



By Anthony Raissen

Democratic Consumers: Voting with Dollars

Upon the inauguration of our new president, I thought it was a good time to remember that it is not just at election time that we have the privilege of voting. Rather, all throughout the year — throughout each day — we are busy voting, sometimes consciously, but most of the time subconsciously. We do this while making purchasing and other decisions. In this day and age, we vote with our dollars every time we make a purchase. There are many products to choose from, and our decisions are based on our needs and what benefits the products bring to us.

Voting is a great analogy to use for what I want to stress. A candidate may be great on certain general issues, but voters must be cognizant on how he or she stands on specific issues that are most important to them. For example, you may agree with your candidate's position on economic issues, but not his or her position on healthcare. Where am I going with this?

Launching a new product is never an easy task. You will find critics for every conceivable element of your product. In the same manner as you would scrutinize a candidate, so too are you and your products scrutinized by retail buyers and, ultimately, by consumers. They may like certain attributes of your product, but that may not be enough to convince them to give you an order for their store. You need to do whatever you can to mitigate any negative responses to your product. Keep this in mind as you explore launching products.

While it is critically important to be passionate and believe in your product, I keep stressing to clients that it is equally important to focus on results. Products have a life of their own, and some die prematurely. The greatest products often die because of a lack of advertising and awareness; sometimes it is a purely a case of timing.

Entrepreneurs are optimists by nature and, therefore, have a difficult time accepting reality, especially when it relates to their products. The hardest part of launching products is to know when to pull the plug and move on. This is in large part due to ego. It is only natural that we find it difficult to accept a failure, as it

reflects poorly on the individual responsible for the failure. The truth is that the majority of products launched each year fail. The smart entrepreneur knows when to bury the failure and move on to the next product.

It is never a good idea to throw good money after bad. The problem is that there is usually no clearly defined point at which to make this determination.

Experience has taught me to follow a business plan. Always remember the adage: *if you fail to plan, you plan to fail*. When the going gets tough, look at your business plan to see how you planned for bumps in the road, whether from a financial perspective or a marketing perspective. Don't be embarrassed to ask for help. An honest opinion from a friend, colleague or consultant could save you a lot of money and heartache.

Product failures affect companies of all sizes. Multi-billion dollar companies with teams of researchers, analysts, focus groups and marketing gurus also have failures that they needed to address in the same way. What happened to New Coke, Crystal Pepsi, Sony Betamax, RJ Reynolds' smokeless cigarettes? The list goes on.

Common Reasons for Product Failures

In addition to a faulty concept or product design, some of the most common reasons for product failures typically fall into one or more of these categories:

- » Pushing an idea that does not fit the targeted market
- » Overestimating market size
- » Incorrect product positioning
- » Incorrect pricing
- » Underestimating or not correctly understanding competitive activity (poor timing of distribution)
- » Misleading market research that did not accurately reflect the actual consumer's behavior for the targeted segment
- » Failure of key channel partners to be involved, informed or both
- » Lower than anticipated margins

Understanding these potential causes of product failure may help to avoid committing them. Learning from these lessons can be beneficial in avoiding some of these pitfalls and increase the chance for success. ■

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