

2.11 Value Proposition Test

Pre-Sales



In Brief

Pre-sales involves accepting payment in exchange for a promise to deliver the value proposition at a later date. Usually, the value proposition is the product or service itself. This is a highly committed form of smoke testing because it requires actually collecting money from the customer and usually carries a very strong implicit (if not legal) promise to deliver the product or service at a later date. Pre-sales are also known as pre-orders, vaporware, or vaporgoods.

Does the prospect know our product does not yet exist? If not, the pre-sales campaign can be considered a true smoke test and will have different dynamics and results than if the prospect is aware of this fact.

Most crowdfunding campaigns are in fact pre-sales campaigns. Pre-sales campaigns can also rely on online platforms built from scratch, or on platforms like Celery.

The MVP for the pre-sales campaign can include a description of the value proposition, product renderings, mock-ups, simulations, a promotional video, customer testimonials, and so on.

Helps Answer

Is the customer actually willing to pay money for the value proposition?

Tags

- Quantitative validation
- Benchmarking
- Positioning
- Value proposition

- Audience selection strategy
- Investor attraction

Description

Time Commitment and Resources

One week to 90 days. Most successful crowdfunding pre-sales campaigns involve 30 days of pre-promotion and a 40-day campaign duration (70 days total).

How to

- Create your MVP (renderings or simulations, promotional media, pricing, testimonials, etc.)
- Establish your pre-sales ecommerce platform.
- Promote and launch your campaign.
- Measure results (conversions and total orders).

Interpreting Results

Eric Reis: ““If you’re worried about disappointing some potential customers – don’t be. Most of the time, the experiments you run will have a zero percent conversion rate – meaning no customers were harmed during the making of this experiment.

And if you do get a handful of people taking you up on the offer, you’ll be able to send them a nice personal apology.

And if you get tons of people trying to take you up on your offer – congratulations. You probably have a business.

Hopefully that will take some of the sting out of the fact that you had to engage in a little trickery.”

Potential Biases

- Confirmation bias: Make sure your pre-sales success extends beyond your friends and family.
- False negative: You might be targeting your smoke test with an invalid target audience.

Field Tips

- Got a tip? Add a tweetable quote by emailing us: realbook@kromatic.com

Case Studies

- [Soma water filters used Kickstarter to raise \\$100k in nine days](#)
- [Coin, an electronic credit card, reached its pre-order goal in 40 minutes](#)
- [ElasticSales and Close.io were charging for their products before the company existed](#)
- [TechCrunch: Jolla Closes Pre-Sales Campaign For Its First Phone](#)
- Got a case study? Add a link by emailing us: realbook@kromatic.com

Tools

- [Celery: Pre-sales platform](#)
- [Indiegogo](#)
- [Kickstarter](#)
- Got a tool to recommend? Add a link by emailing us: realbook@kromatic.com

References

- [Kickstarter Prohibits Product Simulations and Photorealistic Product Renderings](#)
- [Conversion XL: How to Use Smoke Tests to Validate Your Product or Feature Ideas](#)
- [Harvard Business Review: Sell Your Product Before It Exists](#)
- Got a reference? Add a link by emailing us: realbook@kromatic.com