



Week 2



Hello again...



Market Research, Customer Validation & Pricing

An introduction

By Kadeza Begum

Why carry out market research?

When should you carry out market research?

What should you consider?



Customers are what make a product / service successful

You need to know what they value and desire

Psychographics VS Demographics

Personality

Values

Interests

Lifestyles



Age/Gender

Race

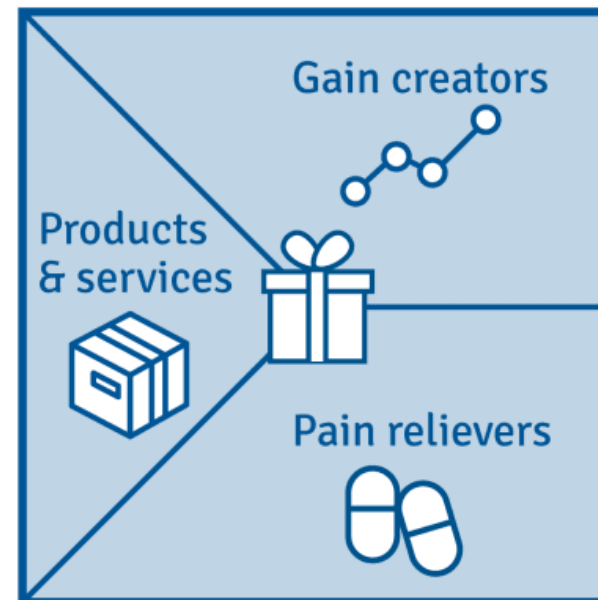
Location

Employment Status

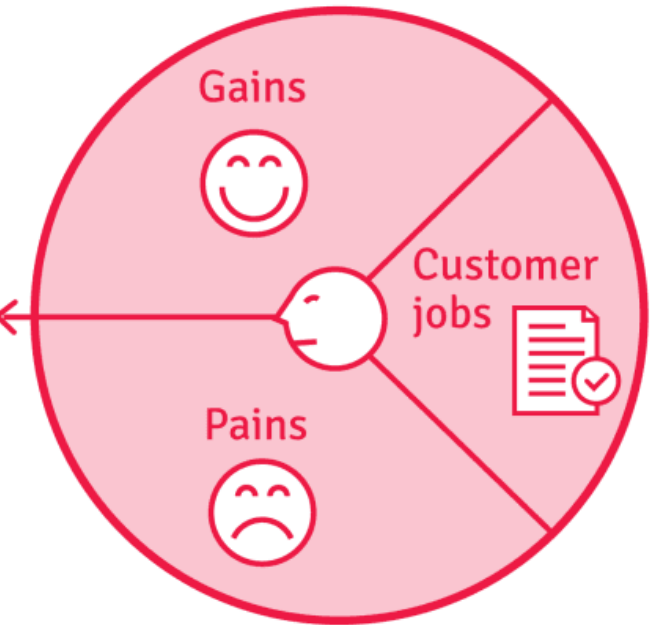
What do you need to know?



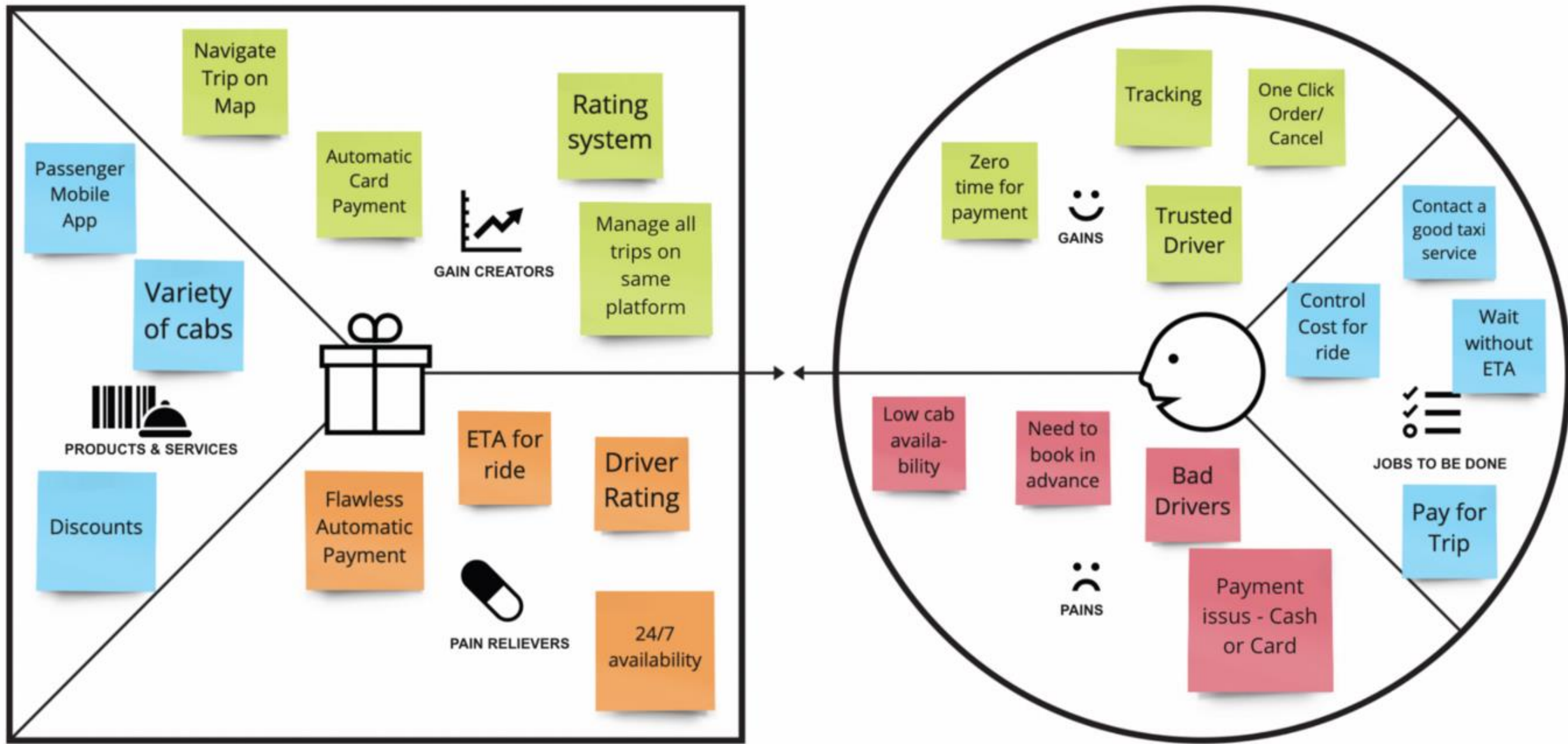
Value Proposition



Customer Profile



Value Proposition Canvas for Uber



FEATURES

Unbreakable
Design



Waterproof
Material



Real Wood
Handle

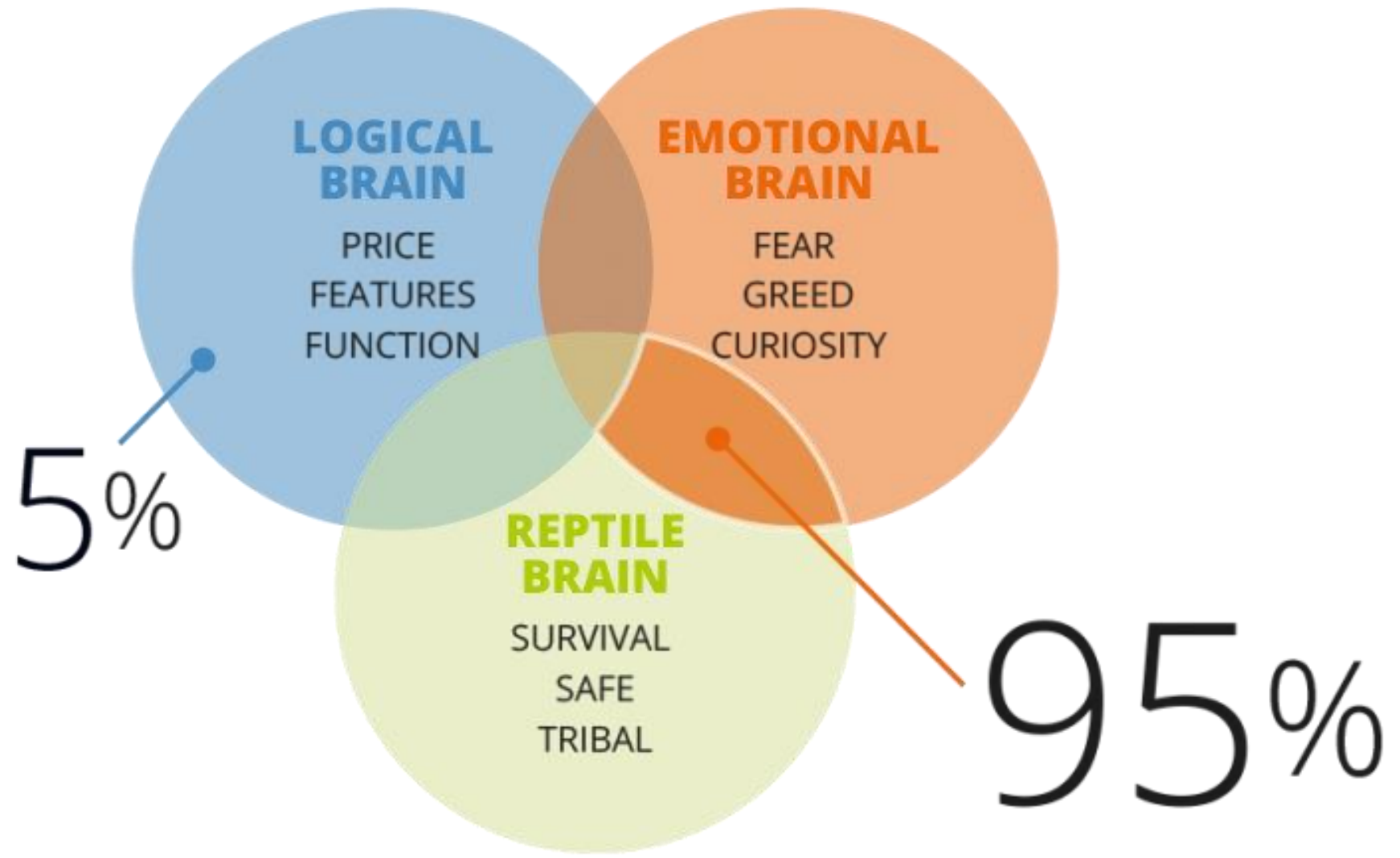
BENEFITS

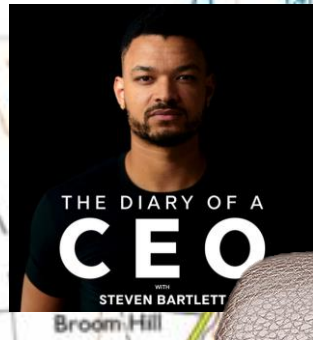
Protects from
Harmful Sunrays



Blocks Out
Rain Drops



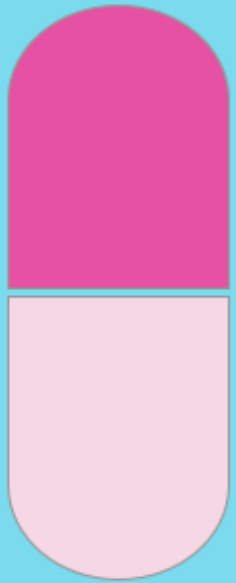




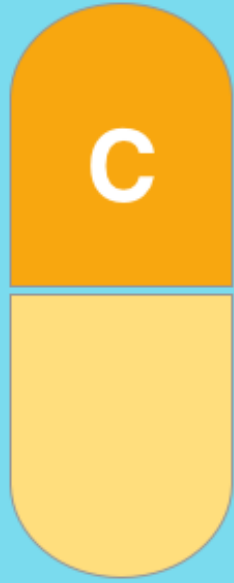
LUSH

FRESH HANDMADE COSMETICS





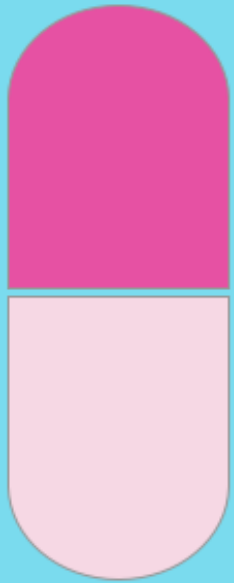
Candy



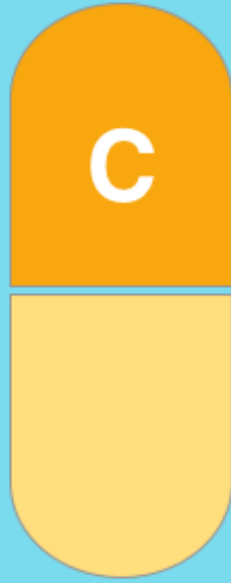
Vitamin



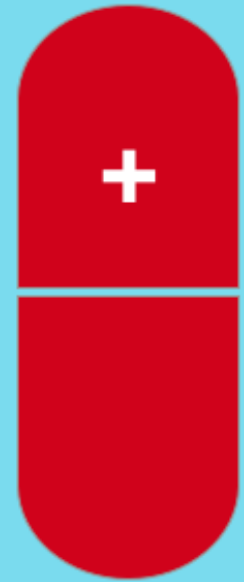
Painkiller



Candy



Vitamin



Painkiller

**Customer
MIGHT buy**



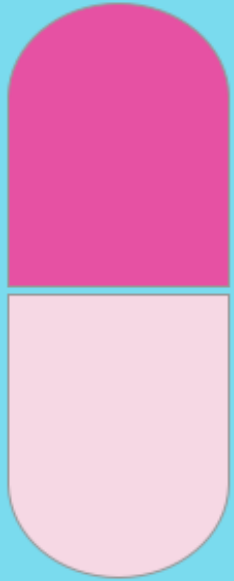
**Customer
SHOULD buy**

**Customer
WILL buy**

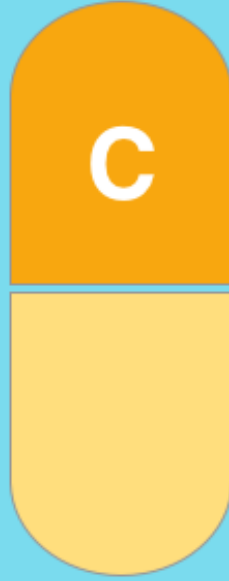
Luxury / Treat

Improvement /
Swap

Necessity /
Staple



Candy



Vitamin



Painkiller

Customer
MIGHT buy

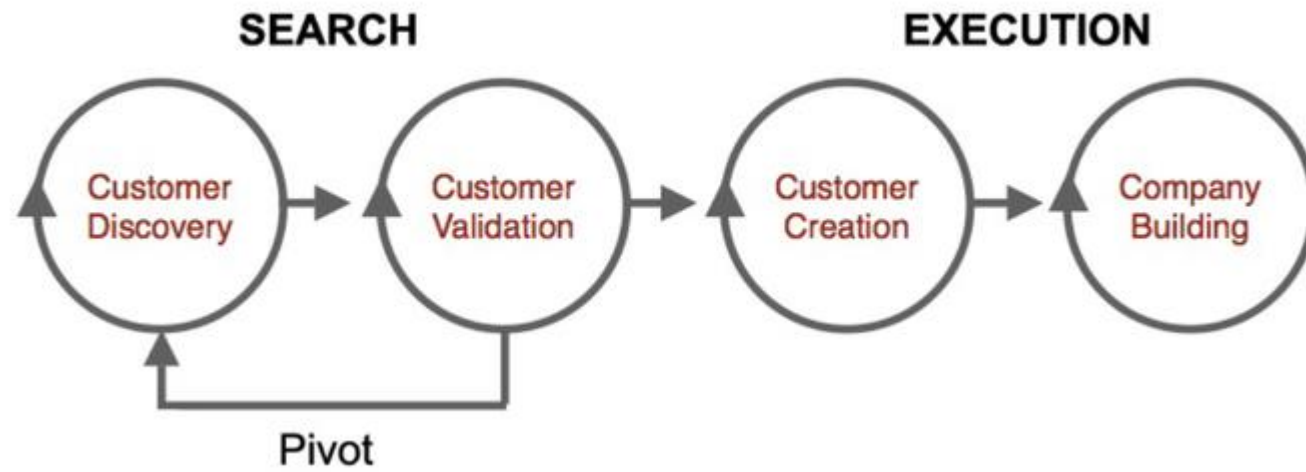
Customer
SHOULD buy

Customer
WILL buy

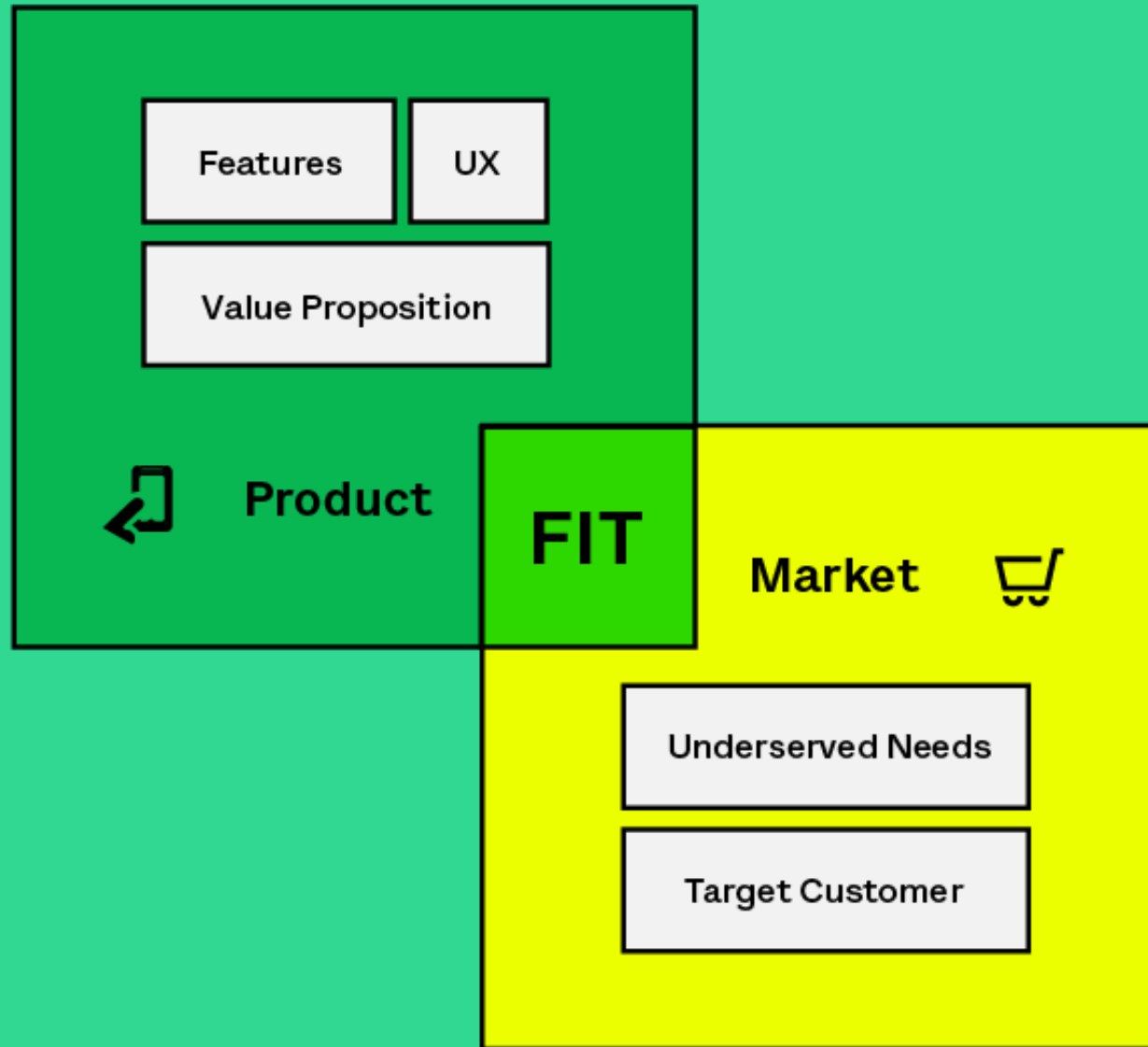


What do you need to know?

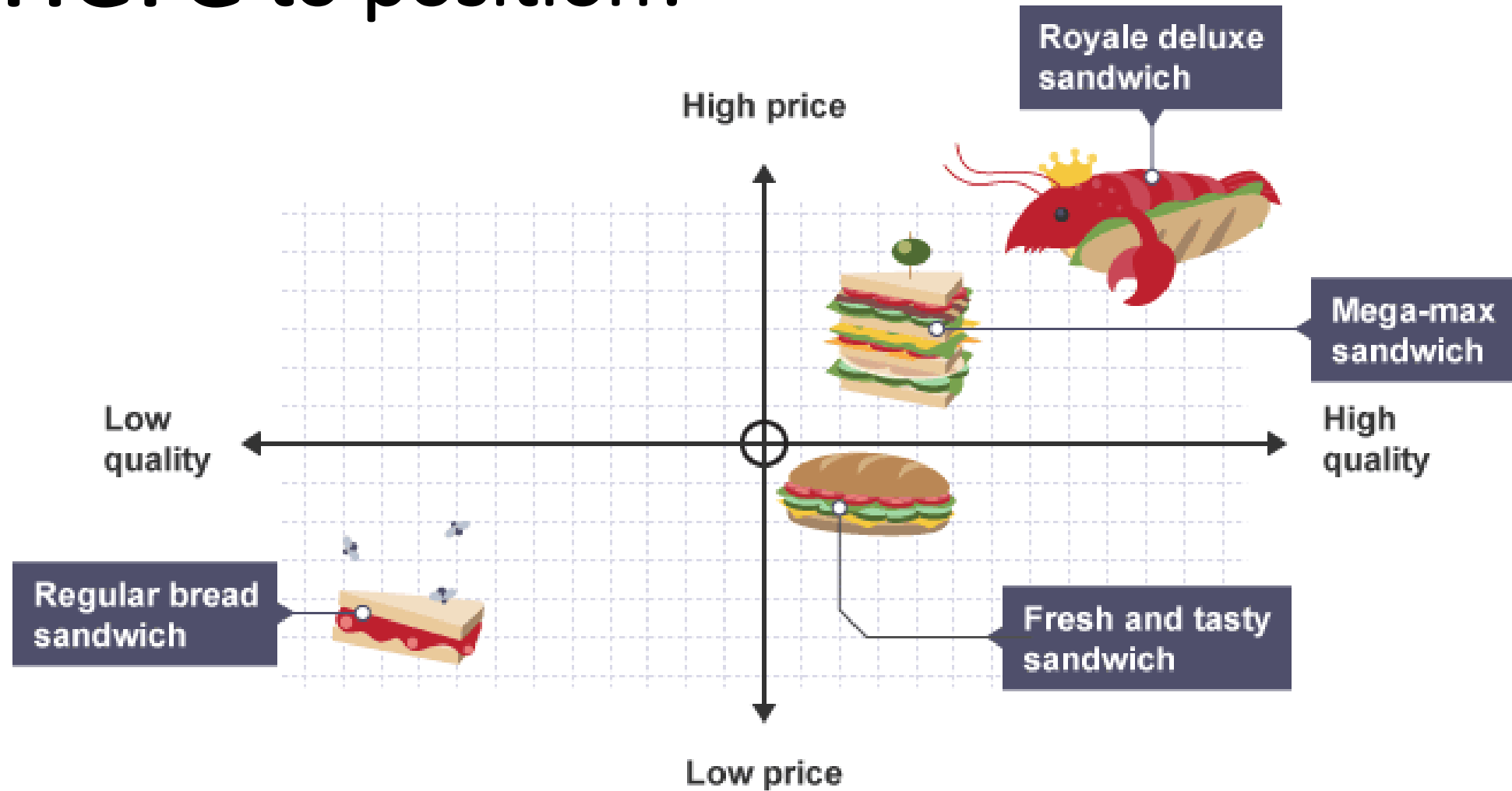
- **WHO is/will buy** your product or service? Target Customer / Ideal
- **WHY** would they buy it? What need are they wanting to satisfy? Features & Benefits
- Why are other people **NOT buying** it? Barriers- Research opportunities
- **HOW MANY people** like this are there? Market size / value
- What is **the right PRICE** to charge? RRP / market value
- Who is your **real COMPETITION**? Segmentation analysis







Where to position?





Pricing Strategy Matrix

💰 Price

★ Quality

	HIGH	MEDIUM	LOW
HIGH	Premium	High value	Superb value
MEDIUM	Over-charging	Average	Good value
LOW	Rip-off	False economy	Economy

Customer Lifetime Value



**Customer
Lifetime
Value**



**Average
Order
Value**



**Purchase
Frequency
Rate**



**Average
Customer
Lifetime**

Competitor Analysis

This can be done by:

- Speaking to your competitors directly or working for them
- Purchasing from them as a client (mystery shopping)
- Reviewing their website and socials
- Sourcing their financial accounts
- Reading coverage about their organisation in the media



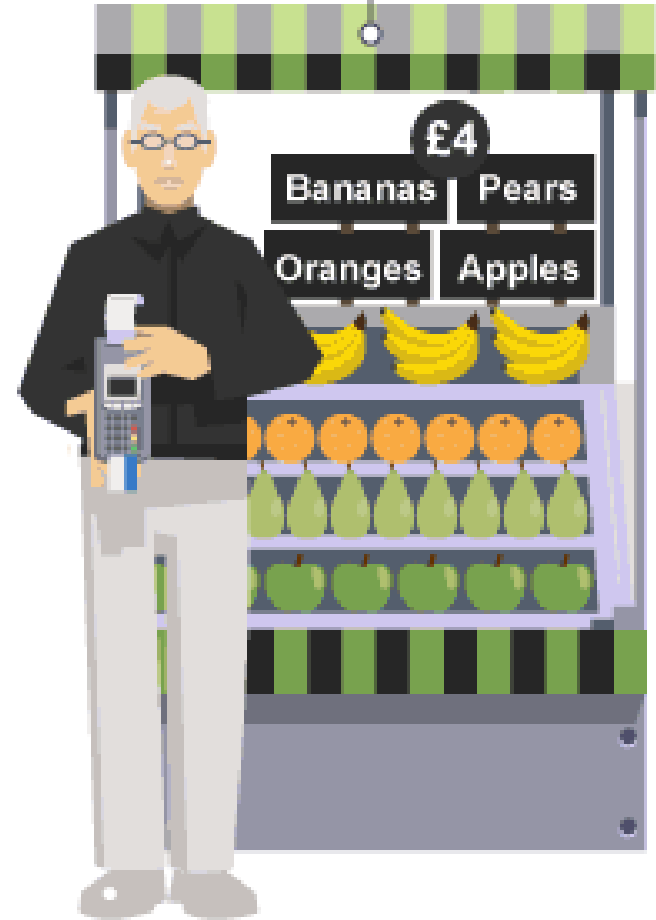
Price



Customer service



Product range





- > What you can do well?
- > How you stand apart from your competitors?
- > Do you possess strong research and development capabilities?
- > What internal resources do you have?
- > What kind of tangible assets (capital, credit, distribution channels or technology) you own?

S

STRENGTHS

- > Which areas need improvement to compete with your strongest competitor?
- > What does your business lack?
- > Are there any limited resources?
- > Is your business in a poor location?

W

WEAKNESSES

- > What opportunities exist in your market?
- > How can these benefit?
- > Is the perception of your business positive?
- > Had there been any changes the market recently?

O

OPPORTUNITIES

- > Who are your potential competitors?
- > Which factors you need to control to prevent the risks \ to your business?
- > Is there anything, deteriorating your revenues or profits?
- > What threatens your marketing efforts?

T

THREATS





Validate- customer segments section 15mins

Customer Segments

[← Back](#)

● Intro

● Define your Customers

● Build a Customer Persona

● Summary

0%

Section Progress



Introduction

The starting point for any business or social enterprise is a paying customer. No customer, no business. See the world through the eyes of your customers so you can create products and services that they love.

A Customer Segment is a group of customers that share some common characteristics and behaviours. On Validate you can create up to 4 Customer Segments.

We break this down into 2 steps:



**STOP TRYING
TO BE LIKED BY
EVERYBODY**

**YOU DON'T
EVEN LIKE
EVERYBODY**

--PRICE--

Product – Identify Direct Costs

T Shirt 1	Units: 10	Calculation
Material	£40	Quote
Zips	£5	Quote
Cotton	£2	Quote
Manufacturing	£30	Quote
Care Labels	£2	Quote
Tags	£2	Quote
Total	£81	Total Direct Costs
Cost Per T Shirt	£8.10	Direct Costs/Units
Price	£40	Market Analysis
Profit Margin £	£31.90	Price-Cost
Profit Margin %	80%	$\frac{\text{PROFIT}}{\text{PRICE}} \times 100$

Service

-Identify Direct & Indirect Costs **Chargeable Hours**

1. How many *chargeable hours* will you be working a year?

Example...

- How many weeks will you work a year? **46**
- How many days will you work a week? **5**
- How many hours will you work a day? **6**

$46 \times 5 \times 6 =$ **1380 Hours**

1. Total indirect costs? **£7000**

2. Annual personal survival budget? **£20,000**

3. Now work out the hourly rate? $\text{£}27,000/1380 =$ **£19.56**

Service

Identify Direct & Indirect Costs

IT Consultancy	Units: 1	Calculation
Travel	£8	
2 Hours	£39.12	2 x Hourly Rate
Total	£47.12	Total Direct Costs
Price	£60	Market Analysis
Profit Margin £	£12.88	Price-Cost
Profit Margin %	21%	$\frac{\text{PROFIT}}{\text{PRICE}} \times 100$

Ansoff matrix



- * = Relative risk
- 1 = Low
- 4 = High

Revenue Model

Ad-Based Revenue Model

Ad-based revenue models entail creating ads for a specific website, service, app, or other product, and placing them on strategic, high-traffic channels

Affiliate Revenue Model

This works by promoting links to relevant products and collecting commission on the sales of those products, and can even work in conjunction with ads or separately.

Transactional Revenue Model

This method is one of the most direct ways of generating revenue, as it entails a company providing a service or product and customers paying them for it.



Channel Sales

The channel sales model consists of agents or resellers selling your product for you and either you or the reseller delivering the product

Direct Sales

inside sales; Someone calls in to place an order or sales agents calling prospects.
outside sales; which is a face to face sales transaction

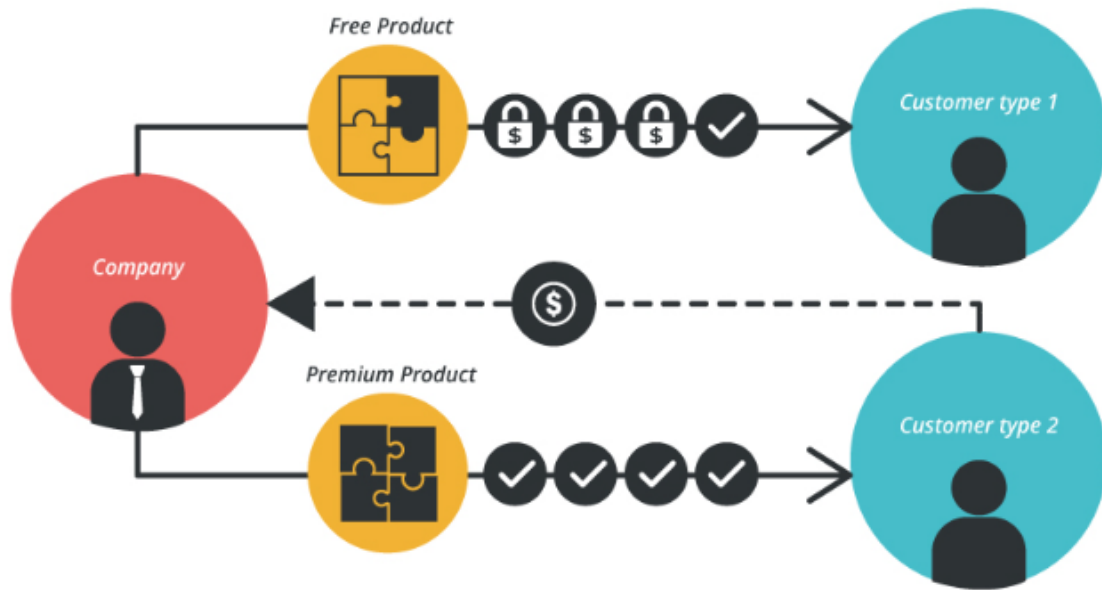
Subscription Revenue Model

The subscription revenue model entails offering your customers a product or service that customers can pay for over a longer period of time, usually month to month, or even year to year.



Freemium

Freemium

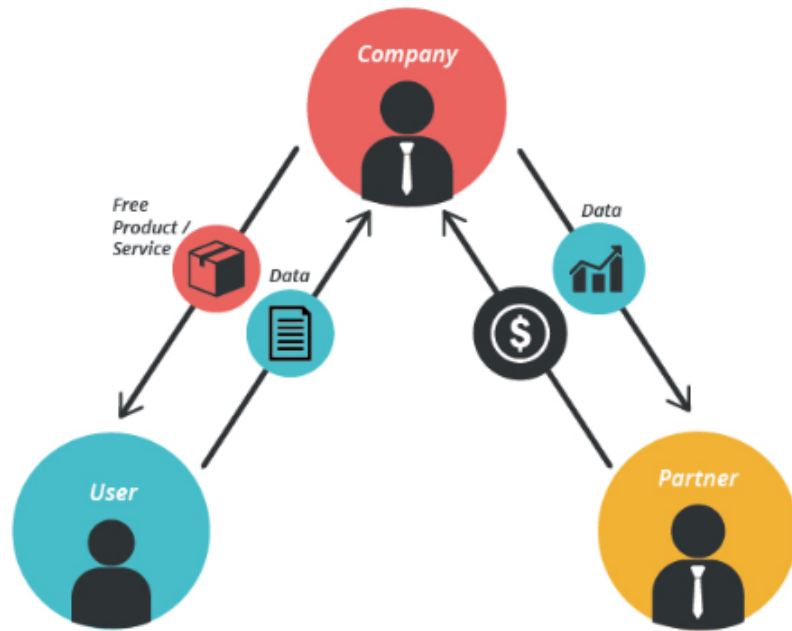


A **freemium** business model offers a basic service for free, additional premium functions or services are only available for a fee.



Customer Data Monetization

User Data Monetization



Customer Data Monetization means that the user gets the service (for free) and the company sells the data to a partner.



Subscription

Subscription

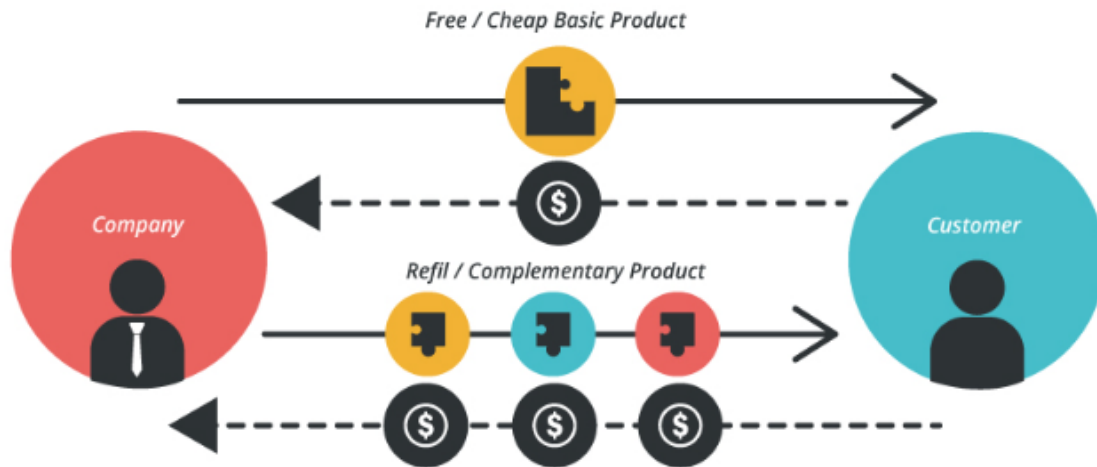


With a subscription business model the company receives periodic payment in order to deliver (give access to) a product or service



Bait and Hook

Hook & Bait



The basic product (hook) is offered cheaply or free; the complementary product or refill (bait) is sold expensively. The basic product cannot be used without the complementary product.



Add-on

Add-on






Useful for product and pricing strategy: The basic product can be bought and used for a good price and satisfies the core need. Various additional elements are available to enhance the product and cost extra money.

Customer Profile



Who would benefit from your idea and how?

THE CASUAL USER	THE BUSINESS USER	THE POWER USER
		
<i>Pete</i>	<i>Jennifer</i>	<i>Brad</i>
<p>Uses most phone features</p> <p>Uses phone to make, use contacts send texts and take pictures</p> <p>Always has mobile device with him</p>	<p>Wants a simple phone, but functions as an integrated device</p> <p>Wants to easily read email and call back the sender</p> <p>Needs "Popular" mail sever integration</p>	<p>Will use almost all built-in mobile functionality</p> <p>Will extend phone functionality with additional software</p> <p>Will look through and change change every menu option</p>

How much would they pay for the benefit(s)?



Secondary research



IP Centres and Business Library



Explore what the world is searching

Enter a search term or a topic



Statista – The portal for statistics

Immediate access to over one million statistics and facts

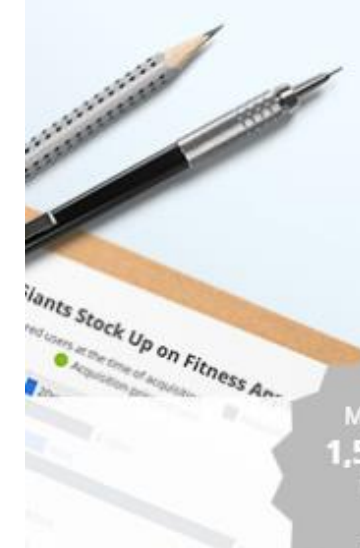
[Statista Search](#)[Social Media](#)[E-Commerce](#)[Smartphone](#)[China](#)[Food Industry](#)[Cosmetics](#)[Gaming](#)[Apparel Industry](#)[Film Industry](#)[United States](#)

More than
1,500,000
users
trust
Statista

◀ Google SAMSUNG



P&G ▶ Adobe ▶





Target Adverts to People Who Know Your Business

You can create a Custom Audience to show adverts to your contacts, website visitors or app users. [Create a Custom Audience](#)

Locations ⓘ

United Kingdom
All United Kingdom
Add a country, county, town or postcode

Age ⓘ

18 ▾ - 30 ▾

Gender ⓘ

All Men Women

Languages ⓘ

French (All) ×
Enter a language...

Relationship Status ⓘ

Single × ×
Choose relationship statuses | [Browse](#)
[More Demographics ▾](#)

Interests ⓘ

Family and relationships
Dating
Search interests | [Suggestions](#) | [Browse](#)

Audience Definition



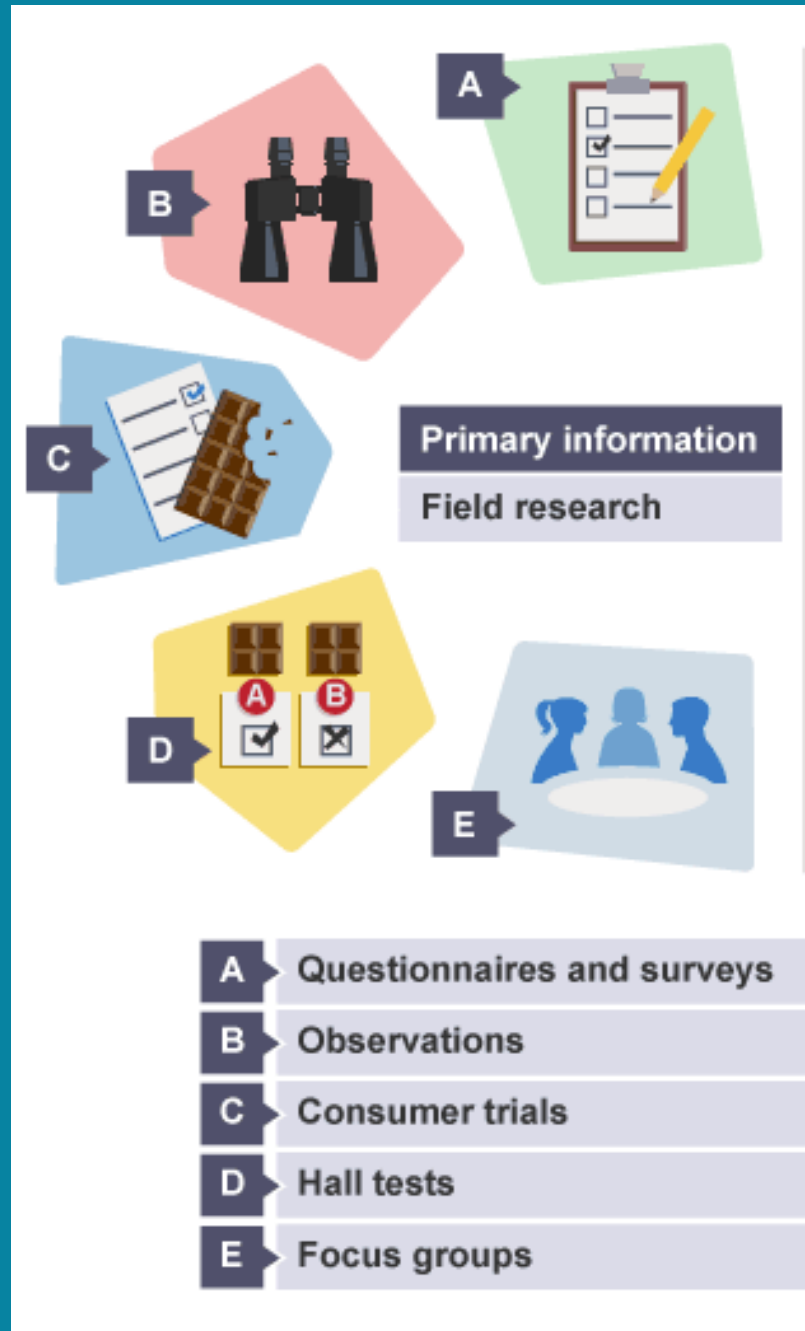
Your audience is defined.

Audience Details:

- Location:
 - United Kingdom
- Interests:
 - Dating
- Relationship Status:
 - Single
- Age:
 - 18–30
- Language:
 - French (France) or French (Canada)
- Placements:
 - on News Feed and right column on desktop computers, mobile feed and third-party apps

Potential Reach: 34,000 people

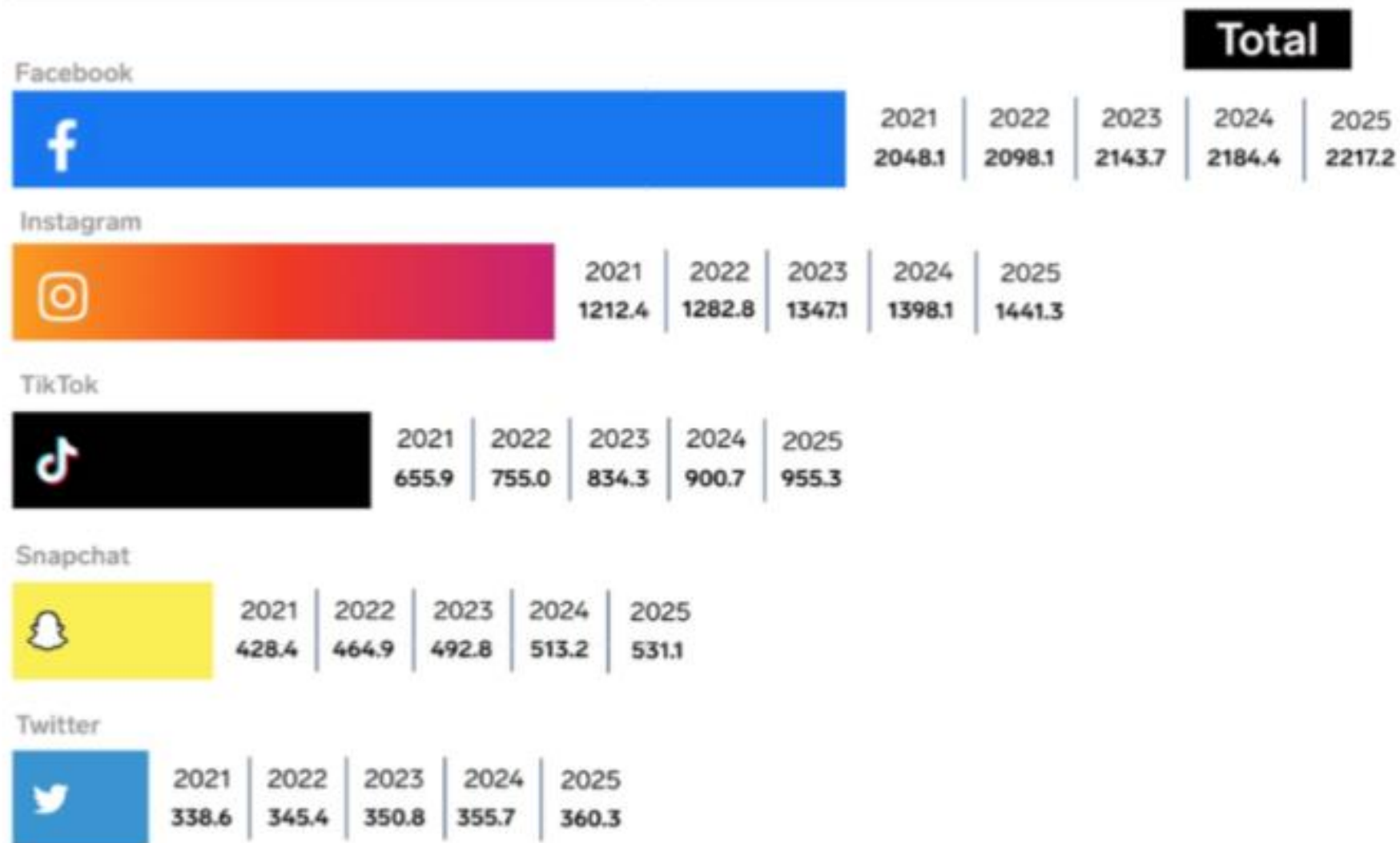
Primary research



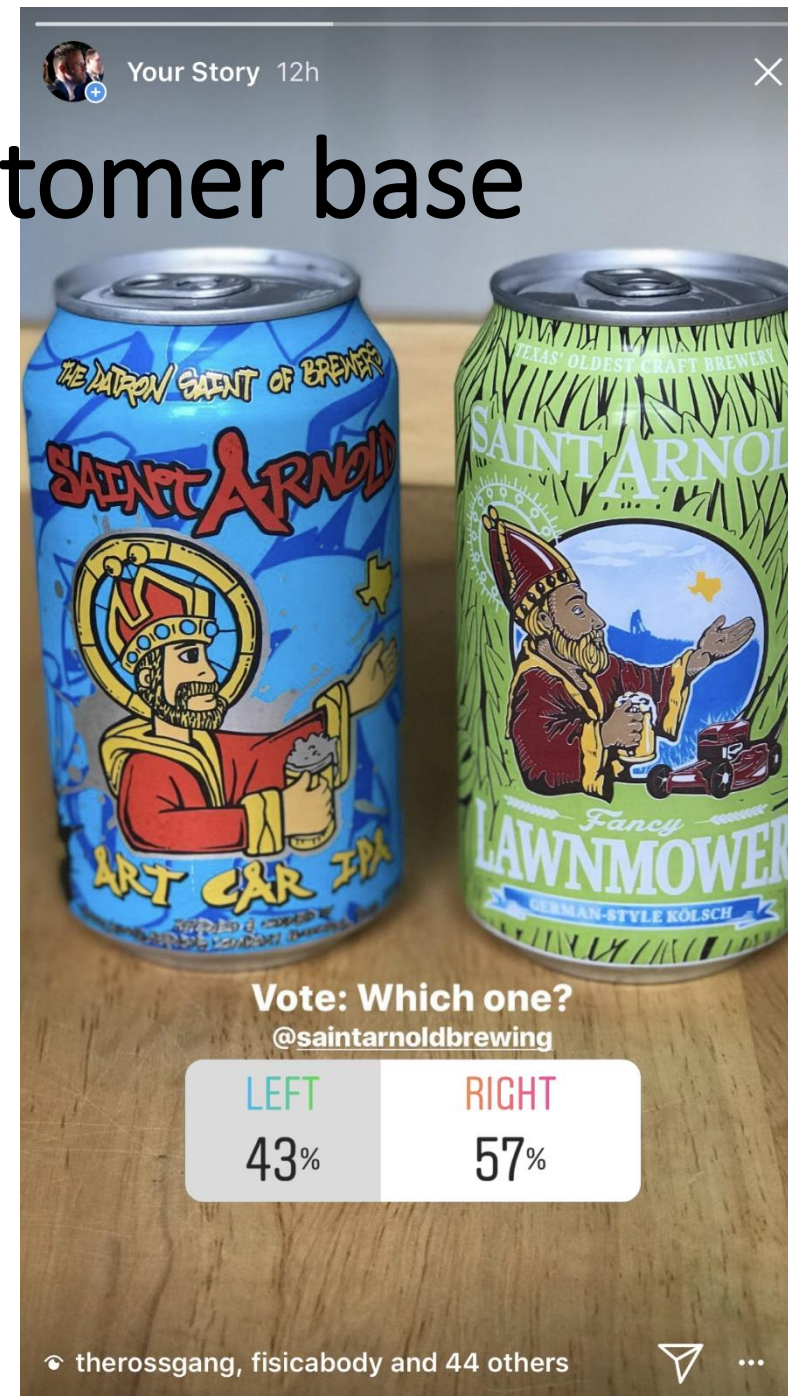


Social Network Users Worldwide, by Platform, 2021-2025

millions



Direct access to your customer base







Like



Comment

What makes a good question?



Would you rather be in paradise!?

YES

OH YEAH !

How much do you love pizza?!



234 people answered. This is the average answer.



Crowdfunding



A close-up, artistic photograph of Taylor Swift. She has her eyes closed and a serene expression. Her hair is blonde and styled. She is wearing dark eye makeup and red lipstick. A microphone is positioned in front of her mouth, with a soft light reflecting off its top. The background is dark and out of focus.

Taylor Swift Midnights

Available October 21

Pre-Order Now

Donation

JustGiving™

Virgin money giving

Reward

GO



Loan



Funding Circle



Equity



SEEDRS





Funding Circle



DE REVOLUTIONE
BE THE CHANGE YOU WANT TO SEE IN THE WORLD

crowdcube



COMPANISTO
DEINE STARTUPS



INDIEGOGO

seedinvest



MICROVENTURES

KICKSTARTER



PLEDGEMUSIC

WEFUNDER



FLASHFUNDERS



seed engine



Republic



FundedByMe™



B/O/O/MERANG
CROWDFUNDING



BARNRAISER

SEED & SPARK

nextseed

Research mode **NOT** Sales mode!



Planning ahead



CHARCOAL



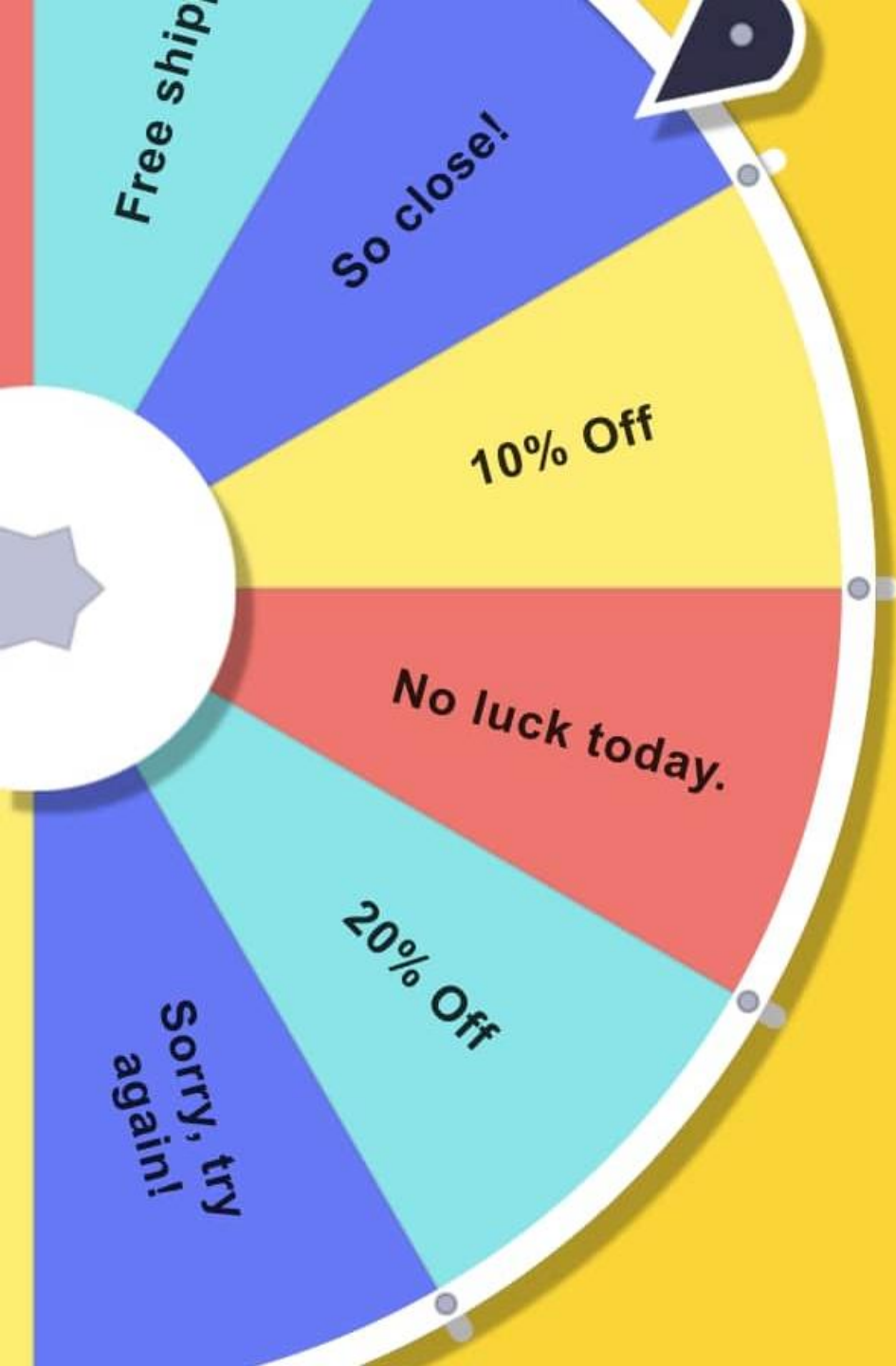
Review often



Engage the customer

- Competitions – name the product
- Ask for feedback
- Share to win – 'tag a friend'
- Packaging design
- Product size
- Service offer





HEY YOU, SPIN TO WIN!

Enter your info for the chance to win big discounts!

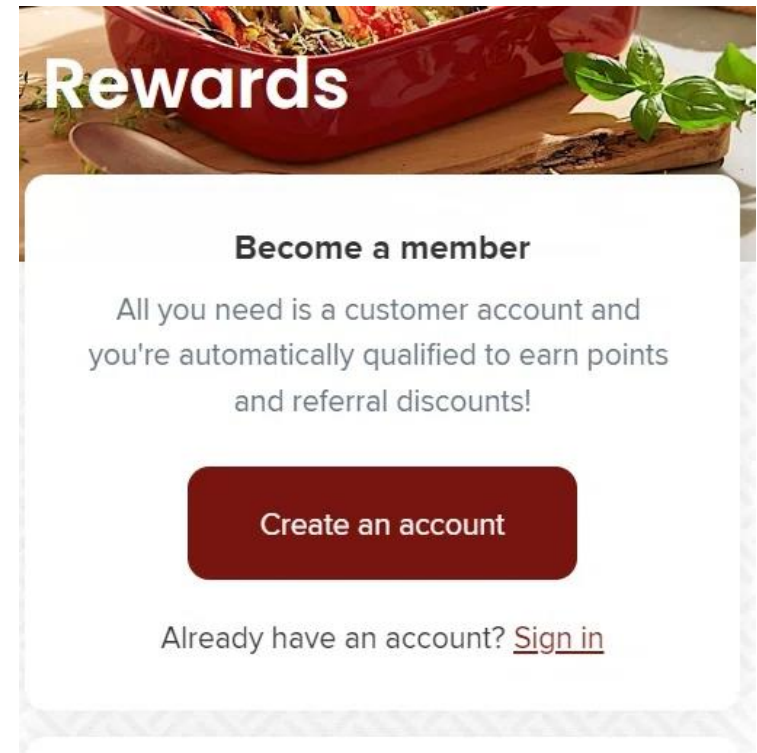
Try your luck!

82%

**...of small business owners
said that loyal customers
are the key to growth**

Reward the customer

- Focus groups
- Loyalty scheme
- Free product trial
- Exclusivity
- Early sales access
- Discount codes
- Referral points
- Launch events



LUNCH

BREAK

Get
out
THERE



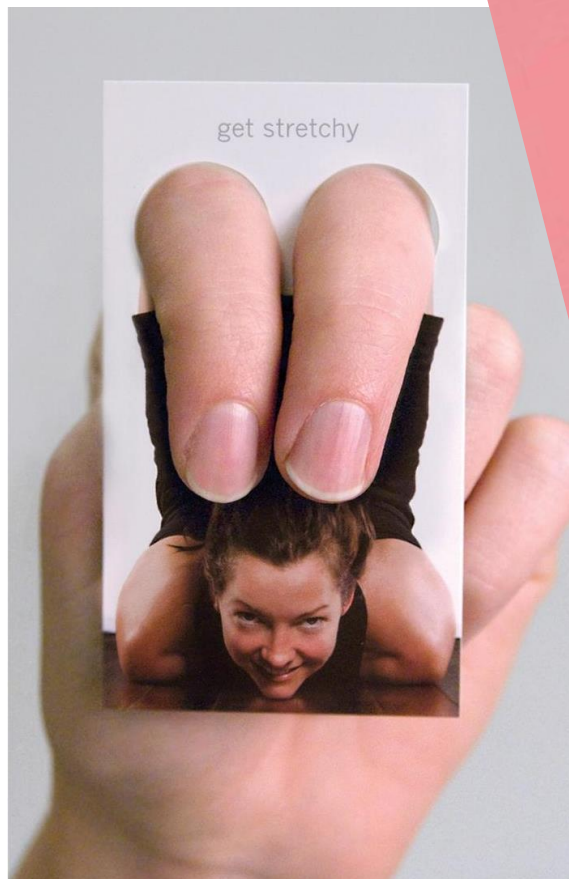
Be REMARKABLE



About 62% of consumers search online for reviews and information before purchasing a product and **90%** believe brand recommendations from friends.



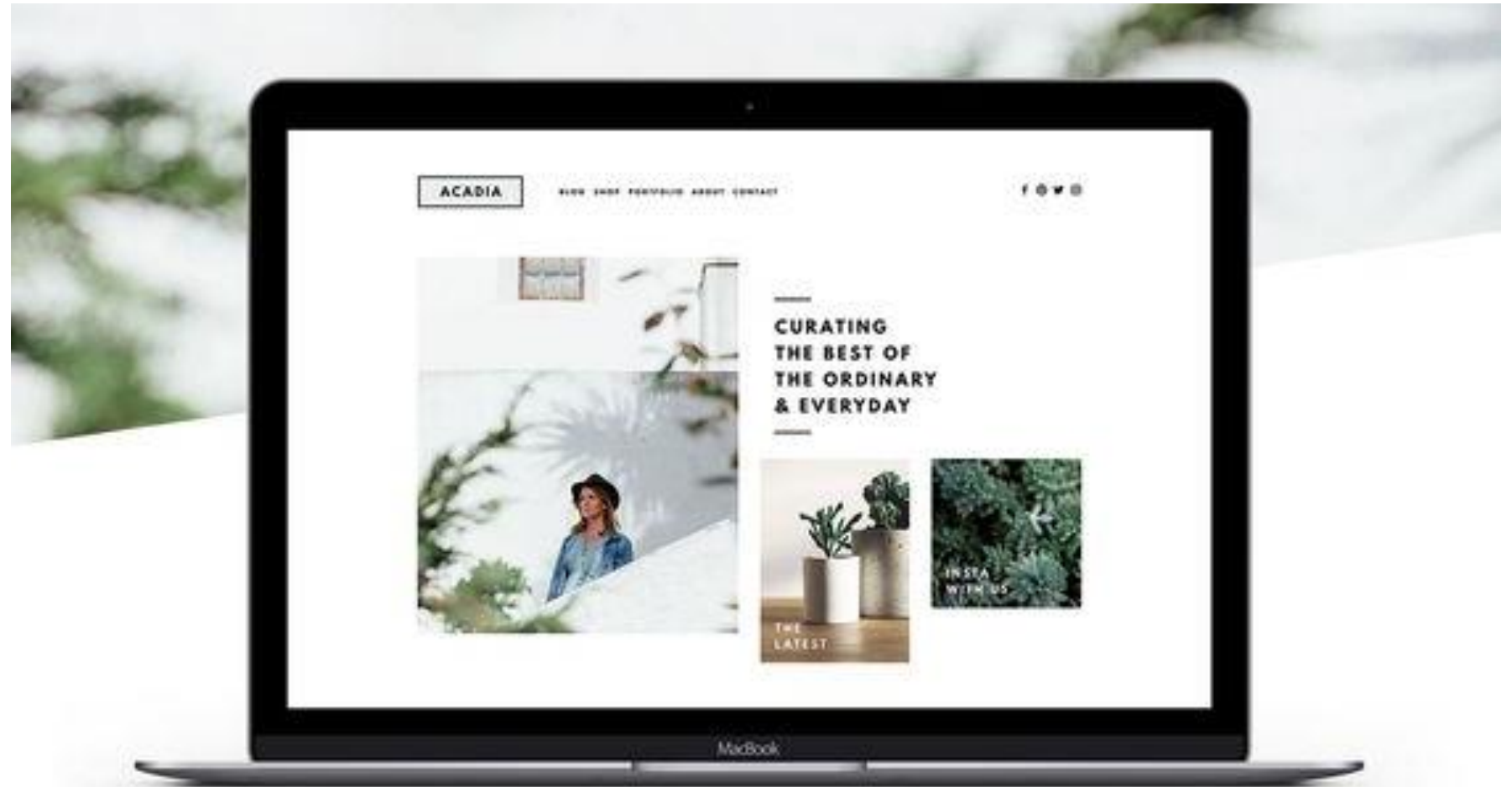
Traditional print Marketing



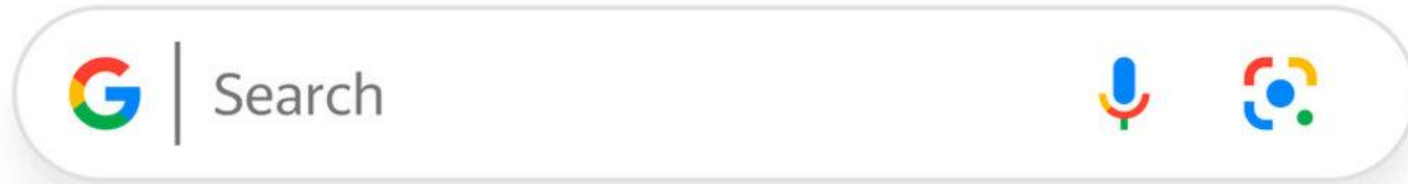
Digital Marketing



Your website



Your website



- **Clear and easy to spell URL**
- **Secured**
 - SSL Certificate
- **Responsive design**
 - mobile first users
- **Clean navigation**
 - top and tail
- **Collects emails**
 - build mailing list
- **Builds trust**
 - reviews
- **Connected**
 - other sites and SM
- **PROVIDES VALUE**
 - reasons to return

Social media

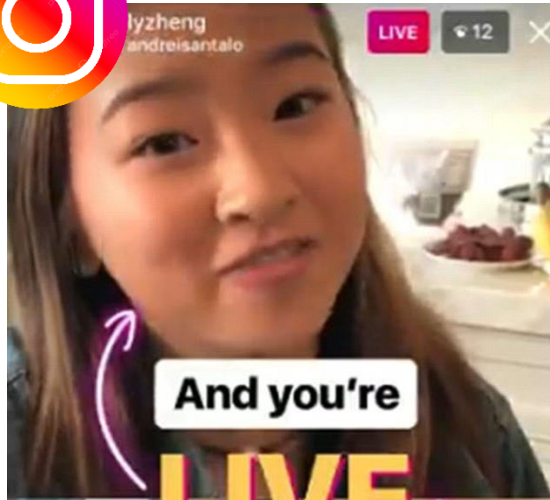


Start a movement,
conversation or educate
you audience



Keep on top of trend, current developments in your sector and key influencers





HelloFresh Community

Private group · 24.7K members

Join Group



Blogging

WIX

Medium

LinkedIn

tumblr

Blogger

Drupal™

jeekyll

ghost

Podcasting

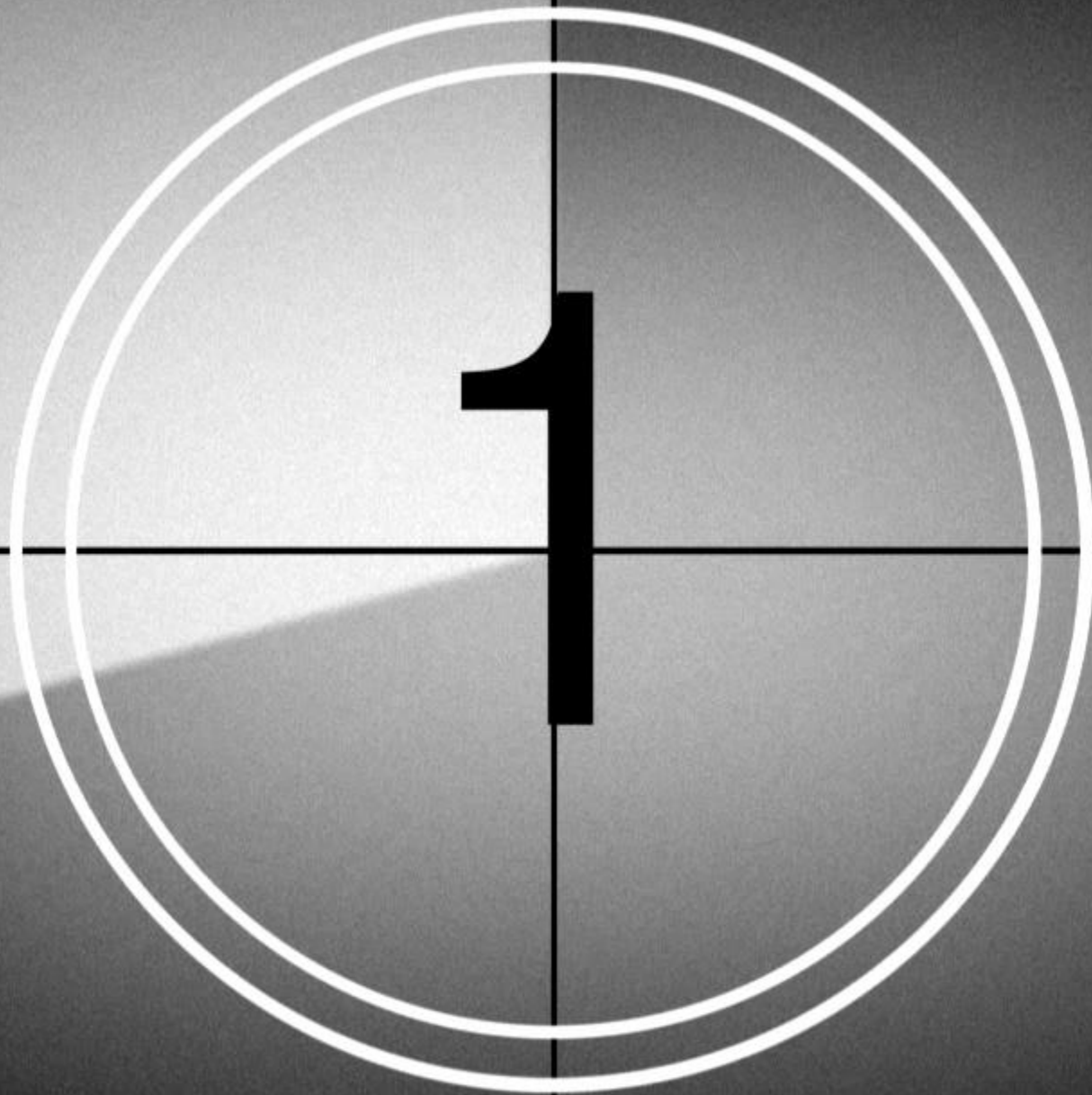


Invite
your
hero





Panel discussions






Advertising

 **Foxley**
Sponsored · 

WEB DESIGNER? PUT YOUR MARKETING ON AUTOPILOT!

This FREE Webinar reveals the EXACT process you can use to put your marketing on autopilot for your web design business! This webinar, which, outlines the step-by-step process to set up an EXPLOSIVE sales funnel, won't be available for long (its content is just too valuable). So watch it now while it's still available.



[FREE TRAINING VIDEO] How To Get More Leads... While You Sleep!

Join us in this free webinar as Bianca pulls back the curtains and steps you...

MEMBERS.FOXLEY.COM [Watch More](#)

 **Social Media Week**
Sponsored · 

If you are looking to take your strategies to the next level in 2019, then the 9th annual #SMWLA is a must-attend event for you and your teams.



SOCIALMEDIaweek.org
20% Off Passes For A Limited Time! [Learn More](#)

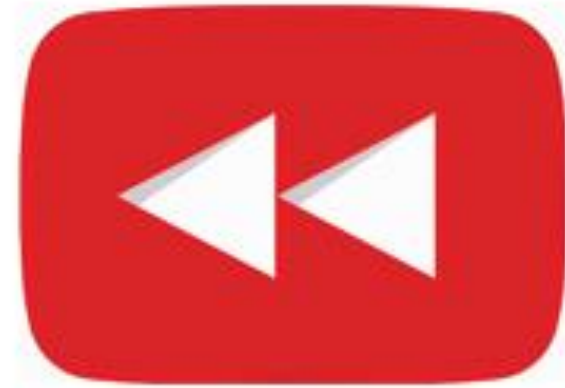
#SMWLA June 12-13

 Like  Comment  Share

Trade shows & Exhibitions



Recap



DO

- Ensure your primary research is representative of your target market
- Validate your customer before starting to sell
- Work out your profit margins so you don't lose money
- Know what you don't know- and be open to new information
- Carry out both qualitative and quantitative research
- Use relevant tools where possible eg SurveyMonkey, Google forms / typeform

DON'T

- Be defensive to constructive criticism
- Force products to those that won't buy
- Create long, intensive surveys
- Leave the most important questions until last
- Be stubborn when it comes to adjusting pricing
- Ignore your market research!!
- Try to overdo it with multiple marketing strategies

Recap and homework

- **Review all content from today**
- Use Validate to assist your business planning
- Create a research list
- Review where you are
- Use the cheatsheet



An aerial photograph of the London Olympic Park area during the day. In the foreground, a large black banner with white dots and the word 'WELCOME' in white capital letters is positioned diagonally. Below the banner, a large green field is visible with a white tent-like structure and colorful balloons. To the right, a large modern building with a grey roof has 'HereEast' written on it in large black letters. The background shows a dense urban landscape with various buildings, including the London Stadium (the 'Bird's Nest') and the London Aquatics Centre. A river flows through the park area.

WELCOME



Next week we are here!

