



Tech Venture Accelerator - Market Research Session

“If I had asked people what they wanted, they would have said faster horses” – Henry Ford

Developing ‘market intelligence’

Market Intelligence – Information about the business landscape in which we compete.

SBDC TechSource follows a “Discovery” process, and will be providing a market report as part of the TVX Accelerator program:

Strategically focused consultative approach to identifying possible research avenues based on the business situation (versus you telling us what market data you need, which we can also do).

Key Strategic Issues:

- Which markets to focus on and what do they look like?
- What are industry market drivers? It helps to align to fast moving markets.
- How accessible are your different segments? Are there any channels to tap?
- What is consumer/client behavior in your industry? How are competitors positioning themselves?
- What deals are happening, and what are key players saying about the?

Primary vs. Secondary Research

Primary research involves going direct to consumer/client while secondary uses existing information (or someone else’s primary research!).

- Primary research is more resource intensive, large companies use to test branding, movie endings, reactions to consumer goods.
 - Quantitative primary research = in-depth surveys (i.e.- Centers for Disease Control (CDC) health surveys)



- Qualitative primary research involves interviewing (i.e.- focus groups) – we will help you initiate your own through a customer discovery process.
- For post-revenue companies, internal sources such as sales data, Google Analytics information, social media analytics, customer relationship management (CRM) metrics are really good sources
- Secondary research is a cost and time effective way to get down the learning curve – this will be a core TVX deliverable. It relies on publicly available information, detailed below.

Key Elements of Secondary Research

Industry Overview

Here we will fill in gaps based on any previous market research, provide “fresh eyes” on the information, with a focus on strategic information.

- Sources:
 - Market research reports – including IBISWorld, licensed by the Colorado SBDC
 - Business data – ReferenceUSA – data by SIC/NAICS/keyword
 - Industry associations – primary research/analyst reports
 - Online searches
 - Thought leaders, industry analyst interviews, reports
 - Qualitative interviews – published CEO stories about how they started their companies
 - Geographic Information Systems (GIS) data – lifestyle patterns, demographic data
 - Prepare for TVX Discovery meeting – gather any previous market research materials.



Example Reference USA Heat Map: SIC 8711110

Engineers - Civil

Population: 9,639

Top States by number of entities:

California – 1553

Florida – 726

Texas – 557

Pennsylvania – 400

Massachusetts – 360

Competitive analysis

This looks at activity of other companies for strategic information.

- Information sources:
 - Website Markets Menus – identify business model, niches, adjacent markets, product variations
 - News Releases – use case example, client activity
 - Branding – best practices, especially by market/category leaders
 - Watering Holes – where are other companies doing business development?
- Next Steps for Discovery meeting:
 - Consider existing and prospective niches
 - Name key competitors
 - Describe the face of existing and prospective clients
 - Identify specific keywords clients you would use to find a solution to the problem your product meets (including alternative products to yours)

Market Sizing

In some cases, it is helpful to size the market to confirm its viability – especially for funding applications.

- TAM = Total Addressable Market

(<https://blog.hubspot.com/marketing/total-addressable-market>)

- Approaches:

- Top-down – taking high-level market information and deducting non-addressable areas

- Bottom-up – building a model using core data:

- TAM = (number of buyers in the market) X (quantity purchased by an average buyer in the market per year) X (price of an average unit)
- Test using low and high assumptions
- Requires digging for information, extrapolating where necessary
- Avoids including non-addressable markets, so can be preferable to investors, gives realistic market size

- Next Steps for Discovery meeting - what data that would quantify the number of buyers in the market, such as:

- Number of companies representing a specific niche from buyers' guides
- Population of employees who are prospective buyers, such as from Bureau of Labor Statistics data
- Population of individuals with certain health conditions from CDC data

Customer Discovery

Experts that are potential early adopters can provide sound input and can be even more important than talking to lots of prospective users that aren't close to the technology.

- Identify thought-leaders starting with secondary research
 - LinkedIn
 - Literature searches
 - Conference proceedings
- Ask for advice and input – don't pitch or defend your technology



- Expect a 20% +/- response to requests; follow-up with phone calls within 3 – 5 days
- Provide legitimacy (SBIR funding, technology accelerator participation, etc.) - see intro email
- Don't let non-experts bias your research (such as family and friends)

Reference

Talking to Humans (<https://www.talkingtohumans.com/>)

The Process

- Start with hypotheses you will prove or disprove
- Framework (from *Talking to Humans*)
 - My target customer will be?
 - The problem my customer wants to solve is?
 - My customer's need can be solved with?
 - Why can't my customer solve this today?
 - The measurable outcome my customer wants to achieve is?
 - My primary customer acquisition tactic will be?
 - My earliest adopter will be?
 - I will make money (revenue) by?
 - My primary competition will be?
 - I will beat my competitors primarily because of?
 - My biggest risk to financial viability is?
 - My biggest technical or engineering risk is?
- Identify your target customer
- Ask those types of people questions
 - Challenge your assumptions

- Don't ask leading questions that only confirm your biases
- Start with an e-mail or InMail (LinkedIn)
 - Find e-mail addresses
 - Guess e-mail addresses
 - Use the InMail feature in LinkedIn
- Sample scripts
 - Industry contact
 - Partner contacts

Appendix – Customer Discovery Sample Emails and Interview Scripts

E-Mail Introduction:

Dear _____:

Our company {name, plus insert website} is participating in the TechVenture Accelerator, a program facilitated by the Boulder Small Business Development Center. As part of this program, I am gathering market requirements, with the goal of commercializing our technology. I would like to speak with you on the phone for 10 – 20 minutes this week or next about this technology and how it might fit in the market. The technology niche we are researching is {your technology space}.

Non-proprietary description of the technology:

{2 – 3 sentence description of: (1) the problem you solve, (2) your technology; and (3) how you are different / better from other solutions.}

Thank you for your time and I look forward to hearing from you soon. If you are not the appropriate contact, please feel free to forward this message to the proper contact in your organization.

Regards,



Sample script for Industry or Expert Contacts:

1. What thoughts do you have about the potential demand for {insert your technology}?
2. What is the current technology applied to this problem? What is the cost?
3. What are some problems with the current technologies?
4. What are some key specifications and characteristics that might help this technology appeal to end-users?
5. What are the costs associated with not using {insert your technology}?
6. How competitive will this technology be in the market?
7. Who are the key competitors of this technology?
8. How often do you purchase this type of technology?
9. What are some potential hurdles to market adoption?
10. Do you see other applications for this technology?
11. Do you have thoughts about how to commercialize this technology?
12. Do you have any additional comments about this technology?
13. Who else would you recommend that I speak with regarding this technology (experts, possible partners, possible customers...)?



Additional Questions for Partner Contacts:

1. Does your company have experience acquiring technologies from the outside? Can you describe an example?
2. How does this technology complement your current product offerings?
3. What criteria will you use to evaluate this technology?
4. What is your preferred deal structure (acquisition, value added reseller, distributor, other)?
5. Who would be the likely champion for this technology (if not you)? What is her name, title, phone, and e-mail?
6. Who is the ultimate decision-maker(s)?