



MARKET SHAPING TOOLBOX

Typical elements of ecosystem development



BUILD AND STRENGTHEN THE ECOSYSTEM

- ▶ Shared Vision and roadmap
- ▶ Expand the network
- ▶ Combine and increase the competencies



GROW AND RENEW PARTNERS

- ▶ New business models and network, roles of partners
- ▶ Guiding principles and orchestration to shared vision
- ▶ New cross sectoral partners



SHAPE THE TARGET MARKETS

- ▶ Renew the exchange (product, pricing, usage and customers, matching method)
- ▶ Network (Set of actors, role and work division, actors' know-how, infrastructure)
- ▶ Representations (terminology, symbols)
- ▶ Re-define the rules of the game (technical standards, regulations, customer preferences)



New Value Creation elements

An inspiring purpose provides meaning for companies and their operation while creating value for customers and strengthening customer promise

A culture of engagement creates competitive advantage for organizations. The products and services are constructed closer to the customer interface and thus better caters to customer needs



By building distinctive concepts makes it possible to shift the focus away from constant price and market share competition towards growing and creating markets.

Distinctive shared value concepts provide a stable customer value basis through which it is easier to experiment and renew while maintaining a loyal customer base

Open platforms provide companies with a new opportunity to combine capabilities, products and services for the creation of added value for their customers

Market shaping offers businesses with both growth opportunities as well as a foundation to develop business and attain a new role in value networks

Shaping global market

WHY MARKET SHAPING?

Significant growth is achieved through an ability to change the angle that we approach matters as well as to change traditional operations models and prevailing market practices. Forerunner organizations solve customer needs in new ways and systematically create new markets. What is needed are efficient and effective ways to shape markets and to speed up change by utilizing networks and by developing ecosystems.

- Markets should not be taken as given and traditional industry boundaries nor ways of working should limit new growth opportunities. Each organization has a chance to influence the way markets develop as well to create entirely new markets. The Market Shaping framework has been developed in order to systematize the way in which companies influence and shape current markets as well as create new ones.
- The Market Shaping framework has been initiated through projects where the main target was to identify and utilize growth pockets within markets. This examination has over time expanded to identifying new future market needs as well as to establishing new market practices and generating new demand. The framework covers the central building blocks of markets and through this enables the evaluation of the market's readiness for new opportunities.
- The framework examines the elements of exchange, players and their relationships, as well as the enabling infrastructure. The Market Shaping framework also covers the norms, regulations connected with the market as well as the examination of the maturity level of terminology and representations. Through this examination it is possible to recognize the factors that promote or inhibit the development of the market, which enables better go-to-market timing and identification of elements that should be influenced in order to develop the market and to generate demand.
- A functioning market also includes competition, which means that it is important to separate the areas in which it is beneficial to cooperate in order to generate demand from the areas in which to compete. The formation and development of a new ecosystem requires new types of capabilities. The ability to strategically impact the creation of a goal-oriented ecosystem and to define your own role in this ecosystem will separate the winner organizations.
- It is especially the radical innovations that require market shaping in order to succeed. Based on research it is known, that over half of radical innovations fail at the stage of commercialization. The problems are seldom associated with the innovation itself, but more often with the inability to construct a market system to support the new innovation fast enough. Several research has found that companies often underestimate the efforts needed to build these market systems and that market innovation requires a completely different set of capabilities than the conventional business.

One of the best example companies that understands the significance of Market Shaping is Wärtsilä. They have even established their own process for this purpose named "Active Market Development". This process has been used actively in both developed as well as in developing markets. To read more about the Market Shaping conducted by Wärtsilä, please visit:

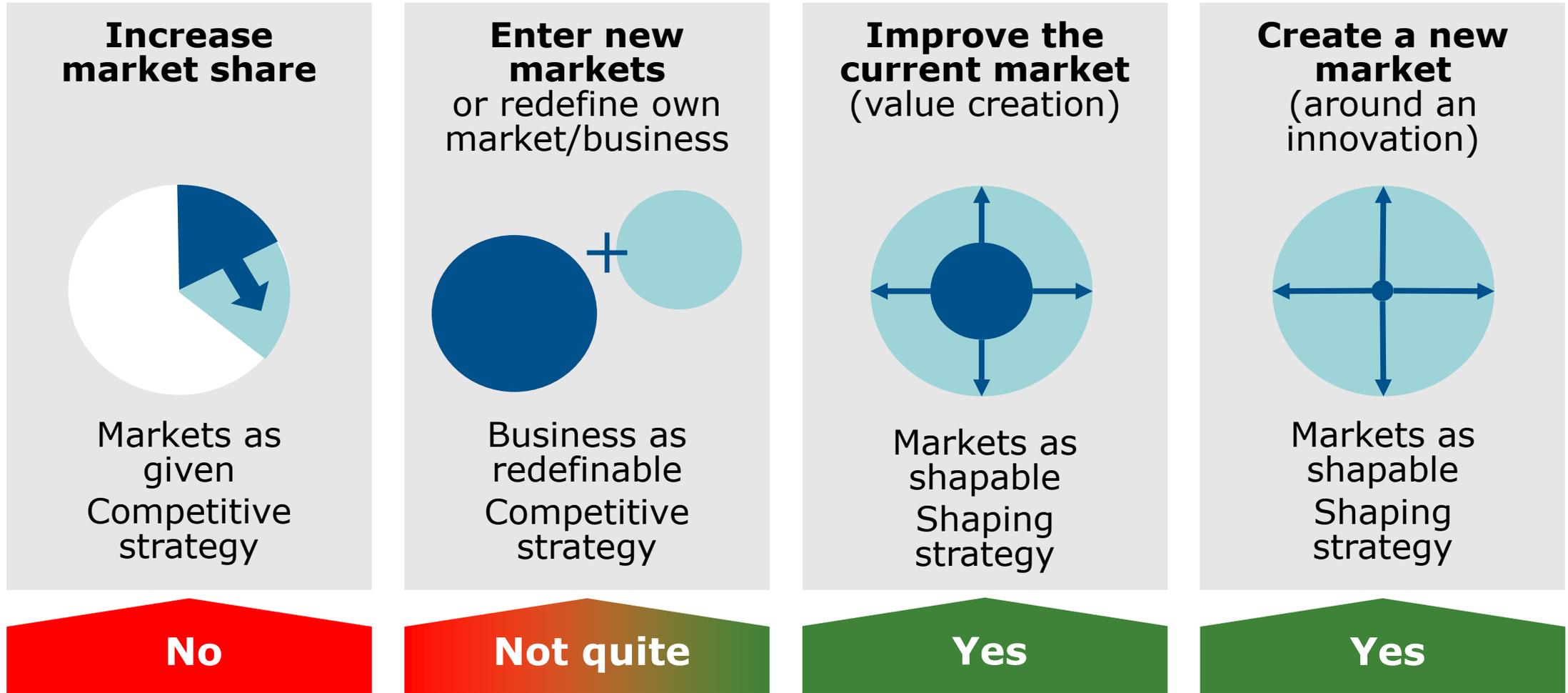
<https://www.wartsila.com/about/strategy/purpose>

Another good example of Market Shaping is the widespread efforts of **Stora Enso** that were needed in order to establish a functioning market and to secure demand for timber highrise buildings

<p>1. Aligning with global megatrends</p> <ul style="list-style-type: none"> • Urbanization • Ageing population • Reduction of CO2 emissions 	<p>11. Advancing on multiple frontiers</p> <ul style="list-style-type: none"> • Building credible reference cases • Taking advantage of global opportunities 	<p>10. Defining a program to utilize media</p> <ul style="list-style-type: none"> • Kauppalehti • Aamulehti, HS • Maaseudun Tulevaisuus • YLE 	<p>9. Influencing new building standards</p> <ul style="list-style-type: none"> • Utilizing various industry associations for lobbying (e.g. Puuteollisuus, Puuinfo, Metsäalan asiantuntijat ry, Finnish Wood Research oy) • Entering new industry association (Rakennusteollisuus) together with competitors: 2nd largest product division
<p>2. Framing the market</p> <ul style="list-style-type: none"> • Residential housing • Multi-storey, cities • Big customer companies with developer/builder business model 	<p>" Building with CLT is easy, clean, accurate and fast." Visit our Success stories to read more!</p> 		<p>8. Creating a wooden building system (PES)</p> <ul style="list-style-type: none"> • Universities, research institutions and wood production companies • Encouraging competing alternatives • Internally: continuous R&D and org. learning
<p>3. Utilizing product innovation: "CLT"</p> <ul style="list-style-type: none"> • Cross-laminated timber • Max. 2.95 x 16 m, thickness up to 40 cm • Started in Austria 			<p>7. Partnerships with select key companies</p> <ul style="list-style-type: none"> • Concept development • Go-to-market actions together with the select companies (e.g. Lakea, Skanska and SRV)
<p>4. Scoping of solution</p> <ul style="list-style-type: none"> • CLT panel production • Engineering • Building Module manuf. (through acquisitions) • Assembly on site 	<p>5. Expanding own role temporarily to</p> <ul style="list-style-type: none"> • Co-developer • Co-builder • To reduce the risk of customers and partners 	<p>6. Building the network for realization</p> <ul style="list-style-type: none"> • Architects • Engineering companies • Building companies • Authorities, officials and reps of big cities 	

WHAT IS MARKET SHAPING?

Improvement of current markets or creation of new markets



TOOLS FOR MARKET SHAPING

PHASE 1. ECOSYSTEM DEVELOPMENT

PHASE 2. FOUR ELEMENTS OF MARKET SHAPING

PHASE 1 ECOSYSTEM DEVELOPMENT

- 1 Define minimum viable system (MVS)**
- 2 Ensure win-win-win vision**
- 3 Build shared purpose in MVS**
- 4 Influence adjacent systems**
- 5 Use feedback loops to grow & stabilize the market**



www.marketshapinglab.com

A [video](#) on Market Shaping by Suvi Nenonen (6.46 min)

INSTRUCTIONS FOR ECOSYSTEM DEVELOPMENT TEMPLATE

FIVE STEPS FOR CREATING AN ECOSYSTEM BASED ON MARKET NEEDS

1a

Vision for the future market / ecosystem

Consider what is the market need that you want to solve and based on this need formulate long-term and short-term visions. Simultaneously think about your value proposition for the selected target customers and clarify the basis for your competitive advantage.

1b

Define Minimum viable system (MVS)

Define the Minimum Viable System (MVS) for the ecosystem: what roles need to be apart of the ecosystem for it to function. Name the players for each role and what is the value that the players bring to the system and receive for being in the system. Please take the entire lifecycle into consideration when identifying the needed roles and note that a single player may sometimes need to take on several different roles in the ecosystem.

2

Ensure win-win-win vision

Make sure that all involved players win as a result of the cooperation. For the system to function, each player needs to receive some benefit for being a part of the system, otherwise the system will not work. Take into consideration also the interdependencies between players that may influence the creation of a win-win situation (does some player benefit from having another player also involved in the ecosystem)

3

Build shared vision in MVS

Ensure that all players are able to commit to the vision and update the vision together with the ecosystem players on a regular basis. This will ensure that all players will be working towards a common goal.

4

Influence adjacent systems

Identify the interfaces with other systems and consider is the system hostile towards your ecosystem and its vision or is it adjacent and supports your efforts. Please note that the same ecosystem can be placed on both sides simultaneously. Identify what actions are needed to 1. control the hostile systems and 2. take advantage from the adjacent systems to accelerate development.

5

Use feedback loops to grow and stabilize the market

Take advantage of feedback loops to grow and stabilize the market and to control the development of the ecosystem. Stabilizing loops, such as common terminology and influencing attitudes stabilize the system and direct the actions of players towards the common vision. Growth loops, such as reference cases accelerate the formation of the market.

TEMPLATE FOR ECOSYSTEM DEVELOPMENT

FIVE STEPS FOR CREATING AN ECOSYSTEM BASED ON MARKET NEEDS

Manage how?	Why hostile?	Hostile systems	Adjacent systems	Interface?	Negative impact?

<p>Growth loops?</p> <p>5</p>	<p>Vision for the future market / ecosystem</p> <p>1a</p>	<p>Stabilizing loops?</p> <p>5</p>
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Vision shared?	Role in Minimum Viable System (MVS)	Players in Minimum Viable System (MVS)	Main value driver(s)	Vision win-win?
● ● ●				● ● ●
● ● ●				● ● ●
3	1b	1b	1b	2
● ● ●				● ● ●
● ● ●				● ● ●

TEMPLATE FOR ECOSYSTEM DEVELOPMENT

FIVE STEPS FOR CREATING AN ECOSYSTEM BASED ON MARKET NEEDS

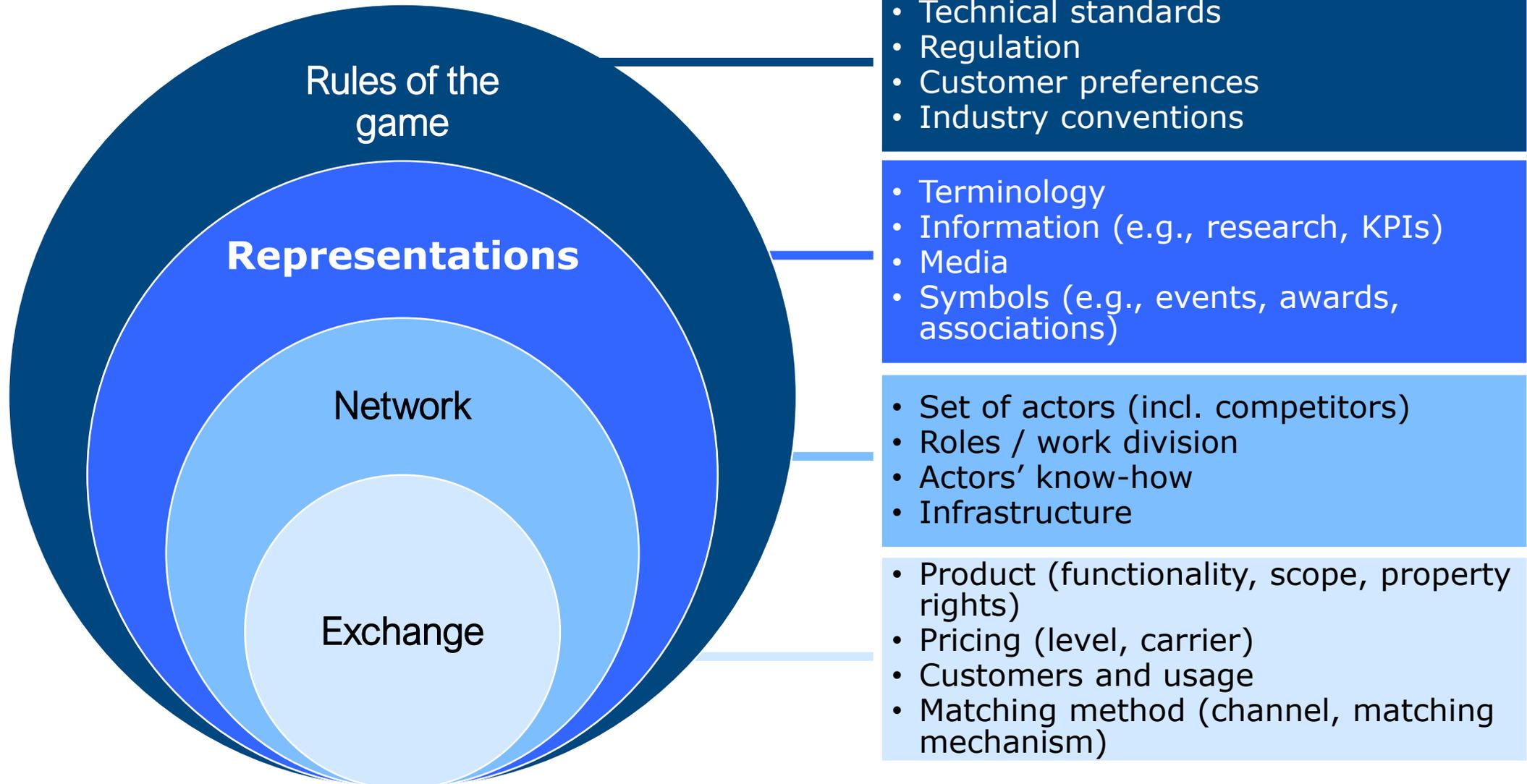


Manage how?	Why hostile?	Hostile systems	Adjacent systems	Interface?	Negative impact?

Growth loops?	Vision for the future market / ecosystem	Stabilizing loops?
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WHAT MARKET ELEMENTS CAN YOU SHAPE?



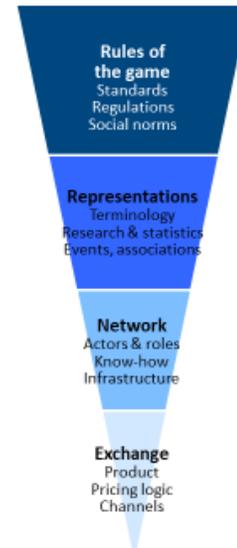
PHASE 2

INSTRUCTIONS FOR THE MARKET ELEMENTS TEMPLATE

INSTRUCTIONS FOR USING THE TEMPLATE

- ▶ Form a common understanding among the ecosystem players of which elements need to be developed in order to growth the market and to strenghten demand
- ▶ Define common goals for the development actions
- ▶ Clarify what parties need to be involved and what actions are required to shape the market

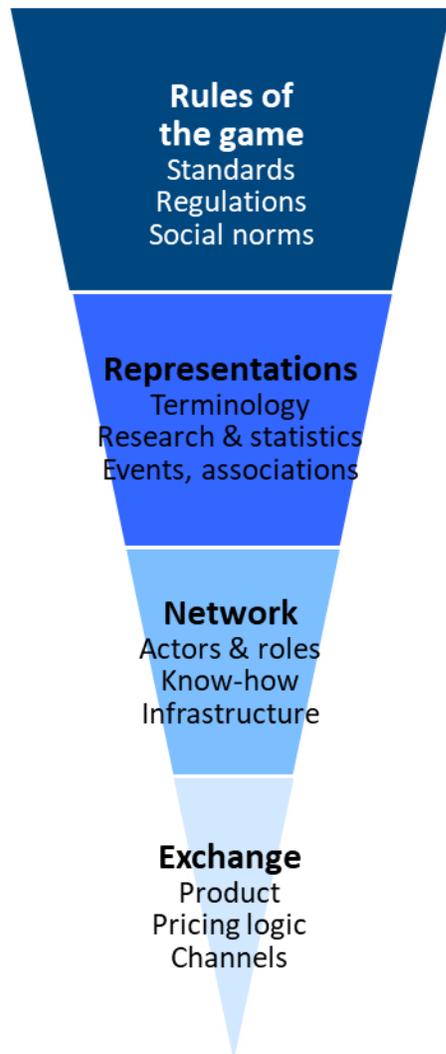
TEMPLATE FOR THE MARKET ELEMENTS IDENTIFYING THE ACTIONS FOR MARKET SHAPING



What needs to be shaped?	Why are we shaping this? What are our targets?	With whom?	How?

TEMPLATE FOR THE MARKET ELEMENTS

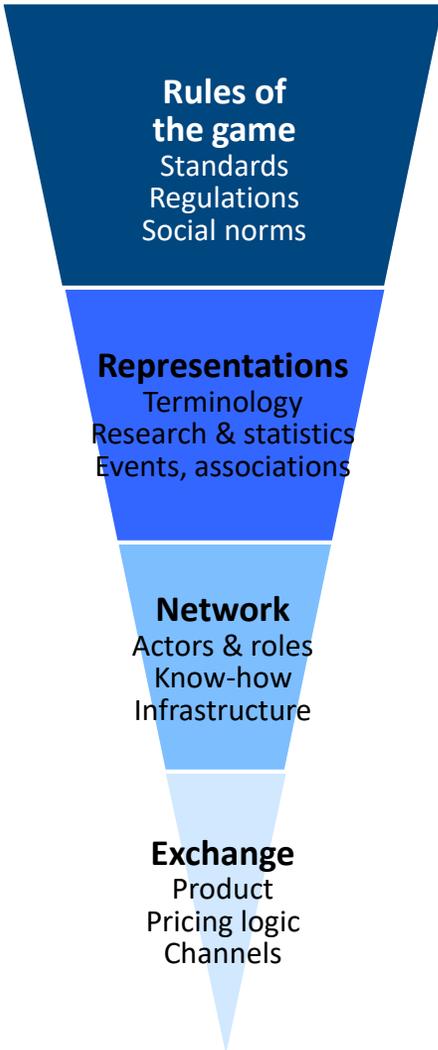
IDENTIFYING THE ACTIONS FOR MARKET SHAPING



What needs to be shaped?	Why are we shaping this? What are our targets?	With whom?	How?
Shape what and how?	Our targets	Partners/stakeholders needed	Key actions
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TEMPLATE FOR THE MARKET ELEMENTS

IDENTIFYING THE ACTIONS FOR MARKET SHAPING



What needs to be shaped?	Why are we shaping this? What are our targets?	With whom?	How?