PRODUCT EXCELLENCE PRINCIPLES

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WHAT IS PRODUCT EXCELLENCE?
Technology Lifecycle

At each stage, “excellence” is defined differently

1. Pure function
2. Feature Wars
3. Experience Wars
4. Commodities

Feature Wars

Subjective State vs. Number of Choices

User Happiness vs. Number of Features

Source: Donald Norman, The Invisible Computer

BARRY SCHWARTZ, PARADOX OF CHOICE & KATHY SIERRA, CREATING PASSIONATE USERS
WE ARE INCREASINGLY COMPETING IN EXPERIENCE WARS

Faster Adoption

Consumers have adopted DVD players and hi-def sets at record speeds.

Sources: Consumer Electronics Association, Kagan Research

Wired Magazine Inc. 2006
Faster Customer Acquisition

Faster Revenue Growth
Faster Competition

LAUNCHED IN FEB 2005

You Tube

100+ DIRECT COMPETITORS

Technology Lifecycle

We are moving up this curve faster than ever before
Web Applications
- Hosting costs per month are minor
- Free open source platforms
- Development toolkits increasingly available
- Instant global audience: 1.9B people use the Internet (Dec 2008)

EVERY DAY...
- MORE THAN 60 BILLION EMAILS SENT
- ESTIMATED ONE BILLION TEXT MESSAGES (SMS) SENT
- 1.2 MILLION NEW BLOG POSTS, ABOUT 50,000 PER HOUR
TV: Plotlines

EVERYTHING BAD IS GOOD FOR YOU, STEVEN JOHNSON

TV: Social Networks

EVERYTHING BAD IS GOOD FOR YOU, STEVEN JOHNSON
“Complexity causes 50% of product returns.” -TUE Study, March 2006

DESIGN MANAGES COMPLEXITY
WHAT MAKES IT EXCELLENT?

PRODUCT EXCELLENCE

THINK OUTSIDE IN
KNOW YOUR CORE
COMMIT TO GREATNESS
Intuit: Quicken

- Tripled growth in each of first three years
- Each year, surveys indicated people were using Quicken in office
- Intuit was convinced Quicken was a home product
Intuit: Quickbooks

- Ran “follow-me home” studies & saw how people were using Quicken
- Launched QuickBooks at twice the price & half the features
- Surpassed market leader 3-fold in first year
- Now 95% of Intuit revenue from QuickBooks

Insights

- Saw first hand how people did accounting
- Product met needs in ways people could understand
- Competing software used accounting terms & practices known to experts not small business owners
• In 1999, eBay added Billpoint to allow online payment for listings
• In Feb 2000, 200k listings used PayPal, 4k used Billpoint (beta)
• In April 2000, 1M auctions used PayPal
• In Oct 2002, 50% of auctions used PayPal
• eBay bought PayPal for $1.5B

eBay UK GMV (US$)

• Q4 2006: $11B Total Payment Volume
• Up 36% Year over year
- Q3 2007: $1.43B Write-off for Skype
- $936M Net Loss
• User Experience
• Sales
• Engineering
• Marketing
• Legal
Think Outside In

• **Insights**
  - See through your customer’s eyes
  - If you don’t understand something, that’s the market speaking to you - dig deeper

• **Customer Innovation**
  - Trust behaviors, not words
  - Don’t fight the tide

• **One Voice**
  - To our customers, we are one entity
  - When everyone is talking no one gets heard

PRODUCT EXCELLENCE

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KNOW YOUR CORE
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“eBay’s original vision was to create the world’s first global economic democracy”
-Pierre Omidyar
eBay

- 30th largest economy in the world (38 markets)
- 700k Full time sellers in US
- $1,800 worth of goods sold every second
- 520K Stores hosted worldwide
Level playing field

When we made the move to the one-click Digg, activity went through the roof. It was just insane! Just the ease of the one-click and you’re done made all the difference in the world.”-Kevin Rose

Fixing the Mighty Mouse

The Apple Mighty Mouse brings a slew of great feats with most new Mac systems it is becoming a common for close to a year now, I have found that the iScroll Ball far outweigh its quirks.
Know Your Core

- Define yourself
  - Be concise
  - Make sure people “get it”
- Focus on the Core
  - Build what defines you first
  - Hold it sacred
- Build outward
  - Grow from your core
  - Not over it, around it, next to it, etc.
PRODUCT EXCELLENCE

THINK OUTSIDE IN
KNOW YOUR CORE
COMMIT TO GREATNESS

COMMIT TO GREATNESS
BE BOLD
MAKE THE TIME
DRIVE & PUTT
“Change everything except your wife and family” - Samsung chairman, Kun-Hee Lee

- Nine years later, Samsung was the world’s most profitable tech company
- $10.3B in earnings, $55.3B in sales (2004)
- Designers are required to take year-long course in mechanical engineering to defend ideas
- Engineers & managers take design training
• During OS8 offsite, design team showed OS concepts
• Everyone laughed - had enough to do without UI changes
• Met with Jobs (he had no title nor badge!)
• Worked day & night on demo, spent whole afternoon with Steve
• For next 1.5 years met weekly with Steve for hours

Mac OS X

• 2M copies of Leopard sold in first weekend
• In Japan, OS X sales overtook sales of Windows in Oct 2007
Driving: Vision

iTunes Music Store
Fill iPod with media Buy music, movies, and games.

iPod
Simple, beautiful experience for playing, browsing, rating audio

iTunes Jukebox
Absorbs complexity found in other MP3 players (rate, alter, add, delete, playlists, play, browse, radio, etc.)
Putting

NINTENDO WII

9M SOLD

LOWER GAME DEVELOPMENT COSTS
Simple Graphics, Tool kits

LOW PRICE POINT
$299

LOWER GAME PLAY BAR
Fun, Accessible

Nintendo Wii

• Wii sales hit 9 million worldwide in under 9 months
• Fastest-selling home console of all time
• Wii stands a good chance of hitting 15 million sold by the end of the year
• In Japan, Wii outsells PS3 6 to 1
Commit to Greatness

• Be Bold
  • Partial commitments = partial greatness
  • Need a culture of excellence

• Make the Time
  • What you put in...

• Drive & Putt
  • Hole-in-ones are rare
  • Need follow through to get the ball in the hole

IN SUMMARY...
Summary

• Product Excellence differs on lifecycle
• Increasingly facing experience wars
  • Need distinction beyond functionality
  • Product design manages complexity

• Product Excellence Principles
  • Think Outside In
  • Know Your Core
  • Commit to Greatness

Thanks!

• Functioning Form
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