

Breakthrough in Red Ocean Commodity Business

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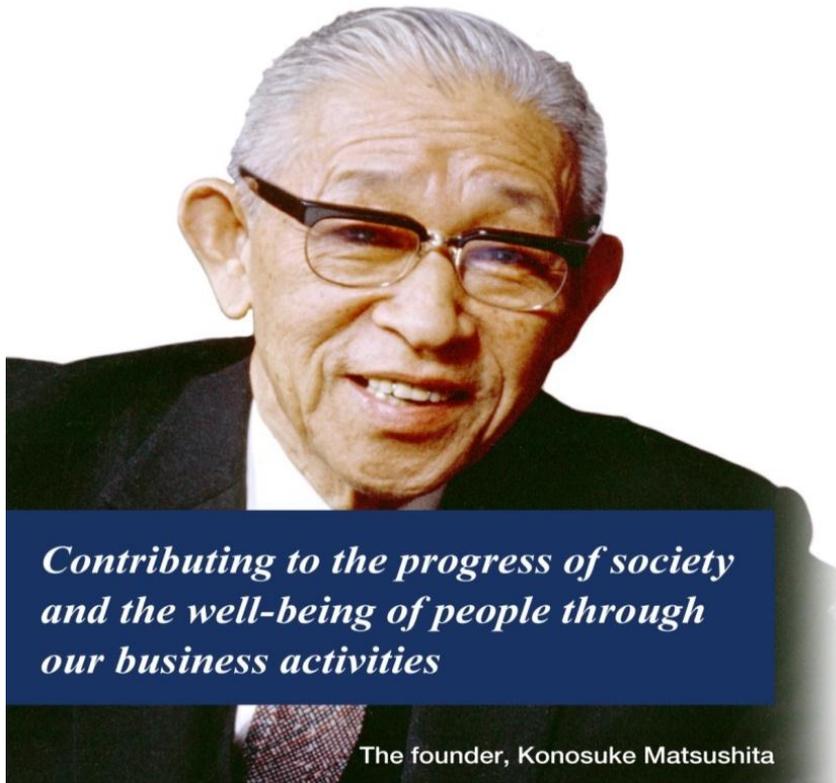


**OPS & GOLDRATT
CONSULTING**

PRESENT: BUILDING ON SUCCESS
2017

**BREAKTHROUGH RESULTS FOR
GOVERNMENT AND BUSINESS**

1. Introduction
2. Commodity Business in Red Ocean
3. TOC for Innovation
4. On-going process of creating customer value



1918 Founded by Konosuke Matsushita



Improved attachment plug Double cluster socket

2008 Changed the company name to Panasonic Corporation

2009 Acquired SANYO Electric

2018 **100th Anniversary of the foundation**

Head Office	: Osaka, Japan
Foundation	: March, 1918
President	: Kazuhiro Tsuga
Employees	: 249,520 (consolidated as of March 2016)

Video

About Myself

- **Joined Matsushita Electronics (Panasonic) in 1984**
- **Head of Television Business (2009 - 2012)**
- **Head of Automotive Infotainment Business (2013 -)**

*(*Studied MOT at university from 2014 to 2016)*

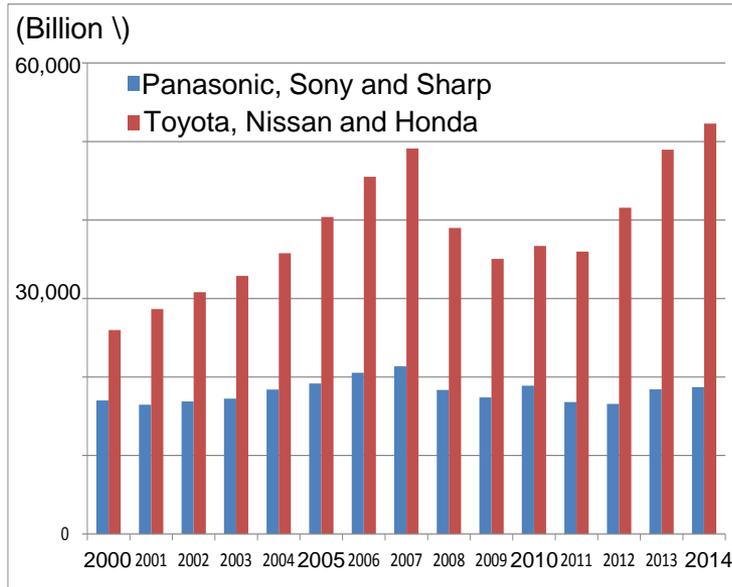


Car interior cockpit

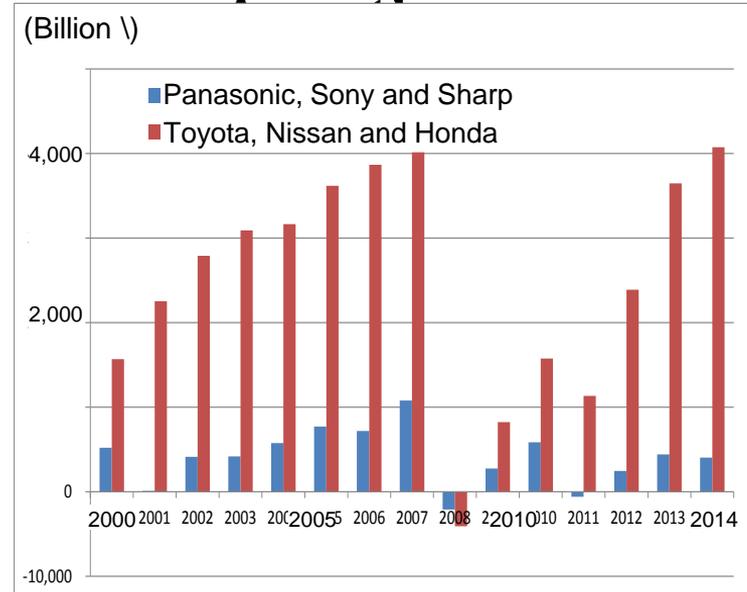
Background of my MOT Research:

- Why are the results so different ?
(*Home Electronics* vs *Automotive*)

【Sales Amount】



【Profit】



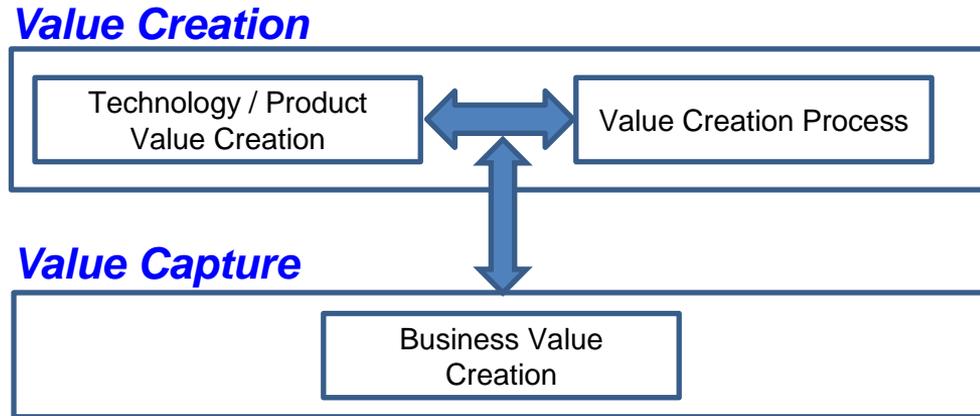
MOT Research Introduction: - About Commoditization

➤ Definition of Commoditization

Company cannot gain profit from its business,
because many competitors join the market and cause price down of the products.

➤ “Value Creation” and “Value Capture” are required for the company.

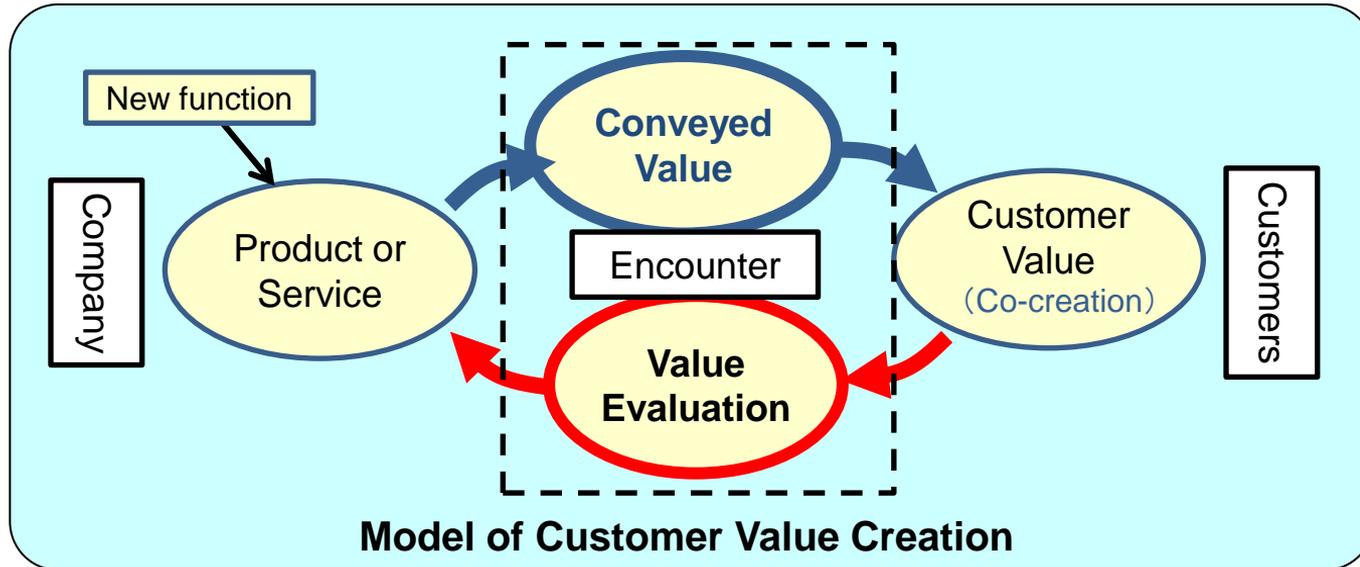
Home Electronics industry are weak in “Value Capture”



(Professor Kentaro Nobeoka / Hitotsubashi University said)

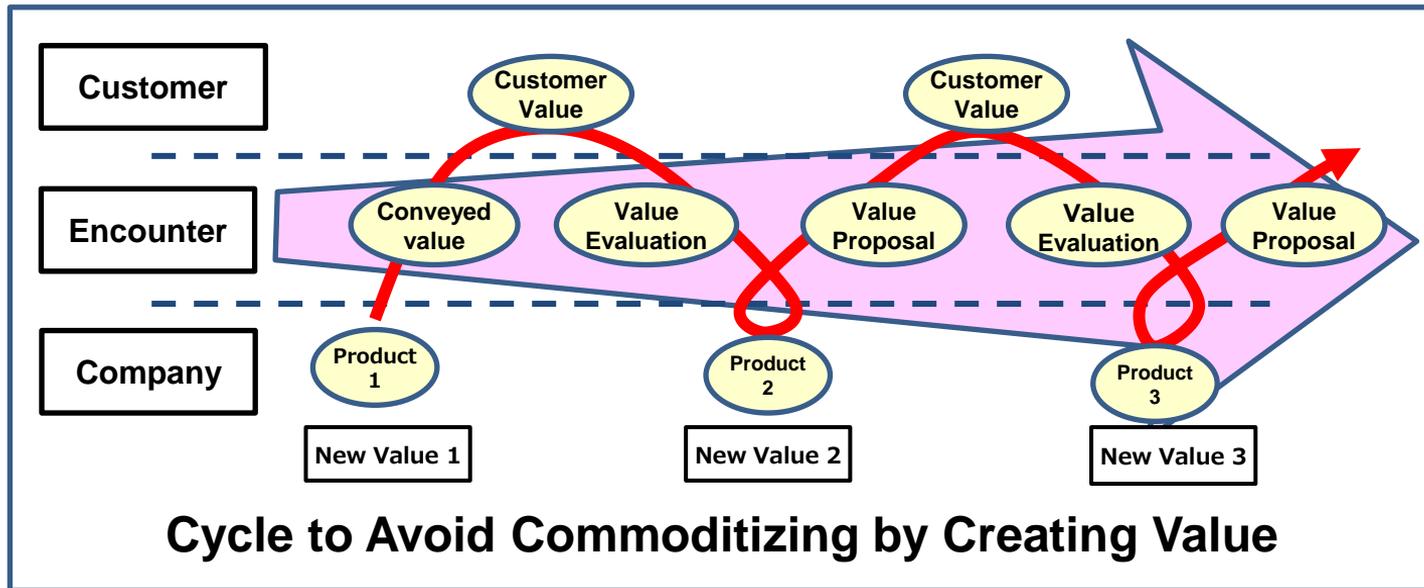
The Implications of my Research: - How to Avoid Commoditization

- “Value Capture” means co-creation of Customer Value.
- To achieve this, two-way pass (*Conveyed Value / Value Evaluation*) is required.



The Implications of my Research: : - Cycle of Customer Value Creation (KSF)

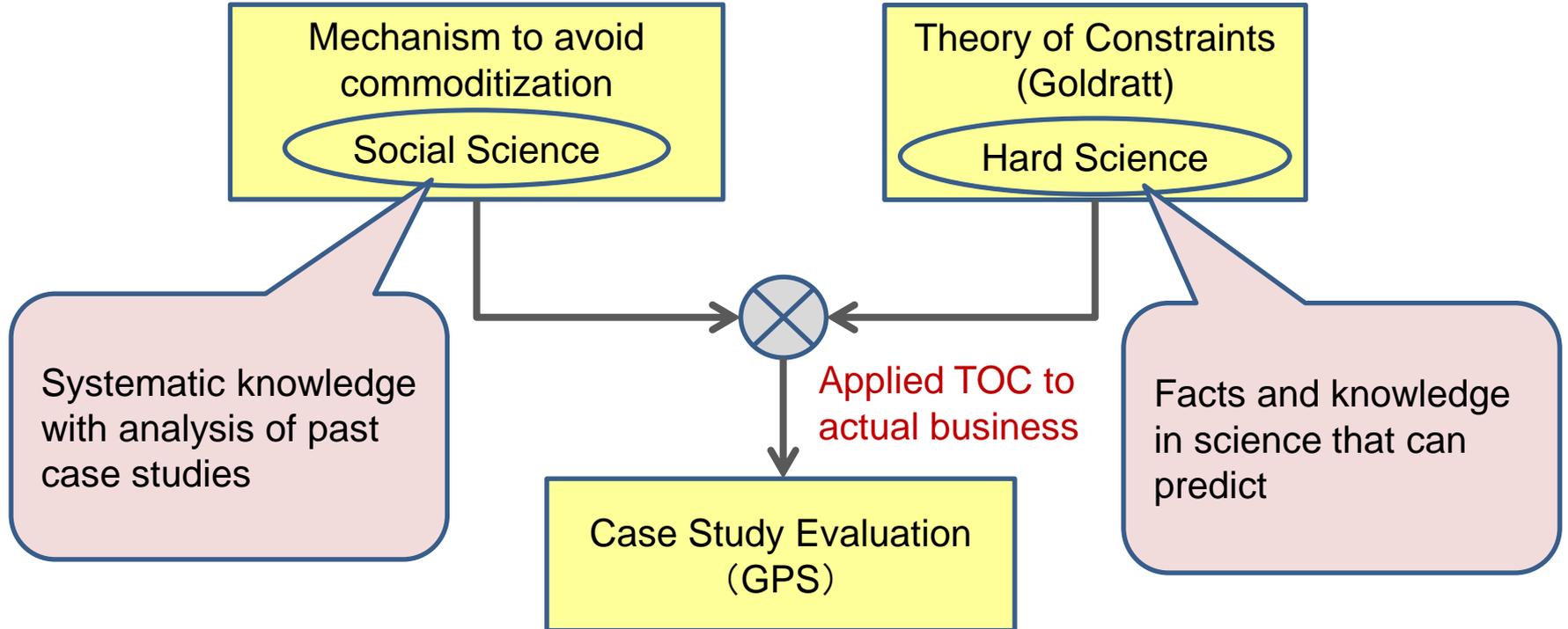
- **By continuing this cycle**, the company can accumulate the **experience and the know-how**, which will allow continued co-creation of customer value



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Presentation Overview

Implications of MOT Research



Japanese GPS Market (product features)

- Mainstream was Audio/Video/Navigation Integrated Stationary-type Products



AV-integrated stationary
type GPS



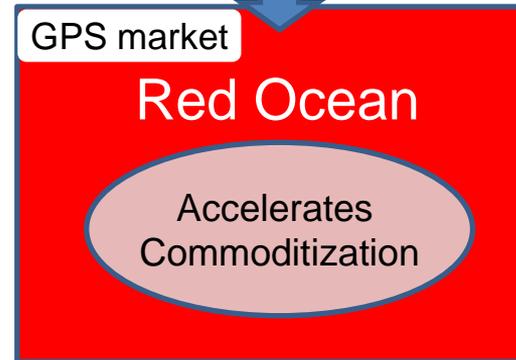
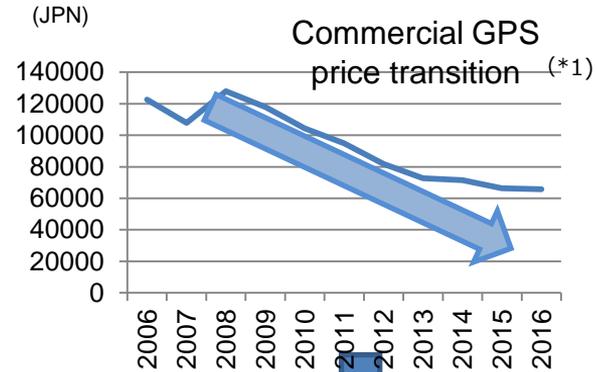
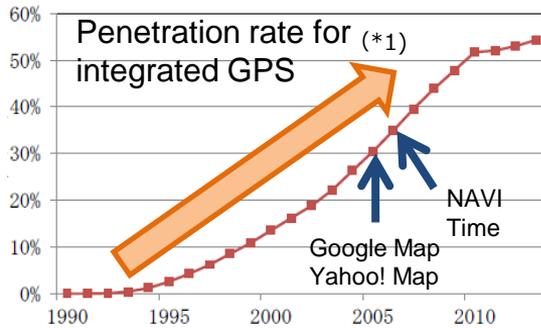
Portable type GPS



GPS Apps

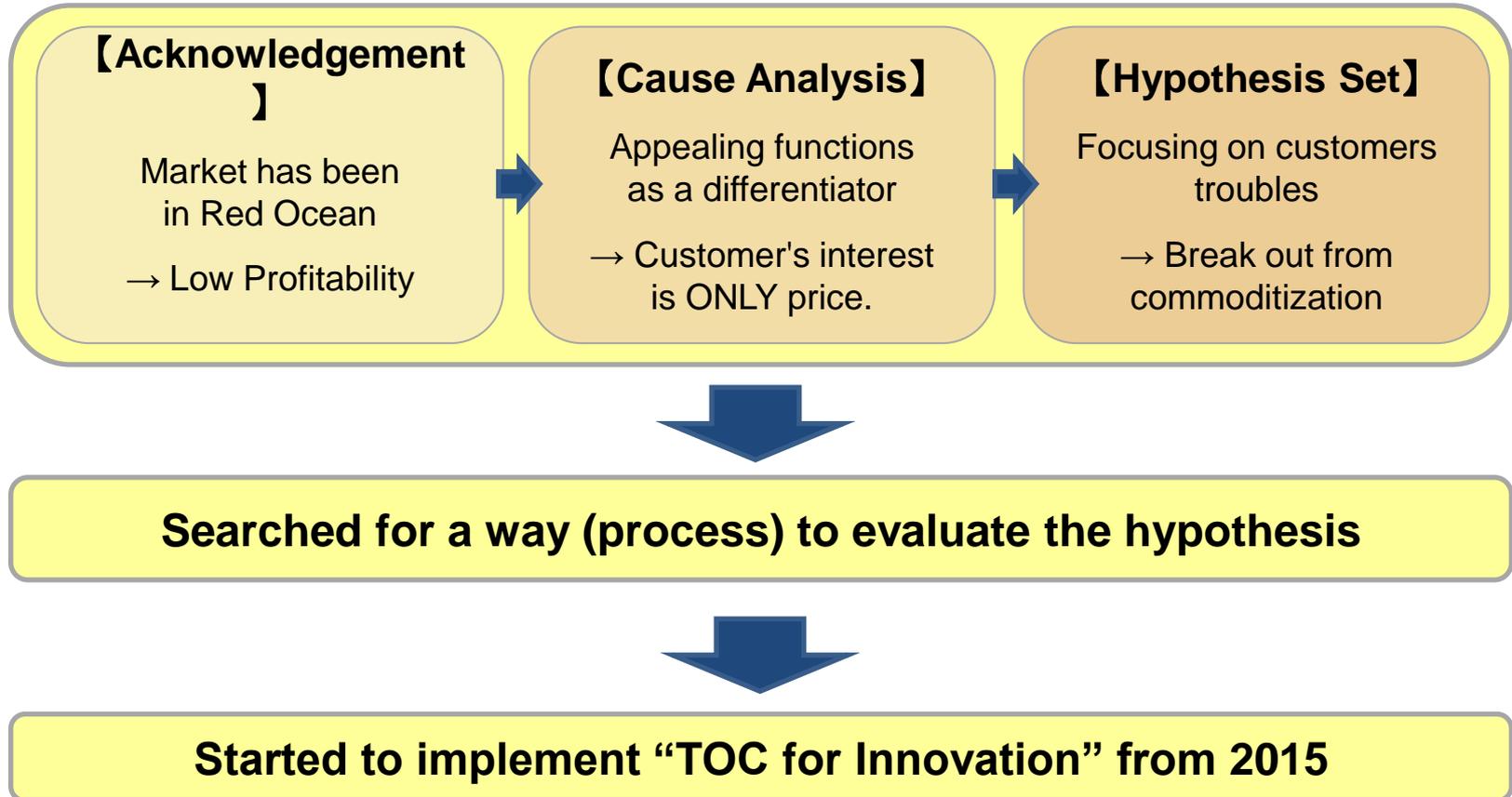
Japanese GPS Market (commoditized)

- Even though the market increased, the price consistently went down
 - ➔ Became a typical commoditized market



How we dealt with GPS Business's Challenge

(How we met TOC Innovation)

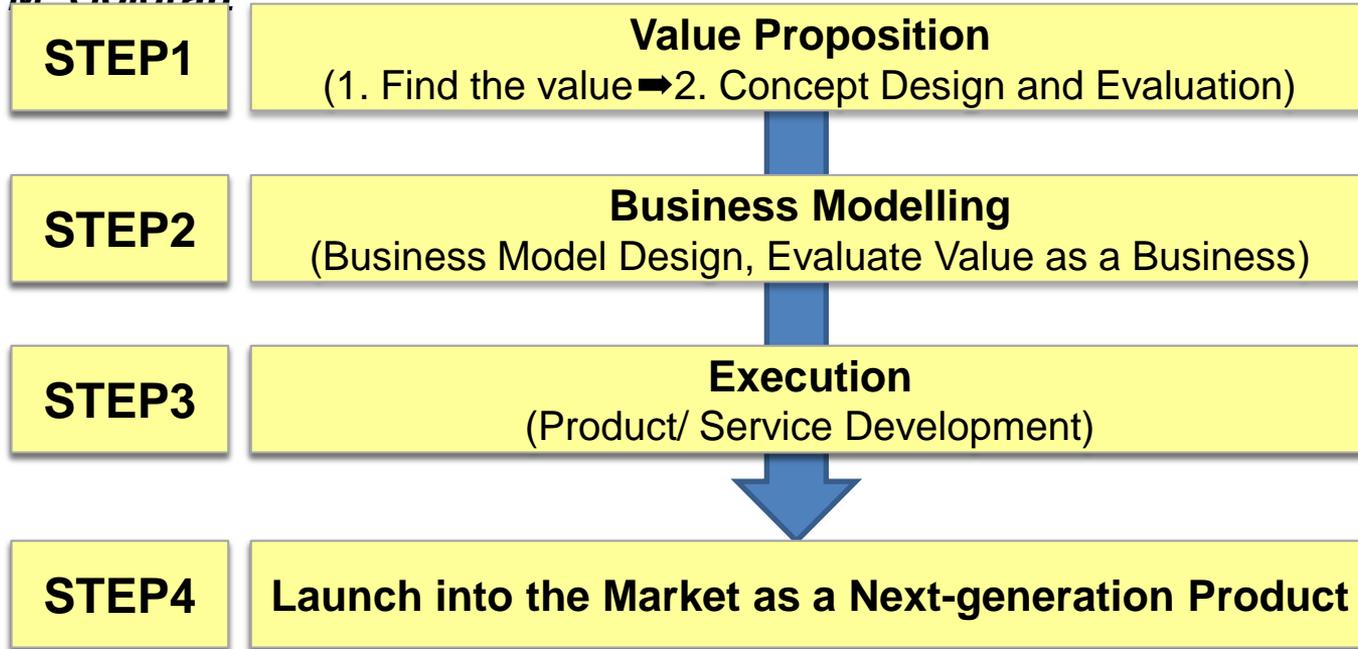


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Process of TOC for Innovation

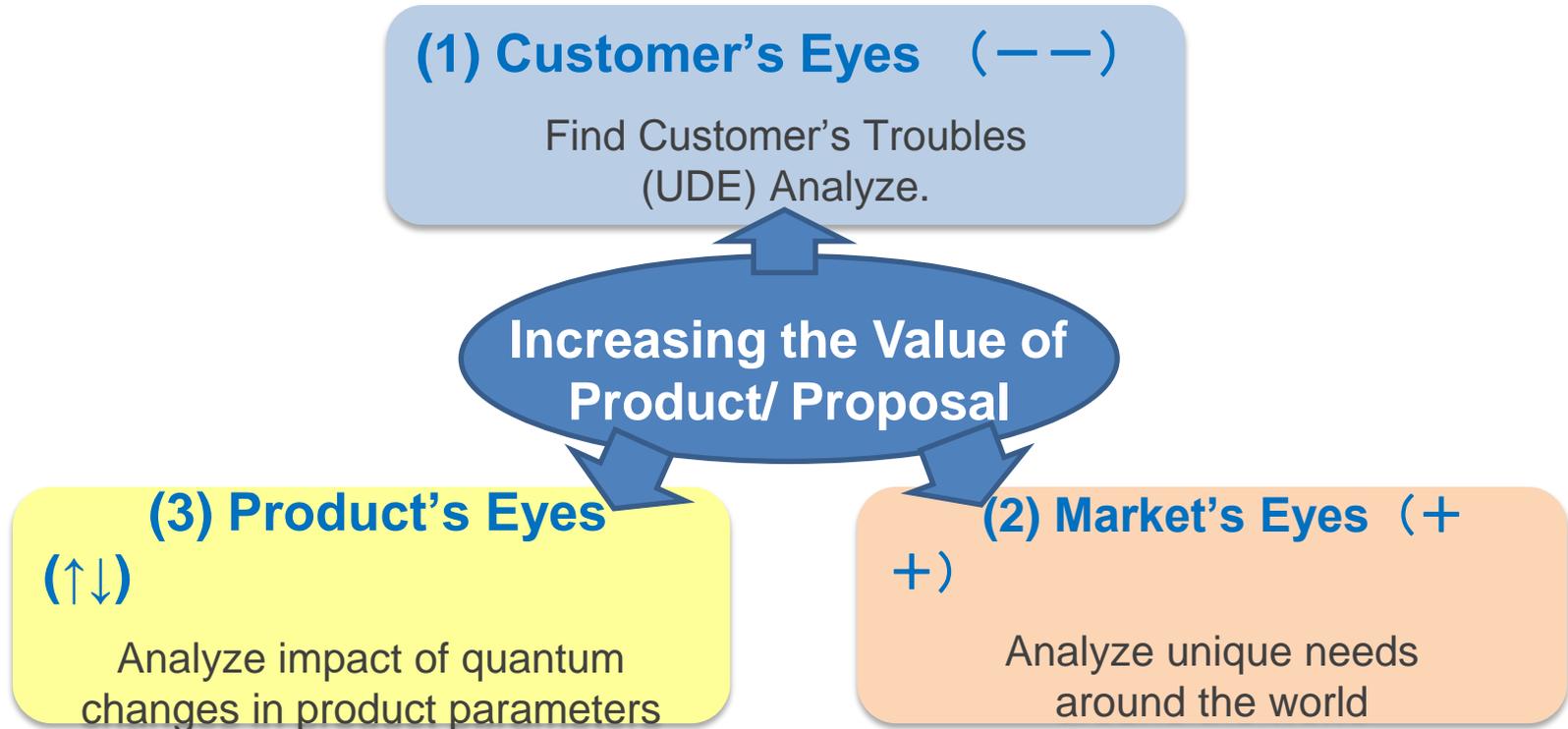
“Value is created by removing a significant limitation for the customer, in a way that was not possible before, and to the extent that no significant competitor can deliver.”

Dr. Eliyahu M. Goldratt



STEP1 Value Proposition1:
TOC-way of finding Value

➤ **3 Ways in Searching for Value Creation**



Value Proposition1: Finding Value/Workshop Outcome

➤ Value found through this workshop ➔ Large Screen for everyone

	UDEs
Visibility Operability	<ul style="list-style-type: none"> ▪ Screen too small to see ▪ Hard to operate ▪ Cannot see HDTV
Limitation	<ul style="list-style-type: none"> ▪ Cannot attach large screen in my car ▪ Need customized installation
Compromise	<ul style="list-style-type: none"> ▪ Not attractive Design ▪ Looks the same (No difference)

Solution

Eliminate 2 DIN constraints

Value Proposition2: Concept Design and Evaluation

- Designed a product concept utilizing the results of “Customer’s Eyes”, “Market’s Eyes” and “Product’s Eyes”

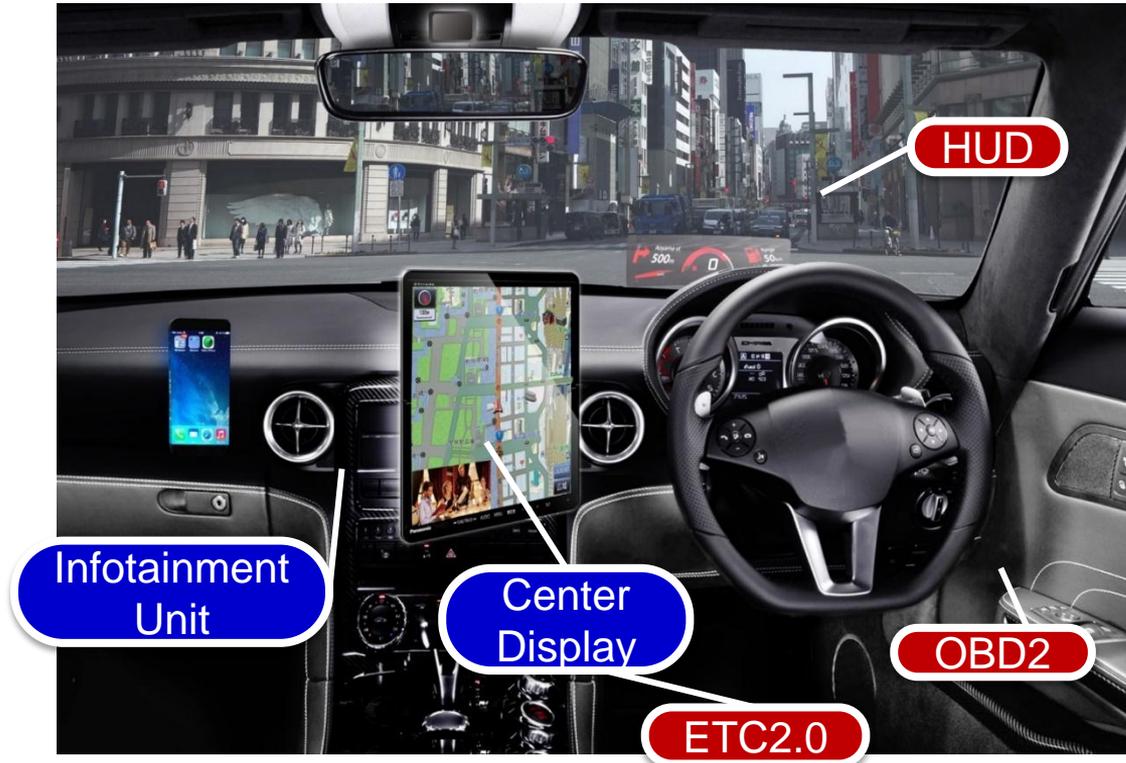
Create Concept → Selecting the Concepts → Visualized the Concept

“Large Screen for Everyone”

- ✓ Flexible Installation
- ✓ Good Visibility
- ✓ Advanced design

STEP1 Value Proposition2: Concept Design and Evaluation

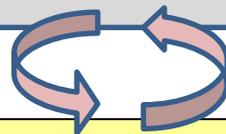
- Visualize the concept “Dynamic Screen for Everyone”



~ Educating the Market ~

- **Virtual Catalog** allowed us to communicate with distributors and customers before launch

- Conducted Training Sessions at distributors



Re-create “Virtual Catalog” continuously based on their feedback

Finally what we produced is....

(Built-in display)

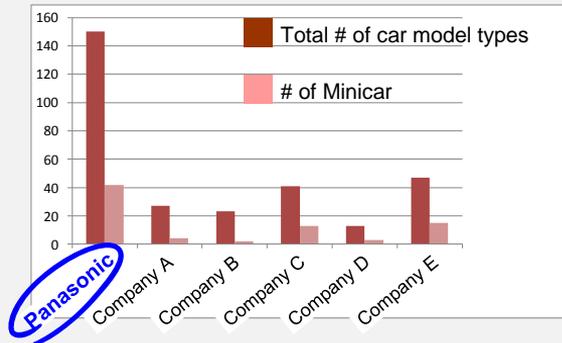


(F1D : Floating Display)

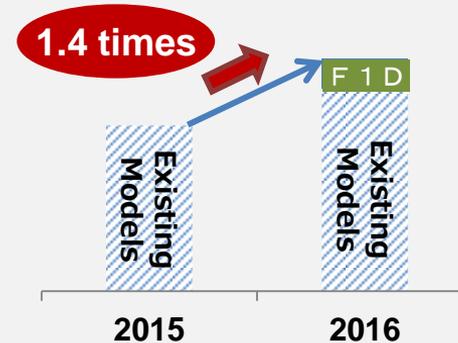


Did F1D Break Out from Commoditization through this?

of car model types available



Sales Increase



Many external awards won!

Auto Sound Web Grand Prix



Car Goods of the Year



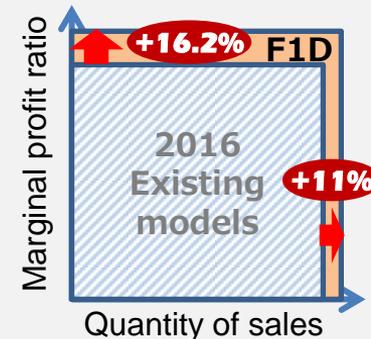
Nikkan Automobile Newspaper Grand Prix 2016



Good Design Award 2016



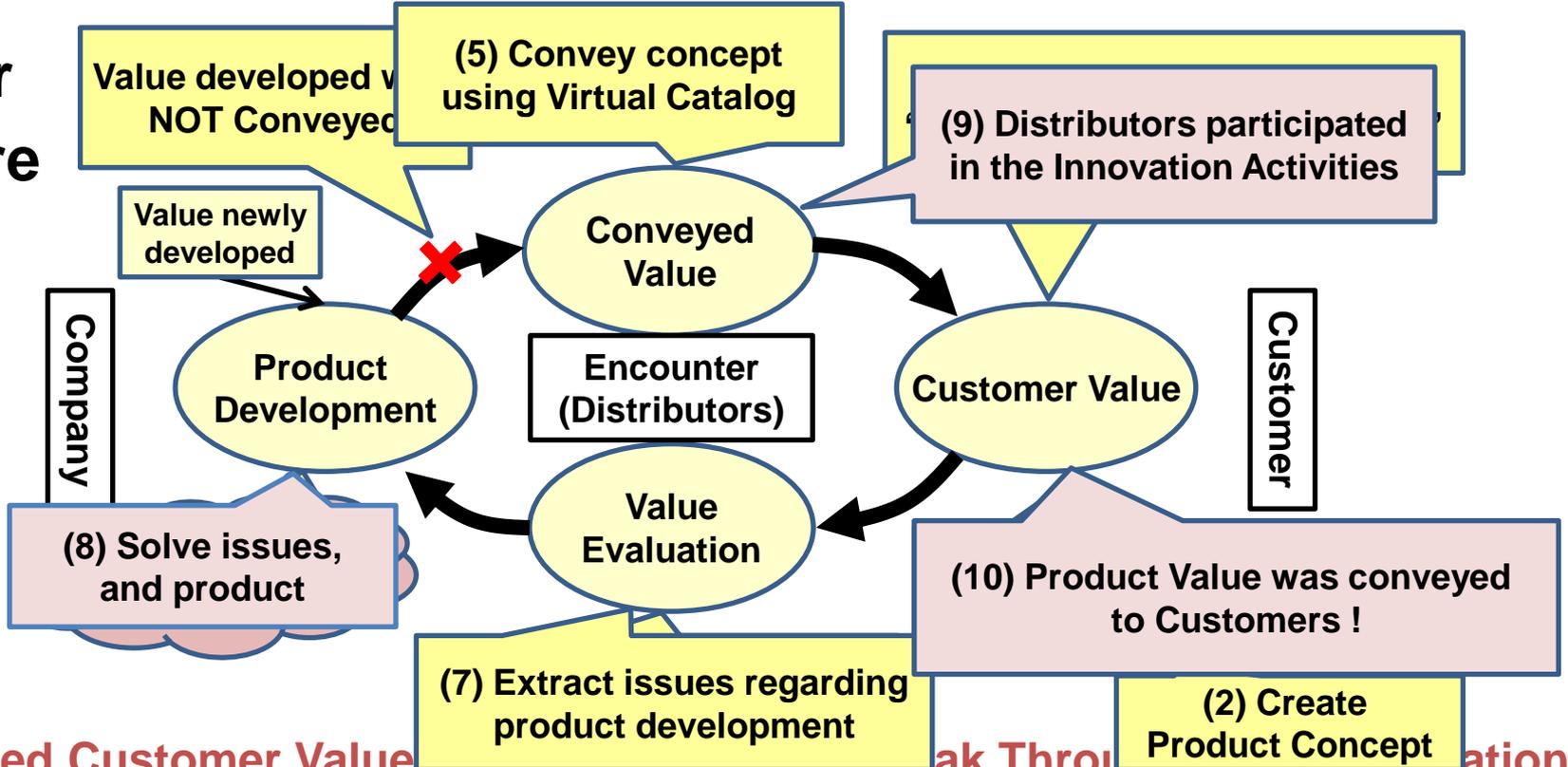
Revenue Increase



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Before and After TOC for Innovation

**After
Before**

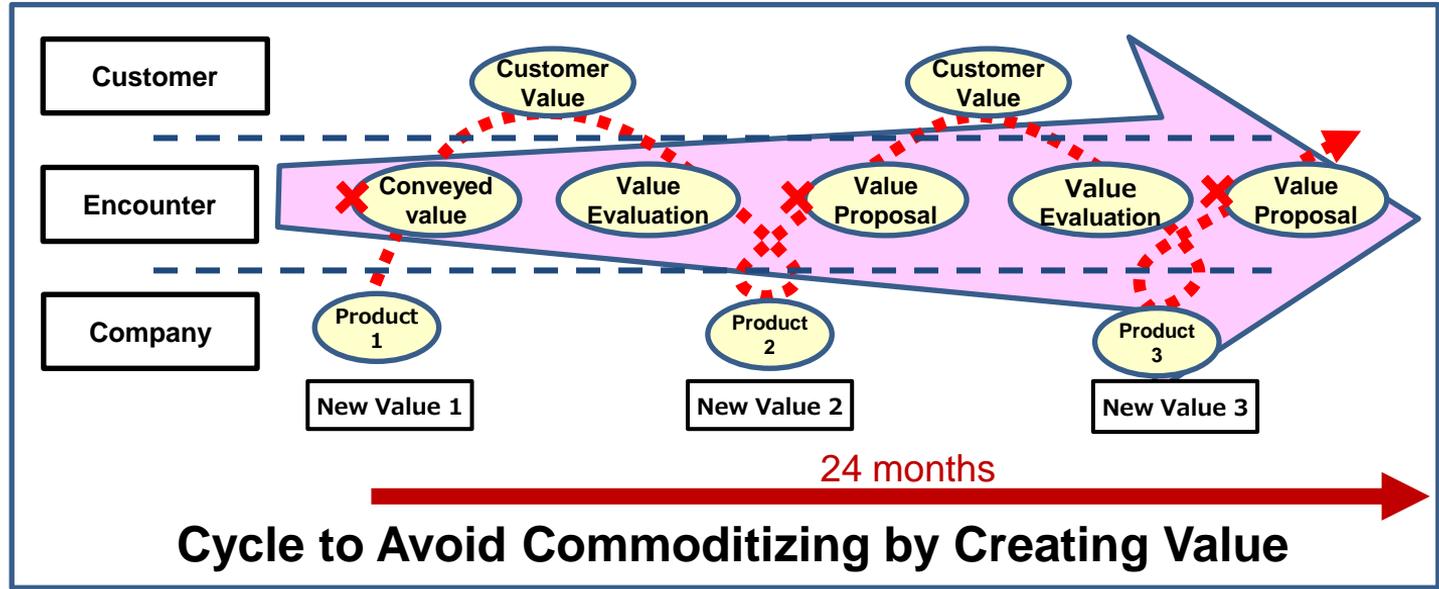


Actualized Customer Value creating cycle that break through communication

Activities: Before and After

~ Before ~

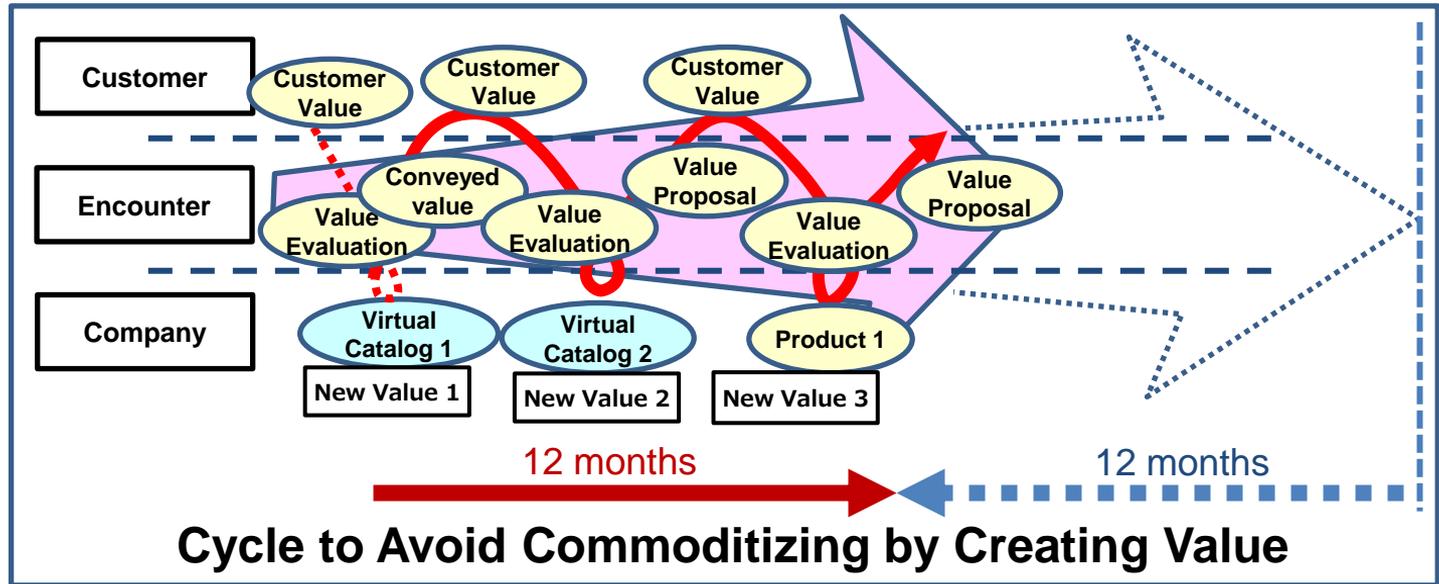
- Weak communication through Encounter took long cycle to reflect the “voice of the market” into new product



Activities: Before and After

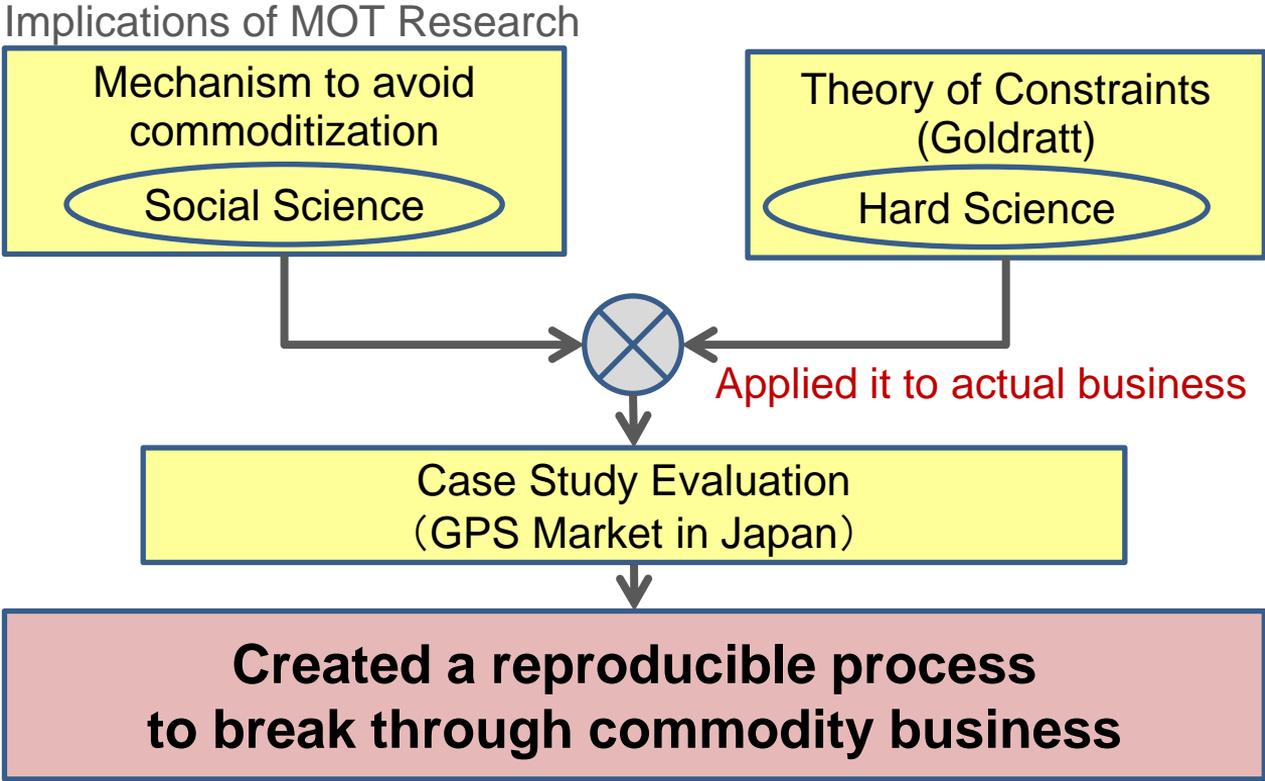
~ After ~

- **Virtual Catalog (TOC for Innovation)** allowed us to create short-cycle that reflects the “voice of the market” to new product !



Conclusion

➤ What we have achieved is...



Panasonic

A Better Life, A Better World