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Note on Sensing Opportunity

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The majority of new product ideas never make it to market. The majority of those that do fail. Some fail famously, like the Ford Edsel in 1958, New Coke in 1985, and Webvan (the home delivery grocery service) in 2001. Gourville reports that the new product failure rate ranges from 40% to 90% depending on the product category. While US packaged goods companies[1] introduce about 30,000 new products per year, fewer than 10,000 can be found on store shelves twelve months after making it there.[2]

What do we know about what separates winners and losers? What are the characteristics of good opportunities for successful new products or services? Research has clearly established what one would intuitively feel—the more compelling the customer value proposition or the more of an advantage the new product offers over existing competitors, the more likely the new will be successful.

For example, Cooper[3] found the following success rates for various types of new products:

Me-too products	18%
Products with moderate advantage	58%
Truly superior, differentiated products	98%

Rogers proposed a broader list of factors which could be used to judge the likelihood of a product's being successful and also how quickly that success might be achieved.[4] To the "relative advantage" factor, he added four others.

1. Compatibility—the degree to which the product is consistent with existing values and experiences. This means how well it fits with potential customers' established ways of evaluating and doing things. Does it "fit"?
2. Complexity—how difficult is the product to understand and use?
3. Trialability—how feasible is it to experiment with the product on a limited basis and get a good sense of the ownership experience?
4. Observability—how observable is the quality of the use experience to other people?

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