BUILD

“AND THEY WILL COME”?

The Art & Science of Market Analysis
ABOUT ME

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Lead Product Teams
Tech Community Contributor
THOUGHT EXPERIMENT

4th Year Project: You just invented 3D TV
SHOULD HAVE DONE SOME . . .
WHAT IS MARKET ANALYSIS?

- Sizing & Segment
- Legal
- Environment
- Demographics
- Technology
- Competition
- Economic
- Social
- User Experience

https://www.lifewire.com/why-3d-tv-died-4126776
WHY CONDUCT MARKET ANALYSIS?
WHY CONDUCT MARKET ANALYSIS?

1. Reduce risk of bad product-market fit > Design, Marketing
2. Knowledge to build competitive advantage > Strategy
3. Quantify opportunity for profit > Business Plan
MINDSET

DON’T ASK:
“Do I need market analysis?”

ASK:
“When do I need a market analysis?”
“How much market analysis do I need?”
DEFINING YOUR MARKET

The potential buyers of your product.

“The retail sales of cookies in Canada … amounted to 243.6 million Canadian dollars in 2006”

EXAMPLE: MARKET SIZE & DEFINITION

- Standalone Digital Cameras in Canada: $1 billion/year
- Standalone Digital Cameras in Canada & USA: $10 billion/year
**EXAMPLE: MARKET SIZE & DEFINITION**

**Standalone** Digital Cameras in Canada & USA

$100 billion/year
DIFFERENT APPROACHES

TARGET AN EXISTING MARKET

CREATE A NEW MARKET
CREATE A MARKET
MARKET ANALYSIS METHODOLOGY

1. Size market and market segmentation
2. Define your target market
3. Conduct market research
   ➤ Primary, Secondary
   ➤ Product Canvas
4. Analyze risks and opportunities
   ➤ PESTEL Analysis
   ➤ Porter’s 5 Forces
   ➤ Others: Value Chain Analysis, SWOT, etc.
5. Generate insights to drive strategy, product and marketing
ANALYSIS EXAMPLE: LITTLE ROBOT FRIENDS (LRF)
SEGMENTATION

Common segmentation variables for consumer markets

- Geographic
  - Country
  - Region
  - City size
  - Density
  - Climate

- Demographic
  - Age
  - Gender
  - Family size
  - Life-cycle
  - Income
  - Education
  - Religion
  - Nationality

- Psychographic
  - Social class
  - Lifestyle
  - Personality

- Behavioural
  - Occasions
  - Benefits
  - User status
  - Loyalty
  - Attitude
  - User rate

Educational toys for young girls (Age 7-12)
Detail personnas to empathize further.
MARKET ANALYSIS – SIZING APPROACHES

TARGET AN EXISTING MARKET

Lots of historical info

- Top-Down: MBA Style
- Bottom-Up: Guerrilla Style

No historical info

- Back-of-napkin: Free Style

CREATE A NEW MARKET
1. Market size and segmentation: Educational toys for young girls

- Size of toy market in USA: $10B
- 10% are educational toys: $1B
- 50% are for girls: $500M
- 10% are robotics: $50M
- 10% market share for LRF: $5M

Repeat exercise for other relevant market segments:
Young boys, elementary school educators, hobbyists, etc.
Mock-ups, prototypes with story - test on the market

- Kickstarter, Kijiji, tradeshows, magazines

- Tradeoffs …
What is the market size of slowing down aging?

FB people x (all their money) =
ANSWER

ONE TRILLION DOLLARS!!!
1. Market size and segmentation: Educational toys for young girls

Size of toy market in USA: $10B
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Repeat exercise for other relevant market segments:

Young boys, elementary school educators, hobbyists, etc.
EXAMPLE: MARKET RESEARCH

2. Define your target market: Educational toys for young girls

3. Conduct market research
   - Primary: Interviews, prototype test, surveys
   - Secondary: Market reports, news articles, financial statements
   - Product Canvas: Design Thinking, UX

<table>
<thead>
<tr>
<th>Vision / Goal: Your Primary Goal</th>
<th>Name: Name Your Product!</th>
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<tbody>
<tr>
<td>Target Group</td>
<td>Big Picture</td>
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<tr>
<td>- Who is the user, what are their needs?</td>
<td>- Desired user journey.</td>
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<td>- What problems do they have that your product will solve?</td>
<td>- Current customer pain points to solve for.</td>
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<td>- Identify all the users, focus on the key users.</td>
<td>- Desired UX and visual design.</td>
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<td></td>
<td>- Sketches.</td>
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<td>- Mock-ups.</td>
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<td>- Competitive space.</td>
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<td>- User stories, workflows, scenarios, epics.</td>
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ANALYSIS: PESTEL+

- Political
- Economic
- Social
- Technology
- Environment
- Legal

User Experience

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PORTER’S 5 FORCES

- **Threat of New Entrants**: High
- **Threat of Substitutes**: High
- **Power of Suppliers**: Low
- **Power of Buyers**: Low
- **Competition**: Moderate
OTHER TOOLS

Everett Rogers’s Diffusion of Innovation Model

- Innovators: 2.5%
- Early Adopters: 13.5%
- Early Majority: 34%
- Late Majority: 34%
- Laggards: 16%
OTHER TOOLS

Porter’s Value Chain Model

Primary Activities
- Inbound Logistics
- Operations
- Outbound Logistics
- Marketing & Sales
- Service

Support Activities
- Firm Infrastructure
- Human Resource Management
- Procurement
- Technology

Internal
- Helpful
  - Strengths
- Harmful
  - Weaknesses

External
- Helpful
  - Opportunities
- Harmful
  - Threats

PROFIT
VISION VS CUSTOMER-DRIVEN

“If I had asked people what they wanted, they would have said faster horses.”
—Henry Ford
“It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them.”

— Steve Jobs
VISION VS CUSTOMER-DRIVEN

What you think is the best solution *for the future*

What customer thinks is the best solution *now*
FYDP: DON’T GO THE WAY OF 3D TV
GO THE WATERLOO WAY

DO YOUR MARKET ANALYSIS

THEN . . .
BUILD SOMETHING GREAT

AND THEY WILL COME.
THANK YOU

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