Product Arts

Reduce Your New Product Risk
By Understanding Where Things Go Wrong

Developing a new product is risky business and a big part of the problem lies in planning and delivering the right product. In the book ***New Products Management***[i], Crawford & Di Benedetto give 3 primary reasons for why new products fail:

1. Customers had no compelling reason to buy
2. The product did not meet customer expectations
3. Customers did not get the product message

This short article focuses on the early pre-launch activities (items 1 & 2 above) and where things can go astray.

No Compelling Reason to Buy

As technologists, we're in love with product capabilities – the coolness and features. Unfortunately, customers buy benefits, not features. A lot of wasted time and money can go into a product that did not have a valid concept from the very beginning. Some examples of ways to miss the market are:

- <u>Exaggerated customer need</u> – The product will make it easier to do ABC but people don't actually have a problem doing ABC the existing way. (Example: iGoGo MP3 Player/Massager)
- <u>Poorly segmented market</u> – The segmentation is "everyone" and finding customers who share the same problem is nearly impossible. (Example: Small Business Segment)
- <u>Undifferentiated product</u> –The product looks like a "me-too" (or less) in the primary benefit attributes compared to competition, especially the market leader. (Example: Zune)

Unmet Customer Expectations

There are significantly more ways to mess up a good product concept than to do it correctly. Some examples of ways to miss customer expectations are as follows:

- <u>Primary benefit not delivered</u> – The product didn't deliver the complete primary set of benefits. (Example: MP3 Players before iPod regarding size versus capacity)
- <u>Whole product not delivered</u> – Customer has to acquire additional pieces to make the solution work. (Example: MP3 Players before iPod regarding getting/managing music)
- <u>Missed the mark</u> – A valid problem exists but the solution misses the mark on important product attributes (like size, batter life, cost, performance, etc). (Example: Apple Newton)
- <u>Too complex or difficult to use</u> – A product only an early adopter would put up with. (Example: MP3 players before iPod regarding transferring/playing music)
- <u>The business model is wrong</u> – The product and features may be right, but the manner of buying or restrictions alienates customers. (Example: Online Music before iTunes/Amazon)

Reducing Risk of Failure

The most successful and easiest tactic for gauging whether your idea has legs is to take an early mockup or prototype to customer testing before committing to full-scale development. In addition, during development, plan on usability testing or showing the product to trusted customers or surrogates to get feedback on implementation. This may be difficult to do in a waterfall process until late in the game without some significant planning. Also consider Agile or other iterative development techniques to accomplish early deliverables.

The market typically first sees a new product in the Beta test. This is ***way too late*** to be validating the concept. It is unlikely you will recover from a fatal error in the product concept or implementation by the time you go to Beta as you've already expended most of your time and budget getting this far.

Test your product early and often for best results to reduce the risk of market failure. (Note: you still might fail. Sorry, even Apple has dogs.)

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[i] New Products Management, Merle Crawford and Anthony Di Benedetto, McGraw Hill, 2006