SESSION 7: GLOBAL MARKETING AND SALES

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HTTP://E145.STANFORD.EDU
WELCOME!

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FRAMEWORK A: TWO PERSPECTIVES

Entrepreneurs start here

Pursuit of Opportunity

Opportunity Recognition

People and Organization

Resources and Capital

MARKET

PRODUCT OR SERVICE

Bureaucrats start here

© Mark P. Rice, Babson
FRAMEWORK B: VISION FIRST

VISION

STRATEGY

EXECUTION
AGENDA

1. Entrepreneurial Marketing and Sales

2. Going Global

“Companies that change the future do more than satisfy customers, they constantly amaze them.”
-Hamel and Prahalad
WHAT IS MARKETING ANYWAY?

• Marketing must be more than a sales support function. Not just ad tag lines. In all kinds of businesses, it must satisfy “the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering, and finally consuming it.”

WHY IS IT SO CHALLENGING FOR STARTUPS?

• Especially in high-technology and high growth venturing, marketing must “invent complete products and drive them to commanding positions in defensible market segments.”
“MARKET ANALYSIS” VS. “MARKETING”

STEP #1: OPPORTUNITY RECOGNITION (MARKET ANALYSIS)

• Identify a Market Need
• Examine the Competitive Dynamics of the Industry
• Determine the Growth Potential

STEP #2: MARKETING AS A STRATEGY

• Develop a Unique Positioning
• Develop Marketing Objectives
• Build a Set of Go-To-Market Strategies (e.g., Pricing, Promotion, Distribution)
• Support through Sales and Great Execution
Some Definitions

- **Total Available Market**
- **Served Available Market**
- **Target Market**
TAM
How big is the universe?

SAM
How many can I reach with my sales channel?

Target Market
Who will be the most likely buyers?
TAM
INTERNET USERS WITH LOTS OF FILES OR LOTS OF DEVICES

SAM
PRODUCTIVITY AND KNOWLEDGE WORKERS

TARGET MARKET
"PROSUMERS" AND SMB’S
FRAMEWORK E: LEAN STARTUP METHODS
FRAMEWORK G.1: CROSSING THE CHASM

The Chasm

Relative % of Customers

Innovators

Early Adopters

Early Majority

Laggards

B2B

Customers want Technology and Performance

Customers want Solutions and Convenience

Time

Source: Moore (1995), Inside the Tornado
FRAMEWORK G.2: MOORE’S GEARS

Referrals
Contributions
“Sharing”

Enlistment

Acquisition

Monetization

Engagement

Starter Motor

Source: Geoff Moore

Traffic
Eyeballs
“Hits”

Advertising
Retail
“Bus Model”

Time on Site
Interactions
“Liking”
HOW DOES A B2B STARTUP CROSS THE CHASM?

1. PUT YOUR EGGS IN ONE BASKET
   TARGET MARKET SEGMENTS

2. THEN DELIVER A 100% SOLUTION TO THEM
   A WHOLE PRODUCT
WAYS TO SEGMENT A MARKET

- For B2C… Consumers:
  - Age
  - Gender
  - Income Bracket
  - Brand Loyalty

- For B2B… Businesses:
  - Industry Type
  - Number of Employees
  - Geography
  - Order Size
**AN EXAMPLE OF THE POWER OF SEGMENTATION AND TARGET MARKETING**

<table>
<thead>
<tr>
<th>Dog’s Role</th>
<th>Segment</th>
<th>Brand</th>
<th>Price/100 gr. (Pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>substitute for child</td>
<td>Super Premium</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>family Member</td>
<td>Premium</td>
<td>Chum</td>
<td>8.7</td>
</tr>
<tr>
<td>Companion</td>
<td>Moderate</td>
<td>Pal &amp; Bounce</td>
<td>6.4 &amp; 7.9</td>
</tr>
<tr>
<td>animal</td>
<td>Economy</td>
<td>Chappie</td>
<td>6.3</td>
</tr>
</tbody>
</table>
SEGMENTATION AND THE UK DOG FOOD MARKET: PEDIGREE’S SUPER PREMIUM STRATEGY

- **Target Market?** Intense relationships, own smaller dogs, older and urban females
- **Benefits?** Very best product that can be bought, reassurance, confidence, leads to an enhanced relationship
- **Name?** Mr. Dog (later, Caesar)
- **Product?** Very high quality ingredients, wide variety of flavors, special packaging
- **Price?** 17.7 to 30.7 pence per 100 grams
- **Advertising?** Dog bringing newspaper, slippers, etc.

**Results:** Fours years later, it had a 10% share of the total dog food market. The total super premium segment of the market was about 15% -- about 10% coming from dog food brands and about 5% coming from fresh foods. In addition, Pedigree's premium brand retained its market share.
WHOLE PRODUCT : THE 100% SOLUTION
“ECOSYSTEM OF PARTNERS”

Key Decisions:
Which pieces do we do, and which do our partners do?
How much must we do for the Minimal Viable Product (MVP) to test with our users?
THE SINGLE MOST IMPORTANT CONCEPT IN AN STARTUP’S STRATEGY?

POSITIONING (ROUGH DRAFT OF ELEVATOR PITCH OR STORY)
Guy Kawasaki
Author and Investor
POSITIONING TEMPLATE

• **Sentence #1 : X Axis : Value to the Customer**
  - For *(target customer)*
  - Who *(statement of need or opportunity)*
  - The *(product of service name)* is a *(product category)*
  - That *(statement of benefit)*

• **Sentence #2 : Y Axis : Uniqueness**
  - Unlike *(primary competitive alternative)*
  - Our Product *(statement of primary differentiation)*
Tesla Model S

• **Sentence #1 : X Axis : Value to the Customer**
  - For wealthy individuals and car aficionados
  - Who want an environmentally friendly and high-end car
  - The Tesla Model S is an electric automobile
  - That delivers unprecedented performance without damaging the environment.

• **Sentence #2 : Y Axis : Uniqueness**
  - Unlike Audi, BMW and Lexus sedans,
  - Our Product has fantastic mileage, unparalleled performance, and no direct carbon emissions
**POSITIONING BRIDGES KNOWING (PLANNING) AND DOING (DEMAND CREATION)**

- **For** (target customer)
- **Who** (statement of the need or opportunity)
- **The** (product name) is a (product category)
- **That** (statement of key benefit – the compelling reason to buy)
- **Unlike** (primary competitive advantage)
- **Our product** (statement of primary differentiation)
Pop-up Exercise:

WHAT IS YOUR ELEVATOR PITCH?
EXERCISE: TELLING THE STORY IN THREE WORDS

• Through these three words you should be able to answer:
  • who you are?
  • what you do?
  • how you do it?

• Facebook's might be “be quick, be bold, make an impact”

• Google’s might be “gather data, think scale, be visionary”

Source: Elaine Wherry, co-founder, Meebo (acquired by Google)
Ambitious startups face a “Double Chasm” as they go global
THE DOUBLE CHASM CHALLENGE

• **The Market Chasm:** based on the early majority’s perceptions of the innovation’s risks

• **The Cultural Chasm:** based on…
  • Lack of experience of the venture’s leaders in each new country’s local culture
  • Lack of trust among adopters in each new country in the “foreign” company and its leaders

Source: Professor Kosnik (Stanford)
GOING GLOBAL’S 5 KEY QUESTIONS

1. Why should we care about going global?

2. Who can help us go global?

3. When should we think about going global?

4. Where should we focus?

5. How can we become global entrepreneurs on a shoestring budget?
WHY SHOULD WE CARE ABOUT BECOMING GLOBAL ENTREPRENEURS?

Higher Upside Potential and Lower Downside Risk

- Access to global customer base maximizes learning & innovation
- Participating in multiple regions reduces risk of recession at home
- Competing with global competitors on their home turf manages risk
- Access to global suppliers of world class technology & talent helps to innovate & grow
- Access to global capital markets helps lower your cost of capital
WHERE SHOULD WE FOCUS?
QUESTIONS TO START: WHAT DO PRODUCT MANAGERS ACTUALLY DO, AND WHY IS THIS RELEVANT TO TODAY’S SESSION AND E145?
THANK YOU!

E145: SESSION 7