

GROWTH INSIGHTS



The key to product and brand strategy success!

Why your product and brand strategy must be defined by your customer's needs in order to grow your business.

FALL 2015

Do you know if your product and brand strategies are relevant to your customers?

The synergies between the products you sell and the brands that represent their experiences are critical to your overall growth. Your brand sets expectations and builds the idea of what the overall experience will be when a customer interacts with your products. Your products then deliver on that experience in a way that will fulfill the customer's expectations. They both support each other and are integral to build a loyal customer base. Often though, there can be disconnect between each and when this occurs your customers becomes confused and disenchanted by what you are trying to sell them or what they have purchased. A product that a customer does not understand or does not meet their needs will falter regardless of the brand image. A brand that does not convey the right proposition to a customer in their language will likely find its products ignored. It is critical to understand what is important to your customers and the ones you are striving to capture so you can shape both your product and brand strategies to realize their needs. We will discuss how a strong product strategy can shape the right brand proposition and the requisite understanding of specific customer expectations in order for them to have traction.



Every year hundreds of products and services, come to market. Some are great, some are mediocre and some are poor in quality. Yet, their level of quality does not always determine their adoption, and sometimes despite the notion that “the cream rises to the top,” good products go unnoticed and sink back into non-existence. The intentions of the people who came up with these solutions was likely built from a thought to solve a specific problem or an idea to provide a better solution than what the market had. This means they saw an opportunity to fill a spot that had not been satisfied. Product strategy is just as much about innovation as it is about knowing the true customer. The famous quote associated to Henry Ford: “If I asked people what they wanted, they would have said faster horses,” paints Ford as being a great innovator providing a solution customers couldn't conceive of on their own. In truth, his customers understood their needs well; they wanted to get from one destination to another faster. Industry evolution, expansion and moving goods at greater distances to more people were a few of the compelling forces for the path to growth. His potential customers were not thinking about a faster horse; they had problems far more pressing to deal with. They had to live and grow their business within the limitations that their current forms of transportation presented. Ford saw the problem, which drove him to create a solution that would overcome it and go so far as redefine transportation and the world.



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-Henry Ford*

In more recent times Steve Jobs and his team at Apple accomplished the same goal when, in the early 2000s, they revolutionized how customers experience entertainment, communicate with one another and carry endless amounts of information. They of course invented the iPhone, which not unlike, Henry Ford's automobile provided a different kind of mobile solution that would transfer data to anyone at any point, speeding up our interactions, business and commerce. Jobs' is quoted as saying "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them." Not unlike Henry Ford, he knew the customer was not going to provide the answer. His belief was customers' needed to experience an innovation in its entirety to truly grasp the concept. To ask a group of people to provide opinion on an idea, a self-propelled form of transportation or a phone that could function as a desktop computer and more, was not within their current comprehension and would likely be ejected on an idea alone. While Jobs' customers may not have seen the solution, they had specific needs. Some were tired of carrying multiple devices that served individual functions. Others traveled and required access to employees, business information, family and other connections in an instant. There was likely a segment of people tired of changing music formats such as records, cassettes and compact discs, who desired a single solution to end the constant upgrading. In the case of Steve Jobs', his innovation was able to build a foundation to solve all of these needs and ones not even uncovered. He understood the customer needs and set out to meet them. All innovations that ultimately become a mainstream solution: the automobile, the iPhone, even the mousetrap, began by understanding the problem customers face and the specific needs associated with each problem.

Customers may never tell you they want an automobile or an iPhone, but they will tell you the problems they face and where they feel unsatisfied. When asked, they will share details on their day-to-day challenges. Engaging your customers, evaluating your customer's industry if they're a B2B company and assessing who else is trying to meet the needs of your customers is critical to developing an effective product strategy. Without this insight you are developing a solution based on your own bias and within a vacuum. Further, to produce a product solely based on an idea not supported by insight risks creating a superfluous product. Products built this way force a customer to acclimate and change their routines, which often leads to product rejection. Customers rarely want to make significant changes to their life because of a product. This is not to say a product cannot revolutionize how a customer behaves. The Model-T and iPhone are prime examples of such products, but a product must first address and fulfill significant needs and bring additional unseen value for this type of behavior change to take place.

Therefore, a good product strategy is built on a foundation of customer insights. To achieve this does not always mean thousands of dollars in research. Some of the easiest ways to engage a customer is use your best connection points to start a

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Apple has sold more than 590 million new iPhones from 2007 to 2014 all around the world
-Statista

conversation. If you are a B2B company built from strong client relationships, your interaction with these customers is invaluable. Conversations you conduct with them will provide advantages beyond maintaining a good relationship with them. This will allow you to understand the successful areas within their business and/or the challenges. This insight will drive future innovations for your product development efforts and may even uncover a solution. Your engagement will strengthen the relationship you have with them as you are listen to their needs. You may not be able to address all of them but your willingness to listen positions you as a valued partner looking to help solve their challenges.

Probing questions to ask a B2B customer to understand their needs

1. What challenges is your business facing that you are trying to overcome?
 2. What do you believe is required to make your business more successful?
 3. Are your current solutions helping you achieve this success?
 4. If any, what limitations do they pose?
 5. As you review the year, what goals do you have set for your business?
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Social media is another valuable connection point where customer insights are studied as they happen. Regardless of whether you are a B2B or CPG business, message boards and traditional social media channels provide insight into the minds of the customers you seek. These platforms have become forums for the disenchanted to safely express their opinions and engage someone who may be able to shed light on a solution. Studying their comments can often yield insights into a problem they are dealing with that a solution in the market has not remedy. If your business does no value this channel as a source of insight and marketing you will lose out on your next significant customer segment. The Millennial Generation, who is now starting to have greater purchasing power, wants social engagement with brands and product owners. They want to discuss ideas, share frustrations and see innovations come forth based on their needs. Why wouldn't they? In their minds they are using this platform to express themselves publically under the assumption your company is listening. The dream of truly understanding what customers think outside a staged focused group has arrived, but not because a company is spending thousands of dollars on research but because today's customer is willing to provide it for anyone willing to listen.



Social Media can be used to improve a customer service problem, but this insight is valuable to uncover a potential un-met need.

Obtaining customer insight is the most critical step to develop a strong product strategy. With this uncovered knowledge you can assess whether your products fit them or whether you need to develop a new solution that compliments your existing

product strategy. You may be able to stretch your position in the market, based on your operations ability to produce a solution, but this does not always mean you will receive customer adoption. As you do this, using your existing infrastructure, you must also assess whether your customer will believe you can deliver a solution that addresses this issue. If a customer does not associate you as a solution provider for the problem they need solved, they may be apprehensive to try your solution and gravitate towards an existing competitive solution. There are times that what is discovered may yield a simple solution, but will never get adoption because the association your customer has with you doesn't match. This is where your product strategy and brand strategy must come together.

Your brand sets the tone for what a customer should expect of your products and services. It creates the emotional reaction they feel before buying and then expands after they have acquired and used your product. If you understand your customer's needs and your products address them well, the opinion they form of your brand will become positive and likely lead to a form of loyalty. If your products don't address their needs in totality, then the likelihood of them re-purchasing and having anything positive to say about your brand will be for not. Worse, because we are in a socially sharing world, which can be advantage, in this case it's a disadvantage, because today's dissatisfied customer is more than happy to express their displeasure to everyone. This is why it is critical to take your products and measure them against the position of your brand to ensure they are aligned.

McDonald's is facing this challenge today. Customers want far more than fast and convenient food. They want fresh, natural, unprocessed nutrition. Great taste is green fees or an expectation for anyone in the food service industry. Communicating that idea alone without taking into account other needs is hoping for an ignorant customer. McDonald's has a far greater challenge than their products alone. They have a brand image problem. They may be able to make products that match other brands selling a fresh, healthy experience, but today's customer does not believe them. These perceptions unfortunately become rooted in their brand image and regardless of attempts to evolve their products, the customer will not approve and disengage. McDonalds faces a customer need they can meet but they have an established stereotype to overcome.

Another challenge your company may face is taking your products and moving them into a vertical market. This market may show all the characteristics of needing what you sell. It is common though, for companies to simply update your marketing materials with a slight slant geared to that market. Unfortunately, if they have no association to your brand or they see your brand serving another industry and cannot make the correlation to their own, your marketing efforts as they stand may go unnoticed. Therefore, your brand must stretch without losing its core proposition because this proposition is addressing their specific needs, just not in their language. The difference



It is being squeezed by more upmarket "fast-casual" restaurants such as Shake Shack and Chipotle Mexican Grill, which are rapidly growing.

They have been luring customers—particularly younger ones—away from McDonald's chicken nuggets and chips by offering slightly better quality food, a high level of customisation (such as the option to choose the ingredients in a burrito or burger) and some table service.

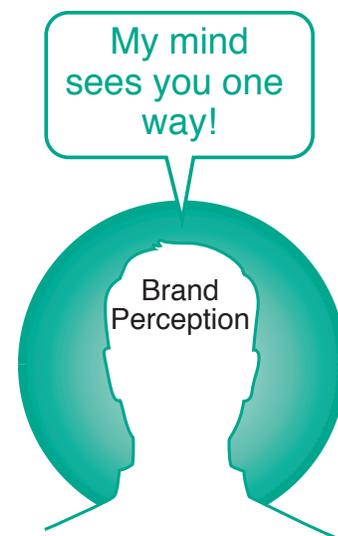
Why McDonald's sales are falling
-The Economist, Jan 2015

comes at how you communicate your brand to this market versus your current. Your current customer base, that may have been instrumental in the building your business, believes you talk to them directly; thus, your solutions are relevant to their industry. When addressing a vertical market, you will need to understand not just their needs but how they communicate and refer to specific aspects of their business using industry language. Your core proposition will remain as the foundation of your message, but the way you express the features of your brand will have to relate to their industry. Selling features alone will likely be seen as a hard sell versus setting up a conversation that helps them believe you understand their problems. You can achieve this by, again understanding this customer and shaping your features into benefits that are relevant to their specific industry.

This however may not be enough, because like McDonald's, the customer you are trying to acquire is not willing to see you for more than your past and present position. When this occurs, stretching your proposition will not solve this problem and all the marketing dollars in the world may only make a small dent. You may be required to create another brand for this audience which unfortunately does not allow you to make a vertical transition with your existing equity. The cost becomes greater because like your current customer base you will need to start over making new introductions and hoping for a customer willing to try your new brand. This is not unheard of but requires a longer period before gaining traction and it may never occur because encumbant competitive brands have too strong of a foothold. Understanding how your brand is perceived will make the difference between finding a vertical customer that can relate to the features and benefits of your existing brand versus one that may need your solution but is unwilling to risk trying an unknown.

Your brand, both good and sometimes bad, can propel or limit your company and its products. However like your product strategy, a brand strategy is based on understanding the customer needs so an image and message can be shaped to relate to the audience your engaging. Your product development and brand strategy efforts must always come together. If executed in silos without sharing the knowledge and building a strategy together, they will fragment and the customer will sense it. If you rely solely on marketing communications to remedy this issue or assume this is all that is needed your efforts may capture some customers but likely leave most on the table. A good product and brand strategy are the foundations for successful marketing communications and support a strong sales team to effectively close a customer. These two aspects of your business make the difference between having customers more apt to buy versus those that must be convinced to buy.

The insights provided from this paper are not revolutionary thinking, yet businesses everyday introduce new products and spend thousand of dollars on marketing



communications without truly accounting for the customer need. These same companies falter because the problem they are trying to overcome is rooted in the foundation of their efforts or the lack of effort made in their product and brand strategy. Speed to market and the increasing competitive environment have put much pressure on product and brand owners. To react to this is truly understandable while keeping pace may be seen as more valuable than assessing and being strategic. These aspects require time and discipline. Innovation is necessary to remain relevant and exist in your market, because there will always be an alternative solution, good or bad, trying to capture your customer. Thus, it is understood why you may be required to act without taking time to effectively plan.

However pause for a moment and ask yourself, can you take a minute to assess whether you truly understand your target customer needs, whether your products or those in the pipeline address them and if your brand can make someone believe it. If you are uncertain about those thoughts, start by talking to your customer because they will certainly provide you the answer. If you don't, you may be missing a bigger opportunity... the making of a loyal customer base.

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Inventis Strategies can provide additional perspective and guidance on this topic to help you establish the right product and brand strategy for your business.

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About Inventis Strategies

Inventis Strategies collaborates with Mid-Market B2B and B2C companies with the goal to help them grow by addressing their strategic marketing and brand strategy issues. We believe that in order for a company to grow effectively they must position their products to the customer's needs and ensure their overall brand experience can deliver it. We help internal teams align themselves to advance their organization and determine their product and brand's points of difference so they can overcome competitive threats and lead their segment.

To learn more about Inventis Strategies visit

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