

Introduction to UX Research

Lesson 2: Market Research

Market Research

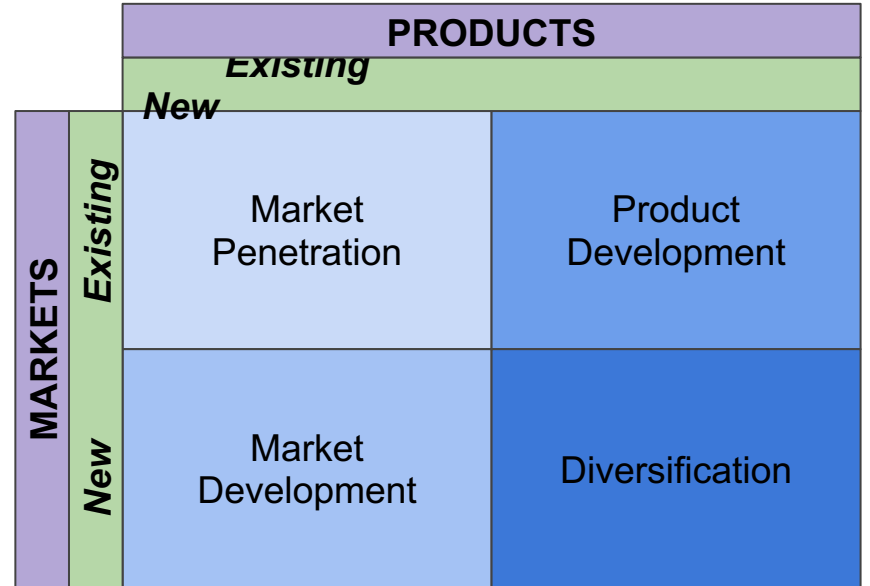
- Shape business development plans and product development
- Examples
 - Vetting prospective customer segments (what demographics best suit your product)
 - Conducting market analysis (determining market size and trends)
 - Performing strategic growth analysis (increasing profitability)
 - Completing competitor analysis (brand and product analysis, SWOT)



Ansoff Matrix

Method to evaluate growth initiatives and risk

- **Market Penetration**
 - Increasing advertising
 - Changing pricing strategy
- **Market Development**
 - Opening stores in new locations
 - Targeting new customer segments
- **Product Development**
 - R&D for new products
 - Improving existing products
- **Diversification**
 - Clothing companies creating masks
 - Amazon buying Whole Foods



Validating Market Opportunity

You work for a SaaS company that provides a platform for online courses. Your customers are primarily educational in nature and use your platform to provide technical training and lectures to students.

You are considering branching out to offer a platform for online fitness classes. Your task is to conduct market research to determine whether this new product offering is viable and profitable.



Validating Market Opportunity

Market Demand

Is there a need for this product offering?

- Industry trends
- Talk to current / potential customers
- Get feedback from front-line employees

Validating Market Opportunity

Market Demand

Is there a need for this product offering?

You use Search Engine Optimization (SEO) tools to find web traffic relating to home workout themes over the last 5 years. You find that, even though some people have returned to in-person fitness centers in 2023, many still prefer to work out at home. Home fitness trends fell 50% from 2020-2021, but have stayed flat from 2021-2023 and are 200% more common than in 2019.

Furthermore, end users say that they'd pay an extra \$50 a month to your company in order to have home exercise videos.

Validating Market Opportunity

Market Size

- Total number of potential customers and potential revenue
- Top-down – industry reports
- Bottom-up – data from early selling efforts
- Aim for projections for the next 3 years (growth / decline)

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Adults in USA

100% of people 18+
209,000,000

Regularly Exercise

66% of all adults
137,940,000

Exercise at Home

30% of regular
exercisers
41,382,000

Use Video Classes

75% of home exercisers
31,036,500

Workouts per Week

3x a week
93,109,500

Validating Market Opportunity

Market Saturation

- The industry has produced the maximum need of products / services
- Once saturation occurs, there is no more demand for the products / services
- From competition – everyone who wants the product already has it
- No more customer need (fads)

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You use SEO tools and social media to uncover customer sentiment relating to other companies and find that, while many customers are happy with their current home workout courses, there is a market gap when it comes to yoga videos. You determine that you should focus on yoga videos.

Competitive Analysis

Goals – find niche for YOUR product / service


- **Core competency**
Advantage you have over competitors (capabilities, skills, resources)
- **Unique selling proposition**
Factors that differentiate you from competitors (cost, quality)
- **Benchmarking**
Compare various aspects of your product with competitors

SWOT

Internal Factors

- **Strengths** – What separates your product from the competition
Assets, promoters, employee team
- **Weaknesses** – Where you need to improve to stay competitive
Hidden costs, detractors, low performance

External Factors

- **Opportunities** – Factors that can help you
Market trends, demographics, world events
 - **Threats** – Factors that can hurt you
Competitors, market changes, world events
- 

SWOT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">● Loyal customer base● Unique online technology● Proprietary video technology	<ul style="list-style-type: none">● Weak brand● High employee turnover● Tech debt
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">● Capture a new market (fitness) with same customers● Get people to use product more frequently	<ul style="list-style-type: none">● Rising returns to gyms● Increasing cloud costs● Changing government regulations about fitness and health

PESTLE

Way to assess how external factors can impact your company, product, or service

- **Political**
General political climate, international relations
- **Economic**
Inflation, recession, currency exchange rates
- **Social**
Changing lifestyle trends, demographic differences
- **Technological**
Changes in vertical and company, trends (quantum computing)
- **Legal**
Legislative changes (tax and employment laws)
- **Environmental**
Carbon footprint of the cloud, recyclable product casing

Market Research

Market Research involves studying an industry to determine:

- What problems are facing the field
- How other companies have tried to solve these problems
- How your company can meet the need in a better way than your competition

The goal of market research is to **shape business development plans and product development**
