

Educate Your Market Before Entering It

**By Glenn Mangurian,
CEO FrontierWorks LLC, Hingham, MA 02043**

How do you sell into a market that is not yet established? This is one of several dilemmas that emerging companies face as they create the next new thing in the New Economy.

Old Economy marketing skills have been honed on creating new products for established markets and marketing established products to new markets. The New Economy is about creating markets where customers don't yet realize they have a need.

Emerging companies must educate the market before they can sell into it. Increasingly, potentially powerful products fail to get market traction because company marketers are blinded by the promise of their ideas.

In today's go-go Internet race they fall prey to **five traps of marketing**:

Trap 1: We built it, but no one came. Thousands of entrepreneurs are dreaming up new ideas to win big through the Internet. Each believes he is on to the next "killer app" and all he needs is capital to build it and sell to customers knocking down his door.

But getting beyond the idea stage requires answering some basic questions: Who are our potential customers and early adopters? What need do they have that my product could fill? If they don't know they have a need, how will we create that awareness? Do we have the time, patience and competence to educate the market? Once they understand their need and the availability of our product, why should they be willing to spend money to get it?

Getting early market traction requires a combination of careful targeting, effective and educational selling, a compelling value proposition, willingness to do what is necessary to create a market success and referenceable customers.

The best way to sell something to someone who doesn't know they need it is to attach it to something they already buy and offer it at little additional cost. Seeking complimentary relationships early can accelerate market traction.

Trap 2: They bought it, but they didn't know how to use it. Most new products are over-engineered for completeness and under-designed for usability. That combination is dangerous for first-time customers who learned they have a need but may not have the patience to figure how to use the product.

Emerging companies should assume that first-time users won't know how to use their products and are likely to get frustrated quickly if they are left alone to figure it out. While marketers may be able to hold the hands of a few, they face major challenges during initial market expansion.

An alternative approach is to resist the over-engineering of the product from the start. Most products are initially designed to include features for differing markets. That approach is fine if you are jumping into an established mass market. On the other hand, if you are trying to create a market that doesn't exist, it is likely to render the product too complex to use at the start. It might be better to design to fit target niche markets. It is easier to design for simplicity if you are focused on specific target customers than on diverse and often conflicting needs of a mass market.

Trap 3: They used it, but they didn't generate value. Companies must understand not only what business need their products fill, but also what their customers have to do to generate value. In today's competitive environment new products are not likely to get past early trials unless there is a perceived cause and effect relationship between use and value. Before emerging companies can roll out a new product they need to know how early customers measure value and set up support systems to monitor value creation and then build that evidence into future promotion activities.

Trap 4: We promoted it to many, but few actually tried it. A product's early adopter success does not translate into mass market readiness. All the issues that forced you to choose a target niche market at launch are likely still present for other segments.

Rather than promote to a mass market, the product should be offered to adjacent niche markets. Adjacent markets are those that have similar characteristics to the initial target but offer access to a new customer base. Adjacency marketing is necessary until a critical mass of segments have been captured to tip the readiness of the overall market for broad acceptance.

Trap 5: We created the market, but we don't own it. If you create a market, competitors will eventually enter and it will be difficult to sustain leadership.

Much has been written about first mover status in the New Economy. This is worthless if there are low barriers to entry, low switching costs and you have an inferior product. To sustain leadership, plan to renew your product and its value proposition while you are trying to capture market share.

Emerging companies need to master the creation of new markets that don't exist. They must first establish a solid base of market acceptance on which to grow. This involves converting an idea into a powerful value proposition, creating market beachhead and scaling through adjacency marketing. Otherwise, it will be left at the starting line with no race to run in.

Glenn Mangurian is CEO of FrontierWorks LLC, a professional services firm focused on growth located in Hingham. He can be reached at gmangurian@frontierworks.com