



# Getting The Most Out Of Your New Product Introductions

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**Dimensions of EXCELLENCE™ is based on the four dimensions of performance and organizational excellence. These are the foundation for our development programs oriented to achieving performance and organizational excellence in sales, marketing, and customer service.**

**These white papers provide concepts and ideas based on the application of these principles of these programs and our work with our clients. We welcome your comments and observations on these topics.**

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The company is introducing a new product. Everyone is excited; developers have poured their hearts and souls into development, sales is excited about something new to talk to their customers about, executive management has high expectations of revenue and profit contributions from the product. Everything looks great!!

Three months later, the picture is very different. Sales people are not selling the product with the same vigor, orders are not coming in as expected. Developers are blaming sales people for the lack of success. Sales people are saying the product does not meet the customer requirements. Executives are conducting countless reviews to determine what the problem is. More fingers are being pointed than you can count! If it was a very high visibility product introduction, the company's stock is taking a beating and the press and analysts are predicting failure.

## **Frightening Statistics**

While the picture we have painted may be extreme, it is not that unusual. Let us look at some data first:

- An ongoing study conducted by PDMA shows that over 40% of product introductions are considered failures.
- Older studies cited by Advertising Age claim 80% of product introductions in 1990 were failures. This is up from 70% between 1960-90.
- An article in management accounting magazine estimates that 46% of the money spent by companies on the conception, development, and launch of new products is spent on losers.

Frightening isn't it!! There are many reasons that new product introductions fail. Some of these failures are the result of not doing the right homework in the definition and development phases of the product development cycle. But let's focus on a few things that can be done to maximize the impact of well defined and executed products at introduction.

Our process for introducing products to our customers and the sales force is usually backward. Usually we focus on the product features, functions, and capabilities. Our advertising, press releases and collateral trumpet breakthrough technologies, innovative features and other capabilities. We declare the superiority of those features to those offered by our competition. Often we generate a feature checklist, showing our product with more features, functions, bells, whistles, better feeds and speeds than our competition.

The truth is, our customers do not care about how wonderful our products are! They do not care about features, functions, feeds and speeds! They only want solutions to their business problems.

We need to change our focus to the customer. We need to address the benefits the customer will get from the implementation of the product. We need to talk to the problems it solves for the customer. We need to identify how this product will create new opportunities for our customers to grow their businesses. This subtle shift in perspective has a dramatic impact on our success in presenting new products to customers.

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### **Benefits and Value Count, Not Features**

It sounds so simple, but we rarely see this done. How do we start to shift our focus to the customer and the benefits they will receive as a result of our solutions?

**Step 1:** We need to identify our target markets and customers:

- What are the characteristics of the customers that are likely to have the problems that this product solves?
- Who in the customer is likely to be the problem owner?
- How do we determine whether they are really having the problems that this product addresses?
- We need to identify, explicitly, markets or customers that are not good fits for our solution.

**Step 2:** We need to be able to answer the following questions:

- How will implementation of the product help the customer grow their revenue or profitability?
- How will the product help the customer realize new opportunities to better serve their customers?
- How will purchase of the product help the customer improve productivity, reduce cycle time, or reduce costs?
- How will the product help the customer in attracting new customers or retaining current customers?
- How will the product help the customer improve quality, customer or employee satisfaction?

Until we can answer these questions, we do not know the problems or opportunities the customer faces and how we can help the customer address them.

**Step 3:** We must be able to differentiate ourselves from other alternatives available to the customer:

- What makes our solution different from similar products? This needs to be answered in terms of benefits to the customer, not features of the product.
- What other alternatives does the customer have? There may be other solutions to the problem or the customer can choose to do nothing.
- What is the impact of our solution in helping the customer solve their problems or address new opportunities? We must create a compelling argument that demonstrates the benefits the customer will achieve through the implementation of our products. Quantifying the responses to the questions in Step 2 can help us develop that justification.
- How, specifically, do we deliver superior value to the customer in solving their problems?

In selling any product, whether new or old, if we cannot demonstrate the differentiated value that our solutions offer, we are wasting our time and that of our customers.

### **High Impact Product Introduction Programs**

Now that we have addressed some basic issues, what are some of the things that we can do to maximize the impact of the new product launches.

Marketing needs to do the following:

- Create awareness in the target customer sets about the solution. Marketing, advertising and PR campaigns that focus on benefits and solving problems, not trumpeting features. They need to generate interest with the right markets and target customers.
- Provide brochures and collateral that communicate how the product helps solve problems, not focusing on features and capabilities.

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- Provide case studies for both the sales people and customers that demonstrate the benefits customers receive in implementing the new solution. These case studies should present real data demonstrating the impact of the solution.
  - Focus training less on reiterating product features, functions, feeds and speeds, but on the application of the product in solving customer business problems.
  - Train the sales people in how to identify target customers and problem owners. Show them how to identify and qualify customers who are likely to have problems that we can solve with our new product.
  - Guide the sales people, specifically, in what questions they need to ask to determine if the customer has the problems that your new solution addresses. Further training them in how to identify the impact of these problems on their businesses. (The SPIN questioning approach developed by Neil Rackham is particularly effective in helping the sales person with these questions.)
  - Train the sales people in developing a differentiated value proposition that addresses the specific issues the customer faces, using their numbers and terms.

Sales needs to support the launch by doing the following:

- Go to the introduction training meetings with a pre-identified target list of customers. These should be based on criteria developed by marketing and published before the launch meeting.
- At the meeting, focus on understanding how the product helps customers improve their businesses. Prioritize learning benefits over features.
- At the introduction meeting, develop specific plans to introduce the product to these pre-identified customers. Determine who you will see, what you will do, and the desired outcomes of each meeting with these target customers.
- Leave the meeting with documented sales strategies for introducing the new product to the right customers.
- At the meeting, with the help of marketing, begin to develop differentiated value propositions targeted to each customer. Naturally, only a beginning step, specific value propositions will be based on the results of discovery calls made by the sales people.
- Leave the meetings with specific 30-60-90 goals for introducing the new solution to targeted customers. Include the meetings with the target customers that for which sales strategies were developed. Make sure these goals are in sync with the expectations of management. These goals become the road map for the sales person in maximizing the impact of the launch and accelerating the results produced.

Sales, marketing, and executive management needs to do the following:

- Clearly communicate expectations, priorities, and objectives for the launch. Without strong and visible leadership from executive management, the sales organization has not clear direction or goals for incorporating the product into their current territory plans.
- Reinforce the focus on benefits not features. Don't talk about how great the product will be in supporting the goals of the company, but rather focus on how great your solutions will be in helping your customers achieve their business goals. Nothing can be more damaging to a well executed launch than a company's senior executives continuing to focus on products in their internal and external communications.
- At the meeting, rather than have company executives talk about how great this new product is, consider having a key customer talk about how the product will help them achieve the goals they have for their company.
- Establish and track 30-60-90 goals, supporting those developed by the sales people. Use these goals to monitor the effectiveness of the launch, to identify and fix problems early. Often management sets sales and order goals. However, these may not be appropriate, [particularly for solutions having long sales cycles. Management needs to identify leading indicators to assure the launch is on target and sales and order goals will be met.

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There is no magic to maximizing the impact and effectiveness of new product launches. It starts with the company doing its homework in the definition and development phases. At launch, it continues with marketing, sales and management focusing on customer needs and how the product helps the customer achieve their business goals.

Regardless of how great our new products are, if they do not help our customers solve their problems in a superior fashion, all the wonderful features, functions, bells and whistles will not produce the results we seek with the new product.

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