

Markets

Market Sizing

- ▣ How big is the market
 - ▣ Country
 - ▣ Region
 - ▣ Global
- ▣ How do you put a currency amount to it?

Ideal Customer Profile

B2B

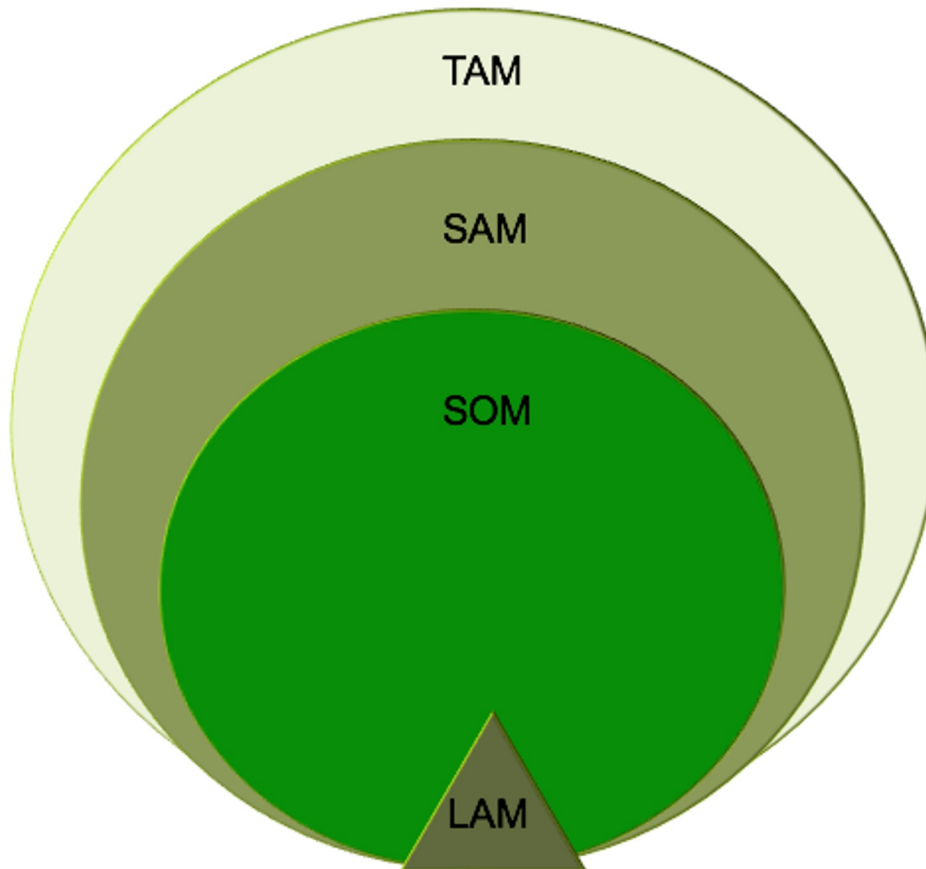
- ▣ Company type
- ▣ Vertical
- ▣ Size/Stage
- ▣ Buyer profile
- ▣ User profile

B2C

- ▣ Profile
- ▣ Demographic
- ▣ “Name”

The Academic Exercise

Who is the Market & Customer



TAM – Total Addressable Market
SAM – Service Addressable Market
SOM – Service Obtainable Market
LAM – Launch Addressable Market.
Who can buy your product at MVP?

Total Addressable Market

- ▣ Also called Total Available Market
 - ▣ Think global – launch local
 - ▣ The Upside
- ▣ Calculating – bottom up, Total number of customers X Annual Revenue for your product
 - ▣ Direct Data
 - ▣ Explicate data
 - ▣ Indirect Data
 - ▣ Implicit data
 - ▣ Triangulation Data
 - ▣ A combination of different data sources

Service Addressable Market

- ▣ Or Serviceable Available Market
- ▣ The part of the market that can actually be reached
 - ▣ Sales and Marketing driven
 - ▣ With the features you have now
 - ▣ With the product roadmap you have
 - ▣ Competition
- ▣ Not everyone that might use it, if they found it, if it was in their language and currency

Service Obtainable Market

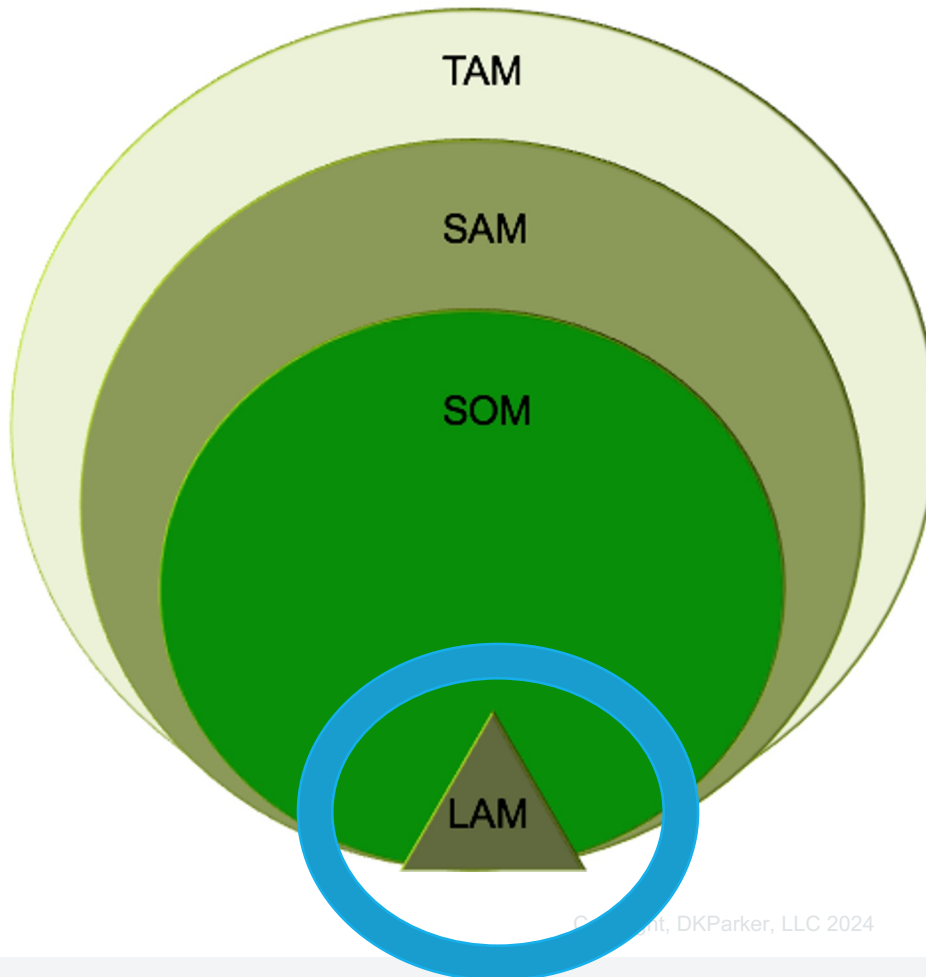
- ▣ The subset of the market you can capture
- ▣ A proxy for short term upside
- ▣ Not Aspirational

Real World Market Size

Launch Addressable Market

- ▣ Given you TAM, SAM and SOM – WHO is the customer?
- ▣ And limited features
- ▣ Who can you sell to today?
 - ▣ B2B
 - ▣ B2C
 - ▣ Buyer profile
- ▣ What features will you need to launch to expand your market and price?

Who is the Market & Customer



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10, 100, 1000 Customers

- ▣ Have a plan for how you get your first customers
 - ▣ 10 – it's you and your co-founder
 - ▣ 100 – still you, maybe one inside salesperson, forming a process to scale
 - ▣ 1000 – not you, scalable process
- ▣ Your LAM maps to your Go-to-Market (GTM)
 - ▣ Customer
 - ▣ Value Prop
 - ▣ Pricing
 - ▣ Marketing Spend and Sales effort

Market Conditions

- ▣ Nascent/New market
 - ▣ Uber, AirBnB
- ▣ Large markets - >\$100M or \$1B
 - ▣ Large market provide “at bat” opportunities
 - ▣ Small markets suck
- ▣ Headwinds or tailwinds?
 - ▣ Covid

Who is your customer?

- ▣ Product vs. Services
 - ▣ Product is something you can deliver or ship – can you make \$\$ while you sleep
 - ▣ Services require people to deliver on the value and promise – consulting or a restaurant
- ▣ Who pays the bill?
 - ▣ A business
 - ▣ The Consumer
- ▣ The product user and who pays can be different as in Facebook or Google that make money on advertising

Why/How do they buy?

- ▣ Make Money vs. Save Money?
- ▣ Searching for product
- ▣ Needs to be sold

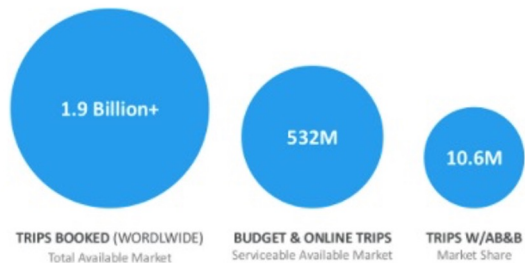
Bottoms Up Market Size

- How many people can buy your product – given current features/limitations
- How many companies can buy your product – given current features/limitations
- Market Growth
 - Location
 - Region
 - Global

Market Size Examples

2. Airbnb

Market Size



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4. Square

The Market

Mobile payments is a massive, rapidly growing but underpenetrated industry



Opportunity

- Traditional card readers are **unreliable & expensive**
- Difficult** for small business owners to use card services
- Alternative online services are **expensive**

Market Changes

- Rapidly burgeoning** interest in mobile payments
- NFC tech adoption but **credit card usage prevails**
- Capturing a **loyal user base** has huge revenue potential

Square Positioning

- First mover** advantage
- Scalable** across multiple platforms
- Low costs** address target customer needs

*Source: Ate Group

UberCab

Overall Market

- \$4.2B annually and growing
- Top 4 players combined only 22% of revenues

7.25 THE UNITED STATES

| Year | Taxi and Limousine Service (US \$ mln): The United States 2004 - 2014 | | |
|------|-----------------------------------------------------------------------|-------------|------------|
| | The United States | % of Region | % of Globe |
| 2004 | 3,858.07 | 89.89% | 22.70% |
| 2005 | 3,942.95 | 89.85% | 22.42% |
| 2006 | 4,029.70 | 89.82% | 22.13% |
| 2007 | 4,118.35 | 89.78% | 21.85% |
| 2008 | 4,208.93 | 89.74% | 21.56% |
| 2009 | 4,301.55 | 89.71% | 21.29% |
| 2010 | 4,396.19 | 89.68% | 21.03% |
| 2011 | 4,492.90 | 89.64% | 20.76% |
| 2012 | 4,591.75 | 89.61% | 20.49% |
| 2013 | 4,692.76 | 89.57% | 20.22% |
| 2014 | 4,796.00 | 89.53% | 19.95% |

Source: Philip M. Parker, INSEAD, copyright 2008, www.iscomgrouponline.com

Exercise - How Big is Your Market

Customer Development

Customer Development

- ▣ Parallel process with Product Development
- ▣ “Get out of the Building”
- ▣ Develop for a few not Many
- ▣ Prioritize features based on Needs not Wants
- ▣ Validate with Revenue/Commitment

Customer Development Goals

- ▣ Acute focus on **problem** – not product
- ▣ Find out if customers care?
- ▣ What do they want?
- ▣ Determines the difference your product at launch and at scale
- ▣ Feature priorities & Product Roadmap

Customer Development Questions

MIKE FISHBEIN

A

The Ultimate List of Customer Development Questions



I've had a few requests for this post. I've compiled all of my favorite customer development questions into one place! I'm sure I've missed some great questions. Please let me know your favorites in the comments sections and I'll continually update this post.

<https://mfishbein.com/the-ultimate-list-of-customer-development-questions/>

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Customer Dev Mechanics

- ▣ Google Forms
- ▣ Structured questions
 - ▣ Progression
 - ▣ Easy to Hard
 - ▣ What do you really want to know?
 - ▣ Will they pay for it? How much
 - ▣ Why will it fail
- ▣ Neutral, not Guided Questions

Customer Dev Mechanics, Cont

- Build a list of interested parties
 - Mail Chimp List setup
 - Ask for permission to email
 - Monthly updates –
 - Format: “What we did, what we’re going to do and where we can use your help”
- Regular frequency – be predictable

What Not To Do

- ❑ You are not the customer
- ❑ Don't tolerate a small sample set – this could delay your success by **Years**
- ❑ Avoid “Selection Bias”
 - ❑ “Isn't our product amazing”
- ❑ No rhetorical questions
- ❑ No blind surveys
- ❑ Can't outsource

How Many Customer Interviews

- B2B – 25+
 - Profile
 - Job Title
 - Type of Company
- B2C – 50+
 - Demographic
- “_(ツ)_/” = bad

Fundraising Note

You have opinions
You have Data
You get money!



Investors have opinions
They have money



Hypothesis vs Fact

- ▣ If you are convinced you're right you won't be open to radical feedback that could change the trajectory of your business & life!
- ▣ Always testing what you think you know
- ▣ Permission to give negative feedback
 - ▣ If this idea was to fail, why would it fail?
 - ▣ Why is this idea stupid?

Dave's Madlibs Pitch

Hi, I'm <your name here>, and my company <your Company name here> the problem I'm solving is <insert problem here>. Our product <insert product info here> is designed for our target customer of <insert target customer here>. We make money by <insert method here> and our team is the right team because <insert why you're awesome here>. I need help with <insert help needed