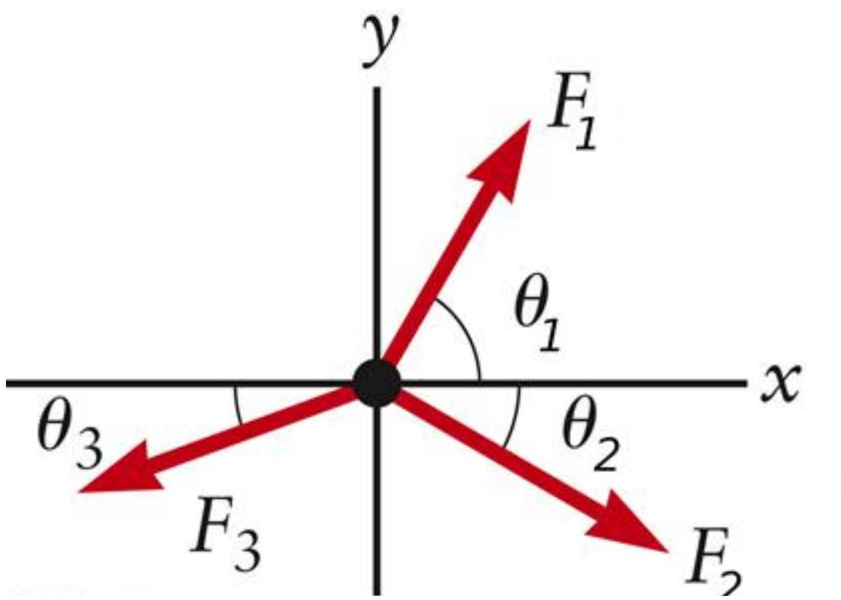
Innovation Triggers



Charles Plant -2017

materialminds

Innovation Triggers

Google Glass

Google Glass is the best recent example of a product that failed to cross the chasm. Google Glass caught on with a small number of technology enthusiasts, exactly those technology enthusiasts or visionaries one would expect to try a radical new innovation such as a head-mounted wearable computer. But it evoked a firestorm of protest about such things as privacy rights that are infringed through the surreptitious recording of private conversations. People wearing (using) Google Glass even came to be referred to as "Glassholes." There were safety concerns about driving while Glassing, concerns about a Wi-Fi signal inches from your head, and all sorts of other problems.

But the biggest issue was that Google didn't explain what problem it was trying to solve. While the product was accepted by tech enthusiasts, I hazard a guess that even visionaries didn't buy in as it was hard to see what long-term vision could be held for the benefits of the product. Certainly, the pragmatists didn't buy in because they couldn't figure out how they could benefit from it.

When you look at the reasons for the product's failure, they come down to two classes of problems: Triggers and Barriers. We will spend a lot more time on this concept of triggers and barriers in the next several chapters, but now is a good time to introduce the concept as we're talking about understanding the customer and how the customer looks at new purchases.

The first problem was that there was nothing to trigger the visionary or pragmatists to come to purchase Google Glass. There was no long-term vision that could be achieved through the use of the product or no problem that could be solved by purchasing it. So with nothing to Trigger a purchase, the product was left in the hands of technology enthusiast who just like trying things out for the sake of trying things out.

Even if there are Triggers to incent a purchase, sellers of technology need to get over Barriers to adoption. These we will explain in a few chapters, but essentially there are a lot of forces that get in the way of a buyer adopting a product that sometimes have little to do with the product itself. In the case of Google Glass, the safety concerns and perceptions about the user made it a risky purchase for the mainstream consumer. Without a Trigger and with risk as a Barrier to purchase, there was nothing Google could do to create a product win and it was pulled from the market.

There are those who say that Google was just trying something out and it wasn't a true product launch as it was really just released in Beta, but I don't buy that. I think they got caught up in their own version of Cloud Cuckoo Land and fell in love with their own creation. This only goes to show that even the most successful company out there can launch products that fail because they didn't understand the potential reaction of consumers.

How People Are Triggered

When we start to market a new technology we've developed, we somehow suspect that we'll make a phone call, explain what we're doing and why someone should buy, and magically they will agree with us and ask where they can send their money. If only it worked like that in reality.

My first exposure to this flawed thinking was with a company called Dyonix Greentree Technologies. They were in the process of automating the process by which lumberyards could calculate the wood required to build a house and produce a required list of materials and estimates of cost. This was 1985 and if you can remember that far back, IBM had just introduced the 80286, a huge leap from the XT. To run this application, Dyonix had to produce a specialized tablet in order to digitize the blueprints from which the quotes were based.

Unfortunately, producing this tablet was time consuming and complex and a bit expensive so the company didn't have many in inventory. The sales team went across Canada and used information sessions to introduce the product. They would get a group of lumberyard owners together in a presentation and inform them that they only had so many units allocated to this area and that buyers would have to hurry to buy before supply ran out.

It may have been used only as a sales technique but I think most people in the company believed that people would be so keen on buying the system that there would be a shortage. Certainly, their sales forecasts went along with this notion. Unfortunately, very few lumberyards did actually purchase a unit. The company burned through the money they raised, went public and burned through some more and eventually went bankrupt, all in a few short years.

As with many startups, one problem that they had was in thinking that sales would ramp up much faster than they actually did. It is easy to do cash flow forecasts with aggressive sales targets. The problem is, though, that you probably make equally aggressive expenditure targets to support the sales targets. When sales don't materialize, you go out of business.

Understanding how your customers are going to buy and precisely how they will get triggered to buy is essential to understanding how quickly you can scale your business.

Unfortunately, customers won't buy just because you tell them to buy something. There may be a very few technology enthusiasts or product innovators who will buy it to experiment with something, but that is usually a limited market. Companies can't make enough money off of them to survive. No, to thrive, you need to sell to those people who are buying for a reason.

And that reason is usually change. Something changes in a person's life or in a company's that requires them to do something differently. When that happens they start to investigate what their options are to handle these changing circumstances. Because of this change, they have entered the Need Identification stage of the buying journey and we are off to the races.

Why is change essential to make someone start the buying journey? The first reason is that people don't actually like to change. Most people would much rather go on doing what they have always done so that life is easier on them. Don't forget what I emphasized before:

> **Your success depends on your ability to overcome people's natural reluctance to change.**

In addition to not wanting to change, things will happen in the life of an individual buyer or in the status of a business that will require them to change. They will naturally prioritize those things that require change over those things that do not. And even in the world of change, buyers will establish a list or priorities of those things that are more acute to change and those things that can wait.

Imagine that you're walking merrily along the street, walking toward your car because you need to put some more change in the parking meter as you are about to run out and could get a ticket. And just imagine then that as you're walking along that street, a nasty dog comes up and bites you on the leg, making you suffer a grievous wound for which you require stiches.

Five minutes ago, you were merrily walking down the road thinking about your parked car. Now you have two needs: get stitches in your leg and put coins in the meter. Just as you're trying to assess what to do with these two issues, a pesky roadside watch salesman approaches you and asks if you would like to buy a FitBit. What would you do with that salesman? Unless you're a total nutter, you would probably ignore the FitBit salesperson and try to deal with your other two problems.

Having ignored that marvel of personal technology, which other problem would you deal with first? If you were like most people, you would go to the hospital and get the stiches taken care of. Then when you had dealt with that, you would limp off to put more change in the meter, but by then you might be really mad, having gotten a ticket.

If you're an innovator and trying to launch a new solution to someone's problem, this is what you're going to have to face. You'll be trying to talk to a buyer about your new FitBit while they are trying to get stiches in their leg and put money in the meter.

This is because people are triggered to buy because of problems they are facing. And they are facing problems because something has changed in their lives. Without change, no problems, and without problems, no need to buy something. And when people actually do try to solve problems, they line them up in order of importance, trying to solve the biggest problem first and then going down the list.

There is nothing you can do about this as seller of innovation. Nothing at all because you would be bucking human nature. Some vendors think that they should be able to get buyers to recognize that they need to change or build recognition of a problem and if you think that then good luck, and I hope you have a lot of money. If you want proof that you can't get people to recognize problems and change then just look at the war against smoking.

No one thinks smoking is good for you. It has been known for over 50 years that smoking causes death and an untold number of other lesser problems. Society has been trying to get people to stop smoking for years. We have spent billions of dollars in ad campaigns to try to trigger people to stop smoking. We've made it difficult to buy cigarettes and difficult to find somewhere to smoke. We've made it socially unacceptable but still a large percentage of the population smokes.

Some people actually do quit smoking on their own volition, but it usually takes many years to get them to come to that realization and many attempts to be successful. Is that the type of target market you want? One that takes a long time to realize what is right for them? No, people are more likely to quit smoking when they realize it is harming their health or the health of someone they love. The prospect of death is a great trigger for many people.

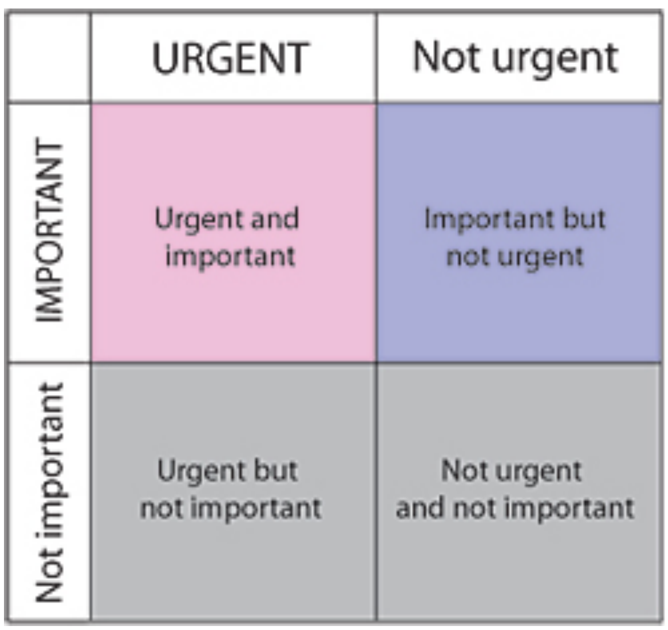
What has changed most about the rate of smoking is that there has been a concerted effort to remove the triggers that get people to start. They have done this by restricting access, making it unappealing and making it not cool. For existing smokers, they have made it difficult and sometimes even annoying (winter) to smoke, thus eradicating triggers that get people to light up another one.

I can't emphasize enough that people are triggered by something that is changing in their lives and this is what will cause them to start the buying journey. Without change, there is no buying journey and you will be in Cloud Cuckoo Land with many imaginary friends.

Your success will come when you find an idea that matches up with a natural trigger. The best opportunities come from unmet triggers. So your task is to find the trigger, find the problem and its trigger and you'll align your business with the buyer's journey. In order to do that, you'll need to understand what it is that triggers people to start the buying journey.

Urgent or Important

The way to think about triggers is to classify them based on their degree of urgency and importance.



Both the things people do and the things companies do can be put in these boxes.

Companies and people alike prioritize how they will handle opportunities for innovation. Fundamentally they assign priorities to one of these buckets, typically dealing with the urgent before the non-urgent and the important before the unimportant.

You can class triggers into these quadrants very easily. There are four types of triggers and they work like this:

	Urgent	**Not Urgent**
Important	Operational problems	Strategic Problems
Not Important	Regulatory Problems	Financial Problems

While all of the management theorists out there will say that you should place a higher priority on Important Problems and not Urgent Problems, that is not actually what companies and people do. Normal people will deal with the Urgent before the Important, thus solving problems in this order:

- Operational
- Regulatory
- Strategic
- Financial

Urgent or Important

Before you go on, try to establish whether the problem you are trying to solve would be classified as urgent or important.

Operational Triggers

If it's broken you better fix it.

Companies and individuals solve operational problems before they solve other ones. If you don't solve an operational problem, you'll die. They are urgent and important, so operational problems get solved first.

I used to think that strategic triggers were of a higher order than operational ones, but I've changed my mind. If you're a company and a piece of machinery has reached the end of its useful life, then you have to fix it so that you can carry on. You can always wait a week to introduce a new product, but you'll get nowhere with a broken assembly line. Similarly, if you run out of raw materials, you're out of work until you get more in.

That's the essence of operational triggers. Something is broken and it needs to be fixed.

Running Out

It doesn't matter if you're an individual or a company. If you're out of food (supplies), you won't be able to eat (manufacture) and eventually you will die. This also works when something you rely on for your existence breaks. If it breaks you just have to fix it. This is a perfect point at which you, the innovator, can get on a prospect's agenda: when they need to buy or they're out of business.

If you develop a product for one of these operational triggers, you know exactly where your market is, what they buy, and when they buy. This type of problem deals with food, shelter, and clothing issues and are frequently called staples. When you look at many of the 30,000 products introduced in North America every year, by far the greatest number are in this area. They are new foods or personal care items.

Printers, and more specifically, printer cartridges are an example of something that runs out regularly. In fact, they are designed to run out regularly, and they are expensive to replace. The printer manufacturers make printers themselves very cheap so that they can earn a monstrous amount on the printer cartridges. When you look at it, you're paying $50 or so for a bit of plastic and some liquid inside.

Nobody can sell you a printer cartridge when you don't need one, but you're stopped cold and have to buy if you run out of ink. The most interesting innovation I've seen recently is the Epson

Eco Tank. They have developed a printer that uses refillable cartridges so you won't need to throw away perfectly good cartridges. And the cost of refilling the cartridges is less than $20. The trigger works the same way, but they might have triggered you to buy a different printer the next time one breaks.

Technological Change and Obsolescence

I'm always amazed at how many people out there are still running Windows 98. You would think that it would be outmoded by now but I guess not. I was even more surprised to find that people are still running IBM AS/400s. That was introduced in 1988 and was a mainstay for mid sized companies in the '90s.

You can get away with not changing technology but eventually something will require you to make a change. Perhaps it will be being unable to get spare parts or find software that works with your old system, be unable to get it serviced. Oddly enough, while many other product manufacturers have built obsolescence into their products, software developers have adopted an evergreen philosophy, allowing you to operate and change versions without ever needing a completely new purchase.

There is probably no better example of changing technology that drove people to make new purchases than the video industry. Before video was available at home, people watched movies in a movie theatre or on TV. The advent of home video drove a lot of people to experiment with the new format. Techno enthusiasts and product visionaries adopted the technology first, when it was difficult to find a variety of videos to watch. Eventually, when there was good movie choice on the market, the pragmatists figured that they could save time and money and change their viewing experience if they could watch at home. So they came to rent and watch videos.

As time went on, the video choice was much greater in video stores than it was on TV and than it was in the theatre so conservatives and sceptics adopted the format for home viewing. And then came the DVD. At first, techno enthusiasts and visionaries saw how much better the quality was and switched from video to DVD. As time went on, the quality improved, the choice improved and at some time, you couldn't get videos as easily as DVDs so even the conservatives moved to the DVD format.

And then it changed again and Netflix, streaming, and other methods of viewing content became available. This drove business out of the video store and toward the TV again. (Back to the future.) All through these technological changes, the consumer has been dragged, many of them kicking and screaming to the new technology because their old technology was outmoded.

It still worked, in fact I still have a VHS machine and one that plays DVDs that look at fondly and think I should throw out.

Technological change is a good operational trigger. It doesn't often happen immediately. In fact it used to be said that it took 30 years for the adoption of a new technology. This is speeding up lately, but change is never instantaneous, playing out instead over a long time as a product makes its way from technical enthusiast all the way to laggards.

Scale

Finally we get to the issue of scale and this is what drives the sale of a lot of computer software and hardware. If you're a rapidly growing company, you're continually running into operational issues because what you did when you were small doesn't work when you are larger. Processes designed for smaller environments don't work in larger ones as they get too cumbersome and frequently the process ends up breaking down and forcing a change.

I worked with an asset management maintenance software company about 10 years ago. They were a well established; old but quite small company that specialized in helping mine owners manage the maintenance of all of their machinery and equipment. If you can imagine, if you're a small mine operating in one location with few shafts, you won't have much equipment. In those cases, you don't need anything more than Excel to keep track of all of your machinery and its maintenance schedule.

If you're slightly larger or have many mine locations and want to see the status centrally for all mines, then Excel doesn't work as well. You can still make it work but it becomes cumbersome, you can't see an overall picture very easily and eventually things get missed and equipment breaks down without spare parts being available.

If you're a mine and equipment breaks down then you aren't making any money. As you enlarge your scope of operations or as you buy a number of mines, the likelihood is that you'll need to move from Excel to some asset management maintenance software. And that's the field the company played in. Try as hard as they could, they couldn't sell software to companies that weren't growing. Their best opportunities came during the expansion of an existing mine or when two or mines combined their ownership.

This same issue of scale works in consumer terms. If you get married, have a child or have octuplets, chances are that there are a lot of things that you're going to have to buy for the first time, particularly if it is your first child. That's why companies are so quick to try to market to expectant mothers. They know that in all likelihood, especially if it is a first child, there will be a lot of things that the family will need to purchase that they have never bought before.

Changing Decision Makers

Another thing that can create the equivalent of an operational change is a change in the decision maker. While this doesn’t happen as frequently in consumer situations, it is quite common in business buying. Frequently, the new decision maker, especially if hired in from another company will want to change things up to put her stamp on a new job. Out with the old decisions and in with the new. Often the change in people is necessitated by changes in other operational variables such as scale but people do change form time to time without the existence of other operational triggers. This is a time for change in more than just people. It is a time for innovation, for changing process and for changing people.

Along with that change comes an opportunity for a new sale to a company, an opportunity to get them to innovate. That is why good marketers scan job notices to try to sell into a company when a person has changed.

Other Operational Triggers

There are all sorts of other operational triggers that can work on buyers. If you’re moving to a new house or moving offices, there are some things that you may need to buy that you wouldn’t have had to buy otherwise.

Your Target Purchaser’s Operational Challenges

You need to know enough about your customers that you can determine how your solution fits into their existing set of problems. To do this, you’ll need to understand what operational priorities are challenging them. In the box below, figure out what operational triggers they are currently responding to.

Regulatory Triggers

Regulatory triggers are urgent, frequently time delimited but overall no big deal. Nothing catastrophic will happen and you'll probably end up with a small fine. Urgent but not important.

These regulatory triggers are things that someone says you must do or inveigles you to do through regulation.

Government Regulations

You can thank the existence of government regulations for the creation of a music industry in Canada and thereby for the later success of Justin Beber, Celine Dion, and Nickleback. (OK, maybe some of you won't be thanking us but you get the idea anyway.) Before 1960, there was no Canadian music industry. The structure of the industry was such that it didn't make economic sense to produce records of Canadian talent in Canada. In fact if you were from the United States and happened to come to Canada and listen to the radio, you would have found it no different from radio that you listened to in the United States. Canadian radio stations spent their day playing music that was written and produced in the US.

At the time the Canadian Broadcasting Corporation was the regulator of Canadian broadcasting. Trying to act in the best interests of Canada, they pressed private radio stations to produce Canadian programs and in fact demanded reports as to how much Canadian content was being played. But the results were anaemic and the quality was frankly poor. Furthermore, due to other industry regulations, it was uneconomic to produce Canadian fare.

And while the CBC could press radio stations to play content, they could only use moral suasion, as there were no regulations that required stations to comply. Since there was no economic benefit, there was no trigger getting them to produce such content. The problem was that there were no Canadian records to play. Canada didn't have a recording industry that encouraged the making of records that could be sold for a profit. While some attempts were made by groups in the 1960s to create albums, the number created was small in comparison to the potential from the market.

However in 1972, the Canadian Radio and Television Commission (CRTC), the successor to CBC as the industry regulator, introduced a simple requirement. They were in control of the issuance of radio licenses and issued a regulation that required all Canadian radio stations to broadcast Canadian musical performances for not less than 30 percent of their total musical programming.

All of a sudden, the industry had to start finding Canadian music to play or risk losing their licence. In the stroke of a pen, the CRTC managed to create a trigger that got all radio stations to start buying Canadian content and thus start a market for companies that wanted to produce it.

In 2013, the Canadian sound recording and music publishing industry employed 13,400 people and had revenue of about $800 million. Not a bad result from nothing in a market that was thought to be too small to be worth anything. It cost the government nothing to create all of this economic activity and yet created a whole industry.

From the point of view of the radio station, the regulation was a trigger that caused them to do something they would never have otherwise done. When it comes to buying, corporate and individual consumers will respond to these triggers before purchasing anything else. Regulatory triggers become the highest priority for purchasing over everything else when the situation is triggered.

As another example, take a look at infant car seats. If you have just given birth to a child, you can't take that child home from the hospital unless it is in a certified car seat. The buyer is triggered to buy as a result in a change in life circumstances and made to purchase a car seat due to regulations enforced in hospitals. If you're a manufacturer of infant car seats, you've just been given a gift by the government, a market to sell into.

And this is the role that government regulation can play in creating triggers. The best thing about finding these triggers is that you know there will be a market in existence, the barriers to purchasing will have been eliminated and all you have to do is beat the competition.

Voluntary Regulations

A buyer can also be incented to buy through voluntary regulations. These are regulations the buyer has elected to follow in order to be able to be part of a group that produces the regulations. If you're a professional then you will need to follow all of the regulations of your profession including such things as getting a certain amount of post qualification training on a regular basis.

The people who manage professional qualifications aren't stupid. They know that if they issue a requirement that you get 40 hours of training every year to maintain your certification, and then they will create a great business for themselves by offering the training they just told you that you have to get.

Take a look at businesses that have elected to follow standards for ISO certification. ISO, the International Organization for Standardization, is an "independent, non-governmental organization, the members of which are the standards organization of the 164 member countries. It is the world's largest developer of voluntary international standards and facilitates world trade by providing common standards between nations. Nearly twenty thousand standards have been set covering everything from manufactured products and technology to food safety, agriculture and healthcare." (Wikipedia)

If you want to sell into particular markets that require ISO certification, then you have to go to the expense of paying a consultant to help you get certified. You then have to pay someone else to evaluate your preparedness and certify you. You might have to take courses to help you improve your ability to meet regulations. And every few years you have to go through the whole process again, getting ready for inspection and being inspected. Every time the regulations change, the same thing all over again.

It might seem like a bit of a bother, but you can't sell to someone requiring ISO certification without it, so you have elected on a voluntary basis to adhere to his or her regulations. And what have they done? They have created a huge market for consultants, trainers, certifiers and lifelong employment for those who work in the organizations.

It's a great racket, but if you can find a regulatory trigger such as one of these, then you will have created a need for your services and a well-defined customer base which will prioritize your service above all other things they do in order to stay in that business or profession.

In fact, look at the world of accounting and the stock market. If you don't want to grow too large as a business, you will never need to get your books audited or prepared by an external accountant. And if you don't want to go public, you will never need an underwriter. But regulations say that if you should chose to do either of these two things, and then you will need the services of a CPA or CFA. They have created a marvellous captive market for themselves by promoting the very regulations you would probably rather avoid.

Regulatory Incentives

Governments and other bodies every now and then create regulatory incentives. These don't work like ordinary government regulations, nor do they work like voluntary incentives. What they do is incent you to do something by making it worth your while and take away some of the sting of doing something which you otherwise might not do. Take for example, the hiring of new employees. The government creates incentives to get you over the hump of making that decision by paying you money to hire a young person or to give someone training.

Your Target Purchaser's Regulatory Challenges

In the same way that you had to understand your client's operational challenges, you'll need to understand their regulatory challenges. In the box below, figure out what regulatory triggers they are currently responding to.

Strategic Triggers

Strategic problems can be deferred, but the regulatory ones can't. I think it comes down to survival for a company. If your competitor launches a product that is taking away your market share, you'll want to solve that problem before looking at regulatory ones. After all, you can still limp along with regulatory problems but if your competitor totally eats your lunch then you won't have any operational problems to worry about. Bu that's not what companies do. They get rid of regulatory problems first.

From a personal or consumer perspective, strategic problems are more societal in nature. By societal, I mean the pressure that comes from your peers for conformance in order to remain a member of a group. For instance, is it more important to have a pair of shoes that are fashionable or that don't have scuff marks? In personal issues, regulatory problems certainly come before societal issues.

Quest for Market Dominance

The first type of strategic trigger is a quest for market dominance. This applies to companies only. If you want to increase market share in your industry, then you'll need to come out with some new or improved product or service that beats the competition. You'll have all sorts of meetings to figure out what that is, you'll figure out what to do, and then you'll put this in your strategic plan. From then on, everything is written in stone. The strategic plan gets chopped up into little bits that individuals can handle as part of their annual plan. The money gets set aside to make the investment needed to create and launch your new strategic initiative and you're off to the races.

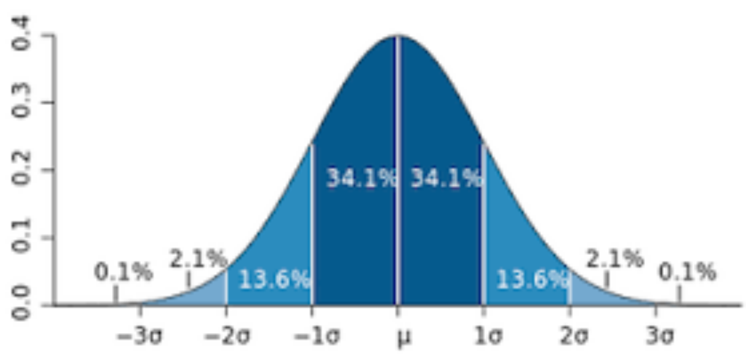
If you're trying to sell to companies, and you have something that can help them beat the competition, then you have potential customers. Your prospect has been triggered by a shareholder who is looking for increased performance and responds to that trigger with a strategic initiative.

Apple is a great example. Steve Jobs gets back in charge. He's the trigger. (In fact, if he didn't come back, I wonder if Apple would still be around today.) In his drive to create shareholder wealth, he decides that Apple needs to launch a new product line and that cell phones are a good area for potential market dominance. He sets out the strategic plan, assigns people to various tasks, and puts money behind it, and eventually Apple comes out with the iPhone. In terms of a product launch, it is a total success. It not only is a small improvement on what went before, it is a total success, virtually wiping out the competition.

If you had been a vendor with something key to making the iPhone a success, then you would have had a great customer in Google. However, at that same time, you wouldn't have been able to sell to Blackberry because they thought they already owned the market and so didn't have a huge drive for market dominance. Number two overtakes number one by following a trigger for market dominance.

The problem with a quest for market dominance as a trigger is that it only works on a certain subset of a market. In any market, there are leaders, followers and also-rans. You can debate the percentage of the market that is comprised of each of them but suffice it to say that they don't all behave the same way. That is to say that they aren't all triggered the same way.

Take a look at this graph, which shows the normal distribution of a market. There are a few leaders on the left that will be triggered by shareholders to seek market dominance. There are others that will follow when prodded by the market leaders. Then there are the also-rans that are too busy chasing their own tails to bother being triggered by strategic concerns.



For instance, look what is happened inside the world of media. A few years ago, this thing called the Internet came along and the way news got consumed changed. The ones in the lead, the firms like Thomson Reuters, got the new paradigm and went online early. The major newspapers followed suit and have tried to build an online viewership that is willing to pay with some success. But then there are many how have not yet really figured it out. The initial impetuous was technological change, but the true trigger was a desire to beat the competition.

Strategic Response

You might have guessed it, but in the world of strategic triggers, the next strongest trigger is a strategic response. This happens when you are a market follower and your main competition, the market leader has introduced some new product or service and it is eating your lunch. If you want to survive, you'll have to do everything in your power to muster a strategic response.

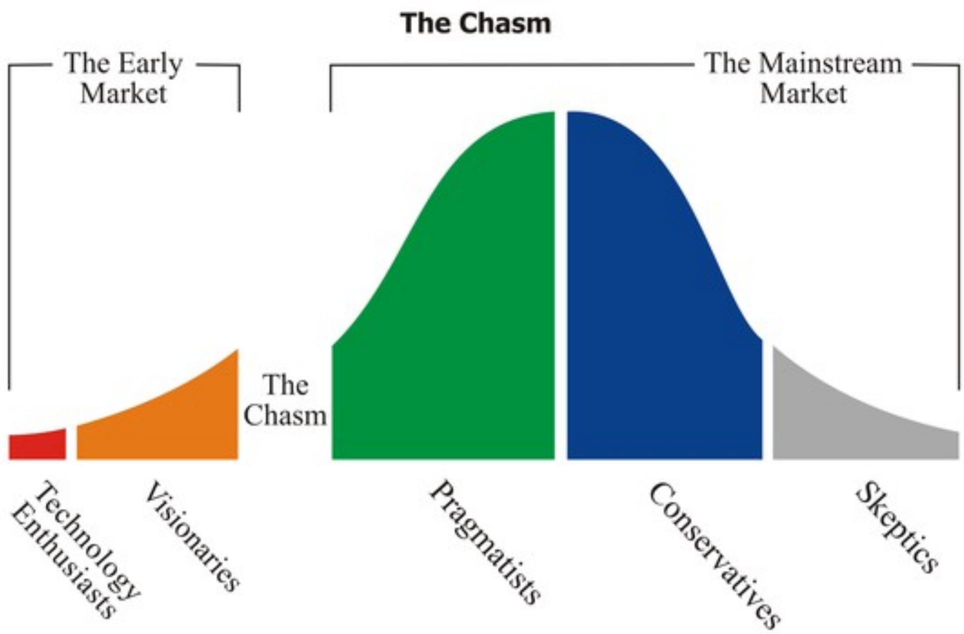
Let's go back to Blackberry and Apple for a second. Blackberry was the market leader and all of a sudden, out of nowhere, Apple came up and introduced the iPhone. Blackberry's natural reaction was to denigrate the product, thinking it a toy and figuring nobody would want to surf the net on a mobile devise. In fact, Steve Balmer, ex-CEO of Microsoft also poo-pooed the idea and figured it would never catch on. Unfortunately, neither of them understood the need for connectivity in a mobile situation—and that allowed Apple to become a market leader.

Blackberry was caught flat-footed as iPhone sales took off and theirs declined. They tried to add similar features and compete with Apple but failed time after time. They even managed to almost lose their Blackberryness by moving away from their superlative keypad. While Apple isn't the leader in number of cellphones sold, they are the leader in profitability: "For the eight largest phone manufacturers in Q1 2012, according to Horace Dediu at Asymco, Apple and Samsung combined to take 99 percent of industry profits (HTC took the remaining 1 percent, while RIM, LG, Sony Ericsson, Motorola, and Nokia all suffered losses), with Apple earning 73 cents out of every dollar earned by the phone makers." (Wikipedia)

If you were trying to sell apps to smart phone makers, you would now have a market. Two days before the advent of the iPhone, you would not have had anyone at Blackberry willing to answer your call about apps. But a while later, a problem requiring a strategic response had reared its ugly head and you would have found a much more receptive buyer.

As to the size of the Strategic Response market, I suspect it is bigger than the size of the "Quest for Market Dominance Market." In fact, the market probably looks quite like the one we saw in crossing the chasm. Apple is the innovator and technology enthusiast. If you were selling apps, they would have been willing to talk to you and try apps out because, as a visionary, they saw the future possibilities for a new function for cell phones. Samsung would probably be the pragmatists, buying in early to the concept of apps and the other companies fall somewhere down the line.

In the long run, the market for you would be better among the Pragmatists and Conservatives who have had to respond to a strategic thrust. But this is an excellent space in which to be, a market in turmoil where companies have to spend money to survive.



Societal Pressure

Now we come to consumer markets. The way I see consumers working in terms of strategic triggers is that society or more specifically the group to which they belong acts as a trigger. This group will have leaders and followers, much the same way any industry will have. The group leaders will always be trying new things out, adopting new modes of behaviour, trying out new activities, and buying new fashion.

The followers—and here there are pragmatists, conservatives, and laggards just like in B2B—will need to adopt the new mode of behaviour, activity, or fashion if they want to stay in the group. If you're marketing to consumer groups, you'll have to decide where you'll play in this market. Are you going to play to the leaders who are always looking for new things? Or are you going to play to the followers who are trying to catch up?

The leaders are triggered by wanting to try something new all the time, and the followers are triggered by the leaders. Instead of looking at the perspective though of someone trying to sell something into Apple or Samsung, let's look at the perspective of the consumer.

So you're a cool dude (I hate that expression), and your coolness factor comes from always having the newest and most up-to-date technology. When Apple introduces the iPhone, you're not going to want to be seen dead with that old Blackberry thing. No you'll probably be one of those technology enthusiasts who lines up to buy the new iPhone to enhance your street cred amongst technophiles.

And if you're best friend of cool dude, you might not wait in line to buy the new iPhone but chances are you'll not be far behind or cool dude will razz you to death for not looking hip. (I know I'm really sounding out of my element here but am enjoying it.) If you're on the periphery of this crowd, you'll eventually get an iPhone but if you're out of this circle completely, it really doesn't matter what you do.

This is where society comes in. It provides the strategic pressure that gets consumers to change what they are doing and consider what you are selling.

Health and Safety

For consumers, long-term health and safety are also strategic issues. Smoking is a good example. You won't die from having one cigarette and you probably won't even die if you smoke all next year. This is totally a non-urgent issue. But it is important because people will eventually die from smoking. If you're a marketer though, try getting that concept across to people. You could spend millions and have very little effect.

One company that did create demand using health and safety as a trigger was Listerine. Launched in the 1880s, it was a successful product that claimed to do all sorts of things. It was originally invented as a surgical antiseptic but had been marketed to dentists as a way to kill germs in the mouth. No one paid much attention though until the 1920s. That's when the company developed a marketing plan around the word 'Halitosis' and framed the problem as a health condition

If you're a buyer, there are two things working on you. The first is health and safety, and the second is societal pressure not to have bad breath, In this case the societal and health pressures existed already and were strong enough that Listerine was able to capitalize on them and successfully promote a 40 year old product.

Your Target Purchaser's Strategic Challenges

In the same way that you had to understand your clients' operational and regulatory challenges, you'll need to understand their strategic challenges. In the box below, figure out what strategic triggers they are currently responding to.

Financial Triggers

Finally we come to financial triggers. Many marketers think that these are relatively strong but when it comes down to it, very few companies and people will go out of their way to save money unless something other than the money triggers them to do this.

When was the last time you went to any effort to figure out if you could save money on your cell phone bill? And I mean not when your phone dies or your plan ran out, as those are operational triggers. I mean just decided to look at pricing all on your own. Chances are the answer is never. Most people have so many things going on in their life that they don't spend any time trying to save money unless they are triggered by something else like financial collapse. And this works for companies too.

The problem with money as a trigger is that the amount you can save a company is usually immaterial to their overall results. It might be material to those expenses but not to overall results. Let's look at the concept of Materiality for a second.

Materiality

Materiality is a concept well understood in the worlds of law, finance, and accounting but not so much in the general business world. In business, the concept of materiality guides many decisions. You will spend a lot of time worrying about your largest client but not as much about your smallest client. While there are management books that think that you should treat all your clients equally, that just is never the case. It is foolhardy and a waste of resources to spend as much time on your largest client as your smallest one.

This concept of materiality is a prevalent one professionally but it has not always crept successfully into the hands of the people working in businesses. This may be due to the fact that ancient proverbs seem to go against the concept of materiality. In fact an old Scottish proverb advises people to "Take care of your pennies and your dollars will take care of themselves."

When I started work as an accountant and auditor, Materiality was one of the first concepts that I learned. Being fundamentally a lazy person, I revelled in this concept and it has driven much of what I have done in my later life. While I can obsess from time to time on the personal small stuff, in business, I have learned to ignore it and this philosophy has been very effective for me. The first problem in applying this concept is to learn what is material and what is immaterial. When you have this figured out, it is easy knowing what to do and what not to do. You only do the material stuff.

What is Material to a Company?

Let's start first at the level of the company or organization for which you work. As in most cases of companies, each company has a competitor. The job of the leaders of the company (or at least one of the jobs) is to ensure that first, there is a market for whatever the company is providing and secondly that there is enough difference between the company and its competitors so that there is a reason to buy from one and not the other. This concept of competitive differentiation is very important. You might be someone who eats at restaurants (as most people do at some point in time) on a regular basis so you know that what you want one day is not the same as what you want the next day. For example, you might want beef. You could choose between McDonald's where you could get a quarter pounder with cheese or you could go to Ruth's Chris Steakhouse where you could get a filet. They are both pieces of beef but in your mind they are worlds apart.

To look at how McDonald's is different, there are three dimensions on which you have to look:

1. Quality

   In terms of quality of food, there are major differences between the two. While they both have very consistent quality, which is one dimension, what you are eating and how it has been prepared are two very big differences. McDonald's is serving you a low quality cut of beef, perhaps mixed with other ingredients. It is also serving this meal in the same way for all people across the world. Ruth's Chris is serving a high quality cut of beef prepared exactly as you like it.

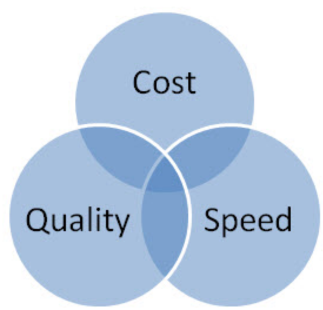
2. Cost

   Now, everything else being equal you would probably choose the Ruth's Chris beef over McDonald's every time. Except this is where the next point of differentiation comes in. McDonald's' Quarter Pounder is much less expensive than a filet at Ruth's Chris. They are both made from beef but the quality of the cut and the method of preparation make it much less expensive to prepare the McDonald's meal than the other.

3. Speed

The final aspect of differentiation for a company is in terms of speed. If you want a McDonald's burger, there is probably one within a mile of you in every city in North America. If you decided right now that you wanted a McDonald's burger, it might take you all of ten minutes to drive there and within a total of 15 minutes you could be eating a Quarter Pounder at your table. Ruth's Chris on the other hand is a bit more complex. There are 115 locations in North America so presuming you are in a city that has one, it may take you 30 minuets to get there, another 10 to order and another 20 to get your meal. Thus you've had to wait an hour to get your filet if you can actually get a seat tat the restaurant at that time.

While it may seem bizarrely simple, these three elements are the only three elements upon which companies compete with each other: quality, cost, and speed. Try it out if you like. Look at any market with a number of competitors and try to figure out how they are competing with each other. You can also look historically to figure out how some companies were able to take over whole markets in the face of extreme competition.



Google's start up is a good case in point. When they started in the search engine business, there were a lot of competitors, all offering a free service, equally accessible. Google competed on only one dimension, that of quality by producing a much more relevant search.

When Henry Ford brought out the Model T. there were all sorts of car companies in existence. It was a crowded market. He attacked the cost dimension by making the car affordable for everyone to own and repair. Perhaps they weren't the most elegant cars on the market but the much lower cost created a completely new position on the market.

Back to Materiality though. For a company, something is material if it impacts quality, cost, or speed enough so that a customer will notice the difference. Let's say that McDonald's raised their prices. There is a certain point in raising those prices where customers realize that they can get better quality than McDonald's for the same price as the newly increased one. If the price difference is noticeable, customers will begin to switch unless you change the quality as well. Changing two of these things at the same time may put a company into an entirely different market space. For companies, materiality is defined as to whether a customer will notice a change in one of the three dimensions of quality, cost, and speed.

The same dimensions of quality, cost, and speed work for other types of organizations such as charities, government agencies, political parties etc.

Why isn't saving money material?

Each employee at a company has a job that is inextricably tied into his or her company's strategy. There is a link between what the employee does and how the company is able to deliver on its promise of quality, cost, and speed. In this way, the three ways an employee can be measured are on quality, cost, and speed. Now what is material for one employee will not be material for another. As one progresses up the hierarchy one will find that what is material for a Director will be immaterial for a Vice President. The key to successful career development is to find out what is successful in your role. Just like a company can look at Materiality vis a vis their competitors, so to can any employee look at materiality in the context of their own job.

Imagine you're busy at work doing your regular job and someone comes to you with an offer to save you money on your printer cartridges. To get a new supplier takes a bit of work. There is risk associated with a new supplier and your current supplier sells you a lot more that just cartridges. (These are barriers to innovation and we'll deal with them in the next section.)

So you look at the offer to save money on printer cartridges and you think a number of things:

- It isn't part of my regular job to evaluate new vendors
- This isn't part of my plan for the year
- There are risks and issues with a new vendor
- If I spend time on this I might not be able to spend time on the things I'm supposed to be doing.
- If I don't get my regular job done I won't get my bonus or a raise or a promotion
- In the big scheme of things, this doesn't mean much to the company

Therefore I won't bother spending (wasting) any time trying to save money. And that's the end of it.

When Saving Money Is Important

Just because saving money isn't of prime importance there are occasions you can get through to a company with an innovative product or service that can save them money. And this is when the company is threatened for their survival in some way and must save money in order to please shareholders, the bank, or other external parties. In these cases though, saving money becomes an operational trigger and doesn't qualify mostly under a financial trigger.

And a Final Word about Financial Triggers

You don't want to rely on these even if they exist. Why? Because this then has become your only primary of competition and you are subject to competition that can come in and set a price slightly lower than yours. From that point on, it is a spiral to the bottom as each company lowers their price a bit more.

What Will Trigger Your Target Market?

To be successful at launching a product, you need to be extremely self-critical, and this is your chance. You have figured out who your target market is and who within the target market should be responsible for solving the problem you have. Now you need to assess what is going to trigger them to make a purchase and whether this is a strong enough trigger for you to build a business on.

In the space below, write down what you think will trigger your buyer to engage with you toward an eventual purchase and evaluate the arguments that support your position.