Going to Market

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W23

About Me

➜ Serial Entrepreneur from the United Kingdom

➜ Built companies in UK, US, NL, SLO

➜ Entrepreneur of the Year 2012 in Netherlands

➜ Teams from 0 - 100+ employees

➜ Multiple exits, multiple failures

➜ Angel Investor for the last 11 years

➜ Father, Husband, Hiker & Biker

LONDON | LOS ANGELES | AMSTERDAM | KAMNIK

Why Me?

→ Head of Platform & Growth @ Speedinvest

→ I've been leading growth teams since 2010

→ Worked with 150+ companies on their Growth strategies

→ Developed a 4-step plan for building Growth Models that was built in alignment with Google and presented at Google Playtime in Berlin, 2017

→ Discovered a fundamental problem with Growth Models... most products didn't have Product Market Fit

Si Speedinvest

Agenda

1. What is "Go-To-Market"?
2. When to build a Go-To-Market Strategy
3. Understanding the chasm
4. Building a Go-To-Market Strategy
5. Define Jobs To Be Done
6. Finding Product-Market Fit

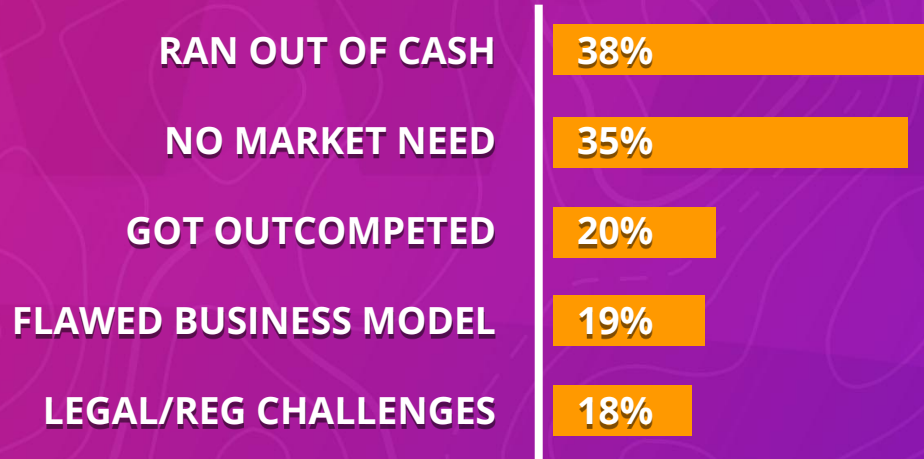# What is "Go-To-Market"?

The Status Quo

Building a startup is *not* easy.
Failure rate in 2019 was **90%**.

The odds are against you.

The biggest reason is lack of **market demand**.

Just because you build it,
it doesn't mean people will buy it.

The Top 5 Reason Startups Fail

RAN OUT OF CASH — 38%

NO MARKET NEED — 35%

GOT OUTCOMPETED — 20%

FLAWED BUSINESS MODEL — 19%

LEGAL/REG CHALLENGES — 18%

**No Focus,
No Customers,
Unnecessary
Spending
=
Bad Day**

So what can we do to improve the chances?

| No Market Need | Get Outcompeted | Pricing/Cost Issues | Correctly Launching |

Que the answer...

Go-To-Market Strategy

Finding Product-Market Fit

The Difference

Go-To-Market Strategy

Finding Product-Market Fit

Understanding who your target market and audience is, where they are, and how to get them to your product or service.

Aligning your product to the market you are targeting.

Don't confuse with Marketing Strategy...

Marketing Strategy:

How to grow your tree...

Go-To-Market Strategy:

Where to grow your tree...

What's in a Go-To-Market (GTM) strategy?

Brings together key elements, such as:

★ Sales
★ Marketing
★ Distribution
★ Pricing
★ Brand
★ Competitors

*A step-by-step guide that focuses on launching a single product, service or expansion.*

Your guide should provide a framework for measuring your progress along the way and detect any issues while keeping reality in check.

The Benefits

→ Reduce time to market

→ Ensure successful product launch

→ Adapt to changes easily

→ Effective customer experience

→ Avoid taking the wrong path

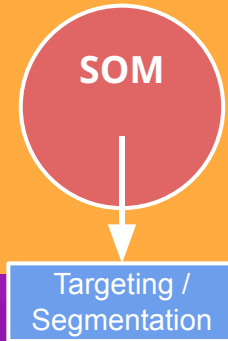→ Create a route for growth

→ Plan and direction for the team

Breaking down the market
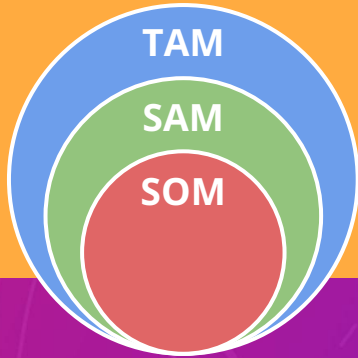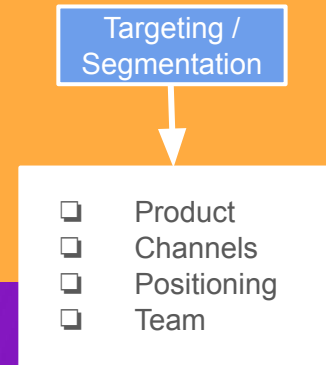
What is the size of the market?

TAM
SAM
SOM

Total Addressable Market
Serviceable Addressable Market
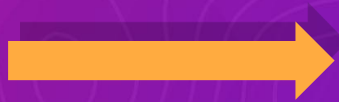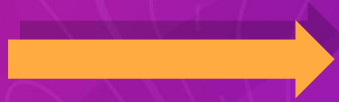*Serviceable Obtainable Market*

What is the current opportunity?

SOM

Targeting / Segmentation

Break down the Serviceable Obtainable Market to the target customers

Can you get it?

Targeting / Segmentation

- ❑ Product
- ❑ Channels
- ❑ Positioning
- ❑ Team

How do you get to those target customers in that obtainable market?

Examples:

Facebook → Harvard University

Uber → [San Francisco cityscape with black car]

PlayStation 5 → **Limited Production**

The product doesn't have to be groundbreaking to succeed

Sold 5 million in 6 months, making Gary Dahl $15m!

You can make the greatest product ever known, but if people don't know about it, you'll never succeed.

You can also make a bad product, but if you take it to the right markets in the right way, you can be successful.

Any product can be successful with the right Go-To-Market Strategy.

What makes a Go-To-Market Strategy?

Lots of frameworks available online targeted to either seller or buyer markets, startups and large corps - **know which you are!**

GTM Ingredients:

1. Markets
2. Customers
3. Channels
4. Product/Offering
5. Pricing
6. Positioning
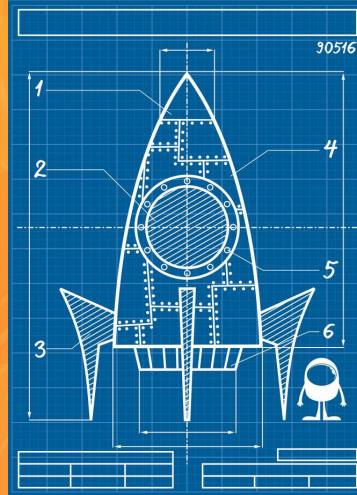
When to build a Go-To-Market Strategy

When to create a GTM strategy

Launching a new product/service

Re-launching a new product/service

Entering a new market

Releasing a significant update

You don't create a Go-To-Market Strategy once and that's it.

You need to create and execute on significant changes.

Golden Rule of Go-To-Market

While there is no single solution or
"one-size-fits-all" approach to Go-To-Market,
there is one common thing...
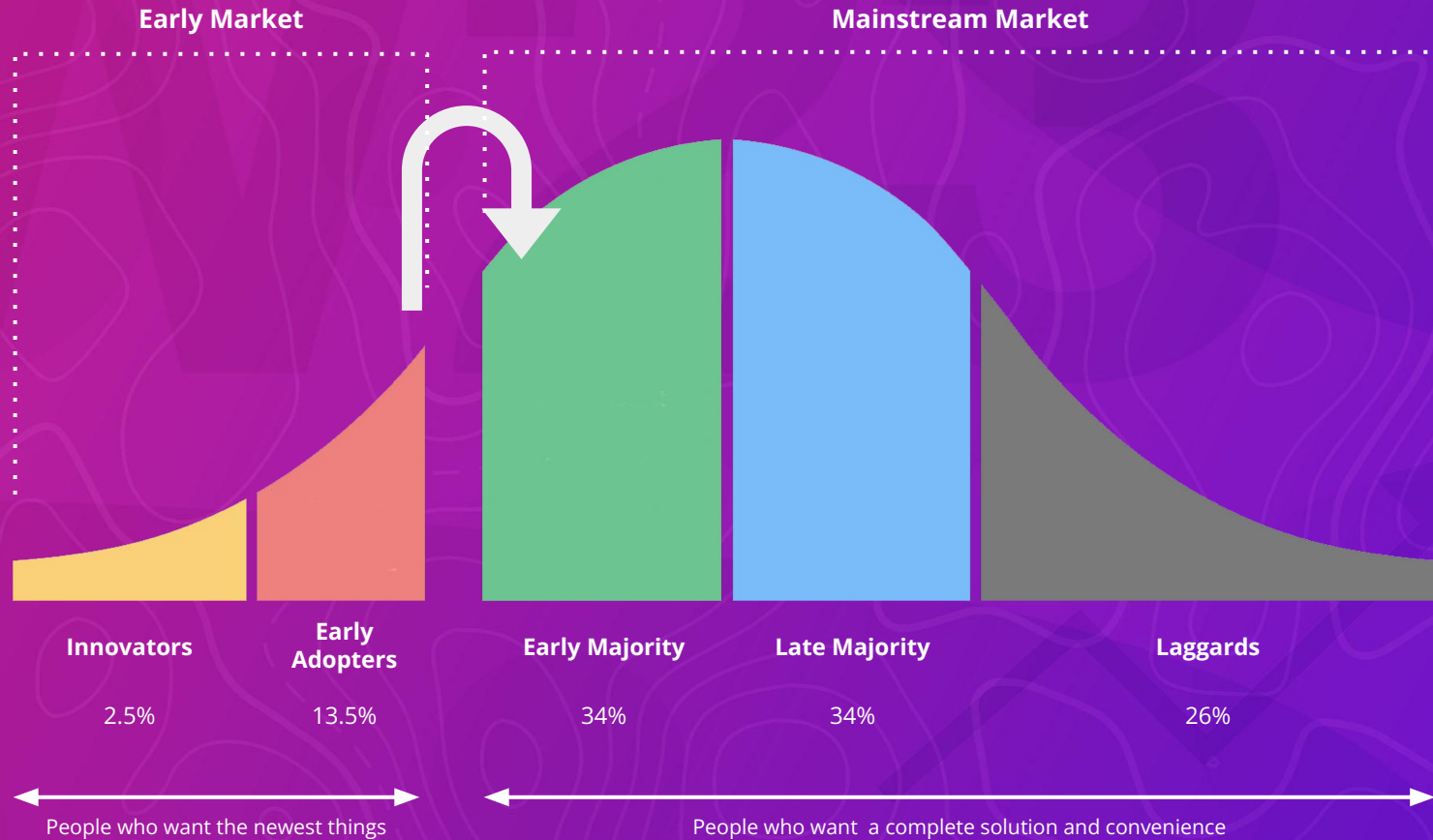
Look before you leap

Things to avoid

1. Jump straight into executing
2. Have no clear idea, or resources in place, to execute
3. Have nothing planned (It won't sell itself!)
4. Learning while doing
5. Switching strategy too often
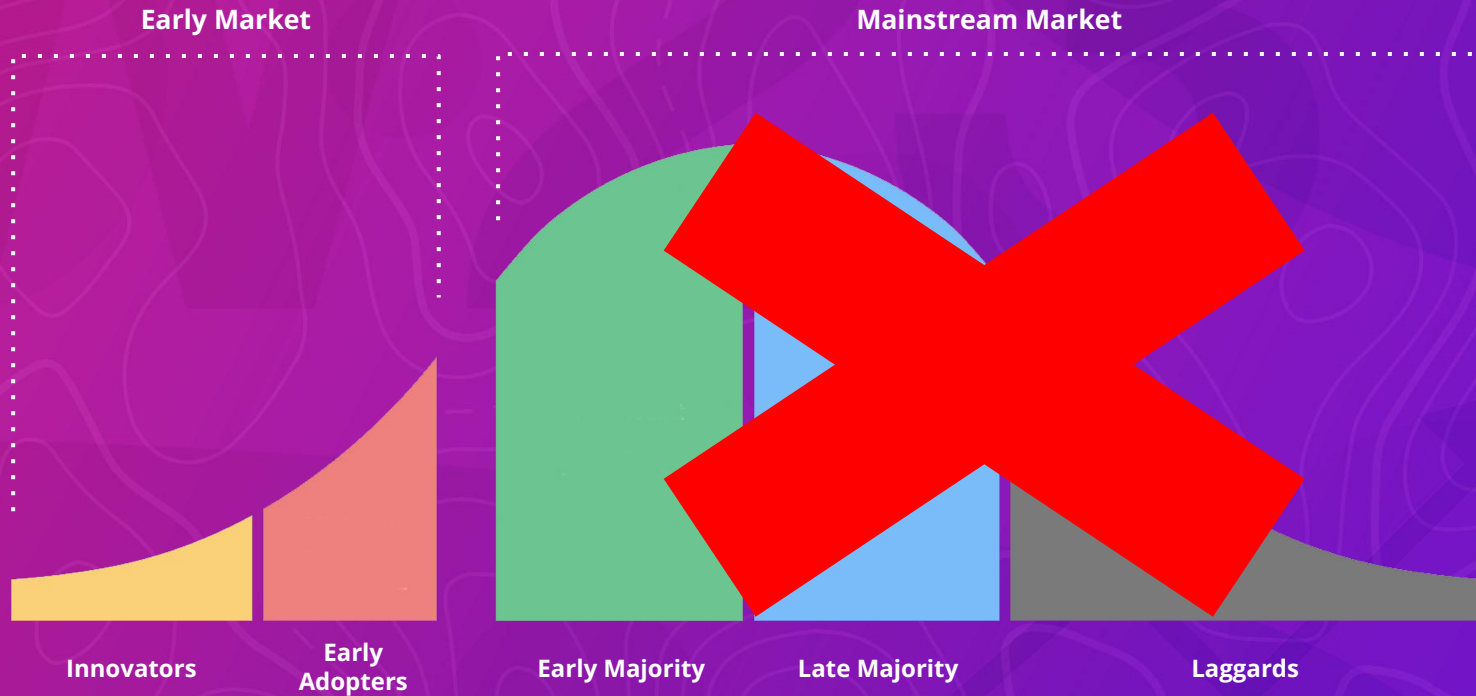6. Not knowing what phase the market is in

The Chasm

The Journey

Early Market

Mainstream Market

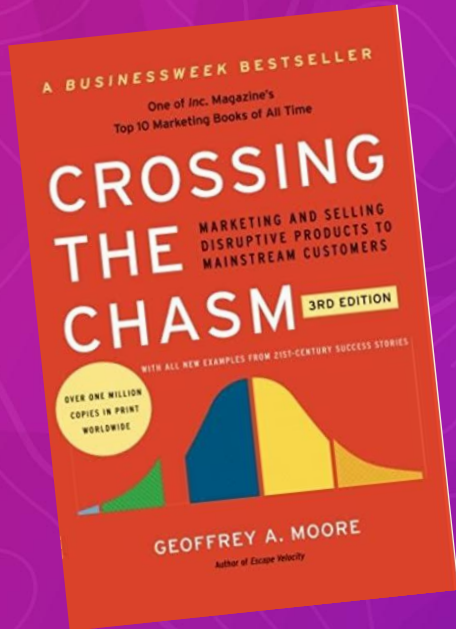| Innovators	Early Adopters	Early Majority	Late Majority	Laggards
2.5%	13.5%	34%	34%	26%

People who want the newest things

People who want a complete solution and convenience

Get the book

Crossing the chasm
by Geoffrey A. Moore

10 MINUTE BREAK

Building a Go-To-Market Strategy

What goes into a GTM strategy?

1. **Define your target market**

2. **Define your target customer**

3. **Define your channels**

4. **Define your offering**

5. **Create your budget model**

6. **Define your brand positioning**

1. Define your target market

You can't successfully chase every market, so the goal is to determine which segment of the market you can successfully own.
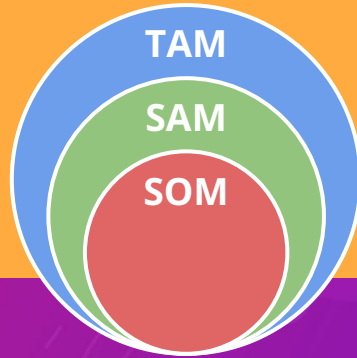
Brainstorm all possible markets, then use metrics to determine market opportunity.

- Size
- Growth
- Competitors
- Economics
- Accessibility
- Alignment

★ Where is the biggest pain?

★ Where are the biggest gaps?

★ Alignment with corporate strategy?

★ Alignment with core competencies?

★ Ease of reach?

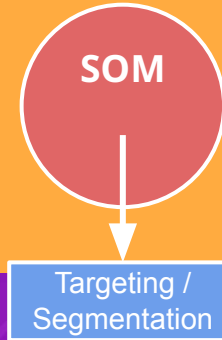★ Largest market size/least competition?

Breaking down the market

What is the size of the market?

TAM

SAM

SOM

Total Addressable Market
Serviceable Addressable Market
Serviceable Obtainable Market

What is the current opportunity?

SOM

Targeting / Segmentation

Break down the Serviceable Obtainable Market to the target customers

Breaking down the market

TAM
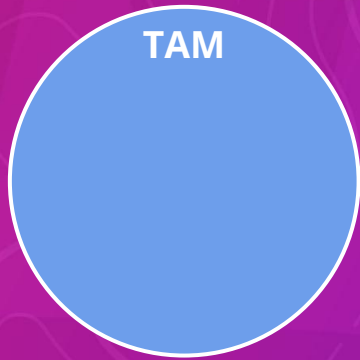
Total Addressable Market

The total size of the market you can reach.

If your product or service could be useful for everyone on the planet, then that would be your 100% target.

Breaking down the market

TAM

SAM
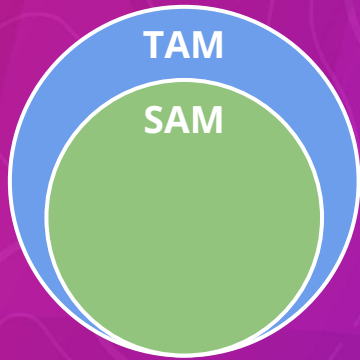
Serviceable Available Market

A portion of your total addressable market that you can target today based on your business model.

For example, If your product is in English, then the English speaking market.

Breaking down the market
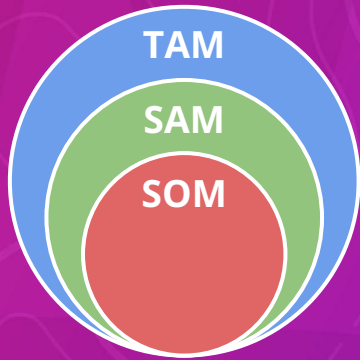
Serviceable Obtainable Market

A smaller subset of your serviceable addressable market that you can realistically target today based.

For example, only the UK from the English speaking markets.

The Facebook Journey

Early Market

Mainstream Market

Innovators

2.5%

Early Adopters

13.5%

Early Majority

34%

Late Majority

34%

Laggards

26%

People who want the newest things

People who want a complete solution and convenience

2. Define your target customer

Talk to customers in your target market and learn from them.

The goal is to really understand who they are, how they behave, where will they find your product/service, their experiences, etc...

Create your customer personas

★ Who will be your innovators/early adopters?

★ What needs are you satisfying?

★ What problems are you solving?

★ What's the customers ideal experience?

★ What emotions connect with your brand/product?

Example of a shift...

Talk to the Customers

Founders don't talk to their customers enough. Whether this is potential customers or current customers, there's quite often a huge disconnect.

In order to understand the pains that a product is tackling, you need at least 15 documented interviews to get the ball rolling.

This doesn't mean you should stop interviewing. In the best cases, founders should be talking to customers every week.

Hiring a UX team to conduct interviews and monitor behaviour is a great way to keep a finger on the pulse of the user.

> 15 documented interviews
(To have a solid foundation)

Goals from talking to customers

- Uncover the value proposition of solving problems
- Validate the scale of the problem

Asking open ended questions gives an opportunity to learn

3. Define your channels

You connect your offering to customers through multiple channels.

You shouldn't just identify channels, but understand the ones that will help you connect to your customers easier and quicker.

Does your offering fit the channels? Can you ensure brand consistency?

Consider **Bullseye Framework**

- ★ Where can you reach your target customers?
- ★ Where do they buy?
- ★ Where can you promote?
- ★ What's the right distribution model?
- ★ Does the channel fit your offering?
- ★ How will customers interact with you?

Bullseye Framework

HIGH Potential

POSSIBILITIES

LONG Shots

Bullseye Framework

Affiliate Marketing

Email Marketing

Offline Ads

Public Relations

Existing Platforms

Unconventional PR

1._____

SEM

Offline Events

6._____   1._____   2._____

Social and Display Ads

2._____

SEO

Business Development

3._____

3._____

5._____

Engineering as Marketing

Target Market Blogs

Speaking Engagements

Content Marketing

4._____

Trade shows

Community Building

Sales

Viral Marketing

Bullseye Framework

Affiliate Marketing

Offline Ads

Public Relations

Email Marketing

Unconventional PR

Existing Platforms

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Target Market Blogs

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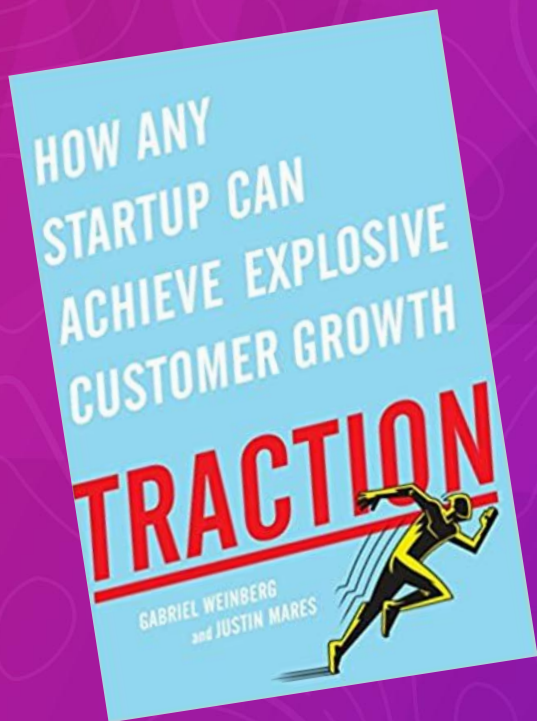
Sales

Get the book

Traction
by Gabriel Weinberg

4. Define your offering

What is your unique value proposition? This is how you connect your key features and benefits to your target customers needs and problems.

What do you want your customers to *think*, *feel*, *believe* and *remember*?

Consider **Value Proposition Canvas**

★ What pain points can you solve?

★ Which features address these pains?

★ How will customers use it?

★ How is your product different?

Value Proposition Canvas
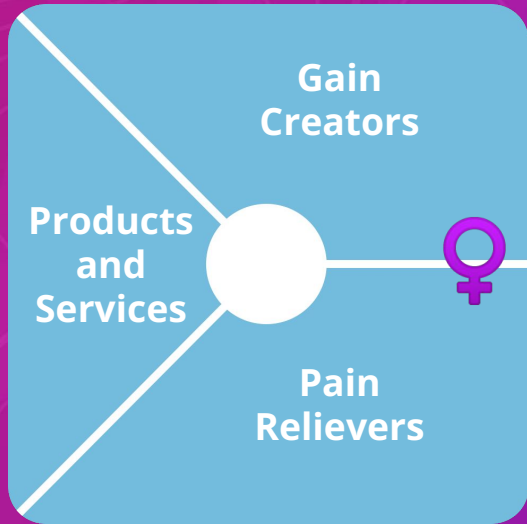
Value Proposition Canvas: Customer Jobs

Gains

Customer Jobs

Pains
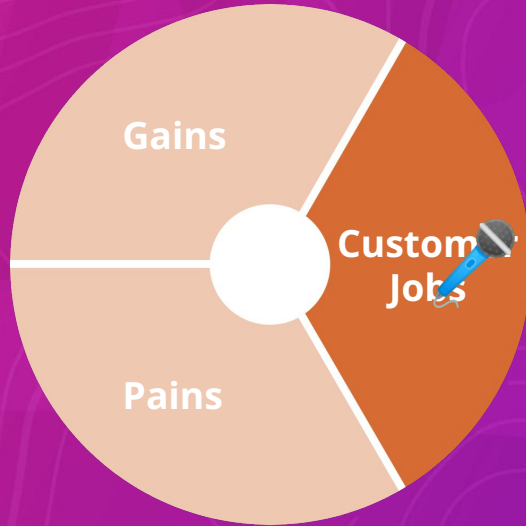
The Customer Profile

What is the job your customer wants to get done in their life or work? What are the functional, emotional, social jobs your customer wants to get done?

Spotify

- Listen to music without having to buy or download each song or album.
- Listen to curated playlists without creating them.
- Share songs, albums and playlists with friends.
- See what friends, family and celebrities are listening too.

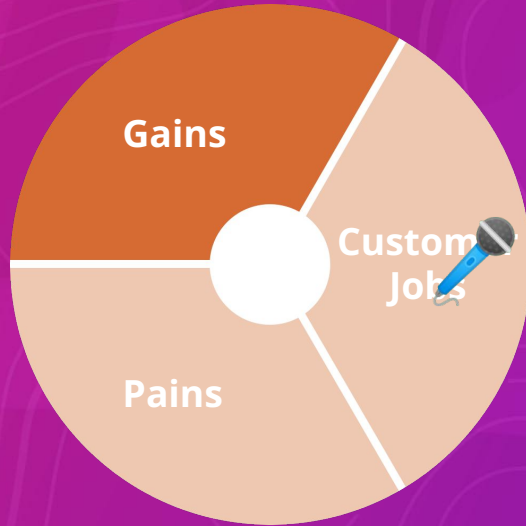# Value Proposition Canvas: Gains


Gains

Customer Jobs

Pains

The Customer Profile

What would make your customer happy?
What would make their life and their job-to-be-done easier?
What do customers dream about?

Spotify®

- Legally download and stream music.
- Huge library of content
- Multiple payment options
- Easily share songs with friends
- Social Media connectivity (Facebook, Twitter, etc)

Value Proposition Canvas: Pains

Gains

Customer Jobs
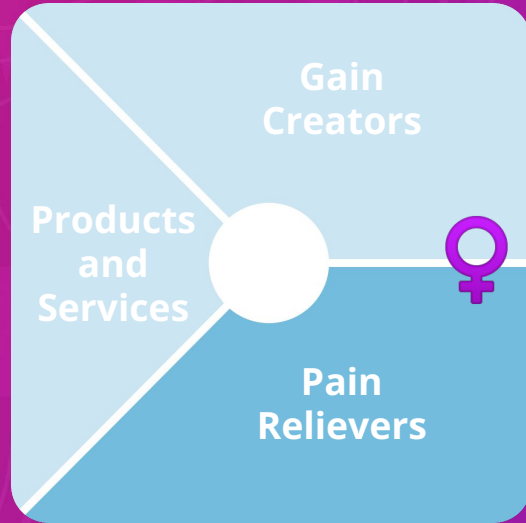
Pains
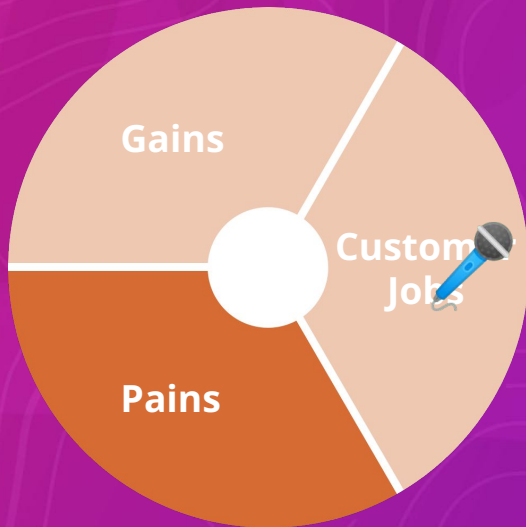
The Customer Profile

What is annoying or troubling your customers?
What is preventing them from getting the job done?
What is keeping your customers awake at night?

Spotify

- Can't legally send MP3's to friends online.
- It gets very expensive when you have to buy every album and song.
- Legal music sharing sites have limited catalogue (Soundcloud, MySpace)

Value Proposition Canvas: Pain Relievers

Gain Creators

Products and Services

Pain Relievers

The Value Map

How can your help your customer relieve their pains? What problems can you eradicate? How do you fix current underperforming solutions? How do you eliminate risks your customer fears? How do you erase current barriers?

Spotify

- Huge library of content with new releases.
- Multiple payment options.
- Social Media is in its DNA - sharing is encouraged.
- Simple UX that's similar to iTunes.

Value Proposition Canvas: Gain Creators

The Value Map

Gain Creators

Products and Services

Pain Relievers
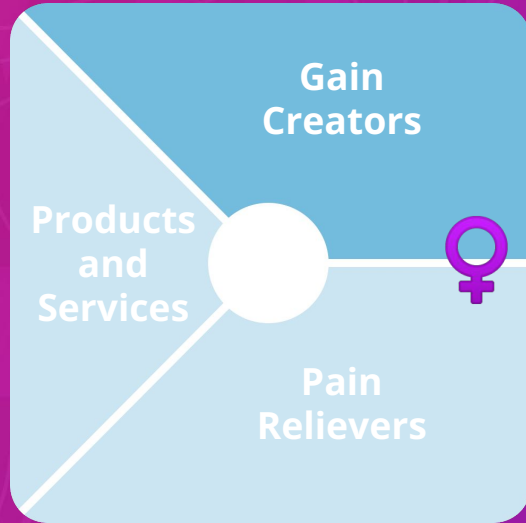
What can you offer your customer to help them achieve their gains? How do you outperform the current solution? How will adoption by your customer be easier?

Spotify

- Pricing structure to meet different needs.
- Compatible across different platforms (Desktop, Web, Mobile)
- Legally share songs to friends instantly for free (No more mixtapes).
- Stream songs instantly without paying or downloading.

Value Proposition Canvas: Products & Services

Gain Creators

Products and Services

Pain Relievers
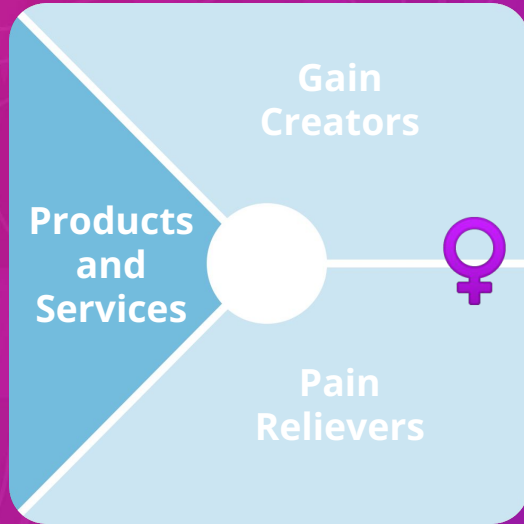
The Value Map

What are the products and services you can offer your customer so they can get their job done?

Spotify

- Legal and free option for high-quality music streaming.
- Multiple payment options for more features and no-ads.
- Community built content (Sharable and collaborative playlists)

Value Proposition Canvas: Spotify

Gain Creators

Products and Services

Pain Relievers
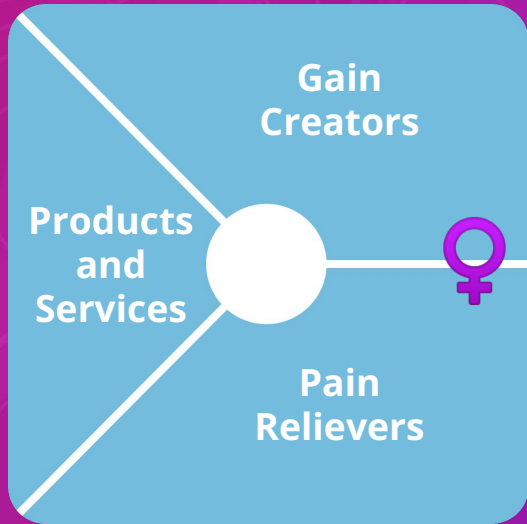
The Value Map

A Community Driven Music Platform

Gains

Customer Jobs

Pains

The Customer Profile

5. Create your budget model

Here you define your product pricing and estimated costs from your GTM strategy.

This may include a revenue model based on predicted penetration, transaction sizes, number of transactions, etc...

- What are your goals for market penetration over the next year?
- Estimated margins over that period (including startup/ongoing expenses)
- Any HR requirements for that period?
- Outline any risks with this strategy

★ What is the value you can offer?

★ Any existing price expectations?

★ Comparison to competitors?

★ Competitive advantage with pricing?

SMART KPIs

S — **Specific**
What exactly is an indicator of success?

M — **Measurable**
Can you physically track the KPIs?

A — **Achievable**
Are the KPIs realistic?

R — **Relevant**
So the KPIs reflect the overall goals of the business?

T — **Time-framed**
When should the KPIs be met?

6. Define your brand positioning

How will your market perceive your brand?

You should aim to "own" a market niche for your brand/product/service.

The goal is to create a lasting and unique impression in your customers mind.

Be mindful of how your customers perceive you at ALL times.

★ **Brand Promise:** What are the emotional and/or rational benefits to your target customers?

★ **Reasons to Believe:** What evidence can you provide to deliver on your promise?

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

Theodore Levitt

Harvard Business School Professor
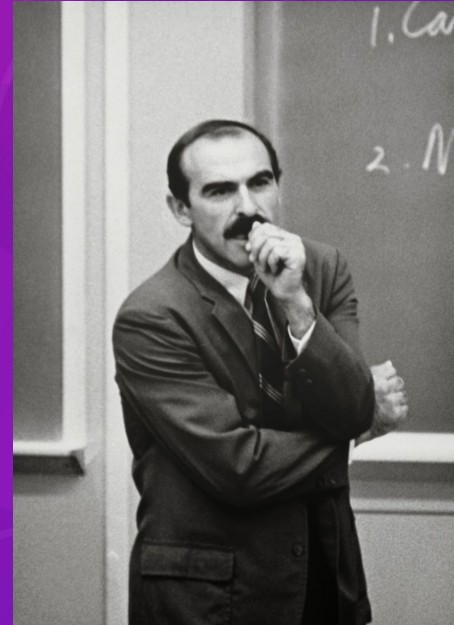
"If I had asked people what they wanted, they would have said faster horses."

Henry Ford

Car Dude
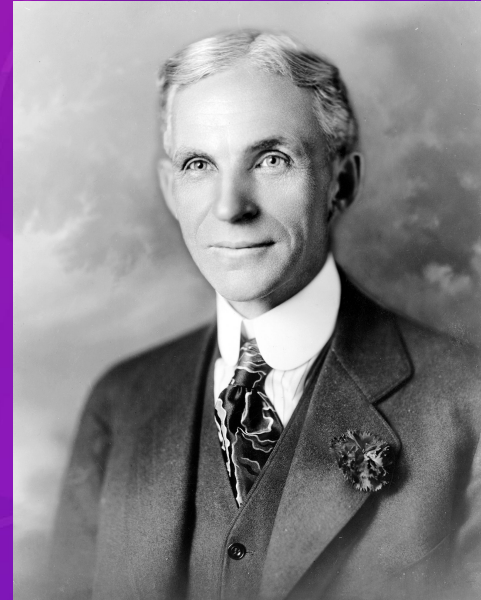
Key Metrics to Measure

CAC
Customer Acquisition Cost

LTV
Customer Lifetime Value

Churn
How many customers you lose

ROAS
Return on Ad Spend

MRR
Monthly Recurring Revenue

ARR
Annual Recurring Revenue

10 MINUTE BREAK

Jobs To Be Done Framework

Jobs to be done Questions

- What are you trying to get done or accomplish?
- What is the final output that you're seeking?
- What were you doing the last time you…. ?
- What were the reasons that you chose to… ?

Great products are built with empathy.

Speak to the job, not the features.

Jobs To Be Done

As a…	As a…	As a…
When I am…	When I am…	When I am…
I want to…	I want to…	I want to…
So that I can…	So that I can…	So that I can…

Finding Product-Market Fit

The Three Criteria

1. **Value Proposition** - making sure your product solves the customers problem
2. **Channels** - Your product can reach the customers cost-effectively
3. **Monetization** - Your customers are happy to pay for the product

Finding Product-Market Fit

1) Tracking and Analytics to tell a story
2) Talking to Customers
3) Product-Market Fit Surveys
4) A good CAC / LTV Ratio

Tracking and Analytics

Don't be delusional and believe your customers love you. Companies should always utilize analytics to quantify product-market fit.

It's easy to build a product, but it's hard to build one that a market wants to buy.

Data should always be used, and put in place at the early stages of building a company, in order to make it impossible to delude yourself.

It also helps see patterns in the pain of the customers. Are they using your product for the pains they have, or something else.

Tracking User Journeys &
Retention Cohorts

Tell a story with the data

- Map all movements of your customer within the product or service to measure behaviour
- Use retention cohorts to understand how long a customer stays with the product

Talk to the Customers

Founders don't talk to their customers enough. Whether this is potential customers or current customers, there's quite often a huge disconnect.

In order to understand the pains that a product is tackling, you need at least 15 documented interviews to get the ball rolling.

This doesn't mean you should stop interviewing. In the best cases, founders should be talking to customers every week.

Hiring a UX team to conduct interviews and monitor behaviour is a great way to keep a finger on the pulse of the user.

> 15 documented interviews
(To have a solid foundation)

Goals from talking to customers

- Uncover the value proposition of solving problems
- Validate the scale of the problem

Asking open ended questions gives an opportunity to learn

The 40% Rule

A simple way to measure Product-Market Fit is with the PMF Survey (*pmfsurvey.com*), popularized by Sean Ellis who lead early growth at Dropbox and Eventbrite.

If 40% of your customers say they would be **very disappointed**, you've achieved Product-Market Fit.

If it's between 25-40%, then you can still hit the 40% threshold with product tweaks. And lower and it's the wrong market, or wrong product.

How would you feel if you could no longer use the product?

❑   **Very disappointed**
❑   **Somewhat disappointed**
❑   **Not disappointed**
❑   **N/A - I no longer user the product**

Taking it further...

By asking a few more questions and tracking the users who answer, you can do a lot more...

1. Paint a picture of your best customers who love your product and assign personas
2. Analyze feedback to convert on-the-fence customers to enthusiasts
3. Build a roadmap that focuses on what users love and what holds others back
4. Rinse and repeat to improve PMF Score

★ **What type of people do you think would most benefit from our product?**
★ **What is the main benefit you receive from our product?**
★ **How can we improve our product for you?**

READ: **How Superhuman Built an Engine to Find Product/Market Fit**

Acquiring Users with High Return

If a company is running advertising campaigns, it's always important to measure the Customer Acquisition Costs (CAC) against the customers Lifetime Value (LTV).

Many early-stage founders fall into a costly race to get advertisements out without any real understanding of the audience they are targeting and full attribution for their campaigns.

Advertisements should be tuned to audiences who convert, not who interact with the advert.

$$\frac{LTV}{CAC} = \text{LTV to CAC ratio}$$

LTV:CAC Ratios

<1:1	You will lose money
3:1	Good Ratio (Industry Benchmark)
4:1	Good Business Model
5:1	Possibly under-investing in marketing

Sustaining Market Fit

Attaining Product-Market Fit is one thing, sustaining it is another.

As technology, products, competitors, markets and customers change over time, so does the ideal Product-Market Fit.

Technological Advances Blockbuster didn't go digital in time	**Shifting Market** Most Gyms in 2020	**Creeping Competitors** Yahoo! Didn't diversify quick enough
Economic Fit Groupon couldn't make money	**Expanding with Assumptions** Hailo couldn't take America	**Bundling / Unbundling** Strava unbundled their offering and confused users

Iterate to sustain market fit

Agility is key, and Product-Market fit is an iterative process.

By following the trends in the previous key areas of potential change, you can ensure your company has the best fighting chance of sustaining Product-Market Fit.

While assessing the customers pains compared to the Value Proposition, always consider the Product-Market Fit Matrix and revisit areas that may need updating.
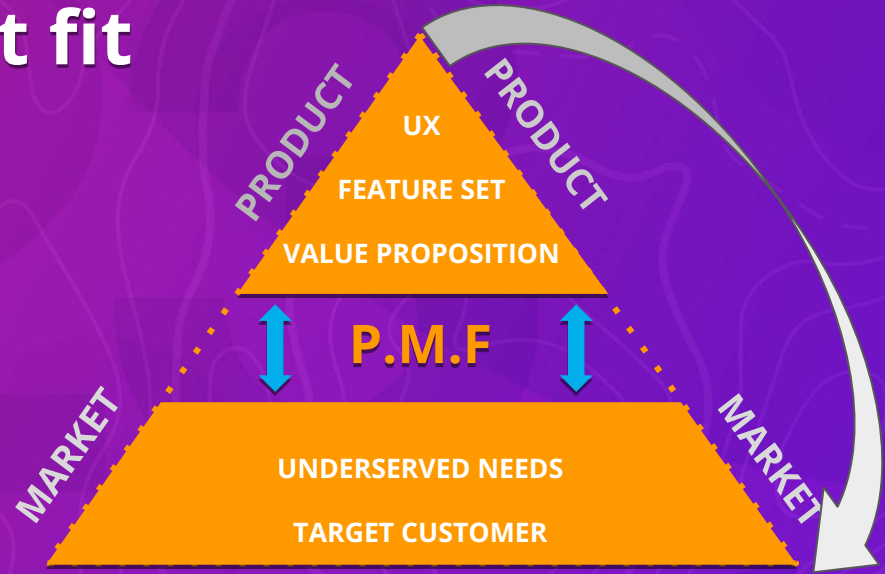
Using the Product-Market Fit Pyramid

1. Always revise your pain hypothesis.
2. Keep iterating to reduce negative feedback from customers
3. Pivots may be needed to retain Product-Market Fit

LinkedIn

Thank You

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