



Do Your Innovative Products Need Market Development?

Are all new product ideas ready to go into your company product development process? Certainly not! For some products, the technical and feasibility risks are still too great to have any hope of estimating an accurate schedule. But other products, especially “New-To-X” ideas or “Next-Gen” solutions that entail market risk, are immediately put into a product launch timeline and the chips left to fall where they may.

“Do Your New Products Sell Like Hockey Sticks?” (*Jan. 2015 issue of Machine Design*) addressed a number of scenarios in which products do not get purchased for a number of months after their launch. This “no or low sales period” puts a drag on a company’s development culture and extends the timeframe to meet a product’s financial goals.

While some scenarios are hard to avoid, like capital budgeted products that must wait for “funded years” to start, many product launches with no or low sales can be avoided. At the least, they can be mitigated.

Decision makers are much better at identifying products that need additional technology development than they are at identifying products needing more market development. Let’s focus on the market development area where capabilities generally need shoring-up across industries.

What is market development? First, it entails becoming aware of the value of a product in your company’s pipeline among your customer base or marketplace before the product is launched. Marketing, advertising, and branding organizations must lead early-on to create visibility. Second, it is articulating how a novel solution will solve specific problems or create further efficiencies for end users. Sales and product management organizations must invest time to educate. This differs from selling. Third, some tangible and applicable case studies must be developed to let customers and market participants internalize the product’s value. Outbound messaging and teaching from the developing company are usually not enough to create a comfort level that accelerates purchasing decisions.

The numerous ways to achieve market awareness, and the specific activities that can be undertaken to that end, are more than can be addressed in a brief column. These approaches are also secondary to solving the fundamental problem: identify-

ing products destined for a flat sales period immediately after they get launched. The secret is in quantifying the degree to which customers understand the product early in its development cycle. It comes down to knowing your customers. If a significant number of them are likely to be unsure in understanding the potential product offering, it is generally a candidate for increased market development.

Why this early? Well, if your company has a long time-to-market cycle, it may not be necessary to start years in advance. But, if your company’s time-to-market is less than a couple dozen months, it generally takes months to reach the necessary level of customer and marketplace understanding. Waiting to educate customers until after the product is launched can create an initial period of flat sales.

Most companies are quite adept at identifying products with technical and feasibility challenges that will cause problems. Such products are held back until further technology development and risk reduction activities are performed. Or they are deliberately pushed into development and everyone is aware that issues may arise. This proficiency does not extend to market development and there are several possible reasons. It is perhaps because additional cross-functional organizations not involved in most launches must become engaged. It could also be due to the difficulties marketing and sales organizations face in quantifying and forecasting the market months or years in advance. Perhaps it is due to a company product development process that is too engineering and manufacturing oriented. There are a dozen other reasons.

With the Great Recession behind us, innovative stretch products are soon to increase in number again. Market development is a challenge in boom times. It is sure to be even more of a challenge after this extended period, where companies generally only put “sure things” into their pipelines. Externally facing marketing and sales organizations also became even more adept at making incremental products succeed during this time period.

As you plan your product pipeline in anticipation of better economic times, take the opportunity to check on your product commercialization process. Make sure it is robust in quickly monetizing innovative products. **md**