

Topic 2.3: Key Features

What attributes must your offer have and what is unique about them?

The key features of a startup's product are the specific attributes that give it an advantage over its competitors. They provide greater customer benefits and make the product unique. For this reason, key features are an important component of the potential of a startup that every investor wants to know about.

In theory, there is a difference between product features and product functions. A function is something a product can do, whereas a feature is a particular attribute of a product. However, for simplicity, we will use "feature" for both.

Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage.

Theodore Levitt

Key Features and Customer Benefits

A startup's potential depends on its being able to offer its customers significantly greater value than its competitors can. It is the key features that make this increased value possible.

Every customer benefit that the founders use to position their product is based on a key feature or a combination of them. In most cases it is the startup's innovation that makes the new features possible which in turn provide the product's core benefit – and thereby its competitive advantage.

Google's search engine was not the first one on the market, but it had a key feature that none of its predecessors possessed: It used the outgoing links to other web pages as a measure of quality and used them to determine ranking positions. This made Google's search results much more useful than any of its competitors.

Key Features and Uniqueness

A startup product must be unique, in order that potential customers notice it and remember it. This uniqueness is also based on one or more of its key features.

It would be very difficult for a startup to attract attention if its product only offered “more of the same” – even if this “more” is beneficial to its users. “Better quality” or “greater selection” may well be true claims, but they do not make a product unique and are not memorable.

Before Starbucks, there was nowhere in the USA where you could drink good coffee and relax with friends, other than in your own home. High-quality coffee in a pleasant atmosphere was the unique key feature that enabled Starbucks' early success.

If you aren't easily understood as being different, the customer will forget or confuse you.

Gus Tai

A product's uniqueness is sometimes called "Point of Differentiation (PoD)" – the aspect in which it differs from all the others. Another frequently used term is "Unique Selling Proposition (USP)". In startup circles it is often called "Secret Sauce" – the secret ingredient contained in the product that nobody else knows about.

The Milestone Performance Achievement

Ideally, an innovative product achieves a "milestone" in its performance. This means that its performance is not just better than the alternatives but that it attains a remarkable or memorable level.

For example, Amazon's "one click" purchase button did not just make paying in the Internet a little easier than before – it made it the easiest it could possibly be, since it is not possible to interact with a web page with less than one click.

Narrowing your feature set down to the one feature that is a game changer is difficult, but it is an absolute necessity.

Will Caldwell

Similarly, Federal Express did not just deliver documents and packages a little faster than the US Postal Service, but within 24 hours in the entire USA.

Other Comments

What constitutes a key feature depends on which customer need is being served. For example, if the Core Benefit of a new text editor is it supports fast typing, then the ability to control the formatting of the text very precisely is not a key feature, whereas the ability to hide all the symbols and menus which might distract the user while typing could be one. On the other hand, if the editor's core benefit is related to its usefulness for professional design applications, then precise control of the formatting could well be a key feature.

Investors and journalists like to ask about key features. They help investors to evaluate the startup's potential and they help journalists to write an interesting article.

Not every product function is a key feature: For example, every piece of software for creating documents needs functions such as Insert, Save and Delete, but these are Hygiene factors (see Worksheet 4.3.1 The Kano Model). They have to be present in the product, but they are nothing special, and they certainly do not make it unique.

Key features must also be validated, since only customers and users can confirm that a given customer benefit is a decisive reason to buy, which in turn justifies the key features that make that benefit possible.

During validation (Phase 3: Validation), interviewees and test users may suggest ideas for additional product features. These should be treated with caution, since they may only be relevant to the person suggesting them. However, it is also possible that one of these ideas can lead to a new key feature that makes the product even more attractive.

Key features play an important role in a product's positioning (Chapter 3.4 Market Position), because they contribute to the desired image of the product in the minds of prospective customers. For example, Snapchat has positioned itself against other sharing apps with its key feature of deleting users' content after a short time, and this is also the one fact about Snapchat that everybody knows.

This Topic's Key Question

- *What unique feature gives your product its irresistible customer benefit?*

Link

- Topic 2.1 at founders-playbook.de:
founders-playbook.de/potential/key-features/