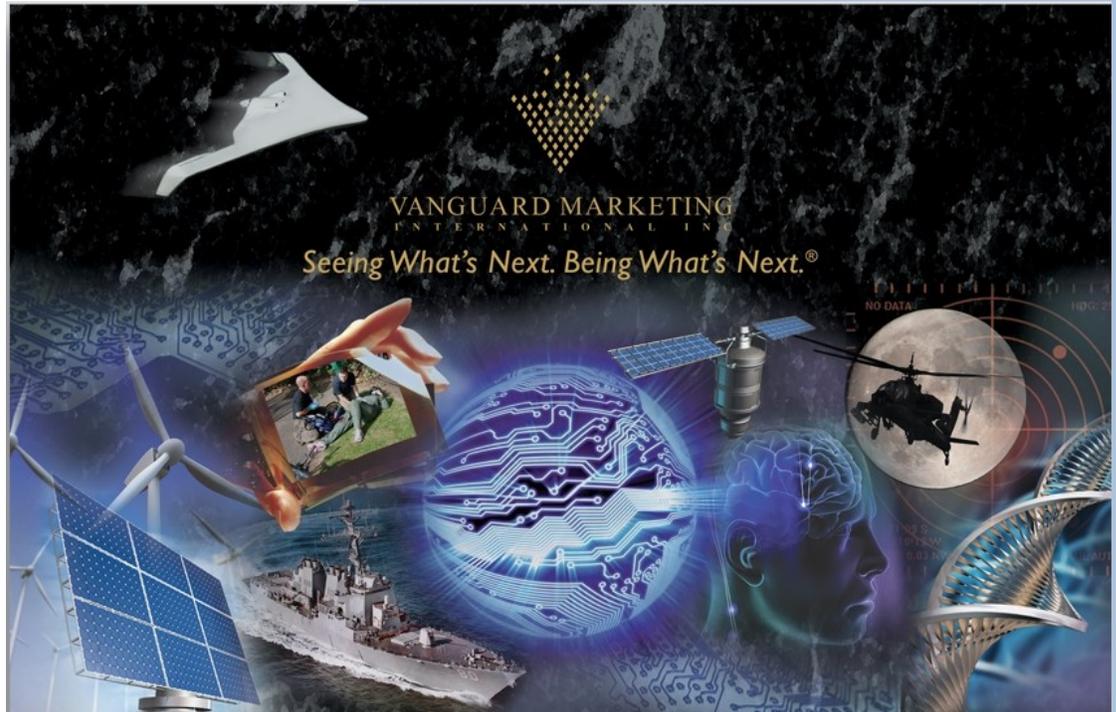




# Why The Best Product Fails



Vanguard Marketing International, Inc



## *Introduction*

Over the last decade our research has covered many avenues of strategic inquiries.

Probably the most interesting recurring theme has focused on answering one key question that engineering and science-based companies have asked themselves for years. Why doesn't the best product (as in, *our* product) win?" Many times the most innovative, elegant, technically superior, product does *not* win the business!

The answer is difficult to face, and it is the basis of this paper.

## *Over-Engineering Does Not Necessarily Deliver a Win*

As we have all heard before, the engineering team built a product with a rich feature set that is clearly superior to the competitors' product. It lives longer, jumps higher, goes further and so forth. The engineers and scientists did a wonderful job and clearly anyone who does not choose the product is incompetent or they simply made the wrong decision. The team feels better as they rationalize the loss, but at the end of the day, the company still loses revenue, profits and shareholder value!

Despite the marvels of what engineering has delivered the "best product" fails primarily because product functionality only accounts for at most 40% of the buying decision and

usually much less. To be in the game, the solution must meet basic functional requirements, but once it has, attention moves to the areas that really matter.

Unless a solution has significant differential advantage over a competitor in a critical functional area, it simply doesn't matter. Any advantage less than that can be overlooked or rationalized away by anyone who chooses to do so.

The more important the decision and the more people involved, the more complex the decision-making process and the longer it takes to reach a decision. So what is it that the customer really wants? To answer the question, we begin with a critical finding in our research, which shows that when asked questions regarding buying criteria, as an example, prospects rarely provide accurate answers the first time. For whatever the reason, the first answer is not well thought out, and it's not until asked multiple times and from multiple angles that the real answer begins to form. This is especially true when companies are looking to formally purchase a solution. In RFP's, the customer seemingly makes it easy by specifying a list of technical requirements with the implied promise that whoever best meets these requirements wins. Wrong!

It's the underlying issues that carry the day. The requirements determine who gets to play, not who will win.



### *It's About Solutions and the Mitigation of Risk*

So while the engineering team focuses all of their efforts in trying to demonstrate superiority – any superiority over the competitor's product, the customer is really looking at other more important criteria. Criteria that matter may not be stated but centers upon less precise, less measurable, less engineering friendly issues such as *risk*. **Risk, as it turns out, is the most important element of most any decision.** It is rarely stated as an issue and must be addressed through various forms of messages and evidence. For the customer, based on their decision, they risk solving or not solving their problem with your product. The most important way to show evidence of eliminating risk therefore is by demonstrating to the customer that your company genuinely understands the problems facing them and is dedicated to ensuring their success in the market place.

Let's restate this last concept – eliminating risk will win business. Why is the customer looking for something that meets their needs, *what root problems are they trying to solve?* Customers don't buy technology. They buy the means to make them more successful from people they trust. (In the appendix that follows this discussion, are examples of companies delivering more than just features and functions). Customers want as much of a risk-free solution as possible. When we speak

of risk we are also including one's feelings of doubt. Doubt increases risk, but the company that proactively seeks relationships with prospective, current, and past customers will come out on top. Customers don't just want the product, the tip of the iceberg, they want the assurance of the company, which in turn is the whole iceberg.

### *Your Opportunity*

Herein lies the opportunity for you to build trust and minimize the perceived risk by leveraging the full range of your company's differential advantages. The key is to focus the differential advantages of your company brand, as supported by the business model and technology, in such a way as to be clearly seen as the best solution for the customer relative to the competition. This is accomplished by breaking the business model down into capability components such as global support and matching each capability component with a specific element of the customer's problem. Additional examples of how your company is structured to support the customer might include product roadmaps demonstrating innovative solutions (past, present and future), support and training centers, supply chain management systems, collaborative design capability, field service organization and locations, and so forth. The crucial point is that the company brand and business model story fulfills both the required and implied needs of the cus-



customer. The combination also explains how you will make the customer successful while reducing their overall risk.

### *Conclusion*

Why doesn't the best product win? The answer is, it does, because contrary to what most technicians believe, the best product isn't just the technology. The best product is a lasting solution to a customer's business problem.

Customers buy business solutions based on your brand and business model, and their belief in your ability to lower their risk and sense of doubt. This is such a difficult concept for most to accept because, although customers write out checks for products, what they are buying is your full company capability. ***Companies compete at a business model level and they keep score through product sales.***

### *Epilogue*

Companies that want to stay ahead of their competition must continually demonstrate leading-edge vision and the ability to execute in pursuit of new opportunities. Vanguard Marketing International works on an on-going basis with many of its clients to ensure that they address changing market needs, capitalize on important industry trends, and maintain brands which clearly differentiates

their company and innovations throughout the investment community and prospective markets.

For more information on our services, please contact Vanguard Marketing at: 480-488-5707, [Jack@e-vmi.com](mailto:Jack@e-vmi.com)

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## Appendix: Hotel Example

### *Hypothetically Speaking...*

You are going on a business trip and need a hotel room in downtown San Diego and the "product" you're interested in is a non-smoking, king size bedroom on a lower-level floor. If all you care about is the product, you call any location – hotel, motel, or suites that offer such a product and ask if they have one available. Say, the answer is yes. As you listen further, the reservation desks tells you that they indeed have a 10'x12'x 8' room available with a beautiful new box spring and mattress, 5'x 6' bath with combination tub and shower, stylish lime green painted walls, clean sheets, thick terry cloth towels, windows overlooking a common area, freshly vacuumed wall to wall industrial grade carpets, two water glasses, a built in 3'x 4' closet complete with 5 dual purpose wooden hangers, a phone, a 2'x 3' pine wooden desk and chair with 18" color TV all for only \$18.00. Did you give them your credit card and say, "Sold!" We don't think so!

When looking for accommodations, most people select a company, brand, business model and then product. Beginning with the brand, does the hotel have the right image for you – do you feel more comfortable at a Holiday Inn, Embassy Suites, Marriott or Ritz Carlton? Have you had good experiences with this hotel chain in the past? Do they have a reputation that fits your buying criteria that includes good service, high quality

facilities (rooms, restaurants, laundry, exercise room and equipment)? Do you feel safe in and around the property? Do the other guests look like you? Does their guest reward program tie-in with your favorite airline and car rental company? How many reward points have you accumulated towards free night stays? Does the chain have a property where you're going to spend next year's vacation? Oh and do they have a room available on the nights that you will be in town and if yes what's the price? \$128.00 great! You'll take it!

### *Conclusion*

It's not the features of the room that make the sale. It's the business model employed by your favorite hotel chain that does; it is the relationship you have with said company. It's measured: staff to guest ratio, selection criteria, experience and staff training programs, internal processes and standards all leading to what you value – *the brand*.