

Will The Dogs Like The Dog Food?



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This paper provides a fast, decisive approach for testing new product ideas and new market concepts. It is for lean-thinking companies who want to bypass more traditional, cumbersome and expensive methods that often include unnecessary and expensive market research. Paper deliverables include a 5-point intuitive model for strategic thinking; a model showing how the six key functions of marketing link together to align vision with the marketplace; a model for capturing industry knowledge inexpensively including competitors' strengths and weaknesses; a simple process for arriving at an unbiased 'go' or 'no go' decision for a new idea; a hands-on example of using these techniques for a company developing an iPhone application.

New products and services are the lifeblood of every company. Many marketers, however, are unaware that fast, low cost guerilla techniques for market concept testing can easily replace cumbersome market research, saving lots of money and time in the process.

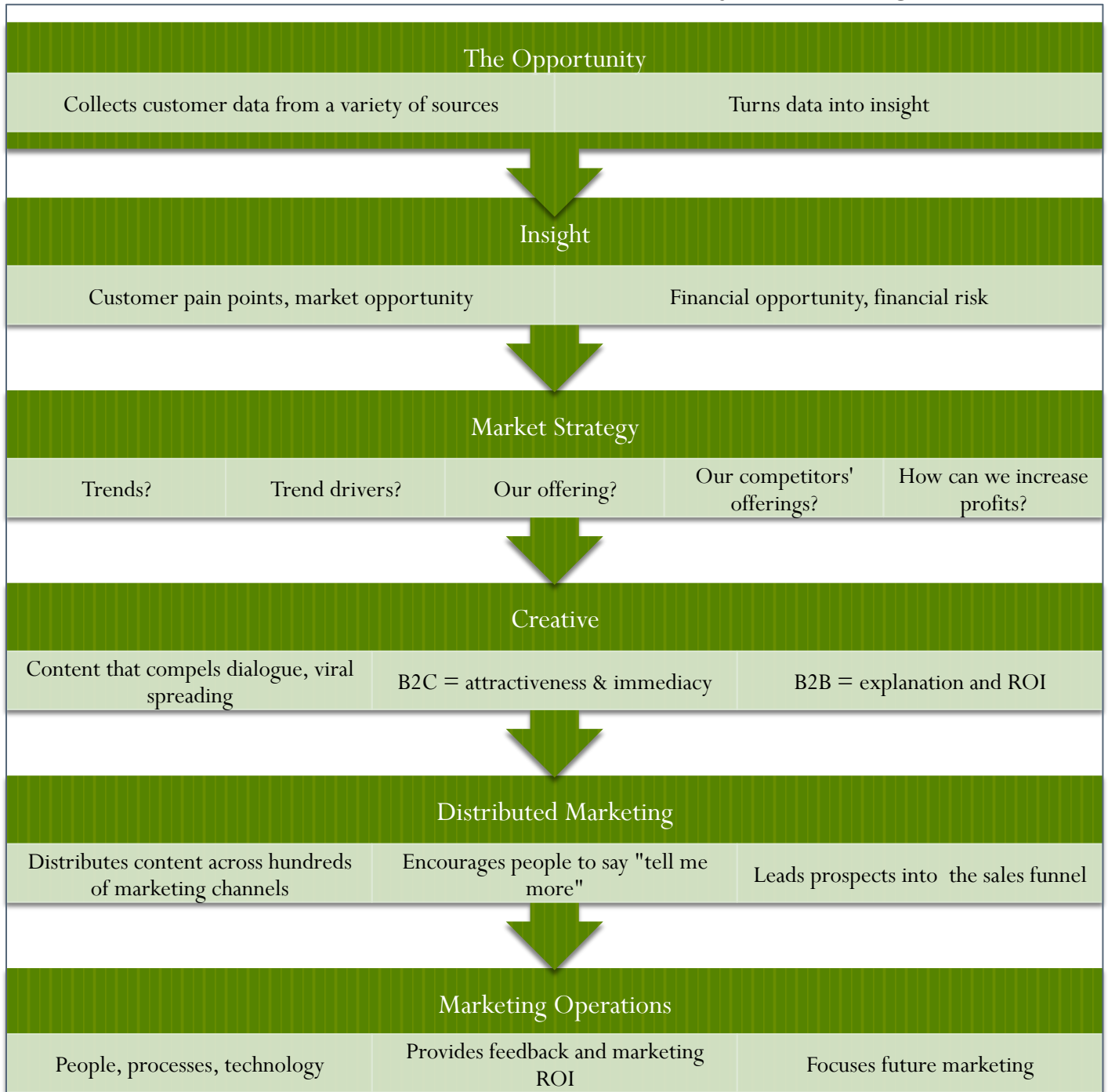
Where are we in the marketing process?

In order to test a new market concept you need to have one, right? Use this simple, intuitive strategy model for understanding the dynamics in the marketplace you're considering. At first you simply work through the model applying what you already know or strongly suspect is true about the market. Then you go back and support each and every assumption you're holding with market data.

- What are the trends in my industry?
- What's driving these trends?
- What are we currently doing about the trends?
- What are our competitors doing about the trends?
- What could we be doing about the trends to increase our profits?

During this process you're squarely in the analytical phase of marketing. You're creating ties between your idea and a market that will welcome or reject it. Do your work carefully at this stage or you'll wind up with every marketer's nightmare...a product or service that's an answer to a question nobody's asked

The 6 Phases of 21st Century Marketing



Collecting Unbiased Customer Data

There are a couple of ways to approach this task. It's recommended that you use both methods so that your information will be balanced between primary (straight from the customer) and secondary (conclusions from experts). The objective here is to clearly understand your **WOW!** and how you'll prove it.

The first thing to understand (and many marketers don't) is that business is a **social** process. Which means, to do this successfully, you'll be spending the bulk of your time dialoguing with people...not noodling around on the internet. If the thought of this provokes anxiety you're in good company. Most people don't relish talking to strangers but successful people in just about *every* profession just bite the bullet and do it any way.

Step 1: The Internet Part

To establish a beachhead spend about 10% of the time you've allocated for this project doing internet research. The objective is to gain a baseline understanding of available information about current offerings and substitutes in this market space. You also want to understand the various marketing and sales channels. It's especially good to know about substitute choices your prospects could make instead of buying your product. It's good to look at the whole chessboard, not just the squares immediately surrounding your next-move.

At this stage we're looking for available industry reports and similar expert analysis of :

- What are the trends in my industry?
- What's driving these trends?
- What are our competitors doing about the trends?

You'll find out what's available by doing these searches:

1. [industry name] or [product/service] or [major competitor], **financial analysts**
2. [industry name] or [product/service] or [major competitor], **market research**
3. [industry name] or [product/service] or [major competitor], **Hoover's**
4. [industry name] or [product/service] or [major competitor], **[name of local newspaper]**
5. [industry name] or [product/service] or [major competitor], **business news**
6. [industry name] or [product/service] or [major competitor], **industry news**
7. [industry name] or [product/service] or [major competitor], **industry experts**
8. Run similar searches on your favorite social media in case those entries were not picked up by the search engines

If something about your subject has been written, podcasted, You Tube'd, tweeted, blogged or discussed at a conference you will find it with these searches. Sift through what you find and plug each piece of key information into the 5-point strategy-planning model we're using. Now you'll see a shape starting to form around your strategy model.

Step 2: Create A Discussion Guideline

This is what you will use as a guideline in talking with potential purchasers of your market concept. In essence this is the heart and soul of your project. The care and accuracy you put into this step will determine whether your market concept test results are accurate.

These are the objectives:

1. Understand whether your **WOW!** is really a **WOW!** *before* you start developing it.
2. Understand industry and purchasing trends related to your market concept...and what's driving those trends.
3. Establish a view on growth opportunities for your company or division.

We recommend that you structure your guide so that it results in a discussion. People are more likely to loosen up and talk freely about your market concept, and the alternatives, if you're not reading questions verbatim as in a market research survey.

Sketch out five key areas of information that you want. These might include:

- What do you think about the concept I've presented?
 - Steer them toward their thoughts on advantages and disadvantages.
 - Ask them what would make it even better.
- What are the substitutes or alternatives including do-it-yourself and in-house solutions?
- How, when and where do you like to receive information on new products and services such as this?
 - Word of mouth (Colleagues, friends & family)
 - Digital (google searches, favorite web and blogsites)
 - Traditional (print ads, trade shows, telesales, etc.)
- Where and how would you most like to purchase something like this market concept?

- Steer them toward what's the ideal venue for them, not just where alternatives are available today. You're seeking every competitive advantage you can get.
- Would terms such as financing influence their purchase decision?

- Who is the final decision maker and who else is involved in making a purchase decision? Refer to your notes on complex sales and remember that large consumer purchases can often involve multiple decision makers and influencers.

It is critical that you not approach this exercise with pre-conceived notions of what your company can, or can't, do. You simply want to visualize the best possible purchasing scenario for your new market concept. You can parse internal strengths and weaknesses later. *Do not base a go/no-go decision on your weaknesses!*

You may think of many other categories of questions. Just remember that most people will limit your time with them to 15-30 minutes so keep the number of categories low and focus on going deep in each category. You can always substitute different categories in subsequent calls with different people. Again, after three or four calls you'll have a much better idea of which categories of information are the best for your purposes.

Step 3: Create A List of Potential Customers

The next is interacting directly with your market. This is a hugely valuable exercise for strategic planners, product managers, marketing managers and marketing leaders. You'll learn more about your market concept in a day of doing this than just about anything else you might choose to do, including conjoint analysis and focus groups.

The objectives for this stage are:

- Understand who holds the knowledge you need
- Understand the role each influencer will play in a complex sale
- Understand where, when, how and from whom they get the information that influences their purchase decision

If you're selling B2B, the people you need to talk with can hold one or more of the following roles:

- Decision maker
- Influencer
- Approver
- User
- Deal killer

With some products and services, mostly consumer products and B2B products costing less than \$1,000, you'll be marketing straight to the decision maker. With more costly products and services you'll be marketing to the decision maker plus, perhaps, one or more of the other types of influencers. If you're not familiar with the mechanics of a complex sale you'll need to pause the project until you're caught up. Just do a search on 'complex sale' and you'll find what you need to know. This is critical for B2B and higher-end or more complex consumer products and services.

Your objective is to talk to at least 100 people who have direct influence on the purchase of this market concept you're testing. If you're testing a consumer concept (for example tax preparation software) start talking with people in your circle of influence including friends, family members, colleagues and professional contacts. You will qualify your research participants based on who prepares his/her own taxes and whether a software product is used. Once you have the list and their telephone numbers you're ready to move on to Step 3.

If you are testing a B2B market concept you must go straight to the companies to whom you'll be selling your products or services. You may have a few contacts in

these companies but you'll spend the bulk of your time talking to people you don't know. Be up front about your mission and never disguise yourself as a student doing research for a term paper or project. Just be yourself and be honest in describing what you're doing.

If you're cold calling a company start where you can get a foothold. If your market concept is a new and better alternative to traditional inventory control systems in mid-tier manufacturing companies, likely you will be talking to people in logistics, purchasing, operations and accounting. Go to the company's website and list the names of key people in those functions if they're identified. Then call the main number or department number, if listed, and ask to speak to that person. You may get through or you may not. Regardless of whom you talk with, even if it's the main switchboard operator, just give him/her your 25-word elevator pitch on what you're doing and ask whom they'd recommend speaking with.

You will find that after calling three or four companies your comfort level will rise dramatically and you'll start getting through more often to people who have the information you need.

Summary

This sounds like odd work for marketing people doesn't it? However the advantages of this approach are many.

First, it gets marketing people immersed in the marketplace. This is far better than the superficial practice of having marketing people shadow a sales person for a day or two once a year.

Second, it gives marketing people an affinity for the role of the sales team. It helps them understand selling so they, in turn, can work with salespeople on devising strategies to overcome resistance and objections.

Third it gives marketing people solid confidence and much more enthusiasm for introducing new concepts if *they* have discovered the marketplace dynamics and purchaser habits and practices. This confidence will spread to other areas of the company, giving the marketing and product teams more support than they would have otherwise.

So yes, it's a truly different approach but it's highly effective and takes a lot less time and money than traditional market research.

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Case Study

A startup company in California has a new market concept for virus protection solutions for iApp (applets for Apple's iPhones) vendors. This startup is reluctant to spend \$50-100K on formal market research so they've decided to do the project in-house.

They plan to assess the current competitive landscape for iApp virus protection by:

- Conducting a search for iApp virus protection vendors, if any
- Interviewing a small number of current iApp creators
 - Do the trends they're seeing suggest a market opportunity for our concept?
 - What do they know about current solutions on the market?
 - How would our offering solve a current problem or pain point better than other offerings?
 - What would they pay to solve that problem or pain point?
 - What level of disruption or complexity can the organization handle for installation and testing?

Next, the startup will assess current substitutes for their concept. They'll do this by conducting a search and gathering product specifications, distribution models and other key information for each of their potential competitors. Some of this information they will already have from collecting customer data from the internet and other resources they used. The rest of it they will need to go after using the same information gathering techniques.

These are some possible insights gained from their efforts:

- Their new market concept would need feature adjustments
- Their new market concept would be targeted at iApp creators only
- They can lean heavily on digital marketing rather than traditional marketing
- A utility pricing model (pay based on consumption) would give them a strategic advantage
- A unique guarantee would give them a strategic advantage
- Acquisitions would not be a source of competitive advantage near term

The team now has enough information to make a go or no-go decision. If it's a "go" the next step is to make sure there's plenty of money in the bank, or coming in, to fund development and commercialization. Before the software writers kick in, though, the team needs to create a marketing requirements document and a commercial release process to make sure they won't run out of money before sales revenue kicks in.

About the author:

[Mike Harris](#) is the founder of [Harris Consulting LLC](#) and is an expert in resolving challenging marketing situations. He has served as the top marketing and business development executive for companies or divisions in consumer electronics, software, data storage/networking and others with revenues up to \$120 million. He has also served as a corporate officer and head of investor relations for NASDAQ:NM companies. He is a former management consultant with PriceWaterhouse Coopers.

Mike holds a B.S. from the University of Tennessee and an MBA in Marketing and Finance from Vanderbilt University. He is a frequent guest lecturer at the Rady School of Management at UCSD, where he is also a student mentor.

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