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## MARKETING TO THE U.S. BUILDING BRIDGES IN THE DESERT

By James Longwell

In virtually every industry other than technology, the marketing function drives product development. A detergent company will spend several months of research and testing to determine a new scent to put in its products. By the time it's launched, the sales and marketing teams will have a very precise financial proforma and business model for exactly how this innovation will affect share. In the technology world, a company will spend years and millions of dollars (even hundreds of millions) in R&D and product development only to throw the new product "over the fence" to sales and marketing who are then tasked to find the customers.

*Technologists, more often than not, create their products first and determine which markets to pursue later.*

For nearly 20 years, we've been working with technology innovators- from start-up to global tech leaders. And although you could not find a more diverse group relative to products, resources, experience, size and vision, there is

one striking similarity. In fact, this phenomenon is so idiosyncratic to technology innovators that it has created a unique model for how these products and services are brought to market. This common denominator is that technologists, more often than not, create their products first and determine which markets to pursue later.

To understand why this happens you have to consider how innovators think. These are often brilliant inventors, scientists, engineers who conjure from whole cloth brilliant new ideas. When we first meet with a new product or launch team, our first question is, "who is this for?" And the answer is almost always an emphatic, "everyone who needs it!" That's because, in the mind of the innovator, the better mousetrap will (of course) cause the masses to beat a path to his door. In most cases, technologists come from the world of science or engineering, so the tendency is to assume the following: "If I build the perfect bridge using all my knowledge of science, physics, engineering, materials and construction, people will drive over it."

### **BUT WHAT IF YOU BUILD A BRIDGE IN THE DESERT?**

The dynamics of consumer behavior can torpedo even the best new ideas, regardless of how perfect or better they are than the status quo. If you can't see the bridge, get to it or worse yet, not even have knowledge that



it exists - you'll never be able to drive to the other side. That is why there has to be a robust, focused effort to determine market segmentation and positioning strategy - either as a function of product development or (after the fact as in most cases) as the foundation of the launch plan. This is how you cut and pave your road to the bridge and, hopefully, to success.

### **LAUNCH MYTHS VERSUS MARKET REALITIES**

There are several "comforting mythologies" that lull innovators into thinking they are more prepared than they actually are to go to market. So, in order to enable success you have to first replace prevailing mythology with market reality.

#### **MYTH 1: TECHNOLOGY SUPERIORITY EQUALS COMPETITIVE ADVANTAGE**

Forget it. Tech superiority doesn't even get you in the door. People buy solutions that solve human problems or enhance our lives. And other than the very thin slice of the market called "early adopters", most consumers couldn't care less about the underlying technology. In fact, it's extremely rare that a company that produces a "technologically superior" product is also the category market leader. Market share leaders usually focus on developing and managing consumer mind-share rather than attempting technological leap-frog with their competitors. Companies


that chase and promote superior technology as their principal value proposition will inevitably end up a third or fourth-tier market player. That's if they ever see the light of day at all.

#### **MYTH 2: GREAT DEVELOPMENT TEAMS KNOW WHAT TO BUILD**

In the absence of any real market direction, great developers focus on building the "cool things" which they believe will, in fact, change the world. They'll assume what customers want based on their own experience, which is usually not even close to market reality. In fact, the more unfocused the market segmentation strategy, the more likely the development team will fall into "feature creep" trying to engineer for every possible customer and need. Developers and engineers are awesome natural problem solvers. So, give them clear and unambiguous market problems to solve.

#### **MYTH 3: WE ALREADY KNOW WHO OUR CUSTOMERS ARE**

Innovators tend to define their market as small, medium and large - or "everyone who needs my product." This is not the state of the art in market segmentation. First, it's so vague as to be useless. One company will categorize small as under 50 employees, another will call it under 500. There is also no way to accurately determine the needs, wants and desires of customers in a poorly defined market model. Which means you can't effectively position against competitors and alternatives,



create messaging platforms that resonate with customers, determine proper distribution channels or confidently develop marketing programs that will move the needle.

When you take all these pitfalls and potential launch disasters as a whole, it's not surprising that so many new product innovations fail. However, the first line of defense can also be the key to avoiding a majority of potential threats: clear and focused market segmentation and positioning strategy.

### **MARKET SEGMENTATION CREATES MARKET DIRECTION AND LAUNCHES SUCCESS**

A focused segmentation strategy should be the primary "tent pole" of your go-to-market plan. That's why it's tragic that this one area is so often overlooked by innovators and technologists. Diligence in this area will make every effort more streamlined and effective - from the product development phase, to recruitment and enablement of partners, to the promotional messaging on a web site, a sales presentation, or on-shelf in a store. It will also provide three key benefits that should be at the top of your list of operational objectives - saving money, decreasing time to market and accelerating time to mature volume (in other words, making more money as quickly as possible). Of course, this is easier said than done. But, on the other hand, it doesn't have to be a total mystery.

*A true market segment is a group of customers, sharing common desires, needs and buying patterns, who are self referencing.*

The first step is to give up the notion that everyone who needs your product is your customer. Even the largest companies in the

world can't make that claim. A true market segment is a group of customers, sharing common desires, needs and buying patterns, who are self referencing. In other words, they share common interests and they talk to each other, which means you can easily and effectively identify and communicate with them. These can be vertical segments by industry, horizontal segments across functional areas, demographic/psychographic/behavioral consumer segments - the key is to define where the low hanging fruit is (i.e. the easily achievable goals) and then place your large bets in this area.

Segmentation research is the primary tool for gaining this insight, but there are ways that you can focus this effort as well in order to save time and money. Create an Attribute and Weighting Model. This is a mostly intuitive, but highly effective, way to determine a short list of market segments before you conduct formal research. It brings focus and clarity to the natural tendency to want to be all things to all people.

### **MARKET SEGMENTATION 101**

Start with a list of potential customer segments (at this point it's OK to list every segment you can imagine). Then list the key attributes that you want in a potential customer (such as "easy to identify", "highly self referencing", "identifiable sales cycles", "likely to invest in our product category", etc.). Then weigh the attributes (based on how important they are to your success) and cross reference them to the segments. You'll be amazed at how quickly 75% of the candidates will suddenly become less attractive.

Now you have a manageable short list of customer segments that you can research in more depth. Don't be surprised if this exercise turns you 180 degrees from the original

go-to-market assumptions. It's the difference between throwing a bunch of ping pong balls at a wall versus slicing through it with the point of a spear.

### PRODUCT POSITIONING HAPPENS

Determining the right segment greatly simplifies the positioning strategy. Unfortunately, this is another area where innovators drop the ball. The looming threat is that, if you don't take control, you will be "positioned" by your competitors, alternative options, the press. Face it - positioning happens whether you like it or not. However, if you've done the work to define the target segment and your key benefits and value propositions, this will be a (relatively) easy task. Analysis of the target market segment landscape will reveal where competitors and alternatives are already positioned. With strong companies, this position will be a fortress that you should avoid. If a company is already occupying the "low price" position, you need to find another avenue to penetrate the market.

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Once you've determined where you should be positioned, write a "Positioning Statement." This is the easiest way to determine if you've targeted the right customer, provided the right benefits and are clearly differentiated from the competition. The key test is if it's defensible. We've seen positioning statements so vague you could replace "micro chip" with "potato chip". Craft the statement using these components:

- Who's it for (target)?
- What is the product?
- What are its key value propositions?

- What is the primary benefit to the customer (remember it's not the technology)?
- How is it differentiated from the competition (or alternatives)?

In order for this to pass the test of "defendability," each of these areas must be addressed as narrowly and specifically as possible. Generalizations will obstruct your ability to defend the position. And, if you can't be specific or the answers are "me too" to the competition, then you aren't positioned correctly. Don't worry, it usually takes several iterations before the true, defensible position is discovered. Not completing this step will result in a frustrating struggle with what to say at every point in the launch process. However, if this is done right, all downstream communication (with all constituents) can focus on how to reach the audience and how to deliver the message - not on what to say. This will, again, save time and precious resources and put you on the road to being one of the rare innovation success stories rather than a bridge in the desert.

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