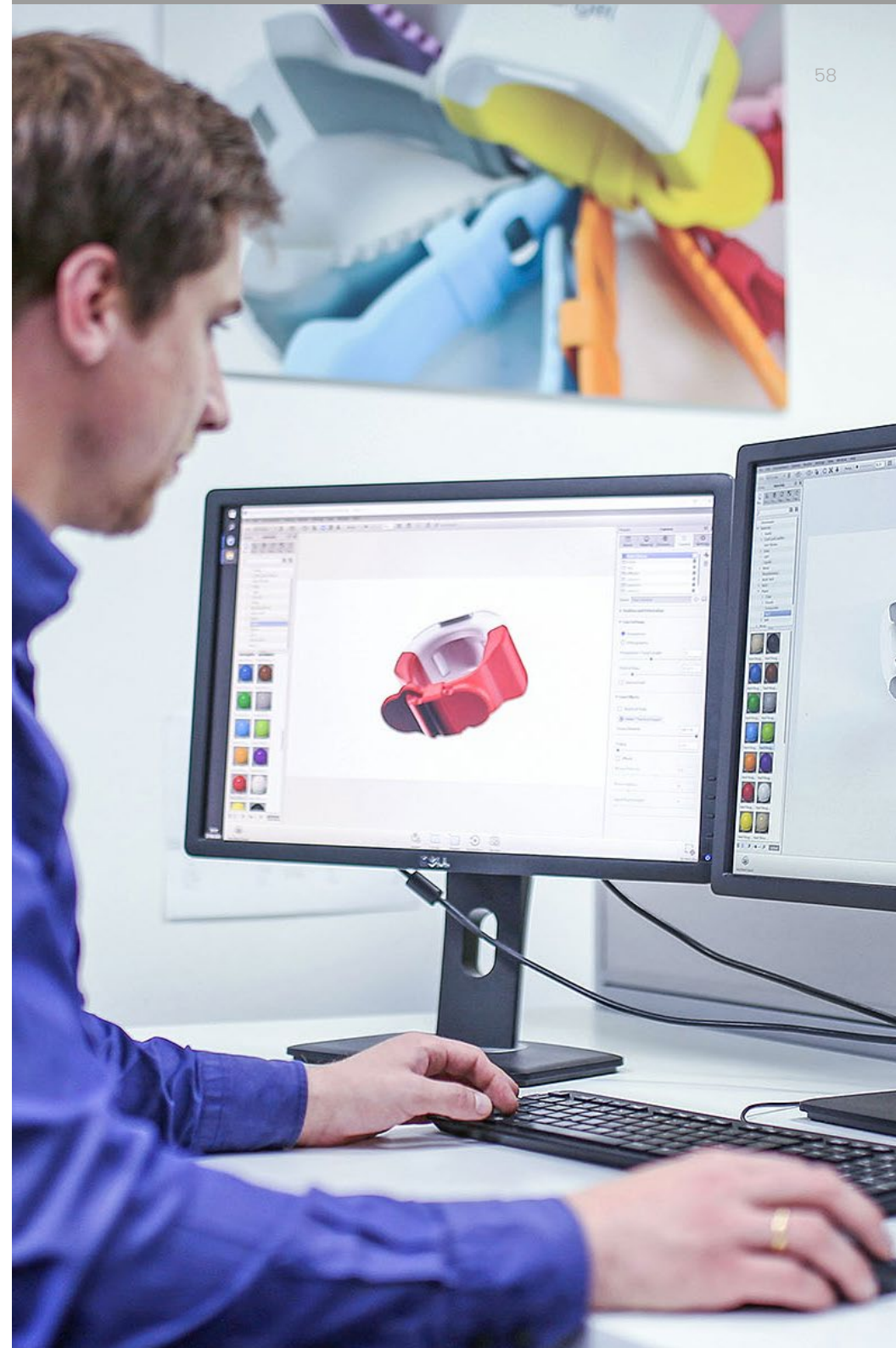


# Computer-Aided Design (CAD)



## Computer-Aided Design (CAD)

Using industry-standard CAD software, your idea will be developed in 3D on the computer. The resulting model can be viewed from all angles and then photorealistic visuals will be produced to demonstrate how your concept is likely to look in production. What will that do for you? It will develop your concept into a professional product design that is viable to produce and help you to visualise how the product will look to your customers.



# Prototyping



# Prototyping

Prototypes are an essential stage in developing an idea, so that it is ready for presentation to industry or manufacture. However, prototyping can be very expensive and so it may well be prudent to establish interest in your idea before embarking on the prototyping process.

In most cases, design work needs to be completed before a prototype can be built. This design stage will result in a 3D virtual (CAD) model that can be used to check basic form and function. This virtual model can be rendered to look like a real product and used to assess interest from companies or investors prior to prototyping.



# Prototyping

Using the CAD model, the D2M team can build a prototype using a variety of techniques depending on the requirements of the project and the budget. There are a few different types of prototyping, including:

## Visual prototype

Illustrates the overall shape and size of the product but does not usually prove the function of the idea.

## Proof of Concept

Demonstrates the main functionality of the idea, but this type of prototype is unlikely to look like the final product.

## Presentation

Combination of the functionality of the product with the overall appearance

## Pre-Production

Builds on the work of a presentation prototype by fully considering mass production manufacturing methods and production.

## Prototyping

D2M has a vast range of previous prototyping experience. Prototypes we have built include: handheld electronic products, thermoelectric cooling devices, textile-based products, baby equipment, outdoor products, and even an underwater video camera with built-in propulsion. The prototyping process is detailed and can involve a succession of prototypes until the product is just right.



# Product Branding



## Product Branding

It is so much more than a logo. Your brand is, essentially, who you are – your story, your values, and your personality and, of course, what your customers feel (and say) about you (or what you want them to feel or say about you). At D2M, we believe in fully understanding and capturing the essence of the brand behind a product in order to best communicate it in a meaningful, clear and consistent manner. Ideally this is done alongside developing the styling of the product so that the brand essence can be replicated through the form, materials and detailing on the product itself.

Your brand could be fun and lively, like Tango; serious and reserved, like British Airways; a luxury brand like Bentley; or sleek and cool like Apple. Retailers will expect your brand to have been carefully constructed and reflected in your packaging, website and promotional material.

From the award-winning

ark<sup>®</sup> 





# Product Branding

## PROTECTING YOUR BRAND ASSETS

When you have decided on a name for your brand, it is essential that you check, as early as possible, whether or not you are free to use that brand name (or 'trade mark'). Simply owning the Ltd company name or the domain name does not give you any rights in relation to a trade mark. If a third party has registered the same (or a similar) name for the same (or similar) products, your use of the trade mark is highly likely to infringe their intellectual property rights.

Make sure that you have a professional trade mark search performed in relation to (at least) the UK and consider doing the same for all of your other major markets, because if you find out after your packaging, website and promotional materials have all been branded up that you will infringe (or are infringing) someone else's registered trade mark, the re-branding exercise is likely to be very time consuming and costly.

When you have decided on a brand name and identity, Strachan IP can help you to have a proper freedom to operate search and analysis performed, which will (hopefully) give you peace of mind or, on the other hand, prevent the need for a costly re-brand exercise later.

From the award-winning

ark<sup>®</sup> 



# Packaging Design



## Packaging Design

If you intend to sell your product predominantly online, creating packaging for it may only require asking your manufacturer to source an appropriate box. If you intend to sell through retailers, however, your packaging will need to be a lot more sophisticated. One benefit of placing your product on the shelves of big stores is that browsing shoppers may purchase it on impulse; to achieve this outcome, **the design of your packaging will need to attract attention and visually communicate the essence of the product in a very quickly.**

Your packaging will also need to allow customers to touch the product as, particularly if it is textile-based, this can be very important as to whether or not a sale is made. At the same time, your product will need to be secure enough in its packaging to prevent it from being shoplifted. Barcodes, certification marking, country of origin and maker's details could all constitute necessary information to display on the packaging of your product.

There are very few graphic designers who will fully consider all these elements of the packaging design. **If your packaging also needs to protect the product during transportation then this also needs careful consideration.** Good structural packaging design that has been tested and refined can be the difference between satisfied customers or lots of returns of products delivered with damage or even missing parts. This can destroy your margins very quickly. We've had a golf trolley client who's packaging solution resulting in the wheels being sheared off the product when the box was handled aggressively by the courier company. Redesigning the box and support material solved this issue and saved considerably costs in replacement and shipping replacements.



# Our Story – Part 5

Phil Staunton

So we spent £100k on all this brand material and we launched to a room full of international distributors with the power to launch us globally and double the value of our business overnight. We had around 14 investors at the time, a lot of whom were friends and family, and it had taken 18 months of hard work and effort to get to this point.

And it bombed.

All the feedback was that the distributors loved the product but that they didn't understand the BRAND. It was too complex, it was confusing, they didn't get it and they weren't going to order. My marketing director resigned the next day leaving me to pick up the pieces.

Now don't get me wrong, I had signed off on the preliminary work - I liked a lot of it and I'd got carried away. There are two main lessons that I learnt from this experience:

- 1 Design for your customer (with brand not just product)
- 2 Minimum viable everything. Minimum viable extends to branding, packaging, PoS - everything.



# Manufacturing and Production



## Manufacturing and Production

This is where your product really comes to life! It can be exciting, daunting, frustrating and infuriating all in one day. But with a cool head and some expert guidance, your product will be manufactured correctly and you'll be a big step closer to profiting from your idea. You are not the first entrepreneur following this path. You will probably make some mistakes during this process. Learn from these, be reactive, and don't give up.

Depending on the type of product, you may have to produce it in a foreign country to get a more competitive price. Duty rates, shipping costs, cultural issues and communication all become challenges to overcome. You will need to choose a factory to manufacture your product. One way to do this is to hire a sourcing agent who will act as a go-between between you and one of their trusted manufacturing partners. Such an agent would be responsible for quality control, international transfers and negotiating with the factory.



## Manufacturing and Production

Another option is to source a UK or EU manufacturer. This option carries the significant advantage of allowing you to negotiate directly with a factory and conduct research into the factory's reputation, but it is often much more expensive and there are many types of product that are simply not manufactured in the UK (for example, textile-based products, cheap plastic products, and consumer electronics). It is therefore often necessary and/or much more cost-effective to source your manufacturing abroad.

Whichever option you choose, it is important to have samples produced before placing an order. You should also ask for and examine references, and to research any factory under consideration. Ideally, you should visit the factory you choose to conduct your own research. This relationship, more than any other in product development, is likely to be long lasting and absolutely critical to your ongoing success.



## Manufacturing and Production

You will need organisation and patience. Your product has never been so close to market, but do prepare yourself to have a few hiccups along the way. Our tips for your production journey:

**+ Get as much advice as you can**

**+ Be prepared and well planned**

**+ Dedicate time and don't expect it to all go smoothly**

For more information on manufacturing read our 'Guide to Manufacturing a New Product' ebook in the resources section of our website.





# Sampling



## Sampling

Sampling enables you to have one or a very small number of your product manufactured before placing a production order. This will allow you to check the quality of the product with your chosen manufacturer and make any necessary changes to the production specification. If your product is textile-based, it is likely that you will be charged a relatively small amount for one sample. Elements that may be altered upon receipt of a sample may include stitching techniques and the quality and colour of materials.

If your product is made of metal or plastic, you may need to have mould tools created in order to produce samples. A factory may be able to produce a prototype without tooling, but this is unlikely to enable you to properly check the quality of the product. If you need to create mould tools to produce samples, we would recommend that you consider it a necessary expense and use a recommended factory or a UK company to do so.

Examining samples is crucial to ensuring that the overall quality of your product is up to the standard you want and expect. The final sample against which the manufactured products are measured is known as a 'gold sample', and it is important that every minor detail of your gold sample is checked before commencing production.



# Certification and Testing



## Certification and Testing

**Most products that are launched need to achieve any certification and pass required testing.**

Any electronics product must be CE marked. Product used around children or babies often have specific standards that require specific tests to be conducted and passed before the product can be sold.

One easy way to do this is to choose a factory that regularly produces similar products for the countries in which you intend to sell. Reputable factories will maintain relationships with test houses and will be able to ensure that your product is tested before it is shipped. If you are uncertain what standards or testing your product must meet or undergo, it would be a good idea to contact a test house such as SGS to arrange an initial consultation. You could also examine the literature supplied with similar products to discover what standards or test markings it lists.



# Our Story – Part 6

Phil Staunton

After the negative feedback at the big trade show, I had a choice. Pack up and go home, move on, deliver the bad news to my investors and leave it there. Or, I could raise more money, redo the branding and relaunch. And that's what I did. It cost me another 10% of the shares in my startup but we redid it all. My business partner left at that point stating that this wasn't what he expected. There's a big lesson here, it's hard to go from big business to small business. People are often well supported with clear, distinct roles within a large corporate. Within a small business or start-up this isn't true and so initiative and being able to turn your hand to a lot of different things are far more critical.

I found a new business partner with sales and marketing experience. They had done a start-up previously and managed to keep some potential new investors interested with their plans to re-work the messaging and branding.

At this stage we managed to get an ex-MD of the largest brand owner in the nursery sector to join Ark as a non-exec director. This was a big step forwards as he had a fantastic black book of retail contacts in the sector and he managed to get us a meeting with the senior nursery buyer of John Lewis.

All of our work on the investor presentation started to pay off as we could now tweak this into a presentation for John Lewis. To cut a long story short we successfully landed retail giant John Lewis! A pretty major moment that made it all worthwhile. But this was just the start of the hard work as I was to discover later.



# Shipping and Logistics



## Shipping

Shipping charges vary greatly based on weight and volume. Other cost considerations are duty and VAT charges at the arrival port along with shipping costs and haulage to the final destination. A freight forwarder can help with more precise costing once samples have been produced and you know the product weight and volume so that you can get quotations.

Shipping a container from the Far East to the UK takes approximately six weeks. Shipping by airfreight takes about 3 days but is generally much more expensive and only really suitable if your product is small and lightweight.

For more information on manufacturing, read our 'Guide to Manufacturing a New Product' in the resources section of our website: [www.design2market.co.uk](http://www.design2market.co.uk)



## Logistics

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Once your product has been manufactured and, if produced abroad, shipped, it will need to be stored and transported to distributors, retailers and consumers. Some companies offer 'pick and packing' services that will organise the storage and transportation of your product. If you are selling directly to consumers you will need to pack and post orders and process all returns personally. Selling to large retailers can be less time consuming, but nevertheless requires the organisation of deliveries of the product, often with strict requirements for labelling and booking in delivery slots. It is often best to use a logistics company who is used to supplying the retailer to ensure that their exacting requirements are met as otherwise fines can be payable.





# Our Story – Part 7

Phil Staunton

Our retail sales were beginning to pick up, our sales through consumer shows were going well and John Lewis finally had the product in all the 11 stores and we were working our way through training the staff to sell the product.

We hadn't realised quite how hard it would be to train the staff in the John Lewis stores. We had assumed that we would train the product coaches once and they would then roll out the training to the rest of the teams but this isn't how it worked. Effectively to get a member of the JL nursery team confident in selling Ark, we would need to train them 3 or 4 times because there was so much new about the product. We found out that big companies would often send mystery shoppers into store to buy back their own brand product as this built the confidence of the store staff more quickly. There's nothing like making a sale to feel positive about selling the product and so, for large companies with big budget, this is an obvious way of ensuring the sales team confidence was improved. We didn't have the budget to do this and so had to train the teams ourselves.

We should have gone back to our investors having landed John Lewis and asked for more money. We really needed a big influx of cash at this point to recruit staff to train the John Lewis sales teams and to increase the marketing to drive customers into store asking for Ark as this would also force the sales team to really get to know how to demo the product. We didn't do this and so really didn't make the most of the opportunity.

However, even if we had, we would still have got to the point where Covid curtailed most retail and show activity and we had to pivot our marketing and sales plan.



# Routes to Market



# ROUTES TO MARKET

## 1 LICENSING

Your margin: £1 /product  
Costs: IP

Assumptions: Retail Price: £48  
Cost Price: £10

## 4 SALES AGENT

Your margin: £9.9 /product  
Costs: M, S&D, L, CS, QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10. 40% retailer margin,  
10% sales agent commission

## 6 AMAZON

Your margin: £22.80 /product  
Costs: M, S&D, CS, QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10. Amazon margin of 18%

## 2 JOINT VENTURE

Your margin: £4 /product  
Costs: QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10. Brand cash margin  
of: £9

## 5 DIRECT TO RETAIL

Your margin: £12 /product  
Costs: M, S&D, L, CS, AM, QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10. 40% retailer margin

## 7 DIRECT TO MARKET

Your margin: £30 /product  
Costs: M, S&D, L, CS, S, AM, QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10.

## 3 DISTRIBUTOR

Your margin: £4.30 /product  
Costs: M, S&D, QC & IP

Assumptions: Retail Price: £48  
Cost Price: £10. 40% retailer  
margin. 35% distributor margin

### Key:

S - Sales

IP - Intellectual Property

CS - Customer Service

AM - Account Management

QC - Quality Control

L - Logistics

S&D - Shipping & Duty

M - Marketing

## Licensing your idea

A license is a contractual right that gives someone permission to use your intellectual property (IP). It allows you, as the holder of IP rights (the “licensor”) to profit from your idea by charging a user (the “licensee”) a fee or royalty for making commercial use of your IP.

### What works well about this model:

You need to maintain your IP protection but almost everything else is handled by the brand.

### Costs:

Typically a license deal would pay you 10% of the cost price of the product. (this is often known as the factory gate price – the price payable for the product to be made. Therefore excludes shipping and duty but includes packaging.

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

The brand will pay you 10% of cost price: **£1**

Your cash margin would be **£1**

**Before you negotiate a license agreement, it is important to be clear on what IP rights you have** and that you have applied to register any that require it: patents, registered designs and trade marks. In many cases, all three registered rights can be applicable to a product, and there may also be unregistered rights such as copyright and even trade secrets and know-how to consider. If you are unsure what IP rights apply to your product, please book an initial free consultation at [www.strachanip.co.uk/contact/](http://www.strachanip.co.uk/contact/) to discuss how we can help.

## Case Study

### Veglo

Representative: Edward Ward

Ed successfully crowdfunded his idea back in 2014. His campaign can still be viewed here: <https://www.kickstarter.com/projects/commuterx4/commuter-x4-the-wearable-fibre-optic-bike-light>

As you can see from the photo and video, the product is an 'X' shape. The shape is designed using a highly reflective material with a unique construction technique that we developed and our client patented. This is very different from what Ed originally brought to us. He came to us with a net of Christmas tree lights wrapped around a rucksack. As with most enquiries, we took this back a step and asked where the concept originally came from.

Ed explained that most drivers almost ignore bike lights because they are too used to seeing them. Ed wanted a bike light that caught the attention of car drivers as it was an unexpected shape. We persuaded Ed to let our team tackle that problem, whilst incorporating his net idea. A few weeks later, we presented three concepts including the 'x' concept and Ed's immediate feedback was: "Wow! That's so much better. Let's go with that."



## Case Study

### Veglo

Representative: Edward Ward

Believe it or not, we get this quite a bit.

We are experts in innovation and our senior team is incredibly creative. We are exposed to new and different materials, processes and mechanisms every day. We are happy to work from your initial concepts but it is worth allowing our team to explore other avenues as well.

It might be your idea is best but exploring other options provides reassurance and can broaden your future IP protection so that competitors don't just work around your current concept.

Ed successfully went on to sell his product through various bike shops and also directly via his website. He then was approached by Oxford Products who are a major distributor in the cycling sector. He negotiated a great deal and Oxford Products took Veglo on under a Licensing Deal. We've had a good number of products now that started as a crowd-funding success and used this to prove the market for the product and gain licensing agreements. Ed went on to use the skills and experience to co-found a software start-up and Oxford Product continue to sell the product under license.



## Joint Venture

This can also be known as white-labelling. The idea is that an existing brand buys your product and sells it under its name. This can also be co-branding where both your brand and theirs are on the product. An example of this would be stainless steel water bottles. There are loads of different designs available from a host of Chinese suppliers for you to sell under your brand. The factory have facilities to apply any brand's logo and sell to multiple brands. Certain deals can be exclusive so that your design doesn't get sold to another brand operating in the same sector or territory.

### What works well about this model:

The brand will have established routes to market, retail relationship, PR and marketing teams that they can utilise to gain sales for your product. The brand is likely to have significant resource to launch the product in a big way.

### Costs:

These deals can work in various ways. Often the brand will want to buy the product from you with their branding on the product already. They would work with you on the final design and the packaging in line with their brand guidelines. They would need the bulk of the margin in the product for all the selling, marketing and other activities necessary to launch the product. However, they are likely to be able to order in much higher volume than if you were selling this yourself which might help you negotiate a lower unit cost with your manufacturer.

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

The brand will sell to their retailers for: **£22.**

They might buy the product from you for **£13.**

The brands margin might be: **£9\***

Your cash margin would be **£4.**

\*This would cover all their costs of selling, customer service and marketing your product as well as their profit.

## Distributor

Distributors handle selling to retailers on your behalf. Some only manage the retail relationship, warehouse and deliver your product others also handle trade and consumer marketing, exhibit your product at shows and provide all the customer service for the customers.

### What works well about this model:

Distributors take out a lot of the hassle of retailing your product.

Distributors have existing retail relationships, sales teams and specialise marketing teams who have indepth knowledge of your market.

This is often the only real way of getting your product into a foreign country. Often retailers won't buy your product unless you have a presence in the country with all the relevant infrastructure like a customer service team. A distributor provides all this.

### Costs:

These depend heavily on how much the distributor is doing for you. If a distribution is effectively your whole brand presence in a different country, then they are likely to want a much higher margin. On average, a distributor would expect around a 35% margin.

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

The distributor will sell to their retailers for: **£22.**

Distributor margin of 35%: 35% of £22 = **£7.70**

The price the distributor pays you: **£14.30**

Your cash margin would be **£4.30**



# Our Story – Part 8

Phil Staunton

Covid shut the consumer shows and also stores for a good 6 months.

This basically killed our sales overnight. We pivoted to online demos but it proved very difficult to get people to sign up for these. It appeared that people really did have to touch and try a new pushchair in person if they were going to buy from a new brand.

What happened was that people bought brands their family or friends had already and they could try out that way. Given that we had been on the market less than a year there just weren't many people with Ark at all and so wasn't going to work for the new kid on the block like us.

After several months of pushing the digital marketing and trying online sales, we determined that the best route was to get a UK distributor who had a strong sales team for when the stores reopened and much more capacity for marketing. After various discussions, we signed the contract and our distributor took over. This also didn't quite work out as planned as they struggled with the effects of Brexit, marketing staff being poached during the pandemic and digital marketing efforts proving ineffective. However, with the consumer shows re-opening, sales have now started to pick up and we remain hopeful for the future!



# Sales Agent

Sales agents handle selling to retailers on your behalf. They leverage their existing relationships to get meeting with buyers that you might otherwise struggle to get in contact with. Sometimes they handle the ongoing relationship as well.

## What works well about this model:

Sales agents have existing retail relationships which means they can get meetings with senior buyers much more easily and quickly than you can.

## Costs:

Often around 10% but will depend on how good your negotiating skills are!

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

The distributor will sell to their retailers for: **£22.**

Sales Agent commission of 10%: 10% of £22 = **£2.2**

Your cash margin would be **£9.90**

## Direct to Retail

This model is where your business sells the product direct to retailers. This section deals with bricks and mortar retailers rather than online retail which is a slightly different model.

### What works well about this model:

Low ongoing customer service requirement as shops are often the first port of call if customers have questions about their purchase. (However, if you have a major issue with your product retailers will expect you to resolve this.)

Retailers often have a steady stream of your ideal customers.

Retailers handle the sales process for you reducing the effort compared to selling direct to customers.

### Costs:

Bricks and mortar retailers will look to make between 3% and 60% margin on products. This is obviously a huge range. 3% might be the margin for a retailer selling Apple products. They are so popular and so well known that the retailer can expect a steady stream of customers and so their margins can be low. A service station retailer selling a new brand product that no-one has heard of would expect a 60% margin to make it worth their while. (Service station shop rents are huge!) For most of our clients, the retailer makes between 35-45% depending on the industry sector and the size of the retailer. (Larger retailers often negotiate a higher margin.)

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

Your retailer margin is **40%**.

Exc. VAT retail price: **£40**

Retailer margin: 40% of £40 = **£16**

Your selling price to the retailer: **£22**.

Your cash margin: £22-£10 = **£12**

# Amazon

Sell the product using Amazon's web platform. There are various options within Amazon for how this is done with various degrees of control for you in terms of pricing.

## What works well about this model:

Amazon's margins are much less than a standard brick and mortar retailer.

Amazon has a huge number of potential customers using its platform every day with various tools for recommending and promoting your product.

## Costs:

Amazon has different models but typically the margin they take is around 18%.

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

Amazon's margin 18%:  $0.18 * 40 = \mathbf{£7.20}$

Your sell price to Amazon:  $40 - 7.2 = \mathbf{£32.80}$

Your cash margin would be **£22.80**

# Case Study

## Tofuture

Representative: Adam and Suzanne Kittow

50,000 sales per year.

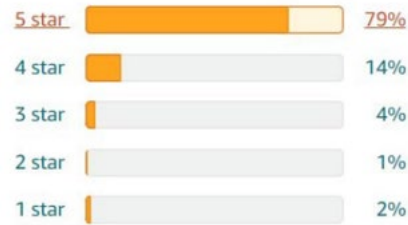
Selling on Amazon and also in Lakeland.

Over 7000 incredible reviews.

### Customer reviews

★★★★☆ 4.7 out of 5

7,332 global ratings



## Direct to Market

This is where you take responsibility for selling the product to the end customer. This often entails selling at consumer shows, maintaining an e-commerce website or selling via social media.

### What works well about this model:

You have ultimate control over how successful your product is.

You retain the bulk of the margin in the product

### Costs:

The costs are how much it costs you to market the product to gain sales. You also need to arrange warehousing and logistics for the product. At first glance, this looks the most lucrative but often actually is the most expensive for launch and only pays off after 3-5 years of investing in marketing and establishing your brand.

### Example

**Retail Price: £48**

**Exc. Vat retail price: £40**

**Cost price: £10**

Exc. Vat selling price: **£40**

Your cash margin would be **£30**.

## Blended Approach

Most of our clients would sell to distributors in other countries and would sell direct and to retailers in their home country.

Selling via amazon can put off retailers and so it isn't always advisable to try and achieve both of these routes at the same time. Often you would establish your brand either in stores or on Amazon. If successful, it is then possible to later take a successful online product into stores or vice versa. Most retailers will not be put off by your attempts to sell direct via your website or at consumer shows as long as you aren't selling to solely online retailers who are likely to discount the product significantly.

It is also worth considering other minor routes to market such as catalogues sales, selling through inflight magazines and websites like notonthehighstreet, ebay and etsy.



# Pitching Your Product





## Pitching Your Product

For almost all of the routes outlined above, you will need to demonstrate and pitch your product.

The best way to do this is to exhibit pre-production samples rather than prototypes, these are actual samples of a finished product that have been assembled at a factory after production tooling has been set up. Because pre-production samples require tooling to have been created, they can often be more expensive to create than prototypes but they demonstrate the final quality of the product and so their manufacture is usually a worthwhile investment. If you are unable to have samples produced, present a prototype that resembles your finished product as closely as possible.

**As well as presenting high quality samples, you will also need to present yourself** – as a confident professional who customers, distributors and/or retailers can trust to produce the product. Pitch training services are available, that will help you to convey confidence when pitching to retailers. It may well be worth taking advantage of such services as, often, you will only get one opportunity to make your pitch so getting it right first time is critical.



# Costing Your Product



## Costing Your Product

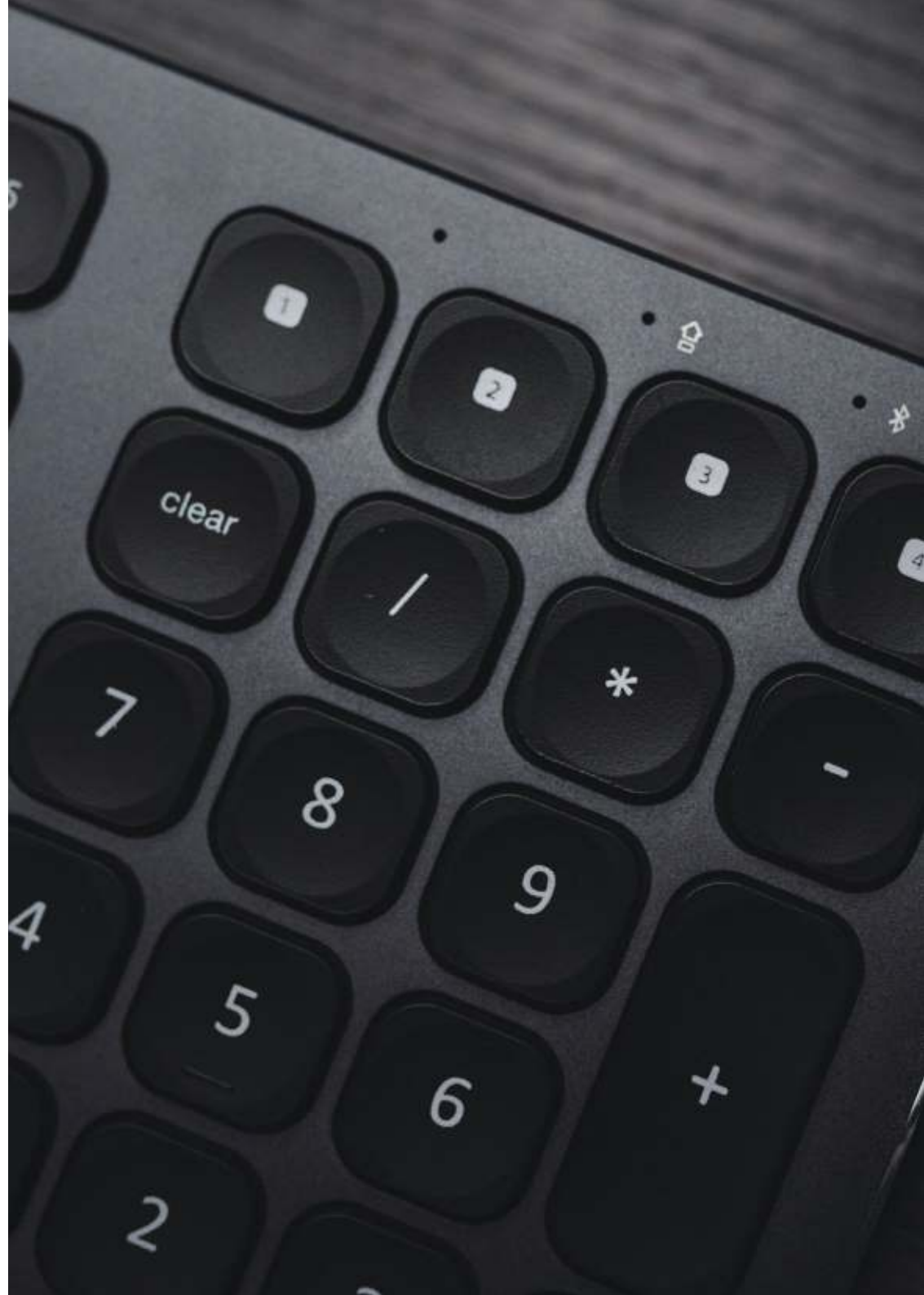
You will need to accurately cost, or work out how much to charge for, your product.

In order to do this, you will need to consider how much the factory at which your product is to be manufactured will charge you for its production, the costs of shipping and packaging your product, and how much you intend to add to these costs in order to make a profit (i.e. the “mark-up” of the product).

In a bottom-up costing approach, the combination of these factors will help you work out a final selling price for your product. We often suggest top-down pricing is more effective. Through market research and competitor analysis you can often work out the most effective selling price. Working backward you can then often establish which routes to market will work for you based on the margin available having deducted the unit cost.

Don't forget to allow for VAT, import duty, shipping, warehousing and marketing costs (if selling direct) in working out your margins. It is important not to expect make money in the early stages of launch. Your intention in selling to them should be to gain exposure for your product, through which the interest of other retailers can be generated.

**This is a marathon, not a sprint and seeking too high a return early on could well result in failure of your product launch.**



# In Summary



Developing a new product idea is an exciting journey that can teach you all sorts of new skills and stretch you in ways you probably didn't expect. It can be daunting and certainly takes plenty of courage to embark on the journey.

The rewards can be great and are often not what you would expect. Prepare yourself for the challenge by surrounding yourself with the right people who can support you, who've walked the journey before and can provide the expert advice and services that you will need to make this a success.

At D2M Innovation, we're product designers and we have an amazing creative senior team, but we're also so much more.

We can't wait to help you on this amazing journey and to see if your product can make it on the market. So, are you ready to start on this adventure with us?

(If you don't, you might just spend the rest of your life wondering "**what if?**")

If you do wish to embark on this rollercoaster ride, then we promise to guide you as best we can! Who knows, maybe one day we'll open a bottle of bubbly together to celebrate your first sale at a consumer show, or the first time you see someone in the street with your product. Or perhaps we'll walk into John Lewis and see one of their team demonstrating your product to a prospective customer!

**These are feelings you just can't beat. Believe me, I know...**

# Thank you



We hope you have found this ebook useful.

If you require any further information on any of the things we have covered, please do contact us:



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