

Summary

Understanding Your Product and Market

Building an effective go-to-market or GTM strategy requires a good understanding of the product and the market in which the product will operate.

Understanding the product not only refers to knowing its features and specifications but also the purpose that the product will serve and how the customers will benefit from it. However, understanding the product alone is not enough. Having a complete understanding of the market and its changing conditions also plays a vital role in determining the success of your product.

What Does Your Product Stand For?

A product is not what your company produces or manufactures, it is the solution to customer needs. And, even after a company develops a solution, conveying this solution to the customers may not be easy.

A product can have various features/specifications, and conveying all of these to your customers may confuse them. Therefore, it is important to determine what your product stands for. To do so, you need to define the following for your product:

1. **Wow factor:** It is the most important value proposition of the product/service that you want your customers to experience. In other words, it is the USP of the product/service.
2. **Pivot of the GTM strategy:** The wow factor serves as the pivot of the GTM strategy. The pivot can belong to the following categories.
 - a. Product/Additional feature
 - b. Service
 - c. Emotions
 - d. Information
3. **Brand promise:** It refers to the commitment made to the customers, which you assure to fulfil. It must be measurable and an honest commitment for the customers to trust and become loyal to your product.

Understanding Your Target Market and Target Audience

A product can succeed in the market by not only solving the needs of the customers but also understanding the market conditions and adapting accordingly.

While it is important to understand the market from a competition perspective, it is even more important to understand the needs of the customers. The core value proposition of your product should be the result of a thorough analysis of both the market and the target customers.

To understand the market, you need to know the following components:

Environmental Analysis	<ul style="list-style-type: none"> a. Helps in understanding the environment in which your product is going to operate b. Helps in estimating any change in the environment c. Helps in getting an idea of your product's future performance
Competitive Analysis	<ul style="list-style-type: none"> a. Helps to understand how competitors can affect your product b. Uses Porter's Five Forces Analysis
Evaluate Competitors	<ul style="list-style-type: none"> a. Helps to understand the strengths and weaknesses of your competitors b. Evaluates whether opportunities lie within a competitive landscape or not

As a product manager, you should also have a clear idea of your product's potential, and you can do so by gauging the market size in which your product operates. Knowing the size and potential of the market you cater to is crucial for identifying the factors that need to be addressed in the process of your product development.

In order to understand the market size, you need to know the following aspects:

Total Available Market (TAM)	Overall population that presents a revenue opportunity for your product
Serviceable Available Market (SAM)	Proportion of the overall population that you can actually reach
Target Market	Users who will actually buy your product

The next important part is user research. The primary idea behind user research is to understand how users feel about your product. Hence, user research helps you to:

1. Understand the benefits that customers will derive from your product
2. Focus on micro trends

Some common user research methods are:

- a. Surveys
- b. User interviews
- c. Contextual inquiry
- d. User feedback

Product-Market Fit

American entrepreneur, Marc Andreessen, defines product-market fit as follows: 'Product-market fit means being in a good market with a product that can satisfy that market'. If you analyse this definition, then it clearly suggests the following two points:

1. The target market of your product should be large enough to provide you with good returns. That is what Marc Andreessen meant by a 'good market'.
2. Your product should meet an underserved need of the customers, which means that the value proposition of your product should be such that customers can easily derive value from it. Also, consumers will be interested in your product only if it offers a unique value proposition. Therefore, differentiating from your competitors is also important.

The primary focus of a product manager should be on identifying the pain points of the target segment and then build onto a product that can address these pain points.

You can evaluate whether your product is a product-market fit if:

1. Customers get the desired value from your product
2. Word-of-mouth increases
3. Customer retention increases
4. Sales start closing early
5. Press coverage of your product increases
6. Collaboration requests start coming

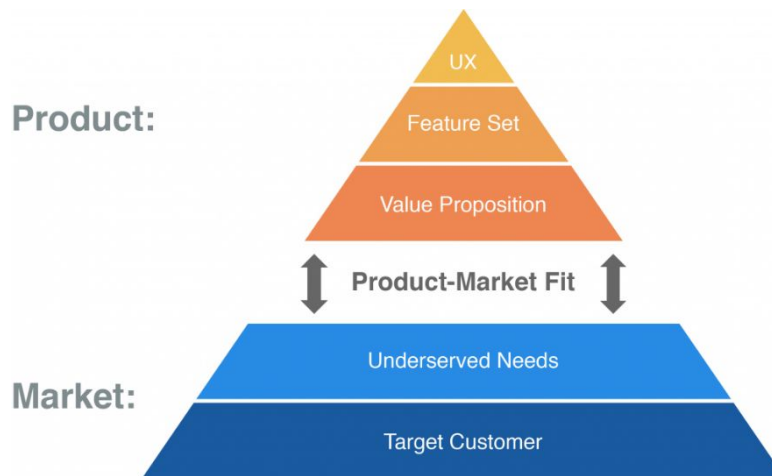
Moreover, achieving product-market fit is not a one-time effort. You have to constantly work on your product to ensure that it satisfies the changing needs of your customers.

Achieving Product-Market Fit

Achieving product-market fit is one of the most important goals for a company. Product-market fit is a key ingredient for the success of any product, and it forms an essential part of your overall GTM strategy.

Dan Olsen, an entrepreneur, author and a lean product expert, has worked to help teams achieve product-market fit. He has come up with a framework called 'the Product-Market Fit Pyramid' (from his book *The Lean Product Playbook*). This framework consists of five key elements that can help a company achieve product-market fit. In this model, each element is a layer of the pyramid, and all the elements are related to each other. Starting from the bottom to the top, the five layers of the pyramid are:

1. Target customer
2. Customer's underserved needs
3. Value proposition
4. Feature set
5. User experience (UX)



Target Customer	<ul style="list-style-type: none"> Identify the target segment for the success of your product Capture the needs of the customers by building personas Ensure that your product meets the core needs of the customers
Underserved Needs	<ul style="list-style-type: none"> Serve the customer needs that are not adequately met Offer something unique that attracts customers Create a significant value for the customers
Value Proposition	<ul style="list-style-type: none"> Well-defined and articulate Capture the most unique offering
Feature Set	<ul style="list-style-type: none"> Finalise the feature set that is in sync with the value proposition of your product List essential services that will be a part of the MVP Create a significant value for your target customers The purpose of an MVP is to iterate the product on customer feedback
User Experience	<ul style="list-style-type: none"> The process of putting in place the final design of your product to bring a set of features to life Good to demonstrate a working prototype Customers get to experience the look and feel of the product

Product Positioning

Product positioning essentially refers to where your product or service would fit in the marketplace according to the customers. It is how your product is perceived and remembered by the target customers. It should be at the centre of your larger GTM plan. Here, the value proposition of your product is to be placed in the context of the marketing landscape.

Why is positioning so important?

It is important to position your product well so as to:

1. Communicate the value proposition of your product
2. Draw attention to your product
3. Create long-term differentiation from competitors
4. Give directions to other product plans

To create a great positioning of your product, you need to:

1. Focus on the preferences of the target segment and align product features with them
2. Highlight the features/specifications of your product
3. Focus on USP to attract customers and gain brand loyalty
4. Conduct a competitor analysis and have an edge over the competition
5. Promote your product through marketing campaigns and include a catchy and creative tagline
6. Devise a positioning statement that describes how your product caters to the needs of your target segment

Constraints Affecting a GTM Strategy

The two major constraints that can affect the GTM strategy for your product are:

1. Budget of the company for the product/service to be launched
 - a. Plan the GTM budget beforehand
 - b. Plan for items that can be removed from your budget if it is impacted in future
 - c. Measure results in terms of revenue to optimise the GTM strategy for the right budget
2. Experience of the company in the market where you want to launch your product/service
 - a. If your company has more experience in the market, then you must have a hold over the market and be able to understand your customers' emotions.
 - b. If your company has less experience in the market, then leverage partnerships to understand your customers.

Despite these constraints, you can still deliver the best product if you plan your GTM strategy well.

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