

# THE ARCHITECTURE OF PRODUCT OFFERINGS

by David S. Evans and Karen Webster

**PRODUCT OFFERING ARCHITECTURE IS A FRAMEWORK FOR MAKING DECISIONS RELATED TO THE DESIGN OF PRODUCT OFFERINGS, WITH AN EMPHASIS ON THE IMPLICATIONS OF THOSE DECISIONS TO PROFITABILITY, INNOVATION AND COMPETITIVE POSITIONING.**

## About POA

POA is based on extensive field research on product offerings, business models, and pricing in diverse industries and draws on theoretical work on bundling, versioning, and other aspects of product architecture. It is based in part on very recent empirical and theoretical research that has been published by Dr. David Evans in the *Yale Journal of Regulation*.

**Email the authors to share your thoughts and start a conversation about this topic.**

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**"I want a pair of jeans—32–28," I said. "Do you want them slim fit, easy fit, relaxed fit, baggy, or extra baggy?" she replied. "Do you want them stonewashed, acid washed, or distressed? Do you want them button-fly or zipper-fly? Do you want them faded or regular?" "I just want regular jeans. You know, the kind that used to be the only kind."**

—Barry Schwartz, *The Paradox of Choice*

**"The customer can have any color he wants so long as it's black."**

—Henry Ford on color choices for the Model T

What choices should you offer your customers and which ones shouldn't you?

The answer to this question has profound consequences for business strategy, product design, marketing, and pricing, not to mention product adoption. Designing products and architecting product lines are the most difficult, expensive, and vital decisions that your business will make. They determine a significant part of your development, manufacturing, and distribution costs and most, if not all, of your sales to consumers. Yet, aside from glib anecdotes and vague "lessons learned," existing management literature provides little guidance to managers and entrepreneurs.

**Product Offering Architecture (POA) fills that void.**

This management concept is based on field research on product offerings, business models, and pricing in diverse industries and draws on theoretical work on bundling, versioning, and other aspects of product architecture. **POA provides a unified framework for making informed decisions about consumer choice and optimal product design.** Although related to the literature on product bundling, it differs dramatically from previous thinking. POA sheds new light on how the total costs of making alternative product offerings, including the costs to consumers of added choice, impacts the profitability of the product offer. **POA principles, therefore, enable companies to increase long-run profits, identify product innovations and avoid disruptive competition.**

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