

Product/Market Fit

“Product Marketing Overview”

Dave Thomas 604-603-8630

dthomas@rocketbuilders.com

www.rocketbuilders.com

Ready to Rocket and Emerging Rockets

Past NVBC award winners

<http://www.readytorocket.com/>

About Me

- Mentor in Residence – SFU Venture Connection
- Rocket Builders 'Go to Market' Program in BC & Alberta for growth companies
- Teach introduction to business and introduction to Innovation
- 3+1+1 becoming 4+1

A promotional banner for MacSailing. The background is a collage of three images: a person on a sailboat (blue tint), a smiling child (yellow tint), and a person on a kayak (green tint). The text 'Sailing lessons for children & adults' is centered in white. The MacSailing logo, featuring a white sail and the text 'MAC SAILING', is on the left. On the right, there is a list of services: 'Rentals', 'School Groups', and 'Corporate Events'. Below these are the phone number '604 224 SAIL (7245)' and the website 'www.MacSailing.com'.

Sailing lessons for children & adults

MAC SAILING

Rentals
School Groups
Corporate Events

604 224 SAIL (7245) www.MacSailing.com

Sailing School at Jericho Beach

www.macsailing.com

info@macsailing.com

Round 2 – May 7th

- Business Model Canvas + 60 sec video
- Baseline info – Four Topics
 - Only one is about the product
- Four Questions
 - Three about the market
 - One about revenue and money

The jury is hoping for concise, consistent answers to those items

Most Important Question - DT

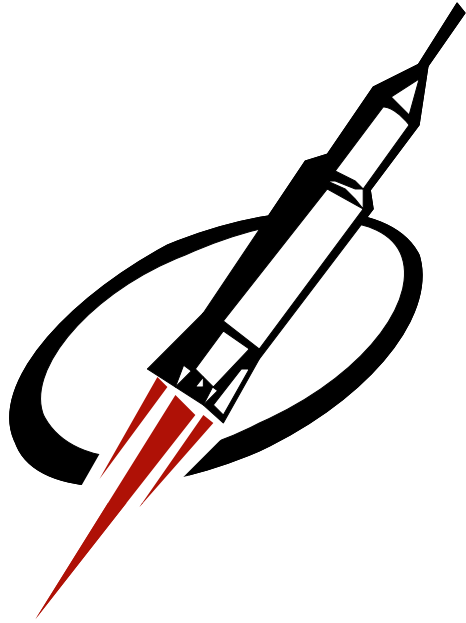
1. How will you win in the marketplace?
2. More than just the product and the fact that there is a market. How will you move into the market?
3. Show the revenue model, not just some Uber number

Not Sure How to Answer a Question

1. Work in Progress is an acceptable answer
2. Look in your business model canvas - it will have answers

Getting 'down' to Five pages

1. A sophisticated audience - Don't have to explain simple things in detail
2. Tables and Point Form
3. Talk mostly about the company and how it will succeed in the market rather than about 'massive' market need

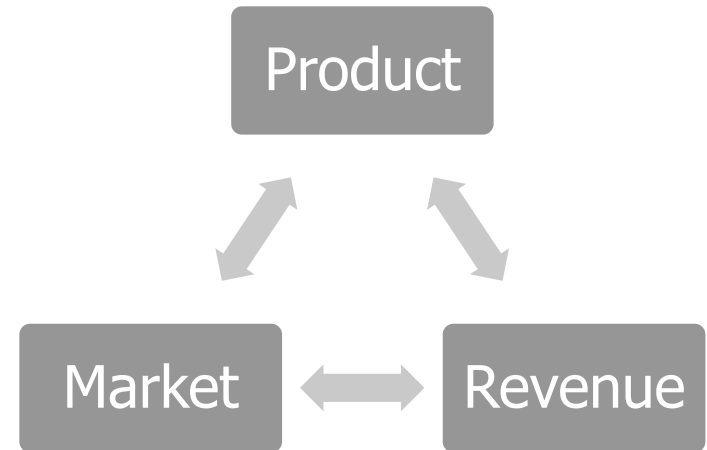


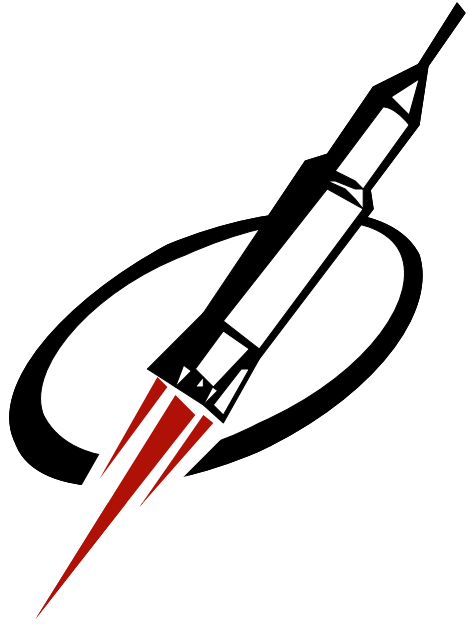
Marketing Research & Segmentation
Understanding Consumers
'Whole' Solution Offerings
Product Positioning
Metrics

Answer Questions: 1, 5, 6, 7, 8, 9

Successful Growth Companies

1. Minimum Viable **Product** evolves to become.....
2. ... the product demanded by the market including a viable **revenue** model
3. Addressable **market** with an 'engine of growth' or a clearly defined niche market





Market Research

These materials can be reproduced only with official approval from Rocket Builders. Entire contents © 2017 by Rocket Builders Canada Limited. All rights reserved.

Why Segment?

- **Focuses** scarce **marketing & development resources** on target customer group
- **Narrows** whole product definition
- **Limits** real competitors
- **Leverages** past success into other segments
- **Allows** the benefits of market leadership to develop more quickly

Value Proposition

“Whenever you get confused... go to the store... the customer has all the answers... and all the money.”



—*Sam Walton*
Founder Wal-Mart



Markets, Pains & Requirements

- Markets
 - Size
 - Trends
 - Segments
- Pains
 - Customer Pain
 - Value Chain Pain
- Requirements
 - Customer Requirements
 - Channel Requirements

Market Segmentation

■ Revolutionary Products

- Segment originates with technology or product
- Vendors can't predict next innovation or its consequences

■ Evolutionary Products:

- Segment is pre-defined; challenge is to refine definition/redefine
- Mainstream market customers insist vendors fit solution to **their** problem

Why? - Marc Andreessen

What's most dangerous, a bad team, a weak product or a poor market?

■ **The # 1 company killer is lack of market**

■ Getting to product/market fit really matters

Why? - Steve Blank



Blank - Hypotheses versus Reality

Large companies execute in a market

Start-ups 'search' for a business model

Build, Measure, Learn



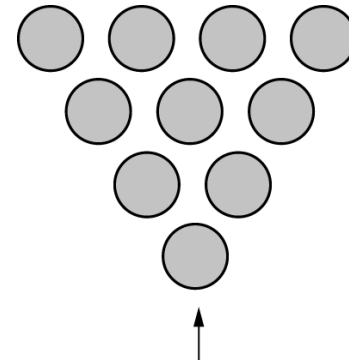
- Make a prediction, ship, measure the results, repeat and then see what happens again
- Prove that your product fits the market - **Reality**

Top Down Versus Bottom-up

- Revenue **is NOT** a function of market share, size, and penetration rates
- (\$ 1B market x 2% penetration = \$20 M)
- Revenue **IS** a function of the leads you attract, conversion rates, price and individual customers
- $L \times \% \times P = R$

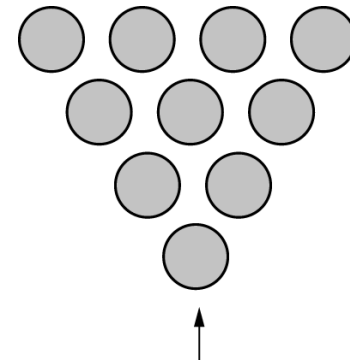
Top Down is Valuable

- **Total addressable market (TAM)** is a term that is typically used to reference the revenue opportunity available for a product or service.
 - Theoretical Market
 - Potential Market
 - Available Market
 - Addressable Market
 - Target Market
 - Market Demand



Bottom-up – The Market

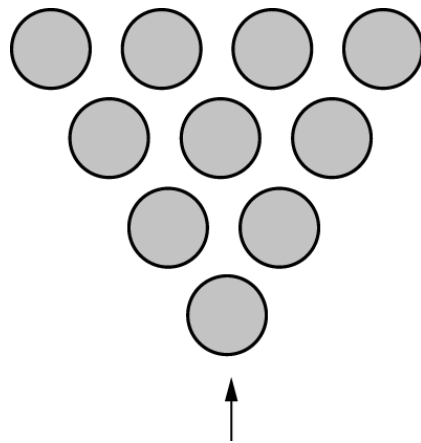
- **Target markets** are groups of individuals separated by distinguishable and noticeable aspects.
 - Available Budgets
 - Market Reach
 - Attach Rate
 - Conversion Rate
 - Win Rate



Bowling Alley Model – Headpin Segment

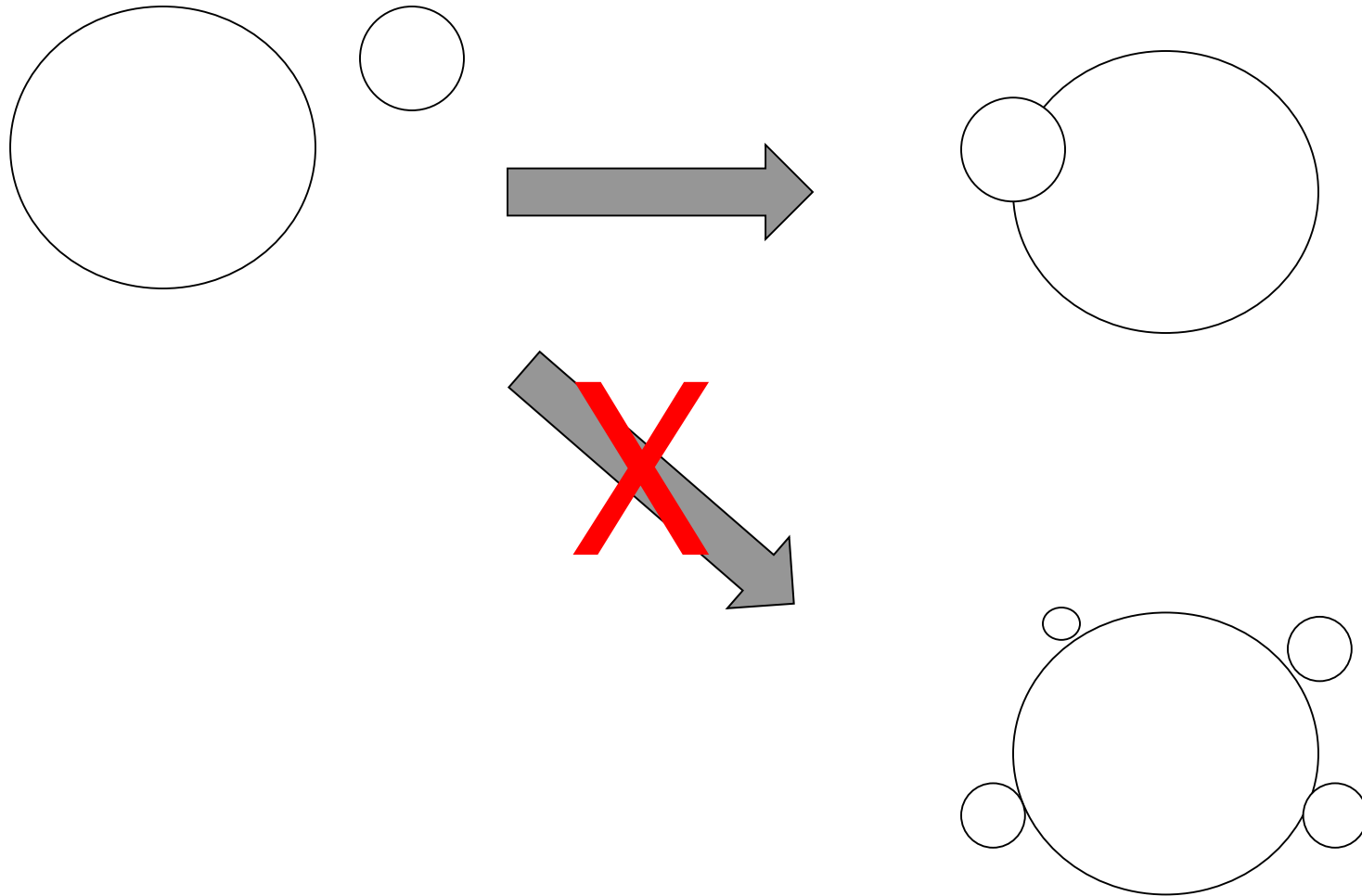
“Target a single niche market segment with a ‘must-have’ value proposition”

(In Bowling Alley)



- Identify a segment you can dominate
- Win market share leadership in that segment
- Leverage leadership to win over adjacent segments

Market Penetration



Understanding the Market

Internal Focus

External Focus

Product & Feature



Customer Value

Lots of Features



Differentiation

Reactive R&D



Headpin Segment

Unpredictable Results



Reliable Customers

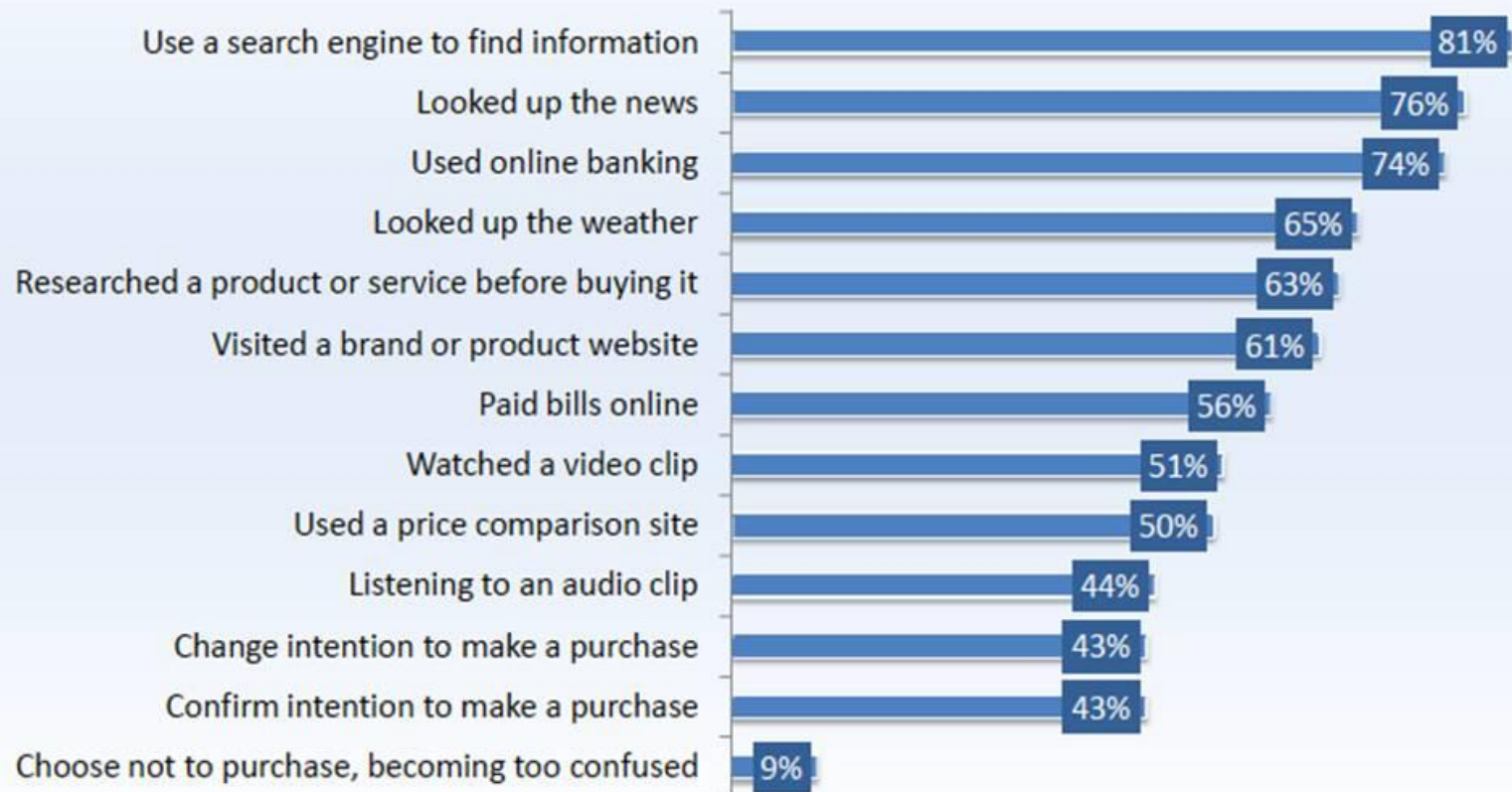
SECONDARY RESEARCH	PRIMARY RESEARCH
Internet, books, articles	Face to face, surveys
Free or easily purchased e.g. StatsCan/Census	Cost investment (time or money)
Fast	Less fast
Broad strokes	Targeted
Available to all	For your eyes only

Technology Adoption Cycle

- Provides an understanding of customer requirements e.g. **Why** buy? **What's** in it for me/us?
- Establishes focus for and timing of marketing strategy. **How** and **when** to execute marketing activities.

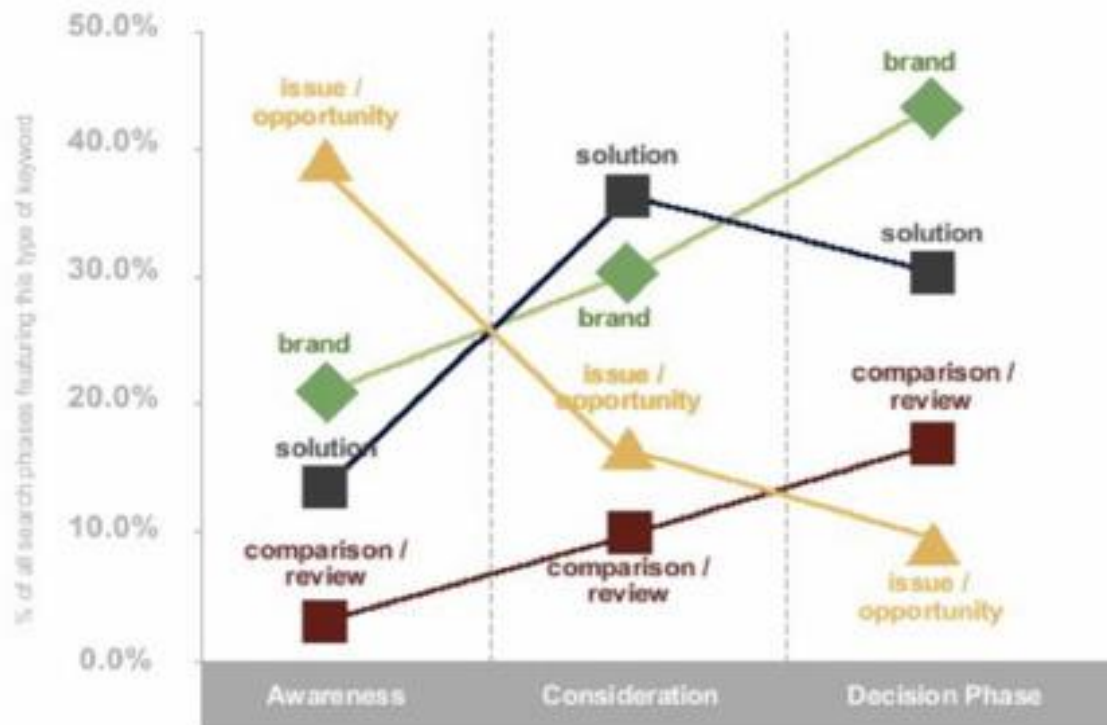
Buyer Internet Behaviour

We know 81% of the worldwide internet population begins with search.



Role of Search in Buyer's Process

Keyword Usage Patterns Through the Buying Process



How many people are involved?

■ “Business Technology Buyers Survey”

Size of Buying Organization	Participants in Buying Process
100 to 500 employees	6.8
501 to 1000 employees	13.5
Over 1000 employees	21.0

Participants in Buying Process

■ Users

- are members of the organizations who will use the product or services. In many cases, users initiate the buying proposal and help define the product specifications.

■ Influencers

- often help define specifications and also provide information for evaluating alternatives. Technical personnel are particularly important influencers.

■ Buyers

- have formal authority to select the supplier and arrange terms of purchase. Buyers may help shape product specifications, but their major role is in selecting vendors and negotiating.

■ Deciders

- have formal or informal power to select or approve the final suppliers. In routine buying, the buyers are often the deciders, or at least the approvers.

■ Gatekeepers

- control the flow of information to others. For example, purchasing agents, often have authority to prevent salespersons from seeing users or deciders.

Segmentation 101

Do you need to build every feature potential customers ask for?

Why or why not?

Is differentiation based only on your product?



Buyer Personas - Example

- Marketers need to align their messages to the way real people think

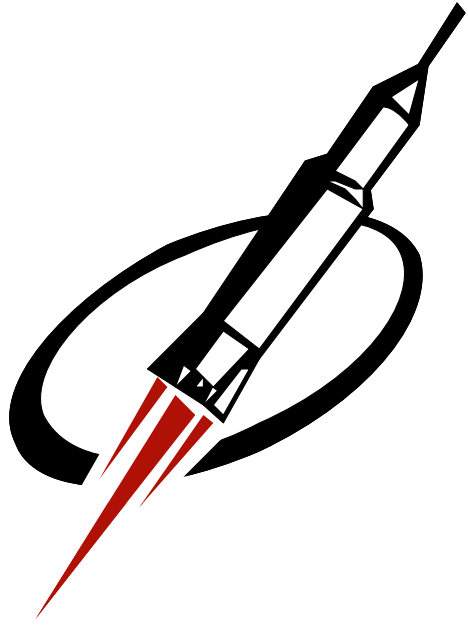


<https://www.youtube.com/watch?v=t-E9cYyaSRI>



Building a Competitive Matrix

	Us	Competitor 1	Competitor 2
Largest Customers			
Key Partners			
Financial Health			
Market Share			
Key Products			
Pricing			
Key Product Features			
Value Proposition			
Sales Channels			



Whole Product

These materials can be reproduced only with official approval from Rocket Builders. Entire contents © 2017 by Rocket Builders Canada Limited. All rights reserved.

Whole Product Definition

Physical Product

+

All Associated Factors

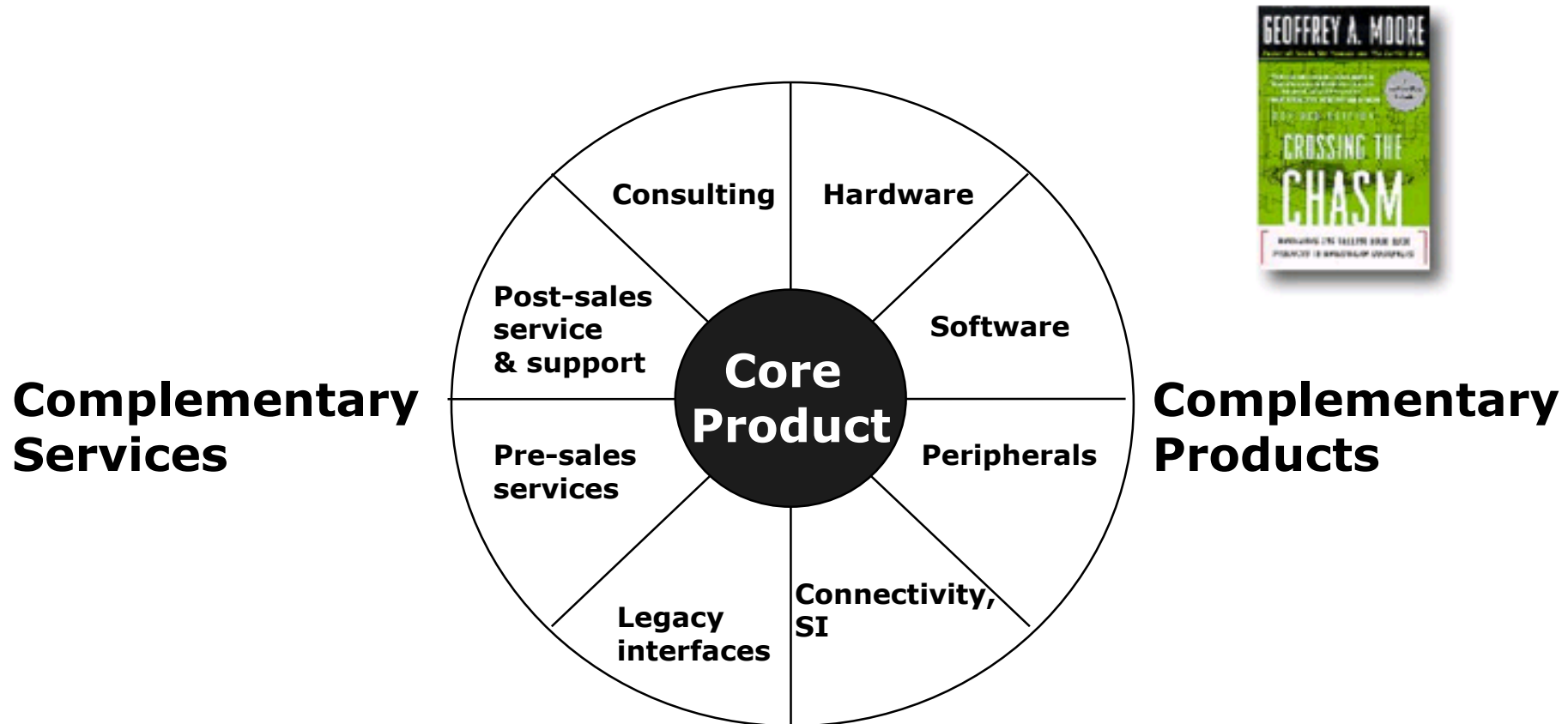
(services, partners, warranties,
guarantees, image, training, etc.)

=

“The Whole Product”

Both tangible & intangible elements required by target customer to solve his/her whole problem.

The Whole Product

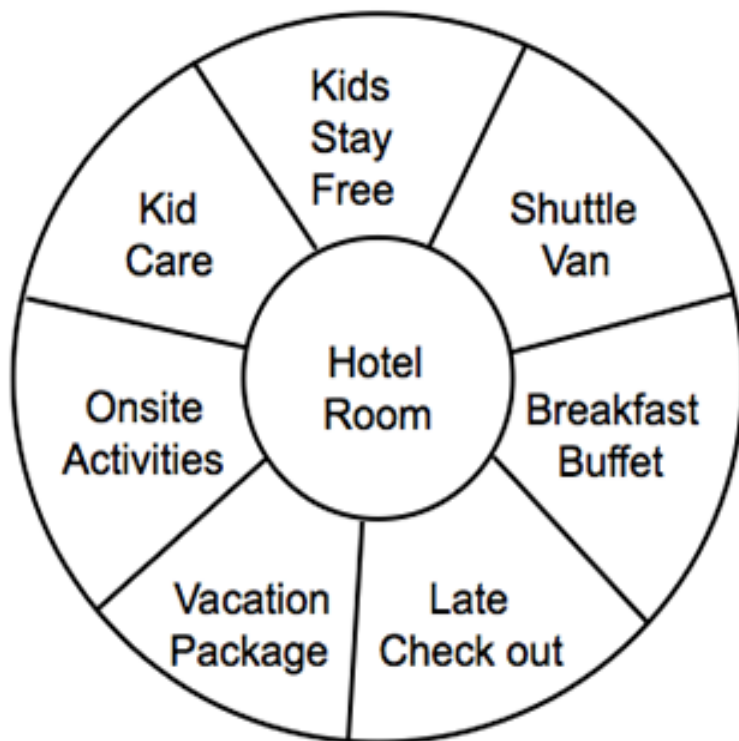


All other products, services and relationships needed by the target customer to fulfill their compelling reason to buy

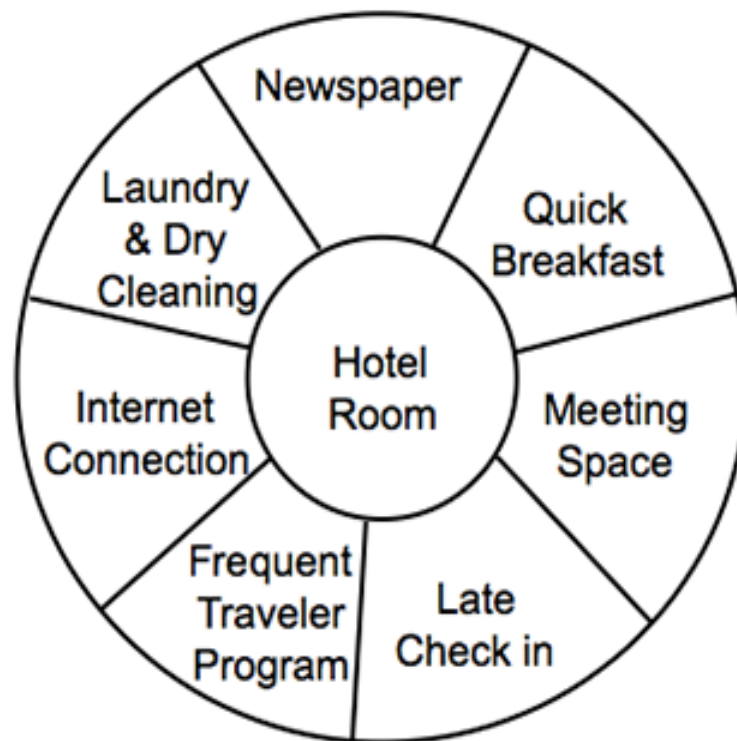


Hotels – Whole Product

**Hotel for
Vacation Travelers**

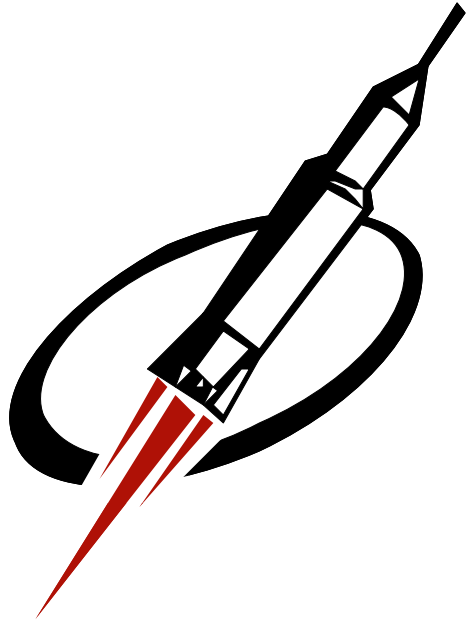


**Hotel for
Business Travelers**



Coffee Example





Positioning

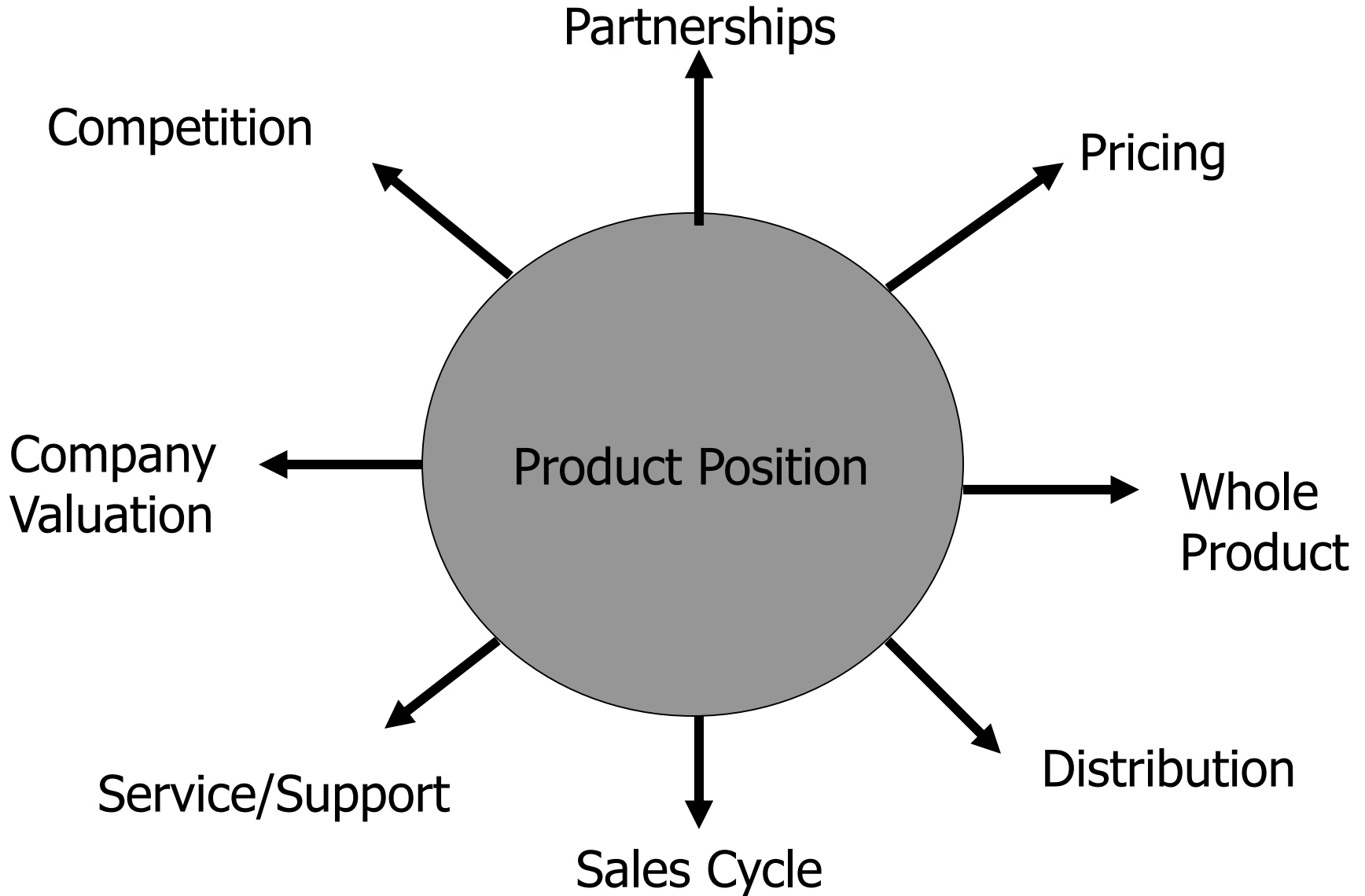
Definition

- **Why** will they buy from us vs. our competition?
- **Positioning** = Managing the product and its presentation to fit a predetermined place in the mind of the customer
- Positioning = **Market** + **Competitive**
Segmentation **Differentiation**

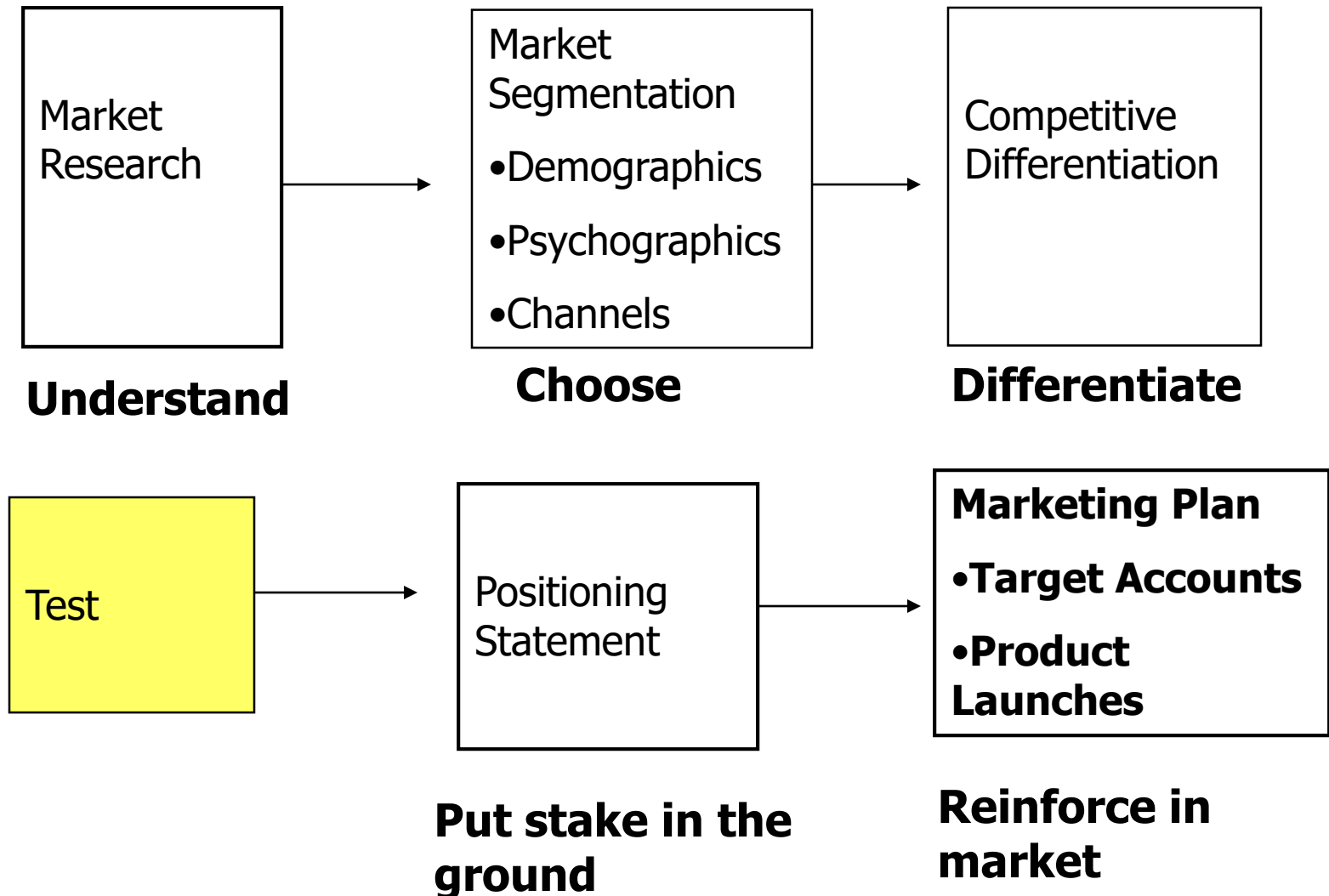
More Definitions.....

- **Perceived** status within market segment. (Exists in people's heads)
- **Build relationships** to secure & communicate competitive advantage. (Something marketing folks do)

Positioning Impact



Positioning Process



Product Positioning – How You Describe Your Product To Potential Customers

1. Customer: Who do we / could we sell to?
2. **Need:** What problem is our customer trying to solve, or opportunity to address?
3. Products: What do we / could we sell to meet our customer's need?
4. Differentiation: Who else can address our customers' needs. How are we different?
5. Whole Product: What else is needed to get a solution to the problem?
6. Positioning Statement Development.

The Positioning Statement

■ Positioning Criteria:

- Who is the target customer? Is this the decision maker?
- What is the compelling reason to buy?
- What is the product category?
- What is the key benefit of that product category?
- Who is the main competitor?
- What is the key differentiation of this product?

■ Positioning Statement:

- For (target customer)
- Who (compelling reason to buy)
- Our product is a (product category)
- That (key benefit)
- Unlike (main competitor)
- Our product (key differentiation)

Positioning Example: Apple iPod

For mobile, high-income individuals

who need a way to listen to their entire music collection in different settings

the Apple iPod is a small, portable digital music player

that offers elegance of design, the ability to store an entire music collection, and easy purchasing of new digital music.

Unlike flash mp3 players (Creative, Rio, etc),

the product stores an entire music library and is integrated into a service to purchase new digital music (iTunes)

EXAMPLE FROM 1985 - Starbucks

- **For:** Sophisticated coffee drinkers
- **Who:** value excellent coffee and an amazing customer experience
- **The:** Starbucks experience is a unique retail chain
- **That:** adds to the quality of coffee-drinkers' lives.
- **Unlike:** Drip coffee served in a plastic cup
- **At Starbucks:** we're making coffee a new way and providing a unique environment for drinking it





Market Category?
Brand Promise?
Tagline?
Differentiation?
Positioning?

Competitive Examples

■ Apple Macintosh versus Windows/PC

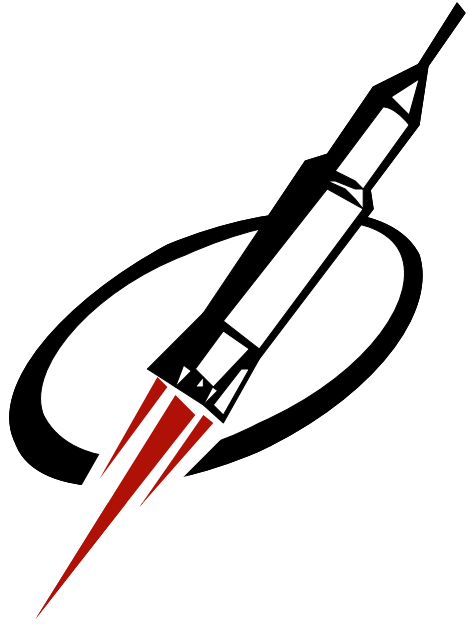


I'm a PC.

I'm a Mac.

Acid Test for Product Positioning (ask yourself the following)

- Can competitor's product name be substituted?
- Is there a relationship between compelling reason to buy and key differentiator?



Pricing & Value

Common Pricing Issues

- What are some common price objections you hear? Is your price too high or too low?
- How does your pricing model compare with the industry? With your competition?
- Do you offer promotional pricing? How effective is it?
- What licensing alternatives do you offer?
- What discounts do you provide to resellers?

Pricing 101

Pricing is a combination of.....

1. Cost plus
2. The Market sets the price
3. Value of the product to the buyer

Pricing 101

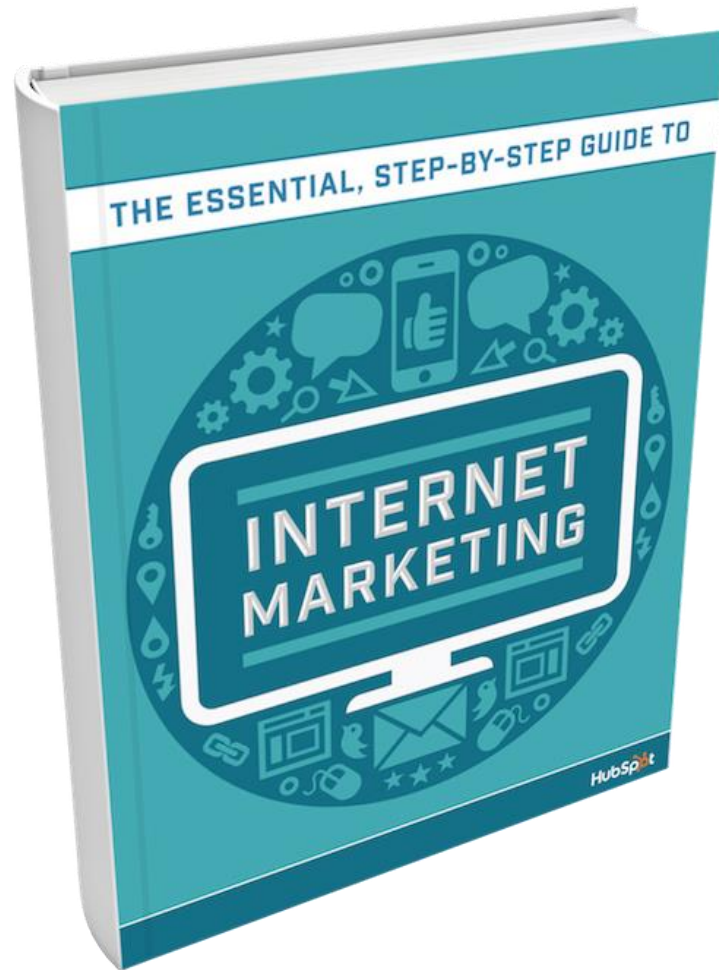
Do you need to have the lowest price to compete when you enter the market?



Product Marketing, Metrics and Analytics

Great Internet Tools – Use more than One

1. Alexa
2. Google Analytics
3. Microsoft adCenter Labs
4. Google AdWords Keyword tool
5. Unbounce
6. Kissmetrics
7. Hubspot
8. Hootsuite



Hubspot eBook 160,000 Copies

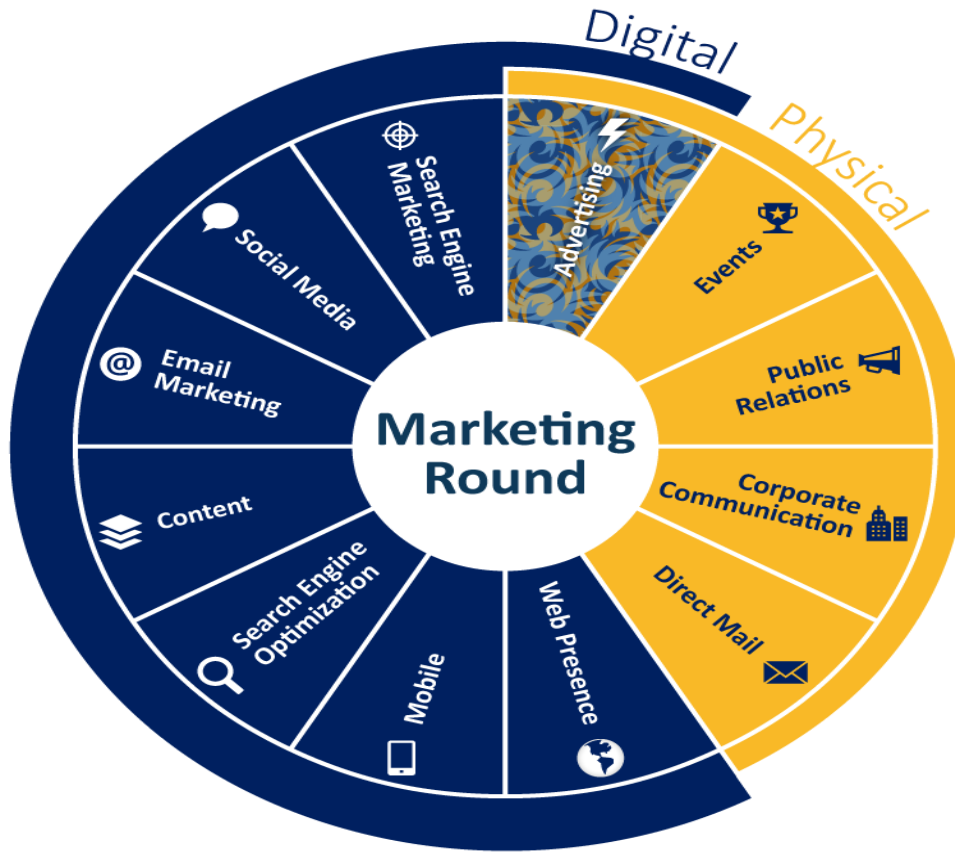
6 essential steps to internet marketing success:

- ✓ Optimizing Your Website
- ✓ Creating Content
- ✓ Implementing a Social Strategy
- ✓ Converting Visitors into Leads
- ✓ Nurturing Leads into Customers
- ✓ Analyzing & Refining Data

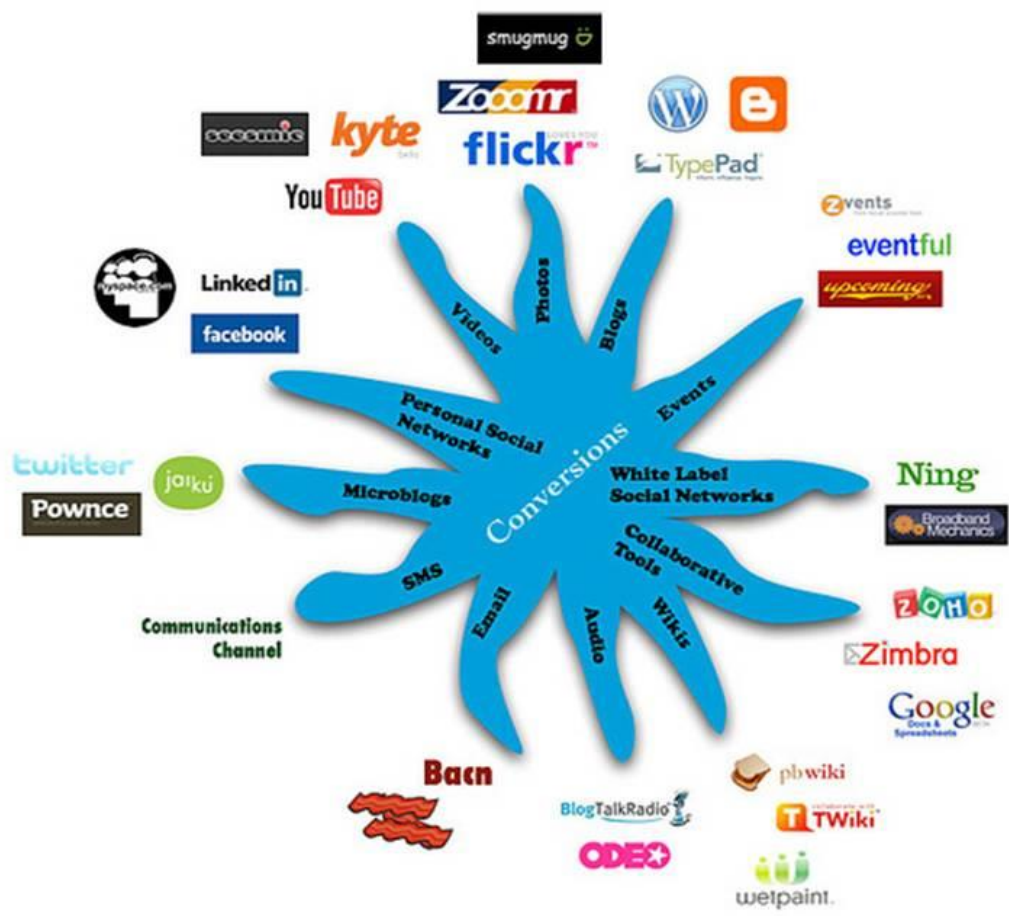


Range of Marketing Methods

Which fit your Market and why



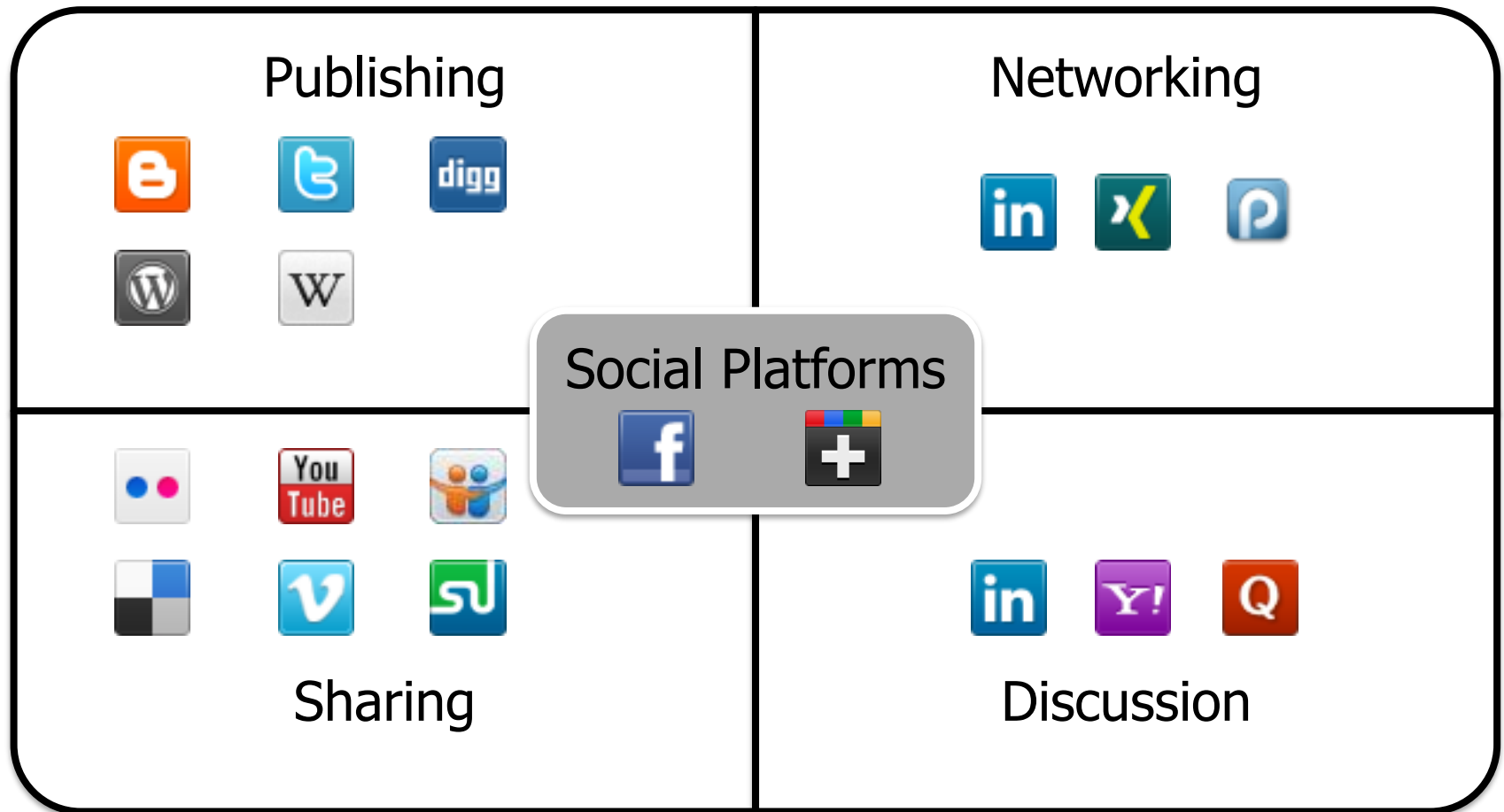
Social Media Platform Tools



B2B Social Media Marketing

- **93%** of all B2B marketers are engaged in some form of social media marketing
 - with most putting their focus on the most popular channels
 - LinkedIn
 - Facebook
 - Twitter
 - Instagram

Top Tools in the B2B Toolkit

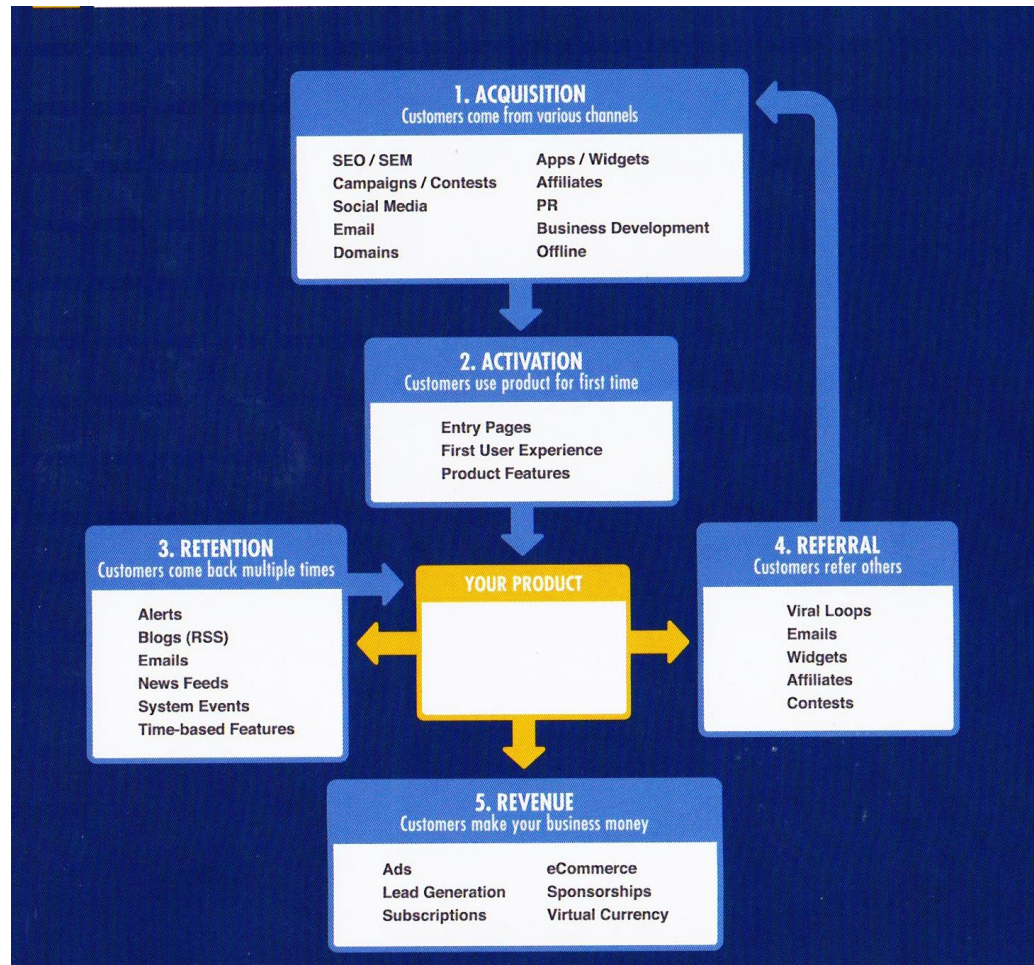


Customer Validation Metrics

1. Average order size
2. Customer lifetime value
3. Average time to first order
4. Rate of sales pipeline growth
5. Improvement in close rate
6. Revenue per salesperson or employee

Pirate Metrics

Copyright David
McLure
500hats.com
Courtesy of KISS
Metrics



Vanity Metrics www.phildub.com

1. Web traffic
 2. Unique visitors
 3. Return rate
 4. Subscribers/users
-
5. Conversion Rate
 6. Churn

Example

www.phildub.com

What does he want?

Does the web traffic help him?

How to get metrics?

Get started right away

- For Inbound Marketing you have several choices (that you can mix and match)

[KISS Metrics](#)



[Hootsuite](#)



[Hubspot](#)



- For engagement
Design your product so that you can collect the metrics you need (even if you need to embed a small cloud app)
- For CAC and LTV
Design your management system to collect this data

Marketing Execution & Budget

How many of you have a product that sells itself?

If not, how will you spend your marketing budget?



Market Segment Fit

1. For each segment, identify which methods you will use. (this will depend on the Pros/Cons for your solution/segment combinations)
2. Then prioritize each method for each segment
3. For Priority segments create a budget



For each Segment – Create a Budget

	Marketing Method	Segment 1	Budget	Segment 2	Budget
1	Traditional Advertising				
2	Events				
3	Public Relations				
4	Corporate Communications				
5	Direct Mail				
6	Web Presence				
7	Mobile				
8	Search Engine Optimization				
9	Content				
10	Email Marketing				
11	Social Media				
12	Search Engine Marketing				
13	Internet Advertising				
	Total For Year 1				

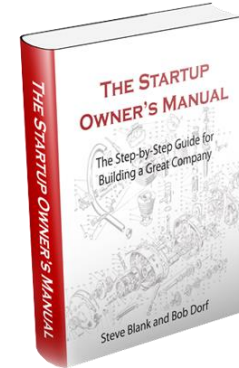
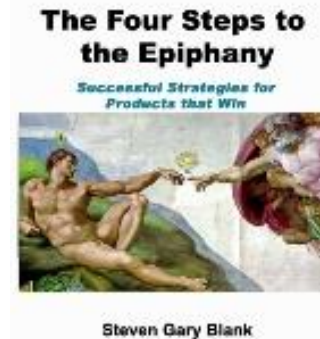
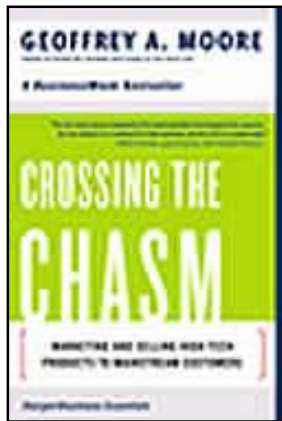
What Type of Company are you Building?

They are not all the same!

- Most start-ups turn into small businesses
- Most start-ups are not scalable
- Most can emulate a business model
- Most are not disruptive (10x rule)
- Each will market via the Internet

Credit: Kevin Swan, iNovia Capital

Resources – Reading Material



- First customer to first market
- Users **and** revenue
- Targeted marketing

Dave Thomas 604-603-8630

dthomas@rocketbuilders.com

www.rocketbuilders.com

Ready to Rocket and Emerging Rockets

Past NVBC award winners

<http://www.readytorocket.com/>