LIGHTHEARTED MOUNTAIN EXPERIENCES
Brand-driven innovation strategy for Ortovox

Master Thesis
Strategic Product Design
Max Barnsteiner
Brand-driven Innovation Strategy for Ortovox

Author
Max Barnsteiner
4743180
mail@maxbarnsteiner.com

Master thesis
MSc Strategic Product Design
Faculty of Industrial Design Engineering
Delft University of Technology

Graduation committee
Chair: Dr. Calabretta, G.
Faculty of Industrial Design
Product Innovation Management

Mentor: Prof. Oberdorf, J. E.
Faculty of Industrial Design
Product Architecture Design

Company mentor: Schneidermeier, C.
Managing Director at Ortovox

July, 2019
Preface

The decision for this graduation project came through the same impulse as applying for the Strategic Product Design Master’s program at the TU Delft in 2017. At that time, I was working for four years as a product manager and industrial designer. With a background in product design, I had to learn about the business context of product development and design through practical work. During that time, I missed academic knowledge about methods and processes to assess ideas and projects from a business point of view. I was keen on learning to not only make the product right but to analyze which one would be the right product for an organization to pursue. Adding a visionary and strategic perspective to the operational level of work was my primary motivation for starting a Masters degree and for setting this project up.

In two years back at the university, I got to know a variety of tools in the field of innovation and strategy, which I was excited to apply in a realistic project. It was great to get Ortovox, the company I worked for before, interested in conducting a strategy project with me. The collaboration allowed a real context, keen interest in the result and potentially a significant impact on the actual future of the organization. The project brief was kept open, to allow the practical application of a wide range of methods and processes taught in the SPD master. Due to the broad scope, it was a challenging project in which I could further expand my knowledge about brand-driven innovation and other strategic methodologies.

By talking to a diversity of people from the field, many of them working for Ortovox, but also retailers, salespeople and consumers, I could gain the necessary information for this thesis. With this, I would like to thank them for taking their valuable time to share knowledge, thoughts and opinions.

Specifically, I would like to thank my supervisory team, Giulia and Jos, for their excellent advice throughout the five months of this project. With your experience, you helped me not to rush through the different steps, but to get to the core of the various aspects and to base every decision on solid reasoning. I would also like to thank my company mentors Christian and Stefan, who regularly supported me with their insightful replies and constructive feedback. I hope that this work will be of value for you and that it will help to achieve the desired future for Ortovox.

It was a great time at the TU Delft and I am looking forward to applying all the new knowledge in my next job.

I hope you will enjoy reading this report.
Max Barnsteiner
### Executive summary

Ortovox, a mountain sports brand, existing for almost 40 years, is undergoing a rapid change. Through substantial growth, the organization has been pushed into a new position. The niche market was given up for a place among the leading brands in the outdoor industry. The new situation results in fundamentally different market requirements and consumer expectations. A long-term vision for the brand and the development of the product portfolio is more critical than ever. It is, therefore, the central question of this thesis if the organization should expand its offer into new categories.

A variety of strategic design methods, involving various stakeholders and especially consumers in the process, were conducted to analyze the current situation critically.

Internally, a clear vision of the strategic setup of the product & service portfolio was missing. Directly linked to that is the understanding of the brand, its uniqueness and positioning in the market, which is not distinct. Even with the set of existing brand values and the top level objectives as defined by the managing director, no internal processes are used to translate these general goals into product strategies. The uncertainty results in a tentative culture, through which important industry trends or the right longterm decisions might be missed out.

Reviewing the internal perspective of the brand with external stakeholders revealed that there is a discrepancy between intended brand values and the perceived image. Another discovery was that the growth of sales increased the risk of market saturation and overheating. With the product portfolio getting more and more directed at a broad group of consumers, the brand starts to dilute. These and other threats affirm that it is time to act.

To further grow in revenue and to establish a leading market position in the next 5-10 years, it is crucial to solving the internal and external problems by a strategic approach. The redefinition of the brand was identified as a suitable solution to tackle future orientation from an overarching perspective.

The revised brand defines the primary brand purpose and brand promise, which is to enable light-hearted mountain experiences. This purpose can be realized through the harmonic conjunction of three, typically opposing elements: Serious functionality, cheerful style and nature. This specific combination is unique in the market and differentiates Ortovox from the competition. The new brand DNA builds the base for an innovation process, that translates the brand promise and core values into products and services.

Five concepts with the most promising characteristics and the best brand fit are further elaborated. Care is an after-sales concept that revolutionizes consumer services in the outdoor industry. An emergency GPS is increasing consumers’ safety during mountain sports. Two typical mountaineering products helmet and harness are enhanced by innovative features, which provide real value in the existing market. The range of concepts is completed by the digital Guide concept, which solves several user needs while broadening the brands’ value proposition towards many touchpoints in the user journey. An analysis of the commercial viability of three of the concepts is intended to be a basis for decision-making.

By combining a brand-driven approach with consumer-focused methods, this thesis provides strategies and concrete products and services that will help Ortovox to stay successful in the changing context of the next years.
Figure 1 - Guiding principle of this project: The intersection between brand, consumer and product and its impact on innovation (above) and resulting products and services (below)
Table of contents

01 Project context and approach 8
   1.1 Project context 10
   1.2 Process and methods 12

Analysis and problem definition

02 Internal analysis 18
   2.1 Company history 19
   2.2 Organisation & stakeholders 19
   2.3 Brand 20
   2.4 Products 22
   2.5 Market and sales 23
   2.6 High level objectives 26
   2.7 Management’s appraisal 27
   2.8 Conclusion internal analysis 30

03 External analysis 32
   3.1 Competition 33
   3.2 Brand perception 35
   3.3 Changing context 38
   3.4 Conclusion external analysis 40

04 Problem Statement 42

Brand revision strategy

05 Rebranding 46
   5.1 Brand DNA 47
   5.2 Brand purpose 52
   5.3 Market fit 54
06 Brand conversion 56
   6.1 Brand strategies 57
   6.2 Solving threats and creating new opportunities 61

Product & service innovation

07 Concepts 64
   7.1 Ideation 65
   7.2 Brand fit evaluation 70
   7.3 Evaluation of typical products 71
   7.4 Consolidated concepts 72

08 Product viability 84
   8.1 Helmet 86
   8.2 Harness 90
   8.3 Guide 94

Implementation

09 How to proceed 98
   9.1 Final recommendation 99
   9.2 Next steps 102

10 Process Reflection 105

References 108

Appendices - separate document
01 Project context and approach

This section provides an overview of the project context. It sets the objective and the relevance of the thesis and describes the process and the methods applied.
The graduation project is performed in collaboration with the German mountain sports brand Ortovox. Ortovox is selling products for mountain sports, such as avalanche emergency equipment, backpacks and functional clothing, since its foundation in 1980.

Since its acquisition by Schwan-Stabilo in 2011, Ortovox is strongly growing in turnover. The growth shifted the brand from a hardware company for avalanche equipment to an organization which’s makes its major revenue through apparel sales. After a long time of a pure winter focus, products for summer use were added recently to strengthen the year-round business. Material development and the use of wool were the main drivers for product innovation in the last years. When it comes to the brand the number one value is ‘protect’, meaning that most products are intended to protect people during mountain sports, such as freeriding, ski touring, high alpinism, climbing and hiking. At the same time, it is a core value of Ortovox, to take care of the environment, the people and animals involved in their business.

Both, the parent company Schwan-Stabilo and Ortovox are interested in long-term sustainable success.

Scope and objective

The ongoing growth is expected to result in a substantial change of the market situation and consumer expectations in the next years. It is essential for the business to already prepare now for this near future. The company mentors, Christian Schneidermeier, managing director and Stefan Krause, working as head of product are looking for new ideas and support to innovate. They are wondering whether it is the right consolidation strategy to expand the existing offer and which product or service is the right one to invest in. As currently there is no company division working on long-term product or service strategies, it is the aim of this project to provide a clear direction towards a meaningful future offer.

It is the aim of this project to provide strategies towards a meaningful future product & service offer.

The main issue that should be tackled by the project is how and in which areas Ortovox can innovate to sustainably grow in the future. The future strategy is defined to focus on a medium to long-term time frame of three to ten years from project start. 

1.1 PROJECT CONTEXT
1.2 PROCESS AND METHODS

Process

The process was defined through the broad project objective to develop strategies towards a successful future of the organization. That’s why it was decided to start with the big picture of the whole organization. The brand as an overarching concept, defining the internal and external orientation of the organization is expected to be a good starting point for further explorations. By working on the project it turned out that the brand would actually define the framework for the whole strategy and would be the starting point for the formulation of innovative concepts. The process is therefore following the brand-driven design approach (Abbing, 2010). The process described by Abbing specifies the brand at the intersection between organization and consumer with the goal to create a strategy that serves the business and the users alike. In this project, the strategy seen from a brand perspective is mixed with the empathic approach of design thinking methods (Brown, 2008) like qualitative interviews or co-creation with lead users. Ideas are created through a consumer-driven approach and later evaluated regarding their brand fit. The resulting procedure is therefore the combination of brand-driven strategies and consumer-centered innovation. In addition assumptions and concepts are tested throughout all project phases with different stakeholders by using interviews or surveys. This added lean elements to the process. The lean startup methodology, of build-measure-learn was described by Müller et al., 2012.

The entire project is executed in five months. Within this period, the overall process is divided into three main phases of six weeks each. The process starts with the analysis of the current situation from an internal and external perspective. It is the goal of this phase to detect problems or opportunities. The beginning of the project should be kept as open as possible to enable the identification of the right scope for future innovation. After the first extensive research, the focus will then be on the redesign of the brand. The newly defined brand is shaped around a brand DNA, building the framework for the idea creation processes of the last phase. The aim of the product & service strategy phase is to turn strategies and brand into consumer value. The specific value proposition is then concretized, including a commercial viability analysis with the goal to provide a clear basis for decision-making.

During the project, which starts on an abstract brand level, strategies and product/service innovation become more and more concrete. While the approach looks like a typical stage gate process the three phases are just the general division of the project, providing overall structure and defining the main project milestones. In practice, the process combi-

Figure 2 - The overall process division in three main stages
nes agile working principles, jumping back and forth between phases in short development cycles.

**Methods**

The applied methods deriving from the design thinking approach were applied during the first phase of the project. In total, 24 in-depth interviews with internal and external stakeholders have been conducted in the analysis stage to get a multi-layered overview of the situation. In addition, consumers were interviewed in-store and asked about their perception through a large-scale quantitative and partly qualitative online survey with more than 1100 participants. While the focus of these methods was on the initial analysis, the results are used as a base for decisions throughout the whole project.

The research process is designed to be flexible, with the goal to create a critical understanding of the complex setting. Desk research, qualitative and quantitative methods are mixed to get a complete picture of the situation. The research is focused on Ortovox’s core market which is Germany, Austria and Switzerland. In this region 74% of the total revenue is made. The focus of this project is to create new product/service strategies, which would primarily strengthen the brand in the core market.

**a. Retail interviews**

Leading buying agents and in two cases the owners of four of the largest German outdoor retailers were interviewed during the sports fair ISPO in Munich. Buying agents are experts in the market and as connectors between the brand and retail sales they possess a very good understanding of the market, trends and strengths or weaknesses of each brand. Later in the process, another major buyer Bächli, one of the largest mountain sports retail chains in Switzerland was interviewed. The semi-structured interview guide, as well as the detailed answers of the interviews with retail stakeholders, can be found in appendices A.

**b. Salesperson interviews**

Another type of qualitative interview was conducted with salesperson in-store. Salesperson, through their daily work with consumers, are a very good authority

![Figure 3 - Interviews at the ISPO trade show (top) and with buying agents of Bächli Bergsport in Switzerland (bottom)]
for insights. Through hundreds of personal talks with consumers, they usually hold an extensive understanding of the market, the brands and the consumer groups. Multiple salespeople were interviewed in two of the major stores for mountaineering equipment in Germany, Sport Schuster in Munich and Bergzeit in Großhardpenning and in a branch of Bachli in Zürich, Switzerland. As a contrast to these large shops, a smaller store (Bergwerker in Stuttgart) was equally selected to complete the set of interviews with salespeople. The information collected by interviewing salesperson was the most insightful, compared to all other in-depth interviews conducted. The semi-structured interview guide, as well as the detailed answers of the interviews, can be found in appendices B.

c. Consumer interviews
The purest perception of the brand and the market can be gained through consumer interviews. However, there are many different types of consumers, which differentiate in their mountain activity, needs and perception of the market. Therefore, qualitative consumer interviews were especially performed at the beginning of the research phase to get a feeling for the different types of consumers and the right questions. Consumers were randomly interviewed in each of the three stores that were also visited to talk with salespeople. The qualitative interview guide and the detailed interview answers can be found in appendices C.

d. Consumer survey
To get quantitative data about the market and consumers, a large-scale survey was executed. The survey was done in collaboration with the open innovation platform of the sports fair ISPO – ISPO open innovation. With over 45.000 registered sportsperson, ISPO open innovation is the largest consumer community in this industry. 1107 mountaineers participated in the survey, with the majority being based in Germany or Austria. They were mainly asked quantitative questions but also qualitative items with open text field answers. It was not indicated that the survey was done for Ortovox, to avoid manipulation of the answers. Detailed information about participants, items of the survey and the results can be found in in appendices E.

e. Management interviews
Internal management was interviewed at the beginning of the project. The qualitative in-depth interviews were focusing on the assessment of the past and the status quo. Among the six interviewees were the managing director, the head of communication, the head of sales and the head of product. The interview results can be found in in appendices D.

f. Desk research
Besides the empathic methods of stakeholder involvement described above, classic desk research was performed at different stages of the project. Facts about the company, market, competition and trends were researched in literature or specific documents provided by the organization.

g. Fan survey
At a later stage of the process, during the creation of the brand revision strategy, another quantitative analysis was used to support decision making. A short survey with demographic questions and both quantitative and open text field qualitative items was sent out through the mailing list of the company. This means that only subscribers of the e-mail newsletter and thus fans of the brand were this time asked about their opinion. 2009 mountaineers participated in the survey. The aim of the survey was to test hypotheses about the brand, to quantitatively compare Ortovox fans to the general mountaineer and to find problems and needs in the user journey. Detailed information about participant demographics, items of the survey and the results can be found in in appendices F.

h. Lead user interviews
To learn about first-hand experiences, four lead users were interviewed about their user journey. Lead users are extreme users, who
are very well aware of needs in their specific area (Urban et al. 1988). The lead users selected for this project were professionals in the field of mountain sports, so they use products/services very frequently and have much clearer view about what works and what doesn’t compared to ‘normal’ users. These lead users also spend their time with a large number of other users (clients in the case of a mountain guide and victims in the case of mountain rescue), which is why they have a condensed overview over, not only their personal but general consumer needs. The lead users interviewed were three mountain guides and one member of the alpine mountain rescue in Germany. The lead user interviews can be found in in appendices G.
Analysis and problem definition
This chapter analyzes the current situation of the organization, with the goal to find starting points for future strategies and product innovation. Strengths and weaknesses, opportunities and threats are evaluated from internal and external perspectives. Providing insights about the company and its main stakeholders, the market, products, the brand and the existing strategy this chapter builds the base for all forward-looking concepts to be created.
The first section describes the current situation of the business. It explains conditions and the necessary background information that is needed to understand later strategic choices. This part of the analysis presents the internal point of view of the status quo. The information was gained through desk research and in-depth interviews with internal management.
2.1 COMPANY HISTORY

Ortovox was founded in 1980 through the technological invention of a new type of avalanche transceiver. As avalanche transceivers are used to find mountaineers in the case of avalanche burying, it was the initial motivation of the company came to save lives. When the founder introduced the new device F2 to the market it soon became the market leader. In addition to the F2, a backpack and avalanche shovel were added to the product line five years later. The goal was to support the rescue process of buried mountaineers and to allow the transport of the equipment. Another three years later, in 1988, the Munich-based company, brought a whole line of sports fashion to the market. The special feature of this apparel was that all products, touring jackets, sweaters, hats, gloves, socks were made from wool. As one of the first brands, Ortovox realized that this natural material offers great benefits for the person wearing it, such as regulating the body temperature, absorbing moisture and being odor neutral (Kuffner et al., 2012).

While the whole range of products, supporting people during winter sports on the mountain, was continuously improved during the next two decades, other brands were catching up in terms of avalanche transceiver technology and also started to offer emergency equipment. Other brands also focused on apparel for winter sports. The tough market situation led to hard times for the organization, which resulted in job cuts and nearly closing down the business around the 2000s. A new, unique style of apparel and backpacks, as well as new technological developments in the field of avalanche transceivers, helped the organization to recover in the following years. Until then, transceivers were the most important product category to the business.

In 2011, the family-owned, German corporation Schwan-Stabilo acquired Ortovox and integrated it into the outdoor division of its business, joining the well-known backpack brand Deuter. Through the financial support of the corporation, Ortovox could invest in new products and strengthen communication and sales capabilities.

The so-called mountainwear (apparel) category was entirely redesigned and new novel ideas such as the use of Swiss wool as insulation material were implemented. At the same time, new emergency equipment, such as the S1+ transceiver, was developed. This marked the start of a very successful recent history of the company. The turnover started to rise strongly in the following years. A colorful underwear range made out of merino wool, the introduction of a summer line and new hardware products such as the AVABAG avalanche airbag strengthened the brands market position, which led to further growth.

Still being among the medium-sized businesses in the outdoor industry, Ortovox is currently in a very good economic situation and has grown to a size of 92 employees.

2.2 ORGANISATION & STAKEHOLDERS

Ortovox is registered as a private limited company. As part of the Schwan-Stabilo group, the companies’ strategy must be approved by corporate management. Ortovox itself is functionally structured, meaning that departments are divided by their operational function. The company is led by the managing director Christian Schneidermeier. The six departments that operate below are product, communication, sales, processes and finance. The leading managers of these departments are all acting on the same hierarchy level and report to the CEO. These departments are then again split into several sub-sections. The product department, for example, is led by head of product Stefan Krause and consists of a hardware and a mountainwear section. The fourth level of the organizations' structure is composed of most of the 92 employees. As a result of the quite horizontal company structure, the company culture is nonhierarchical. Interdisciplinary collaboration and cross-silo working are common. The main stakeholders to be convinced by the outcome of the project are the two company mentors managing director Christian Schneidermeier and head of product Stefan Krause. Whi-
made out of innovative materials, and avalanche gear. The development of electronic components used for the avalanche transceivers is done by a specialized partner company. The production of the goods is done in cooperation with a specialized range of third-party manufacturers. That’s why Ortovox’ production is a truly international process. Many of the garment manufacturers are based in Europe while others are based in Asia. The wool used for the fabrics comes from Tasmania (Merino) or the Swiss Alps (SwissWool). The production of backpacks, shovels and probes is done in Taiwan and Vietnam.

2.3 BRAND

Since its foundation, the brand was built around the protecting aspect of its products. This is why the primary brand value was defined as ‘protects’. Ortovox wants to be the brand that helps to enjoy mountain sports by ensuring that the mountaineer can return home safely after the activity. Protection is mainly realized through the functionality of avalanche products such as avalanche transceivers, shovels, probes, first aid kits or airbag backpacks. These products, however, are mainly of use after the accident has happened. The prophylactic side, of avoiding accidents from happening is done through educating initiatives. Users are taught about the dangers and the how to’s of the different mountain sports through online tutorials and reading material that is available for free from the Ortovox website. Furthermore, Ortovox organizes public training sessions which are led by experienced mountain guides and which take place on the mountain. These courses can also be booked for a comparably low price through the Ortovox website. The protection value was further interpreted when the mountainwear collection was introduced. This specialized functional apparel often made out of a combination of traditional wool and modern fiber, is designed to protect the user from external conditions such as weather and temperature. As the clothing category rather offers comfort than protection, Ortovox extended its initial goal, to offer the most sophisticated protection and comfort system for the mountains.

![Company structure and main stakeholders](image-url)
Ortovox offers the most sophisticated protection and comfort system for the mountains

Brand promise Ortovox

In the last years, the protection aspect was stretched to be applied to the responsible treatment of people and animals involved in the production process and to the environmental impact of the brand. It is one of the main objectives of the company to further work on this aspect of the brand promise. In addition to the main brand value and purpose, the company formulated a set of brand elements as the core of all products and actions of the company (Figure 4).

Mountaineering stands for the focus on mountain sports and that all activities of the brand are targeting demanding mountaineers. Function-driven means that all products are designed with the best functionality in mind so that the mountaineer can focus on the mountain experience. Safety pioneers reflects the point mentioned above and aims at making alpine sports safer. Friendship is a value that is currently mainly reflected in the internal way of working. Employees should treat their coworkers and business partners amicably. This value is also reflected by the message that mountain sports should never be done alone, to increase safety. Wool experts means that Ortovox should be known as a company that knows to work with wool and to incorporate the positive functions of the material in their products. Alpine origin expresses that products and brand actions are fueled by the Alps which are also close to the companies headquarter. As described above, a sustainable mindset should be the spine of all these values. Economic actions should never harm the environment, people or animals involved in the process.

The brand is positioned as a brand for mountain sports, such as ski touring, free riding (off-piste skiing) in winter or rock climbing and high alpinism in summer. To reach consumers in these segments requires positioning as a specialized expert brand. The position as a sharp brand is reflected in the premium image, that is created by the communication, the products and their high price.

Internally, however, it is known that people doing less exposed sports are buying Ortovox products too. With the introduction of the summer line an alpine product range was added, which targets alpine hikers. Serving a market that is much wider than the original niche one implies that the sharp expert position is left. This again involves the risk of not being considered a suitable brand for serious mountaineers anymore.

Head of Communication, Hendrik Reschke, describes the brand positioning during the initial interview as ‘the ambitious Volkswagen’. A core brand positioned not in the very extreme of mountain sports, but equally not positioned as mainstream.

‘Our brand can be compared to an ambitious Volkswagen’

Hendrik Reschke, Head of Communication
2.4 PRODUCTS

The Ortovox product range includes three main categories: mountainwear, backpack and avalanche emergency equipment. Among these categories, the products are clustered in several subgroups. In the mountainwear (apparel) category, the products are divided depending on the gender and on the layer. Depending on the sport and the weather conditions, layers of apparel are combined to offer the best possible comfort and protection. Backpacks are separated based on the field of use and the avalanche emergency equipment category consists of several different types of products. Avalanche airbags are used to reduce the risk of getting buried under the snow. Transceiver, shovel and probe are essential equipment after an accident with an avalanche to find and rescue the victim.

Analyzing the distribution of sales per product, mountainwear is by far the leading

![Figure 8 - Ortovox product categories](image-url)
category with 70% of the total revenue, while the other two segments backpacks & avalanche equipment have a share of 10% and 20%. Founded as a hardware company and after focusing many years on the development of hardware avalanche gear, Ortovox has shifted in the last years to be a brand that is mainly defined through its apparel products. This development results in different perceptions by the market on the one hand and changing consumer expectations on the other hand.

As a company with roots in the winter business, 73% of the annual revenue is made in the fall/winter season. Sales of summer products, which were added comparably late to the product range, are largely grown in the last years, nevertheless, they only account for 27% of the total revenue. The cause for the unbalanced share is that Ortovox is well-known for ski touring or freeride equipment for a long time and not so much for summer mountain activities. The remaining dominance of the winter business, however, creates the threat of losing a large part of the business if the conditions change. This could happen through less snow in winter or a slowing down ski touring trend for example. For a balanced business, it will be important to further grow in the spring and summer seasons.

2.5 MARKET AND SALES

The main sales area for Ortovox is the European outdoor market. 95 percent of its total revenue is made in European countries. Germany and Austria are by far the largest markets. The other central European countries, Switzerland, Italy and France are the following ones. Out of Europe, the USA is the strongest sales area.

Ortovox’ key market Europe is, in general, a very strong one, compared to the other continents worldwide. Altogether, the European outdoor industry made a total revenue of 5.86 billion Euro in 2017 (EOG, 2017).

With growth rates higher than 20% over the last years, Ortovox was outperforming the general market. Nevertheless, the overall European outdoor market growing too. According to the European Outdoor Group, it increased
by 7% compared to 2016, while it was stabilizing with 3% growth in 2015 and the years before (EOG, 2017).

Within the outdoor market, Ortovox focuses on specific mountain sports. The focus fields, Ortovox is designing products for are freeride and ski touring in winter and alpine hiking, climbing and high alpinism in summer. As explained in the next chapter Ortovox is still a relatively small business compared to other system providers in the outdoor industry. A reason is the strong sales concentration in the core markets (Germany, Austria and Switzerland). In regions out of this center, Ortovox does hold much less share. Even in Europe, there are many regions where the market share is significantly lower than in its core markets. France for example, with 11% of total revenue in the European outdoor market is the third largest market for the European outdoor industry (EOG, 2017). Ortovox however, only makes as small one-digit percentage of its revenue in France.

Besides the obvious growth potential in other European markets, there is an even higher opportunity to further expand outside of Europe. Targeting the large markets for outdoor products in the US or Asian countries such as Korea and China can have a large impact on Ortovox’ sales numbers.

While the core markets start to show signs of overheating, which means that the products are too present to be recognized as expert or premium anymore, other regions are not build up yet.

*Figure 11 - Market share per product category in 2017 according to the European Outdoor Group*
Figure 12 - Countries colored according to their total buying volume – the stronger the blue, the more revenue is made in the country.
2.6 HIGH LEVEL OBJECTIVES

By interviewing the managing director the main goals for the next five to ten years of the business could be identified.

The information gained for this section is background information that is deemed confidential by the collaborating company and can be found in the confidential appendix report.
2.7 MANAGEMENTS‘ APPRAISAL

The core of the internal analysis is the collection of the management view on the situation, their explanations of the past and concepts for the future. Six of the leading managers were therefore interviewed in a qualitative format (see 1.1e).

Being asked about the reasons for the recent success and thus the company’s strengths, the well-designed products were often named at first. The strong design language with a high recognition value and its differentness to other brands is considered to be very important. Mixed with the integration of wool in the apparel products, a unique product set-up could be built. In general, there was a consumer trend towards preferring natural materials from which Ortovox could profit.

Another element considered to be crucial for the recent success is Ortovox’ marketing, which is different from the competition. Instead of focusing purely on performance aspects of mountain sports and the products offered, the communication is based on unique, often cheerful ideas, that the consumer can identify with. The third element seen as a success factor is the sales strategy. The model of selected distribution, that only allows suitable retailers to sell Ortovox, helped to establish a high-quality image.

In addition, the managers describe certain industry trends as beneficial for the business. The general trend in mountain sports, leading to an increasing consumer group is one of them. Especially in the ski touring area, the market is strongly increasing in the last years. This is obviously helping brands that are focusing on this segment for a long time like Ortovox is. In addition, they perceive an increasing awareness of the
“A reason for the growth of the last years is the general market condition and consumer trends.”

Christian Schneidermeier, CEO

“What made us successful in the past is not the same as what we need to move forward.”

Stefan Krause, Head of Product

“I do miss a future vision or a mission statement in general.”

Felix Imaschewski, Head of Sales
sustainability topic. As Ortovox, with the use of natural materials, is according to managers opinion considered as a sustainable material, this also helped the company to grow. The niche positioning as an expert for specific mountain sports and that the growth was not used to spread the brand towards a wider market segment is also described as a key to success. It will be an important challenge to keep this restriction for the future.

Interestingly the overarching brand wasn’t named as the main element for the success of the past. The management did not talk about how the brands positioning, personality and promise, in combination with communication and products creates a consistent image of the organization. Comparing Ortovox to competing brands in the market, management did not specify the uniqueness of Ortovox’ brand and how it differs from the competition. It seems that management is not aware of the clear overall differentiation between the own brand and competitors.

This hypothesis was affirmed when the managing director was asked about the unique market position of Ortovox. He replied that it is hard to say, as other brands are also doing a good job and there is not the one thing that makes it stand out.

The managers saw a few weaknesses of the organization. The level of production quality that is not fulfilling expectations is one. The missing consequence in designing for consumer needs is another weakness described by them. This is why on the product and service level, improvements in quality were named as important elements moving forward. It should be focused on products that help to sustain the brands’ position as an expert brand, caring about protection on the mountain and the use of wool. However, no clear vision about the future of the product portfolio, especially in terms of product extension was mentioned, which leads to the conclusion that there is definitely a lack of long term strategic planning.

For the future, several market elements were described as opportunities for the organization. The ongoing trend of mountaineering as an increasingly popular leisure activity will be helpful to further grow the customer base. This is linked to regional expansion plans. As concluded in the market section of this chapter they also see a lot of possibilities to grow into new regions. Another large field is the area of sustainability, which is expected to be further growing in importance in the next years. Several managers referred to this field on which they want to put emphasis in the coming years. By focusing on actions that help to reduce the environmental footprint, by protecting workers and animals involved in the whole supply chain, Ortovox not only follows a strong internal ambition but wishes consumers to understand the brand as deeply caring about sustainability. The trend of digitalization is the third element that is seen as an opportunity for the organization, mostly for internal process optimization, but also for new offerings to the consumer.

Threats that the management is aware of, come mainly through the large growth since 2011. First, they see the risk of overheating of the brand. If too many people are using Ortovox products, the brand will lose its extraordinary character. The same will happen if product and communication do not sustain their uniqueness in the market. This threat will become reality, according to one manager, if the focus will be too much on price competitiveness while losing the attention on innovation. On the other side, different interviewees see it as a threat that Ortovox products are often not competitive in terms of price due to special materials or high-quality production, often in Europe. Furthermore, consumers should still recognize Ortovox as a brand that is focused on the safety aspect of mountain sports. Since the apparel segment is growing so much in recent years, and the avalanche equipment category is losing importance for the overall business, this is seen as a major challenge in the coming years.
Overall the management gave the impression of being well aware of the fact that the recent growth creates a range of new threats. They also know that what made the organization successful in the past might not be what is needed to grow further. However, no vision about how the brand should react to these new challenges was presented. The missing brand strategy might be the reason for the similarly identified uncertainty about how to position, expand or further develop the product offering in the future.

2.8 CONCLUSION INTERNAL ANALYSIS

Summarizing the internal analysis, Ortovox is in a good overall position. A strong increase in revenue and a growing customer base lead to a positive outlook on the future of the business. However, the analysis and especially interviews with the management revealed that the current success might cover certain strategic disorientation, especially towards the future of the brand.

The success of the last years is, according to the management, originating from well-designed products, the right distribution concept and positive market trends. Though, the growing business is not explained with a long-term market, brand or product strategy. Rather, it seems that Ortovox relied on positive market developments, the right decisions in departmental silos and gut feelings, instead of a comprehensive long-term plan. In fact, the existing brand and its core values were hardly named as a reason for the positive recent development. The analysis revealed a missing grasp of the uniqueness of the brand and the distinctive brand elements. One of the reasons is the non-available knowledge about the actual external perception of the brand in the market.

This results in differing internal opinions about the organization's future orientation. While the management agrees on certain future threats, no coherent vision about future development and positioning was communicated. The missing long-term brand strategy is also demonstrated by the uncertainty regarding a product portfolio conception for the next five to ten years. The situation is a threat to the future of the organization. Targeting ambitious high-level objectives in revenue growth and the desired leading market position, it is crucial to have a clear understanding of the brand and its strategic orientation. Such an overarching brand approach will also build a framework for product innovation.
Another risk is the remaining difference in sales between the summer and winter seasons. This situation is involving the threat of losing a significant part of the revenue in case of changes in the market context, such as less snow or a recessive ski touring trend.

The intended positioning as a premium provider of a protection system for the mountain is not reflected by the recent development in sales, which shifted the brand from a provider of avalanche equipment to a business making the majority of turnover with apparel.

It can be concluded that the large growth of the last years brings a set of new challenges along. The company undoubtedly has many strengths, led by the uniqueness of the brand and its products. The problem is the missing awareness of these and the uncertainty about how to use them for the creation of a powerful future concept.

*Figure 13 - Problems based on the results of the internal analysis*
After the rather neutral internal perspective of the previous section, this part critically analyzes the situation from an external perspective. It takes the background information of the previous chapter into account and researches how external stakeholders such as consumers, retailers and salesperson perceive the brand. It furthermore contains a reflection on the competitive situation that Ortovox faces in the market. The information was gained by desk research, interviews and large-scale consumer surveys.
3.1 COMPETITION

To be able to analyze the competitive situation, it must first be specified in which market Ortovox is precisely active. As described in the introduction and market part of the internal analysis, Ortovox is a maker of apparel, backpacks and avalanche hardware equipment for mountain sports. The goods are targeted on consumers practicing high alpine mountaineering, climbing or alpine hiking in summer and freeride or ski touring in winter. Furthermore, brand and products are positioned in a premium segment focused on quality and high-end functionality, in contrast to a purely price-driven market. Competition happens in this premium, system segment for mountain sports.

Direct competitors, that target the same consumer groups and also provide a mix of products with apparel and hardware products, are Arc’teryx, Mammut, Salewa, Black Diamond, Vaude and Millet. Compared to these brands, Ortovox is a small to medium-sized business. The first named, three brand Arc’teryx, Mammut and Salewa as part of the Oberalp group, make a yearly revenue of more than 200 million Euro each. Vaude and Black Diamond are still making a turnover of 100 million Euro.

Compared to these system providers, Ortovox is only offering a limited range of product categories. Next, to apparel, backpacks and avalanche equipment (avalanche equipment is limited at Arc’teryx), the four leading competitors also produce shoes and harnesses. Three of them sell helmets and belays and two offer crampons and ropes. Out of this comparison, one can state, that Ortovox still lacks some products to be able to compete on an actual system level.

Currently, Ortovox is positioned similarly to these brands in a technical, functional way, which is often based on product performance. All of the four brands could equally claim the current core elements of Ortovox, such as mountaineering, function-driven, or safety-pioneers (see the brand section of the internal analysis). Except for Arc’teryx, they all also have an alpine origin. One difference is the use of wool as the primary material in the apparel products. Salewa is meanwhile also offering woolen apparel, but has no roots in this area and thus less credibility too. So, at first sight, there is no substantial difference between Ortovox and these market leaders. The competitive uniqueness of Ortovox and overall USP is not even clearly explicit to the internal management. This uncertainty was revealed during the qualitative interviews with the management (1.1e). Asked about the two fundamental elements of their brand and comparing them in a coordinate system against other brands, internal managers did not put Ortovox in a position that would show a clear difference to competition.

It is the objective of the next chapter (02 brand revision strategy), to analyze and to carve out the potential differences and the uniqueness of Ortovox in its specific market.

Besides these major competitors, other businesses focus on a textile system, composed of apparel, backpacks and tents. Among these rivals are Marmot, Mountain Equipment or Mountain Hardwear. Moreover, brands are concentrating on one specific product segment. Especially in the mountain apparel segment, there is much competition, from Icebreaker (wool), Patagonia, Norrona or Maloja, to name a few. These brands all have a fashionable focus. In contrast, there are the pure suppliers of avalanche equipment, positioned technically and functionally, such as Pieps, Arva or BCA.
After this initial competition analysis from a macro perspective, it can be summarized that wanting to be among system suppliers, Ortovox needs to expand its portfolio to additional product categories. Furthermore, it is vital to analyze the uniqueness of the brand compared to the main competition and how it can be used as a clear differentiation in the future.

Figure 15 - Competitive positioning (current situation) - according to the managing director and the Head of Communication
3.2 BRAND PERCEPTION

As one could assume by the substantial growth of the business in the last years, Ortovox has a very positive reputation among the target group of mountaineers. The result of a survey item, that asked participants about how much they like the brand confirmed this hypothesis. The mean result of 8 out of 10 is validating the positive perception of the brand among consumers.

\textbf{How much do you like the brand Ortovox from 1 (not likeable at all) to 10 (very likeable)?}

\begin{center}
\begin{tabular}{|c|c|}
\hline
Mean result & 8/10 \\
\hline
\end{tabular}
\end{center}

\textit{Figure 16 - Survey result, 1.1d, n=926}

**Threats**

In-store interviews with consumers (1.1c) reassured the favorable market position. One comment made by the CEO of a leading sports online retail in Germany illustrates that the development has shifted the company from a small brand solely familiar to experts, to a well-known actor in the mountain sports market.

\begin{quote}
\textit{"The advantage of ORTOVOX is the broad group of buyers – everyone can buy it."}
\textbf{Hans Conrad, CEO Sport Conrad}
\end{quote}

Knowing that these statements are of course extreme views on the brand, it nevertheless revealed that there is some development, which might threaten the business in the future if the brand gets more and more exposed in the market.

A comment by a salesperson from Bergzeit showed that the consumer base, might moreover be about to change from an expert group, towards a more fashion-oriented larger audience (quote, see next page).

As the (perceived) focus of apparel products in on the style, Ortovox, with the majority of revenue made with apparel, is equally developing into a fashionable direction. In general, shifting the focus from technicality into a more popular character helps to grow. However, it also generates the danger of putting mountaineers.

Salespeople from the German region Bavaria, which is the center of Ortovox primary market, approved such an evolution of the brand (1.1b). They explained that due to the enormous success of Ortovox, many core consumers are starting to turn away from the brand, deciding for a different, sharper positioned brand instead. This impression was shared by the leading salesperson of Sport Schuster (see quote next page) and the branch manager of Bergzeit.

\begin{quote}
\textit{“With the customers, it is about to tip over. Many do own Ortovox products. But many want something else than everyone.”}
\textbf{Florian Schinharl, branch manager, Bergzeit.}
\end{quote}
ambitious mountaineers off. It is risky to abandon the technical, functional field too much and to move into the field of fashion. Fashion is much easier replaced by a new, cooler brand, than a brand with a balanced product portfolio. A focus on fashion also has the downside to lead much quicker to market saturation and overheating. It can be assumed that, if the eye-catching design of the apparel products is too present, the brand will lose its attractiveness for consumers, that wasn’t to be seen as specialists.

Analyzing the reactions of consumers during in-store interviews (1.1c) and the survey (1.1d) revealed another threat. When asked about associations towards the brand, many consumers named the high price as a negative aspect.

“…products are very valid, but the price is absolutely inaccessible.”
participant #43, consumer survey

“It is way too expensive and has none product I would buy for serious mountaineering.”
participant #67, consumer survey

While the high prices might be an excellent way to position the products in a premium segment, they also create pressure to keep up to the resulting high expectations.

Which aspects of the brand are relevant to consumers?

Having concluded in the internal analysis, that it is not clear what the unique brand position can be (2.7), it is vital to analyze the consumer perception of the brand. The aim was to identify the parts of the brand that are positively perceived and might distinguish it from competitors. That is why consumers were asked through qualitative and quantitative methods (1.1c & 1.1.d). One of the first items of the online survey was about the favorite mountain sports brand and the reason for it being the favorite brand. As described in the high-level objectives section of the internal analysis (2.6), many people described Ortovox as their favorite brand.

The terms that stand out in the word cloud resulting from the related reasons are Design, Quality, Wool, Functionality, Style and Sustainability. Interestingly, the current brand core, protection, was only mentioned very few times. All participants who claimed to know Ortovox were asked at a later point of the survey, about the characteristics that fit best to the brand in their opinion. The participants could choose out of 26 characteristics that describe a personality. The value that was mentioned the most was differentness. In other words, being different is what people remember the most about Ortovox. Other characteristics that were named often are playfulness, exclusivity and authenticity. Again, ‘protective’ was only voted on place 10 out of 26.

By analyzing the external perception of Ortovox, several threats could be identified. The saturation of the market and overheating of the brand is a result of the vast growth of the last years. The dilution of the brand mainly results from the growing dominance of the apparel category and the widening of the product portfolio towards broader consumer groups. The dilution and the growing presence and visibility of the Ortovox style create the threat of being replaced by a new, hipper brand. Besides these risks, the analysis demonstrated that Ortovox is perceived very positively and preferred by many mountaineers. The elements that consumers value, however, differ partly from the brand elements intended internally. The protective value, for example, is not something that consumers associate right away with Ortovox, while internally, it is the main driver. The differences between internal intend and external perceptions are further described in section 5.1.
„Customers are saying - oh no, i‘m not interested, as everyone has Ortovox these days“
Philipp Hahn, floor manager Sport Schuster

„Consumers buying Ortovox are the ones that want to look good but don‘t care that much about the sport.“
Salesperson, Bergzeit

„Ortovox became a fashion brand. The more fashionable a brand, the fewer mistakes it can afford. “
Salesperson, Sport Schuster
3.3 CHANGING CONTEXT

The external analysis aims to define conditions for the future of the organization. Next to conclusions that can be drawn based on market or competitive situation, it is crucial also to take trends and foreseeable developments into account. That’s why trends that will have an impact on the outdoor industry and thus Ortovox were identified, through desk research and interviews with internal and external stakeholders. The management team consequently rated the expected influence of a large number of potentially impactful political, economic, technological, or social trends on Ortovox. This section summarizes the trends assessed as most relevant.

**Sustainability trend**

One of the trends that are already observable in the market for some years is the growing importance of sustainability. In general, there is a growing societal need for sustainable consumption, which has an impact on how companies do business. Especially in the outdoor industry, this trend is strongly taking place. People who spend their leisure time in nature, such as practicing mountain sports, value environmental aspects higher than other consumer groups. Interviews with retailers and salespeople (methods: 1.1a & 1.1b) confirmed this observation. Sustainability was very often named as the first major trend in the industry.

![Figure 17 - SAZ Sports study (2019), n=200](https://via.placeholder.com/150)

When buying sports products, do you take sustainability in account?

- always 9%
- sometimes 13%
- rarely 22%
- never 56%

![Figure 18 - Survey result, 1.1d, n=1107](https://via.placeholder.com/150)

What are the three most critical aspects of a mountain sports brand for you?

1. *Sustainability* (513 votes)
2. *Functionality* (458 votes)
3. *Price* (439 votes)

The survey results (method: 1.1d) impressively illustrate the importance of sustainability in the current outdoor market. 1107 participants, all practicing at least one mountain sport, ranked sustainability as the most critical aspect of a mountain sports brand (513 votes), even before functionality (458 votes) or price (439 votes). Another study, conducted by the outdoor retail magazine SAZsports states that 69% of consumers take sustainability always or at least sometimes into account when buying sports products (SAZsports, 2019). The trend will lead to largely increasing customer awareness in the field of sustainability and thus, growing expectations towards brands, especially in the outdoor market.

Ortovox, with its use of the natural material wool, is already perceived as highly sustainable as confirmed by the consumer survey (method: 1.1d). However, other brands are catching up and presenting their solutions for a more sustainable business. Ortovox surely has a lot of potentials to further strengthen the efforts in this area through the right ideas and stories.

„Sustainability is the main issue currently. It is one of the few topics you can score with. More and more customers are asking about it.“

*Martin, salesperson, Bergzeit*
Climate change
The vast subject of climate change should only be touched superficially regarding its impact on the outdoor industry. An effect of global warming on the business could already be observed in the last years, where the winter season was starting later and took shorter than usual in the Alps. This shortened season reduced the overall winter business and forced many brands to sell their products to discount prices. Especially Ortovox, with its ongoing dominance of the winter business and the Alpine region as core market is at risk when climate change will lead to less snow in the future.

Digitalization
The migration of analog approaches to customers, products, services into a digital environment is a mega trend that is currently disrupting every industry (PwC, 2019). To stay relevant in the digitized environment is a fundamental challenge for every company. The same goes for the outdoor industry, which is comparably late in adopting digital products and services compared to other sectors. New brands, specialized in digital products, are increasingly entering the field. The actual market leaders, known for their mountain apparel or equipment, however, do not catch up with new digital opportunities. The brand Mammut is an exception that recently presented ambitious digital plans (ISPO, 2018). Predictably, digital advancement will create a whole new field of digital products that support the mountaineer in various aspects of the sport. This development will, furthermore, lead to entirely new business models that need to be merged with the existing sales model. Within the field of digitalization, many aspects might disrupt the market:
- Big data will create entirely new ways of gaining consumer information and will lead to better services for the consumer.
- Internet of Things will connect former analog products to the digital world, allowing augmented functionality and services.
- Wearables, like smart watches for navigation, or intelligent clothing measuring body data, will change the way mountain sports are done.

Concluding it can be said that digitalization will change the outdoor industry significantly within the next years. The current situation is a threat and opportunity for Ortovox at the same time.

New consumer generations
As new generations of consumers are making an increasingly large part of the outdoor market, they are also influencing how organizations are doing business. Members of Generation Y, born between 1980 and 2000, have very different expectations on brands compared to the generations before.

For this growing consumer group, brand authenticity is a must. McKinsey names the search for the truth as the most important buying criterion for many in the millennial generation (McKinsey, 2018). While young generations show less and less brand loyalty, they value authentic products from authentic brands even more (S.Magazin, 2019). Authenticity is a vague term, which needs to be further specified to understand its implications. Brand authenticity, in short, describes that a company acts consistently according to its promise. Honesty, credibility and sincerity are characteristics that help a brand to be perceived as authentic. Therefore, it is a very positive finding that consumers, both in qualitative interviews and survey (methods: 1.1c & 1.1d) mentioned authenticity as a critical attribute of Ortovox. But it will be a challenge to continue communicating the brands’ uniqueness and honesty while growing further.

Another difference that will have an impact on the outdoor industry is that millennials seek experiences instead of owning things. „74% of Americans do prioritize experiences over products, which leads to a strong growth of the sharing and experience industry“ (Forbes, 2019). This phenomenon puts pressure on brands that are making their revenue by selling physical products.
Similarly to the conclusion of the internal analysis, it must first be mentioned that Ortovox is in a good position at this moment. The external analysis showed that consumers value the products and many of them are enthusiastic about the brand. Being among the medium-sized enterprises in the outdoor industry, Ortovox achieved a good standing among mountaineers. Be it intentional or through the right gut feeling, Ortovox made decisions in the past that helped in several cases to be ahead of some of the main market trends.

Nevertheless, a critical analysis from the external point of view uncovered several threats that need to be tackled to take the positive momentum into the future. The identified threats are based on the organizations’ core markets in central Europe and are therefore not transferable to other markets. However, not tackling these threats by a long-term strategy will endanger the future success of the company, as the vast majority of revenue is made in the leading three countries (Germany, Austria and Switzerland).

The first threat that was found is the saturation and overheating of the market. Due to the extreme growth in the last years, Ortovox is very present in its key markets. Through its very prominent and colorful design, the brands’ products are very prominent on the mountain. Now that more and more people are wearing Ortovox apparel, the company is about to lose its image of a cool niche brand. Some former Ortovox customers already made the switch to other brands, as described in the brand perception section.

The same goes for the dilution of the brand. The more the brand moves out of its niche market, supplying products to more and more mountaineers, the brand starts to lose its sharp, specialized character. If people start to wear the products of a mountain brand in urban areas, or if beginners start to buy Ortovox products, the brand becomes unattractive for experienced mountaineers. More products, which are designed to fit a broad group of people, furthermore, makes the brand lose its authenticity. The above is supported by an unclear market positioning. While most consumers still have a distinct perception of Ortovox, the introduction of a summer range and the related offering for new fields of use, such as climbing or hiking, moves the brand into a new position. The same goes for the shift from a hardware-focused brand to a brand that mostly sells apparel. Is Ortovox an expert brand or is it a brand that everyone can buy? Is it a technical brand or a brand that mainly cares about the fashion aspect? These are questions to be tackled in order to redefine the brands positioning in the market.

Another threat is to fulfill price-performance ratio expectations. Many consumers named the high price of Ortovox products as a negative aspect of the brand. While the comparatively high price strengthens the sharp market positioning (see threat above) and fits the intended brand positioning, it also creates expectations on the functional design and quality of the products. Several consumers criticized the product quality which would get worse in the last years and which in their opinion doesn’t keep up with the products premium price.

Ortovox itself is still often considered a new brand, that is very different from competitors, that exist for a long time. However, with the ongoing growth, people get used to Ortovox
and its special design more and more. To avoid a new, hipper brand from threatening the organizations’ success, it is crucial to keep up with the latest trends and to shift the focus to technical, highly functional products instead of relying too much on the fashionable character of the mountaineering products.

Comparing the product categories that Ortovox is offering to the product diversity of other ‘system’ providers, it shows that Ortovox is only selling a limited part of the wide range of mountaineering products. This leads to the conclusion that Ortovox’ product system is incomplete. On the one hand, offering only product categories that the organization has a lot of experience in, supports expert positioning. On the other hand, it does not fulfill the brands’ promise of providing a protection and comfort system.

Digitalization is a mega trend that will not keep out from the outdoor industry. While other industries are much further in the integration of digital technologies, the slow adaptation of the outdoor industry still offers a wide space of opportunities that traditional brands can position themselves as forward-looking and innovative. Not taking part in the digital disruption, will, in contrast, threaten the business.

New generations of consumers and social trends, will equally threaten all the traditional businesses that are not ready to keep up with the change. Authenticity will be a core requirement for brands. Also, the whole experience along the journey that a consumer can gain by trusting in a certain brand, is increasingly important for younger consumer groups.

Figure 19 - Threats based on the results of the external analysis
This section follows the internal and external analysis of the actual situation and is a condensed overview of the identified problems and threats that the organization faces. It also provides an outlook on the future challenges that need to be tackled.
PROBLEM STATEMENT

Through an analysis of the actual situation, seen from an external point of view and focusing on the consumer perception of the brand, a range of threats could be identified. Originating from the large growth of the business, these threats are putting the current positive situation at risk, especially in its core markets. Potential market saturation or overheating, dilution of the brand and an unclear positioning, are emerging risks that might make consumers decide for competitors instead of Ortovox in the future. Changing consumer expectations and trends are adding pressure on the organization to act soon. Among these is an increasing consumer desire for authentic brands that deliver multi-touchpoint experience and guidance, or increasing expectations regarding the quality and sustainability of the products.

Besides the external perception, Ortovox was also analyzed from the internal perspective. In addition to the overall positive economic situation, it was found that managers are well aware of most of the above mentioned external threats. Yet, no clear encompassing answer about how to tackle these threats was presented. It was therefore concluded that the organization lacks a clear vision about the future development and positioning of its brand. Such a vision would not only solve the external threats but would also guide internal decisions and the creation of novel offerings that will prepare the brand for the future. A reason for the disorientation is the missing awareness about the actual uniqueness of the brand. The internally used brand elements are not exactly the ones that made Ortovox successful in the past and that distinguish it from the competition. So, what is it that consumers prefer at Ortovox and how can it be used moving forward?

To solve this problem, it must be the objective of this project to build an overarching brand strategy, that will prevent the identified external threats and provides a vision for the future orientation of the brand. The approach of creating a brand strategy starts with the redefinition of the brand, based on the existing brand elements that made it so successful in the past, paired with internal ideas about the desired future and external expectations. The redefined brand will then build a framework to define the right product and service offerings for the next five to ten years.

Figure 20 - Problem statement and proposed solution process
Brand revision strategy
This chapter presents a proposal for the strategic redefinition of the brand, intending to solve internal problems and external threats, that were described in the previous parts of the report. The new brand definition and its brand purpose will be the base for the future orientation of the company and thus for any new product or services to be added.
This section describes how the identified problems and threats are tackled through the redefinition of the brand. By carving out the uniqueness of the brand, its core elements and the purpose, new opportunities for the organization are created.
Approach

A brand is defined by both the inside and the outside, according to Abbing, 2010. Internal stakeholders, such as the management, define the brand from the inside by applying their beliefs and visions. Products, services and communication are aligned accordingly. The market, however, might perceive the brand entirely different. This difference arises, because external stakeholders, especially consumers or users, define the brand by how they see it from their external perspective. Through buying decisions, their impact goes even beyond the perception of the brand. The strong impact of consumers is observable at Ortovox, which through the highly increasing sales in apparel, transformed into a different company than initially intended.

It is the goal of this chapter to develop a revised definition of the brand, aligning internal and external positions. Existing brand values and the managements’ appraisal describe the internal conception of the brand (02 internal analysis). The external point of view, on the other hand, investigates, how the brand is understood, which brand elements are valued and what differentiates it from the competition. Together with the existing internal conception, the brand is then redefined to fulfill internal and external expectations and to build a solid base for further strategic decisions.
5.1 BRAND DNA

Reasons for rebranding

It is the central hypothesis of this work that the brand will help to overcome the identified threats and lead towards a successful future for the organization. As described in the brand-driven innovation approach by Abbing a successful organization is defined by its brand, built around internal beliefs and external consumer needs. Such a well-determined brand will also provide internal and external orientation (Abbing, 2010).

The majority of external threats identified in the previous section is directly linked to the brand. If it is the dilution of the brand, which results from the missing guidance of a precisely interpreted brand or the unclear market positioning following the widening of the product portfolio which was not avoided by an overarching brand strategy. Saturation and overheating of the brand can equally be prevented by a brand that is unique in the market and therefore provides value to the consumer. Furthermore, a robust and distinct brand will also avoid the businesses to be replaced by another, hipper competitor. The brand will also help to turn social and technological trends into opportunities, such as changing consumer expectations of millennials or the digitalization. In addition to external threats, a clear definition of how the organization can create value in the market through unique brand elements helps to come up with novel products and service solutions.

However, as highlighted before, a clear future vision, based on the core of the brand, does not exist internally. It was concluded, that the missing orientation results from the uncertainty about the uniqueness of the brand. It is, therefore, the aim of this chapter to develop a guiding brand.

Unique elements

To determine which of the existing brand elements or unknown factors are causing the recent success of the business consumers were asked through a survey (1.1d) about which aspects and characteristics of the brand they associate with Ortovox and which elements they like. Also, retailers, salesperson and consumers were interviewed (1.1a, b, c). The results of the different research methods are adding up to a clear and consistent picture.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>differentness</td>
<td>180</td>
</tr>
<tr>
<td>playfulness</td>
<td>162</td>
</tr>
<tr>
<td>exclusivity</td>
<td>158</td>
</tr>
<tr>
<td>authenticity</td>
<td>151</td>
</tr>
<tr>
<td>sincerity</td>
<td>151</td>
</tr>
<tr>
<td>cheerfulness</td>
<td>150</td>
</tr>
<tr>
<td>honesty</td>
<td>146</td>
</tr>
<tr>
<td>quality</td>
<td>143</td>
</tr>
</tbody>
</table>

Figure 22 - The 8 attributes selected the most often out of 26 choices about the characteristics of Ortovox. The numbers shown are the total of votes – Every of the 803 participants should select three options.

It is the following elements of Ortovox that consumers value and that stand out in the market:

**Ortovox is premium**

The products that Ortovox offers come in premium quality. An exclusive price reflects the unique materials with detail functionality and goods often produced in Europe. The brand aims at a sharply defined target group of mountaineers by providing products that are
designed to fit their specific needs perfectly. The brand targets ambitious mountaineers.

**Ortovox is authentic**

Ortovox is perceived as highly authentic, by staying true to its roots, by its honesty towards the consumer and by fulfilling expectations on quality and materials. The brand has a rich historical background and clear values about mountaineering and its context. Quality, materials, design, sustainability and reliability were named the most when people talked about the brands’ authenticity.

**Ortovox is about nature**

The use of natural, renewable resource wool as the primary material for the apparel conveys the natural element of the brand. Consumers see Ortovox as an expert in using natural materials. The nature aspect furthermore includes all efforts undertaken to establish a sustainable production, caring for the environment as well as people and animals involved in the value chain.

**Ortovox is functional and stylish at once**

It is the most distinguishing element of Ortovox, that it unites two elements, that contradict each other at first view. Consumers point out the extraordinary product design and the high functionality of the products. The products come in a fresh, colorful and playful design, creating a unique cheerful style. At the same time, they are very technical, qualitative products that protect the user on the mountain. The latter is mainly driven through hardware products, while apparel products mainly create the cheerful style element. Hardware products do have technical nature, while its style instead defines apparel. Nevertheless, both product categories incorporate the other very well.

*Figure 23 - Word cloud made from of reason for preferring Ortovox. The more often a word has been mentioned, the larger it appears*
Brand core

As illustrated above, it is primarily the combination between the elements cheerful style and serious functionality that makes Ortovox unique. The combination is extended by the natural element, which is an essential aspect of the brand too. The unique combination of these three elements is what defines Ortovox in its core. The special combination is, presumably, also the reason for the perception of ‘differentness’, which consumers see as a crucial attribute of the brand. As described in the following section 5.3, no other competitor is combining the same elements.

The premium positioning and the brands’ authenticity build two pillars for the brand core. Through these two pillars, the brand makes sure that it is credible and creates trust.

Brand personality

The unique combination of these three elements also creates a brand personality. While on the one hand, it is all about living in the moment with full enjoyment (cheerful style) it is, on the other hand, the aim of the brand to protect people from any harm (serious functionality). Caring for others while having a great time is what makes the brands’ personality stand out.

Mark et al. describe archetypes as a brand’s driving force or motivation (Mark et al., 2011). Ortovox, with the above-described brand core, is entirely represented by two of the archetypes. The jester and the caregiver. The primary motivation of the jester is belonging and enjoyment, its goal is to have a great time and to lighten up the world, which perfectly describes the cheerful style element of the brand. The Caregiver, however, seeks control and stability intending to help others, which is precisely what the serious functionality part stands for. Through high quality, functionality and protection, it serves the user. The nature aspect supports both elements. Enjoyment is enabled, through protecting and caring for nature. Ortovox manages to combine two of the personality archetypes, which creates a unique and exciting brand personality.

Brand positioning

The newly defined brand core also specifies its market positioning. Through the combination of two usually opposing elements, Ortovox is in a unique position that offsets it from the competition and that provides inimitable value to the consumer. While consumers primary motivation is the enjoyment and protection is equally important to them, most competitors concentrate either on the enjoyment side, while lacking functionality and protection or they focus on the practical, performance side of mountain products, which leads to the loss of the lighthearted aspect. With competitors, the consumer needs to decide between serious functionality, cheerful style or nature. Only Ortovox merges the three elements so well that it creates new value for the consumer. The market fit section of this chapter will further elaborate on this unique positioning.
Conclusion

It was found through research with external stakeholders, that it is the combination of serious functionality, cheerful style and nature, that defines Ortovox in its core. This unique tripolarity distinguishes it from the competition and leads to a differentness that consumers recognize.

This redefined brand core is not entirely different from the existing brand elements, currently used internally. Instead, it illustrates which aspects are the important ones, the ones that helped to create the recent success and that are valued by the market. With the cheerful style element, it adds an attribute to the brand, that was subconsciously present, but that one was not aware of internally. It furthermore, points out that it is the close combination between these three elements that differentiate the brand from the competition and that creates unique value for the consumer.

Figure 25 - The unique combination of three elements, that build the DNA of the brand
5.2 BRAND PURPOSE

The previous section illustrates the elements that together build the redefined brand DNA. This core of the brand, however, is not worth much, if the greater intention, that defines what the brand elements are used for, is not determined. It is, therefore, the aim of this section to extend the DNA by a brand purpose. The purpose incorporates the internal motivation but at the same time describes the value proposition towards the consumer.

First, interviews with the internal management, about the 'why' of the company have been conducted (1.1e). Why does the company exist and why did it grow into the business it is by now? Two answers stood out from the replies: 'We want to make sure that the mountaineer will be able to return home safely after a day on the mountain' and 'Because mountain sports should be as pleasurable as possible. This can be accomplished by protection and comfort'. Protection is used as a mean to enable enjoyment of mountain sports. Concluding from these statements as well as the existing products and communication, the paramount aim of the company is to make people enjoy mountain sports. This aim is quite different from many of the competitors which often have the purpose of supporting the mountaineer in performing better.

The next approach to the creation of a brand purpose was to focus on the intersection of the three elements that together build the brand DNA. Wondering what unique value emerges from the combination of cheerful style, serious functionality and nature, an answer close to the management's point of view was found.

When a mountaineer does not need to be worried about the equipment' quality, the own protection and the protection of the environment while at the same time putting the pleasure and style of mountain sports in the foreground, they will have lighthearted mountain experiences.

Only a combination of the three brand DNA elements enables truly lighthearted mountain experiences. Without the cheerful style element, the focus would be too much on performance or competition. Without the serious functionality element, on the other hand, mountain sports would be superficial and dangerous to the consumer. The nature element ensures that the mountaineer does not need to be worried about adding to the destruction of the (alpine) environment.

Beliefs

The brand purpose of enabling lighthearted mountain experiences implies a set of underlying brand beliefs. The core belief is:

• Mountain sport is about pleasurable moments in nature, ideally shared with friends or family. It is not about competition or new records.

Further beliefs underpin this position:

• Pleasurable moments can only be enjoyed if the mountaineer is sufficiently protected and does not need to worry about returning home safe.

• High quality and specific functionality of the kit are the base for safe and enjoyable mountain experiences.

• Caring for the environment will sustain the natural playground so that pleasurable mountain moments will still be experienceable in the future.

By combining serious functionality with cheerful style and care for nature, Ortovox enables lighthearted mountain experiences

This value proposition is strong enough to drive internal strategy and goals for the future of the organization. It perfectly fits the unique combination of core brand elements and creates promise
Why, how, what

There is a close link between the purpose of enabling lighthearted mountain experiences and the brand DNA. While the purpose describes the why of the company, the brand DNA stands for the how. Purpose and DNA together build the base for any product or service to be created.
5.3 MARKET FIT

Unique Brand Position

Comparing the redefined brand DNA to competition shows that the combination of serious functionality and cheerful style differentiates Ortovox from the competition.

Plotting the two values serious functionality and cheerful style on the upper and right extremes of a coordinate system, and adding the opposites minimalistic/reduced (in contrast to cheerful style) and fashion (in contrast to serious functionality) one can place Ortovox in the upper right corner. Currently, there are only two other brands that are somehow combining cheerful style with serious functionality, Dynafit and Salewa.

Overall, the combining positioning contrasts Ortovox from typical apparel brands. Brands that purely focus on mountain apparel will never achieve the technicity of brands that offer hardware products too. On the other side, it is the cheerful style element that is missing in typical mountain hardware brands. These hardware brands mostly focus on pure functionality and quality, which leads to minimalist and clean product design. Due to the missing cheerful style element, these brands do not stand for the lighthearted, friendly element that Ortovox is representing.

In short, consumers can get both, playful style and technical functionality, when deciding for Ortovox. Compared against Ortovox, the typical mountain hardware brands look dull and serious, while apparel brands seem not technical enough for ambitious mountaineers.

**Figure 27** - Competitive axis, placing Ortovox and its main competitors on the two axes. The positioning of the brands follows the authors’ perception and does not claim accuracy.
Matching consumer needs

The purpose and value proposition of light-hearted mountain experiences derived from the core elements of the brand. The core elements itself have been defined before by interpreting the brand attributes that are valued by consumers. It, therefore, seems evident that the newly defined value proposition too will be well received by consumers. Nevertheless, it is crucial to double-check if the new definition of the brand is fulfilling real consumer needs and targets the right consumer group.

The result of one survey item orientated at the primary motivation of mountaineers for practicing mountain sports offers valuable clues about the consumer fit (1.1g). More than two-thirds of all participants selected one of the four answers ‘to be in nature,’ ‘possibility to relax,’ ‘shared experiences with friends/family’ or ‘change from everyday life’ as their primary interest, which all put the lighthearted aspects of mountain sports in the foreground. In contrast, there are only 10-11% of people who do mountain sports because of performance reasons, as they are ‘training for competition’ or do it for the ‘athletic challenge.’

When compared to the results of the same item, asked to a cross-section of all kinds of mountaineers (1.1d) it becomes clear that the motivation for mountain sports is in general much more equally divided among mountaineers.

The survey results demonstrate that Ortovox already attracts mountaineers that value the lighthearted attribute of mountain sports. Especially people who enjoy being in nature and relaxing, buy from Ortovox. That means in conclusion that the overall value proposition and brand purpose of delivering lighthearted mountain experiences is matching well with existing consumer expectations.

Figure 28 - Primary motivations of Ortovox consumers/fans for practicing mountain sports, n=2009
This section utilizes the redefined brand and gives an outlook on how it can be used, to prepare the organization for the future. One section illustrates how the redefined DNA of the brand can be implemented through brand strategies. The other parts open up the solution space for product & service innovation, based on the brand purpose.
6.1 BRAND STRATEGIES

Introduction

Following the redefinition of the brand, the next step is to formulate strategies that will realize the desired brand in the market. The following recommendations are built on the earlier identified threats (3.4 conclusion external analysis) and in consideration of the redefined brand (5.1 brand DNA, 5.2 Brand purpose).

The proposed strategies focus on strengthening the core brand elements, as explained in section 5.1 and aim to avoid threats harming the brand and establishing the intended brand in the market. These core brand elements are the premium positioning, the authenticity and the brand core composed by the tri-polarity of cheerful style, serious functionality and nature.

Targeting core markets

According to Ansoff (Ansoff, 1957), there are four different ways of how growth can be generated. Depending on the strategy, existing or new markets should be targeted, with new or existing products.

With the high-level objective to consolidate growth in the next five to ten years and the current concentration on a comparably small market (2.5 market and sales), expanding into new regions suggests itself. Such a market penetration strategy should be focused on geographical expansion instead of targeting new consumer groups in existing markets. Developing products for new consumer groups in existing markets would lead to the dilution of the brand. The regional expansion, however, is a pure sales strategic matter and will not be further elaborated in this report.

This project pursues a diversification strategy. Focused on existing markets and existing consumer groups, the suggested strategies, products and services aim at solving threats identified through research in the primary markets. The threats such as market saturation or overheating of the brand are present in these core markets only, where the business is thriving for many years and where consumers know the brand.

![Figure 29 - Growth matrix (Ansoff, 1957). The two strategies that promise the most potential for future growth are marked in blue.](image-url)
Strategies

1 - Implement and rebalance the combination between cheerful style and serious functionality

As described in the preceding section, it is the coherent combination between two typically opposing elements, cheerful style and serious functionality, enriched by the care for nature, that makes Ortovox so unique. The strength of this combination is that all three elements are equally present in the product portfolio and every single product.

In practice, interviewees (1.1c) mentioned that Ortovox is currently more focused on style than functionality, which was later also confirmed by the survey results (1.1d). Participants selected characteristics that are connected to the cheerful style element more often than values linked to serious functionality when asked about the three aspects that fit best with Ortovox (survey results in appendices E).

This perception is very likely resulting from the unequal distribution of sales. Apparel makes the majority of the total revenue so that this product category, with its prominent style factor, is much more visible compared to the hardware products. While apparel is naturally more on the cheerful style side, hardware products mainly convey serious functionality.

The dominant share of apparel in the total revenue and the resulting overweight of the cheerful style element is also creating the perception of a brand that focusses on fashion.

As mentioned in the external analysis (3.2 brand perception), it is risky to abandon the technical, functional field too much for the area of fashion. Especially in the outdoor market, a fashion brand is much easier replaced by a new, fresher brand, than a brand with a balanced product portfolio. The focus on fashion has the downside to lead much quicker to market saturation and overheating. If people see the eye-catching design of Ortovox apparel products too often, the brand will lose its attractiveness, especially among ambitious mountaineers.

This emphasis does not mean that the style element should be left aside. However, it should not be as prominent anymore to overweight the functional aspect.

Strengthening the serious functionality is achieved by introducing new technical hardware products and by highlighting the technical side of the apparel. The future focus must be on detail functionality, material and design for specific target groups instead of releasing more and more style-focused products aiming to push sales.

As consequence, the serious functionality attribute should be strengthened to establish a balance between the two characteristics. Also, Ortovox should work on products/services that reinforce the balance of the brand’s unique DNA, merging cheerful style with serious functionality and nature.
2 - Strengthen the summer business

Ortovox’ history of a pure winter business is defining how the market sees the brand. Retail and consumers observe Ortovox more as a winter brand than as an all year supplier of mountain products. The revenue share per season, where the winter business makes almost three-thirds of the total revenue (2.4 products) illustrates this fact. The mean survey result of 7.4 when consumers had to specify if they see Ortovox as summer or winter brand on a scale from 1 (summer) to 10 (winter) (survey results in appendices E), verified this assumption.

In terms of product portfolio, especially in summer, Ortovox is not keeping up to its promise to provide a full mountain system. Comparing the Ortovox product portfolio in summer to direct competitors, demonstrates this incompleteness, as described in the competition analysis section.

The conclusion is that the business of Ortovox is still relying heavily on one half of the year. This overweight of the summer business opposed to the overall market size of the outdoor industry, where the summer business makes 45.3% of the total yearly revenue (European Outdoor Group, 2017). The difference in shares implies that there are many potentials to grow in summer. Furthermore, there is a risk in relying too much on winter sales, which is that the brand will suffer heavy losses in case of less snow in the Alps or if the trend in ski touring will be over (3.3 changing context). It is essential to offer hardware and safety products in summer, to be considered as an expert brand, which is why it is recommended working on additional protective products.

To strengthen the summer business and to establish the balance of cheerful style and serious functionality in the year-round representation of the brand, Ortovox should introduce products/services which increase protection during summer sports.

3 - Maintain the brands’ authenticity

One of the reasons for success is that Ortovox is perceived as highly authentic (5.1 brand DNA). Keeping this brand image of a trustworthy brand becomes more complicated, the more the company is growing. Through an increasing product portfolio, more products for a broad audience, less focus on detail functionality and less difference to competitor products, the authenticity of the brand will diminish. That is why Ortovox should emphasize strengthening the authenticity of the brand.

By using the newly defined brand promise and the brand DNA to drive every decision of the company, authenticity can be strengthened. The brand was redefined based on consumer perception and consumer needs, so if the brands’ actions follow this core, consumers will value it. Another way to increase the authenticity of the brand is to set-up better communication and services, which brings the company closer to the consumer. Getting closer to the consumer includes the design of positive experiences following the brand core, at every touchpoint with the brand. Brand honesty, a linked value to authenticity can be enabled through increased transparency for the consumer through all segments of the company, be it in branding, production, or pricing.
4 - Create USPs in the area of sustainability

As described in section 3.3, sustainability is one of the most prominent trends in the outdoor industry. Ortovox itself has a good reputation when it comes to sustainability.

Participants of the consumer survey (1.1.d) rated Ortovox with a 6.4 (mean), from 1 - unsustainable brand to 10 - very sustainable brand. When compared to other brands, Ortovox was even considered to be among the most sustainable ones. The reason for this positive understanding of the brand in terms of sustainability results from Ortovox use of natural material wool. Recently, the company also started to work with third-party organizations such as the fair wear foundation to improve its conditions in production. Ortovox also puts efforts into ensuring an excellent treatment of the sheep and making the supply chain transparent.

However, most of these actions are known from the competition or are becoming a standard in the industry. Even the management confirmed that the positive reputation in terms of sustainability is better than the actual performance of the company, according to internal management.

With the nature element in its redefined brand DNA, Ortovox should focus on the sustainability of its business and create its own USPs in this area. Especially after-sales solutions, strengthening the sustainability of the brands’ products, would be new to the market.

5 - Keep away from the mass-market

In the past, Ortovox was very successful in establishing a premium brand. Due to its niche market and the products designed for specific purposes, it is furthermore considered an expert brand. The brand is among the few premium and expert brands in the market. This high-end positioning is essential for its reputation, as consumers in the outdoor market prefer sharp expert brands versus broad brands. Nevertheless, it is not only experienced mountaineers who are buying Ortovox products but a larger group of consumers. These consumers want to visibly become part of the expert community by wearing Ortovox products.

Recent developments, driven by the overall growth of the brand, made the brand starting to lose its expert image. If too many people start wearing Ortovox products or if design and quality lose their high standard, experienced mountaineers will shift to other brands. This threat of brand dilution is already taking place in the core markets, as described in section 3.2.

To keep the consumer desire up, the brand needs to find ways to stay exclusive. Working on high-end products with smart technical solutions will help to fulfill this strategy. Furthermore, it is crucial to ensure a high-quality level to keep up with the price-performance expectations.

Growth should, in any case, come from existing target groups only, instead of opening the brand to new types of sports, moving into the urban segment or selling to every mountaineer.

Conclusion

By using the five strategies presented in this section, the redefined brand core will be established in the market. Strengthening the elements that make the brand stand out from the competition will further shape the unique positioning of Ortovox in the market.
6.2 SOLVING THREATS AND CREATING NEW OPPORTUNITIES

It is the mission of the redefined brand to solve the identified problems and to provide a way towards the future of the business.

The newly defined brand, merging cheerful style, serious functionality and nature, is in a unique market position and aims at providing actual value to the consumer. Threats like the dilution or the overheating of the brand, the unclear market positioning or to be replaced by another brand can be avoided by the precisely defined brand and the linked strategies. The new brand also gives guidance for the creation of new products and services. Through the broad purpose, of enabling lighthearted mountain experiences, many new possibilities emerge. Ortovox does not need to follow competitor products but can create entirely new solutions to fulfill this value proposition. The solution scope is wide open and enables the opportunity to design for different consumer journey touchpoints than the existing ones. The solution furthermore is not fixed anymore on physical products, but can also be achieved by services or digital products. By focusing on experiences, Ortovox can support the consumer on various levels instead of purely providing hardware or apparel products.

Instead of focusing on physical products only, the new brand purpose opens up possibilities to design for the entire consumer journey.

With this vision, Ortovox is evolving into a holistic brand that supports and accompanies the mountaineer in various areas, all with the purpose to enable lighthearted mountain experiences.

![Figure 31 - The positive effects of the redefined brand](image)
Product & service innovation
This chapter turns the abstract definition of the brand into actual product and service concepts. It combines brand-driven innovation processes with consumer-focused ideation methods to come up with solutions that create value for the organization and the consumer alike. Initial ideas are clustered and rated regarding the brand fit. The final section describes the five most promising consolidated concepts in detail.
Based on the redefined brand core and brand promise, this section is about the ideation of new products or services. It illustrates how consumer-focused methods are used to create concepts that solve existing user needs. This section furthermore specifies how concepts are selected based on their brand fit and thereupon merged to build consolidated concepts.
7.1 IDEATION

The need for new ideas

As mentioned in the brand strategies section of this report (6.6) all products and services to be created will be targeted at existing markets. That’s why the ideation is focused on these key markets and existing customer groups. It is not the primary goal of new concepts to add to the revenue. Instead, there is a strong need for new ideas to make the portfolio more complete and to manifest the redefined brand in the market. Most importantly, the ideas must therefore follow the presented brand strategies and for example strengthen the serious functionality element (brand strategies 6.1 – 1).

Seen from the original task of this project, to specify which products and services would be the right extension to the existing portfolio, the redefined brand provides the scope and framework to ideate.

Approach

The process of idea generation starts from the brands’ purpose. Taking the purpose and value proposition of enabling lighthearted mountain experiences as base, the first ideas are developed. In doing so, it is important not to limit the ideas on physical products but on delivering the purpose along the whole consumer journey. Like Abbing (2010) descri, „In order of innovation to meet the expectations of users that were set by the brand promise, it has to break free from the notion that innovation is limited to the domain of products.“ and “We live in an age where much economic value is created by services and experiences.”

Several different ideation approaches were used to come up with new concepts.

Focus product categories

The first method is the most obvious way of defining future directions. Towards the end of the first round of qualitative interviews, internal management, retailers and sales people (1.2a, b, c) should name the product categories that they would like Ortovox to offer the most. The answers would show their understanding of the brand and what products fit with this brand perception. Additionally, consumers were asked about the product they would like to purchase from Ortovox if offered by Ortovox (1.2 g). There was a clear overall tendency towards specific product categories.

The products that were named or ranked through this method were product categories already known from competition. No newness can be gained by this approach. The same applies for product categories that were taken into scope because of the brand strategies (6.6). One example is the strategy to concentrate efforts on safety hardware for the summer product range. This brand strategy already implies certain product fields that are covered by the competition – in this case climbing and high alpine hardware.

Ideas following trends

Other ideas were triggered by the future trends that are expected to have an impact on the industry (3.3, changing context) or the future scenarios that were defined during a workshop with the management team. The growing willingness to share products and the trend towards new business models is for example the source for the concept of a mountain equipment rental service that delivers all kinds of products on demand to the consumer.

Solving consumer needs

The focus of the ideation stage was shifted towards the consumer. As described in section 6.7, the new brand promise opens the scope for all kinds of hurdles preventing lighthearted mountain experiences. These issues were taken as starting point for the ideation of problem solving concepts. For each problem field, a ‘how might we’ question was specified, which should trigger creativity (appendix H).

Further research was required in some cases to get the right amount of background information to be able to solve the how might we’s w

Qualitative items in survey

Another way to discover consumer problems was the fan survey (1.2 g). Through qualitative questions, with open text fields, a lot of insights could be gained. These questions were already stressing a certain element of the user journey and were targeted at getting more in-depth information about specific areas. Qualitative, open questions were for example ‘Is there something that annoys or frustrates during the preparation and planning of a tour?’ The answers to these questions showed that there are many problems in the current user journeys like changing and unpredictable weather conditions for example. These problems are great starting points for the ideation of products or ser-
Lighthearted Mountain Experiences

cheerful style  __  serious function

nature  brand strategies

? consumer needs

Figure 32 - Product and service concepts emerging from the redefined brand and consumer needs
services that would solve the specific user need.

**Lead user interviews**
As described in 1.2, lead users were interview about their user journey. By talking to them, specific problems and needs could be revealed. In some cases, they already had their own solutions of how to solve these problems or ideas could be developed. Furthermore, assumptions about problems and ideas that were generated before, could be tested with lead users.

**Idea clusters**
A large number of different ideas was created at the beginning of the ideation. To be able to compare them and to reduce the amount of separate ideas, they were clustered regarding the problem they are solving. Ideas that did not fit the scope were eliminated.

*Figure 33 - First ideas, clustered around their underlying problem 1/3*
Figure 34 - First ideas, clustered around their underlying problem 2/3
Figure 35 - First ideas, clustered around their underlying problem 3/3
7.2 BRAND FIT EVALUATION

After the creation of ‘problem-solvers’, the next step is to choose from a large number of ideas. But how can the best ideas, with the most positive impact on the future of Ortovox, be selected? A set of evaluation criteria makes the process more traceable and creates a base for discussions with all stakeholders. While conventional management would primarily focus on economics, real success depends on various aspects. The product with the highest-expected revenue might not be the one that is creating sustainable value for the company. Other success factors are the brand fit, consumer desire, or the competitive situation. As a first step, each idea is rated about its fit with the newly designed brand.

The five elements that were found to build the core of the brand – playful style, serious functionality, nature authenticity and premium, were used for an evaluation tool. A higher total score does not necessarily mean that an idea is better than the other one, but it indicates strengths and weaknesses in terms of brand fit. It is thus an excellent base for further discussion and rational decisions.

The brand fit evaluation tool can also be used after the termination of the project for further strategic decisions and for ideas that go beyond this project. While the brand fit is only the first step of evaluation, it should be done right at the beginning to eliminate or adapt ideas that might be promising, but do not match the brand.

authenticity
Does the idea add credibility or honesty?
Does it help to fulfill the brand promise?
Is it targeting existing customer groups and one of the five mountain sports?

serious functionality
Does the idea add quality, protection, technicity or seriousness?

cheerful style
Does the idea add creativity, originality, friendliness, style or a playful element?

nature
Does the idea help to protect the environment? Does it use natural materials/wool? Is it increasing sustainability?

premium
Does the idea convey expert knowledge?
Is the idea serving highest expectations?
Can it be used to express exclusive membership?

Figure 36 - Brand fit evaluation canvas. Each idea is rated by its fit with the five core elements of the brand. The higher the score, the better the brand fit. The three different colors are stranding for example products.
7.3 EVALUATION OF TYPICAL PRODUCTS

Consumers, retail and internal management named various products as best addition to the current Ortovox portfolio, in their opinion. To analyze which of these categories would actually fit the redefined brand and to demonstrate the functionality of the brand fit evaluation tool, the most often mentioned categories were evaluated. The above shown evaluation is highly subjective and was created from the authors’ personal point of view. In practice, the evaluation tool should be filled out by several individuals or in a group session, to discuss opinions and to receive a well-reflected result.
7.4 CONSOLIDATED CONCEPTS

Introduction

The brand fit of the initial idea clusters was rated, using the evaluation canvas of the preceding section. The ideas that proved to add well to the existing portfolio and brand, could then be combined or extended by further thoughts, to build coherent services or products. This section describes the five most promising consolidated concepts.

Figure 37 - The five consolidated concepts. Three hardware, one service & one digital concept
Concept 1: CARE

An in-depth analysis of the sustainability trend in the outdoor industry shows that consumers mostly value the longevity of products when buying new sports products. 75% of the 2783 sportswomen who participated in a survey (ISPO, 2019) selected durability as the most crucial topic in terms of sustainability (out of 11 options). The aspect that follows is ‘simple repair of the products and replacement parts available’ (38%). Typical topics of sustainability, like working conditions in production or the reduction of transportation routes, are against all expectations the least valued topics of the survey participants.

Which topics in terms of sustainability are important to you when buying sports products?

<table>
<thead>
<tr>
<th>Topic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durability of the products</td>
<td>75%</td>
</tr>
<tr>
<td>Products can be repaired easily</td>
<td>38%</td>
</tr>
<tr>
<td>Use of natural materials</td>
<td>29%</td>
</tr>
</tbody>
</table>

*Figure 38 - Top 3, ISPO, 2019, n=2783*

This statistic illustrates how nicely the ‘nature’ element and the ‘serious functionality’ element can be combined by working on products with high quality and repairable design. However, products and apparel do and will not always work as long as they should. In this case, consumers expect an excellent service, that helps them to repair or replace the defective product in a convenient way. CARE is precisely such a service.

Ortovox CARE combines several service elements around one central topic, increasing the confidence in Ortovox products, through premium after-sales services.

The first element of this concept is to sell products with an included lifetime warranty. By actively communicating that shovels, probes, or backpacks will be usable for a lifetime, the perceived quality is automatically increased. Current after-sales return rates are low for these products and consumers will get to know about it through the warranty. The same goes for free repairs, which are already offered to consumers when damages happen due to the product quality. However, one can assume that the majority of consumers are not aware of this service. By actively communicating free repairs, Ortovox shifts the focus towards the quality of the own products. Even damages caused by the consumer should be repaired through a transparent and low-priced service system. To add a cheerful element in this dry and frustrating after-sales service, a bonus point system could be introduced, rewarding users for returning their product instead of buying a new one and at the same time compensate for the inconvenience.

The whole process of service handling has equally to be redesigned to turn a typically frustrating process into a positive consumer experience. The current situation in the industry is a cumbersome process of returning the damaged product together with the sales receipt at the same retailer which sold the product, including long waiting times and inefficient communication between retailers and Ortovox. Instead, a convenient process, which would be new to the whole market, should be implemented. The Ortovox CARE concept suggests ordering a repair through a simple click in the app. The product can then effortlessly be returned in the original fabric bag (which at the same time replaces the current plastic bag) with the printed return address. When the product is received, the user will be informed about the damage and the expected waiting time. This close communication between the service center and user will be kept during the whole process, until the repaired product is received back home, making the experience as smooth and pleasurable as possible.

Another source of worry is safety products such as avalanche airbag, transceiver, helmet or harness. Only if these products work correctly, they can fulfill their function of saving lives. As the construction and working principle of these products are not apparent, consumers are not sure whether their equipment works properly. The fan survey (1.2 g) confirmed this assumption where 39% of participants stated to have worried about this issue in the past.
As a consequence of this issue, the pre- and during season check-up of safety equipment must be offered by retailers as well as the company’s internal service center. Consumers pay for the service through a subscription or a premium membership.

Another aspect of the Ortovox CARE program would be a free return service after the use of the product. The returned products could be recycled into new products, adding another sustainability element to this concept.

**Consumer benefits**

This program means that there is no more need for consumers to be worried about the quality of their equipment. Safety products will be checked regularly. In the case of any damage to apparel or equipment, users will enjoy a convenient and free repair process. Consumers will realize that by buying from Ortovox, they invest in long-lasting equipment, which is the most sustainable action.

**Investment**

To implement this concept, the company needs to invest in the service and return handling capabilities through new employees and machines. As a requirement for the service program itself, the organization must furthermore invest in the quality of the apparel products to make it economically viable. Additional investment into the creation of recycling processes (e.g. supply chain, industry collaborations) is needed, to realize the concepts’ return and recycling part.

**Why should Ortovox go for it?**

CARE unites a genuinely unique story in the field of sustainability and combines serious functionality and the quality element of the brand, with sustainable thinking and the positive experience of a user-centered service process. The combination of the different concept elements will have a substantial impact on the user and thus the brand. The brand will therefore benefit from the authentic brand image that such a service creates.

---

**Figure 39 - 39% of participants worry about the functioning of their safety products, n=1923**

Have you ever worried whether your safety equipment still works and is fully operational?
CARE

- lifetime warranty on shovels, probes & backpacks
- low-price repair service - if damage caused by consumer
- pre-season check-up of avalanche airbag and beacon, free or through subscription
- earn bonus points when product is returned due to damage
- convenient service process
  1. signalize service through app
  2. put in original bag
  3. send it straight and free of charge
  4. get notification when its done
- free return after use product is recycled and consumer gets discount on next product

Figure 40 - CARE with features
Concept 2: HELMET

The product category that protects the most during mountain sports is, according to consumers, the helmet (1.2. d).

The result shows that any business that wants to be considered as a supplier of protecting mountain equipment is well advised to integrate helmets into their product portfolio. The product offer of direct competitors often includes helmets, as described in section 3.1, which reconfirms this hypothesis. The technical focus (serious functionality) of a helmet, paired with the fashion (cheerful style) element is another reason for Ortovox to consider this product group. Different stakeholders interviewed at the beginning of the project share this point of view. Helmet and harness were named the most by internal and external stakeholders, as an ideal new product category for Ortovox.

The most innovative feature of the concept turns the helmet into a smart and connected product. Through an integrated impact sensor at the back side, the system registers external impact by a falling rock or by-crushing into a hard object. In the case of a fatal impact, the information is sent to the connected smartphone, which, if the procedure is not stopped manually by the mountaineer, will inform the mountain rescue by sending an emergency alarm together with the position. Besides protecting the head of the mountaineer, the helmet thus helps to call the rescue and to save crucial minutes after an accident. This function increases the safety of the mountaineer significantly.

Integrated wool is not the only nature focused element of the concept. As introduced in the CARE concept, the helmet will also be sold together with the legal maximum warranty length of 10 years. If the helmet could be produced and recycled in a cradle-to-cradle type of system, it would even be better.

The concept foresees wool lining at the inside of the helmet, creating superior carrying comfort. The natural material keeps the head warm in winter, enables temperature management in summer and keeps the head dry during challenging climbs. The wool lining can be removed to be washed or exchanged.

Besides the essential feature of a helmet to protect the head from external impact and thus fatal injuries, the look is a very crucial buying criterion. The importance of the look to consumers is why the style of the helmet is a critical element of this concept. The cheerful style element can also differentiate them from existing solutions, which are rather technical.

“I don’t like the style of most of the climbing helmets. They don’t look sporty“

“The design of helmets is in general not ‘pretty’, but it must function“

“Climbing helmets look terrible on my head“

participants, ORTOVOX fan survey, May 2019

The most innovative feature of the concept turns the helmet into a smart and connected product. Through an integrated impact sensor at the back side, the system registers external impact by a falling rock or by-crushing into a hard object. In the case of a fatal impact, the information is sent to the connected smartphone, which, if the procedure is not stopped manually by the mountaineer, will inform the mountain rescue by sending an emergency alarm together with the position. Besides protecting the head of the mountaineer, the helmet thus helps to call the rescue and to save crucial minutes after an accident. This function increases the safety of the mountaineer significantly.

Integrated wool is not the only nature focused element of the concept. As introduced in the CARE concept, the helmet will also be sold together with the legal maximum warranty length of 10 years. If the helmet could be produced and recycled in a cradle-to-cradle type of system, it would even be better.

Figure 41 - Ranking of product categories that consumers consider as protective – the number represents how often consumers named the product in an open text field below the question ‘which products protect you the most on the mountain?’ n=1108
**Consumer benefits**
Consumers will benefit from stylish head protection, that matches the design of the mountainwear and that demonstrates that it can be cool to wear a helmet. The highly functional wool padding will help to create the most comfortable helmet on the market. A new level of protection is given to the consumer, not only by the well-designed outer shell but additionally by the automatic emergency call function.

**Investment**
Ortovox would need to invest in the development, design and certification of such a helmet range.

**Why should Ortovox go for it**
Adding helmets to the portfolio will be beneficial for the brand, as this product category stands like no other for protection on the mountain. It builds on the history of the company and increases the perceived hardware and summer expertise.

**wool lining** - for added comfort, sweat & temperature management, removable and washable

**perfect fit and style**
makes a nice head shape

**automatic emergency**
in case of impact on helmet or breakage

**warranty** - for 10 years

**cradle to cradle**
recyclable and made from recycled material

*Figure 42 - HELMET with features*
Concept 3: HARNESS

The next consolidated concept is a harness range. Similar to the helmet, this product category exists on the market for a long time. Harnesses are used to connect the climber to the rope and to avoid the mountaineer from falling. Next to the helmet, this product is part of the essential equipment for climbing and high alpine mountaineering. Even more than helmets, harnesses incorporate the fashionable textile (cheerful style) element as a prominent part of the outfit. Besides internal management and retail, climbing harness was also the product with the second most votes, that Ortovox fans would like to purchase from Ortovox (1.2 g).

An integrated and cushioned pocket for smartphones links the harness to the digital. This function helps the mountaineer to get easy access to the smartphone and thus, the digital climbing map (topo) during the climb.

Several smaller ideas, such as the connection with a chalk bag or the already offered first aid kit/chalk bag combination ROC DOC, make the concept more complete and increase the link to other Ortovox products. The harness too should come with a warranty of 10 years, potentially combined with a free check-up solution as described in the CARE concept. Additionally, the harness could be recyclable if the separation in base materials after its use is technically feasible.

Consumer benefits
The consumer will benefit from a fashionable harness, that integrates very well with the Ortovox apparel and adds another cheerful element to the overall style. Wool padding helps to increase comfort when carrying the harness for a longer time and a smartphone pocket is new and convenient function.

Investment
Deciding to set up a full range of harness products, Ortovox will need to invest in the development and certification of the new products. The investment will be comparably low as the safety requirements of harnesses are close to the ones needed for avalanche airbag backpacks. The expertise in the design and production of similar textile products exists internally.

Why should Ortovox go for it
A new product range of innovative harnesses will strengthen the protective aspect as it is an essential item for mountain tours in summer and winter. A harness is an authentic product building up on the textile core of the brand. The smartphone pocket will create a connection to the digital Ortovox platform (concept 5).

Which product would you like to purchase from Ortovox?

- mountain shoe - 737
- climbing harness - 489
- none of the products - 454
- smartphone app - 438
- climbing helmet - 433

Figure 43 - Top 5 votes on product categories that would be new to Ortovox. Multiple selections were possible. n=1985

The product category of harnesses combines technical functionality and creative style in one product. Similarly, to the helmet, the functionality of harnesses can be improved through the integration of wool at the inside of the product. Wool padding increases comfort and temperature management.

When wearing a harness, its aesthetic appearance adds to the overall look of the mountaineer. A nicely designed harness, matched in style and color with the apparel, will differentiate the Ortovox harness from the competition. The two leg loops could be colored differently, to underpin the original style of the harness. This design idea would additionally have the functional effect of avoiding confusion of the harness sides.
**HARNESS**

- **wool padding**
  for added comfort & temperature management

- **fit and style**
  perfectly matched with clothing style

- **smartphone pocket**
  route & topo always accessible

- **clip/carabiner**
  for first aid kit

- **warranty**
  for 10 years

- **cradle to cradle**
  recyclable and made from recycled material

*Figure 44 - HARNESS with features*
**Concept 4: EMERGENCY GPS**

Quicker rescue can help to reduce the fatal consequences of a mountain accident. The survey showed (1.2 g) that consumers are aware that they might not be able to alert the rescue in the case of an accident. 82% of participants selected that they consider a solution that leads to faster rescue and localization as essential.

Is a solution, that speeds informing mountain rescue in case of a serious accident up, relevant for you?

![Pie chart](image)

No. I can just call the rescue myself 18%
Yes, that would be important to me 82%

---

The consolidated concept 4 is an emergency GPS device. The idea includes several functions to quickly inform the mountain rescue in the case of an accident. A movement sensor will register motionlessness. The deadman switch will then ask back if everything is going well. Without a manual deactivation, it will then inform the rescue together with the current position of the mountaineer. The same goes for the connected emergency switches in helmet or avalanche airbag. As soon as the system registers an accident, the system will start the process automatically calling the rescue. The actuation of a manual emergency switch also informs the emergency. The GPS function of the device helps to pinpoint the position of the victim and helps to reduce the localization time without mobile network coverage.

The GPS can further be used for orientation and route finding when connected with an application on the smartphone. It additionally can be used to prevent accidents through an active warning of the mountaineer when entering a dangerous zone. By combining GPS positioning with map and information about the weather condition, the system will be able to warn the mountaineer of potential avalanches, thunderstorm or similar.

The presented concept is an autonomous emergency device that allows increased functionally by connecting it to other safety products (transceiver, helmet, avalanche airbag) or the smartphone. It is conceivable too that such a system is implemented in a different form. Most of the functionality is implementable in a smartphone application. In this case, however, the limited power of the battery and the restricted GPS capabilities of a smartphone would reduce its efficacy. An external battery or a GPS add-on, for example, could solve this issue.

**Consumer benefits**

For the consumer, such a device would offer significantly increased safety during mountain sports. Due to an automatic emergency call with included position data, the time from accident to rescue reduces dramatically. Individual mountaineers will benefit the most, but also groups of people will be able to inform the mountain rescue without network coverage.

**Investment**

To realize this concept, Ortovox would most likely need to collaborate with GPS expert companies such as Garmin or Suunto, for example. The emergency functionality is partly available in existing products on the market (e.g. ProteGear). Besides the collaboration, another option would be to develop the device together with the electronics partner company that is also developing and producing the avalanche beacons.

**Why should Ortovox go for it?**

The electronic and locating aspect of the device make this product/service a very authentic portfolio extension, due to the roots of the company. It would reinforce the brands’ focus on protection for mountaineers and connecting winter and summer safety through its year-round application. The option of digitally linking more products of the Ortovox portfolio with the emergency device (e.g. airbag backpack or helmet) adds a system character to the GPS device.
Figure 46 - EMERGENCY GPS with features

**deadman switch**
system recognizes motionlessness and calls rescue w. position

**emergency switch**
system is linked to helmet and airbag system and informs rescue in the moment of accident

**orientation** prevents people from getting lost

**warning** when high risk of accidents (avalanche, thunderstorm or similar)

**manual emergency call**
button for manual rescue call

**record & share**
records routes for sharing or collecting
**Concept 5: GUIDE**

Lighthearted mountain experiences will, in many cases, not be achieved by physical products but by services and information that support the mountaineer in the right moment.

Professional mountain guides take care of many of these elements. Mountain guides help their clients to have the best possible experience by providing personal advice. Furthermore, it is the primary responsibility of a mountain guide to ensure the protection of the mountaineer and the natural environment. What if a digital platform could make similar experiences possible for all skill levels and forms of mountain sports?

The vast majority of mountaineers already consult digital information before or during a mountain tour. The survey (1.2d) showed, that 71% of the participants use digital tools. Among Ortovox fans (1.2g) this number was even above 90%.

The result demonstrates that there is a consumer need for digital information before and during mountain sports. However, available services focus on one functional aspect as mountain weather, avalanche bulletin, or route planning, for example. No platform combines a complete set of functionalities, taking advantage of the cross information. As explained in the changing context section (3.3), the industry is aware that digitalization will soon enter the field of mountaineering. Several firms in the field provide digital tools, but no direct competitor is turning this opportunity in real consumer value yet.

It is due to these reasons that Ortovox should build a digital platform, named after its human counterpart, GUIDE. The concept comprises highly personal support for the user to improve the experience along the entire journey.

Personalized tour recommendations, based on data about personal skills, day-to-day fitness, location, weather and other external route conditions, will be the core function. Such a function helps the mountaineer to find a suitable tour and prevents them from choosing routes that are too difficult or just not recommendable because of the weather condition.

After the selection of a suitable tour, another function should help to take the right equipment and apparel on the trip: A packing list that is adapted depending on the tour and the current conditions. During the tour, a map and location finding function help to stay on track.

A game or quiz stimulates skills and knowledge. Users can earn points and gain levels when actively practicing the recommended capabilities.

With GUIDE, users can register all their Ortovox products and get information about goods they do not own (yet). The platform shows information such as product functions or care instructions. The function can additionally make the supply chain and its production conditions visible and transparent to the consumer. GUIDE is furthermore useful in realizing the digital element of the CARE concept.

**Consumer benefits**

Altogether, this service helps to protect the mountaineer in a lighthearted way. The concept mixes coaching and explanation with useful information and the integration of a community functionality.

All communication is done in a personal, friendly way but with the expertise of an expert—precisely like a mountain guide. Consumers will benefit from personalized service, bundling several types of information in one single platform. The right information, training and recommendations will increase the safety level of the mountaineer and improve their skills.

**Investment**

To bring this concept to market, Ortovox needs to invest in the digital development of a multi-channel platform. The development can be done through collaboration with a digital development agency and by collaborating with existing information providers, such as weather for example. The advantage of a digital service is that features can be build up step by step and not every function must be usable right from the first software release.

**Why should Ortovox go for it**

Ortovox is the perfect company to develop such a service as it connects the physical with the digital world, to create a unique user experience along the
whole journey. Furthermore, the business will benefit from unrivaled customer retention, resulting from an encompassing Ortovox world. The organization will furthermore profit from a large amount of usage data that will be created through this service.

**Figure 47 - GUIDE with features**
Three of the concepts are further elaborated in this section and reviewed regarding their viability for the business. Each of the cases consists of a short overview of competition in this specific field, specifications of the product line and financial analysis. This section aims to prepare a foundation for decisions about future investment.
Introduction

The presented five consolidated concepts are drafts for future innovation in the field of services, physical and digital products. All five ideas fit well to the brand purpose, the DNA and solve consumer needs. Talks with the internal management defined which concepts to proceed in the next step. Two of the concepts were subsequently excluded – CARE and EMERGENCY GPS.

The reason for not proceeding with the CARE concept is that it can be implemented internally. No additional concept work is required before the concept can be turned into a working service. At the same time, it is likely, that the concept will be realized internally in the next years. The majority of functions presented in the EMERGENCY GPS concept can be integrated into the digital platform GUIDE, which is why it was decided not to proceed with this concept either.

A first commercial viability analysis was prepared, to get an impression of the economic viability of the three remaining concepts. This analysis creates an understanding of the economic context of the ideas. It further serves as a base to compare the three concepts to each other and existing product ranges on a financial level. Together with the concept description, the brand fit and the consumer desirability, this analysis serves as a tool to evaluate the benefits and drawbacks of the concepts and thus as a base for strategic decision making.

The information required for the viability analysis was gained through desk research and by contacting industry experts. The study therefore combines market data from the European Outdoor Group with insights from retail, manufacturers and competing companies.

The resulting overview provides a first decision base but does not have the ambition to replace a full business case.
8.1 Helmet

Market overview

Mountaineering helmets are designed for two main fields of use – climbing and skiing. These are also the two different certification possibilities that exist. Either a helmet is certified as a climbing helmet or as a skiing helmet. Climbing helmets are also used for high-alpine mountaineering and ski touring. For ski touring helmets with a double certification are offered. Besides the certification, the helmets differ in construction and material and thus weight. Altogether one can divide the helmets that are relevant for Ortovox consumer groups into four clusters (visualized in appendices I).

Hard shell helmets, produced through injection molding, with ABS plastic and inner foam shell, are classic climbing helmets, that are cheap in production, but relatively heavy. The outer shell of a modern climbing helmet is produced through vacuum molding of PC plastic, which is afterward punched (ventilation holes), before in-molded with EPS foam. Depending on if the shell of the helmet goes around the sides of the helmet or not, it can be used as a climbing, high alpine and ski touring helmet (hybrid climbing helmet) or as pure very lightweight climbing helmet (foam helmet). Helmets with ski certification, are heavier and more expensive, than climbing helmets, due to their complex multi-layer construction.

Market size

According to the European Outdoor Group (EOG, 2017), the total wholesale value of mountaineering helmets is at 8,132 million Euro. Compared to the other product categories of Ortovox, this is a small market, as shown by Fig. 52.

Competitors and competitor products

The market leaders for mountaineering helmets are Petzl, Black Diamond and Mammut. Ski touring helmets is a different market, with Dynafit being the market leader. Appendix I shows a detailed market overview of the market leaders and their products.

With a market share of 1.5%, the yearly revenue with helmets would, therefore, be at only 120,000€. Compared to the apparel and backpack market, however, there are not as many competitors in the helmet market, which might lead to a larger market share for Ortovox.

Figure 48 - European wholesale market volume per category, in million Euro, EOG, 2017
Product range & launch plan

Analyzing the current market and the user groups that Ortovox would target, the ideal helmet product range should consist out of four different models. One all-round in-mold helmet for high alpine, ski touring and climbing, as men’s and women’s style, one lightweight in-mold climbing helmet and one ski touring helmet with double-certification. All of the helmets should come in two sizes and at least four colorways per style. Regarding the recommended prices and weight, see Fig. 53.

The three summer helmets should be launched to the market in summer season 2022 and followed by the ski model in winter season 2022/23. Depending on the success of the helmet range, additional styles could be introduced three years after the introduction of the first helmets into the market, as shown in Fig. 54.
Investment & development time

The initial investment for a helmet product range is comparably high, which is due to the high tooling costs (between 20,000 and 30,000 Euro per model). For the development of the first four styles, at least one year and two full-time employees, or working with an external agency, will be required.

Financial calculation

The mean sales price for the four types of helmets in the market would be around 95€. With the usual 95% retail markup, this leads to a wholesale price of 48,72€. An, according to the manufacturer, realistic production price of roughly 22€, results in a margin of 55%.

Additionally, to employee costs and yearly expenses need to be calculated for the certification of each style (4,500€ certification & 1,500€ yearly renewal costs).

Market shares are conservatively assumed with 0,5% (1,632 sold pieces) in the first year, increasing to 1,5% (4,896 sold pieces) in the third year.

The cash flow (Fig. 55) shows that with the assumed market share, entering the helmet market would not be profitable. Even when reducing the number of styles, increasing the market share or the margin, there would be none or very little profit after three years.

With the assumed margin and recommended number of styles, a market share of about 3% needs to be reached to be slightly profitable after three years.

A sensitivity analysis (Fig. 56) illustrates that the sales prices and thus, the margin has the most significant impact on the cash flow result. However, increasing the sales price by 20% is not realistic as the helmet market is a price sensitive one and would only increase the cumulative cash flow by 26%. Also, a lower production price or fewer employee costs are not realistic.

The only way of saving costs would be by reducing the number of different products to a minimum. This limitation would make it harder to enter the market and to reach a higher market share though.

Conclusion

The viability analysis demonstrates that it will be challenging to create a profitable business out of helmets. The negative result is mainly resulting to the high tooling and certification costs. However, it is imaginable that the reachable market share will higher than assumed due to the innovative features of the concept. Another option to make it a working investment would be to reduce the number of different products to save tooling costs.
<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Pre market entry</th>
<th>End of Spring/summer 22</th>
<th>End of SS 23</th>
<th>End of SS 24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected Market share</td>
<td></td>
<td></td>
<td>0,50%</td>
<td>1,00%</td>
<td>1,50%</td>
</tr>
<tr>
<td>Annual Unit Sales / pieces</td>
<td>Revenue</td>
<td>1632</td>
<td>3264</td>
<td>4896</td>
<td></td>
</tr>
<tr>
<td>Price per Unit -mean price</td>
<td>Revenue</td>
<td>48,72 €</td>
<td>48,72 €</td>
<td>48,72 €</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
<td>79.510 €</td>
<td>159.020 €</td>
<td>238.530 €</td>
</tr>
</tbody>
</table>

| Operating Expenses                              |      |                  |                          |              |              |
| **Fixed costs**                                  |      |                  |                          |              |              |
| Salaries                                         | Expense | -120.000 €       | -120.000 €               |              |              |
| License costs per style                          |      | -4.500 €         | -1.500 €                 |              |              |
| TÜV license costs                                | Expense | -27.000 €        | -18.000 €                | -12.000 €    | -12.000 €    |
| Tooling Costs per mold                           |      | -22.000 €        |                          |              |              |
| Tooling cost                                     | Asset  | -132.000 €       | -44.000,00 €             |              |              |

| Variable costs                                  |      |                  |                          |              |              |
| Production margin                                |      | 55,00%           | 55,00%                   | 55,00%       |              |
| Production Costs per unit                        |      | 21,92 €          | 21,92 €                  | 21,92 €      |              |
| **Total Production costs**                       | Expense | -35.779 €        | -71.559 €                | -107.338 €   |              |

| Overhead other costs                             |      |                  |                          |              |              |
| Marketing overhead (5%)                          | Expense | -3.975 €         | -7.951 €                 | -11.926 €    |              |
| **Total Operating Expenses**                     |      | -279.000 €       | -231.296 €               | -110.592 €   | -159.888 €   |

| Cash Flow                                        |      |                  |                          |              |              |
| Cash Flow from Project                           |      | -279.000 €       | -151.786 €               | 48.427 €     | 78.641 €     |
| Cumulative Cash Flow                             |      | -279.000 €       | -430.786 €               | -382.358 €   | -303.716 €   |

**Figure 51 - Cash Flow for helmet range presented above**

<table>
<thead>
<tr>
<th>Market share (constant over 3 years)</th>
<th>Yearly revenue</th>
<th>Result after 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,5% (1632pcs)</td>
<td>79.510 €</td>
<td>-394.358 €</td>
</tr>
<tr>
<td>1,0% (3264pcs)</td>
<td>159.020 €</td>
<td>-303.716 €</td>
</tr>
<tr>
<td>1,5% (4896pcs)</td>
<td>238.530 €</td>
<td>-213.075 €</td>
</tr>
<tr>
<td>2,5% (8160pcs)</td>
<td>397.550 €</td>
<td>-177.392 €</td>
</tr>
<tr>
<td>5% (16321pcs)</td>
<td>795.101 €</td>
<td>421.415 €</td>
</tr>
<tr>
<td>7,5% (24481pcs)</td>
<td>1.192.651 €</td>
<td>874.623 €</td>
</tr>
<tr>
<td>10% (32641pcs)</td>
<td>1.590.202 €</td>
<td>1.327.830 €</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sensitivity Analysis</th>
<th>+/-20%</th>
<th>Result</th>
<th>Difference in Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Cash Flow</td>
<td>-303.716 €</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share per season</td>
<td>-267.460 €</td>
<td>-24,94%</td>
<td>11,94%</td>
</tr>
<tr>
<td>Sales price</td>
<td>114 €</td>
<td>-224.494 €</td>
<td>26,08%</td>
</tr>
<tr>
<td>Production Costs</td>
<td>26,31 €</td>
<td>-346.674 €</td>
<td>26,08%</td>
</tr>
<tr>
<td>Salaries</td>
<td>-144,000 €</td>
<td>-351.716 €</td>
<td>15,80%</td>
</tr>
<tr>
<td>Tooling costs</td>
<td>-26,400 €</td>
<td>-338.916 €</td>
<td>11,59%</td>
</tr>
</tbody>
</table>

**Figure 52 - Cumulative result after three years, depending on market share (left) and sensitivity analysis, with +/-20% (right)**
8.2 HARNESS

Market overview

The harness market can also be segmented in three to four main groups. Climbing harnesses are either lightweight and less padded, or they are more comfortable and therefore weigh more. The more comfortable ones are used for multi-pitch climbing, while the lightweight ones are mostly sold to sport and indoor climbers, or high alpinists. For the high alpine use, super lightweight harnesses, that can be stored compactly, when not needed, are offered. Besides padding, harnesses differ in the number of buckles (from zero to four) and the amount and type of gear loops. The more buckles, the more comfortable can the harness be adjusted, but the heavier it gets. A visualization of the market segmentation can be found in appendices I.

Market size

With a European wholesale market size of 20,159 million Euro, the market is more than the double of helmets, which is most likely because of the large group of indoor climbers that do not need a helmet. 1,5% of market share, would mean a yearly revenue of roughly 300,000€, which is still very small compared to the backpack or apparel market.

Competitors and competitor products

However, same as in the helmet market, fewer competitors fight for market share. The market leaders are again Petzl, Mammut and Black Diamond. Appendices I illustrate a detailed overview of the leading competitors and their products.
Product range & launch plan

Following the market research and the Ortovox consumer groups, three types of harnesses should be developed to build a well-working product range. A lightweight climbing harness, a low-priced all-round harness and a lightweight mountaineering harness. Additionally, to the standard all-round harness, a premium all-round harness could be added to the range.

All styles should come in a male and female style and four to five size options each. Every product should furthermore be produced in at least four colorways. Fig.57 describes the detailed specification of the product range lineup.

The harness product range should be released in summer 2022 (see Fig.58), with the first three styles. If the sales numbers are high enough, the premium all-round harness can additionally be added to the line in summer 2024.
**Investment & development time**

The development time for the three first styles is estimated to take one year and one full-time designer. As there are no tooling costs, the initial investment consists of employee and certification costs only and is therefore comparably low.

**Financial calculation**

The mean sales price of the three harness types, to be developed at the beginning, is around 70€, which means that the wholesale price will be at 35,90€ (95% retail markup). Talking to manufacturers revealed that the production price would be between 16 and 18 Euro, which means a margin of 50-55%. In the calculation, a margin of 54% was used. Same as for the helmet, it was calculated with a market share of 0,5% in the first year, increasing to 1,5% in the third year. 1,5% of market share, would mean about 16.000 pieces sold per year and yearly revenue of roughly 575.000€.

The cash flow shows a positive result the second sales year, with a break-even by the middle of year 2. Overall, the calculation shows that the harness will be a profitable project, as all numbers used in the cash flow are rather conservative. Even with an ongoing market share of only 0,5%, the break-even will be reached within three years.

The sensitivity analysis demonstrates that improvements in sales price or production costs will increase the profit significantly. To improve the profitability of this product group, it will be crucial. to reduce the material costs or to sell the harnesses to a premium price.

**Conclusion**

The viability analysis demonstrates that opening a harness product line is a profitable business for Ortovox. As the numbers assumed in the cash flow are conservative and very little initial investment is required, the resulting risk is minimal.
### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Pre market entry</th>
<th>End of Spring/summer 22</th>
<th>End of SS 23</th>
<th>End of SS 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>Revenue</td>
<td>0,50%</td>
<td>1,00%</td>
<td>1,50%</td>
<td></td>
</tr>
<tr>
<td>Expected Annual Unit Sales / pieces</td>
<td>Revenue</td>
<td>5343</td>
<td>10686</td>
<td>16029</td>
<td></td>
</tr>
<tr>
<td>Price per Unit / sale to retail</td>
<td>Revenue</td>
<td>35,90 €</td>
<td>35,90 €</td>
<td>35,90 €</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td><strong>191.794 €</strong></td>
<td><strong>383.588 €</strong></td>
<td><strong>575.382 €</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Operating Expenses

#### Fixed costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>Expense</td>
<td>-60.000 €</td>
</tr>
<tr>
<td>TÜV license costs</td>
<td>Expense</td>
<td>-13.500 €</td>
</tr>
</tbody>
</table>

#### Variable costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production margin</td>
<td>53,00%</td>
<td></td>
</tr>
<tr>
<td>Production Costs per unit</td>
<td></td>
<td>16,87 €</td>
</tr>
<tr>
<td>Overhead other costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing overhead (5%)</td>
<td></td>
<td>-9.589 €</td>
</tr>
<tr>
<td>Sales overhead (12%)</td>
<td></td>
<td>-23.015 €</td>
</tr>
</tbody>
</table>

#### Total Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>-73.500 €</td>
</tr>
</tbody>
</table>

### Cash Flow

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow from Project</td>
<td>-73.500 €</td>
</tr>
<tr>
<td>Cumulative Cash Flow</td>
<td>-73.500 €</td>
</tr>
</tbody>
</table>

*Figure 55 - Cash Flow for harness range presented above*

<table>
<thead>
<tr>
<th>Market share (over 3 years)</th>
<th>Yearly revenue</th>
<th>Result after 3 years</th>
<th>Sensitivity Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,5% (5343pcs)</td>
<td>191.794 €</td>
<td>60.137 €</td>
<td>Cumulative Cash Flow</td>
</tr>
<tr>
<td>1,0% (10686pcs)</td>
<td>383.588 €</td>
<td>267.275 €</td>
<td></td>
</tr>
<tr>
<td>1,5% (16029pcs)</td>
<td>575.382 €</td>
<td>474.413 €</td>
<td>Market share per season</td>
</tr>
<tr>
<td>2,5% (26714pcs)</td>
<td>958.971 €</td>
<td>888.688 €</td>
<td>Sales price</td>
</tr>
<tr>
<td>5% (53428pcs)</td>
<td>1.917.942 €</td>
<td>1.924.377 €</td>
<td>Production costs</td>
</tr>
<tr>
<td>7,5% (80143pcs)</td>
<td>2.876.913 €</td>
<td>2.960.066 €</td>
<td>Salaries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sensitivity Analysis</th>
<th>+/-20%</th>
<th>Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Cash Flow</td>
<td></td>
<td>267.275 €</td>
<td></td>
</tr>
<tr>
<td>Market share per season</td>
<td></td>
<td>370.844 €</td>
<td>38,75%</td>
</tr>
<tr>
<td>Sales price</td>
<td></td>
<td>458.360 €</td>
<td>71,49%</td>
</tr>
<tr>
<td>Production costs</td>
<td></td>
<td>159.300 €</td>
<td>-40,40%</td>
</tr>
<tr>
<td>Salaries</td>
<td></td>
<td>243.275 €</td>
<td>-8,98%</td>
</tr>
</tbody>
</table>

*Figure 56 - Cumulative result after three years, depending on market share (left) and sensitivity analysis, with +/-20% (right)*
8.3 GUIDE

Market overview

As described in the concept description, there are several digital products available for mountain sports. Most of them target the mass market of cycling, hiking or skiing. The majority of these digital tools offer route planning and navigation during sports. There are other apps/digital platforms for weather, snow conditions or the avalanche bulletin. They all specialize in one service and do not combine weather and route information for example. Several direct competitors also offer digital products, but which do (except Skitourengrü by Mammut) not offer additional value besides an online shop and product information. Appendix J shows an overview of the competition in this field.

Market size

The market size can be defined by the total number of mountaineers, in the core market (Germany, Austria and Switzerland). The two million members of the alpine clubs in these countries provide a first orientation. In the survey (1.1 d), about 85% of participants selected that they use digital weather services, and about 65% use digital route finding.

Another indication is the number of users of similar services. Komoot, which targets the large group of cyclists, has 4.5 million paying users (30€ one-time payment). Outdooractive, the market leader in the outdoor segment, calculates with roughly 60,000 paying users (30€/year) when they switch from a free service with 1.14 million users to a payable service. The current digital Ortovox platform, which is powered by Outdooractive, has 130,000 users.

Product range & launch plan

The GUIDE concept involves a range of functional parts. Started from the route portal, recommending personalized tours and working as a tool for orientation. The routing functionality is linked to the up-to-date information about actual conditions, such as whether or avalanche bulletins. Another package combines everything that is connected to products, such as product information, packing list, link to the CARE service, traceability, or product feedback. A personalized learning platform and emergency functionality are other functions that can be separated from the others.

The core functionality of personalized tour recommendations, combined with the information about external conditions and the product block, should be introduced in the first year to the market, while the other two can be released in the following years (see Fig.61).

---

Figure 57 - Release plan for separate elements of the GUIDE concept


**Financial calculation**

Yearly license costs of about 300,000 Euro, for using maps, weather information, etc. from third-party providers, were applied. These costs can be reduced by not offering all the intended services right from the start. Yearly maintenance costs will be around 30,000 Euro. Out of the various options for the business model, the in the industry most common freemium model, with yearly subscription costs for the main functionalities is recommended. Most of the competitors charge 30€ per year, which is also the amount used for the below cash flow. A very conservative number of 10,000 paying customers was assumed. With these figures, the cash flow (appendix J), results in a profit of 190,000 Euro after three years.

**Investment & development time**

Two approaches for the realization of the GUIDE concept are possible. Building a team of digital developers internally or outsourcing the development while only having one or two managing employees internally. For the calculation, the second option was applied. The initial investment for the development of all functionalities will, according to digital experts, be around 200,000 Euro. This investment is much higher than for the two physical products, described before. It was estimated that the development of the first version would take about one year.

**Conclusion**

The viability analysis of the GUIDE concepts shows, that while the initial investment and yearly license costs are high, there is a huge market. With 20,000 paying customers, the break-even will be reached after the first year already. The number of consumers can, however, be much higher, looking at the user size of competitors. Overall, a profitable business can be expected. The complexity of the product with digital development, collaboration with several information suppliers and a wide range of functionality should, however, not be underrated.
Implementation
This chapter presents how brand strategies and product & service concepts can be turned into a consistent bigger picture. It describes what the next steps are and how the purpose of an organization delivering *lighthearted mountain experiences* can become reality. The final section is a reflection of the process and methods applied during this process.
How to proceed

This section provides a recommendation about the application of the project results. It furthermore points out how the results of this work can be used as a guideline and describes the next steps towards the implementation.
9.1 FINAL RECOMMENDATION

It was the original project brief to identify how Ortovox should position itself in terms of products to consolidate growth over the next years.

To define the scope for new product or service solutions, the project started with an analysis of the status quo. In doing so, the external situation revealed several threats that the organization is facing. The business needs to react to these risks if it wants to stay successful in the future.

The brand was identified as the guiding elements, that could help in solving the threats. Through a redefinition of the brand, including a clear brand core and an overarching brand purpose, the base for strategic decisions and future development was built. The comprehensive strategies described in section 6.1 should be applied to implement and strengthen the adjusted brand, to eliminate the identified threats and to provide orientation for new product or service innovation.

The project results in the vision that Ortovox will evolve from a product supplier into a brand that is accompanying the mountaineer along the whole journey. In this vision, the medium of the solution to a consumer problem is not fixed but can be attained through physical products, services or digital products. The center of every ambition of the company should thereby be to enable light-hearted mountain experiences.

To achieve this ambition, the core of the brand needs to be implemented in every single product or service that Ortovox will be offering in the future. This core is composed of the combination of the functional, premium quality and protection, with cheerful and unique design and the focus on sustaining the natural environment.

The redefined brand also builds the framework for the tangible extension of the current offer. Using the brands’ purpose, DNA and strategies and applying them to consumer problems led to the creation of innovative products and services. At the end of the project, four concrete concepts are suggested to answer the original project brief. These products and services, which are functionally connected among each other, illustrate how the product and service offerings could be shaped in the future.

With the knowledge gained in this project, it is highly recommended to bring the three concepts, CARE, HARNESS and GUIDE to the market within the next years. All three concepts offer substantial new value to the consumer, strengthen the brand and are commercially viable.

The CARE concept can relatively easy be implemented by optimizing existing processes and by manageable investment. In return, it will boost the brand reputation enormously. The HARNESS is a conventional hardware product, which, with its innovative detail ideas, can be realized with low risk and limited investment. When added to the product portfolio, a harness product range will strengthen the brand in the critical areas of summer, protection and hardware. The digital GUIDE is more complicated than the two other concepts and requires a higher initial investment. However, it is also the concept with the largest growth potential in terms of revenue. Moreover, GUIDE is utilizing the vast opportunity that the digitalization offers. By implementing GUIDE, Ortovox could create a system that supports the mountaineer throughout the whole journey. It is the most future-oriented concept and opens many options for further product and service expansion.
Through the economic analysis, the HELMET concept turned out to not be profitable with the assumed numbers. The HELMET category was thus evaluated as not viable for the business. However, this product range would be highly beneficial for the brand and is conceptually strong, which is why it should not entirely be excluded from further considerations.

Besides the additional revenue that can be gained by the recommended new product or service categories, they will strengthen the brand, which again is expected to result in overall growth. With a stronger brand, more consumers out of existing target groups will decide for Ortovox.

The concepts created through the brand-driven process are certainly not the only suitable products or services, but an extract of any further ideas that can be created following this project. It is highly recommended to continuously work on potential innovations for the future of Ortovox. The applied approach is thereby crucial, as it can be used to develop new ideas and to take strategic decisions from a gut feeling to a rational level. Tools such as the brand pyramid or the brand fit canvas were created to support internal innovation processes.

From a brand perspective, new products or services are the best way to implement the purpose and to strengthen the uniqueness in the market. However, additionally to entirely new product or service offerings, the brand strategies should also be applied to existing product categories. New apparel products should, for example, become more technical, should be designed to focus on specific needs and user groups and should be improved in quality. Increased longevity and reparability of existing products strengthens the brand (functionality, sustainability & lightheartedness, due to less trouble) and at the same time prepares all products for the introduction of the CARE concept.

By adapting existing products and introducing new ones, the market perception of the brand will become sharper. While a more evident brand is expected to solve the external threats and will help to grow further, it will also create new consumer expectations, as shown in Fig. 64. Additionally, trends and technological developments will continue to change the context. Ortovox should, therefore, constantly keep track of the changing consumer needs.

Ortovox is in an excellent position to make decisions on the strategic future of the company based on the result of this project. It is time to act and to prepare for the future in order to sustain the positive development of the past.
Figure 59 - The full brand triangle, including products and services developed in this project. The question mark stands for many other ideas that the company might come up with, based on this work.
9.2 NEXT STEPS

Originally it was envisaged to summarize the development of the brand and the newly created concepts in a roadmap. However, the result of the project is not a fixed goal that can be realized step by step. The result is instead recommendations about what can be done in the future to stay successful and to consolidate growth. The presented concepts are possibilities for the extension of the current offer and the report provides a good base for rational decision taking about which one to pursue. The redefined brand is also not an entirely new brand that should replace the current one, but builds on the existing elements and how the market perceives them. It clarifies what the brand actually stands for and what is intended internally, to provide orientation for the future. The new brand stimulates strategic decisions instead of defining a goal that needs to be achieved within a specific time frame. Due to these reasons, this section specifies the next steps of the implementation, instead of a roadmap.

In general, all decisions taken in the future, be it on a strategic or tactical level, in communications or products, should be based on the redefined brand core and the linked brand strategies, to create a precise and consistent understanding of the brand, internally and externally.

On the practical product and service level, the next step is to decide about the concept(s) to pursue. In this project, the concepts were tested regarding their brand fit and commercial viability. It is recommendable to add a risk analysis and to test the desirability of the concepts with consumers. Such an analysis will reveal if consumers will pay for the products and services and how they should be adapted to be marketable. Measuring the desirability will also help to estimate better the expectable market share will thus improve the financial analysis. After testing the risk of market entry and the desirability of the proposed concepts, a final decision for or against new product or service areas can be taken soon.

If the management decides for one or more of the presented concepts, the internal capacities need to be build up accordingly, before the actual development process can start. Realistically, the new product categories can first be introduced in summer 2022.

The revision of the existing products, as described in the previous section, can be implemented immediately, so that the first results will enter the market in summer 2021.

As the concepts described in this report might not be the only ones that can help the brand to grow, the organization should furthermore establish brand and consumer-driven innovation approaches, that go beyond the general product improvements, but that continuously lead to new concepts. This thesis builds the base for such processes.
Figure 60 - Turning the brand and strategies into reality by implementing new products and services that follow the brand and fulfill consumer needs.
The final section is a reflection of the process and methods applied during this process. It highlights the benefits and limitations of the approach and describes how it can be used for similar challenges of different organizations.
REFLECTION

Process set-up

The project was started with the broad objective to search for suitable product or service areas to consolidate the company’s growth. The typical process to find the right concepts for the future, would be to analyze the current product portfolio, to compare it to competition and other market facts and to so find gaps in the current offer. This procedure usually results in conventional products or incremental improvements rounding the existing portfolio off. That is why a range of innovation approaches from the field of design was considered for this thesis, to come up with new ideas. The following section describes the chosen process and how it worked in the particular context of this project.

Any decision about new products or service areas is directly linked to the general future strategy of the organization. It is, therefore, apparent to first envision possible futures and to then create the right products and services for this prospective world. The ‘Vision in Product Design method’ (described by Hekkert et al., 2009) or future scenario building are two common processes to come up with innovative ideas for the future. Trends from various areas like politics, economics, society or technology are analyzed to create the base for new ideas. Often novel technologies are the source of entirely new products in the outdoor industry. The issue with the innovation processes based on trends is that it is not clear whether the new ideas fit the existing organization. It lacks the fundamental guidance required to create and select the right ideas for the one specific organization.

Alternatively, the process could be focused on consumer needs, starting with in-depth user interviews. Consumer needs, which are combined with market research, company analysis and the identification of relevant trends, potentially lead to innovative ideas. This consumer-driven process was intended before the beginning of the project. When the project started, it turned out to be a difficult decision about where to start with the user research. How to define the scope for innovation, when the company is offering a wide range of products for several target groups, different fields of use and different types of mountain sports? As the brief did not define a specific problem as a starting point, it was nearly impossible to get a grip on the project. It was possible to concentrate on one specific area, but this would imply the risk of losing sight of another domain, which might be more relevant to the organization. The problem with this approach was again the missing orientation.

To get a clear view of the guiding organizational strategy and to determine the innovation scope, the process had, therefore, to start with the brand. A distinct definition of the brand would facilitate the whole innovation process. This process is called brand-driven innovation and was first described by Abbing in 2010.

Brand-driven innovation

At the beginning of the process, in-depth interviews with the managing director and other leading managers were conducted, to understand the company’s overall brand strategy. Through these interviews, it could be identified that no clear conception of the brand is shared internally. Different managers had different understandings of the brand, its vision and how this should be demonstrated through products and services. Though, only with a clear brand definition, it would be possible to create a powerful future strategy which would lead to innovative products and services.

„This requires a very solid and shared foundation of norms, values, beliefs and vision. You can only jump high if you stand on firm ground“ (Abbing, 2010)

Due to this reason, the project started with analyzing the current situation of the brand. A critical aspect there was not only to understand the internal beliefs and views but to include the consumer and the overall market opinion in the process of the brand redefinition.

The external analysis was done by asking retailers, salespeople and consumers about the brand through online surveys and qualitative interviews. The goal was to find out how these external stakeholders perceive the brand, what they like and what they do not like. Abbing, 2010 states: „Organizations have to demonstrate a clear understanding of the people they aspire to do business with and what these
people essentially find of value.”

Some aspects of the brand were consistent between the different stakeholders’ judgments, while other aspects were either only perceived internally or externally. Through the combination of the different points of view, a precise image of the ideal composition of the brand core could be gained. Furthermore, threats could be identified, by putting consumer expectations next to the internal vision and current positioning of the company. Building on the redefined brand and aiming to eliminate the threats, led to strategies that are expected to make the brand successful in the future.

**Combining the brand-driven process with user-centered methods**

After redefining the brand with its brand promise and the resulting strategies, the focus could turn towards the initial goal again, which was to create new product and service ideas. The starting point for the creation of ideas is in the brand-driven process, obviously the brand. Brand purpose, brand DNA and threats were used as a guide and source of creativity for ideation. Furthermore, trends were taken into account. Several concepts were built using this method.

> „Its task is not to scout randomly for opportunities for growth but is rather to create these opportunities, with the brand’s vision as a guide and the expectation of the user as the goal.“ (Abbing, 2010)

However, while all those ideas were well-aligned with the brand promise, they were not new to the market. It was therefore concluded, that for the creation of new ideas, the perspective had to be switched again. After starting the process with brand focus, it was time to slip into the perspective of the consumers.

The well-defined brand made it now much easier to find the right areas for further research. The brand promise defined the scope of the consumer-focused methods. In this case, the goal was to find ‘problems’ that are preventing the consumer from having lighthearted mountain experiences (the brand purpose). The problems identified by this method were an excellent base for creative brainstorming sessions. Consumer problems could be solved creatively, without strict limits of the brand. The new ideas had then to be evaluated by selected brand criteria, as they were obviously not all matching the core brand elements.

This procedure means that the redefined brand acted as a filter for ideas, instead of being the starting point of them. Altogether, the brand was used in the first step to defining the focus area for consumer-driven methods and was later again applied to evaluate the so generated ideas. The most promising ideas, however, were found by focusing on consumer problems and needs. It can, therefore, be concluded, that in the case of such an open project brief, neither a pure brand-driven process nor consumer-focused methods would work on its own. Instead, a combination of the two different approaches led to the best product and service concepts.

The so defined process is a combination of a brand-driven process with consumer-focused procedure.

**Conclusion of process reflection**

Through the combination of a brand-driven process, that frames consumer-focused ideation methods, brand fit and consumer desirability were achieved. By working on this project, it was realized that both approached (brand-driven innovation and consumer-driven innovation) would not have worked alone, to achieve a satisfying result. The combination of both approaches, however, helped to change perspectives along the process and to come up with relevant concepts. It is therefore assumed, that this combined process applies to more innovation project with such a broad brief as this one.

**Additional reflections**

Overall, this thesis demonstrated that it is crucial to question the status-quo of a company continually, even if it is very successful. While Ortovox was growing for many years and everything seems to be in a perfect condition, the project revealed that success creates threats, threats which are not apparent in the times of a growing business, but that might endanger the company in the future. Current growth does not mean that it will continue in the same way, as context and expectations change. It can, therefore, be concluded that innovation strategies are not less important to successful organizations compared to the ones that are in a bad
The redefinition of the brand took a major part of the time and efforts spend in this project. It, therefore, needs to be stressed, that it was necessary to work on the brand itself because its core, purpose and future conception were not distinct internally and internal views did not match with the external perception. This part of the process is not necessary if a distinct brand strategy is already available. In this case, the process can start right away from translating the brand strategy into tangible products or services.

The part, where the abstract brand is translated into concrete products and services, is the core of the brand-driven innovation process and a challenging one. It would have been good to invest more time in this phase of the project and to focus more on ideation methods, to come up with a wider variety of concepts.

In general, this thesis illustrated how important it is to manage complexity and to switch constantly between different levels of abstraction. The broad beginning of the innovation process led to an immense amount of information, which needed to be condensed and interpreted within a short time frame. To be able to deal with the complexity, to quickly familiarize with specific knowledge in different areas, and to turn everything into meaningful conclusions, was the key capability and challenge to manage this project.
References


12 S-Magazin, Authentizität, Süddeutsche Zeitung, 2.2019

13 SAZ Sports (2019, February) – ISPO trade show special issue

14 Strategy&, (2019). Learn about the digitization megatrend and how it is affecting businesses on the supply and demand sides. Retrieved from https://www.strategyand.pwc.com/digitization
With the aim of identifying product or service innovation, this thesis takes a brand-driven approach. The project is conducted in collaboration with the mountain sports firm Ortovox, which is in search of ways to consolidate growth. Through a brand redefinition, based on the perception of internal and external stakeholders, the project illustrates the preparation of a foundation for future strategic decisions. The newly defined brand core and its purpose of enabling lighthearted mountain experiences are used to form ideas. By combining the brand focus with consumer needs, five concepts, that fit the organizations’ capabilities and values, and at the same time, deliver real value to consumers, are created.