Finding the Right Job for your Product

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The way that companies choose to define market segments influences which products they develop, drives the features incorporated in those products, and shapes how they take them to market. Segmentation schemes define who is framed as competitors; and how large specific market opportunities are believed to be. Most marketers segment their markets along lines defined by the characteristics of their products or customers. *Indeed that is what the market looks like when you're inside the company, looking out on the market*. Many for example, segment their markets by product category or price point. Is this the best way to frame the market's structure? Or is it better to profile markets by demographic attributes like age, gender, marital status and income level? Should business-to-business (B2B) firms use corporate demographics like industry vertical to slice their markets, or is segmentation by small, medium and large businesses better? Will any of these segmentation schemes provide better guidance than others to those who must innovate successfully? Or will they misguide? The market segmentation scheme that companies adopt is a decision of vast consequence. Yet many managers give little thought to whether their segments-in-use are leading their marketing efforts in the right direction or the wrong.

A problem with segmentation schemes such as those listed above is that they are static. Customers' buying behaviors change far more often than their demographics, psychographics, or attitudes do. The 18-34 age demographic that is often used in consumer marketing, for example, lasts 17 years. Education level is generally fixed by age 30. An individual's income might vary more often, but is generally stable for years. Demographic data cannot explain why a man takes a date to a movie on one night, but orders in pizza to watch a DVD from Netflix the next.

The reason why it often seems difficult to explain whether a customer within a given demographic category will buy a new product from within any given product category is that from the *customers'* perspective the market is *not* structured by product and customer characteristics. Customers don't conform their purchase decisions to fit those of the "average" customer in their demographic. Nor do they confine the search for solutions within a product category. Rather, they just find themselves needing to get things done. When customers find that they need to get a job done, they hire products or services to do the job. Marketers who seek to develop products and services that connect with their customers need to see the world through the eyes of those customers. This means that they need to understand the jobs that arise in customers' lives, for which their products might be hired. In other words, the job, and not the customer or the product, should be the fundamental unit of market segmentation and analysis.

Most of the "home runs" of marketing history were hit by marketers who sensed the fundamental *job* that customers were trying to get done – and then found a way to help more people get it done more effectively, conveniently and affordably. The strike-outs of marketing history, in contrast, generally have been the result of developing products with better features and functions than other products in the same category, or of attempting to decipher what the average customer in a demographic wants.

This paper has three purposes. The first is to describe the benefits that executives can reap when they segment their markets by job. Second, it describes the methods that those involved in marketing and

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new product development can use to identify the job-based structure of a market. Finally, it shows how the details of business plans become coherent when innovators understand the job to be done.

Segmenting by the Jobs to Be Done

A job is the fundamental problem a customer needs to resolve in a given situation. To illustrate what a job is and how much clearer the path to successful innovation can be when marketers segment by job, we'll offer illustrations from the fast food and automobile industries, where companies historically have segmented their markets along the traditional boundaries of product and customer categories, but would greatly benefit from segmenting by job.

Hiring Milkshakes

A fast-food restaurant some time ago resolved to improve sales of its milkshake.[1] Its marketers first defined the market segment by product – milkshakes – and then segmented it further by profiling the customer most likely to buy milkshakes. Next they invited people who fit this profile to evaluate whether making the shakes thicker, chocolatier, cheaper, or chunkier would satisfy them better. The panelists gave clear feedback, but the consequent improvements to the product had no impact on sales.

A new researcher then spent a long day in a restaurant to understand the jobs that customers were trying to get done when they "hired" a milkshake. He chronicled when each milkshake was bought, what other products the customers purchased, whether they were alone or with a group, whether they consumed it on the premises or drove off with it. He was surprised to find that 40% of all milkshakes were purchased in the early morning. These early-morning customers almost always were alone; they did not buy anything else; and they consumed the milkshake in their cars.

The researcher then returned to interview the morning customers as they left the restaurant, milkshake in hand, and essentially asked (in language that they would understand), "Excuse me, but could you please tell me what job you were needing to get done for yourself when you came here to hire that milkshake?" As they'd struggle to answer, he'd help them by asking, "Think about a recent time when you were in the same situation, needing to get the same job done, but you didn't come here to hire a milkshake. What did you hire?" Most of them, it turned out, bought it to do a similar job: They faced a long, boring commute and needed something to keep that extra hand busy and to make the commute more interesting. They weren't yet hungry, but knew that they'd be hungry by 10:00 am; they wanted to consume something now that would stave off hunger until noon. And they faced constraints: They were in a hurry, they were wearing work clothes, and they had (at most) one free hand.

In response to the researcher's query about what other products they hired to do this job, the customers realized that sometimes they bought bagels to do the job. But they were dry. Bagels with cream cheese or jam resulted in sticky fingers and gooey steering wheels. Sometimes these commuters bought a banana, but it didn't last long enough to solve the boring-commute problem. Donuts didn't carry people past the 10:00 a.m. hunger attack. The milkshake, it turned out, did the job better than any of these competitors. It took people 20 minutes to suck the viscous milkshake through the thin straw, addressing the boring commute problem. It could be eaten cleanly with one hand. And though they had no idea what the milkshake's ingredients were, they did know that at 10:00 a.m. on days when they had hired a milkshake, they didn't feel hungry. It didn't matter that it wasn't a healthy food, because becoming healthy wasn't the job they were hiring the milkshake to do.

Researchers observed that, at other times of the day, parents often bought milkshakes, in addition to a complete meal, for their children. What job were the parents trying to do? They were exhausted from repeatedly having to say "No" to their kids. They hired milkshakes as an innocuous way to placate their children and feel like loving parents. The researchers observed that the milkshakes didn't do this job very well, though. They saw parents waiting impatiently after they had finished their own meal while their children struggled to suck the thick milkshake up through the thin straw.

Customers were hiring milkshakes for two very different jobs. But when marketers had asked a busy father who needs a time-consuming milkshake in the morning (and something very different later in the day) what attributes of the milkshake they should improve upon, and when his response was averaged with those of others in the same demographic segment, it led to a one-size-fits-none product.

Once they understood the *jobs* that the customers were trying to do, however, it became very clear which attributes of the milkshake would do the job even better, and which improvements were irrelevant. How could they better tackle the boring commute job? Make the shake even thicker, so it would last longer. And swirl in tiny chunks of fruit so that the drivers would occasionally suck chunks into their mouths, adding a dimension of unpredictability and anticipation to their monotonous morning routine. Just as important, they could move the dispensing machine in front of the counter and sell customers a prepaid swipe card so that they could dash in, gas up and go, without getting stuck in the drive-through lane. Addressing the other job-to-be-done would entail a very different product, of course.

Understanding the job, and improving the product on dimensions of the experience so that it does the job better, would cause the company's milkshakes to gain share against the *real* competition – not just competing chains' milkshakes, but donuts, bagels, bananas, and boredom. This would grow the category, which brings us to an important point: Job-defined markets are generally much larger than product category-defined markets. Marketers who are stuck in the mental trap that equates market size with product categories don't understand who they are competing against, from the customer's point of view.

Cars? Or Offices on Wheels?

Our second illustration is drawn from the automobile industry. Automakers and their market analysts segment their markets into product categories such as sub-compacts, compacts, mid-size and full-size sedans; SUVs and minivans; light vs. full-size trucks; sports cars and luxury cars. They segment their customers along extraordinarily sophisticated demographic and psychographic dimensions as well. Have these practices served the automakers well? Their failure is glaring. In all but the priciest luxury segments, differentiation that merits a premium price seems impossible to achieve. Indeed, slashing prices seems to be the only sure-fire way to sell all the cars the auto makers produce.[2] Why?

These segmentation schemes don't reflect the way that customers experience life when buying and driving a car – the jobs that they hire a car to do. Millions, for example, hire a car primarily to be a mobile office. They are sales or service people who must work out of their car. When these people realize that they need to hire a car for this purpose, what model pops into their minds as having been designed to do this job? An Avalon, Accord, Accent, Astra or Altima? Bonneville or Blazer? Camry, Cavalier or Corolla? Most models sell fewer than 100,000 units per year, and their makers struggle to sustain premium pricing for any of the features that add cost to their cars. And yet no company has designed a car that is optimized to do the mobile office job that these millions of people need to do. These customers must test-drive car after car, and then buy one that doesn't do the job well. While they resist premium prices for features that are irrelevant to this job, they put up with all kinds of inconvenient compromises and work-arounds as they try to make phone calls, enter data, answer emails, file papers, enter or check the status of orders, find sales literature, use the Internet, keep their computer's battery charged, and eat lunch.

If the *job* were the unit of analysis for a carmaker, it's easy to see how they could differentiate a family of products in ways that mattered for those who hire a car to be their mobile office. Electrical outlets, wireless access to the corporate CRM database, a hands-free phone, a big-screen Blackberry, docking stations, fold-out desks and organizing systems all could differentiate the car on dimensions that would mean something to customers who need to get this job done.[3]

The Job of Differentiation

One of the most powerful benefits of segmenting markets by job, and then creating products or services to do a job perfectly, is that it helps companies escape the traditional "positioning paradigm" in which so many are trapped. The positioning paradigm posits that products in most markets can be mapped on a couple of axes, along which competitors have sought to differentiate themselves. In furniture retailing, for example, breadth of selection might be the metric on one axis, and quality of furniture might be measured on the other. The relative position of various automakers' products can be similarly mapped. One axis might be product category (compact, mid-size, SUV, etc.), while the other might map the degree of luxuriousness in interior features and décor. Differentiation-conscious marketers within the conventional positioning paradigm search for a vacant spot on such maps into which they can position new products.

The problem with the positioning paradigm is that even when marketers find open spaces into which unique products can be slotted, customers often don't value the differentiation, and competitors find it easy to copy. The starting point on such maps of differentiation typically is occupied by products that have only the basic functions that customers need. Disruptive companies in that minimalist position then move "up-market" in pursuit of profit, copying features and functions of competitors' higher-priced products. When this happens, features that once defined a differentiated, augmented product become expected in all products – forcing differentiation-seeking marketers to offer even more. When these augmenting features become copied by disruptors and expected in all products, it forces marketers to search for yet more "unique" features with which to augment their offering; and so on.[4] A punishing fact of life on this treadmill is that when once-unique features of an augmented product become commonly expected, companies are saddled with the costs of providing those features, but cannot sustain premium pricing for offering them. The root reason for this entrapment is the pervasive practice of positioning products in categories that are defined by the properties of products – so that "better" is achieved by copying features and stretching functionality.

When a company begins to view market structure by job, however, it can break away from the traditional treadmill of positioning, and differentiate itself on dimensions of performance that are salient to jobs that customers are needing to get done. This differentiation seems to stick much longer. We'll illustrate this in furniture retailing, where most companies have been trapped in the traditional positioning paradigm – whose axes variously measure breadth of selection, style, and quality/price. Without our having researched it deeply, it seems to us that there are at least two fundamentally different jobs out there. One arises in the lives of people who have graduated from their starter home, and now need to equip their longer-term residence with furniture that they'll keep for the rest of their lives. Retailers that customers hire to do this job indeed must offer broad selection and enduring style and quality. Their customers are quite willing to wait the 2-3 months often required for delivery of such furniture. Ikea has positioned itself on a very different job to be done: "I actually don't need furniture that will last a lifetime. But I need clean, affordable furniture right now so I can stop sitting, eating and sleeping on the floor of this apartment." Ikea's focus on this job defines the features that it needs to offer – which are very different than the features of a store that seeks to be hired for the former job. To do this one well, Ikea's in-stock, take-it-home-and-assemble-it-yourself kits are actually *valued* features, not inadequacies that are tolerated in order to get discount pricing. Similarly, to people who have almost no furnishings, racks of kitchen utensils, other home decorations, and in-store child care to assist young parents, are features that need to be offered in order to do this job well. For people in this situation, the Ikea experience is delightfully differentiating – in contrast with a visit to a retailer that is trapped in the traditional positioning paradigm, attempting to appeal to a lower-income "demographic" by selling lower-quality furniture.[5]

One can just imagine the meaningful differentiation that an auto manufacturer could achieve if it broke from the industry's conventional positioning paradigm, and instead organized its customers' experiences in buying, using and maintaining cars around different jobs to be done.

The need to *feel* a certain way – to feel macho, sassy, pampered or prestigious – is a job that arises in many of our lives on occasion. When we find ourselves needing to do one of these jobs we can hire a branded product whose purpose is to provide such experiences. Gucci, Louis Vuitton, and Virgin-branded products were designed to do those jobs – which we might call aspirational jobs. In some aspirational situations it is the brand itself, more than the functional dimensions of the product, that does the job.

The Real Competition: Other Job Candidates that Might Be Hired Instead

As our colleague did in his milkshake research, we have found that we can understand jobs such as those above more deeply if we ask customers who have just hired a product, "Recall the last time you were in this situation, needing to get this job done, but didn't come here to hire this product. What did you hire?" The answer to this question adds crucial richness to our understanding of the job, and helps us understand what products compete for that job in the mind of the customer. While most marketers view their competitors as those who make the same category of products, this is generally only a small subset of the "Job Candidates" that customers consider hiring.

Consider, for example, a job that arises millions of times on morning subway trains and busses. Crowded commuters want to pass the time productively. A free, single-section, easily-folded newspaper called *Metro* has been positioned on this job, and is read daily by tens of millions of people. It does not simply compete against the major metropolitan dailies. It competes against conversation with strangers, paperback novels, Apple iPods, mobile phones, Blackberries and boredom.

What competes against automakers to be hired for the "my-car-is-my-office" job? It's not just other car makers. These inadequate cars compete against Starbucks, and against companies that help people be productive when they're not in home or company workspaces – Franklin Covey (planners, organizers), RIM (Blackberry e-mail), and mobile phone service providers. All of these companies sell products into this "job" space. Even while the auto makers struggle to sustain premium prices for the feature-laden cars they introduce every year, customers whose their car is their primary office evidence a remarkable willingness to pay very high prices for these services that car makers aren't offering, just to help them get this job done.

Because segmenting by job clarifies who the other job candidates really are, it helps marketers to compare the strengths and weaknesses of each of the products that compete in the customer's mind for the job – and to stack them up against the attributes and experiences in purchase and use that would be required to do the job perfectly. Marketers who segment by product and customer category just can't see as clearly the competition that comes from outside their product category – they don't know whether their products perform better or worse than those of the salient competitors. Can you imagine being asked to design products that are better than those the competitors are making, without knowing who the competitors are or what product features and functions the customer will value? Yet these are precisely the shackles that conventional segmentation practices impose on innovators.

Doing the Job of Finding the Job

How can marketers figure out the jobs-to-be-done segmentation scheme in their markets? The jobs that customers are trying to get done cannot be deciphered from purchased databases in the comfort of marketers' offices. It requires watching, participating, writing and thinking. It entails knowing where to look, what to look for, how to look for it, and how to interpret what you find.

Where to Look

We suggest a hierarchy of places where researchers who are seeking opportunities to generate new growth might look for jobs that customers need to do. The first step in the hierarchy is the current customer base. Peter Drucker got it right: "The customer rarely buys what the business thinks it sells him."[6] Companies almost always find that their customers are using their product for different jobs than the company had envisioned. Often they learn that their product does one of these quite well, but they see customers force-fitting it for other jobs, putting up with its inefficiencies because it's the only thing they can hire. Such situations are opportunities to modify the product and its marketing mix, so that it can compete more effectively and gain share against job candidates in other product categories.

Customers who *could* be your customers, but are instead buying competing products in your category, comprise the second step in the hierarchy. Often this occurs not just when your products have an inferior set of features and functions, but because competitors' products are being hired to do a different job. Subtle differences that seem inconsequential when comparing products within a category can be very important when the job is the unit of analysis.

The third tier in the hierarchy of growth opportunities is exploring disruption. Are there people who would presumably benefit from your solution, but can't yet do it because they can't afford your product, or don't have the skill to use it? These are classic opportunities for new market disruptions. Disruptions take off when "non-consumers" are trying to get the job done, and simply are constrained from good solutions by the complexity and cost of existing products.

When the Customer Is a Business Organization

When the entity that will use your product or service is an organization, the job your customers need to get done is generally obvious: they need to make money. "The business of business is, after all, business."[7] Hill-Rom Industries grew its share of the hospital bed market from 30% in 1975 to 90% by 1990 and doubled the frequency with which hospitals replaced beds with new ones by exploiting this insight: They wanted to understand more astutely than their customers what drove their customers' profitability. How did they gather information that led to these insights? Like most companies, Hill-Rom employees made contact with customer employees at many levels. Its senior executives visited with the senior hospital administrators. Hill-Rom deployed its market researchers to work as orderlies on hospital wards. Salespeople called on purchasing people; service technicians interacted with hospitals' maintenance staffs; and employees in the financial departments of each company interacted over how and when to pay for their purchases of beds. Unlike most companies, however, Hill-Rom convened regular meetings of all employees that had contact with specific customers' employees in order to piece together an insightful view of the levers the company could affect that would improve its customers' profitability.

A key insight from these meetings was that nurses, who account for a significant share of hospitals' operating costs and whose interactions with patients strongly influenced perceptions of the quality of care, were spending inordinate time on tasks unrelated to nursing – picking up things from the floor that patients had dropped and solving television problems, for example. By adding features and functions to their beds that obviated many non-nursing tasks, Hill-Rom differentiated its beds in ways that helped hospitals make more money. Hospitals readily paid premium prices to get those improvements.

These insights did not come from segmenting markets by small, medium and large hospitals. They came from understanding the job – the levers that drive hospitals' profitability.[8]

Selling a product into an organization that helps it make more money in the way it is structured to make money is a great way to justify premium pricing. This often isn't as easy as it seems, however, because most employees in customer companies have a limited, local understanding, rather than a company-wide perspective, about how money is made. As Hill-Rom discovered, developing a multi-dimensional perspective on corporate customers' profit engine pays off. A question to a person involved in a B-to-B purchasing process as simple as, "How did you decide that you were paying an acceptable price for this purchase?" can yield useful insight about the levers that drive the customer's profit engine.

When the Customer Is an Individual

Understanding the jobs-based structure of markets where the user is an individual entails different techniques than when the customer is an organization. Marketers seeking to understand the jobs-based structure of individual customer markets essentially must act like investigative reporters who have a set of tools at their disposal – including surveys, interviews, observations, participation and experimentation. The research methods that work best depend upon their position along a spectrum, whose left-most extreme comprises situations where the job is "knowable," such as the vignette about milkshakes and the mobile office job for automobiles noted above – where commonly available products are being employed every day, and yet suppliers haven't deciphered what customers are really hiring their products to do. At the other extreme are ill-defined situations where neither the company nor the customer can articulate the job to be done. No product has ever been available to do the job, and customers have become so accustomed to compromising, working around the problem, or altogether going without, that they aren't even aware of the basic job that needs doing.

<u>Interviews and Surveys</u>

When the job is knowable, researchers actually can use relatively conventional market research tools such as customer interviews and surveys. While skillful use of these tools is important, even more crucial is defining the unit of analysis to which the tools should be applied. The objective always is to understand the *situation*, not the customer. This is a critical distinction. Some marketers with whom we've discussed this concept have asked, "How does your notion differ from 'needs-based' segmentation?" The difference is the unit of analysis. The search to learn customers' needs, in our experience, often gravitates towards understanding what the customer needs. The problem then becomes that the same customer finds herself needing different things, at different times. In contrast, the situation, or the job, is a simpler, more stable point of focus because it exists independently – disembodied, as it were – from the customer. While there may be a *correlation* between customers with particular characteristics and the propensity to purchase particular products, it is the *job* that *causes* the purchase to occur.

The reason it is so important to understand the situation that precipitated purchase is that this yields insight not just into the functional dimensions of the job to be done, but the emotional factors as well: fear, fatigue or frustration; anxiety or anger; panic, pride or pain; and so on. Products don't engender emotions. Situations do. Hence, to provide the complete set of functional, emotional and social experiences in purchase and use that will sum up to nailing the job perfectly, the situation – rather than the customer – must be the fundamental unit of marketing analysis.

<u>Observation</u>

In the center of the spectrum are instances where customers have been needing to get jobs done, but there just hasn't been a product or service designed to do the job yet. In such instances customers engage in compensating behaviors to "make do" with what's available. Marketers can sometimes identify these compensating behaviors simply by observing the consumer in context. Such observation is particularly critical when a new technology is developed, often for a purpose in another industry, and marketers are searching for opportunities to import it into other jobs. Sony's legendary founder, Akio Morita, was in such a situation. The transistor had been developed by Bell Laboratories for telecommunications. Where else could it be used? Morita had a policy never to rely on quantitative market data to guide new product development as he led the company between 1950 and 1980 – because data doesn't exist for new applications of a technology. Instead, he and his associates just watched what people were trying to get done, and tried to imagine how applying the company's electronics miniaturization technology could make it easier and more affordable for more customers to do those jobs. Morita's success rate for new products was much higher than the 25% success rate for products whose launch is guided by more quantitatively sophisticated market research methods.[9]

Empathic Observation of Compensating Behaviors

When the situation is particularly murky, marketers will need to participate in that context themselves, in order to peel away the compensating behaviors and work-arounds that mask the underlying job needing to be done. We term this work "empathic discovery."[10] Hill-Rom used this technique to understand how the work of individual nurses affected hospital economics, as its market researchers worked as hospital orderlies. This method enabled Procter & Gamble marketers to see that using a dustpan was compensating behavior – leading to the development of its Swiffer floor cleaning system.

Sometimes compensating behaviors with a job lurking beneath them quite literally knock on the door, enshrouded within an idea for a new product or service. These ideas bubble in from salespeople, spouses, engineers, customers and competitors. The executives who must select which ideas merit full development typically reject those whose disguise seems uninspiring. Often, however, the solution needs to be peeled away to reveal the unarticulated job that the inventor had seen needing a better solution.

As an example, an inventor approached the Big Idea Group (BIG), a developer of new products, with a card game he had created. BIG CEO Mike Collins sensed from his experience that the game wouldn't sell. Instead of sending the inventor away, however, he asked, "What caused you to develop this game?"

The inventor had a ready answer. "I have three young children and a demanding job. By the time I get home from work and we finish dinner, it's 8:00 and the kids need to go to bed – but I want to have a fun experience with them. What am I going to do? Set up Monopoly or Risk? I need some fun games that we can set up, play, and put away in 15 minutes. There just isn't a game designed to do this."

Bingo. While his solution to the job was mediocre, the valuable insight was the job itself – something that arises in the lives of millions of busy parents every evening. It was then a straightforward job for a team of experienced game developers to work with this man to create a very successful line of "Twelve-Minute Games" that are now sold nationwide. Marketers who frame their role as searching for good product ideas generally are not nearly as productive as those who are searching for jobs.

The intuition that comes from living with the problem is a key reason why many of the most successful software products are developed by people who had been on the "user end," living with or working around the inadequacies of prior products. It is the organizing concept behind MIT Professor Eric von Hippel's highly successful "lead user" methodology.[11]

Co-Evolution

In some situations marketers and engineers have a sense that a new technology has the potential to unleash new applications – to do jobs that customers aren't doing now, and cannot articulate that they might want to do if technology were to make it possible. In these situations the company and its customers must discover the product and the job together. This requires that the company get into the market quickly with a very flexible product, and discover with customers value-adding ways to use it.

General Motors' highly successful OnStar service was in this situation in the late 1990s, when the emerging technology of "telematics" conceivably could give drivers maps to their destinations; tell them of shops in the area that sold products they might want to buy; help police find their vehicles in case of theft or accident; enable hands-free telephone calling; collect and interpret data on engine wear; and on and on. While competing auto makers have been paralyzed by their inability to know the answers to these questions about potential applications, GM got into the market quickly with a flexible, configurable product platform and minimal fixed cost. OnStar's marketers then watched carefully to understand the circumstances their customers were in when they signed up for the service, and those they were in when they used the service. After a couple of years of co-evolution the job had become clear: "I want peace of mind that if something unfortunate happens, my loved ones and I will be taken care of." OnStar is now a highly profitable, rapidly growing, differentiated service that GM provides to millions of its customers.

In many ways, co-evolution is as much an *innovation process* as it is a research method. It creates its own data. When it is undertaken, interviews, observation and empathic participation all can be used to figure out the job.

Synthesizing Insights

At this point, we recommend that the record from each customer interaction – whose form might range from hand-written notes to audio and video recordings – be distilled into a "situation case" that describes the situation the customer found him or herself in when the product was hired or used.[12] Situation cases generally should start where the customers signaled that they had a job-to-be-done by starting and pursuing a purchase process. The purchasing process always takes money, time and effort. And it entails risks – of not being able to find what we want, or disappointment when what we buy doesn't perform. In organizational settings, a poor purchase can lead to embarrassment or even dismissal. We incur these costs and risks only when we have important jobs to be done. Codifying and analyzing the stories behind purchases can provide deep insights into the events, thoughts, and experiences that lead real people to spend real money on real products to deal with real circumstances in their lives. The resulting case studies – usually one to four pages – are vivid pictures of jobs-to-be-done and the situations that generate them.

A situation case begins with a description of the situation – the chronological trail of events, experiences and thought processes that led to the purchase decision. It explores whether and how other individuals might have participated in that trail. Good situation case researchers work like investigative reporters or detectives tracking down the whole story behind the specific events of purchase and use. They build their cases through a combination of the methods summarized above. As they pursue the complete stories behind purchases, case researchers often uncover unexpected situations in many parts of the process: what triggered the purchase process, what factors influenced its course, and what affected when and how the product was used after purchase.

Generally, about 25 situation cases comprise critical mass. These can then be sorted into piles within which the situation described is similar. In our experience, this sorting generally results in one huge glaring pile; two or three other piles with a several cases in them; and a few loners. After re-reading each of the cases in a pile, the researcher should synthesize the information onto a summary sheet with five paragraphs. The first paragraph should summarize the job or ultimate result that these customers were trying to get done when they hired the product. It also states how frequently the job seems to arise in the lives of the customers who were observed or interviewed. The second paragraph describes the "hiring criteria" that were used when a product was hired to do the job represented by the notes or cases in that pile: If this is the job that this set of customers was trying to get done, what were the experiences in purchasing and using the product that constituted the basis for hiring one product over another? What were the features, functions and attributes of the product or service that were critical to delivering those experiences?

When these have been defined, the researcher writes the third paragraph by reviewing the information in the pile again to understand the "job candidates" – the other products that were considered to be hired to do the job. This defines your real competition, in the customer's mind. Often this paragraph is best constructed as a table, with the job candidates listed in the left-most column. The hiring criteria, or the required experiences in purchase and use, are arrayed across the tops of the remaining columns. The researcher then begins to fill in how well each competing product provides those experiences.

This leads to a listing of "help wanted" signs in the fourth paragraph – an assessment of the deficiencies and constraints that future innovations need to alleviate in order to grow the market. This not only provides the agenda for your future new product development projects, but gives a sense for whether competitors can more readily eliminate those constraints than you can. If there are glaring "help-wanted" signs, meaning that there is a significant gap between what is needed in a significant experience in purchase and use, compared to the features and functions offered by competing job candidates, it signals a significant opportunity. If there aren't significant help-wanted signs, it's a signal that's a real job-to-be-done, existing candidates are addressing it well.

Purchased databases and customer questionnaires can be used to segment markets by product and customer characteristics, and to define new products with better attributes than existing ones. But they cannot yield differentiating insight about the job-based structure of a market. This understanding can only emerge from techniques like those described above.

Configuring the Marketing Mix and Business Plan

Professor Amar Bhide once surveyed about 400 graduates of the Harvard Business School who had started companies.[13] About half of their ventures had failed. Of the half that succeeded, Bhide asked, "Could you contrast the strategy you're now following that led to your success, with the strategy you intended to follow when you started the company?" Ninety-three percent of those who had succeeded reported that the strategy that led to their success was largely different from what they had originally set out to do. The difference between those who failed and those who succeeded wasn't that the successful entrepreneurs got it right the first time. Rather, they had money left over, after they got it wrong, to adjust direction and try again. Bhide's results have been confirmed again and again: Most successful new ventures *iterate towards* or *converge upon* a viable strategy. It is rare to get it all right at the outset.

In a similar vein, about 75% of all new products and services that established companies introduce into their markets fail to reach viable, profitable scale and are withdrawn.[14] In many of these instances, the managers killed underachieving products without ever understanding what their real job potential was. If they had written situation case studies, we suspect that many of them would have learned that while the product-in-crisis wasn't valued in ways that originally had been forecast, it was being hired for unintended jobs – some of which might be unforeseen opportunities for success.

Although our research on this issue is still in process, it appears that the precipitating event that allows the winning strategy of an emerging company to coalesce is the clarification of a job that customers are needing to get done, for which its product is being hired. It is only when the job is clear that the business model and the products and services required to do it perfectly, become clear. Then and only then does the company "take off."[15]

When a job has been understood, the business planning process should begin with the question: Now that I understand this job, what functional, emotional and social experiences do we need to provide in purchase, use, and after-sale follow-through – experiences that will sum up to nailing the job perfectly? Promotion, Product, Price, and Place – the "Four Ps" of marketing – offer a useful way to structure the business plan to ensure success. Forensic analyses of new product failures often convict marketers for having cobbled these four factors together in inconsistent ways. As the examples below illustrate, understanding the job and the real competitors makes it much easier to get the Four Ps right.

Promotion: Communicating to Those Who Need to Do the Job

When marketers develop a product that does a job well it unlocks the potential to create a purpose brand. The purpose brand plays a crucial role in the steps through which customers pass when deciding to hire a product. The initial step occurs when customers realize that they need to get a job done. Second they ask, "What can I hire to do this job?" In the third step, a brand of a product that was designed to do that job needs to pop into the customer's mind. If a company indeed has created a product to do that job and has given it a brand that is uniquely associated with that job, then when customers use it, they find that it does the job well, and learn to trust that brand for that purpose. Then they talk about it.

We call a brand that plays this role a *purpose brand*, because it links customers' realization that they need to do a job, with a product that was designed to do it. This is how strong brands are built. During the early years after a product's launch, when volumes are small, word-of-mouth advertising is far more cost-effective than media advertising. Positive word-of-mouth advertising can only be achieved after customers have used a product that did the job well. A very long list of powerful brands, including FedEx, Starbucks, Google, Blackberry, Craig's List, QuickBooks, TurboTax and OnStar were built in just this way, with minimal advertising at the outset. Because each is associated with a clear purpose, these brands pop into customers' minds when they need to do the jobs that these products and services were optimized to do. Our ongoing research into the history of today's valuable brands suggests that almost all of them took root as a purpose brand.[16]

If no company has positioned and branded a product on a job to be done, in contrast, then customers must experiment with various products, hoping to find one that will do it. When they use a product that doesn't do the job well they learn to distrust its brand.

In many ways, a clear purpose brand acts as a two-sided compass. On one side, it guides customers to the right products. The other side guides the company's product designers, marketers, and advertisers, giving them a sense of "true north" as they develop and market new and improved versions of their products. A good purpose brand clarifies which features and functions are relevant to the job, and which "improvements" will prove irrelevant. The price premium that the brand commands is the wage that customers are willing to pay the brand for providing this guidance on both sides of the compass.

Without a specific purpose for their product, companies tend to attach brands to their products that have no intrinsic meaning, such as this sampling of car model names: Avalon, Accord, Accent, Astra, Altima, Bonneville, Blazer, Camry, Cavalier, Corolla, Century, Civic, and on and on. Marketing executives must then attempt brand-building through expensive advertising. The high fixed cost of building new brands through advertising deters many companies from attempts to build new brands at all

– they acquire and consolidate brands instead. Managers ensnare themselves in this trap because of the way they have been taught to segment markets.

Positioning products to do specific jobs also helps companies target their advertising more efficiently, "I know that 50% of my advertising is wasted. I just don't know which half," retail guru John Wanamaker famously quipped in 1886. Consider how a chain of scuba diving shops solved Wanamaker's problem. It had marketed its diving classes and products to a "demographic" – primarily people who subscribed to scuba diving magazines, and who lived in zip codes near their stores. It struggled to succeed. The company then decided to find out what situations its customers had found themselves in when they decided to "hire" its scuba classes. Many of its students, they discovered, were couples who said, "We're engaged and planning a honeymoon. We want to do something that neither of us has done before." Realizing the job that these customers had hired the class to help them do, management switched its advertising target from "local scuba magazine readers" to "engaged couples planning wedding trips." They bought local mailing lists from *Bride* instead of *Dive* magazine, and advertised flexible class schedules to accommodate busy working couples. The "engaged" marital status isn't captured in demographic data because it's a temporary situation. But once the managers understood this job, they readily found media that were much better targeted to those who had that job to do.

Interestingly, once they asked the question about the job people were hiring their scuba class to do, it became quite clear, in retrospect, that many of their students had been coming as couples, and all along had been talking with each other about honeymoons. But the cognitive framing of their marketing questions in terms of demographics and product features had kept them from seeing the job that the customers were hiring the class to do.

Products that do the Job Perfectly

We mentioned above that when a job has been understood, the "hiring criteria" for that job become clear. The hiring criteria are the specific experiences in purchasing and using the product that matter to the customer. They constitute the basis of product comparison and choice. The extent to which the hiring criteria are fulfilled determines whether customer will be delighted with the product. Understanding the job for which the product is meant to be hired defines which features matter, and which ones don't. When marketers segment by product or customer characteristics, in contrast, they frequently find themselves offering features or improving on dimensions of performance that are irrelevant to the job.

To illustrate: As digital photography threatened Eastman Kodak with disruption, its executives began in the early 1990s to prepare the company for this transition by investing in digital imaging technologies. For most of this period Kodak framed the market as *photography*. This meant that the competition to Kodak's digital cameras was comprised of film cameras made by firms like Nikon, as well as digital cameras made by electronics giants such as Sony and Canon. Staying abreast of these formidable competitors forced Kodak to plunk down billions of dollars in a mega-pixel and mega-zoom race that it was not well-positioned to win, given its historical competencies.

In about 2000, however, Kodak executives realized that while some customers hired their cameras for the job of preserving high-quality images for posterity, it could let Canon, Nikon and Sony compete for that job – because in a much larger number of instances the job that customers hired a camera to do was to share fun moments with family and friends. Which competitors, or job candidates, vied to be hired to do this job? Sometime this fun was shared by passing prints around in a gathering. Sometimes the fun was shared through letters in which photographs were included; and at other times it was shared by telephone with no photos at all. Increasingly, fun was being shared through digital images attached to emails. Maximizing the megapixel rating of the camera was an expensive endeavor that was minimally relevant to doing this "share fun moments" job well. Realizing this, Kodak executives re-directed their consumer digital camera development efforts to optimize doing the share-fun-moments job. The result was the Kodak EasyShare camera – an affordable product with a great purpose brand that eschewed the expensive improvements that didn't matter in favor of relatively simple ones that did. By making it simple to attach images to email messages, Kodak's product easily proved itself to be better than enclosures in first class mail, phone calls with no images, and cumbersome up- and down-loading procedures. Kodak's share of the digital camera market in America grew from 8% to 28%.[17]

Is the Price Right?

Unless marketers understand what other job candidates they're competing against from the customer's perspective, they cannot ensure that the price, the third element of the marketing mix, is right. They cannot know whether their offering is over- or under-priced. Consider what happened in Chicago. To carry out its mission of educating people about the city's rich architectural heritage, the nonprofit Chicago Architecture Foundation (CAF) started conducting boat tours of the architectural masterpieces lining the Chicago River. Their initial target customers were "affluent people with high education levels and strong interest in architecture." Advertisements in media serving that demographic, such as the local National Public Radio station, focused on the buildings, the qualifications of the tour docents, and the history of the cruise boat itself.

After the boat tour's first disappointing season, a researcher joined a cruise the next spring and asked passengers about the situations that prompted them to take the cruise. A stunning number gave the same response: "I live in Chicago, and these folks are visiting from out of town. I needed somewhere to take them." Chicagoans of all demographics faced the "entertain my visitors" job. Architecture was a minor part of the cruise's appeal to this audience. When the researchers asked what else they had considered doing with their visitors – what the other job candidates were – they could see that while the CAF had thought its cruise was premium-priced, it was less expensive than many other ways to entertain visitors. Knowing what the job was made it easy to create vivid, humorous advertisements repositioning the cruise as a great solution that Chicagoans could hire in this common situation. And knowing who the real competitors were enabled the CAF to boost prices to reflect the value of resolving it.

Placement

The last of marketing's four Ps is placement. When marketers have defined the set of experiences in purchase and use that need to be provided in order to do the job perfectly, where the product needs to be available for purchase becomes obvious. In our milk shake story above, recall that doing the morning commute job well mandated that the dispensing machine be placed in front of the counter, equipped with a pre-paid swipe-card system. The fact that those with this job to do were in a hurry meant that instant service was an important experience to offer. This wasn't clear to the managers when they simply classified the milkshake as another item on the dessert menu.

Consider another illustration. A maker of boxed drinks, whose products were a mixture of 40% fruit juice and 60% flavored sugar water, had placed its products in the boxed drink section of supermarkets, juxtaposed with competing products that were 100% fruit juice. Though boxed drinks were much cheaper than boxed juice, drink sales were languishing. Our colleague spent a day interviewing customers just after they had picked products from those shelves, to understand the situation they were in that caused them to hire a boxed drink. Most were parents. The functional dimension of their job was to put a healthy drink in their children's school lunches. The emotional element of the job was that these parents needed to feel like they were taking good care of their children.

When pitted against the other job candidate – 100% juice – the drink simply wasn't qualified. It rarely got hired.

The company then got its boxed drink placed in another location in the supermarket – snack foods. The situation that had compelled many customers to open their wallets in that section was to buy snacks for their children's party. Buying all that junk food made them feel guilty. Arrayed against the job candidates in the snack aisle, a drink that had 40% real fruit in it solved the emotional component of that job much better than the competing candidates.

Sizing Up the Situation

The logic of segmenting markets by job is not new – many marketers will say that they already know many of the concepts in this note. In fact, marketing guru Ted Levitt taught us 30 years ago that "Customers don't want a quarter-inch drill. They want a quarter-inch hole!"[18] If the logic seems compelling, then why are product categories and customer categories the default modes of segmentation in nearly all companies? The answer, we think, is that the job that senior executives hire market research to do is to quantify the size of the opportunity. Because data are readily available by product and customer category from corporate information systems and external market research companies, presentations and reports to senior executives that convey the size and structure of markets generally portray that markets are structured along the lines for which data are available. A core reason why marketers in most companies say one thing (that they know markets ought to be segmented by job) and yet do another (they segment by product and customer category) is rooted in the easy availability of the latter sort of data.[19]

That's the bad news: it's harder to size jobs-to-be-done opportunities. But what would have happened if Morita in 1980 had used the sales of battery-powered, pocket-sized tape recorders as his gauge for the market potential for what became Sony's Walkman? The good news is that when companies understand who they compete against in the mind of the customer, they can piece together the *real* size of the market in which they compete. (Techniques for doing this will be the subject in the next of this series of papers on jobs-to-be-done segmentation.) Because job candidates are drawn from many product categories the salient size of most markets is usually much larger than is calculated by summing the sales within a product category – meaning that potential for growth is greater. Indeed, many mature products on the trajectory of sustaining improvement that seem to have been commoditized – products where improved performance does not result in improved pricing or market share – actually turn out to be immature, not-good-enough products with lots of scope for differentiation and premium pricing once the job and its associated hiring criteria are understood.

Working to understand the job to be done is worth the effort. In our studies of the factors that make innovation risky and, expensive, we have concluded that the proposition raised in this paper is one of the most important. Some of the fundamental paradigms of marketing that we follow in segmenting markets, building brands and understanding customers are broken. Quite possibly, the root reason why innovation is so failure-ridden is not that the outcomes are intrinsically unpredictable. Rather, the odds of getting it right will be much higher when we frame the market's structure to mirror the way that customers experience life.

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[1] The descriptions of the product and company in this example have been disguised.
[2] We recognize that Toyota's cars presently are differentiated by their reliability. But in terms of marketing, Toyota behaves just like the other auto makers.

[3] There are other job segments in the auto industry. The key reason why Chrysler's early minivans were such a hit with customers was, we believe, that it was positioned on a job that arose in the lives of families – to interact easily and safely with each other while traveling together from here to there. Creating a job-focused product does not guarantee a perpetual monopoly, of course, and other auto makers ultimately introduced their own minivans. It is noteworthy, however, that it took competitors years to introduce performance-competitive minivans. Because they were organized by product category, rather than job, the minivan just didn't fit with the way they were structured or thought about the market. As a result, Chrysler's market share leadership persisted for over a decade. Another job that people hire a car to do is to express care and love for a spouse or a child. No car has the features and associated services bundled with it to do this job well.

[4] See Levitt, Theodore, "Marketing Success through Differentiation – of Anything," *Harvard Business Review*, Jan-Feb 1980, pp. 2-9, for a classic description of the augmented product concept. Harvard Business School Professor Youngme Moon has written and taught extensively about the concepts in this section, and we thank her for "augmenting" our own understanding of this phenomenon through her articles, cases and teaching notes. We recommend her expertise to others who want to explore disruptive positioning in greater depth. We hope this understanding becomes expected of all who are engaged in marketing and new product development!

[5] We suspect that if an accurate history of Ikea were written, it would reveal that founder Ingvar Kamprad didn't have a crystal-clear understanding of this job-based positioning at the outset. Rather, his was a partial, intuitive sense of what some fraction of furniture buyers were needing to do when they walked into a store. As he and his associates started the company and tried to help their customers, understanding of the job coalesced piece by piece. Ikea executives probably do not articulate their strategy as being focused on this job – most likely this insight resides in a tacit, cultural understanding. For this reason, we used the term "illustrate," rather than "prove" at the beginning of this section. Our hope is that by articulating this model of jobs-to-be-done segmentation and illustrating it with companies like Ikea whose strategies *de facto* mirror this model, we might help students and managers who weren't blessed with the intuition (and luck) of Kamprad deliberately to find opportunities such as these.

[6] Drucker, Peter F., *Managing for Results*, 1964, Harper & Row, NY, p. 94.

[7] This statement has been attributed to a number of pundits, among them Milton Friedman.

[8] These methods are recounted in "Hospital Equipment Corporation" (Harvard Business School case study 9-xxx-x96).

[9] This information was provided by Mickey Schulhoff, former Sony board member and CEO of Sony America for 20 years, during an interview in New York City in 2001.

[10] Professor Leonard called this method "empathic design." Leonard, *op.cit.*

11 See von Hippel, Eric, *Democratizing Innovation*. Cambridge: MIT Press, 2005. This is the latest in a stream of insightful work from von Hippel.

[12] The customer case research method is described in detail in two articles by Gerald Berstell and Denise Nitterhouse. "Looking 'Outside the Box:' Customer Cases Help Researchers Predict the Unpredictable" (*Marketing Research*, Summer 1997, vol. 9, no. 2, p. 5-13) describes the research process. "Asking All the Right Questions: Exploring Customer Purchase Stories Can Yield Surprising Insights," (*Marketing Research*, Fall 2001, vol. 13, no. 3, p 14-20), lays out the questions and interviewing approaches that customer case researchers use to develop case studies.

[13] Bhide, Amar, *The Origin and Evolution of New Businesses*. New York: Oxford University Press: January 2000.

[14] For one such estimate, see Leonard, Dorothy, *Wellsprings of Knowledge*. Boston: Harvard Business School Press, 1998.

[15] In many ways this is a key message of Geoffrey Moore's books. He contends that instead of selling a "product" at the outset, emerging companies need to find a customer that will pay a lot of money to the company to solve a critical problem for it. Then and only then does it have the privilege of "crossing the chasm." In addition to his landmark book *Crossing the Chasm*, the book that describes this most clearly is *Living on the Fault Line*.

[16] This branding dimension of the jobs-do-be-done theory is described more fully in Christensen, Cook & Hall, "Marketing Malpractice," *Harvard Business Review*, November 2005.

[17] Unfortunately, subsequent to the educational experiences that in 1999-2000 that enabled Kodak's management team to take the digital business in this direction, a new CEO was brought in after the retirement of CEO Dan Carp. With a more conventional mindset and no understanding of the problem of disruption, he combined Kodak's film and consumer digital businesses into a single business unit, with disastrous results. By 2006 the company's share had dropped to an unprofitable 12%.

[18] Levitt, Ted, "Marketing Myopia," *Harvard Business Review* (1977).

[19] We thank our friend Armando Luna of Blue Cross Blue Shield of Florida for teaching us about the origins of market segmentation theory, which we summarize here in our own language: The theory of market segmentation has its roots in economic theory relating to monopolistic competition. (See Alderson, W., *Marketing Behavior and Executive Action*. Homewood, IL: Richard D. Irwin, 1957; and Claycamp, H.J. & W.F. Massy, "A Theory of Market Segmentation," *Journal of Marketing Research* 5(4), November 1968, pp. 388-394.) The concepts of product differentiation and differential advantage emerged from this background, and underpinned early market segmentation theory. Because most economists' analytical tools consist of techniques for analyzing large data sets, market researchers with this training spent their careers trying to show relationships between the attributes of customers and their buying behaviors. They would conclude that the variables or characteristics in the regression equations whose coefficients were statistically significant, comprised the salient boundaries for dividing consumers into groups. The availability of data and the tools of analysis, in other words, shaped the insights to be sought. In the process, many marketers have forgotten what the theory of market segmentation was based upon from the beginning: that different people have varying needs that change from time to time.