Great idea, I think?!?!? | Market Research and Product-Market Fit

Ben Bentzin
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Wednesday, September 14, 2016
Today

- You are in a great place to start a business
  - Take advantage of all that UT has to offer
- Start by refining your product idea or customer focus
- Gather data about the market that already exists (secondary research)
- Gather data from prospective customers, partners, and experts (primary research)
- Take some version of your idea to market
About...

Ben Bentzin

• Co-founder, CEO of Interactive Health Technologies LLC, founded 2011
• 9 years McCombs marketing professor
• Previous 10 year marketing career at Dell
When it comes to our children's health, who is the hero?
Interactive Health Technologies founded to use technology to improve fitness for kids

Correlates with:
- Academic
- Attendance
- Behavior

SCHOOLs AND DistRICTS
Web Browser Interface
- Administrators
- Teachers
- Parents
- Students
- State and Federal Regulatory Agencies

Spirit Reader
Transmits in less than one second

Web-Based Desktop Application
Award-winning, standard-aligned curriculum
Here at UT you are in a really good place to start a business

**TOP 50 UNDERGRADUATE**

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Entrepreneur count</th>
<th>Company count</th>
<th>Capital raised ($M)</th>
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DATA: PITCHBOOK

Pitchbook Universities Report 2016-2017
How do we gain market and product knowledge?
The Innovation Landscape

**DISRUPTIVE**
- Open source software
  FOR SOFTWARE COMPANIES
- Video on demand
  FOR DVD RENTAL SERVICES
- Ride-sharing services
  FOR TAXI AND LIMO COMPANIES

**ARCHITECTURAL**
- Personalized medicine
  FOR PHARMACEUTICAL COMPANIES
- Digital imaging
  FOR POLAROID AND KODAK
- Internet search
  FOR NEWSPAPERS

**ROUTINE**
- A next-generation 3 series
  FOR BMW
- A new index fund
  FOR VANGUARD
- A new 3-D animated film
  FOR PIXAR

**RADICAL**
- Biotechnology
  FOR PHARMACEUTICAL COMPANIES
- Jet engines
  FOR AIRCRAFT MANUFACTURERS
- Fiber-optic cable
  FOR TELECOMMUNICATIONS COMPANIES

LEVERAGES EXISTING TECHNICAL COMPETENCES

REQUIRES NEW TECHNICAL COMPETENCES

Pisano, HBR, June 2015, You Need an Innovation Strategy
Innovation efforts have a pathetic “hit rate”

The global innovation success average, across all geographies and all industries...

4%
What Were They Thinking?

Colgate Frozen Dinner Entrees

Windows Vista

Hooters Airline

Cocaine Energy Drink
The Need for Exploration

“Starting a new business is essentially an experiment.”

Block and MacMillan, “Milestones for Successful Venture Planning,” p. 184
Our challenge...

How do we create revolutionary products and services that customers don’t even know they want yet?
Four steps to refine your product-market fit

1. Refine your idea

2. Gather data about the market that already exists (secondary research)

3. Gather data from prospective customers, partners, and experts (primary research)

4. Take some light version of your product or service to market (minimum viable product / market test)

Repeat
Refine your idea
Companies are typically either product-led or market-led

Is your idea driven by a technology or a market need?
Questions to consider for your idea

- What will I offer to my customer in terms of benefits at launch? After launch?
- What is the problem you solve for your customer?
- What makes your product different from the competition?

"People don't want to buy a quarter-inch drill. They want a quarter-inch hole!"

--Theodore Levitt
Write down what you know

- What do we know about the market?
- How fast do expect the market to grow?
- What segment of the market do we think we can own (market leading share >33%)
- What will you offer to your target customers?
- What experience do you have? Do you need?

This is your starting hypothesis test and revise
Gather data about the market that already exists

Secondary Research
Secondary Research and The Five C’s

**Customer Needs**  What needs do we seek to satisfy?

**Company Skills**  What special competence do we possess to meet those needs?

**Competition**  Who competes with us in meeting those needs?

**Collaborators**  Who should we enlist to help us and how do we motivate them?

**Context**  What cultural, technological and legal factors limit the possible?
Recommended Secondary Sources

- Google Searches
- UT Library Resources
  - UT Business Library
  - LexisNexis Academic
  - Full Text Resources
- Government sources
- Industry associations
- Past student projects

What is FOIA?

The Freedom of Information Act (FOIA) is a law that gives you the right to access information from the federal government. It is often described as the law that keeps citizens in the know about their government.
LexisNexis Academic

**Results**

1. **Dell to focus on purchases to diversify; PCs lose to tablets**
   National Post’s Financial Post & FP Investing (Canada), December 12, 2012 Wednesday, FINANCIAL POST; Pg. FP2, 457 words, Aaron Ricadela, Bloomberg News

2. **App enhances phone photos**
   The Calgary Herald (Alberta), January 29, 2011 Saturday, TRAVEL; Travel Talk; Pg. F3, 202 words, Calgary Herald

3. **Going places**
   Ottawa Citizen, October 30, 2010 Saturday, TRAVEL; Pg. H10, 193 words, Reb Stevenson, The Ottawa Citizen

4. **Making apps for tech dummies; A number of companies can help you write that killer iPhone application, even if you thought code had something to do with da Vinci, David Sarno writes.**
   Ottawa Citizen, July 6, 2010 Tuesday, BUSINESS & TECHNOLOGY; Pg. C9, 1003 words, David Sarno, McClatchy-Tribune News

5. **Celebrating film sidekicks**
   The Leader-Post (Regina, Saskatchewan), June 25, 2010 Friday, ARTS & LIFE; Pg. B4, 855 words, Kat Angus and Leah Collins, Canwest News Service

6. **Sexy sidekicks aplenty in Hollywood; Cameron Diaz and Tom Cruise continue tradition of on-screen sexual tension in the movies**
   The Vancouver Sun (British Columbia), June 25, 2010 Friday, MOVIES; Pg. D3, 560 words, Kat Angus and Leah Collins, Canwest News Service

7. **The Punishers; In a Texas suburb, technicians at one of the few remaining North American pure research labs torture test dummies and abuse electronic gadgets so consumers will, hopefully, have fewer problems. Victor Godinez reports.**
   Ottawa Citizen, April 13, 2010 Tuesday, BUSINESS & TECHNOLOGY; Pg. D3, 762 words, Victor Godinez, McClatchy-Tribune News
Secondary Research Sources

- **UT resources:**
  
  http://www.lib.utexas.edu/subject/business/

### Business Databases: Marketing

<table>
<thead>
<tr>
<th>Database</th>
<th>Product Research</th>
<th>Marketing News</th>
<th>Major Marketing Campaigns</th>
<th>Market Share</th>
<th>Demographics</th>
<th>Psychographics</th>
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**Legend:**
- ★ = Best
- ○ = Good
Business Source Complete

- **Business Source Complete** offers comprehensive full-text coverage plus indexing and abstracts for scholarly business journals.
**Statista**

- **Statista** provides statistical data from thousands of institutions and sources

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**Music album sales and digital music album downloads in USA 2007-2014**

- **Music album sales**
  - 2007: 500.5
  - 2008: 428.4
  - 2009: 373.9
  - 2010: 326.2
  - 2011: 331
  - 2012: 316
  - 2013: 289.4
  - 2014: 257

- **Digital music album downloads**
  - 2007: 42.5
  - 2008: 63.6
  - 2009: 76.4
  - 2010: 85.8
  - 2011: 103.9
  - 2012: 116.7
  - 2013: 118
  - 2014: 117.6
Grab all of the secondary research you can (in a reasonable time)

Pros
- Fast (relatively)
- Inexpensive (relatively)
- Readily available
- May be high quality

Cons
- Could be out of date
- May not exactly address your question

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Gather data from prospective customers, partners, and experts

Primary Research
Primary Research

- **Start with**
  - Expert Interviews
  - Competitive Analysis
  - Customer interviews

- **Consider**
  - Quantitative Survey
  - Focus Group
  - Experiment
Expert Interviews

- Analysts, Scientists, Bloggers, Professors who follow your market, customers, and/or technology
- Write down discussion questions in advance and share with expert
- Let the discussion flow naturally, but be sure to get to all of your questions
- Follow up with a thank you and what you have done as a result
Build a team of opinion leaders to advise you and lend their credibility

DR. JEFFREY WALKUSKI
ASSOCIATE PROFESSOR OF PE
SUNY CORTLAND

JIM JENKINS
HEALTH AND PE TEACHER
JACKSON HOLE HIGH SCHOOL

MELODY HAMILTON
PEP GRANT MANAGER
WOODFORD COUNTY PUBLIC SCHOOLS

DR. KEN FELKER
PROFESSOR OF HEALTH AND PE
EDINBORO UNIVERSITY

DOUGLAS HALLBERG
PE TEACHER
MOHONASEN MIDDLE SCHOOL

KAITLYN BLOEMER
PE AND HEALTH TEACHER
BAY VIEW MIDDLE SCHOOL

TONY LOOMIS
PE TEACHER
NAUGATUCK HIGH SCHOOL

JOHN DUNLOP
ATHLETIC COORDINATOR
PORTAGE CENTRAL MIDDLE SCHOOL
Take advantage of the talented experts, professors and entrepreneurs here at UT
Competitive Analysis

- Useful if there are established competitors
- Ethical to be a “customer” for a competitor
- Not ethical to represent yourself as a “student” if in fact you are doing competitive analysis

Questions

- What makes competitors successful?
- How do customers perceive competitors?
- How will you be different from competitors?
The best research is your personal voice to voice and face to face interaction with potential customers...
Bring potential customers together into a summit
Build customer engagement into the development process...and into your budget
Integrating customer feedback into your product development process

Mohr, Sengupta, Slater, (2005) Marketing of High-Technology Products and Innovations

Customer

Marketing

Engineering

Product Technology

Rock Pile

Sure

Would you like a rock?

Find me a big, cheap, fast, dense, sharp...rock

OK

Here’s a blue rock

Wrong rock

Do you have a red rock?

What’s wrong with blue?

OK, but only if its square

I can make a purple one

We don’t have square ones

...
Primary research options to consider

- **Quantitative Survey**
  - Ensure adequate sample size and where to sample
  - Requires planning, design, pre-testing
  - Can be expensive if done right

- **Focus Group**
  - Recruitment requires planning
  - Exploratory research, cannot extrapolate

- **Experiment**
  - Most common in online A/B testing

Potentially time consuming, expensive, and less helpful than other alternatives
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Repeat
There are only two possible outcomes for your new venture….

Success

Experience

get started, take your idea to the market…
Today

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  - Take advantage of all that UT has to offer
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