



THE EXISTENTIAL PRODUCT

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Think of an iPod. What you likely picture is a white device with earbuds. But that's not the product. It is arguably not even the most important part of the product. The iTunes application and service we use to buy music, make play lists, and manage our iPod is the essential ingredient to the experience. Without it, the iPod would be little more than a cool looking hard drive with earphones. Now consider the BlackBerry. Product or service? Again, the functionality is made manifest in the device but in reality that device is really an enabler of wireless data and a variety of applications. Perhaps even more abstract, consider what a strange animal the credit card is. It can be a payments method, an unsecured personal loan, concierge service, or various forms of travel insurance all represented in a piece of plastic that signals cache but has little real utility by itself.

Products are becoming less tangible and are instead bundles of benefits delivered through combinations of services, technology, Internet functionality, and hard goods. The "offering" is more often than not a collection of tangible and intangible benefits ranging from utilitarian to emotional. And because of that, the offering is impossible to sense or comprehend in any single moment -- in short -- the product has gone existential and is now more of an idea than a thing.

Ultimately this adds up to something very interesting -- the last stage of product completion exists in the mind of the customer. And for marketers and product developers alike, this presents a unique challenge and opportunity.

The Opportunity

Let's face it. Most products are commodities. Mobile phones, SUVs, and credit cards all do 99% of the same thing. This means businesses are playing with a one percent or so difference that distinguishes their product from competitors. And that small part is what makes a customer pick one product over another and is frequently what the customer perceives that product to be. Traditionally, a big part of that one percent was branding and marketing. Businesses sought to differentiate their offering by imbuing it with emotional attributes like prestige or hipness or safeness.

Today products are mental constructs composed of disparate experiences ranging from online applications, in-person interactions, physical form, and branding. Again, for the iPod this includes form (visual simplicity of the iPod); functionality (the user interface); applications (iTunes); and, branding (messages, advertising). In the case of Cadillac it is form, functionality, and branding but also the dealer experience and the Onstar system. When successful this mental construct is seamless and accrues to a single product concept (we don't think of the iPod and iTunes as different).

With this growing malleability of products, businesses have more options with which to distinguish their products. Products can much more easily wrap their offering with additional benefits and functionality. For example, Microsoft's recent bundling of their online properties as Windows Live with Windows Vista or New York magazine's highly localized Web site. Services conversely can differentiate through products – consider what a boon it has been to AT&T wireless to carry the iPhone service. Services can even distinguish themselves through the addition of other services – an example being Best Buy + Geek Squad. Better yet, products also can be easily adapted to unique market segments by turning on and off different benefits or functionality. Again, looking at credit cards, consider what's really different between a green, gold, and platinum American Express card. In short, the differences between products can in fact be small and yet produce great perceived differences.

The Challenge

If the last stage of product completion is in the minds of the customer then where does product development stop and marketing start? Answer: They're converging (or at least should be). Traditionally, the product development to marketing process was quite linear, which made sense in a hard goods/manufacturing intensive context where cost of product development was high and businesses were focused on securing long-term IP or reputational advantages. Today, with heightened market transparency coupled with the advantages of easily deployed Web-based and mobile technology, just-in-time and customized manufacturing capabilities, and customer service innovations, the ability to develop, adapt, and deploy products is easier, cheaper, and faster.

Clearly, if product completion is changing then product origination will need to adapt as well. Smart companies are recognizing this, but it implies significant change in how both product development and marketing operate. We predict marketers are going to push further upstream into product development. Increasingly, the act of branding or positioning a product will include the actual selecting and packaging of its functionality or attributes. Product developers in turn will increasingly operate more like James Bond's "Q" working in his lab to create cool ingredient attributes and functionality that can then be packaged to meet new market opportunities or differentiate against existing offerings. The age-old chicken and egg question - does the brand define the product or the product define the brand? - continues to get more confusing as the practices of developing and marketing of products blur.

For marketers and product developers this is a good thing. Too many of us marketers have been handed a less than compelling product and then been expected to practice some sort of marketing black magic that makes people want to buy it. And too many product developers have watched inordinate amounts of money being spent on marketing that could have been used to make enhancements to their products. In the end, product development is typically very good at finding and developing innovations that appeal to the marketplace. Marketing is typically very good at creating brands people can understand and relate to emotionally. In the world of the existential product, both can do their best.