Why New Products Fail and How to Prevent It

USERVOICE

Introduction

Product launches are full of stressful circumstances and unforeseen challenges — last-minute bugs, stretched budgets, and tight deadlines. Looming over all of those challenges is the risk of failure.

There's no way to predict *everything* that will happen after you launch a new SaaS tool, but with prep work and forethought, you can take a measured, data-backed approach to increase your confidence and reduce the risk that your product falls flat.

Successful product launches happen when you understand your product's most important value and are willing to test your assumptions and adapt your features based on the shifting needs of your customers and market.

Fear of Failure Can Derail Innovation

Product failure is common. While the data on how common isn't that clear-cut — the widely cited belief that 80% to 90% of new products fail is more myth than fact — some research suggests that around 40% of new offerings do fail to gain a secure foothold in the market.

The challenge is that product development is expensive and time-consuming. Every time a business launches a new offering, it faces the intense risk that it won't generate returns. Start-ups, in particular, often operate on tight margins that leave almost no room for failure. One misstep may not just spell disaster for the product — it could sink the entire business.

Up against that pressure to succeed, it's not surprising that many product teams and entrepreneurs feel hesitant to launch a new product or new company. However, to launch any new endeavor, you need to get comfortable with risk and be willing to adapt.

An Aversion to Risk Takes Success Out of the Equation
Product management will always include some measure of risk and uncertainty. It's impossible to predict everything, although there are steps you can take to reduce your uncertainty to a more manageable level. Pressures from inside and outside your company will probably change the trajectory of your product.

As product managers, we must be comfortable with making those changes and be open and willing to move fast and potentially break things.

Resistance to Change Makes Innovation Impossible
It's natural to be wary of change, especially for entrepreneurs who

have a lot of passion and personal investment tied up in their product. However, launching a new product requires changes. It's unlikely that you'll get every aspect of your initial release right.

That's why it's crucial to let go of your preconceived ideas and test every assumption against real customer feedback and market intelligence. Dogged adherence to an idea with poor product-market fit or working without validating your assumptions leads to resistance to quick change. If you're unwilling to course-correct, development stops in its tracks, and your product fails to launch.

Those same pressures and hang-ups can contribute to product failure, too. After getting a new product off the ground and out into the marketplace, the need to test your ideas becomes even greater. You'll also need to communicate with customers and move in quick development cycles. You can't do that if you're not willing to make changes.

Internal Problems With the Business

Internal company processes, team makeup and skill, and budgets will all influence the end product. This is particularly true for small teams—one person's actions have an outsized effect on the company as a whole.

Poor Execution of Your Product

While it's natural for a new product to experience some hiccups (especially if it's a minimum viable product, or MVP), the major functionality of your software needs to work. If it doesn't, it can turn customers away. Bad UX, bugs, poor quality, and sloppy implementation are all signs of poor execution—and they can doom your product.

Your initial launch doesn't have to be perfect, and it probably won't be. However, your customers are looking for a solution to their problem, so your early product should still solve that problem.

Solution: Test Prior to Launch and Push Quick Product Updates

To spot bugs early on, test (and re-test) your MVP prior to launch. Then you can devote time and resources to fixing them. It helps to focus your testing and quality control efforts around the most important features or functionality of your product first. You can release updates to your UI later, but if your tool doesn't meet your customers' needs right out of the gate, it won't be successful.

Focus on Insignificant Product Details

Your time and budget are critical factors to consider in your company's early stages. If you focus on extraneous details that are outside of your core functionality and product value, you can burn through time and cash before your product ever turns a profit.

With any new product, "done" is better than "perfect." Launch your product when it's functional and delivers on your value proposition—you can tweak features later based on feedback from your early customers.

Solution: Prioritize the Most Important Functionality and Features

To prioritize certain features over others, you'll need to have a clear vision of the value that your product delivers. What is your product's core purpose; what problem does it solve for customers? With that focus in mind, you can prioritize some features over others.

For example, if you're creating a video conferencing product that touts fast speeds, ensuring that your software runs quickly and efficiently should take precedence over "nice-to-have" features, like a downloadable chat log.

Slow Development Cycles

Your market can change quickly in SaaS—sometimes within a matter of months. Customers' needs are constantly changing, and new competitors can appear at any time. The problem that you're trying to solve in January may not matter to your customers anymore when you're ready to launch in June. Slow-moving software development cycles can squash your product's success before it even launches.

Solution: Move in Shorter Cycles

Short development cycles give you the ability to adapt to changing markets. Instead of spending months adding the finishing touches to a feature that your users might not need, shorter cycles allow you to implement product changes fast—in a matter of *weeks*, not months.

At UserVoice, we use Shape Up to move in six-week cycles. Our schedule keeps us delivering new features when they matter to customers. It also forces us to focus on the product updates that directly tie back to our value proposition of taking the guesswork out of product management and giving teams a simple way to collect and act on customer feedback.

Over-Budgeting in Some Areas of Your Business

The health of your business maps back to your product's success on the market, so it makes sense to map your budget back to supporting your product. If you have limited funding, you may have to wait to invest in some areas of your company—you won't be able to allocate your budget the same way a fully mature company would.

For instance, investing in a large ad spend ahead of a launch isn't the right fit for everyone. If you can rely on a solid industry network to build buzz via word of mouth, you may be able to save on marketing and

reallocate that money toward hiring software developers. On the other hand, if your product doesn't need complex development work and you're unlikely to show up on customers' radar organically, devoting money to advertising and marketing may be the right path.

Solution: Grow Your Business Strategically

Keep a strategic focus on the areas of your business that will directly contribute to your product's financial success. You may end up waiting to build out some departments. Try to hold off spending funds on areas that aren't needed yet, like learning and development. Wait until you feel like you *must* add those — and that can get a little uncomfortable. However, doing more with less is standard for successful start-ups.

External Market Pressures

Once you step outside of your organization and launch your product, you're going to run up against additional problems that need solutions. External pressures and factors can have an outsized influence on your product's success, and, unfortunately, they're tough to predict. Here are some of the most common external pressures that can impact product success.

Incorrect Pricing

Your product has to hit the right mark: price it too high for the market, and your customers are unlikely to buy; too low, and sales may not generate enough revenue to sustain your business. The right price takes all of the costs associated with your business into account as well—another reason why it's so important to allocate your budget strategically at first.

Solution: Research the Market and Adjust Your Prices

If you're concerned about how to price your product, conducting in-depth research into the market can give you a place to start. Find out what your competitors charge and create a range of prices that are supported in your target market. You can also survey prospective customers directly, asking them which price points would be too expensive, too cheap, or a bargain.

You can also change your pricing strategy after launch if your current approach isn't working. For the solution, look to the basic principles of supply and demand. You may find that you're not closing enough sales to sustain bargain pricing, and you need to increase. Product price increases can be a challenge to get right, but grandfathering in existing customers at their old rate can get around that friction.

Tough Competition

Unforeseen competition is a common reason for product failure, with around 20% of new start-ups closing up shop. The SaaS market is crowded—there are 17,000 SaaS companies in the United States alone, and newcomers are entering the space all the time. Even if your product launch goes smoothly, a new competitor can shake up the success you've had.

Solution: Do Competitive Analysis and Update Your Product

You should do a competitive analysis prior to any product launch, but you'll need to revisit it regularly to keep you from being blindsided. If you do find a new competitor that is successfully siphoning from your customer base, it's time to find out exactly what value their product delivers better than yours does.

Once you've discovered the reason for a competitor's success, your next step is to *innovate* on that feature or function. Add something more to your product that outpaces the others on the market—customers can spot a copy, and if you're not delivering something unique and valuable in its own right, they'll flock to the cheapest option on the market as soon as they can.

Gaps in Your Market Knowledge

Product success depends on having a clear understanding of your market size, makeup, competitors, and nearby verticals. If you haven't researched those factors in-depth prior to launching your new product, you won't have a clear picture of what's out there, and you won't know what to expect after launch.

Market research is time-consuming, and depending on whether you can handle the process in-house, it can get resource intensive. Many startups skip this step and instead base their product strategy on the knowledge and expertise of their founder and team. While that institutional knowledge is invaluable, a strategy built without research is likely to operate based on guesses. No matter how educated those guesses are, they could be wrong.

Solution: Conduct Market Research
Research the topics that will have a significant impact on your product return. Try to admit what you don't know—even those ideas that you *feel* sure of may not be an accurate reflection of your market, customers, or competition.

If time and budget are concerns, you can conduct market research on a smaller, targeted scale. Rather than surveying thousands of users who match your ideal customer profile, you can survey a more manageable number—say, 50—and still get usable insights about pain points, price limits, competitors, and demographics.

Missing Product–Market Fit

When you've achieved product-market fit, your customers act as product evangelists, and you see spikes in demand. Product-market fit indicates that your market is the right size and that your product is effective at solving a problem. If a piece of the product-market fit puzzle is off, you'll notice it.

Solution: Talk to Customers and Iterate

It's sometimes hard to pin down what's preventing you from achieving product-market fit. However, customer feedback can help identify the problem. Survey churned users for insights into the reasons why they left. Prospects who didn't convert can also be a great source of information:

→ What stopped their purchase?
→ What features are missing from your product that they need?
→ Did they buy a competitor's product to solve their problem?

Product validation also helps ensure that your value hypothesis and understanding of your market's needs are accurate. Validation is the process of checking your assumptions against feedback and data from current and prospective customers. It's a way to take some of the guesswork out of product management.

After you determine where the mismatch between your product and market lies, it's time to iterate. Work in short development cycles and push updates that directly answer the missing functions or experiences you identified in your research.

Customer–Company Disconnect

Your customers hold the key to your product's success. They know their pain points and whether your product solves them. It's impossible for you to fully understand what they need unless you ask them directly—and ask them often.

Not Solving the Customer's Problem

Many new products are launched because of passion—an entrepreneur felt inspired to create the perfect salve to one of their own persistent pain points. While this is a great place to start, it can cause problems.

Entrepreneurs may have poured all of their time and dedication into creating something that solves *their* problem without checking if there are enough customers out there who also need their solution. Or they may have gathered feedback from their prospective users, but because it didn't align with their expectations, they failed to act on it.

For your product to be successful, there needs to be a large enough market of people who have the problem your product solves, and your product also has to be effective at solving it.

LARGE MARKET AUDIENCE + **EFFECTIVE SOLUTION** = **SUCCESSS**

Solution: Ask Customers What They Need

Talk to your prospective customers directly about what they need before launching your passion product. There's really no other way to know for sure if your target market is large enough and if your product addresses your customers' needs. If, after checking in, you find out that there's something missing from your product to really deliver value, you can update it and add those missing pieces ahead of your launch.

What if you find out you've seriously overestimated the demand for your product? Without a large enough market to earn revenue, you won't be able to sustain your business—and that's jarring to learn. However, it's better to find out that your product idea is untenable *before* you've invested time and money. The earlier on in the process you are, the more space you have to channel your creativity and resources into a viable product instead.

Making Guesses About Your Customers

Customer behavior can surprise you. They may not use your product in the way that you thought they would (or even the way *they* guessed that they would). You may think they have a problem when they don't, or you may assume they currently lack a solution when they've actually found a workable way to address their needs.

Solution: Test Your Assumptions

Talk to your customers before you act on any assumptions you have. Try to approach this as research: your assumption is your hypothesis, and your customers have the data you need to test it. Even small-scale check-ins can help orient your team toward the most valuable product changes—it's better to source the opinion of a handful of customers who fit your ideal persona than it is to develop without any outside check on your best guesses.

No User Feedback

It is possible to have a successful product launch without gathering feedback from prospective customers ahead of time. Very small start-ups may also avoid collecting customer feedback early on because it's too large an investment for their team. However, if you don't take the time to check in with your customers, you may experience problems maintaining that initial success.

If you don't have a way to communicate with your customers, you won't know if their needs have shifted until you start seeing changes in your metrics. Dropping subscription numbers and reduced time spent in the product can indicate that something isn't working—but unless you talk to your customers about it, you won't know what that "something" is.

Solution: Create a Customer Feedback Collection Process

Make it a priority to gather *and* act on customer feedback. Invest in a customer feedback management tool to make this process easier and ensure you have team members who are dedicated to owning this process. Your product team should also be looped in, so they understand how to approach product changes in a way that directly answers customers' needs.

How to Figure Out Why Your Product Is Failing

If the reason for failure is obvious, like a new competitor or a buggy UX, your work is done for you. However, if your product isn't a success and you're not sure why, talk to your customers.

Look closely at your product analytics to determine how users behave. Talk to current and former users at some point in the sales process. You can use surveys for this or talk one-on-one on the phone. An open line of communication with your customers can alert you to potential problems with your product before things get too dire.

For a better understanding of what's standing in the way of your product's success, there are two groups of people to talk to:

→ Those who expressed an interest in your product but never converted
→ Customers who are actively using it

Talk to the lost prospects to find out why they didn't convert. If they misunderstood what your product does, you might need to tweak the way you've marketed it. If they were looking for a solution that you didn't offer, you might be able to add a new feature. Just don't assume. Listen to your users, and they'll tell you what you need to fix.

You can also gather more insights by comparing active users and churned prospects. If they fit the same persona, compare your pricing to the competition. If enough prospects opt for a less expensive product, that will hamper your success.

Within your group of active users, there are people who are true believers in your product. They love what you're delivering, it solves their problem, and they would be genuinely inconvenienced if you stopped selling your product. That customer segment is where you fit best in your market. If you can hyperfocus on pleasing *them* — with regular check-ins for their feedback — you can build a continually successful product.

Prep Before Your Launch to Avoid Product Failure

You and your team can prepare for the unknown with targeted user feedback collection and product validation. At UserVoice, we offer tools to help with these processes on the scale that works for your company.

With UserVoice Discovery, you get powerful insights into your customers' needs through a simple-to-use and easy-to-share feedback management tool. UserVoice Validation helps you validate product feature ideas, changes, and new offerings before your developers write the first line of code. Both of these products help you understand what your customers want and give you a clear, actionable path toward delivering it.

Sign up today for a free trial of UserVoice Discovery and gather the feedback you need to launch an informed, valuable product.

TRY FOR FREE

Suggestions

| Suggestions | Related activity & moderation |

◄ ► 1–20 of 640 suggestions ⊕ Create Suggestion Search ☁ ▦ ⚙

SUGGESTION DETAILS	REACH		
☐ Suggestion	👤 Users ⬍	🏢 Accounts	$ Revenue
	26,269	**2,311** of 12,180 (**19%**)	**$787K** of $1.7M (**47%**)
☐ **Allow discussions of new topics, butnot the creation of new ones** ZRep Routing Messages	330 (1%)	95 (4%)	$87.4K (11%)
☐ **Add Gmail integration for the calendar** ZRep Engage & Analytics / Integrations	228 (1%)	67 (3%)	$57.8K (7%)
☐ **Multi-language support for documents** BETA ZRep Content Manager	224 (1%)	51 (2%)	$40.6K (5%)