

Addressing and Creating a Product Need

Original content contributed by Ernst & Young, revised and updated by Women's Enterprise Centre

So you've got a great new technology that's the best thing since e-mail, and all you need now is the financing to commercialize it. That's great, but have you considered the most important question on the mind of all investors: "Will anyone buy it?"

This age-old chicken-and-egg dilemma is nothing new, but in today's tech-driven environment, the question screams louder than ever – what comes first, the product or the pain?

The impetus for a new product has to be driven by a specific need, or pain, in the market. Before you move your product from the idea to the development phase, you need to identify whether it will alleviate a certain pain that your target market experiences.

The pain may come in various forms: you can have a small pain and a big market, or a large pain for a smaller market. The trade-off is price/volume versus specialization.

Many start-ups don't properly identify and quantify the pain their product will address. Likewise, they don't determine the necessary features and price points that will appeal to their target market. Many entrepreneurs incorrectly assume that people will buy their product simply because it uses new technology—yet, this can be the kiss of death for the product, and possibly for the business itself.

To avoid these downfalls, ask yourself three questions:

1. Is there a pain (i.e. need) that exists?
2. If not, can you create the pain or make people aware of it?
3. If yes, will the market see enough value in the product to buy it?

Now, let's look at each of these questions more closely.

1. DOES THE PAIN EXIST?

Is there a need for a product that could fundamentally improve the way things are done? Before e-mail, people had to rely on traditional snail mail. The ability to send a message that can reach its destination in minutes instead of days has fundamentally changed the way all of us communicate.

Another consideration is whether you're offering something that greatly improves on an existing technology. For example, the electronic typewriter was a considerable improvement over the manual units because it allowed users to correct typos without retyping the page or using messy white outs.

Computers with word processors made the typewriter obsolete by allowing users to edit a document quickly and easily.

2. CREATING/EXPOSING THE PAIN

Another way to launch a product is to create the pain. You must convince the target market your new product will improve lives. This approach demands a substantial effort from your organization as you try to shift or awaken an opinion.

3. THE COST/BENEFIT

Henry Ford once said, “The customer can have any colour he wants, so long as it’s black.” This attitude was acceptable when the Model T was first introduced; however, consumers soon demanded variety, styling and functionality, and at the right price.

Even after you’ve determined that there’s a need for your product, or once you are successful in creating a need, you should then consider whether the features, functionality, pricing and distribution strategy are in line with market expectations. This is a critical step in ensuring mass adoptions, beyond the Innovators and Early Adopters phase.

The first commercially available cell phone in the United States in 1983 was stored in a briefcase. At the time, this was acceptable because, like Mr. Ford’s Model T, it was the mass public’s first exposure to a novel technology. Cellular phones have now become smaller and lighter, with ever-increasing functionality, and customers demand that this trend continue.

WHAT IT ALL COMES DOWN TO

As an entrepreneur, it’s easy to get caught up in the technical merits of your product. But to be successful, you must ensure others see the benefits as well. Your company should identify a specific problem or pain that your product satisfies.

STILL HAVE QUESTIONS? CONNECT WITH US!

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