

SOP for Product Validation using Data Dive Scorecard

Overview

This resource is referenced in the Product Validation section (Section 2) of the Private Label SOP.

Related Tasks: - **2.6:** Review the distribution of keyword search volume and traffic. - **2.7:** Assess product lifecycle and ROI - **2.8:** Evaluate potential savings on packaging and fulfillment costs. - **2.9:** Determine the feasibility of obtaining utility or design patents. - **2.10:** Assess competition based on price, reviews and content quality. - **2.11:** Monitor market trends and seasonality impacts. - **2.12:** Analyze variations and major brand presence.

Product Validation

Course Link: Masterclass: Mastering Product Validation with Data Dive

Product Validation Scorecard: How to use Product Scorecard?

Objective

To provide a step-by-step guide for validating a product's potential for success on Amazon, based on risk assessment using a scorecard.

Procedure

1. Initiate the Product Validation Process

- Open Data Dive Scorecard and start a new session for the product you are evaluating.
- Gather initial product ideas and categorize them.

Example: - Product Ideas: List out potential product concepts (e.g., foldable massage chair, portable tattoo chair, compact travel massage chair). - **Categories:** Group them into categories based on their features or target market (e.g., foldable chairs, portable chairs, travel chairs).

2. Evaluate Traffic Distribution

Traffic Distribution: Assess the number of relevant keywords and their distribution.

- **Bad:** Fewer than three main roots with high search volume.
- **Good:** More than three main roots with high search volume.

Steps: 1. Visit the "Roots" page in Data Dive. 2. Identify relevant roots (e.g., tattoo chair, massage chair). 3. Check the percentage of search volume for each root. 4. Mark roots with three or fewer main keywords as negative.

3. Analyze Competitiveness

Competitiveness: Determine the level of competition for the product.

- **Bad:** Less than two top competitors with high reviews and strong SEO.
- **Good:** At least two top competitors with high reviews and strong SEO.

Steps: 1. Check the master keyword list for competitors' review counts and SEO rankings. 2. Identify the top 10 competitors and assess their strengths. 3. Determine if at least five of the top competitors have strong content and SEO.

4. Assess Profitability Potential

Profitability Potential: Evaluate the cost of goods, selling price, and potential margins.

- **Bad:** High landed cost with low profit margins.
- **Good:** Low landed cost with high profit margins.

Steps: 1. Search for the product on Alibaba (e.g., folding massage chair). 2. Note the range of prices and calculate the average cost. 3. Factor in additional costs like packaging and shipping to get the total landed cost. 4. Compare the landed cost with the potential selling price to determine profitability.

5. Calculate Keywords and Search Volume

Keywords: Identify the number of relevant keywords and their search volume.

- **Bad:** Fewer than 30 relevant keywords with significant search volume.
- **Good:** More than 30 relevant keywords with significant search volume.

Steps: 1. Go to the master keyword list and count the relevant keywords. 2. Exclude brand names and low-relevance keywords. 3. Ensure there are more than 30 relevant keywords with significant search volume.

6. Consider Product Lifecycle

Product Lifecycle: Estimate the longevity and market disruption potential.

- **Bad:** Product likely to be disrupted within 25 months.
- **Good:** Product likely to remain relevant for over 25 months.

Steps: 1. Assess if the product is a staple item (e.g., garlic press) with a long lifecycle. 2. Consider the likelihood of new innovations disrupting the market.

7. Run Market Comparisons

Market Comparisons: Use tools like Intellivly to validate product design and market acceptance.

- **Bad:** Poll results show less than 30% preference for your design.
- **Good:** Poll results show more than 30-40% preference for your design.

Steps: 1. Create a mock-up of your product design. 2. Use PickFu to run a poll comparing your design with three top competitors. 3. Aim for at least 30-40% of the votes to validate your design.

8. Finalize Product Scorecard

Final Evaluation: Complete the Data Dive Scorecard with all gathered data.

- **Bad:** High risk score indicating low viability.
- **Good:** Low risk score indicating high viability.

Steps: 1. Fill in each section of the scorecard: traffic distribution, competitiveness, profitability, keywords, lifecycle, and market comparison. 2. Calculate the final risk score based on the data.

Notes

- Always validate your product against multiple data points to ensure a comprehensive evaluation.
 - Use iterative testing to refine and improve product designs based on feedback and market data.
 - Consider all costs, including hidden ones, to get an accurate profitability assessment.
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Case Study: Validating a Bamboo Shower Curtain Using Data Dive Scorecard

Introduction

In this case study, we'll walk through the steps of validating a product idea using the Data Dive Scorecard. Our product is an eco-friendly bamboo shower curtain with vibrant, fun designs. We'll use the scorecard to evaluate traffic distribution, competitiveness, profitability, and other crucial factors.

Step-by-Step Process

1. Initiate the Product Validation Process

Gather Initial Product Ideas: Our initial product idea is a bamboo shower curtain. We categorized it into eco-friendly home products.

Example: Bamboo shower curtain with animal designs (sloths, turtles, dolphins).

2. Evaluate Traffic Distribution

Traffic Distribution: Assess the number of relevant keywords and their distribution.

- **Bad:** Fewer than three main roots with high search volume.
- **Good:** More than three main roots with high search volume.

Steps: 1. Visit the "Roots" page in Data Dive. 2. Identify relevant roots like "shower curtain," "bamboo shower curtain," and "eco-friendly shower curtain." 3. Check the percentage of search volume for each root. 4. We found several relevant roots with high search volume, so we marked this as good.

3. Analyze Competitiveness

Competitiveness: Determine the level of competition for the product.

- **Bad:** Less than two top competitors with high reviews and strong SEO.
- **Good:** At least two top competitors with high reviews and strong SEO.

Steps: 1. Check the master keyword list for competitors' review counts and SEO rankings. 2. Identify the top 10 competitors and assess their strengths. 3. We found several competitors with high reviews and strong SEO, indicating a competitive market but with room for differentiation.

4. Assess Profitability Potential

Profitability Potential: Evaluate the cost of goods, selling price, and potential margins.

- **Bad:** High landed cost with low profit margins.
- **Good:** Low landed cost with high profit margins.

Steps: 1. Search for the product on Alibaba (e.g., bamboo shower curtain). 2. Note the range of prices and calculate the average cost. 3. Factor in additional costs like packaging and shipping to get the total landed cost. 4. Compare the landed cost with the potential selling price to determine profitability. Our estimated costs were low enough to maintain healthy margins.

5. Calculate Keywords and Search Volume

Keywords: Identify the number of relevant keywords and their search volume.

- **Bad:** Fewer than 30 relevant keywords with significant search volume.
- **Good:** More than 30 relevant keywords with significant search volume.

Steps: 1. Go to the master keyword list and count the relevant keywords. 2. Exclude brand names and low-relevance keywords. 3. We found more than 30 relevant keywords, marking this as good.

6. Consider Product Lifecycle

Product Lifecycle: Estimate the longevity and market disruption potential.

- **Bad:** Product likely to be disrupted within 25 months.
- **Good:** Product likely to remain relevant for over 25 months.

Steps: 1. Assess if the product is a staple item (e.g., bamboo shower curtain) with a long lifecycle. 2. Consider the likelihood of new innovations disrupting the market. Bamboo shower curtains have a long lifecycle, making this a good choice.

7. Run Market Comparisons

Market Comparisons: Use tools like PickFu and IntelliV to validate product design and market acceptance.

- **Bad:** Poll results show less than 30% preference for your design.
- **Good:** Poll results show more than 30-40% preference for your design.

Steps: 1. Create a mock-up of your product design. 2. Use PickFu to run a poll comparing your design with three top competitors. 3. Aim for at least 30-40% of the votes to validate your design. 4. Our design received positive feedback, validating our concept.

8. Finalize Product Scorecard

Final Evaluation: Complete the Data Dive Scorecard with all gathered data.

- **Bad:** High risk score indicating low viability.
- **Good:** Low risk score indicating high viability.

Steps:

1. Fill in each section of the scorecard: traffic distribution, competitiveness, profitability, keywords, lifecycle, and market comparison.
2. Calculate the final risk score based on the data. Our product had a low risk score, indicating high viability. ### Conclusion Using the Data Dive Scorecard, we validated our bamboo shower curtain idea, finding it to be a viable and profitable product. The comprehensive analysis helped us understand market demand, competition, profitability, and potential customer objections, ensuring we are well-prepared for a successful product launch.