

If you build it, will they come?

Dr. Rob Adams
Synopsis by Debra Chantry



READY



High level triage of a market opportunity to gauge whether it is worth investing the time & effort it takes to move through the remaining market validation steps.

Market characteristics around size, growth rate, types of customers, industry life cycle, macro trends, competitors & other major characteristics match up with the expectations for your new offerings ambitions.

AIM



A proprietary view of an opportunity.
In-depth dive into specific market facts and information.

Analysing and understanding first hand the target market as a whole and how best to serve it with a new product or service offering.

Conducting analysis using a systematic approach to gathering data in a way that allows us objectively measure & gauge the intimate tails of the target market and demand for the potential product or service offering.

Outcome

- Detailed offering
- Know the target audience
- Understand pricing & feature characteristics to take full advantage of the opportunity

Note:

If a market is so competitive that 60 days of thinking before you start executing is the only difference between success & failure, it's not a lucrative market to begin with.

FIRE

Ensure that all the data and material work are brought together to build a mark-oriented product & effectively launch it into the market.

Ensure that you follow series of steps & management techniques to help to capitilise on success within the market.

SALES & MARKETING BUDGET

The first year budget needs to be at least the same as the overall product development budget.

If you don't have this money then don't build the product! No one will find you, no matter how spectacular your product is.

A better alternative is to take your budget, allocate half for the sales and marketing effort. Through market validation, develop a product for half the original estimate by focusing your market, reducing your features and dominating in a smaller market that's easier to get to.

Once you've gotten traction there, expand your market with subsequent releases using the same expense allocation guidelines.

JOB EXPERIENCE

Bottom line:

Based on Rob's years of Market Validation experience, if your market opportunity is based on your job experience (of at least 10 years), it is fundamentally the best type of opportunity to pursue.

READY

	Examples
<u>Domain knowledge</u> <i>where did you get your idea?</i>	<ul style="list-style-type: none"> ◦ Job experience ◦ Experience as a consumer ◦ The law of large numbers (China effect)
<u>The market</u> <i>how big is it & how fast is it growing?</i>	<ul style="list-style-type: none"> ◦ Size: is the market big enough for your ambitions? ◦ Growth rate: is it happening in this market? (Growth rate of the economy as benchmark) ◦ Market segments: sub-segments are better than large, generalised markets (heat map)
<u>Lifecycles & Trends</u> <i>how are these affecting your market?</i>	<ul style="list-style-type: none"> ◦ Market life cycles: where's your entry point? (Early adopters, early majority, late majority, laggards) ◦ Broad market trends: how does your idea play? (Large, macroeconomic)
<u>Buying trends</u>	
<u>Sources of capital for buyers</u>	Cash, credit or debt?
<u>Sources of capital for the company</u>	Bootstrapping, income from current products or services, debt, equity or internal capital transfers
<u>Population trends</u>	Human & business
<u>Technology trends</u>	

	Examples (Continued)
<u>Your competitors</u> <i>What are they doing?</i>	Analysing your competitors: your most valuable tool ("I want to keep my money")
<u>Competitive analysis</u>	<ul style="list-style-type: none"> ◦ Website for product positioning, ◦ Key features, ◦ Target audience, price, ◦ Success stories, ◦ Reference customers, ◦ Sales & marketing plan. ◦ Public vs. private company? ◦ Board members? ◦ Sales channels? ◦ Outlets? <p>Don't dismiss your competition - know their weaknesses & their strengths!</p>
<u>Substitute analysis</u>	Viable substitutes, including internal resources
<u>Economic analysis</u>	E.g. ROI not always the factor
<u>The experts</u> <i>What do they say?</i>	<ul style="list-style-type: none"> ◦ Other people's data: a tool for sizing up your opportunity
<u>Secondary market research</u>	If it exists then it means that there are enough people interested in the market - therefore an established market with established players
<u>What if there's no data?</u>	<p>Credibly size your market using assumptions</p> <ul style="list-style-type: none"> ◦ Reports: get your hands on one
<u>Accessing the analysts</u>	Make them your friends

AIM

Initial interviews

- State the market problem you are addressing
- Identify how much pain it causes them
- Establish how they address it today
- Determine how interested they are in a solution

NOTE:

Make no mention of your offering or any of the features or benefits you are contemplating as to keep your business plans confidential.

2nd pass interviews

- Close in on what you believe is the most attractive part of the market
- Refine target market to make sure the level of pain and demand remains constant for your offering
- Test a variety of potential offerings & price points to gauge the relative demand of your audience

3rd pass interviews

- Focus on what you believe will be the final offering
- Refining the details and confirming that the target audience remains constant as you probe deeper & deeper into the process

PROCESS

- Conduct 100 direct interviews (face to face or phone) plus some additional data through online surveys
- It is important to collect consistent demographic data for analysis purposes
- Research - learning what you really need to know about your audience
 - Primary market research: your #1 tool –
Allowing you to develop a competitive & proprietary offering from objective, unadulterated market feedback.

Face to face interviews –

Maintain a conversation whilst covering main points related to your offering

Phone surveys, may encounter trouble with people giving you enough time on the phone

Although you can use online survey tools to get self-selectors

Internet surveys –

As a per-cursor & self-selector (not part of the 100)

NOTE:

Focus groups are only good for last minute refinement of a product - i.e.: packaging functions, advertising copy, price points or colour options.

Interviews –

- Getting to the market pain –
- Objective, unbiased market data
- The starting interviews: broadly assessing the market

Assess the market opportunity by measuring the pain the market experiences - demographics then address the key assumptions on a scale of 1-10 or objective measurement

- The mid-point interviews: analysing the gap and narrowing your concepts
- The finishing interviews: finalising and testing the concepts
- Understanding the pain in detail in each target audience
- Testing the strength of different potential solutions to address these pain points

Note:

You can circle back and re-interview, but these do not count towards the 100

Who are you after?

Finding your target audience

Sourcing

- Use the same things that your sales & marketing team would use –
 - Industry magazines / lists,
 - Trade groups
 - Trade shows
 - Commercial databases
 - Social media etc.

Turning data into results - *How to practically apply all that you have learned*

- Analysing the data - this can be a spreadsheet or you can engage a proper market research firm
 - Interpreting the results
 - Using the data to target your market (heat map)
 - Using the data to design your product

Outside help - *using research professionals*

- Interviewing & analysis
- Invest in professionals to analyse your data

Countdown - *preparing the market for your product*

- Differentiation
- Features
- Details of your product offering

FIRE

Sales & Marketing - budget for it!

NOTE FROM ROB –

“ The first 12 months sales & marketing budget needs to be at least the same as the development cost. Take publicity listed companies and check the data - this is true! Don't whine, don't complain. If you can show me data that definitively say otherwise, I'm willing to listen. Beyond that, this is the formula to use. Sales & marketing is more important than production. This is for general business. However in technology & life sciences you will need to budget more than your development costs.”

The details - write product specs and schedule

- Product specifications
- Product schedules
- The product manager

Fast to market - get a market-oriented product out quickly

- Minimally acceptable feature sets
- Fast product iterations
- Quality doesn't always matter
- Killing features early in the development process

Early customers - recruit design partners and advisory boards

- Help to design the product
- Recruit partners all along the way
- Partners as early customers & testers
- Easily pipeline
- Sources of public relations, case studies & media references
- Keeping them up to speed efficiently
- Boards of advisors

Show time - launch, market & sell the product

- Launch
- Extensive knowledge based on efforts
- Early customers, success stories
- Cycle back to influencers from earlier chapters
- Sustained sales & marketing efforts
- Market validation as a cultural attribute