

# **TRADE-OFF**

## **Why Some Things Catch On, And Others Don't**

**KEVIN MANEY**

**KEVIN MANEY** was a technology columnist and senior technology reporter at *USA Today* for more than 20 years. He then became a contributing editor for *Conde Nast Portfolio* magazine from 2007 until 2009. He also writes for *Fortune*, *The Atlantic*, *Fast Company* and other magazines. He is the author of two other books, *Megamedia Shakeout* and *The Maverick and his Machine*. Mr. Maney is currently an historical consultant and collaborator helping IBM plan for its 100-year anniversary in 2011. He is a graduate of Rutgers University.

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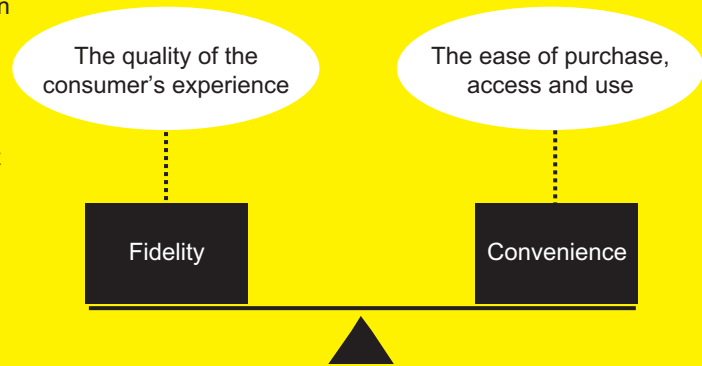
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**MAIN IDEA**

All of us as consumers are constantly making a choice between products which offer high fidelity and those which offer superior convenience. It is this trade-off between conflicting forces which determines the success or failure of new products and services.

Take the music industry for example. Going to a live concert is inconvenient but the experience is very high in fidelity – it can't be duplicated any other way. Therefore, rock stars will sell out their live concerts. At the other end of the spectrum, MP3 recordings are very low in fidelity – they offer only ten percent of the quality of a home sound system – yet people like them because they are super convenient. MP3s can be purchased online and loaded into portable playing devices.

If you want to develop a successful product, position yourself at either end of the spectrum. Make your product either extremely high in fidelity or exceptionally convenient. You can't do both successfully. Products which have moderate fidelity and convenience will fail to win an enthusiastic audience. Go to one end of the spectrum or the other to prosper.



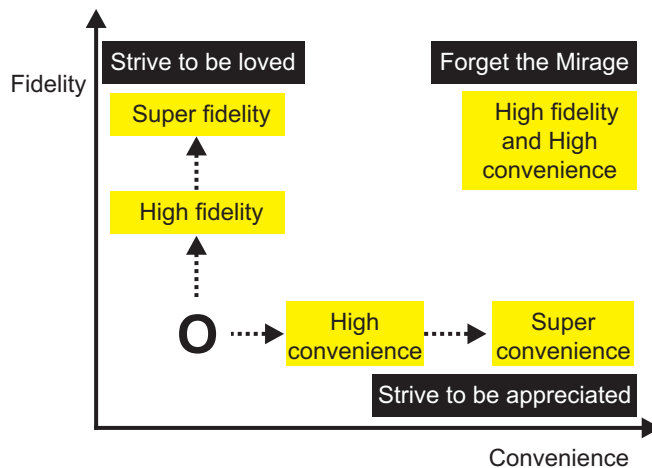
**1. The Fidelity vs. Convenience Trade-Off** . . . . . Pages 2 - 4

In almost every industry imaginable, consumers are constantly making a choice between products which offer high fidelity and those which offer convenience. This phenomena, dubbed the “fidelity swap” is vital to latch onto and understand because it can dictate which products are worth developing and which are not. You have to decide where your products are positioned on the spectrum and act consistent with that orientation. Above all, don't get caught out in the no-man's-land in the middle.

**2. Winners and Losers in the Trade-Off** . . . . . Pages 5 - 6

Once you understand how the trade-off works, it's time to make a decision. There's no advantage in staying in the fidelity belly or commercial death zone. Therefore, your game plan should be built around three concepts:

- Strive to be loved. Develop products which position you as high- or even super-fidelity.
- Strive to be appreciated. Develop products and services which are high- or super-convenient.
- Above all else, forget about chasing the mirage. You can't be both loved and appreciated.



**3. How to Use the Fidelity Trade-Off** . . . . . Pages 7 - 8

The fidelity trade-off provides a logical and robust framework for making business strategy decisions. You can look at what competitors are doing and tell whether they are competing on the convenience dimension or the fidelity dimension. Understanding that, you then can determine whether your most effective competitive response would be to offer even more convenience or even more fidelity. Above all, keep in mind commercial success is not really determined whether a product is cool or hip at all. Rather, it's all about positioning on the fidelity/convenience trade-off. The path to success is to beat your competitors on either fidelity or convenience (but never both).

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