



Product Manager Learning Series

On Market Analysis

Identifying market opportunities and determining product positioning are two of the most crucial tasks for a Product Manager (PM). Both require a deep understanding of the market, competition, customer needs, and emerging trends. The best approach to these tasks is a combination of research, analysis, and strategic thinking, informed by data and user feedback.

1. Market Opportunity Identification

Identifying market opportunities involves spotting unmet customer needs, emerging trends, or gaps in the market where your product or service can provide value. PMs use various methods and tools to uncover these opportunities.

Key Approaches and Methods:

1. Customer and User Research:

- **Surveys & Interviews:** Conduct primary research to understand customer pain points, needs, and desires. Use open-ended questions to gather qualitative insights.
- **Focus Groups:** Engage with a select group of potential customers to test assumptions and identify latent needs.
- **Usability Testing:** Assess how users interact with existing products to uncover friction points that may signal an opportunity for improvement.

2. Market Research and Analysis:

- **Competitive Analysis:** Evaluate the strengths, weaknesses, opportunities, and threats (SWOT) of current competitors. Look for product gaps that competitors are not addressing.
- **Industry Trends:** Monitor changes in the industry (e.g., regulatory shifts, technological advances, market dynamics) to spot emerging opportunities.
- **PEST Analysis (Political, Economic, Social, Technological):** Understand broader macro trends that could impact market dynamics and present new opportunities.

3. Data Analytics and Metrics:

- **Customer Data Analysis:** Analyze existing customer data (if available) to identify patterns, behaviors, and preferences that might indicate a market gap.
- **Market Size & Growth Projections:** Use data tools (e.g., Statista, IBISWorld, Nielsen) to assess the size and growth potential of market segments.



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- **Churn & Retention Analysis:** Examine user churn and retention to identify opportunities for product improvement or differentiation.
- 4. **Idea Generation and Validation:**
 - **Brainstorming & Ideation:** Gather cross-functional teams (e.g., marketing, sales, engineering) to generate and vet new product ideas.
 - **Minimum Viable Product (MVP):** Build small, quick prototypes to test the viability of an idea before a full product launch.

Resources:

- **Primary Research:** Surveys, interviews, user testing
- **Market Research Reports:** Statista, Gartner, Nielsen, IBISWorld, Forrester
- **Competitive Intelligence Tools:** SimilarWeb, Ahrefs, SEMrush
- **Analytics Tools:** Google Analytics, Mixpanel, Amplitude
- **Data Visualization Tools:** MS Power BI, Tableau, MS Excel
- **CRM Systems:** Salesforce, HubSpot

2. Product Positioning in the Market

Once a market opportunity is identified, the next step is positioning your product within that market. Effective product positioning makes sure your product resonates with the target audience and stands out from the competition.

Key Approaches and Methods:

1. **Segmentation and Targeting:**
 - **Market Segmentation:** Divide the market into distinct groups based on demographics, psychographics, behavior, and needs.
 - **Ideal Customer Profile (ICP):** Define the key characteristics of the customer most likely to benefit from your product.
 - **Persona Development:** Create detailed personas that reflect the target audience's goals, challenges, and decision-making behaviors.
2. **Competitive Positioning:**
 - **Differentiation:** Understand how your product is different and better than competitors. This could be in terms of features, price, quality, customer service, or user experience.
 - **Value Proposition:** Clearly define the unique value your product offers. Focus on solving customer pain points or meeting needs in a way that competitors don't.



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3. Positioning Frameworks:

- **Positioning Statement:** Create a clear, concise statement that communicates your product's target market, category, unique value proposition, and key benefits. An example framework could be:
"For [target market], [Product] is the [category] that [unique value proposition] because [reason to believe]."
- **Perceptual Mapping:** Use tools like perceptual maps to visually map out where your product stands relative to competitors based on key attributes (e.g., price vs. quality).

4. Messaging and Communication:

- **Messaging Hierarchy:** Develop a messaging hierarchy that outlines key messages for different audiences (e.g., decision-makers, users, influencers).
- **Content Strategy:** Create targeted content (e.g., blogs, white papers, case studies) that reinforces your positioning and resonates with different customer segments.

5. Market Entry Strategy:

- **Go-to-Market (GTM) Plan:** Define how the product will be launched, how it will be marketed, and what channels will be used to reach the target audience.
- **Pricing Strategy:** Choose a pricing model that aligns with the product's value proposition and competitive landscape (e.g., freemium, tiered, cost-plus).
- **Sales Enablement:** Equip sales teams with the right tools, training, and materials to communicate the product's value effectively.

Resources:

- **Positioning Templates:** Use templates like Geoffrey Moore's "Crossing the Chasm" or the "Value Proposition Canvas" to clarify positioning.
- **SWOT Analysis:** For competitor analysis and market positioning.
- **Market Segmentation Tools:** SurveyMonkey, Typeform for customer surveys; Statista for demographic data.

3. Key Concepts for Effective Market Opportunity Identification and Product Positioning

- **Product-Market Fit (PMF):** Ensure that there's a strong alignment between customer needs and product offerings. This is a key indicator of market opportunity. Use the "PMF Survey" (e.g., asking users how disappointed they would be if your product didn't exist) to measure this fit.



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- **Jobs to Be Done (JTBD):** A framework that helps understand the specific “jobs” that customers are hiring your product to do, helping to identify market gaps and positioning your product effectively.

JOBS TO BE DONE

THEORY TO PRACTICE
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Trust from the *Journal of Innovation Economics*. More than 1000
and 1000+ have downloaded this as a PDF. [PDF HERE](#)

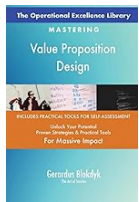
(on Amazon)

- **Blue Ocean Strategy:** Look for untapped market spaces (i.e., blue oceans) where competition is minimal, rather than trying to outperform competitors in a saturated market.



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- **Value Proposition Design:** Understand the pain relievers, gain creators, and job-to-be-done aspects that your product addresses. This helps in creating clear and compelling product positioning.

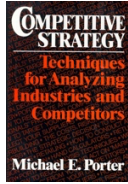


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- **Porter’s Five Forces:** Analyze the competitive forces within the industry (e.g., threat of new entrants, buyer power, supplier power, threat of substitutes, and industry rivalry) to understand the market dynamics and where opportunities exist



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Conclusion

Product Managers must blend research, strategic frameworks, and customer insights to identify market opportunities and define effective product positioning. The process is iterative, requiring constant feedback loops, testing, and refinement to adapt to market shifts. Key resources include customer research, competitive analysis, data analytics tools, and frameworks like JTBD and positioning statements. By focusing on both market opportunity and product positioning, PMs can maximize product success and ensure it resonates with the right target audience.

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