Market Validation – Ideation and Product/Market Pull

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About Dave

- 5X founder, Board Member, former SVP Programs at UP Global (Startup Weekend + Startup America)
  - Startup Next creator
  - Startup Week

- Senior Partner, Fearless.fund

- Author – "Trajectory: Startup – Ideation to Product Market/Fit"

- >15 transactions – 8 sell side, 2 buy side now with NextPath Advisors

- WTIA Startup Programs Board Chair

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Surfing Analogy

- The Wave
- The Board
- The Surfer

- The Market (for whom?)
- The Product
- The Leader/Team

Market timing = bad waves
Small waves are bad
Bad product
Wrong person/team for the market

Are all three lined up for you?

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Bring $$$

Ideas vs Products

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Ideas vs product

Ideas

- Abstract

- Concepts

- Cheap

Products

- Concrete

- Actionable

- Require execution

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11 Ideation Frameworks

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1. Problem/Solution

- ☐ Example: 1Password replaces the need to remember ridiculously long password

- ☐ Nearly all B2B startup, many B2C startup

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2. Friction/Annoyance "Pain Pill"

- Examples: BREX credit card for startup companies based on Silicon Valley Bank profile vs founder personal credit.

- Observing friction where things shouldn't be that hard

- Example: First screen apps on your phone vs. third or fourth screen apps on your phone

- Contrast Strava – core data for my activities to Relive – flyover after the activity is done.

- Nearly any app store app that Apple has copied

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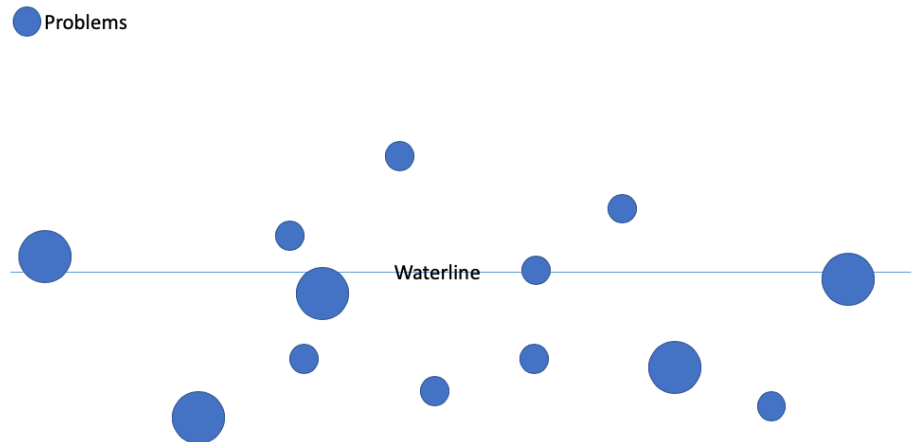GetTrajectory.com

3. Power to the People!

- Example: Expedia and Zillow. Formerly closed data sets made available to users to search for travel (Saber) or houses (MLS)

- Where will your users find the data

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4. Ecosystem view

▣ Example: Uber Elevate or flying cars requires
  ▣ Flying cars
  ▣ Trained pilots
  ▣ Power on rooftop parking garages
  ▣ Systems to connect users and payments

▣ Some of these pieces make money, some require different companies

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5. Waterline view

- Example: Education technologies for kids

- Problems exist above the waterline where you can make money and below where you can't

Problems

Waterline

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6. Transformational

- Example: AirBnB, nascent market of rooms not previously available

- Changes a market, more rooms than Hyatt and Hilton, not owned by AirBnB

- 10X better solution

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7. Incremental

- Example: Sumo.com marketing tools that plug into WordPress sites.

- They are efficiency tools but not necessarily a big business

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8. Information Asymmetry

- ◻ Example: TrueCar

- ◻ Wholesale pricing on new vehicles

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9. Lateral Thinking

- Example: Convoy = Uber for trucking industry

- This for that – applying a Product/Market fit model to a new or adjacent market

- What happens upstream and downstream of your idea?

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10. Industry Trends

- When the internet launched
  - What followed: Infrastructure (picks and shovels) and ecommerce

- When Smartphones launched
  - What followed: Apps

- When Bitcoin launched
  - What followed

- When 5G launches?

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11. Fun!

- ☐ Example: Angry Birds or Candy Crush

- ☐ The only problem solved is boredom!

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Does the Market Care?

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Business Case: I would recommend you spend $1000 on testing the market before you spend $1 building product!

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Does the Market Care?

- ◘ Who is your Ideal Customer Profile (ICP)?

- ◘ What's your value proposition to that ICP?

- ◘ What's the Price?

- ◘ Does the market care and how do you know?

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Product Market Pull

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The Ad Networks

- LinkedIn – B2B

- Google – intent based

- Facebook – demographic based

- Instagram – demographic based

- TikTok – demographic based

- Retargeting Networks
  - AdRoll, Google, MailChimp, FB, ReTargeter

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Ideal Customer Profile – First

- ☐ Start Narrow!

- ☐ B2B
  - ☐ Buyer profile
  - ☐ User profile

- ☐ B2C
  - ☐ Demographic
  - ☐ Which ad network

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Value Prop vs. Tagline

- Tagline positions your company in the market for investors

- Value prop positions your company to your customer/buyer

- If your value prop is wrong, every $$ you spend on ads will be wasted!

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Writing Headlines (+ ChatGPT)

□ Headlines lead with benefits! Not features

□ Who is your target customer?

□ How will they benefit?

□ What will you provide?

□ Why doesn't matter – sorry Simon S! You're not an established brand, your customer doesn't care about your why!

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Marketing Tests

- Channels
  - Digital
  - Other

- Ads
  - Messages, Pricing, Features, Audience, Intent, Ads/images

- Budget test

- Negative Keywords on Google

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Pitching

MINIMUM VIABLE PERSONALITY

BE THIS ONE

BREAD   BACON
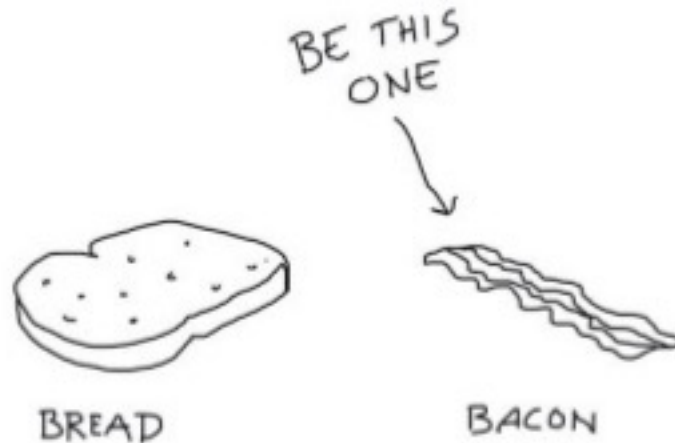
Most important step for build product is build product.

Second most important is build personality for product.

No have personality? Product boring, no one want.

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Failing Fast is PAINFUL

Killing Bad Ideas Fast isn't!

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And…

Your passion is critical, but not sufficient.

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Just because you can build a product doesn't mean you should!

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Should you build it?

Belty, an internet–connected belt

Humans held their pants up just fine with leather belts for thousands of years. But now, there's a better way. According to its maker, the Belty smart belt automatically loosens when you've had too much to eat, using "an actuator that ensures your preferred level of comfort throughout the

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And than there's this ($120M)

It sounds like America's favorite $400 juice machine will be no longer.

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Workshop

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Product Market Pull Template

- ☐ Audience Segments

- ☐ Value Prop Matrix

- ☐ Segment Creative Storyboard

- ☐ Platforms/Channels

- ☐ Template here

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Audience Segments

Product Market Pull Template

Audience Segments

Audience Descriptions

Audience name	Audience Description	Audience Size (est)
High school Scholarships	High school students looking to find scholarships they are eligible for and can apply.	
Non-college bound	High school students looking to find career options that do not require degrees.	
Some college	Students in college looking for alternatives to degree-based career paths.	
B2C Parents	Parents of high school students who want to understand options for students seeking scholarships and alternative career paths.	

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Value Prop Matrix

Segment Creative Storyboard

Segment/Creative Storyboard:

Description of section…

High school Scholarships - Variant A - Fast & Easy [Landing Page]

Scene 1	Scene 2	Scene 3	Scene 4
Question: The NSPA reports that as much as $100 million in scholarships go unclaimed each academic year.	**Solution:** With Tallo, you can apply for scholarships in as little as five minutes. It's that easy.	**Benefit:** You could be awarded thousands of dollars in scholarships.	**CTA:** Apply for scholarships in 5 minutes at Tallo.com

Ad Preview Normal [Watch on Canva]
Ad Preview Poppy [Watch on Canva]

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Resources

- [Creative Confidence](#) – Tom & David Kelley
- [Creativity Inc](#): Overcoming the Unseen Forces That Stand in the Way of True Inspiration – Ed Catmull
- [Industries of the Future](#) – Alec Ross
- [Play Bigger](#): How Pirates, Dreamers, and Innovators Create and Dominate Markets – Al Ramadan
- [Innovators Dilemma](#): When New Technologies Cause Great Firms to Fail – Clayton Christiansen. A classic for corporate innovation and why you need to be fast and nimble in your approach to your startup
- [Black Box Thinking](#): Why Some People Never Learn from Their Mistakes – But Some Do – Matthew Syed

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Resources

- Fiverr
  - Design
  - Coaching

- [ChatGPG](#)

- [Doll-E2](#)

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