How to Launch a Product

Your Guide to Developing Go-to-Market Strategies that Maximize Growth

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STRATEGICA

Outline:

The following sections detail the research we conducted for this client.

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OVERVIEW

When entering the market with a new product, it is vital to have a focused action plan to understand the most effective use of valuable time and resources. You might wonder why you can't just launch a product and wing it. The problem with this spontaneity is it relies on luck and expensive magic and may cause the most profitable segment of the product to disappear. Each product is unique, and without clear methods for targeting and acquiring customers, you may be left unsure about what you are seeing or why you are seeing it. You must have an understanding of the motivations and actions of early users because the real value comes from learning to scale their feedback for growth. If you haphazardly throw a product onto the market, you may start optimizing for a less profitable market segment because you are looking at sheer volume of the market versus the total value it captures. To help avoid these pitfalls, a business must develop its go to market strategy. This course of action will help a company define its target customers, marketing strategy, brand positioning, product roadmap, and optimal pricing.

PROCESS OVERVIEW

It is necessary to thoroughly consider each step to capture full insights into early customer acquisition and sales.

- Segment Target Markets
- Identify Target Customers
- Develop Actionable Personas
- Determine Brand Positioning
- Define Unique Value Proposition
- Iterate Product Roadmap
- Develop Marketing Strategy
- Optimize Pricing + Onboarding
- Analyze Cohorts

Segment Target Markets

Market Segmentation

any companies are quick to launch "experiments" to test marketing tactics through various channels, without the foundation of understanding how to position their products, target the campaigns, or interpret results.

Market segmentation is the foundation for all your positioning, marketing, branding, and product roadmap strategy. Before doing anything customer-facing, you must identify the right market segments for your product. A general rule of thumb is that any market can be broken up into sixteen different segments. For example, the beauty market could be broken down by geography (e.g. North America, Asia), type (e.g. hair, skincare), product (e.g. styling tool, makeup), and many other similar categories. If you only make a general statement about the market you are entering (e.g. the global beauty market is an $X billion industry), it is likely that you will make imprecise metric projections because it is improbable that you will be able to capture the entire market. Without accurate market segmentation, there is a lot of potential for missed revenue growth.

Market Momentum

Market momentum involves identifying market trends and sentiments to determine the buying and selling potential of a product. There are two possible ways to categorize market momentum.

Niche Segment

First, if there is a niche that you are uniquely equipped to serve, it is often beneficial to start there and grow a very evangelistic customer base. However, extrapolating the behavior of early adopters into projections of how larger mainstream audiences will behave is likely problematic for several reasons.

1. The mainstream market is always shifting. The unique value proposition for early adopters may have ample alternatives by the time your product reaches mass scale.

2. Additionally, early-adopters of your product will likely align more closely with a specific core value that the rest of the market may not see as important. The behavior of a niche segment may not reflect the behavior of larger demographic groups, given their different priorities and workflows.

Segment Target Markets

Capitalize on Existing Momentum

Many companies opt to capitalize on existing momentum of a growing demographic. Basic market research can reveal if a target market is growing or shrinking overtime, and it often doesn't make sense to target a shrinking market.

Market Sizing

Sizing your market is extremely important but also somewhat difficult. While it may be tempting to categorize the market you are entering by the total available market (TAM), you are most likely starting with zero percent market share, so you cannot credibly peculate what percent of the TAM you will capture in the future. Additionally, if you base your projections on the TAM, you will probably be sizing the market incorrectly because of shifting norms or a lack of adept segmentation. Consequently, bottom-up projections tend to be more valuable than top-down market share speculations when developing internal revenue projections and accurate representations for investors.

A bottom-up projection says that you expect to have A customers at B dollar value, totaling C revenue in year D, whereas a top-down approach says something like you are going to capture X% of Y market in a certain timeframe. You should consider your pricing, your market size, and your customer's willingness to pay when outlining these numbers. Investors tend to prefer the bottom-up method because it is easier to granularly tell if you are reaching your projections. Also, it is much easier to determine lead projections based on your conversion rates using a thorough bottom-up projection versus an untrustworthy top-down methodology.

Identify Target Customers

Target Market Criteria

Once you segment the market, you want to identify which component of the market to target. Selecting a target market is a very important step, because if you are not very clear about whose feedback you are incorporating, it's very difficult to have a high growth model. Ideally, you should select no more than three categories of customers to target. Selecting a target market should yield actionable personas that reflect the priorities and values of real demographics. They should include enough detail to be actionable by every stakeholder in the organization.

Product Managers, Marketers, Engineers, and Sales reps should all understand the persona and apply them to their projects. You want to understand how people spend their days, the kinds of platforms they engage with, and where they turn to make decisions (e.g. asking a co-worker or searching online). This often feels overly detailed, and even unfocused, to stakeholders at the beginning, but play foundational roles when projects and campaigns are executed.

All of these factors influence how companies should invest resources. If you don't have a clear sense of who is buying your product, you are likely to invest resources in sectors that are returning suboptimal results and overlook opportunities to augment growth from higher performing channels and markets.

Identifying Ideal Customer Profiles

There are three factors that you need to consider when identifying target customers.

1.Willingness to Pay by Cohort

First, you need to determine what your target is willing to pay for the product or feature. Whether you're creating a category or entering a space with existing alternatives, a lack of direct competitors is not inherently an advantage.

Identify Target Customers

It’s possible that there’s no market or no urgency around the purchase you’re proposing, which can only be the foundation of mediocre growth and weak long-term viability.

It is entirely possible that there will be users that see the value in your product and enjoy using it but are deconditioned to paying for it. For example, a user of a ride-sharing app may value a feature that shows them real time traffic but users may expect that feature to be free because of apps like Google Maps, and thus unwilling to pay extra for it. It’s also very likely that users of premium features have higher willingness to pay and value features differently, so overlooking cohort analyses could obscure their data in the sheer volume of mid-tier customers with different preferences.Without a proper target analysis, this may not become evident, and you may overlook segments that are willing to pay more for the product.

2. Market Trends

As mentioned above, you do not want to enter a market that is shrinking, so it’s important to properly gauge market momentum.

This is especially true for companies looking to raise venture capital. The old adage “It’s hard to be big in a small market” rings true for most institutional investors. However, there are a couple of exceptions that may create less competitive white space for your company if capitalized upon effectively. If there is a large enough market, and you have some proprietary development advantage, or a niche market you want to use to expand into others, it could be profitable to go into a contracting market. However, if your situation does not match this criteria and you still choose to enter a shrinking market, it is more likely that you will be building products for a cohort that is less likely to return value over time.

3. Unique Value Proposition

Third, you want to make sure you have true category differentiation. Unique is the operative word here, and should be assessed from the perspective of your customers. Your product application and unique value proposition need to revolve around what your audience cares about.

Identify Target Customers

While you may think your product is completely differentiated because there are no other products on the market like yours, this could also mean there is no demand for it. On the flip-side, if the market is extremely saturated, and the user base cannot distinguish your product from another, then there is not much value in differentiating your product by making it feature-specific. Unique branding around core company values, instead of feature differentiation, yields higher returns and more impact than focusing at the feature-level in saturated markets.

Furthermore, there will always be a multitude of ways to describe your company. Your job is to figure out which resonates most with the audience and drives conversions. It's most effective if you use your target market's words to do so.

While you may think your company provides value in one way, your target market may care about three factors that you internally thought of as secondary.

Words that the internal team believes to be synonymous with what you're hearing from the market may not be seen that way from their perspective. "Accurate" and "reliable" may sound interchangeable to us, but they may not be from the market's perspective. You want to leverage their priorities by understanding the value of your product from their perspective and using their own words as the foundation of your positioning and market strategy.

Develop Actionable Personas

Buyer vs. User Persona

There is a common misconception in believing that the buyer and user are the same. The buyer and user often behave fundamentally differently because of their experience in existing association with your product. Buyers are people who do not currently have your product. They may not be the end user or they may not yet have the knowledge that a user would. For this reason, you want to segment out what your buyer and user personas look like. While both of these categories will be based on the same target customers, they may not have the same characteristics.

You want to understand what drives certain actions of each group, what stage do internal or external factors make them consider using your product, and how do their motivations overlap or conflict. It is entirely possible that the buyer's priorities and preferences will be fundamentally at odds with the user’s desires. For example, in education technology, the end users are usually teachers and students, whereas the buyers are usually district tech administrators and principals.

At the school level, teachers could have a vested interest in less expensive software that meets their needs better. In contrast, the district tech administrators may have the personal risk of rolling out and implementing new technology that would require retraining thousands of teachers. Additionally, the district could receive negative feedback if the integration does not go well. In this case, it may not be worth it to the buyer to purchase your product. This misalignment in values is why it’s important to understand the preferences and priorities of the buyers and users of your product.

Develop Actionable Personas

Mapping Buyer's Journey

Mapping your buyer's journey can help you understand their process when examining and considering your product. The three broad phases of mapping your buyer's journey are awareness, consideration, and decision. Buyers first become aware of a problem they have, then they consider possible solutions to their problem, and lastly, they decide what action to take to fix the problem. Many times, companies jump directly to the decision phase and assume buyers already see the value in their product. This is true for a lot of feature-focused positioning where companies assume buyers are just picking between different products, when in reality, they have yet to be guided to the market for that product. Mapping these scenarios gives you a strong foundation for your distribution, marketing, and branding strategies. Additionally, it allows you to quickly identify potential sources of feedback and points of emphasis along the buyer's path to your product.

Determine Brand Positioning

Mission, Vision, and Offerings

After the target market is identified, you want to use their own words as the foundation for your positioning strategy. Developing a position that motivates and drives consumers to purchase your product can be challenging. To make an impactful statement, you must position in a way that speaks to the customers priorities. Oftentimes, the features you thought of will become secondary proof points of the overall vision that needs to be captured for the target customers. One common mistake when trying to do this is being overly aspirational. A product may claim to be something so abstract and fluffy to the point where no one really understands how it works.

For example, an education company might claim to “unlock a student’s full potential” or “make learning better.” These claims are too generic and speculative. You want to make your product visceral and focused on the priorities your customers care about, while still tying into a higher brand promise that can still be aspirational. On this note, the homepage on your website should capture your mission, vision, and offerings.

It needs to have something explicit and tactical so that potential customers can quickly understand if your product is relevant to them. Make it very obvious what your product does and what it looks like while still painting who you are, what you care about, and your core values. While there are many factors to consider, in the end, your product’s positioning ultimately depends on the values and perspectives of your target consumers.

Competitors and Alternatives

When examining competitors, businesses tend to only consider direct competitors and overlook indirect competitors. Analyzing both is essential to developing strong positioning tactics. Oftentimes, sticking to the status quo or doing nothing can be the biggest competition to overcome. One question you may consider asking yourself is, “What would scare you if it were invented today, and why aren’t you building that?” "It is easy to say that you are doing things better than your competitors, but by comparing yourself so directly, you may end up overlooking new opportunities for growth and improvement."

Define Unique Value Proposition

Competitive Advantages

There are many ways to gain an upper hand over a competitor, but there are also misconceptions that can lead you to think that you have a competitive advantage. Many people think that if they want to dominate a market, all they need to do is to launch the product first.

This is entirely false and is commonly referred to as the first mover myth. 43% of first movers fail whereas only 8% of second movers fail. The truth is you really need to be the first person to start defining a category at scale. This way, potential customers will start comparing other products to yours because of its prevalence. It is also possible to unseat an incumbent by focusing on delivering better value to the core market you are looking to segment; however, if you have not developed a robust and actionable sense of who it is you are trying to serve, it is very possible that you will be stuck in a mediocre growth cycle.

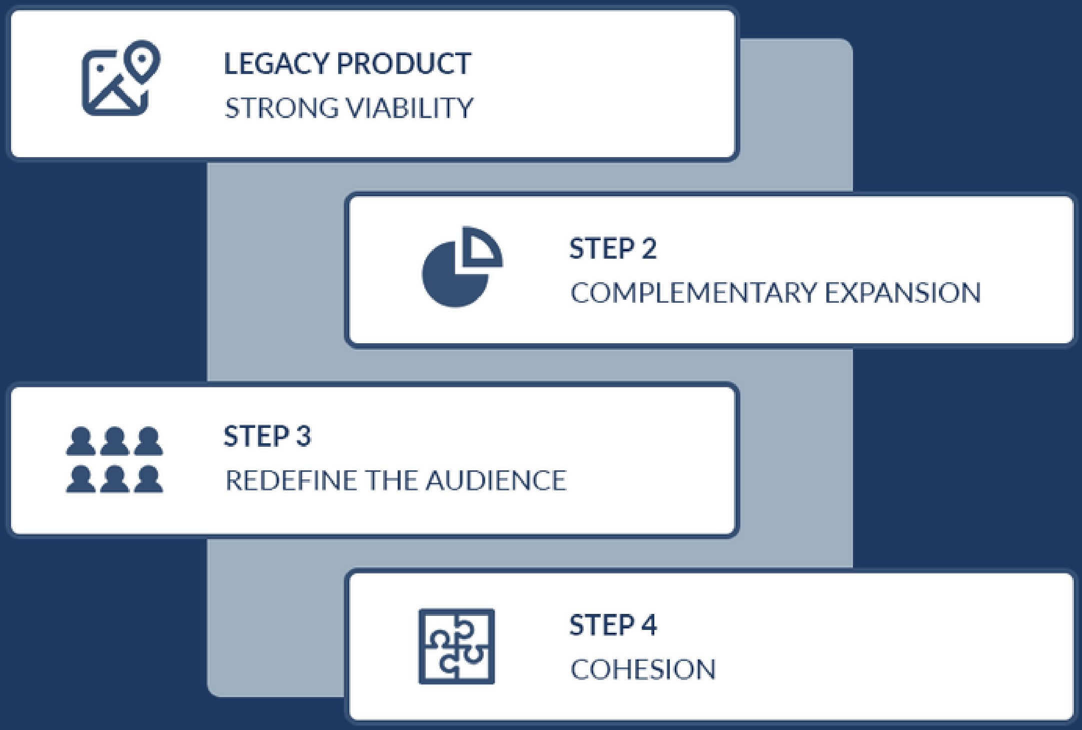
To give you the greatest competitive advantage, focus on solving your target customer's problems and incorporating their pain points into your development.

Iterate Your Product Roadmap

Establish Product Roadmap

When thinking about a product roadmap, each stage requires you to consider your next steps and goals and how much support you will need from investors to achieve those goals. Once you have a legacy product that has strong viability, you must determine how to acquire the resources for intermediate growth before you can maintain and expand your product. When determining metrics to measure success and growth, you need to understand where you are in your product roadmap.

Early on, customer acquisition cost (CAC) and lifetime value (LTV) per customer ratios do not make sense to use because many things will not scale at the beginning (especially if you amortize your costs), and lifetime value cannot be established without long term data about customers. Because of this, the payback period is a much more reliable metric because it measures how much it actually costs to serve each account and the period it will take to reclaim that. This will give you a sense if you have a viable model going forward.



Iterate Your Product Roadmap

Ansoff's Matrix

It is important to focus heavily on market segmentation because there is increasing risk and diminishing effectiveness as we look at expanding product lines and markets. Effective market penetration through strengthening existing products in existing markets minimizes risks and costs and yields the greatest returns. This will let you focus on delivering a product that is uniquely valuable to the market you are targeting with less downside to expand. Commonly, when outcomes start to plateau based on the first approach, companies begin to expand into new products or markets. This means that they were not serving many of their original customers very well and could incur higher risks and costs that tend to prevent these companies from scaling above a $10 annual recurring revenue (ARR).

New products can make sense if they help you reinforce your viral loop, but the costs to maintain and support multiple existing products means that there is increasing risk and diminishing margins if you are not methodical about your new strategy. Launching new products into new markets means there is no information about what works or how to scale or replicate it. Companies may feel pressure to resort to this if existing products don't seem to be performing well, but it will typically only generate a short-term boost, and then put the company back into the same position as before. Oftentimes, it will also leave the company less focused with teams that are unable to optimize any one of the products, which could severely diminish brand equity.

Develop Marketing Strategy

Experiment and Test

If you are looking to build a house, you must have a blueprint of your plan before you start doing construction. In the same vein, you must have a marketing plan before you begin to market your product. However, you need to evaluate your marketing performance in the exact opposite way; you must look tactically before you look strategically. Drawing on the house building analogy, if you had a plumbing mishap, you would never say indoor plumbing is not a viable option to include in the house. Instead, you would look at why the pipe broke, how it was installed, and what it was connected to.

Despite this, it is very common for people to make illogical assumptions about their marketing strategy. For example, they may irrationally say email marketing does not work for their company or that their audience is not on social media. This could be true, but usually it is based on a singular dashboard or campaign that has not taken into account how things have been fine-tuned, developed, and executed. These narrow and declarative statements could lead to overlooking opportunities and are often the result of undeveloped positioning frameworks for market segmentation.

Rather than taking a grand stance, consider more organic options to begin marketing. You do not need to spend money on elaborate social platforms or ad boards. To get an idea of what is working well, you can use blogs, emails, or one-on-one testing with your audience before you have to spend a penny on paid advertising. These organic options give you a better idea of the type of paid advertising that may be effective when you start investing in the necessary platforms. Ask yourself the question, "If you have zero marketing dollars, what would you do?" This can lead to some of the most effective and innovative experiments and tests that will generate useful insights.

Marketing Questions

The foundation of positioning your company to drive action comes from four questions: why you exist, what you believe, how you do it, and what it looks like for customers. Why you exist needs to be something people really care about. It needs to be sensical and should allow someone to understand who you are and what you do if they know nothing about you.

Develop Marketing Strategy

What you believe needs to address how your market landscape is differentiated and what makes you different. How you do it is where you get feature-specific. Again, when describing your product, you don't want to be overly aspirational and generic to the point where no one understands how your product works, but you also don't want to be too detailed that you sound commoditized.

Expressing the value in your product is as much visual as it is written. Your user experience (UX) and user interface (UI) are key to understanding how consumers interact with your product and provide insight into the value it brings. Your UX and UI should consider the input from your users and how they are part of the development process.

You should continually incorporate because this process is an integral part of driving customers to buy into your vision.

Identify Channels

There are several approaches to identify what marketing channels you want to pursue. Simplistically, before you know how to run an experiment, you can ask people where they go to learn about a product.

Factors that influence opinions can be varied and might not only come from television or social media advertisements. They may attend events, read certain publications, or talk to other people. After this general understanding, you can run targeted campaigns and experiments based on specific hypotheses you want to test. Be cautious about utilizing sales partnerships as channels; you do not want these to become your crutch for a lack of a distribution strategy. Inherently, sales partners will never be as bought into your vision and execution. You may lose margins because they are not obligated to refrain from selling for competitors. Be mindful of piloting partnerships before leveraging them as a real sales distribution strategy.

Develop Marketing Strategy

Competitor, Market, or Product Approach

There are three main approaches to consider when it comes to marketing: competition, the market, and your product. You should be wary of focusing too much on competition. If you base your decisions off of your competitors' choices, you run the risk of using criteria that may not hold for the questions you are trying to answer and may be ineffective.

COMPETITOR

How will you set your company from the competition?

MARKET

How do you best fill an existing need?

PRODUCT

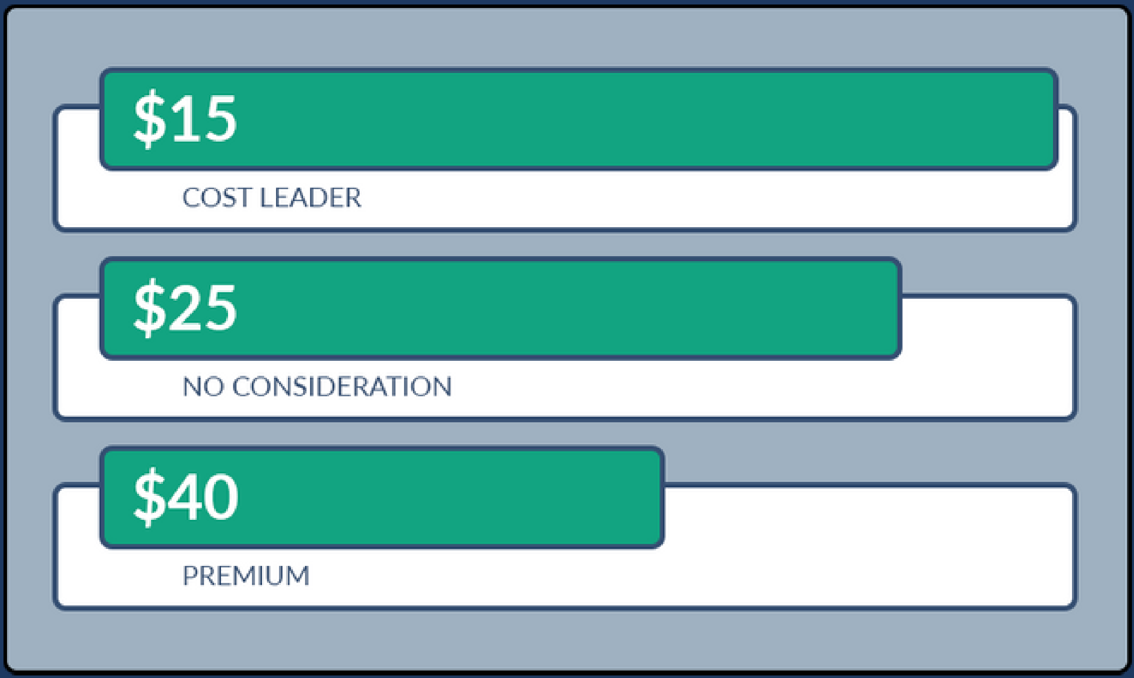
How do you create a new market and reach them?

Being mindful of the alternatives your customers have is important, but you never want to base your strategy off of competitors. Replicating competitors can lead you astray with very little differentiation. Focusing on the market and how your product can fill a need is typically the most effective marketing approach. Through this avenue, you have really figured out the priorities of the audience and what they need solved. Your product is the manifestation of how you serve your customers needs, but being too product focused can often lead to blind spots in the early stages. If you are too married to the idea of the product as you envisioned it, you may selectively listen to the feedback that could make it better because you have not taken a true market focus.

Optimize Pricing + Onboarding

Pricing is Not Synonymous with Monetization

Pricing and monetization are not interchangeable. Pricing is a part of monetization and should be tested among your willing to pay targets; however, you should not just look at the per account cost of your product but also consider the value in free users or multiple users on one account because they are part of your viral loop and can easily be overlooked.The way you price can have different impacts on your perceived value in the market. Being a cost leader has many pitfalls that people do not tend to consider.



Thinking that you will come out with the lowest price and then raise prices as you go is difficult to do well if you are aiming for customer retention. Low prices can also give you less capital to invest in research and development, so you need to retest your pricing strategy constantly to see how different price points attract different levels of engagement. Being a cost leader can give you very little room to change or grow if a competitor comes out with a different scale or as a free version. Be mindful of how different price points deliver value and what they signal to the market.

Cohort Analyses

Actionables

#1: *GOOTO*:
GET OUT OF THE OFFICE

In order to carry out the suggested go-to-market strategy steps, there must be action involved. To help inform your decision-making, you need to interview current users of your competitors about their priorities and pain points of existing products and interview investors to determine their investor sentiment regarding your product.

Although developing a market strategy can seem overwhelming at first, you shouldn't assume that you should have all of the answers right away. In fact, it's more important to identify the right questions to ask your target market because the market will be able to answer these questions better than the assumptions you may make. In-depth interviews will help clarify uncertainties and speak to the priorities that your customers actually care about.

Cohort Analyses

Actionables

#2: KEY QUESTIONS TO ASK

It is common for companies to do product research but think they are doing market research. For example, if you were to ask someone what their average day looks like, what they care about, or what their last topic of conversation with their boss was, you are going to get a sense of their priorities in terms that may have nothing to do with your product. This is market-focused research, which is useful when trying to understand what potential customers care about and if there are opportunities to tie their priorities to your product.

Examples of product-focused research would be asking someone how likely they would be to try your product, why they bought your product, or what they thought of the user interface. While market research and product research are both important, they should not be interchanged. If you introduce your company and product before conducting your research, you are already setting yourself up to get biased results.

In surveys and interviews, revealing minimal information about your company and your product will grant you more authentic and valuable results. You do not want to base your research off of your current perceptions of the market because they could be drastically different from the real picture. Through research, you want to understand what is most important to your target customers, as it is possible that the positioning points that you internally developed may not speak to the primary values of your target audience. However, you will never know this until you ask. It can be very beneficial to dive deep into these five questions below:

1. What are the user's priorities?
2. Are they different from the buyer’s priorities?
3. How do you compare in the market?
4. How is the market changing?
5. Which is most important?

Conclusion

A go to market strategy is an integral component of launching a product. Taking time to thoroughly segment target markets, identify target customers, develop actionable personas, determine brand positioning, and ultimately devise a marketing strategy will give your product the most chance for success.

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