



CTI Entrepreneurship

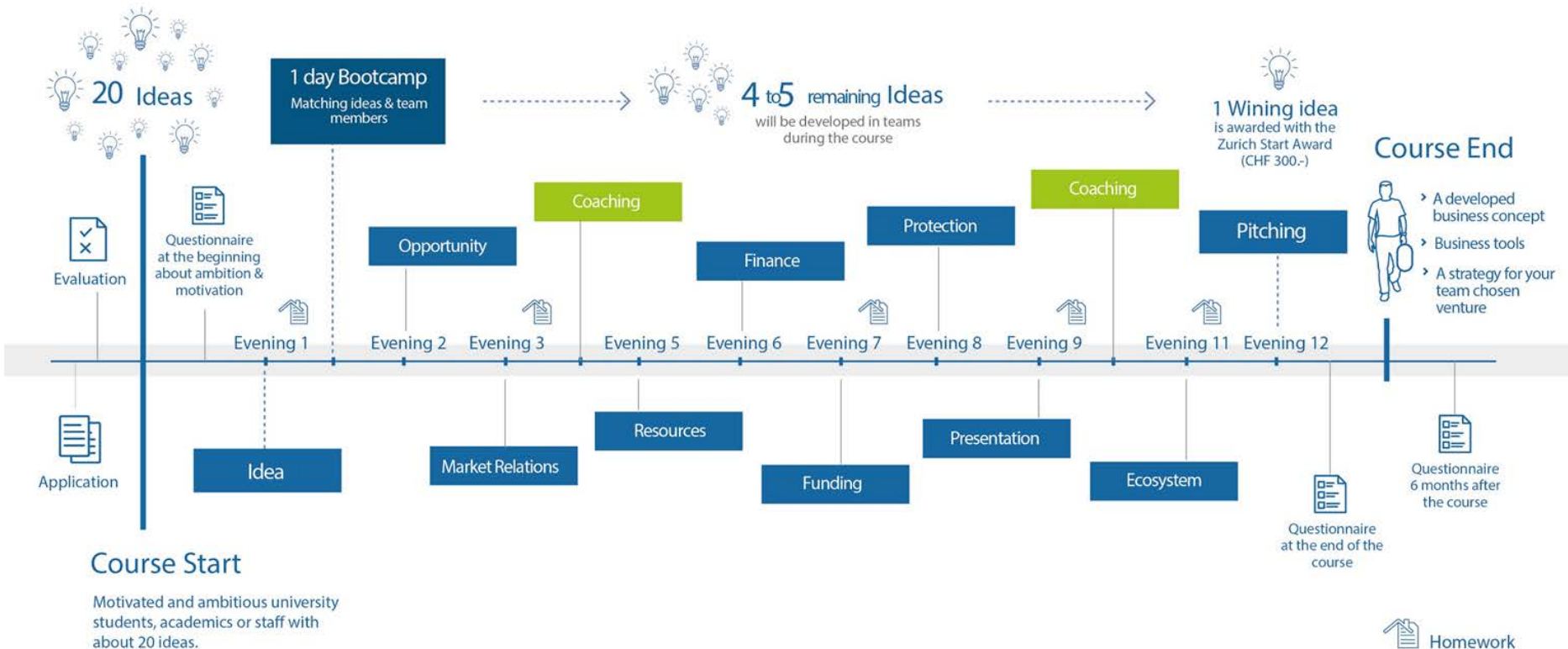
Business Conception

Week 3: Market Relations

Module 2 - Business Concept

CTI Entrepreneurship Training Business Concept

Course Schedule



Course Structure

Week / Time	Hour 1	Hour 2	Hour 3	Hour 4	Deliverables
1 Idea	Welcome, Introduction	Entrepreneurial Acting and Thinking	Get to Know Each Other	Elevator Pitch Training, Wrap-Up	Elevator Pitch
1 Bootcamp	STARTUP CAMPUS Bootcamp				Ideas & Teams Chosen
2 Opportunity	From Idea to Opportunity	Work on Business Value Concept	Value Proposition Development	Group Presentations, Discussion, Wrap-Up	Business Value Concept, Value Proposition
3 Market Relations	Understanding your market	Market Positioning	Value Chain Analysis & Market Entry Strategy	Update Business Value Concept, Wrap-Up	Customer Segment, Positioning Map, Value Chain, Entry Strategy
4 Coaching (I)	Individual Coaching Sessions in Teams: Status Quo, Q&A, Roadmap				Review of Progress
5 Resources	Managing Yourself	Human Resources and Skills Matrix	Founding Your Business	Roadmap, Wrap-Up	Motivation & Expectation, Skill Matrix, Roadmap
6 Finance	Financial Planning	Forecasting Sales and Costs		Income Statement, Free Cash Flow / Liquidity / Break Even, Wrap-Up	Definition of Key Financial Forecasts and Statements
7 Funding	Introduction to funding	Types and Sources of Funding and How to Secure Investment		Funding Strategy and Funding Battleplan, Wrap-Up	Funding strategy and battleplan
8 Protection	Introduction to IP Protection	Identifying IP Needs	IP Strategy and Management	Checking Operating Freedom, Discussion and Wrap-Up	IP Canvas
9 Presentation	Introduction & review of online training	Standing in the shoes of your audience	How to structure an investor pitch	Developing a your final pitch, Wrap-Up	A Start-Up Pitch (presentation)
10 Coaching (II)	Individual Coaching Sessions in Teams: Status Quo, Q&A, Roadmap				Review of Progress
11 Ecosystem	STARTUP CAMPUS CONNECT EVENT				Contacts to Ecosystem
12 Pitching	Final Pitches & Jury Feedback			Course Evaluation & Closing	Jury Feedback and Certificates

Week 3: Market Relations

WK	Topic	Trainer
1	Ideas	Lead Trainer
2	Opportunity	Lead Trainer
3	Market Relations	Lead Trainer
4	Coaching I	Lead Trainer
5	Resources	Lead Trainer
6	Finance	Lead Trainer
7	Funding	Lead Trainer
8	Protection	IP Trainer
9	Presentation	Lead Trainer
10	Coaching II	Lead Trainer
11	Ecosystem	TBC
12	Pitching	TBC



Learning Goals

The participants are able to:

1. Identify a target market and undertake customer segmentation
2. Understand potential competition & create a positioning map
3. Represent the relationships & flows of goods, services & money related to their business using a value chain
4. Define a market entry strategy

Deliverables

1. Customer Segment
2. Market Positioning Map
3. Value Chain / Market Entry Strategy

Week 3: Market Relations - Agenda

Part One	Understanding your market
Part Two	Market positioning
BREAK	
Part Three	Value chain analysis & market entry strategy
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Understanding your market

1. Market participants, structures and dynamics

2. Market segmentation and sizing

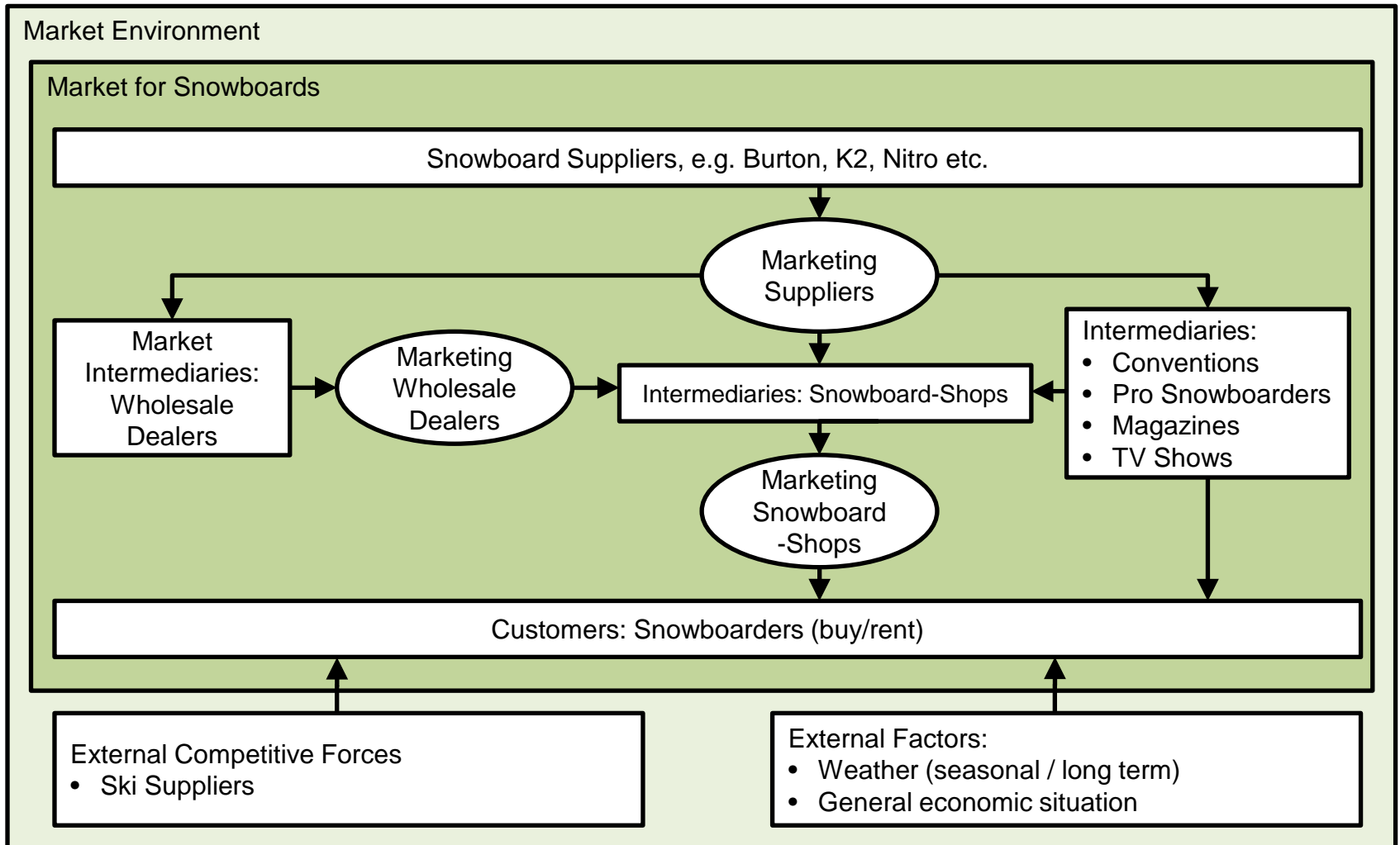
Market analysis

- How is the market structured?
- Which actors in the market are relevant?
- Which external factors influence the market?
- Are there significant changes in the market place?

Dimensions of market analysis

- Market size
- Market growth rate
- Market profitability
- Distribution channels
- Market trends
- Market players
- Market systems
- ...

Market System



Understanding your market

1. Market participants, structures and dynamics

2. Market segmentation and sizing

Target Market: Overview

- A meaningful analysis of the target market is a critical success factor for new ventures
- The key figures and market insights are fundamental for development of business strategy, financial planning and market introduction
- The analysis and description should include analysis of:
 1. Market size and segments
 2. Competitive forces and market attractiveness
 3. Key market trends



Source: Nagl (2010). Der Businessplan. 5th edition, Gabler.

Example customer segmentation (in the online dating market)

Singles



Over 28s pay more!

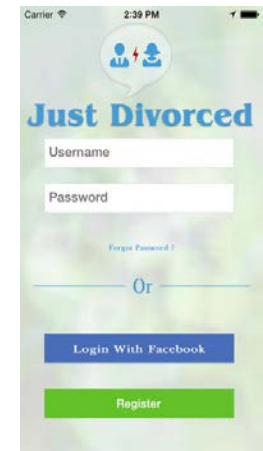
Targeters (selecting for a «perfect match»)



Gay men



Just divorced



Executives



Millionaires



Already married



Convicts



Target market

Market size and segments

Defined Target Group



Technical Potential

What is the theoretical market capacity of the target group?

Market Potential

How much of the market can realistically be served using an optimal mix of sales & marketing channels?

Actual Target Market

Effective quantity of sales of venture (your company's share of the market potential)



Expected Market Share

Example market sizing

- **Basis:** Swiss population roughly 8 mio (Federal Statistical Office).
- **Assumption:** Average child needs nappies for 2 years (ask parents).
- **Basis:** Average life expectancy in Switzerland 80 years (geography course book).
- **Calculation:** A first approximation for the number of children in need of nappies is $2/80 = 2,5\%$ of the population, equating to roughly 200 000.
- **Refinement of assumption:** The number of people per year decreases while the birthrate is at a very low level today. Suppose that both effects offset one another, we assume a range of 180 000 to 220 000 children using nappies.
- **Assumption:** Daily usage of nappies (ask parents again): 5 – 7 nappies.
- **Result:** Estimated daily usage of nappies in Switzerland = between 0,9 mio ($180\,000 * 5$) and 1,54 mio ($220\,000 * 7$).

Source: McKinsey & Company (2010). Planen, gründen, wachsen. Redline Verlag.

Market growth rate

A simple means of forecasting the market growth rate is to **extrapolate historical data** into the future.

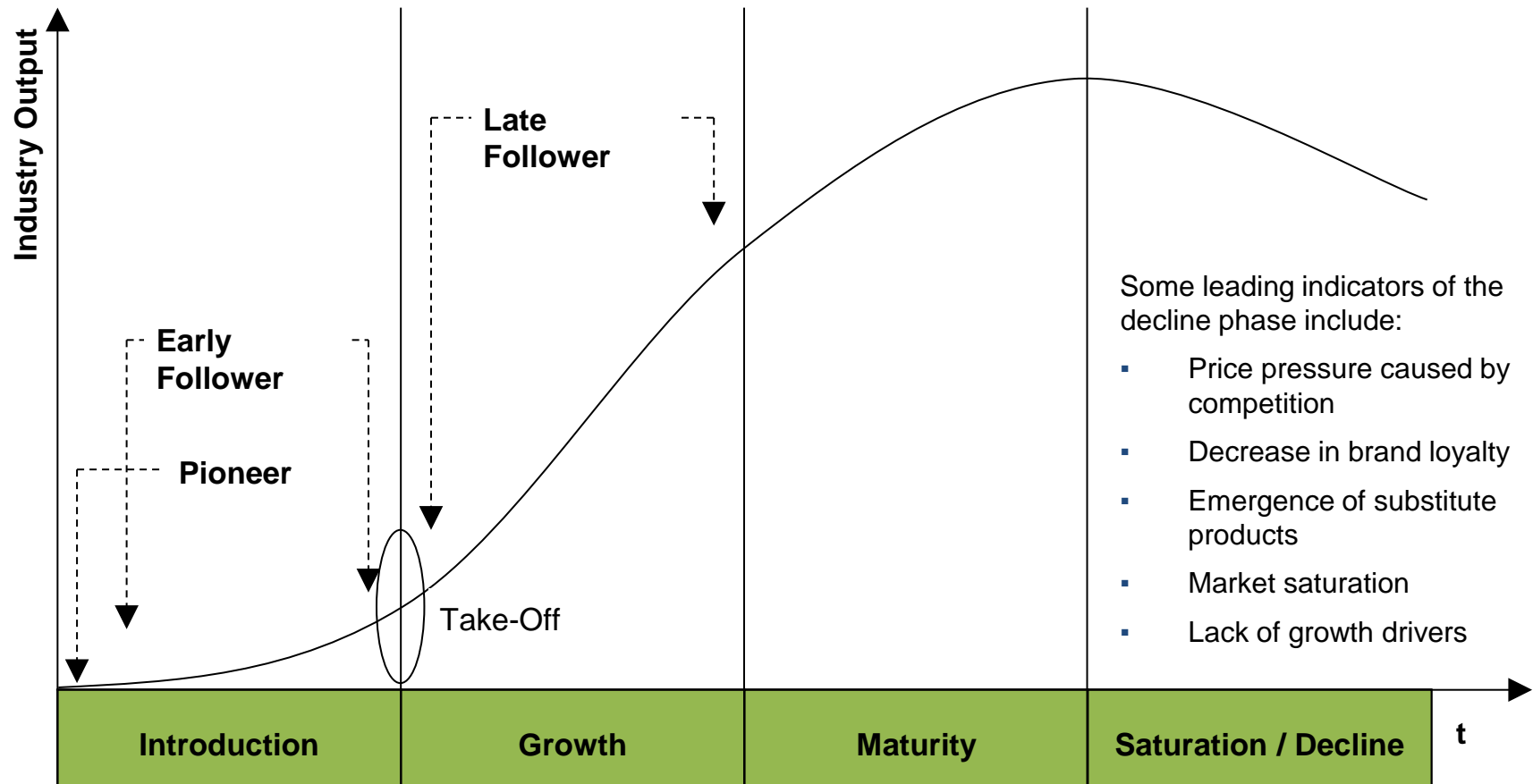
- It provides a first-order estimates
- It does not predict important turning points

Alternatively, **study growth drivers** such as demographic information and sales growth in complementary products.



Problems when the market does not yet exist and the customer needs has to be created in parallel!

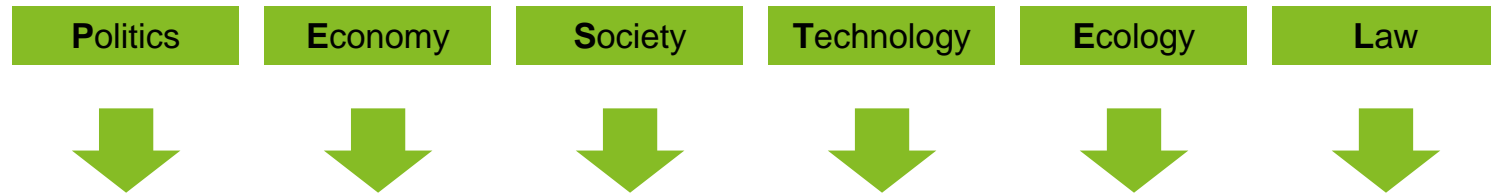
Market evolution



Source: Slides adopted from Peter Vogel.

Target market

Key market trends (using PESTLE analysis)



- Which exogenous trends in the general environment have an impact on the market structure and/or dynamics?
- Do they influence the market size?
- Do they influence the competitive situation?
- Do they influence market attractiveness?
- What are the possible strategic implications?
 - for business strategy
 - for marketing strategy
 - for product strategy
 - ...

Target market

Porter 5 Forces Model to determine the attractiveness of an industry



Source: Porter (1999, 2008)

Understanding the target market (30 mins +/-)

Objective:

- Define your target customer segment(s)

Tasks:

1. Define your target customer segment(s)
2. Develop a better understanding of who you wish to sell your product / service to

Activity Guide

Analyze the different potential customer segments based on:

- B2B vs. B2C
- Geographic Focus

In the case of B2B, specify:

- Size of companies (small, medium, large)
- Specific industries
- Specific divisions inside the companies (e.g. HR)
- A shortlist of potential clients you have in mind

In the case of B2C, specify:

- Specific demographic groups (age, gender, ...)
- Specific regions

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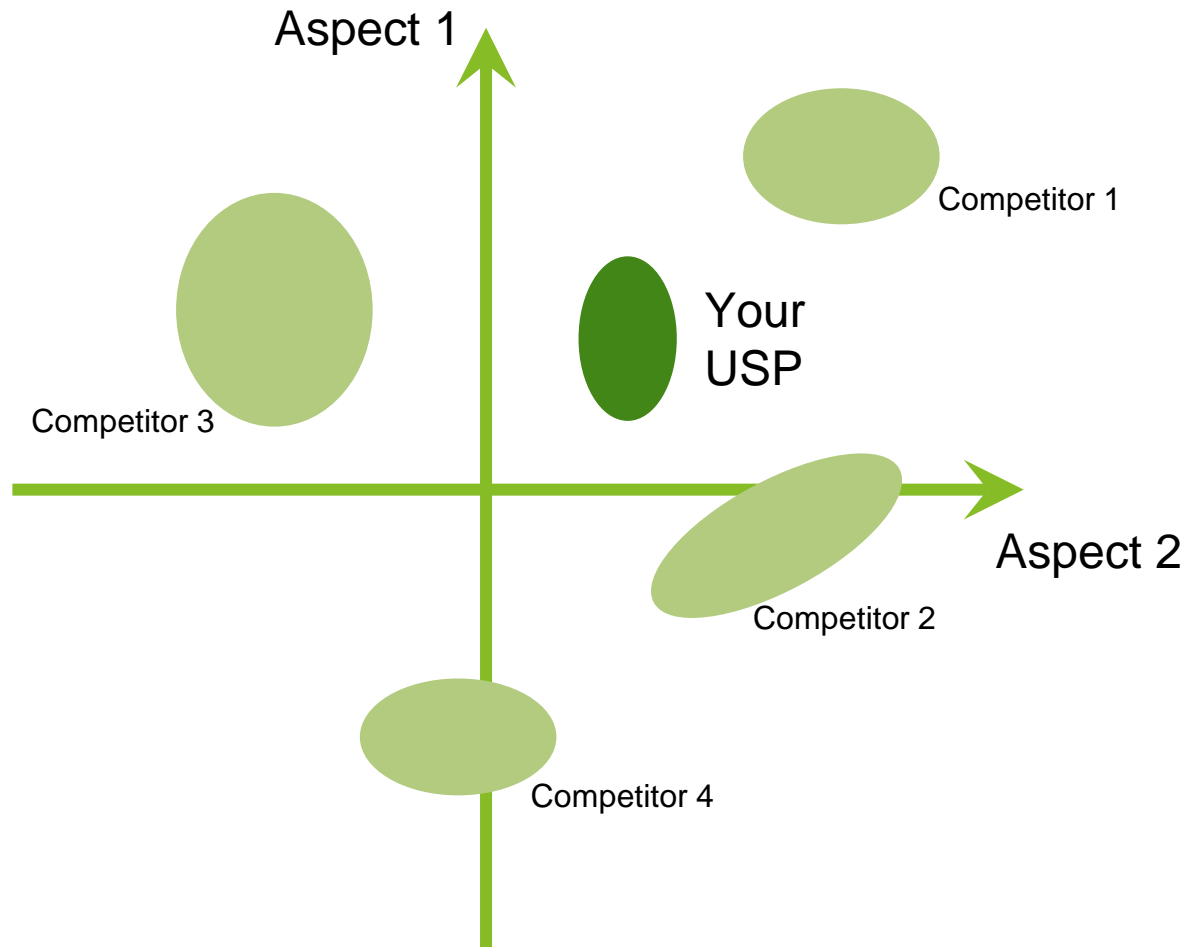
Market positioning

Competitive forces and market attractiveness

Competitive Analysis

- How can the competitive landscape be categorized?
- What are the most relevant dimensions to compare the companies?
- Who are your:
 - Direct competitors (addressing the same market segment)
 - Indirect competitors (offering substituting products, services or solutions)
 - Potential competitors (may enter the same market segment)
- What are the most relevant What key figures and insights do we know about them?

Market Positioning



Dimensions could be:

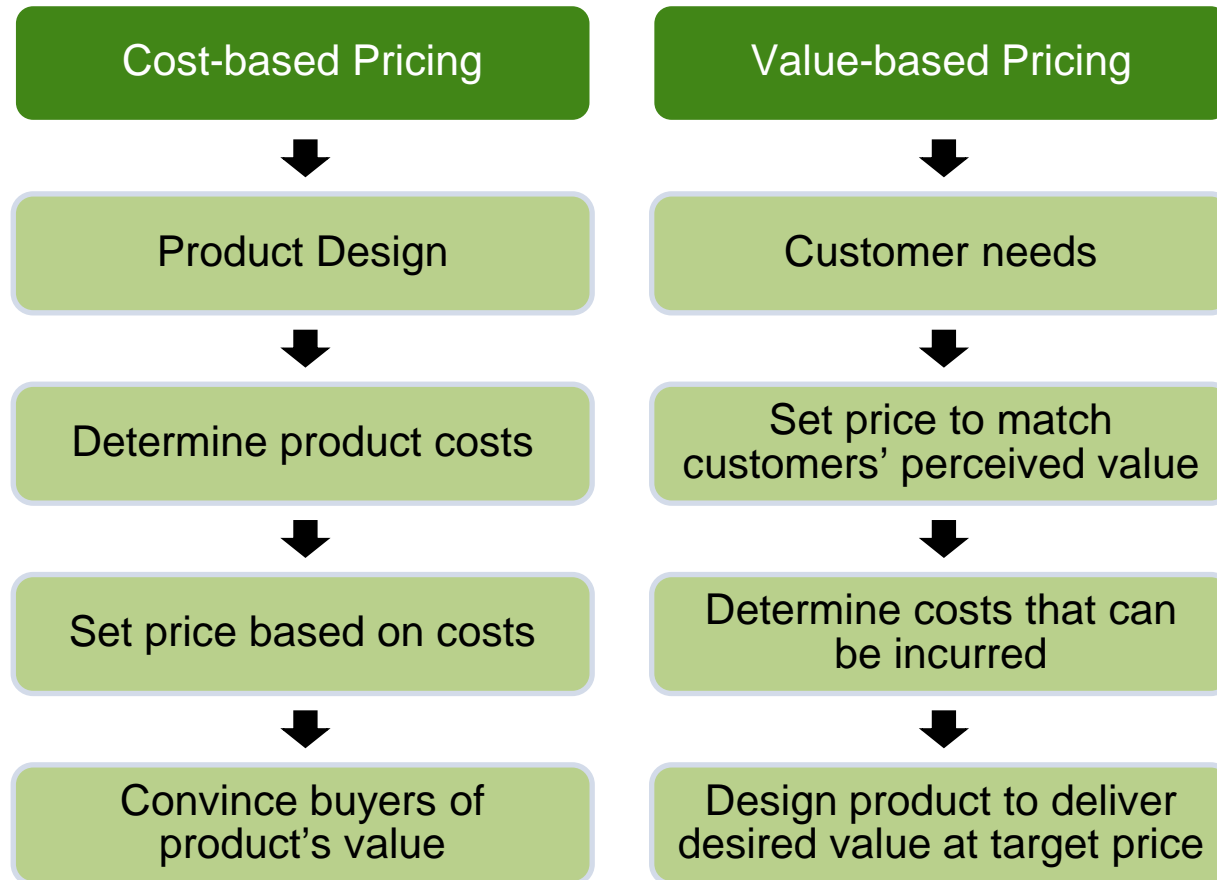
- Price
- Product performance
- Size of product range
- Etc..

Market Positioning – Pricing



Source: Adopted from slides by Peter Vogel

Market Positioning



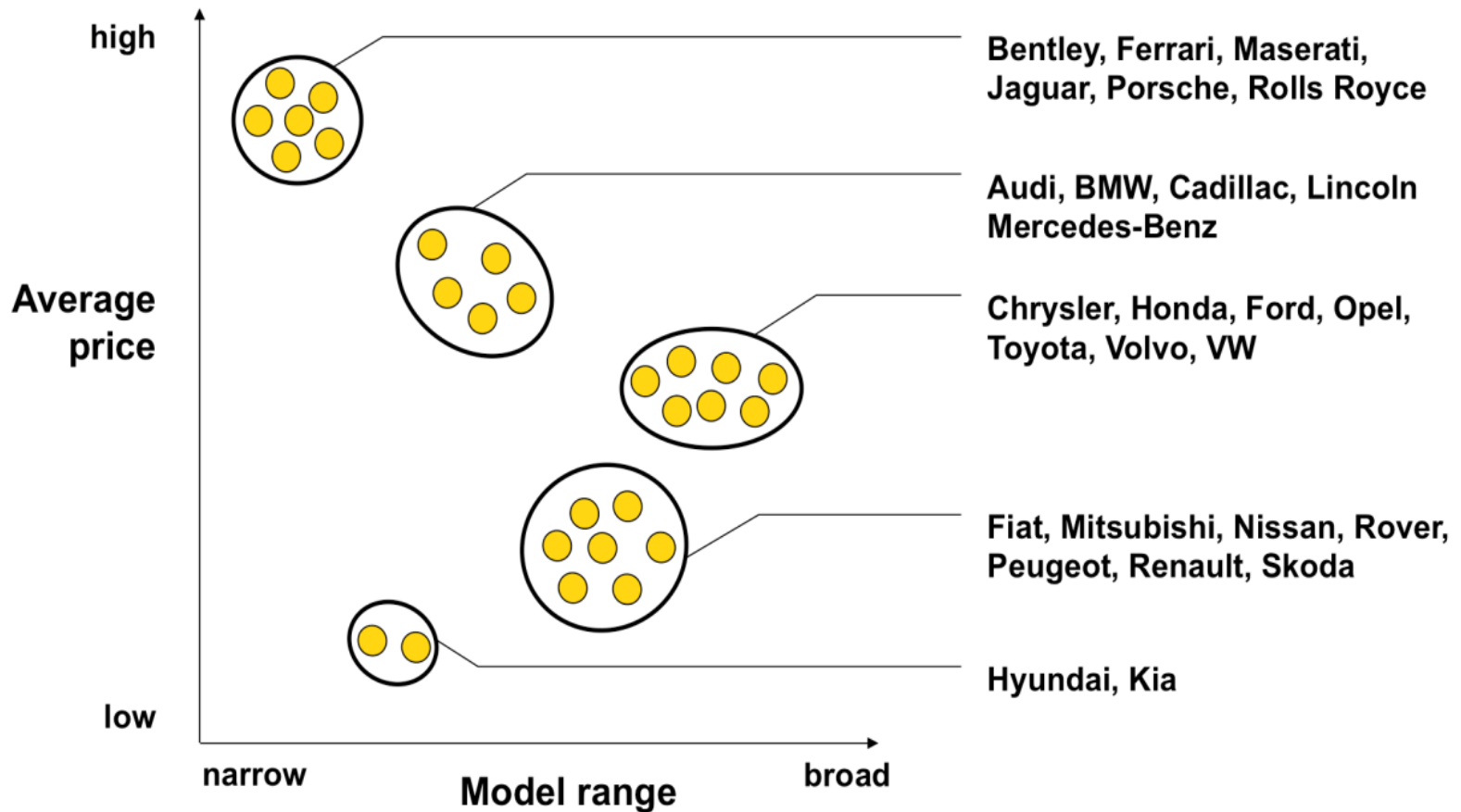
Source: Adopted from slides by Peter Vogel

Market positioning: Example 1



Source: <http://de.slideshare.net/badertbw/north-face-for-interviews>

Market positioning: Example 2



Strategic Groups help to identify direct competitors

Market positioning: Example 3



	Scanner Mouse	Smart phone	Portable scanner	Shared scanner / MFP
Ease of use	++	-	+	-
Image quality	+	-	++	+
Speed (single page)	++	-	+	-
Speed (multiple pages)	-	-	++	+
Space utilization	++	++	+	-
Costs	++	-	-	+

Example Dacuda

Market Positioning

(45 mins +/-)

Objective:

- Define the main criteria based on how you believe you compete with other market players (e.g., price, quality, precision, etc).
- Analyse your market position in relation to competitors, based on these criteria

Tasks:

1. Define the relevant criteria
2. Develop a market positioning map / competitive matrix

Activity Guide

The criteria you select should:

- Be characteristic of your product / service
- Allow you to highlight how you are different / better than your competitors

Your market positioning map should:

- Define you and your competitors' products or services in relation to the two key aspects of your market (e.g. Price, Product performance, Size of product range, Etc..)

Tips:

- Take more time for this activity than value chain analysis if you have a knowledge/service business rather than a technology/product business

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Value Chain Analysis & Market Entry Strategy

1. Value Chain Analysis

2. Market Entry Strategy & Entrepreneurial Marketing

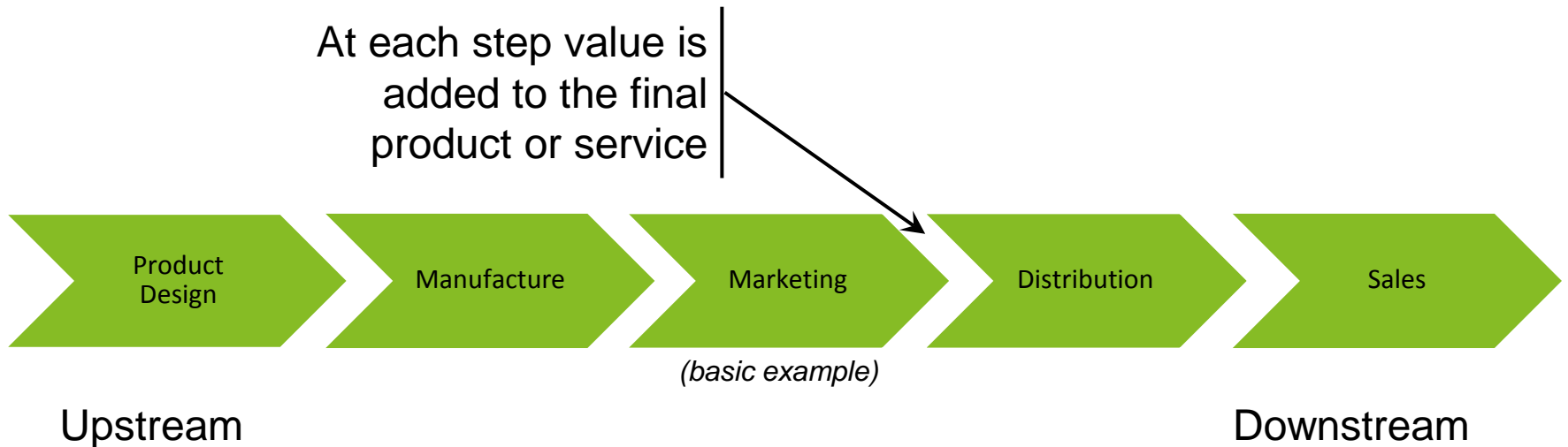
3. Activities - choose either one or both of:

- Exercise 1: Value Chain Analysis
- Exercise 2: Market Entry Strategy

What is a value chain?

Definition:

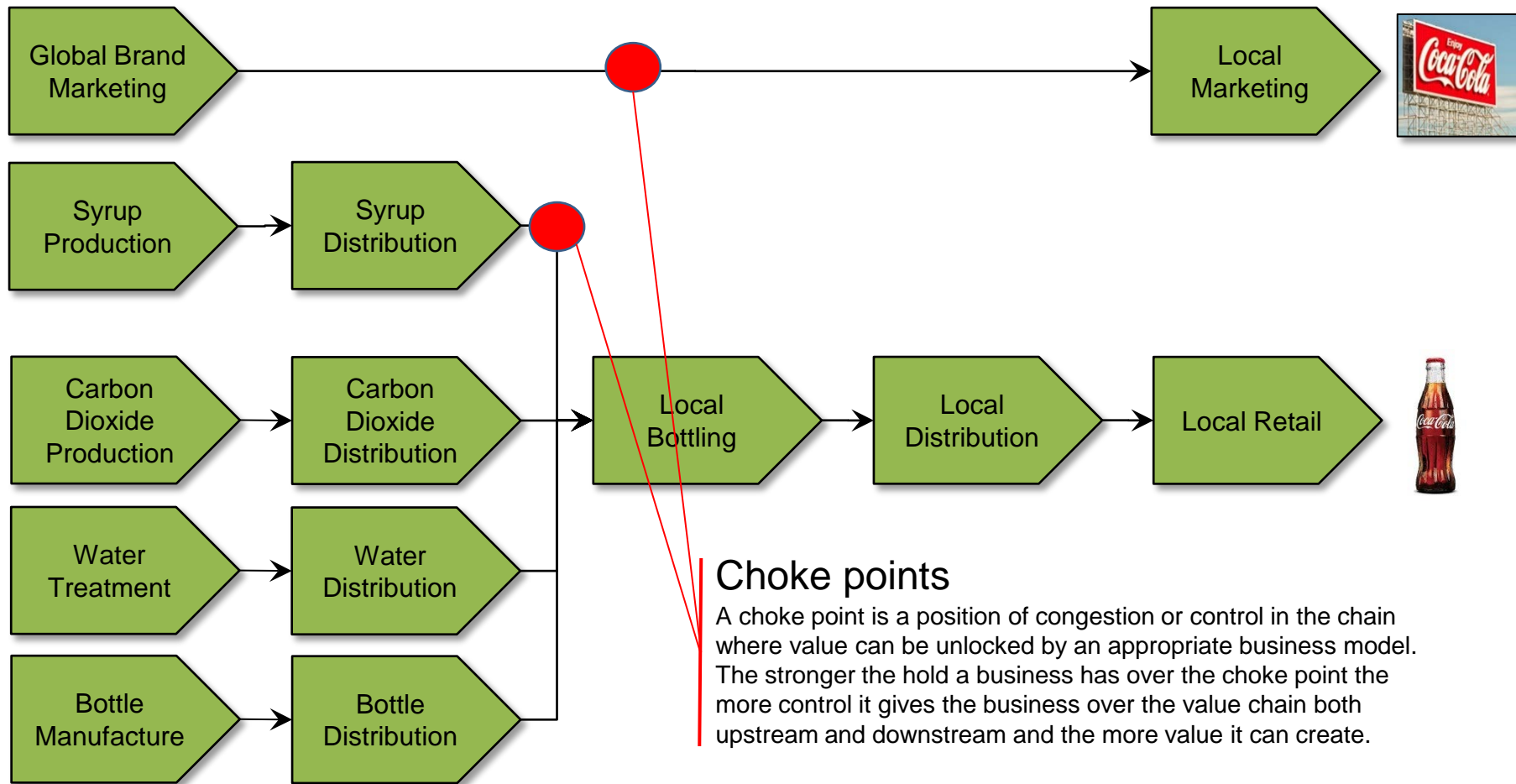
A value chain describes all of the activities needed to get a product or service to consumers, which actors are involved and where value is created



Note: This is an extended version of the Porter value chain model, looking at both the internal and external value capture activities of the firm and other players in the ecosystem

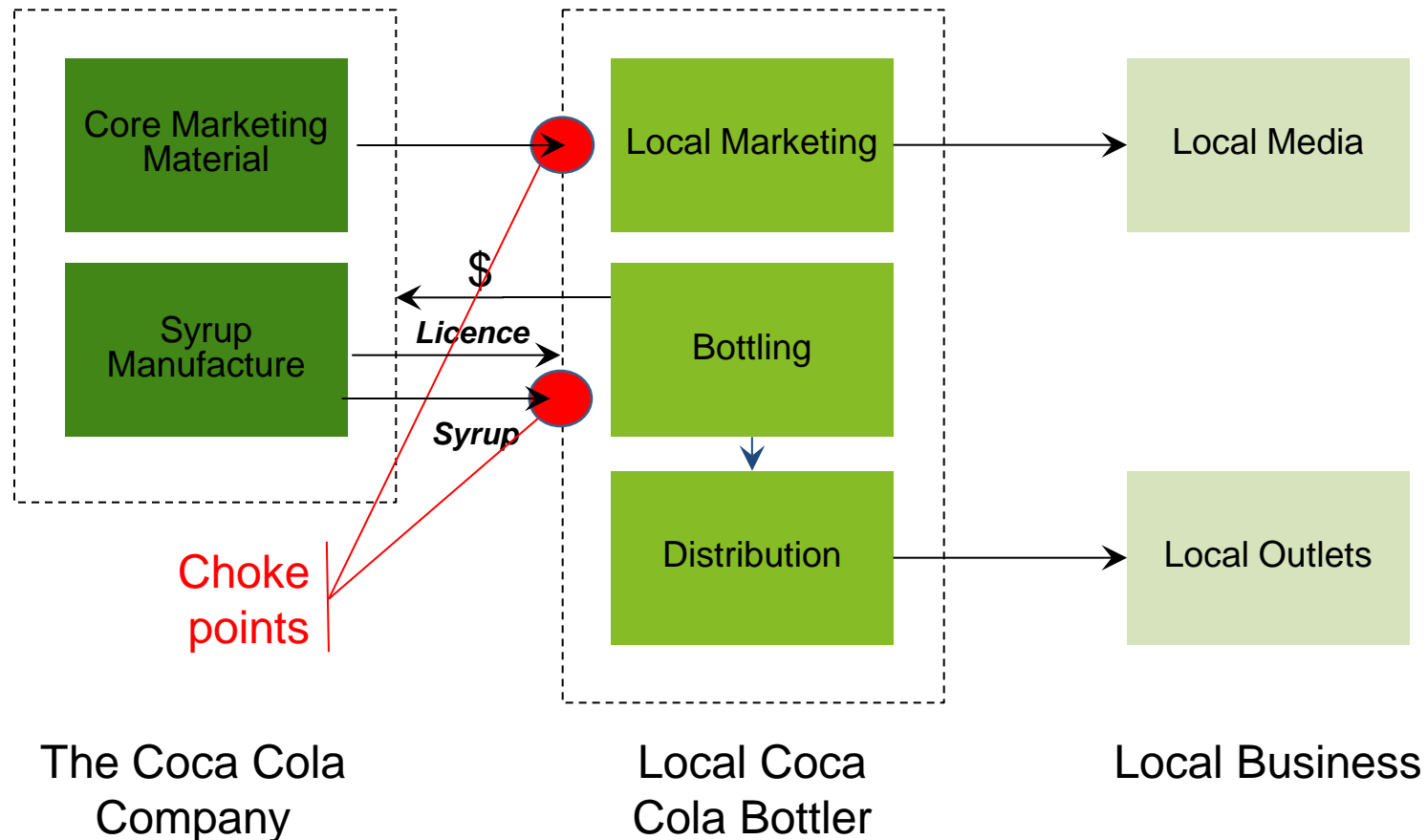
Value Chains

Example: Coca-Cola



Value Chains

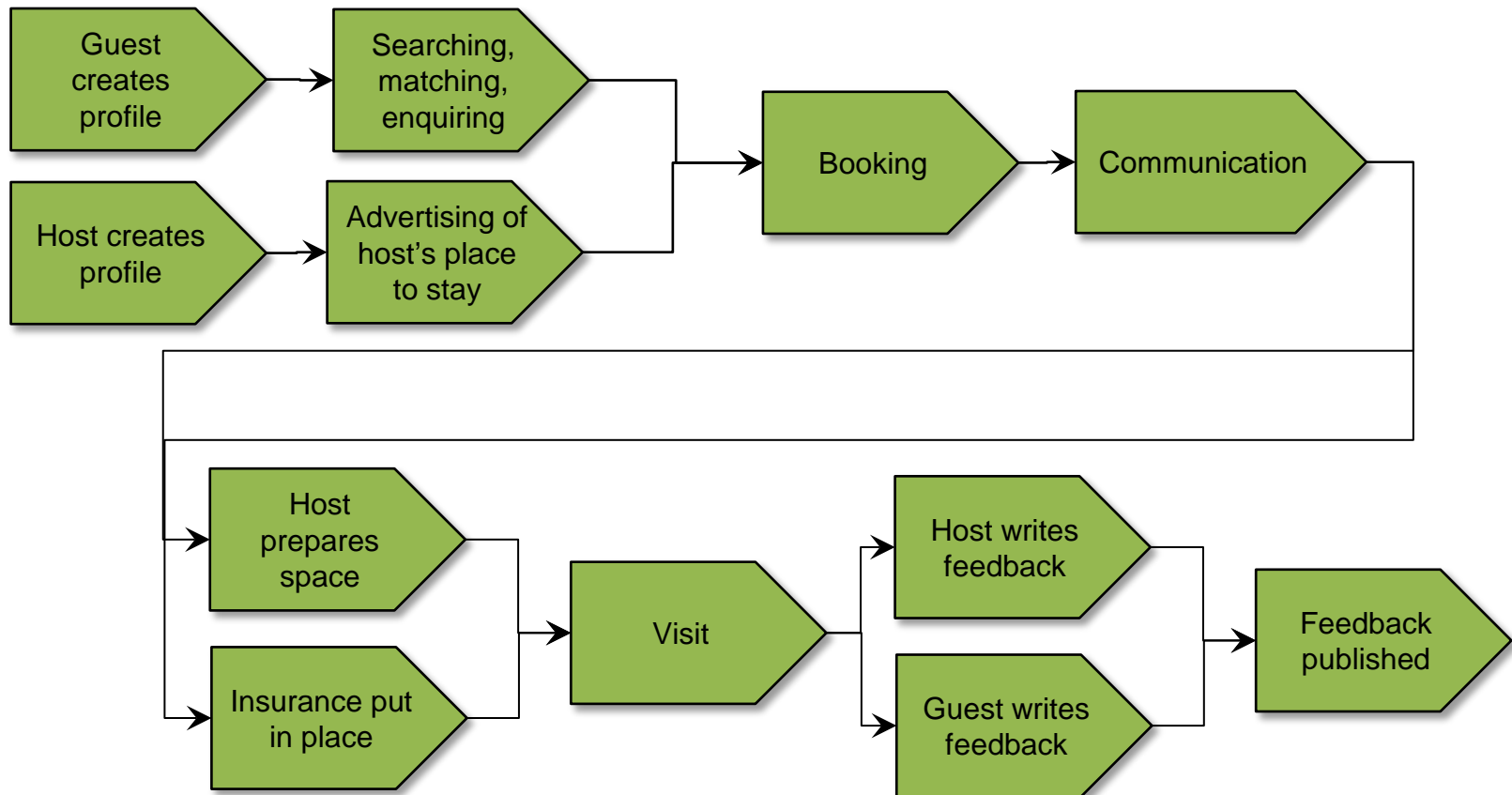
Example: choke points in the Coca-Cola 'franchise model'



Source: Christopher Tchen, Carbon Limiting Technologies Limited (UK)

Value Chains

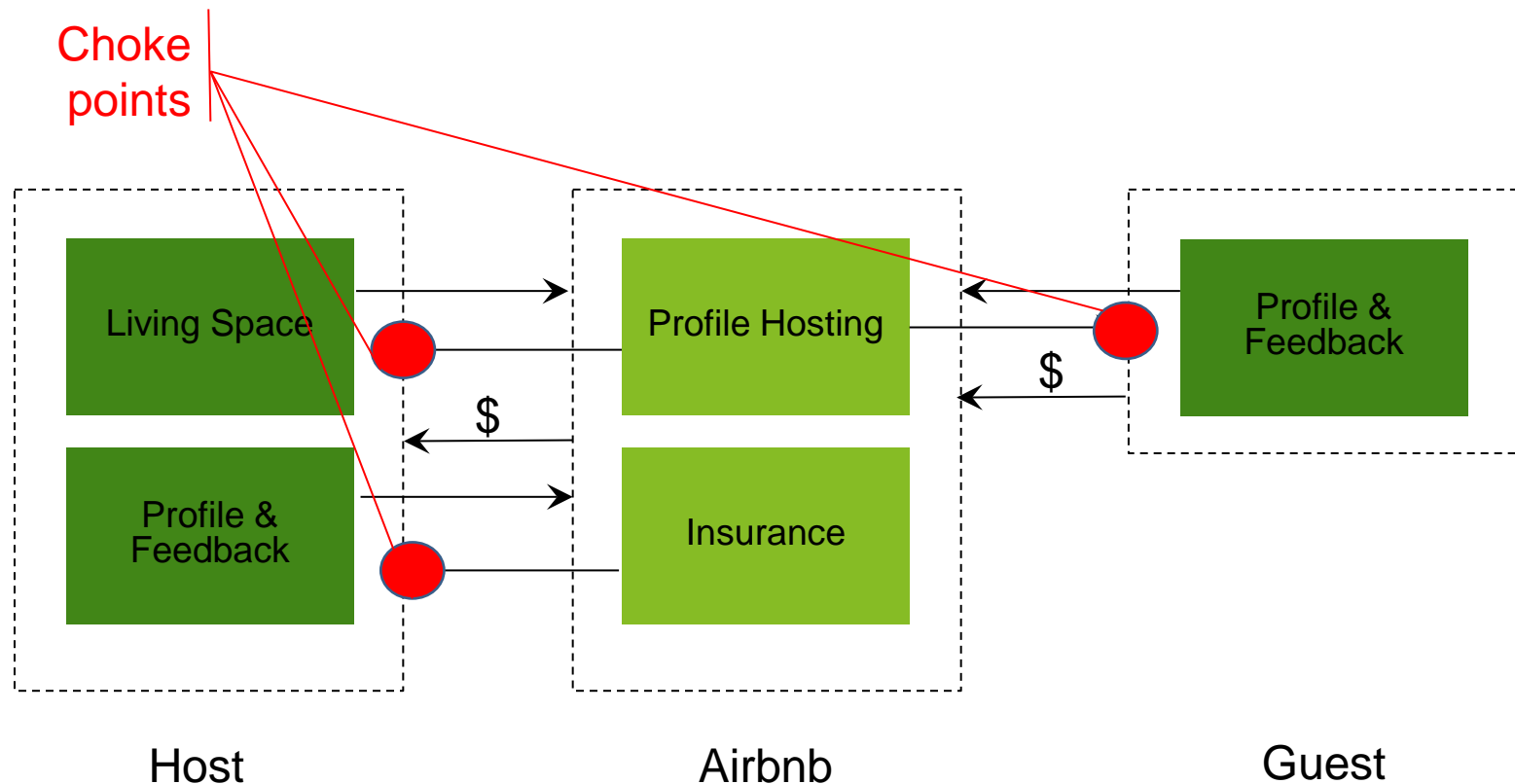
Example: Airbnb



Remember: to illustrate the business appropriately, each step shown should represent the creation of value

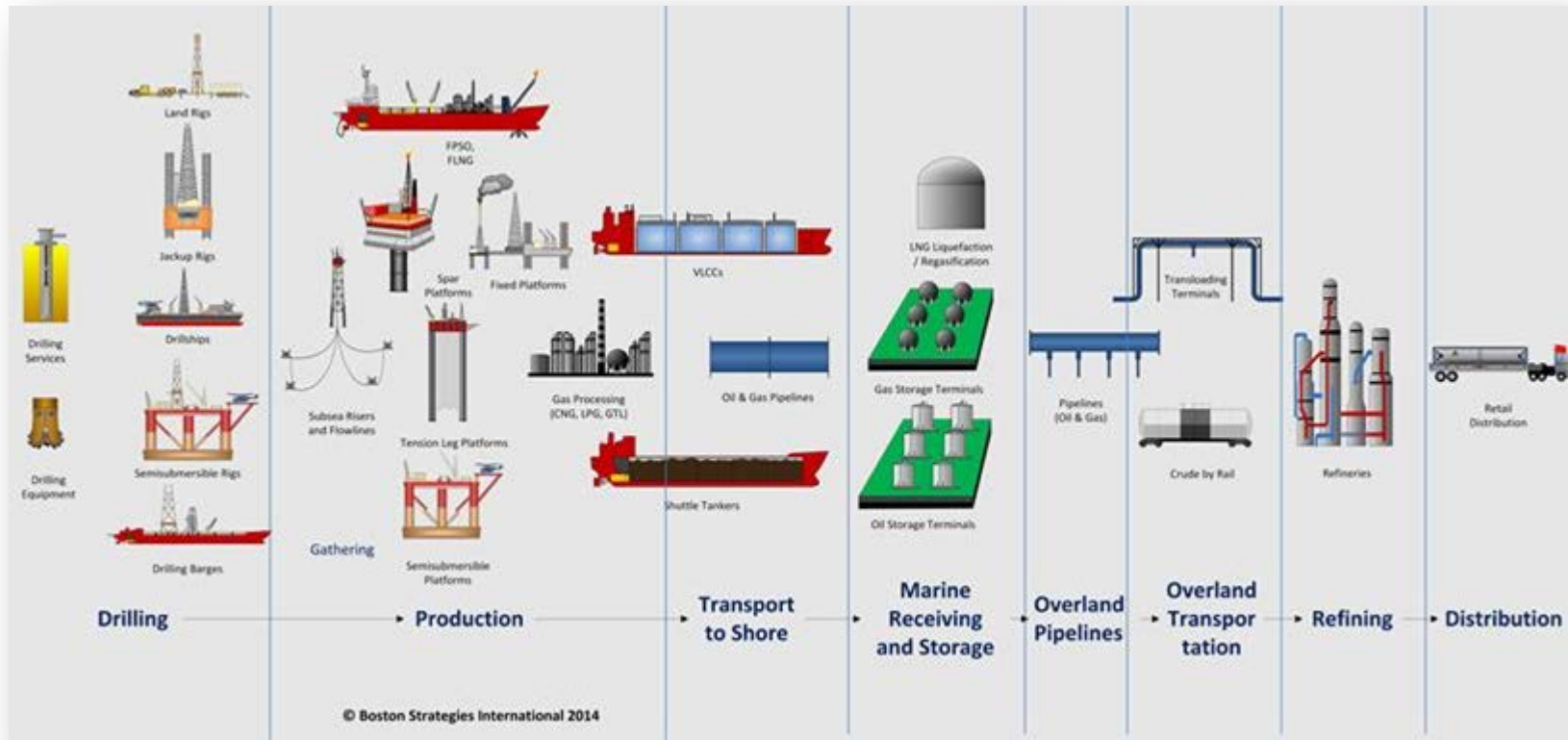
Value Chains

Example: choke points in the Airbnb 'matchmaking model'



Value Chains

Example: oil and gas



The diagram shows the activities, but where and how is value created?

Source: Boston Strategies International 2014

Value Chains

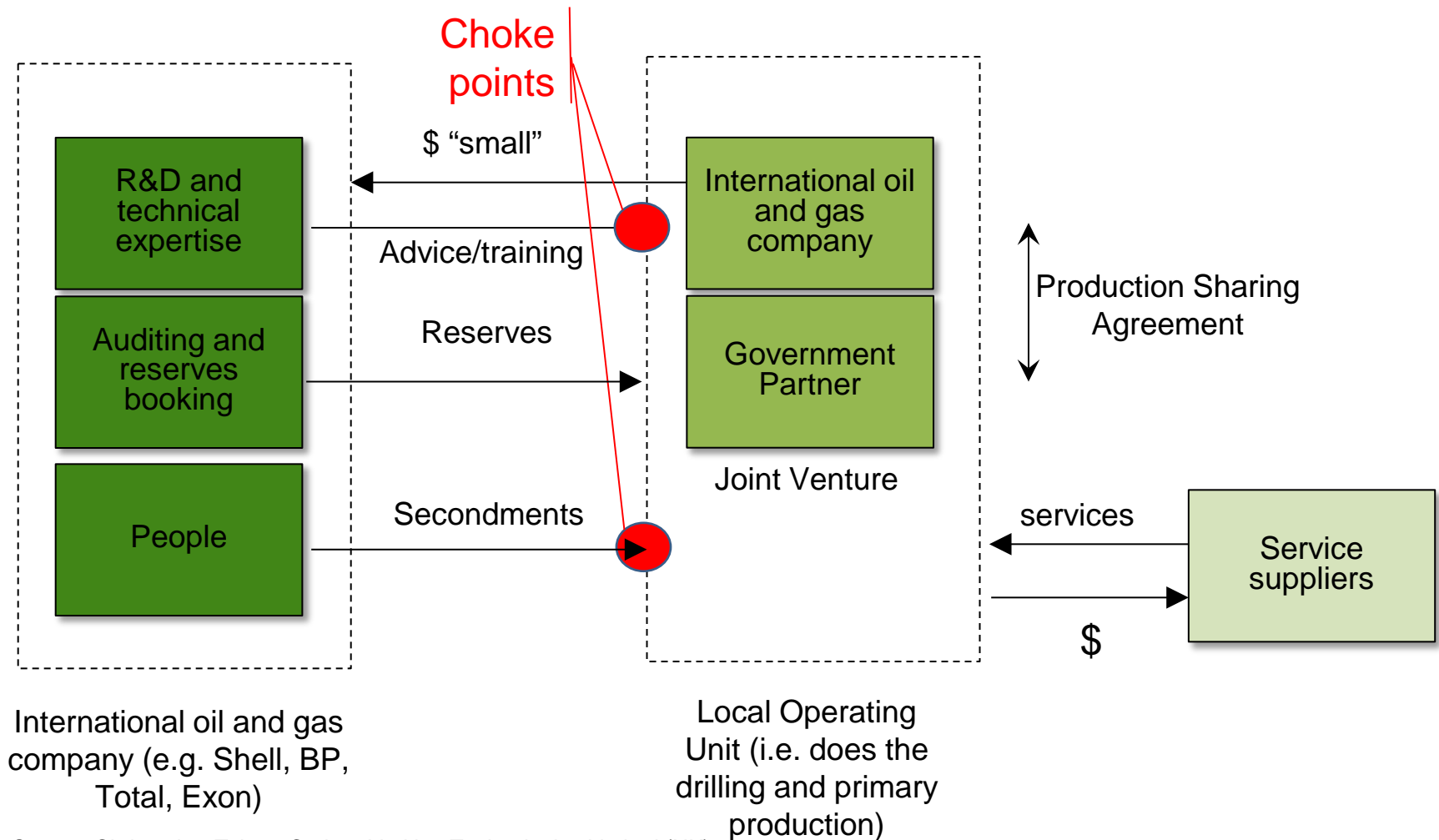
Example: oil and gas – value addition along the chain



Source: Petrostrategies.org, Slide adopted from Peter Vogel

Value Chains

Example: choke points in an oil company's 'permissions model'



Source: Christopher Tchen, Carbon Limiting Technologies Limited (UK)

Value Chain Analysis

Key questions:

1. Where is value created and who captures it?
2. Who are the main actors in the value chain and what do they do?
3. What do you do and what don't you do?
4. What are the choke points in the value chain?



We do:

- Design
- Marketing
- Distribution

We don't:

- Manufacture
- Sell to consumers

Value Chain Analysis & Market Entry Strategy

1. Value Chain Analysis

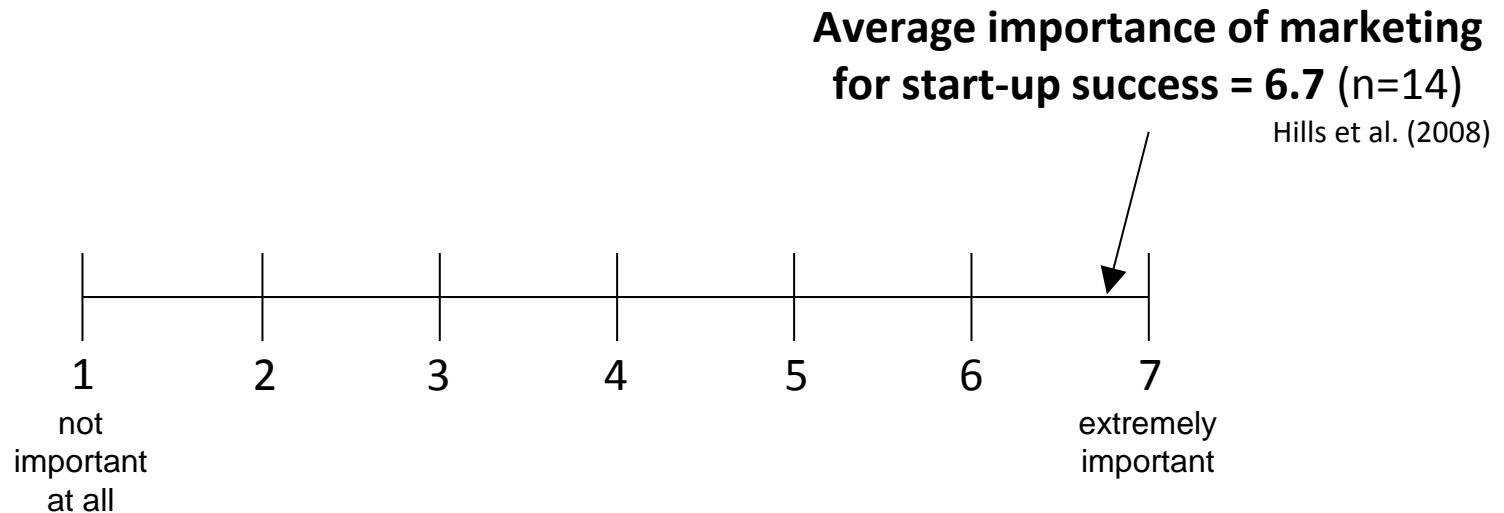
2. Market Entry Strategy & Entrepreneurial Marketing

3. Activities - choose either one or both of:

- Exercise 1: Value Chain Analysis
- Exercise 2: Market Entry Strategy

Market Entry Strategy & Entrepreneurial Marketing

Venture capitalists consider the start-up's marketing function to be extremely important – more than any other function.

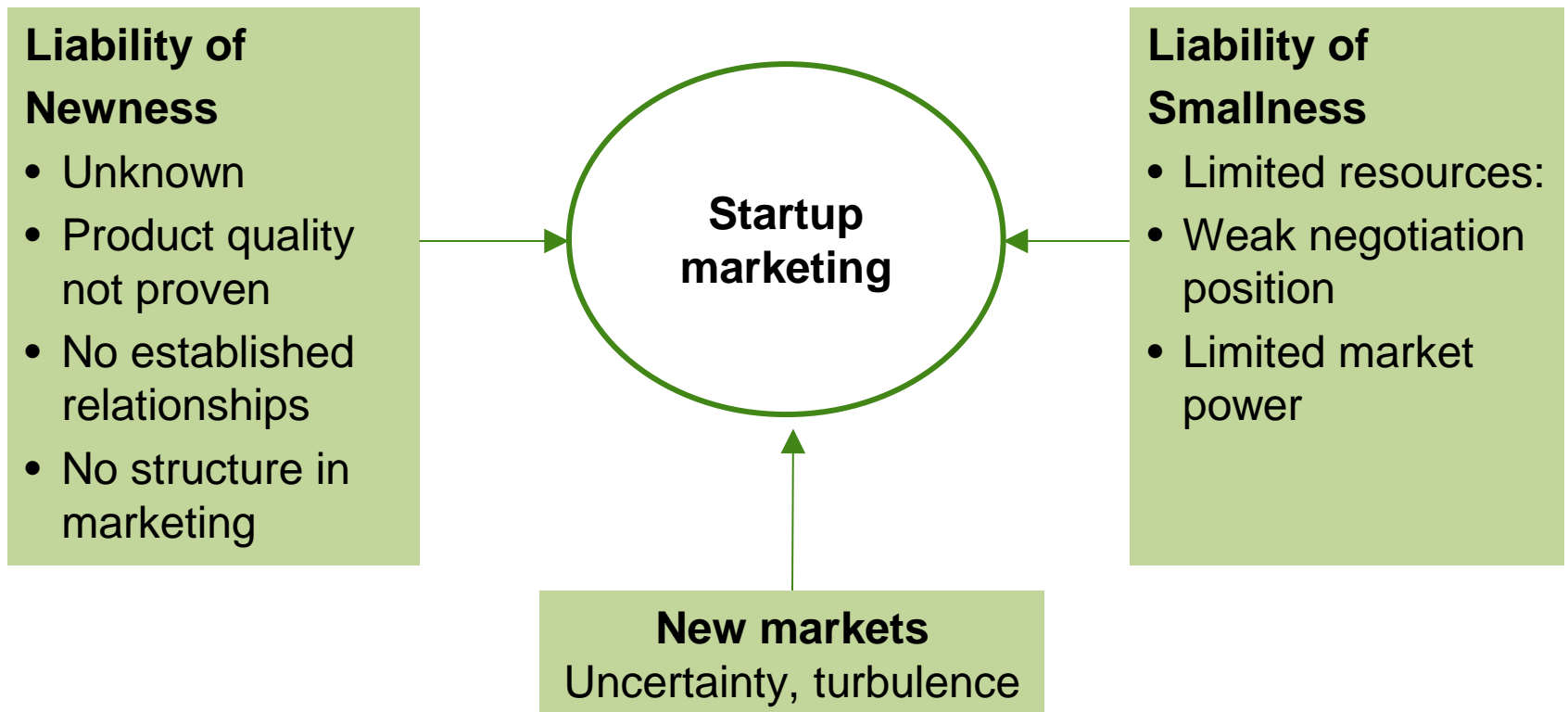


Marketing is, for start-ups, both extremely important and particularly difficult!

Source: Adopted from slides by Peter Vogel

Market entry strategy & startup marketing

Startup marketing is fundamentally different from corporate marketing, for a variety of factors:



Source: Adopted from slides by Peter Vogel

Market Entry Strategy & Entrepreneurial Marketing

Customer vs. Product Perception

Entrepreneur's view \neq Customer's view



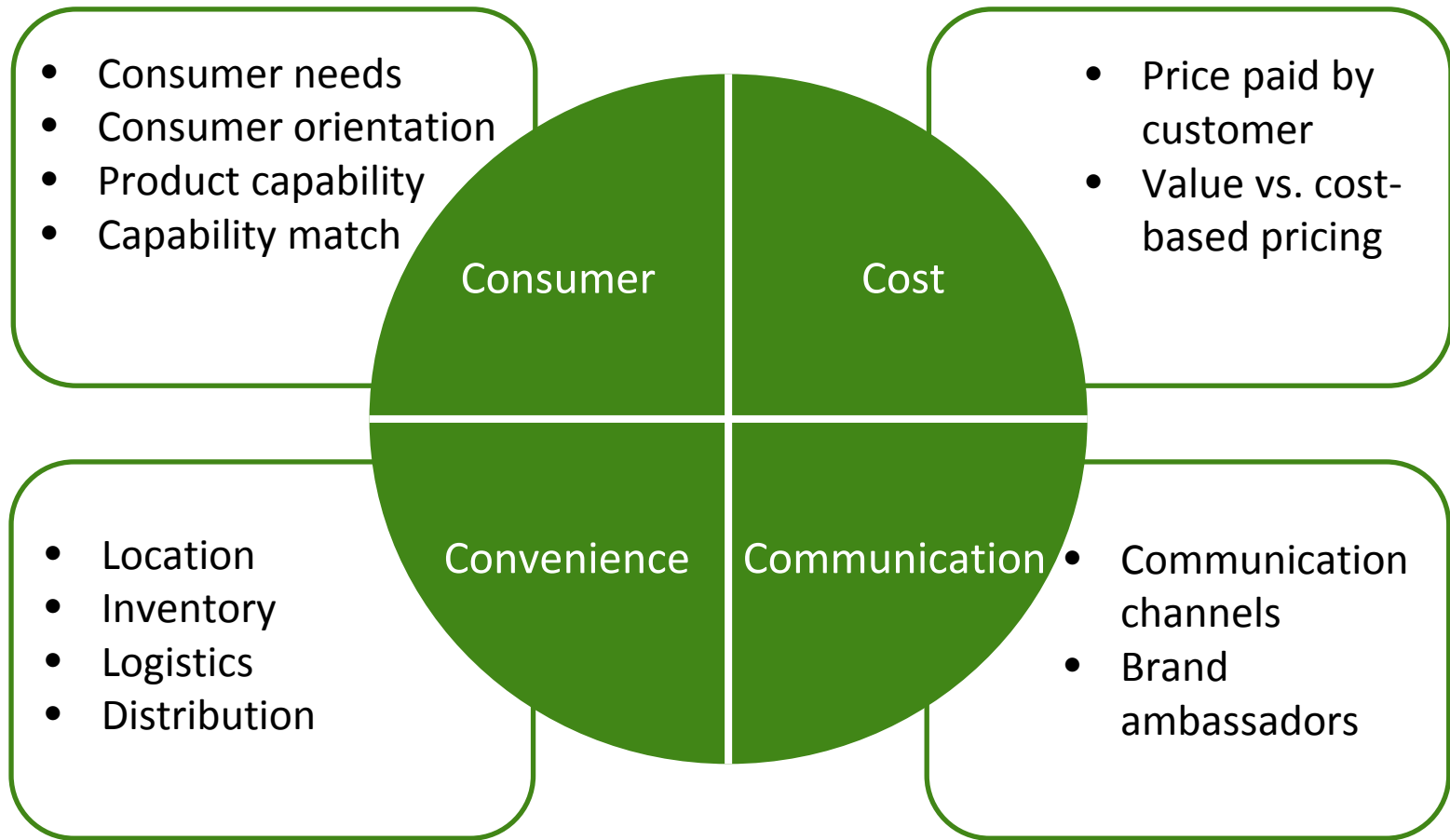
- Proud of idea
- Enthusiastic about product
- Has been working on it for months
- High level of identification
- Critique on product considered as critique on the person

- Barrier to attention is high
- Initial impression is decisive
- Continually flooded with information
- Distrusts new things
- Stuck in mind-set

Know your clients and engage them early on in the process!

Source: Adopted from slides by Peter Vogel

Market Entry Strategy & Entrepreneurial Marketing



Source: Adopted from slides by Peter Vogel

Market Entry Strategy & Entrepreneurial Marketing

Example: Which types of customers will buy these cars?
Who do you need to target? What are their purchase motivators?



Source: Adopted from slides by Peter Vogel

Market Entry Strategy & Entrepreneurial Marketing

Example: Cars

Porsche	Toyota Sienna	Smart	Morgan Roadster
Consumer Characteristics			
Rich, focus on fun, young (?)	Middle class, family, ...	People in urban environments	Older, focus on lifestyle, rich
Product			
Customization, colors, features	Simple, standard, spacious	Simple, small, standard	Features, customization, design
Convenience / Place			
Specialty dealers	Many dealer outlets	Many dealer outlets	Specialty dealers
Communication / Promotion			
Upper-class events, Personal promotion	Mass market, Magazines	Mass market, Magazines	Special oldtimer events, personalized
Cost / Pricing			
High	Mid	Low-Mid	High

Source: Adopted from slides by Peter Vogel

Value Chain Analysis & Market Entry Strategy

1. **Value Chain Analysis**
2. **Market Entry Strategy & Entrepreneurial Marketing**

3. **Activities - choose either one or both of:**

- Exercise 1: Value Chain Analysis
- Exercise 2: Market Entry Strategy

Exercise I: Value Chain Analysis

(45 mins +/-)

Objective:

- Develop the value chain for your future venture

Tasks:

- 1.Create the value chain and position your venture in it
- 2.Define those activities you wish to do yourself and which to outsource

Activity Guide

1. Think about the core activities of your venture and where you want to / can get active yourself, and where you might be looking for suppliers or distribution partners. What do you do and what do they do? (see next slide)
2. Draw your business value chain as well as the value chain around it
3. Make sure you understand where you can capture the greatest value and what the business model would look like to do so

Exercise I: Value Chain Analysis

(45 mins +/-)



We do:

- Design
- Marketing
- Distribution

We don't:

- Manufacture
- Sell to consumers

Exercise II: Market Entry Strategy

(45 mins +/-)

Objective:

- Understand the 4Cs (Consumer, Cost, Convenience, Communication) for your own business

Tasks:

1. Create a matrix of the 4Cs for your business, based on the previous car example, only more detailed (if possible)

Activity Guide

1. Complete the matrix shown on the next slide for your venture,
2. Include competitors and a full assessment of your position with respect to them

Exercise II: Market Entry Strategy

(45 mins +/-)

Your Venture	Competitor 1	Competitor 2	Competitor 3
Consumer Characteristics			
Product			
Convenience / Place			
Communication / Promotion			
Cost / Pricing			

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Part One	Understanding your market
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Update Business Value Concept

(30 mins)

Objective:

- Review and refine your Business Value Concept

Tasks:

- 1.Review your Business Value Concept and update the sections where your thinking and knowledge has developed
- 2.Adjust also the slide deck that you started working on in the last session.

Activity Guide

Tips:

1. Challenge your previous assumptions, data and ideas – be your harshest critic (or someone else will be)!
2. Incorporate your latest knowledge and thinking, including:
 1. Target market segmentation, sizing and trends
 2. Value proposition and competitive positioning
 3. Value chain analysis

Business Value Concept Version 3.0

Answer more detailed questions in columns 1 and 2 and 3

1- Source of Value <i>(Is it needed, unique and defensible?)</i>	2 – Potential of Value <i>(How big and secure is the prize?)</i>	3 - Realization of Value <i>(Is it doable and how would we do it?)</i>
The Problem <i>What is the problem that your team has identified? What could be done better?</i>	The Market <i>How big is your target market? Who are the key customers? What are the market trends? Is the timing right?</i>	Plan <i>What steps must you take to establish your business as a profitable venture? What are the milestones that will create value? What resources will you need? What are the critical next steps?</i>
The Solution <i>What is your solution to the problem? What is your idea? What is the value proposition to the customer (why would they want it)?</i>	Competitive positioning <i>Who are your main competitors? What is your USP and how does this position you versus competitors? What products and/or services would you displace?</i>	Team <i>Who is in your team and what people are you missing?</i>
Magic Sauce <i>What is the “valuable new thing” behind the solution? What is the unique source of value? E.g.: technological invention, design, assets, brand, creativity, etc. How can you protect/maintain/develop it?</i>	Business model <i>What are the key activities you will undertake in the value chain? What won't you do? Who will be your suppliers, customers and partners? How will you make money?</i>	Finance and Funding <i>How big could your business be in 5 years (sales/headcount)?</i>

Focus on the questions in black

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Wrap-Up

(5 mins)

Objective:

- Summarise key outcomes from this week and look ahead to the next week

Tasks:

1. Group discussion of the key outcomes and deliverables of the week
2. Group discussion of any key considerations for next week

Week 3: Market Relations Summary

Learning Goals

The participants are able to:

1. Identify a target market and undertake customer segmentation
2. Understand potential competition & create a positioning map
3. Represent the relationships & flows of goods, services & money related to their business using a value chain
4. Define a market entry strategy

Deliverables

1. Customer Segment
2. Market Positioning Map
3. Value Chain / Market Entry Strategy



Key Take Aways

Week 4: Coaching (I)

Outlook

Homework / preparation for the coaching session

Fix a date, time and venue for your 1:1 coaching session with your trainer. Come prepared in order to take full advantage of it:

1. Review and update your Business Value Concept
2. Revise the first slides from session 1-3 and take them along to coaching
3. Complete your positioning map
4. Speak to at least one potential customer prior to coaching
5. Prepare a list of questions you would like to discuss with the coach

Please don't forget to fill in your feedback form for this week

STARTUP CAMPUS CTI Entrepreneurship Training
Start-up - Coaches - Mentoring

Ein Trainingsprogramm der KTI
Start-up und Unternehmertum
CTI Entrepreneurship
Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun Svizra

Feedback for Modul 2 „Business Concept“

Course location: _____
Coach: _____
Topic: _____
Your name: _____

Can you recommend this course? ☐ yes ☐ no

How do you evaluate...

the course as a whole	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the course content	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instructor's contribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instructor's effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What did you like best?

What could we do better?

comments



CTI Entrepreneurship

Business Conception

Week 3: Market Relations

*Core Content Developed by: Dr. Ben Graziano and
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