

Moving the Market:

Four Questions You Need to Answer to Strengthen Your New Product /Service Marketing Strategy



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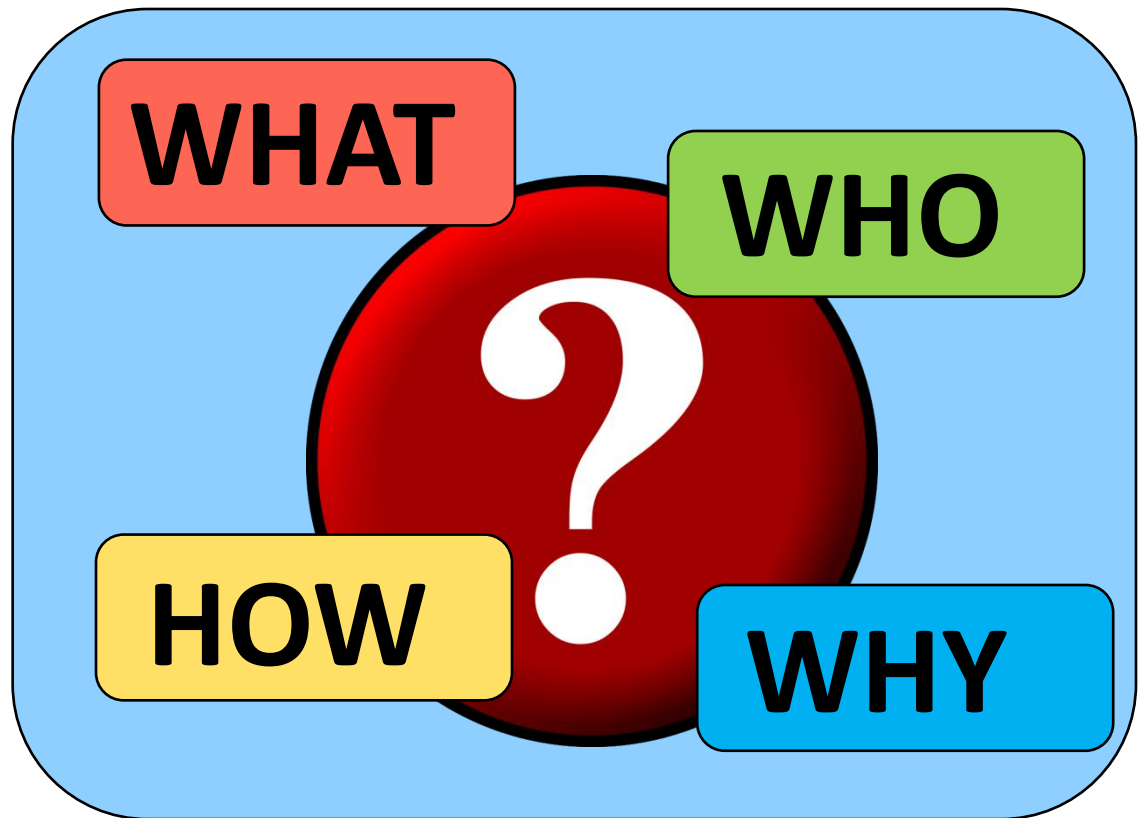
Find resources to help your company grow and people to support your efforts.

Steve Bassill

Sbassill@qdistrategies.com

Mike Barr

Mbarr@qdistrategies.com

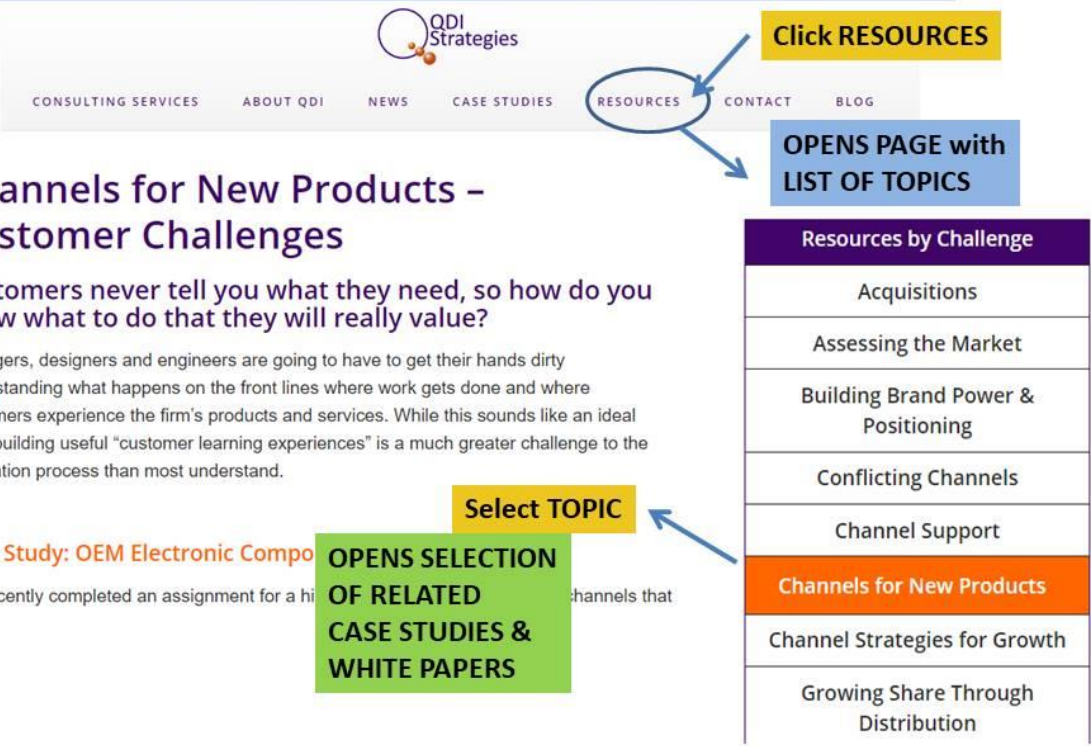


A New Approach to Changing Market Behavior

This short essay is part of a series of idea papers that QDI Strategies, Inc. is sharing via its website and blog.

As you read these call Steve or Mike at 847-566-2020 and ask for our help in applying the ideas.

Learn to navigate <http://www.qdistrategies.com> web site



The screenshot shows the QDI Strategies website navigation menu with the following items: CONSULTING SERVICES, ABOUT QDI, NEWS, CASE STUDIES, RESOURCES, CONTACT, and BLOG. The RESOURCES link is circled in blue, and a yellow callout box labeled 'Click RESOURCES' has an arrow pointing to it. Below the navigation menu, the page title is 'Channels for New Products - Customer Challenges'. The main text reads: 'Customers never tell you what they need, so how do you know what to do that they will really value? Managers, designers and engineers are going to have to get their hands dirty understanding what happens on the front lines where work gets done and where customers experience the firm's products and services. While this sounds like an ideal goal, building useful "customer learning experiences" is a much greater challenge to the innovation process than most understand.' Below this is a 'Case Study: OEM Electronic Components' section with the text: 'We recently completed an assignment for a high-tech manufacturer to identify channels that...'. A yellow callout box labeled 'Select TOPIC' has an arrow pointing to the 'Channels for New Products' item in the 'Resources by Challenge' list. A green callout box labeled 'OPENS SELECTION OF RELATED CASE STUDIES & WHITE PAPERS' is positioned over the 'Channels for New Products' item. The 'Resources by Challenge' list includes: Acquisitions, Assessing the Market, Building Brand Power & Positioning, Conflicting Channels, Channel Support, Channels for New Products (highlighted in orange), Channel Strategies for Growth, and Growing Share Through Distribution.

Channels for New Products - Customer Challenges

Customers never tell you what they need, so how do you know what to do that they will really value?

Managers, designers and engineers are going to have to get their hands dirty understanding what happens on the front lines where work gets done and where customers experience the firm's products and services. While this sounds like an ideal goal, building useful "customer learning experiences" is a much greater challenge to the innovation process than most understand.

Case Study: OEM Electronic Components

We recently completed an assignment for a high-tech manufacturer to identify channels that...

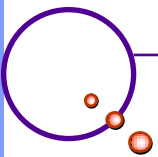
Resources by Challenge

- Acquisitions
- Assessing the Market
- Building Brand Power & Positioning
- Conflicting Channels
- Channel Support
- Channels for New Products
- Channel Strategies for Growth
- Growing Share Through Distribution

RESOURCES & CASE STUDIES PAGES ON QDI STRATEGIES WEB SITE ARE ORGANIZED THIS WAY

Read QDI Strategies blog at

<http://www.qdistrategies.com/qdi-blog-insights-success-complex-markets/>

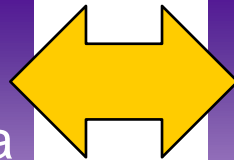


Challenges to Market Growth

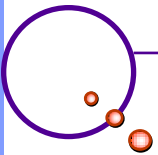
- **Creating a value proposition for target customers that is great enough to overcome their resistance to change.**
- **Communicating and delivering that new value proposition to the target customers.**

Learn what you can do to change customer behavior and what you must do to execute that change

Outside
To Change Behavior – Create a Winning Value Proposition

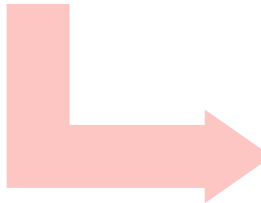


Inside
To Change Behavior – Implement Internal Changes to Communicate and Deliver Your Value Promise

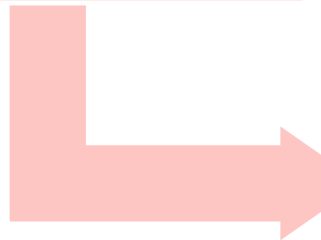


Every Strategy Starts by Asking Four Basic Questions Relative to the “Degrees of Change” of Your Offering

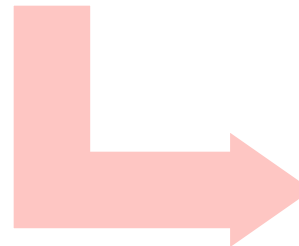
What product / service are you thinking of selling?



Who is the target customer – or target customer segments?



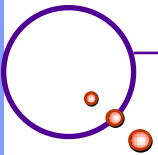
How are you going to get customers to consider your offering and introduce it to their purchase process?



Why is the customer going to purchase your product versus his alternatives?

Every business or new business opportunity is substantiated by answering **Four Basic Questions** that address the level of change required by any new strategy.

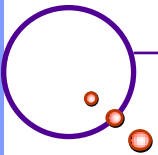
Your ability to answer these questions and identify the changes they will require outside and inside your business is fundamental to success.



Start by Thinking About the Big Picture

What product / service are you thinking of selling?

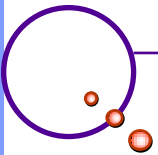
- Is the market big enough to justify investment? Just how much potential exists for this product / service concept?
- Is there competition that makes entry difficult? Are you the pioneer, or is the scenario just the opposite - there is an entrenched industry leader?
- How fast will this product/service grow? How long will it take the industry to adopt your product? What are the forces that are going to accelerate adoption or become barriers to adoption? Can you leverage these or find ways to mitigate the barriers?



Who is the Target Customer, or Customer Segments?

Who is the target customer – or target customer segments?

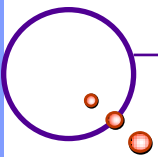
- What portion of the opportunity, adoption rate, and competition exists in these initial customers? Why do you think they will adopt faster?
- How much of the market opportunity exists in these initial customers? Is there enough to gain meaningful traction in the market so that you are considered a viable option by the broader market? Is there enough revenue and profit potential to cover your expenses and seed your growth from these customers?
- Are the decision makers people you have existing relationships with? If not, how do you expect to reach and sell these people? How long do you expect it to take to develop individual customers?



How Will You Get Customers to Consider Your Offering?

How are you going to get customers to consider your offering and introduce it to their purchase process?

- Will your existing channels be successful with this offering? (Do they have the market coverage, competency to learn to sell and support your product, connections with the right people to open the doors and influence sales and commitment to put the necessary resources behind this effort)? Is so, what will they need from you to succeed?
- If not, what are your options? Is it possible you can convince some of these to modify their businesses to serve this market? Or, are there channels that already have the customer relationships and the competency to sell your product / service? How much conflict will they create with your existing channels? Is this manageable?



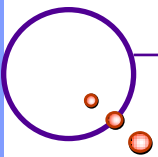
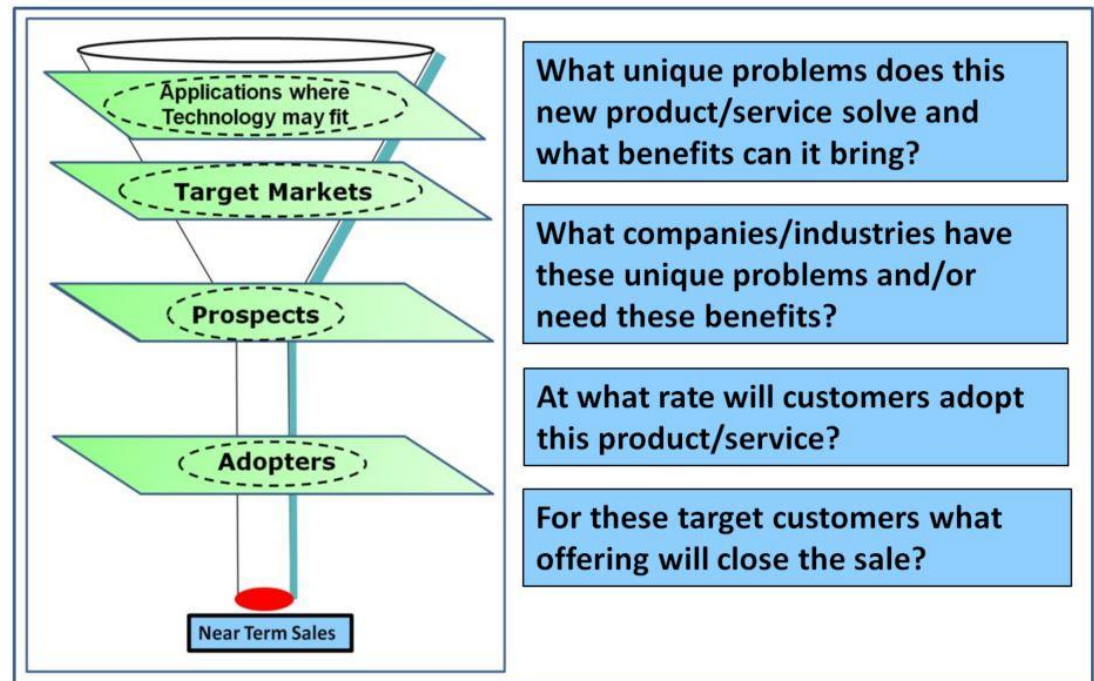
What Motivates Customers to Choose Your Product?

Why is the customer going to purchase your product versus his alternatives?

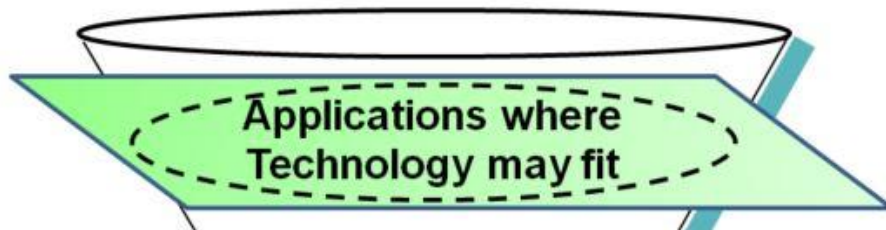
Is your product of greater value, or superior on some dimension, or lower cost, or is your service and support better?

These are four steps to get new product odds in your favor.

We'll describe these on the next two pages.



Know What Value Your Offering Brings to Customers



What unique problems does this new product/service solve and what benefits can it bring?

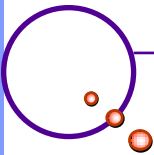
What problems does this solve? What benefits can it bring to customers? What are the “economics of this value?”

What companies/industries have these unique problems and/or need these benefits?



Find the right targets for your offering

- Those that will get the highest value and have the lowest barriers to adoption
- Those who will gain greatest benefit from your offering



These Steps Narrow Your Focus to High Potential Near Term Sales



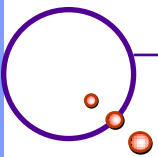
At what rate will customers adopt this product/service?

Identify and reduce/overcome any barriers to adoption. Understand what companies can do to overcome these barriers and how this will impact adoption.

For these target customers what offering will close the sale?

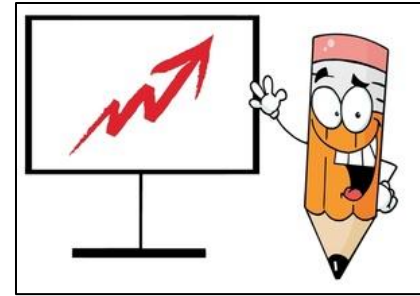


- What specific price and performance targets must be met for rapid adoption?
- What levels of support and risk reduction will be necessary?



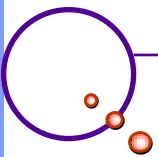
Each of these questions focus on “Why is the customer going to purchase your offer?”

How valuable is your offer?



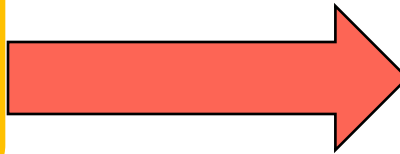
How much money / time / effort or risk will you save the customer? You can have the longest lasting pencil in the world, but switching to your company's pencils would not have a material impact on the customer's business, even if he cut his pencil cost by 90%. If he can't buy it from his regular sources, or if he has to incur any cost to adopt these pencils, it's not worth his effort. The value isn't there.

On the other hand, if the pencil increases the productivity of the people who use the pencil, by even a few percent - if this savings can be proven and measured - the value could be huge relative to the historic cost of pencils. Again, if the adoption cost is high, this value decreases.



Greater Perceived Value Leads to Greater Customer Acceptance

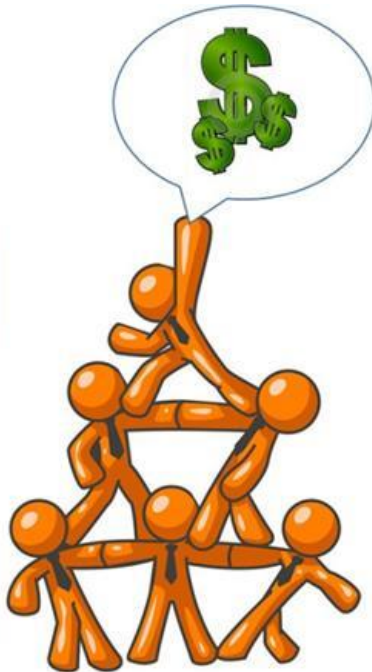
How valuable is your offer....



Relative to what he uses today?

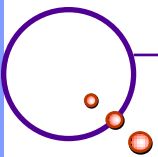
Who gets the gain?

Who's got the pain?



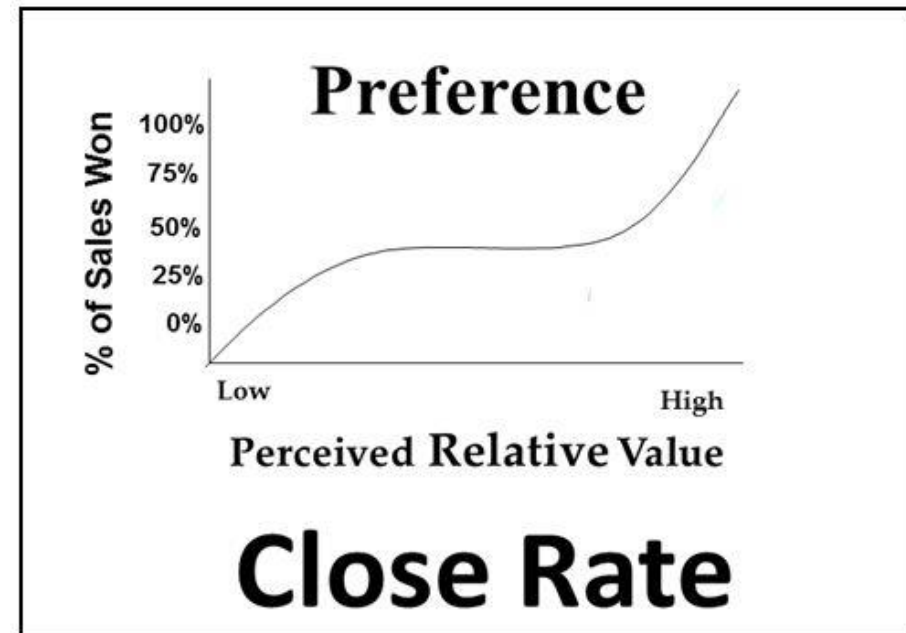
Customers need to see a visible and tangible value. The closer the offerings look like a “wash” the more likely the customer will not switch from his present solution.

Who gets the value? Who pays the price? Are you selling to all the potential buyers?

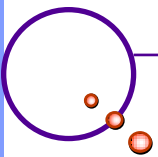


Is Your Value Proposition Powerful Enough to Motivate Change from What the Customer is Already Doing?

QDI shows this as a preference model in this chart. As the “perceived relative value” - how the customer perceives the value of your offering versus his alternatives - increases from low to high, your “Close Rate” or percent of sales you will win goes up.



In the middle of the curve where your offer is about the same value as the alternatives, you will win the sale when you are the incumbent, but lose the sale if you are trying to be the newcomer because the customer doesn't see enough differential value in your offer to make the switch worthwhile.

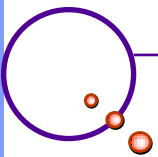


Show Me Why!



If the product you are offering becomes a meaningful cost item in the customer's business, typically more than 2%, or, if you can save the customer money or reduce his cost of ownership or increase the output from the product, your value to the customer could be substantial enough to get him to consider purchasing your product.

However, the value has to be enough to offset any cost he is going to incur in switching to your product. It is very easy for the change costs - adoption costs, training, etc., to offset much of the benefit a customer was going to get. As these cost start to eat away at the customer's value, the likelihood decreases that he will switch to your offering.

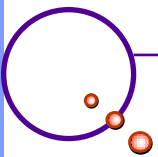


Turning Benefits into Marketing and Sales Gold

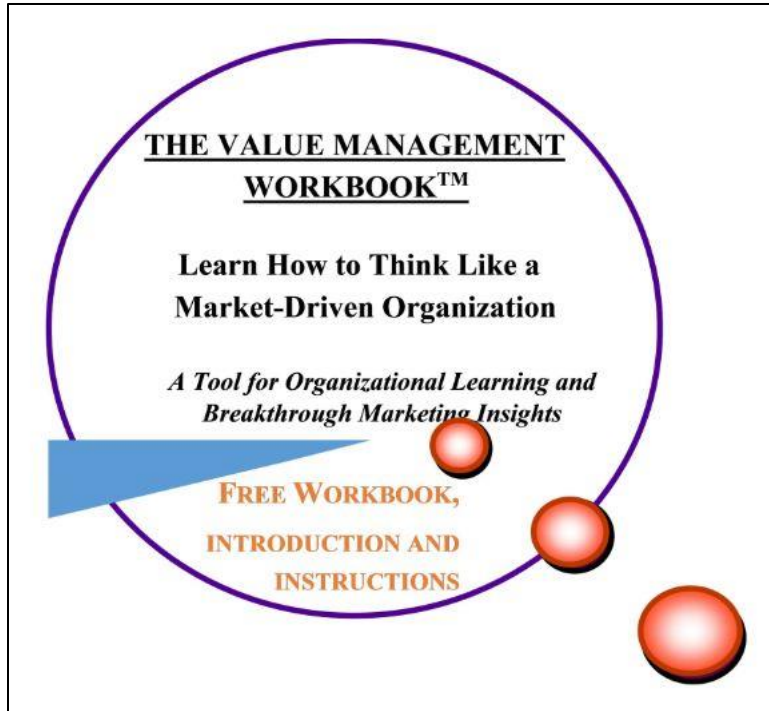
Watch this video to listen to what Steve Bassill, president of QDI Strategies, has to say about VALUE and how organization's use [QDI's Value Management Workbook™](#), to turn benefits into Marketing and overcome the market barriers to growth.



<http://www.qdistrategies.com/tools/turning-benefits-into-marketing-and-sales-gold/>



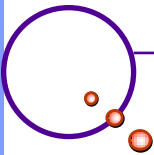
Getting Your Hands on a Measure of Value



Find Workbook at
<http://www.qdistrategies.com/tools/value-management/>

QDI has developed a toolset to help you measure your relative value. In [QDI's Value Management Workbook™](#), there are pages dedicated to measuring your relative benefits and relative costs versus customer options, as well as calculating your expected Close Rate.

You can use it on your own, or have QDI consultants lead you through the evaluation. This evaluation is based on what you know. To learn more, QDI can help you find out how the market values your offerings.



Visit the QDI Strategies Website and Learn More About How We Can Help You Add Value and Grow Your Business.

How does QDI help?

QDI listens and understands what customers, channel partners and other customer facing people are saying and grasps how it relates to your business challenge - whether that is kick-starting a stalled product line or effectively marketing a new product. QDI has an intellectual and intuitive skillset and a process for linking what they are learning to your business to find solutions for your problems and how to execute those in the market.

To learn more, take a look at QDI's White Papers with case histories about companies facing market challenges: <http://www.qdistrategies.com/about-qdi/value-management/>

Or Contact:

Steve Bassill

sbassill@qdistrategies.com

Mike Barr

Mbarr@qdistrategies.com

847-566-2020

