

Customer Experience Crossroads

A newsletter on customer experience for clients, associates and friends



The pressure to innovate has never been greater. But as many as 75% of new products last less than a year in the market. How do you reduce the risk of failure?

Risk Insurance for Innovation

By Susan Abbott

While Third World markets are growing rapidly, developed markets are largely stagnant, leading executives to seek growth through innovation.

Despite the mantra "fail faster", most leaders believe they are rewarded on their successes, not on their learning. Effectively using customer insights can improve your odds.

Leverage existing behavior patterns

Customers most readily adopt innovations that require little or no change in their established behavior patterns. When a new product fits easily into existing patterns, less change is required, reducing the barriers to adoption.

You can reduce the risk of failure by understanding how customers interact with the status quo solution.

Look for exponential improvements

Human beings are hard-wired to value the status quo and avoid the risk of losses. And we have all experienced the loss of poor service or disappointment with products we have bought -- it isn't just theoretical. Just leaving behind the status quo entails loss. Trying a new innovation calls forth both the species biology as well as the individual's life experiences.

To overcome this bias for the status quo, your innovation needs to offer substantial improvements. Think of it as "return on change investment" or ROCI. Your customers are unlikely to change if they don't anticipate big returns on their change investment.

Widen your focus on the problems and the pain

When you widen the focus on your customers, you can start to see their problems and solution alternatives in a fresh way. Instead of looking at your narrow competitive category you are looking at the full context for your product or service. It isn't a mortgage, it isn't even buying a home, it's about building a life and a lifestyle. Setting your focus on a wide angle is more likely to lead you to the exponential improvements you will need to overcome the status quo.

Involve your customers in the creative process

Your customers won't solve your problems for you, but they can and will work with you to identify pain points, design potential benefits, and eliminate low-potential directions.

This kind of approach may seem "risky" if your organization isn't doing it today, but in reality it's risk insurance, and can significantly reduce the risk that you will bring a dud to market.

Diversify opinion by involving outsiders

Outsiders are never as invested in the innovation as insiders, and are more likely to speak truth to power. A combination of perspectives reduces risk by giving you a diversity of opinion and informed insight.

Create your own innovation insurance policy by gathering and using diversified customer insights.

We specialize in gathering and leveraging customer experience insights to improve business results.

If you would like to learn more, please ask us to [send you a profile](#). Or call 416-481-7409 or 888-244-0285.

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