Getting & responding to market signals

Before launching your latest products or versions into the market, you make countless, critical decisions. Each decision can bring you closer to—or further from—market success. How can you maximize your chances of success and minimize the risk of failure? By getting and responding to market signals throughout the product process.

It seems obvious—of course you want to know what the market needs and wants from your products. Yet according to our research with more than 2,000 companies, 86% of product managers do not conduct market research.

Missing or misunderstanding market signals leads to expensive mistakes: introducing new features that buyers don't want to pay for; ignoring product flaws that cause customers to abandon it; investing in irrelevant technology that doesn't solve needs; overlooking competitors who are snatching your market share; and more.

At Obo, we've combed through data from our research with over 2000 companies to uncover the best practices for getting, understanding, and responding to market signals. We've also synthesized and learned from our combined experience bringing billions of dollars of successful products to market.

This document explains the most important market signals, as well as how and when to get them, so you can respond effectively and quickly.

What are market signals & why do they matter?

Market signals are indications of market needs, values, preferences, and priorities. The **market** includes your customers, but it's much larger than that. Non-customers are your main source of growth. They can also help you generate ideas for breakthrough products and features.

Reading market signals enables you to better understand market needs, assess potential solutions, and make data-driven decisions that are most likely to lead to product success before you spend valuable resources on prototyping and testing solutions.

Where do market signals come from? These are the most important sources:

- Current customers
- Non-customers
- Your product ecosystem
- Competitors
- Influencers

- Partners
- Employees
- Vendors
- Industry publications
- Industry conferences

How do you collect them? Techniques include:

- Discovery or depth interviews
- Large-scale market surveys
- Voice of customer research
- Customer surveys
- Surveys of internal teams
- Usability tests
- A/B tests

- Product usage analytics
- Customer support issue analysis
- Net Promoter Score (NPS)
- Customer experience data
- Social media sentiment
- Community feedback
- Third-party industry research

Market signals can be quantitative and/or qualitative. Interactive depth interviews, informal conversations, usability tests, community feedback, and social media sentiment yield primarily qualitative data that helps you identify key needs and pain points, and potential solutions. Direct-response surveys, product usage data, NPS (net promoter score), A/B tests, and customer support issue analysis yield primarily quantitative data. All are important at different times.

It's essential to pay attention to the right signals, interpret them wisely, and respond quickly—before you're too far down the wrong path. Unfortunately, your target market doesn't pick up the phone to tell you what it really wants and needs. It may not know what it really wants and needs.

Market researchers have spent decades establishing techniques to gather meaningful market signals. Some of those techniques can be expensive and time consuming. The Obo product suite makes many of them substantially easier, faster, and less expensive.

Below, we've identified the market signals that matter most and suggest ways to use them.

Market signals that matter most

Let's focus on the essentials. Below, we list what matters most at each stage in the market-first product journey (strategy, plan, design, develop, market, sell) and assign to categories:

1. What you **must** do if at all possible
2. What you **should** do if you can
3. What you **can** do to explore more deeply

Strategy

Your *product* strategy aligns business strategy with market needs. It sets direction for your product investments and plans.

Signal	Get it from	What it tells you	How to respond
Market needs and trends	General and target market depth interviews, followed with larger-scale surveys, Industry influencers, Community feedback, Social media sentiment, Online review sites	Needs and trends in your target market(s).	Identify unmet needs and technology trends that matter. Get feature ideas to consider in your product plans.
	Depth interviews or surveys of customers, Customer Advisory Boards, channel partners	Needs and trends that your key customers and channel partners are experiencing.	Identify unmet needs and technology trends that matter. Get feature ideas to consider in your product plans.
Competitive landscape	Competitors' websites: value statements, positioning, key features, target markets	Competitors' strategies, target market(s), value propositions.	Identify product investment opportunities for differentiation and requirements for catching up. Identify feature ideas to consider in your plans.
	Competitors' investor briefings and financial statements	Competitors' initiatives, where they are investing, financial viability.	Identify and refine your own strategic initiatives and investments.
	3rd party analyst reports (e.g., Gartner, Forrester, IDC), industry media coverage, etc., Online review sites	Perceived strengths and weaknesses, market share.	Identify and refine your own strategic initiatives and investments.
Economic trends	Financial and industry news sources	Your market's ability and willingness to pay for your solution.	If your target market is in a down cycle, it may be harder to sell. Consider pricing and packaging strategies that make it easier for prospects to buy. Marketing should focus on addressing the pain due to economic downturn.

Plan

The goal of the Plan phase is to create a product plan of prioritized features. Your best plan is based on input from the market, your customers, your internal teams and partners, etc., aligned with product strategy and budget to provide maximum impact (return on investment). An important part of the Plan phase is identifying feature ideas that address market and customer needs.

Signal	Get it from	What it tells you	How to respond
Unaddressed market needs	Depth interviews, surveys of target market, Voice of Customer research	Product opportunities.	Discover and document feature ideas, then validate them.
Customer needs and desires	Feature suggestions from customer support tickets, external feature suggestion portal, online reviews, social media	Feature ideas from your customers.	Use as a source of feature ideas and proxy for feature value with existing customers.
Competitive intelligence	Competitors' websites, especially support and training videos and help articles. Using competitor products (if possible). Online customer review websites like G2Crowd.	Competitors' value propositions. Key competitor functional areas, features, and technologies. Who are their (new) customers and partners? What is their strategy? Assess their momentum and growth.	Create feature ideas for must-haves that match or beat competitive offerings. Create feature ideas where you see opportunity. Formulate unique positioning that highlights your product strengths vis-à-vis the competition.
	Competitive intelligence survey to your sales & sales/channel support teams	Competitor momentum and growth. Emerging functional areas, features, and technologies that are opportunities or are becoming must-haves. Feature ideas that could help sell.	Refine product plan, prioritize features that are important to be more competitive and maintain leadership. Get new feature, function, and technology ideas.
	Competitive intelligence survey to the market	Competitor momentum and growth. Emerging functional areas, features, and technologies that are opportunities or that are becoming must-haves.	Refine product plan, prioritize features that will make you more competitive and/or maintain leadership.
Value of features to the market	Feature value calibration using a preference survey of your target market(s)	How the market values the features you are considering for your product plan.	Use to prioritize features and determine which to include on the product plan based on what the market values most.

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Signal	Get it from	What it tells you	How to respond
Value of features to customers	Feature value calibration using a preference survey of your customers (or a subset)	How your customers value features you are considering for the product plan.	Use to prioritize features and determine which to include on the product plan based on what your customers value most.
Value of features to internal teams	Feature value calibration using a preference survey of internal teams, especially Sales, Professional Services, Customer Support, and customer-facing teams (optionally partners)	How internal teams value features you are considering for the product plan.	Use to prioritize features and determine which to include on the product plan based on what internal teams value most.
Value of feature bundles to the market	Analysis based on market survey. This requires more advanced survey construction and analysis.	The combination of features that create a product plan that optimizes value to the market (or whatever group you survey).	Use to identify bundles of features—or an entire release—that is highest value to the market.

Design

The goal of the Design phase is to design and spec how planned features will work. Design and Develop often happen iteratively, with teams working together to get user and market input.

Signal	Get it from	What it tells you	How to respond
Concept acceptance	Concept prototyping & testing	Does solution concept solve market and user need?	Identify fundamental issues in certain approaches. Choose best concept designs.
Solution acceptance	Product design & usability research, A/B Testing	Does solution design solve market and user need?	Redesign or refine if necessary.

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Develop

The goal of the Develop phase is to build and test product features on the product plan. Design and Develop often work iteratively, together, to get user and market input.

Signal	Get it from	What it tells you	How to respond
Usefulness and usability	User and usability testing, UI research	Validates feature usability and delight.	Refine implementation if necessary.
In-application testing (if applicable)	Feedback (survey, in-app feedback, direct interviews, observational testing) and usage analytics from customers (or a subset) to whom you release a new feature for in-application testing.	How your current customers (or a subset) respond to the new feature—do they use it, do they like it?	Refine implementation if necessary.

Market

The goal of the Market phase is to prepare for and launch the product, then to scale and sustain demand throughout its lifecycle.

Signal	Get it from	What it tells you	How to respond
Product satisfaction	Satisfaction surveys, support tickets/surveys, Net promoter score (NPS)	Level customer satisfaction and loyalty to your product.	Use high scores as part of your positioning and messaging. Investigate low scores to determine how to improve.
Competitor positioning	Competitors' websites, win/loss analysis	How competitors are positioning their strengths and your weaknesses.	Formulate positioning that emphasizes your strengths and their weaknesses. Address issues that led to lost sales in the past.
Best messaging	A/B Tests, surveys	Which messaging approach resonates best with target audience?	Use most compelling messaging that resonates with target audience.
Price sensitivity	Conjoint analysis to create pricing elasticity curves based on packaging options	Estimate of what the market will pay for your product based on packaging and usage scenarios.	Set pricing structure that supports your growth while providing customers with options they need.
Competitor pricing	Websites of competitors or their sales channels, 3rd party research, review sites like G2crowd.com	How to price relative to competitors.	Set or refine pricing, packaging, and positioning. Incorporate into sales support materials.

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Signal	Get it from	What it tells you	How to respond
Target segment profiles	Market segmentation survey	How best to identify and promote to target buyers.	Invest in the most cost-effective ways to reach target buyers. Identify target accounts.

Sell

The goal of the Sell phase is to sell, scale, and make customers successful. The Sell phase involves multiple teams (and possibly partners) that are selling, marketing, providing customer success and product support, providing professional services, etc.

Signal	Get it from	What it tells you	How to respond
Who's buying & why Who's not buying & why	Sales reports, win-loss analysis	Issues with sales strategy and process. What best sales people/channels can teach everyone else? Who you are losing to and why?	Improve sales process and/or promotions/offers, competitive positioning, targeting, sales and partner enablement and training.
User feedback	Voice of Customer research, user studies & observations, support tickets, customer interviews, professional services feedback	Issues, areas for improvement, new feature ideas, delighters.	Address what doesn't work for customers (user error, UI issues, product defects, lack of training or help, etc.). Adjust messaging to focus on what works and address issues. Identify customer needs and get new feature ideas.
Competitor strengths and weaknesses (sales)	Competitive intelligence survey to your sales & sales/channel support teams	How to best target accounts. Sales strategies that work, & that don't work. Competitor value propositions that resonate.	Improve sales strategy, improve competitive positioning, improve sales training.
Product use	Usage analytics	User behavior, usage trends that can lead to adoption or to churn, potential product gaps.	Identify ways to guide users toward behaviors and features that lead to adoption and stickiness—through future product enhancements, training, tutorials, etc. Identify customer needs and new feature ideas.
Marketing program effectiveness	Marketing analytics, variety of metrics	What's working, most effective marketing programs and tactics.	Adjust marketing and sales plans to do more of what works. Stop doing or revisit/revamp what isn't working.

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Field Guide

Getting better at reading the signals

Ideally, you should integrate market signals into each phase of the product journey. As you develop more experience, review what you're doing and how you can improve:

- What market signals and techniques for reading them proved most useful for you?
- What market signals did you miss and why?
- What can you automate and integrate into your product processes to ensure ongoing improvement?

Incorporate your findings into your product process so that you continue to improve, and make your products more successful.

Need help?

Obo delivers the only market-first suite of applications that make it easy to incorporate and respond to market signals throughout your product journey—from product strategy, plan, design, develop, and market; through sales and support. So you deliver more successful products.

We also provide helpful product content, templates, lessons learned, and best practices for all.

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Appendix: Terms & Technologies

A/B Testing
In A/B testing, you compare two or more versions of a feature to see which one performs better with current and potential users. You present one of these versions (for example, version A and version B—hence the name A/B Testing) to many users, then see whether the users of version A fared better than the users of version B. The version that results in the most desired outcome (for example, highest conversion rate) wins.

Competitive intelligence
Competitive intelligence is actionable information about your competitors that informs your business, product, marketing, and sales strategies. Competitive intelligence is a crucial market signal throughout the product process. (See *Obo Best Practice Plan 01: Assess market landscape and competition* to learn more.)

Depth (or in-depth) interview
Also known as an in-depth interview, a depth interview is a qualitative interview typically run one-on-one with the respondent, in person, by video conference, or by phone. The person conducting the depth interview typically uses a script of certain specific questions that she asks all respondents, but she expects to go "off script" and delve into more detail to learn more.

We recommend depth interviews for understanding user needs, gathering feature ideas, and gaining market perspective. Depth interviews provide qualitative background information and hypotheses that you can then qualify using online market survey to far more respondents. So, for example, at Obo we may run depth interviews with 10-30 people (mostly people who are not customers) and follow it with an online survey to 1000 or more people.

However, depth interviews are time consuming and expensive to run and analyze, especially compared to multiple-choice online surveys. While you want to use them to get a range of opinions and views, you use online market surveys to test at representative sample size scale.

Market panel
A group of respondents that take part in market research. Because this set of respondents is smaller – usually far smaller – than your entire market, it should be representative of your entire market or a specific identified segment.

Market survey
An online survey of *the market*, which typically means your desired target market – your customers plus the people and businesses you would like to become your customers.

MaxDiff– See *Preference survey*.

Net promoter score (NPS)
The net promoter score, NPS, measures the willingness of customers to recommend a product or service to others. It is often used as an estimate for customers' overall satisfaction.

Online survey
A survey that respondents take using a computer or mobile device. Online surveys have the advantage of being relatively inexpensive and fast to administer (instead of, say, calling respondents or knocking on doors and going through questions verbally).

Preference survey
A preference survey is a way of obtaining a ranked list of multiple items in order of respondent preference (that is, from most preferred to least preferred). Preference surveys are considered more effective than asking respondents to simply rank their preferences in order.

In practice, a preference survey asks a single question, shows respondents various sub-groups of all of the items on a series of screens, and respondents identify their Best and Worst (or just Best) choice for each sub-group. So how you phrase that question is important.

There are several techniques for implementing a survey that assesses respondents' relative preferences for a group of options. Techniques include MaxDiff and Best-Worst Scaling (often considered to be the same thing), with multiple approaches for analyzing the results.

Sales reports
Sales reports, a broad category, show sales results (revenue), pipeline status, and trends over time. Win/loss analysis is often part of sales reports.

Support tickets
Customer- or agent-generated requests for support and reports of product incidents.

Survey
You can implement a survey online or in-person. We use "survey" to mean "online survey." We refer to an in-person survey as a depth interview. Large-scale surveys use either your own email list or market panels.

Third-party market panel
A third-party market panel is recruited and made available through a market research panel provider based on the demographics or firmographics you provide to align with your target market. The participants on these panels are typically paid to participate. (Also see *Market panel* above.)

Third-party research
General or target-area-specific research published by or commissioned from a third-party research or analyst firm, or by another publisher, such as a magazine or blog.

Usability testing
Focusing on user experience, usability testing assesses how easy or hard a product is for end-users to use. Unlike functional testing, it does not test whether the product works the right way— for example, whether a calculation value is correct or not.

Usage analytics
Analysis that tells you exactly which features of your product users, typically in aggregate, are using, by tracking clicks and click order.

User studies and user testing
User studies cover a broad range of techniques for getting customer feedback, often as part of the design and development process. User studies include: how users interact with your product, what they expect from new products, and new concept testing. User testing, such as user acceptance testing, typically happens when the product or feature is close to release; it tests that functionality works as users expect and require.

Voice of the Customer (VOC) research
VOC is a process for identifying and understanding customer needs based on customers' experiences and expectations of your product. It typically includes one-on-one interviews, surveys, observations, and ongoing monitoring.

Win/loss analysis
More typically used for B2B products, win/loss analysis researches deals won and lost and attempts to answer "why" to enable better sales process and practice. For lower-cost subscription products, understanding sign-up and churn may be more relevant.

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