

SFU
INNOVATES

VentureLabs®

Discovery Foundation Digital Marketing Boost

A three-month cohort program helping growing companies boost their marketing potential.

COMING SOON

Application launch: May 8

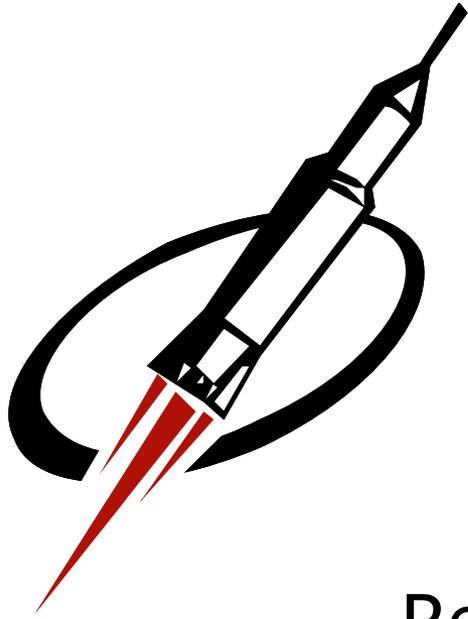
venturelabs.ca



DISCOVERY
FOUNDATION

ACCELERATING SCIENCE AND TECHNOLOGY VENTURES





Product/Market Fit

“Product Marketing Overview”

Really about ‘Product Management’

To succeed as a tech company, you need to manage your product before, during and after MVP

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- Co-Founded a Fintech Company
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Dave Thomas

- Mentor in Residence – SFU Venture Connection, Director Programs Venture Labs
- Rocket Builders 'Go to Market' and 'Sales' Programs in BC for growth companies
- Teach introduction to business and introduction to Innovation
- 4+1+1



Sailing School at Jericho Beach

www.macsailing.com

info@macsailing.com

Round 2 – May

- 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

Business Model Canvas

The Business Model Canvas Designed for: _____ Designed by: _____

On: _____
Iteration: _____

| | | | | | |
|---|---|---|---|--|---|
| <p>Key Partners </p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform? <small>1. Suppliers 2. Distributors 3. Complementors 4. Channels 5. Alliances</small></p> | <p>Key Activities </p> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? <small>1. Production 2. Distribution 3. Logistics 4. Procurement 5. Human Resources</small></p> | <p>Value Propositions </p> <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying? <small>1. Performance 2. Reliability 3. Customization 4. Price 5. Convenience 6. Risk Reduction 7. Accessability 8. Compatibility</small></p> | <p>Customer Relationships </p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? <small>1. Personalized 2. Self-Service 3. Automated 4. Community 5. Co-Creation 6. Dedicated Personal Assistance</small></p> | <p>Customer Segments </p> <p>For whom are we creating value? Who are our most important customers? <small>1. Mass 2. Niche 3. Segments 4. Markets 5. Niches</small></p> | |
| <p>Key Resources </p> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? <small>1. Human Resources 2. Intellectual Property 3. Infrastructure 4. Financial Resources 5. Channels</small></p> | | <p>Channels </p> <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines? <small>1. Direct Sales 2. Retail Partners 3. Distribution Partners 4. Resellers 5. Intermediaries 6. Agents 7. Partners 8. Alliances 9. Other</small></p> | | <p>Cost Structure</p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive? <small>1. Variable Costs 2. Fixed Costs 3. Semi-Variable Costs 4. Overhead Costs 5. Other</small></p> | <p>Revenue Streams </p> <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues? <small>1. Transactional 2. Subscription 3. Lending 4. Lease 5. Royalty 6. Advertising 7. Commission 8. Other</small></p> |

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Most Important Question - DT

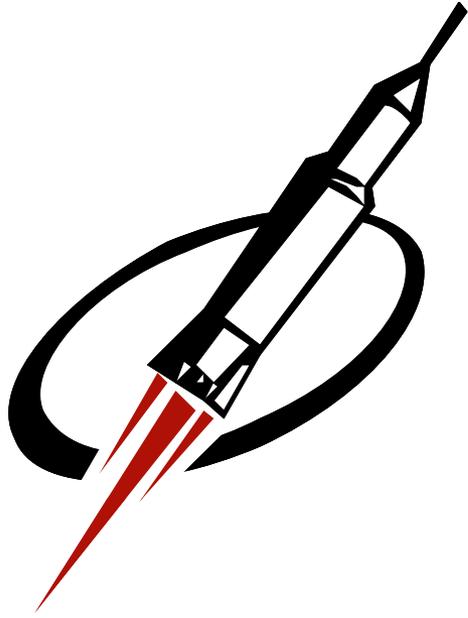
1. How will you win in the marketplace?
2. More than just the product and the fact that there is a market. How will you move into the market?
3. Show the revenue model, not just some Uber number

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

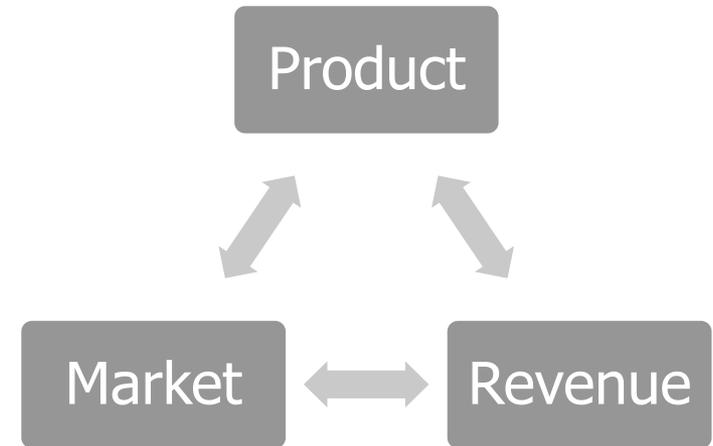


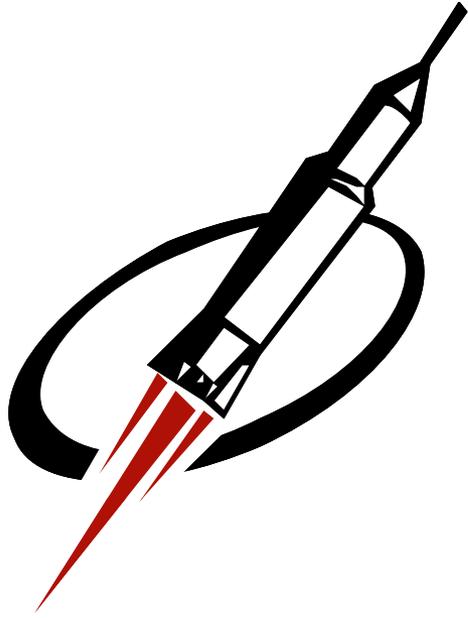
Marketing Research & Segmentation
Understanding Consumers
'Whole' Solution Offerings
Product Positioning
Metrics

Answer Questions: 1, 2, 1, 2, 3

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

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



The Value of Testing Your Value Proposition

- Learning who your customer is
- What their problem is
- What they need to solve it
- If your product can offer that solution
- If they prefer your solution over other possible solutions
- If they'd pay (enough) for it
- If they can purchase and implement it

Be Humble in your Research

The value is in the strength of the test.

Everything should be set up to rigorously test your assumptions about your value proposition and find where it doesn't hold up.

Build it like you're right, test it like you're wrong.

Crash Test your Value Proposition



**Your crash
test
dummy
survives
=
Your value
proposition
is strong
=
A segment
of the
market will
buy**



**Your crash
test
dummy
doesn't
survive
=
Your value
proposition
is weak
=
Not
enough of
the market
will buy**

Market Research Approach by Stage

| | IDEA |
|----------------|---|
| Question | Is X a problem for a segment of people? |
| Hypothesis | There is a problem with X that could be solved with Y |
| Prediction | People with this problem share Z characteristic |
| Testing Method | Customer Discovery Interviews |
| Analysis | Synthesis of feedback |





Market Research Approach by Stage - examples

| | IDEA | MVP |
|----------------|---|---|
| Question | Is X a problem? | Does Product Y solve Problem X? |
| Hypothesis | There is a problem with X that could be solved with Y | Product as shown effectively solves problem X |
| Prediction | People with this problem share Z characteristic | Using product Y makes people ##% faster at X |
| Testing Method | Customer Discovery Interviews | MVP focus group, UX experience |
| Analysis | Synthesis of feedback | What works, what doesn't |



Market Research Approach by Stage - examples

| | IDEA | MVP | SALE |
|----------------|---|---|---|
| Question | Is X a problem? | Does Product Y solve Problem X? | Will people pay for Product Y to solve Problem X? |
| Hypothesis | There is a problem with X that could be solved with Y | Product as shown effectively solves problem X | Product effectively solves problem X better than existing solutions/no solution |
| Prediction | People with this problem share Z characteristic | Using product Y makes people ##% faster at X | People are willing to pay \$AA for Product Y |
| Testing Method | Customer Discovery Interviews | MVP focus group, UX experience | Pricing testing, # of purchasers |
| Analysis | Synthesis of feedback | What works, what doesn't | Price points, volume estimates, who buys, uses |



Market Research Approach by Stage - examples

| | IDEA | MVP | SALE | SCALE |
|----------------|---|---|---|---|
| Question | Is X a problem? | Does Product Y solve Problem X? | Will people pay for Product Y to solve Problem X? | Can enough people buy X to be a viable business? |
| Hypothesis | There is a problem with X that could be solved with Y | Product as shown effectively solves problem X | Product effectively solves problem X better than existing solutions/no solution | Lots of people willing and able to buy and use this product |
| Prediction | People with this problem share Z characteristic | Using product Y makes people ##% faster at X | People are willing to pay \$AA for Product Y | ARR will be \$AA, because ### users will pay \$### each/yr |
| Testing Method | Customer Discovery Interviews | MVP focus group, UX experience | Pricing testing, # of purchasers | Markets, sales processes, conversion |
| Analysis | Synthesis of feedback | What works, what doesn't | Price points, volume estimates, who buys, uses | Conversion, retention, efficiencies |

How do I do effective market research for my company?



Business Model Canvas

This is the overarching theory of your business

- Each block allows you to clearly lay out the assumptions that you're making and the evidence you have
- Each block is linked to the others – consider the flow and impact if your assumptions don't hold

Develop your Business Model Canvas to define the scope of work

Customer Discovery Plan

- Determine where you'll do some work – what parts of your value proposition /BMC content is based on assumptions?
- Define your priority questions, what you think the answers are, based on the best information you have available
- Determine who you need to hear from (sample), and what methods can be implemented to do so

Customer Discovery Plan Advice

Prioritize De-Risking:

- Test ideas, prototypes, sales channels, etc. early and often.
- Seek information so you can adapt your approach and your product based on data from customers, prospective customers.

Customer Discovery Plan Advice

Ask both What and Why

- Don't be satisfied with knowing what, ask why.
- Use available data as starting points to both generate questions, and provide answers.
- Use what you learn for positioning and marketing

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

Blank - Hypotheses versus Reality

Large companies execute in a market

Start-ups 'search' for a business model

Build, Measure, Learn



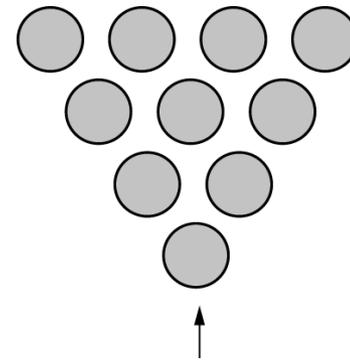
- Make a prediction, ship, measure the results, repeat and then see what happens again
- Prove that your product fits the market - **Reality**

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
- $L \times \% \times P = R$

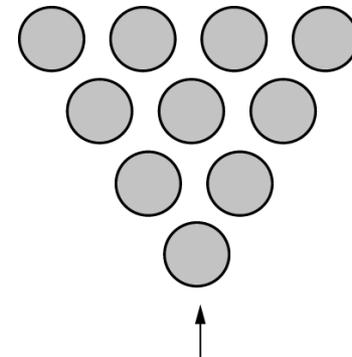
Top Down is Valuable

- **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

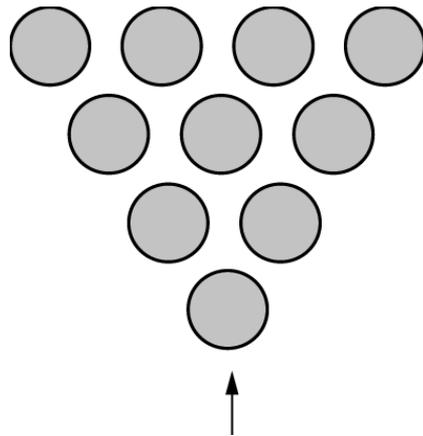
- **Target markets** are groups of individuals separated by distinguishable and noticeable aspects.
 - Available Budgets
 - Market Reach
 - Attach Rate
 - Conversion Rate
 - Win Rate



Bowling Alley Model – Headpin Segment

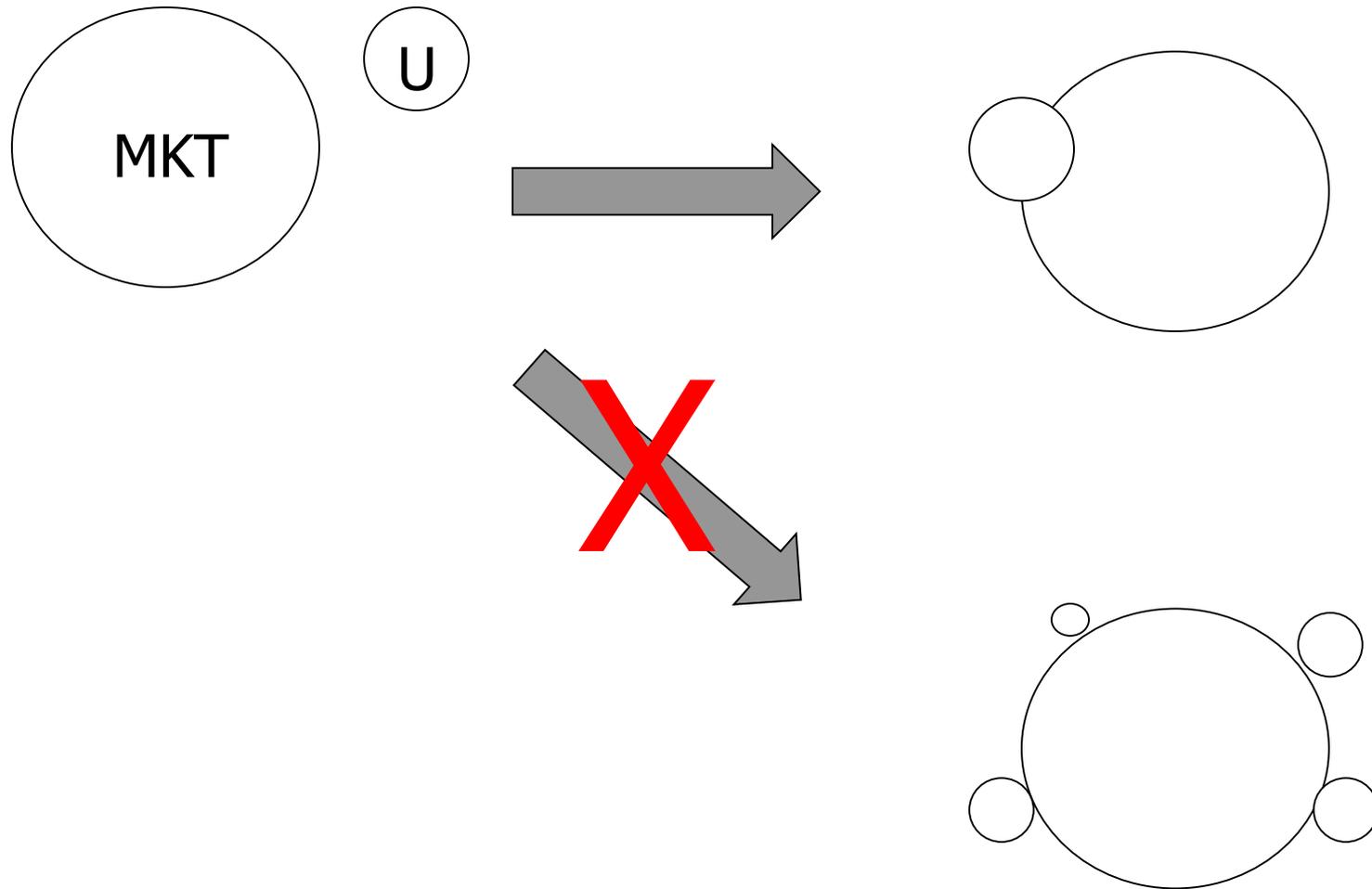
“Target a single niche market segment with a ‘must-have’ value proposition”

(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



MacSailing - Helly Hansen Jacket Sales

MacSailing sold _____

Jackets when we added

Fancy 'Sailing' clothing

to our website? How many

in the first year?

1. 0 – 10

2. 11 – 25

3. 26- 100

4. 101-500



Understanding the Market

Internal Focus

External Focus

Product & Feature



Customer Value

Lots of Features



Differentiation

Reactive R&D



Headpin Segment

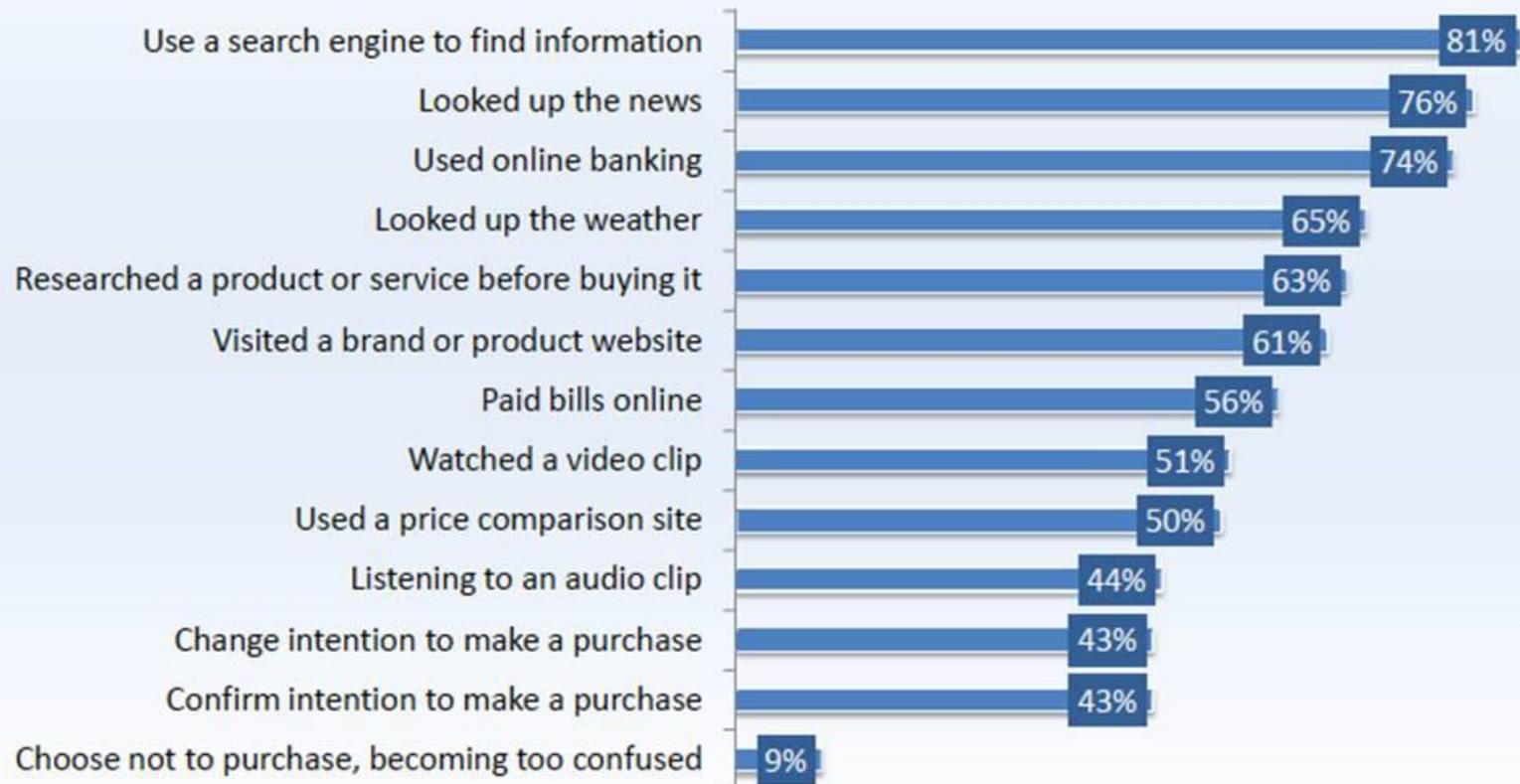
Unpredictable Results



Reliable Customers

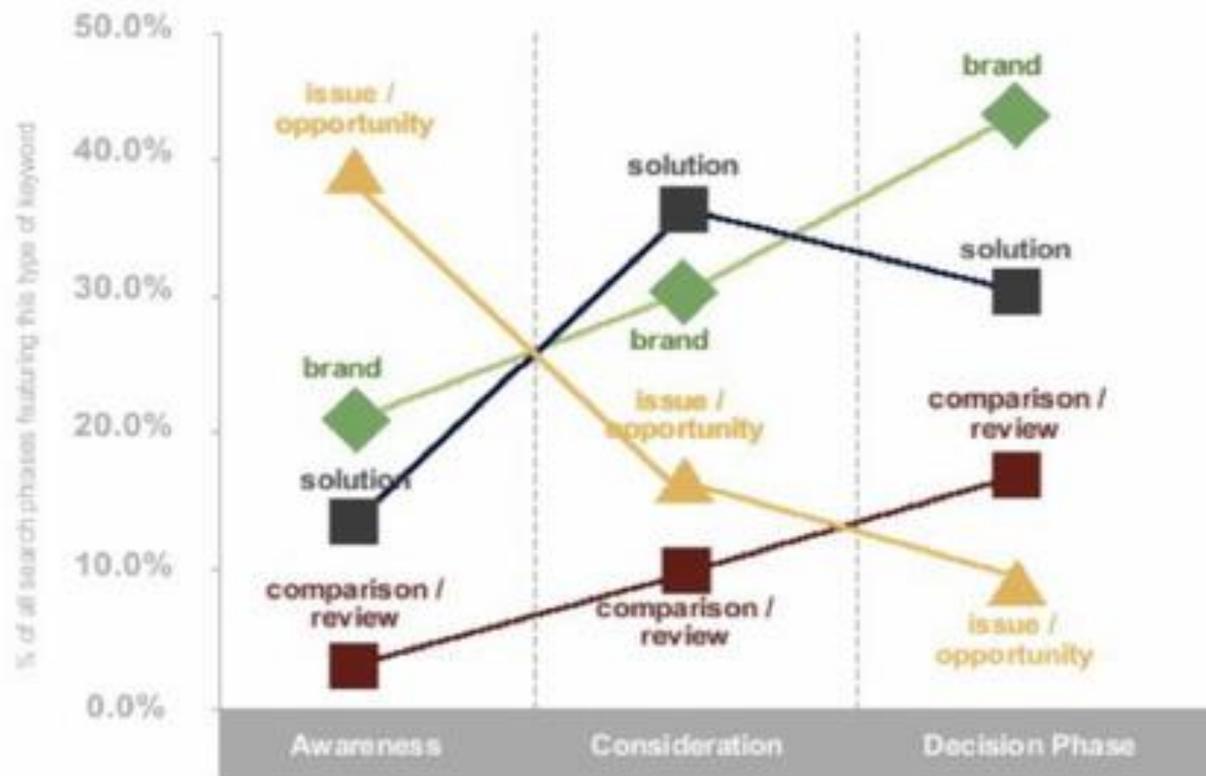
Buyer Internet Behaviour

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.

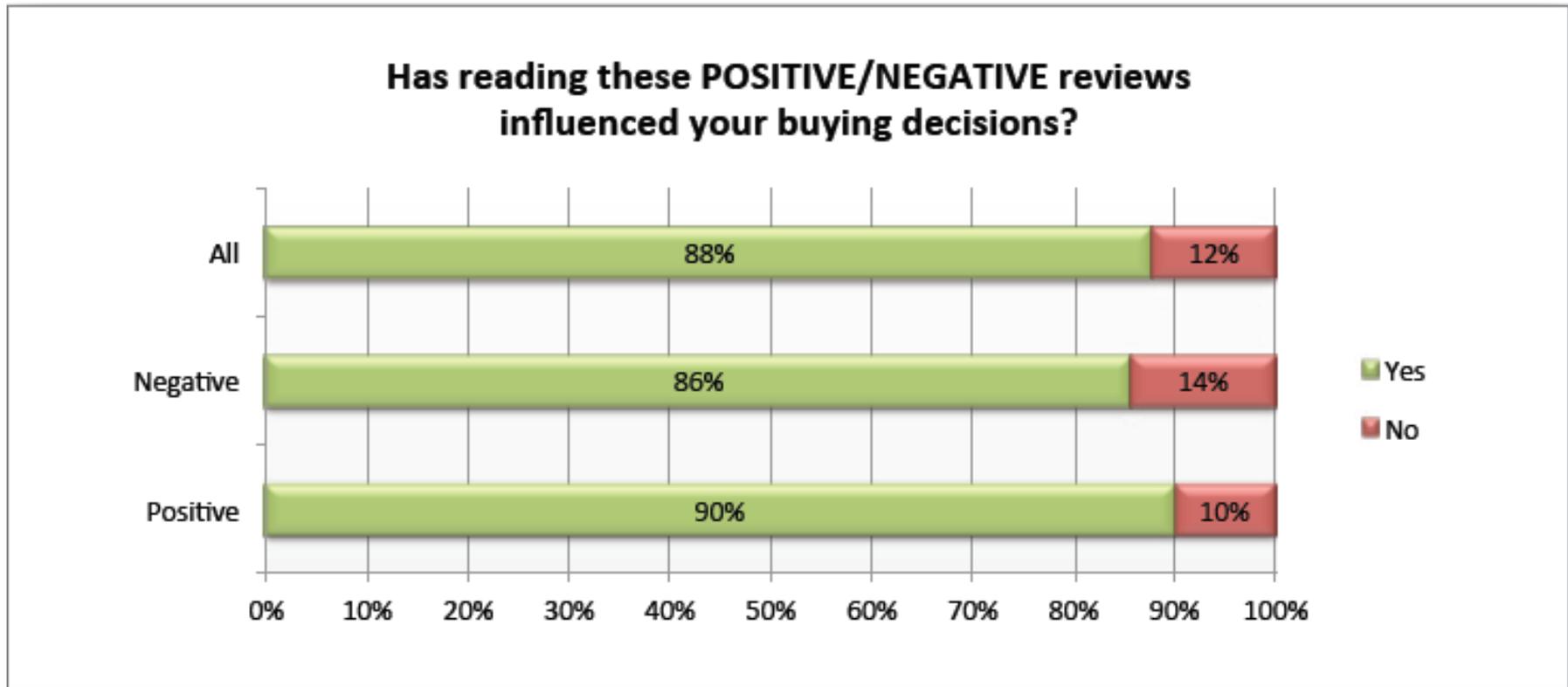
■ Deciders

- 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.

Third Party Validation



Hotel Room Shopping Poll

When you book a hotel room do you read the comments from past customers that rate the hotel? Yes _____ N _____

When you book a hotel room do you insist that it has everything you want even if it costs more?

Everything _____

Most Important things and value _____

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

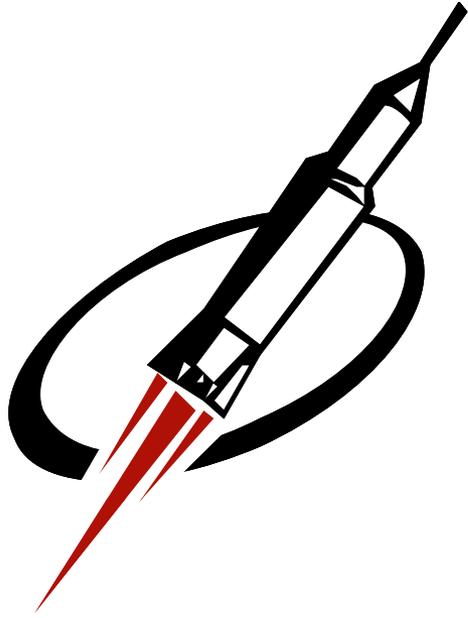


<https://www.youtube.com/watch?v=p1jzdSzGHnA>



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

Whole Product Definition

Physical Product

+

All Associated Factors

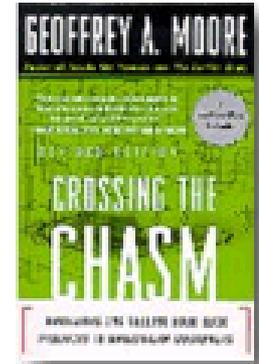
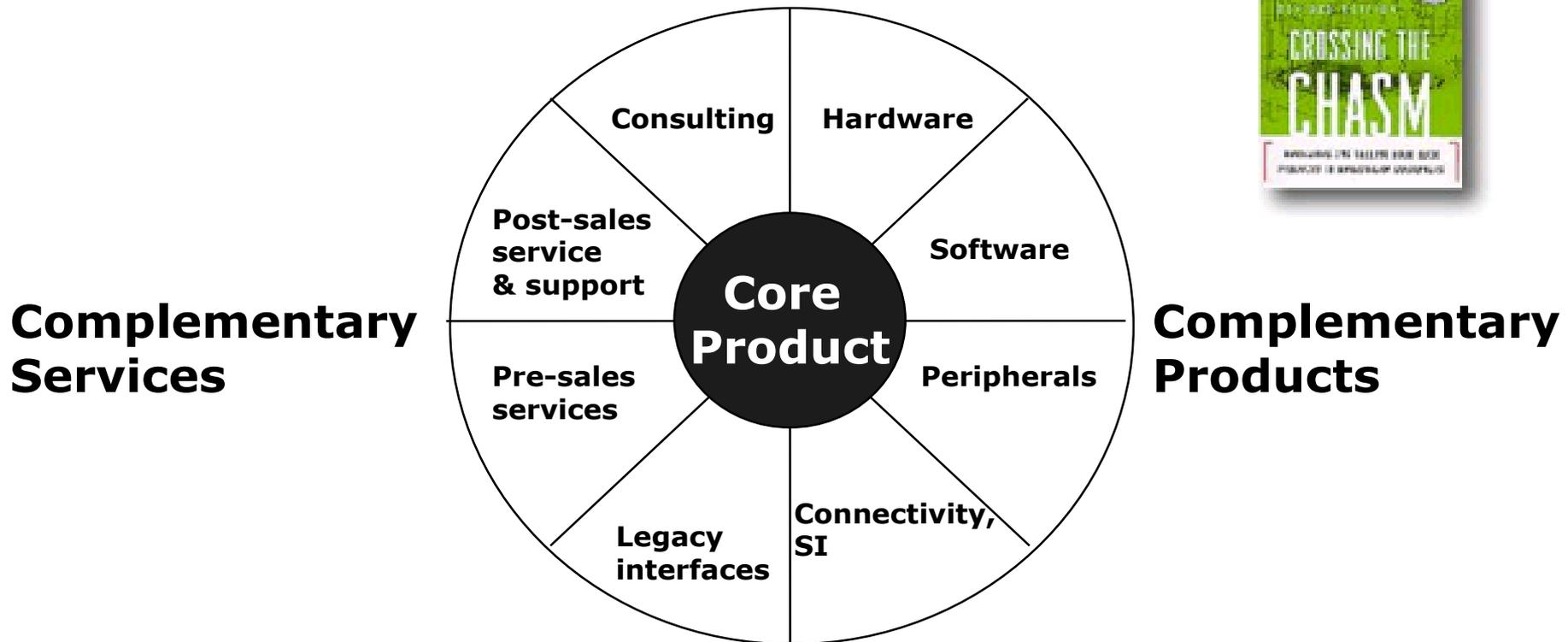
(services, partners, warranties,
guarantees, image, training, etc.)

=

“The Whole Product”

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

The Whole Product

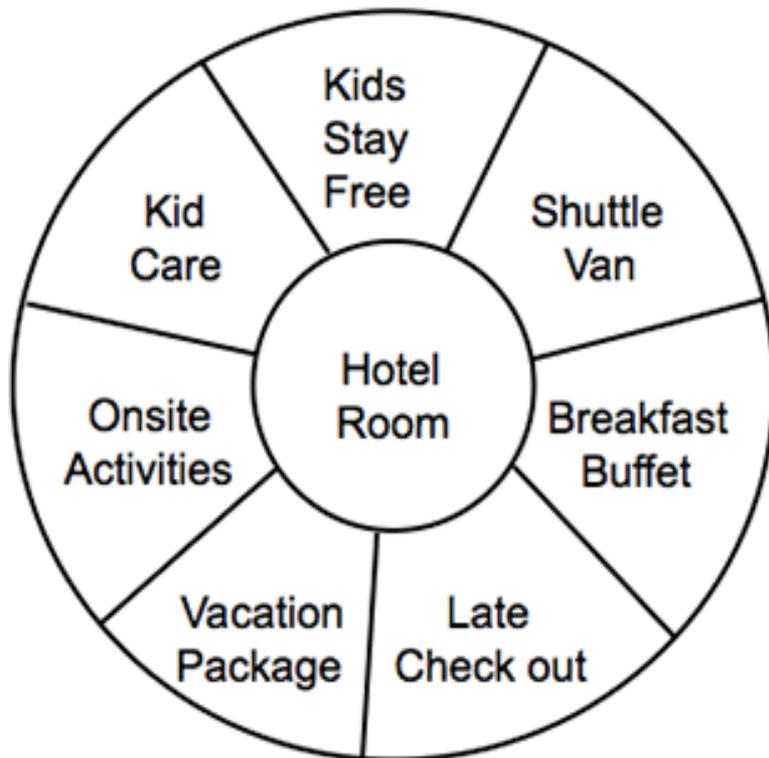


All other products, services and relationships needed by the target customer to fulfill their compelling reason to buy

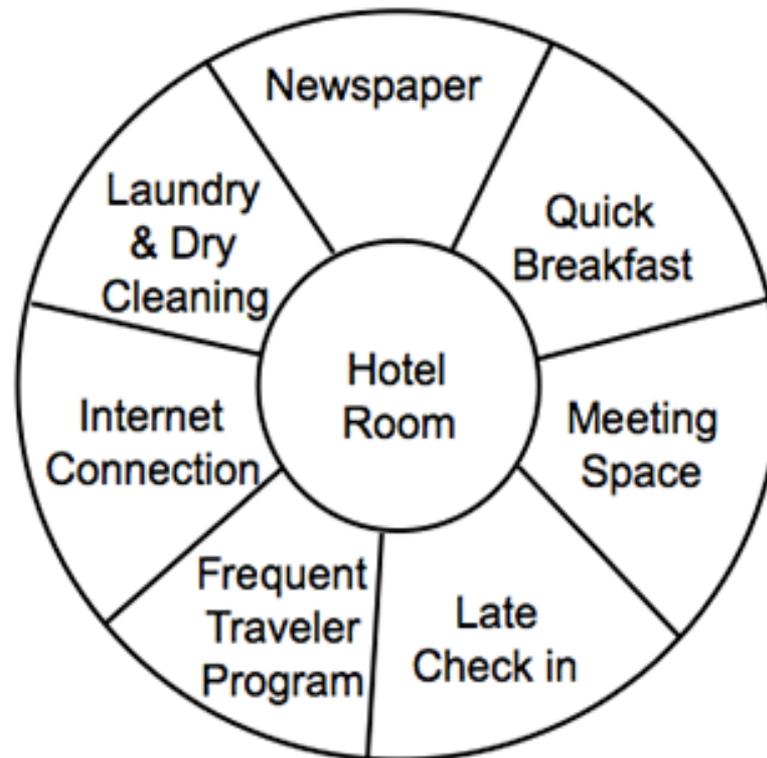


Hotels – Whole Product

**Hotel for
Vacation Travelers**



**Hotel for
Business Travelers**



Coffee Example



Starbucks/Dunkin Donuts

What percentage of the people switched to the other coffee shop after a month?

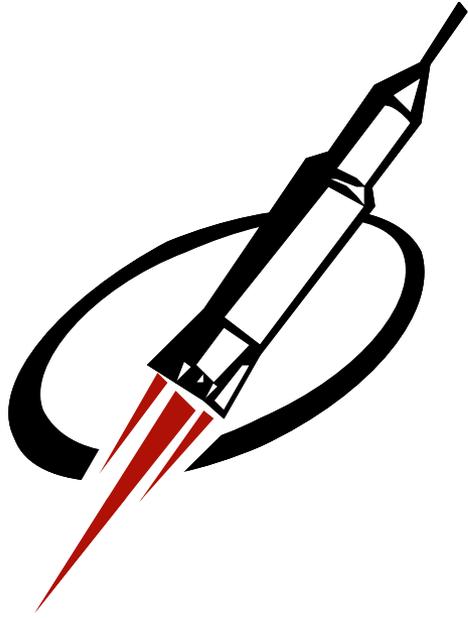
0 – 5 _____

5 – 10 _____

10 – 25 _____

25 – 50 _____

> 50% _____



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 Segmentation** + **Competitive Differentiation**

More Definitions.....

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

“My wife drives a very safe car” What type of car does she drive?

BMW _____

Chevy _____

Ford _____

Honda _____

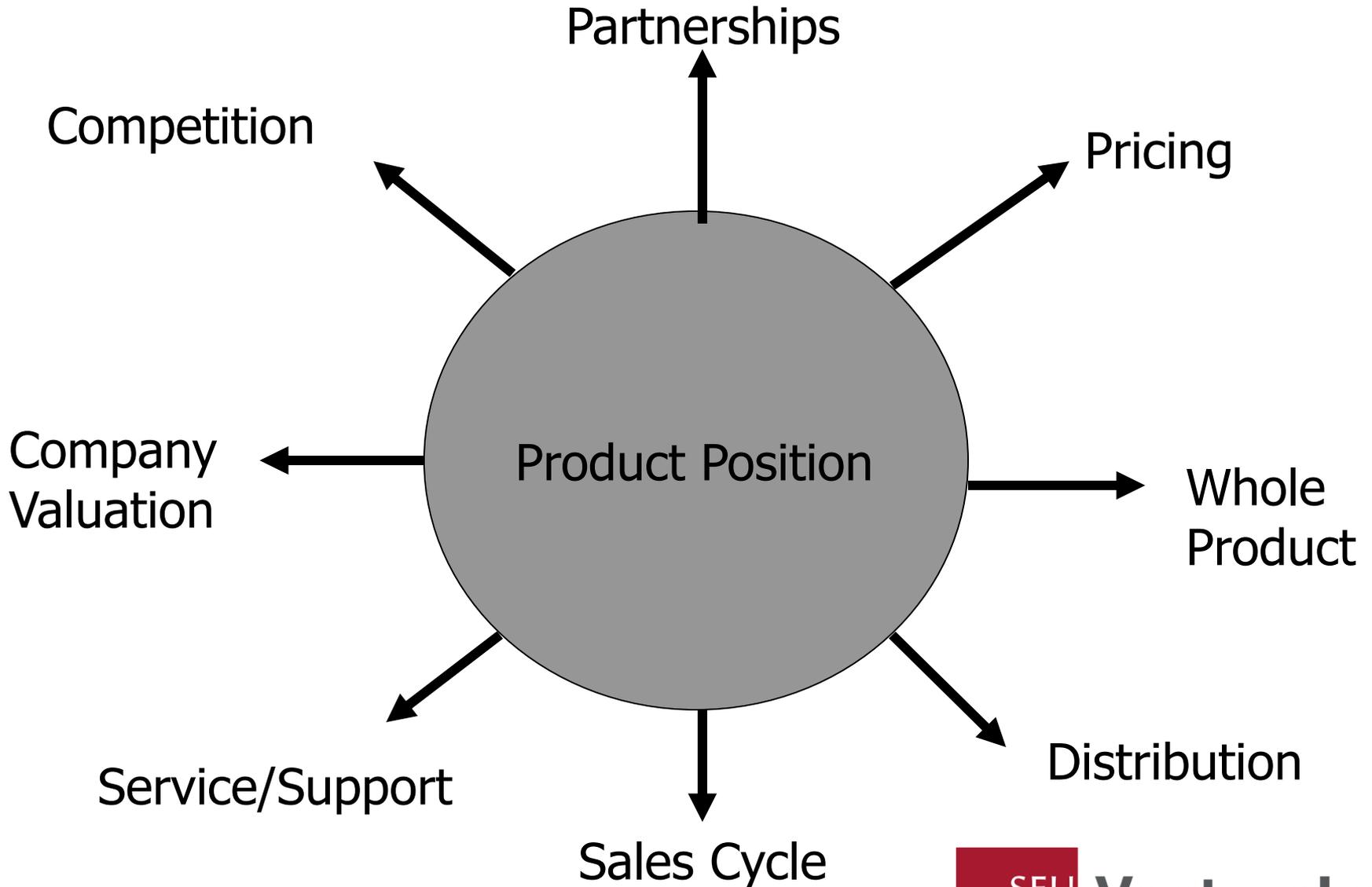
Hyundai _____

Toyota _____

Volkswagen _____

Volvo _____

Positioning Impact



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

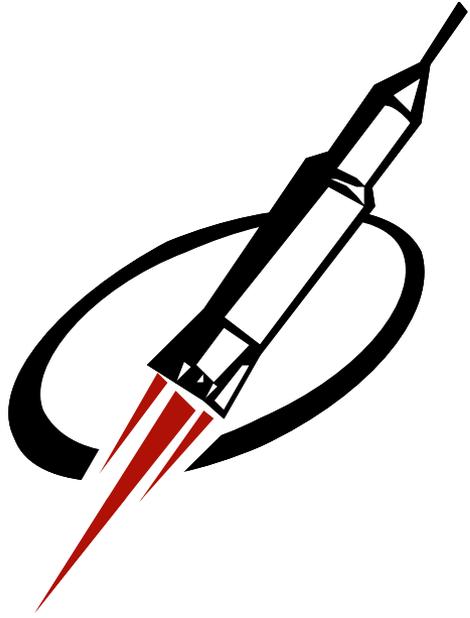




Market Category?
Brand Promise?
Tagline?
Differentiation?
Positioning?

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?

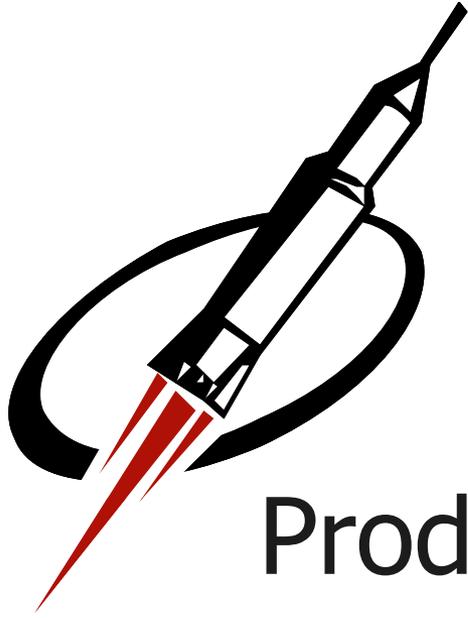
Pricing 101

Pricing is a combination of.....

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

Pricing 101

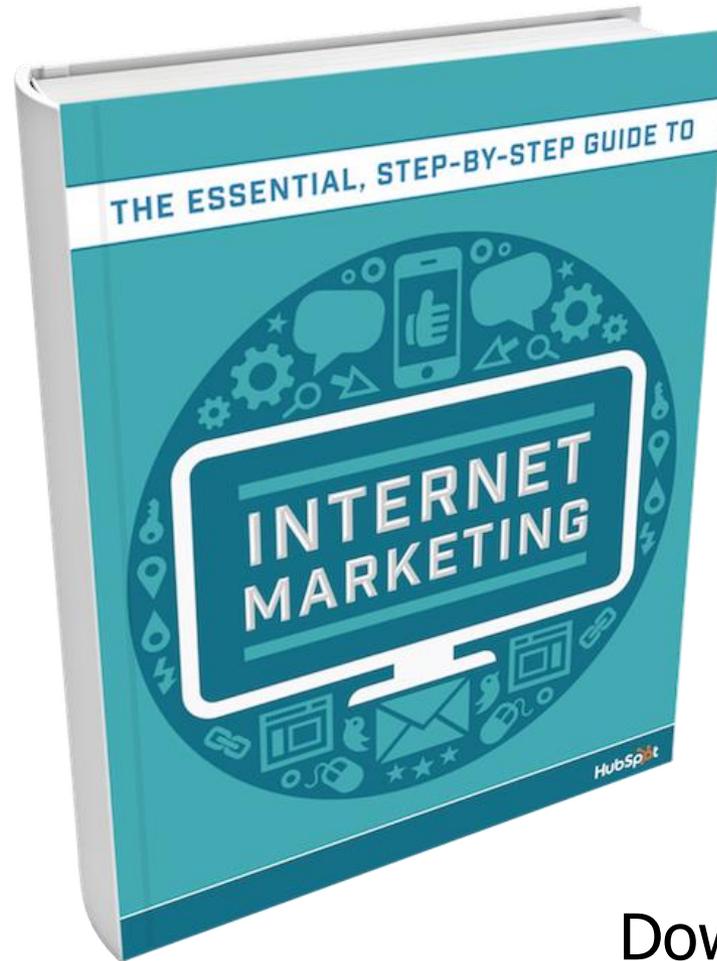
Do you need to have the lowest price to compete when you enter the market?



Product Marketing, Metrics and Analytics

Great Internet Tools – Use more than One

1. Alexa
2. Google Analytics
3. Google AdWords Keyword tool
4. Unbounce
5. Kissmetrics
- 6. Hubspot**
7. Hootsuite



Download from Hubspot

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

How often do you check your Google analytics?

Daily _____

Weekly _____

Monthly _____

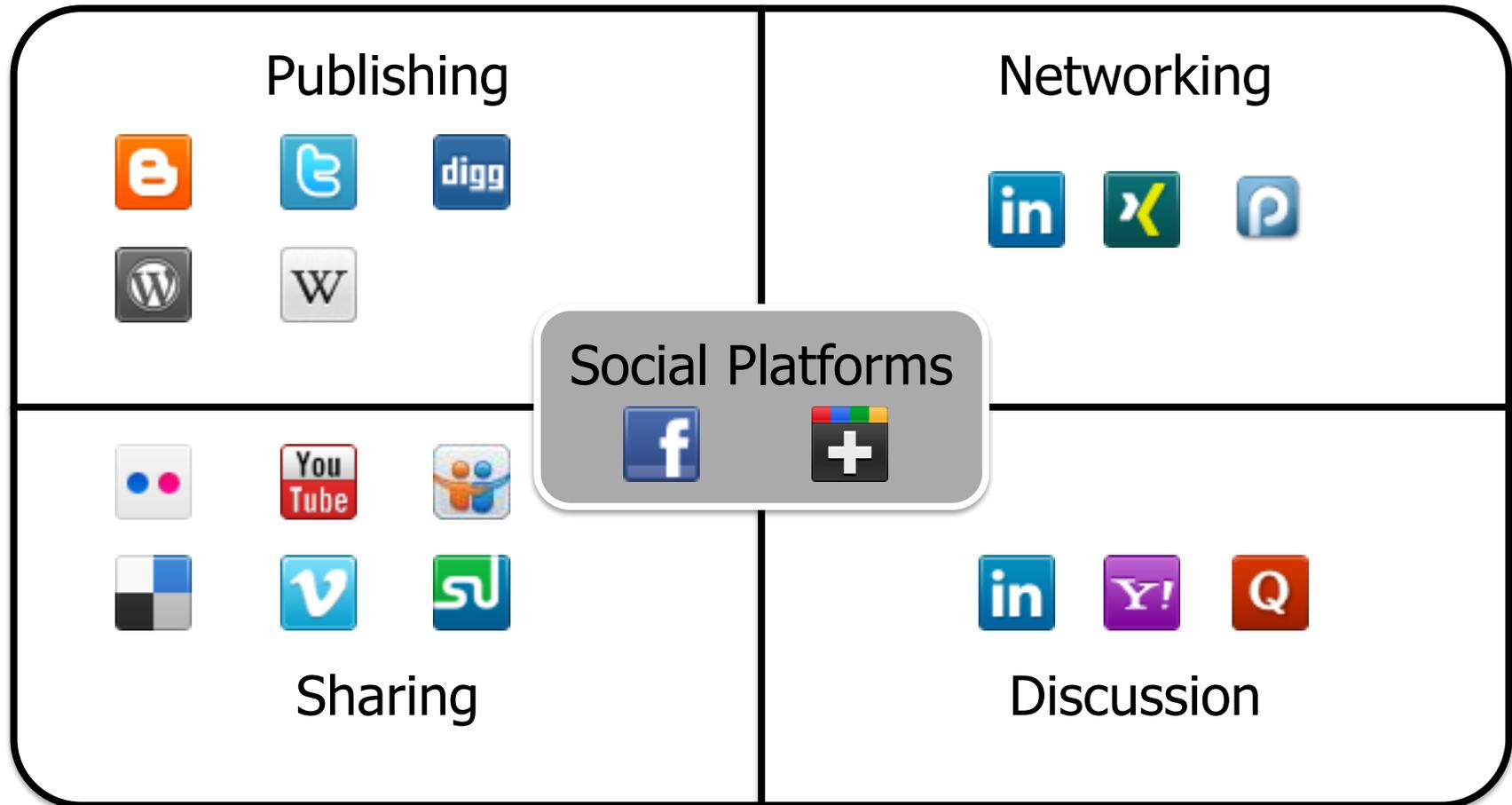
How do you do that? _____

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

Source: BtoB Magazine

Top Tools in the B2B Toolkit



Which will be top 2 for your company?

- LinkedIn
- Facebook
- Instagram
- Twitter
- TicToc
- Shopify
- YouTube
- Weibo
- Industry Specific Site/Publication

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

How to get metrics?

Get started right away

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

KISS Metrics  **KISSmetrics**

Hootsuite



Hubspot



- 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



Segments Poll

How many segments will you target initially?

1 _____

2 _____

3 _____

>3 _____

If it is more than 3 you're fired

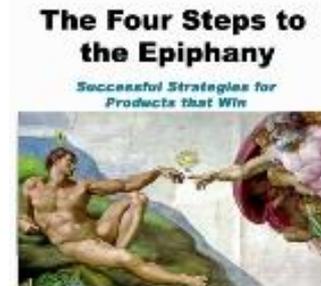
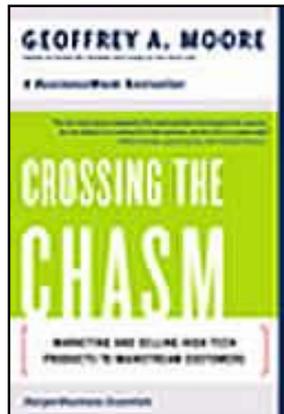
What Type of Company are you Building?

They are not all the same!

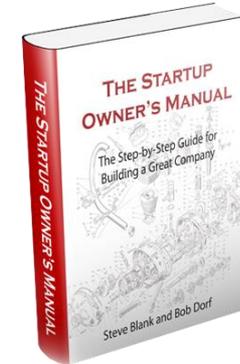
- Most start-ups turn into small businesses
- Most start-ups are not scalable
- Most can emulate a business model
- Most are not disruptive (10x rule)
- Each will market via the Internet

Credit: Kevin Swan, iNovia Capital

Resources – Reading Material



Steven Gary Blank



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

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