Positioning Strategy

How to Differentiate Your Offer & Your Messaging

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"Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect."
~ Al Ries, marketing professional credited with resurrecting brand positioning

"A brand for a company is like a reputation for a person."
~ Jeff Bezos, founder of Amazon

"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."
~ Warren Buffett, investor & top 10 richest men in the world

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Chapter Question: What strategies and tactics can startups use to position themselves in the market to attract more profitable customers?

By the end of this chapter, you'll be able to:

- Find the ideal customer by identifying your target audience
- Create a unique sales proposition that succinctly defines what you offer.
- Differentiate your product, regardless of the competition.
- Express clearer what you offer in a way that resonates with customers with your brand messaging.
- Increase organic word-of-mouth by improving the customer experience.
- See how messaging influences pricing.
- See how your distribution channels influence your messaging.
- Dominate your market.

What is going wrong?! Why were prospects undervaluing this marketing intelligence platform at 1/20th of its actual value?

The question persisted in my mind as call-after-call came in from prospects who believed the product's value was significantly lower than what existing customers were paying. It was perplexing.

You see, not only were the prospects undervaluing the product drastically, but my research also suggested they should have a higher willingness to pay than current customers.

These prospects worked at Fortune 500 companies, which were flush with cash and boasted 8-figure or more marketing budgets. A modest 5% improvement to their market budget meant a 6-to-7 figure increase in profit.

Current customers were more than happy to pay thousands of dollars per month for this premium product. So why were prospects only willing to pay $75-$300/month for such a tool?

The client's tool had the capability to help companies establish a single source of marketing truth to track and optimize their marketing ROI.

With artificial intelligence and multi-touch attribution, the platform could optimize the buyer journey and fine-tune marketing campaigns to help marketers know precisely where to double down.

Every product feature resonated with the prospects as well:

- "Yes, optimizing the buyer journey is crucial!"
- "Saving hours on reporting is essential."
- "It's reassuring to know the three founders have over 55 years of experience as data professionals, working with HP, Unicef, Cisco, and the like."
- "Wow, it's impressive that the tool can integrate with dozens of marketing tools. I also like that you can create custom API integrations in 7 days or less, rather than weeks!"
- "The inclusion of a customer success manager providing weekly consultations, 24/7 ticket support, and email and phone support is fantastic!"

Yet, when I started to ask about the prospect's willingness to pay for the product, it felt like I was hitting a brick wall due to the low price they kept mentioning. While current customers were paying four figures a month, prospects only wanted to pay $75-$300/month.

I went back to the call notes and dug into the research to find out what was happening.

At first, nothing seemed to jump out as to why the messaging wasn't resonating as well as it should be. Page after page of notes indicated we were on the right track.

And then it hit me.

Could it be that the messaging was unintentionally overemphasizing one feature because it was in the second headline?

It's a valuable feature, but it was the other features that truly captivated people and made them fall in love with the product.

After a few iterations, I got the new homepage messaging ready, just in time for a call with a marketing manager at Hilton.

"Given what you know about this product, at what price would you consider it a bargain?" my teammate asked.

"$500,000 per year," she said.

My teammate was in shock, trying to maintain a poker face despite the astonishingly high number. *Poker face, poker face... I can't let her know that she said such an insanely high number. But, wow!*

"When would this product start to get expensive, requiring some thought before purchasing?" my teammate asked.

"$750,000 a year, as there are different levels of approval. It's manageable, but it has to go up the chain."

Still maintaining my poker face...

"At what price would you consider this product too expensive to buy?"

"$1,000,000 a year, depending on its capabilities."

"And finally, at what price would you feel the product's quality couldn't be very good due to the low cost?"

"If it's less than $100,000, I'd be really curious as to why that is."

Well, I think we solved the brand messaging issue!

What is brand positioning, and why is it important for startups?

The sheer volume of activity on the Internet every minute is staggering.

In 60 seconds during 2017, there were:

1. 156 million emails sent.
2. 16 million texts sent.
3. 4.1 million YouTube videos watched.
4. 3.5 million searches on Google.
5. 1.8 million Snaps created.
6. $751,522 spent in online stores.
7. 452,000 Tweets sent.
8. 95,890 posts made in Wordpress.
9. 70,017 hours spent on Netflix.
10. 46,200 Instagram posts uploaded.[1]

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[1] Lewis, Lori. "What Your Audience Is Doing When They're Not Listening to You by Lori Lewis." All Access, 7 Mar. 2017, www.allaccess.com/merge/archive/26034/what-your-audience-is-doing-when-they-re-not.

These numbers have only grown since then, especially as the COVID-19 pandemic prompted more people to buy, market, and sell online.

To stand out and rise above the noise, it's crucial to establish a clear position in the customer's mind that explains why they should choose your product.

Brand positioning is the process of creating a unique and memorable identity in your customers' minds. It represents your promise and reputation.

Your brand may refer to your company's reputation or your product's reputation. For software startups, the two often begin as synonymous.

Over time, you may want to differentiate your product's brand from your company's brand, but starting with them being the same is acceptable.

The goal of an effective brand strategy is to ensure that customers instantly think of your brand when they encounter a problem that your product can address.

This connection should then inspire them to choose your offer during the buying decision process, as they become convinced that it will perfectly solve their issue.

What are the key elements to consider when developing a brand strategy for a startup?

First and foremost, your brand strategy should focus on aspects that will attract more profitable customers quickly.

There are numerous activities to improve your brand strategy, but if they don't increase your sales velocity, your efforts might be in vain. It's important to understand how each aspect of your brand strategy can boost your sales.

When developing a brand strategy, it is crucial to focus on two key questions:

1. What should your customers know about your brand?
2. How can you help your customers remember your brand?

By answering these questions, you can guide customers through the buying process and create a solid foundation for your brand strategy.

For instance, when naming your product, there are several factors you could consider. Some copywriters and branding experts suggest the following tactics:

1. Keep the name short, like "Apple."
2. Use alliteration using the same letter to make it catchy, like "Best Buy."
3. Make it rhyme, like "Coca Cola."
4. Use a word that can become a verb, like "Google."
5. Ensure that the name has a meaningful association, like how "Nike" signifies victory.

It's essential to ensure that this tactical advice aligns with the principles of the two questions mentioned earlier.

By using this framework, you can filter branding advice and avoid making the mistake of selecting a strange product name like "Ant Bant Cant."

Only then can it be valuable for creating a strong brand
strategy.

As you seek to answer these two questions, consider the
following key branding elements:

1. **Target Audience:** Identify your target audience
   through market research, understanding their
   needs, pain points, and behaviors. Create customer
   personas to develop a more targeted and effective
   positioning strategy.

2. **Core Value Proposition (CVP):** Define the primary
   benefit or outcome your product provides for your
   target audience. A strong CVP identifies your
   audience, their problems, and how your product
   solves those problems.

3. **Unique Sales Proposition (USP):** Using a specific
   value attached to your CVP will turn it into a USP.
   For example, "In 15 minutes you could save 15% or
   more on your car insurance by switching to
   GEICO." Aim to improve your product and
   processes to create a USP over time.

4. **Competitive Landscape & Analysis:** Assess your
   competitors' to develop a strategy that positions

your brand as a superior choice. Focus on competitors that your customers consider relevant.

5. **Product Differentiation:** Differentiate your offering from competitors through innovative features, superior performance, exceptional design, or other attributes.

6. **Brand Messaging:** Develop clear, concise messaging that resonates with your target audience. Talk to your customers to refine your messaging and communicate your startup's product benefits effectively.

7. **Customer Experience:** Prioritize a positive customer experience to build brand loyalty and foster long-term relationships with your target audience. Optimize user experience from product discovery to purchase and post-sale interactions to improve.

8. **Pricing Strategy:** Align your pricing strategy with your positioning goals and ensure it reflects your brand. Consider whether your messaging and pricing presentation align with your price positioning strategy.

9. **Distribution Channels:** Identify the most effective distribution channels for your offering to reach your target audience. Different channels reach different customers at varying prices and require adapting your core messaging to suit each format.

By considering these key brand positioning elements, you can develop a strategy that effectively attracts and retains profitable customers for your startup.

#1: How do I identify my target audience to develop my positioning strategy?

Identifying your target audience is one of the most critical steps in developing a successful positioning strategy.

Scratch that. It's essential for developing any aspect of your growth strategy.

Knowing your audience is important because different personas can have distinct problems and desires.

To attract customers to purchase your product, you'll need to use tailored messaging, pricing, and distribution channels that cater to their specific needs and preferences.

For example, consider three men of different ages who experience a shoulder injury from sports. Each has the

same problem, but their desired solutions differ due to their life stages.

1. A college student may prioritize a fast recovery and affordability.

2. A middle-aged man still wants to get back on the field, but he might be willing to invest more money to ensure proper healing.

3. An elderly man may focus on other factors entirely, especially if he doesn't expect to play this sport again.

While each of these three men have the same shoulder problem, they have different desired solutions because they are in different stages of life.

As a result, each may require different messaging tailored to get them to buy the same product. Or they each may buy different offers.

This phenomenon also occurs in B2B markets, with varying concerns depending on an individual's seniority level. Consider the difference between a marketing associate, a director of marketing, and a CMO. Each will

have different focuses, priorities, and willingness to pay for your product. So each may need different messaging to get them to buy now.

This is why the first step in positioning is identifying your target audience.

You can use these market research questions to determine who your customers are:

1. How would you describe what you do in relation to {{product}}?
2. Which plan are you using with {{product}}?
3. (B2C) What is your age? Gender? Where do you live?
   (B2B) What is your job title and seniority?

[Refer to the market research chapter](#) to ensure you conduct customer interviews or surveys correctly.

The purpose of each question is as follows:

1. The first question allows customers to describe themselves, providing buyer persona insights that influence their buying decisions.

2. The second question helps identify which personas gravitate towards specific pricing plans. Ideally, each pricing plan should cater to one persona. [See the pricing strategy chapter](#) for more information.

3. The third question gathers specific demographic information which is often valuable for B2C customers and may not be obtained from the first question.

4. The fourth question collects information about job titles and seniority levels for B2B customers, helping to identify the unique needs and preferences of different professional roles.

By asking your customers these questions, you can develop a better understanding of your target audience, enabling you to create a more effective positioning strategy.

#2: What is a core value proposition (CVP)? How can startups identify and create their CVP?

A core value proposition (CVP) is the primary promise your product offers to customers.

Unlike other value propositions, which can be multiple and apply to different features, customer segments, or commitments, the CVP should be singular and overarching to your brand.

The story of TOMS shoes illustrates the importance of a strong CVP.

While competing in the hit reality TV show The Amazing Race, TOMS founder Blake Mycoskie took an eye-opening trip to Argentina where he encountered children without shoes.

Four years later, during a vacation in Argentina, Mycoskie met a woman volunteering to deliver shoes to those

shoeless children. This experience inspired him to start a footwear company aimed at helping more children in need. His goal was to donate one pair of shoes for every pair purchased.

Armed with only 200 pairs of shoes and a compelling CVP, Mycoskie began pitching his story to journalists.

The Los Angeles Times was the first to feature his story, and to Mycoskie's surprise, he generated $88,000 in orders over the weekend.[2] Eight years after the launch, in 2014, TOMS reached a valuation of $625 million.[3]

Mycoskie started the company with the goal of donating one pair of shoes for every pair sold, and the early success of the business hinged on this simple yet powerful CVP.

How can I create a CVP for my startup?

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[2] Daniels Fund Ethics Initiative. TOMS: One for One Movement. 2011.
[3] Associated Press. "Blake Mycoskie on 10 Years of Toms." The Business of Fashion, The Business of Fashion, 6 May 2016, www.businessoffashion.com/articles/news-analysis/blake-mycoskie-on-10-years-of-toms.

To create a CVP for your startup, start by filling in this classic positioning statement:

"I help [my audience] solve [a specific problem] by [our solution]"

Gather data through market research by asking questions about the problem your product solves, the main benefits of using your product, and how customers' lives have changed before and after using it.

Here are four customer questions I recommend you use to create your CVP:

1. What was the problem you were experiencing which led you to buy {{product}}?
2. What is the main benefit you get from using {{product}}?
3. What was your life like before using {{product}}?
4. What has your life been like since using {{product}}?

This information will help you create a data-driven CVP tailored to your target audience.

Different personas may have different problems that lead them to buying the same product.

Imagine you are selling traffic cones. Traffic cones could be for:

1. Construction workers warning cars from entering their workplace.
2. Police officers sectioning off a crime scene.
3. Truck drivers stranded on the side of the road.

In this case, your CVP might be something like, "Get our durable traffic cones to increase safety." You could then create specific sales pages for each persona.

Remember to test your CVP by asking customers to rate it and provide feedback on its effectiveness.

Conducting a survey or interview allows you to test the CVP by asking, "On a scale of 1-5, with 5 being the highest, how would you rate this value proposition?"

Following up with a question like, "If you didn't rate it as a 5, what aspects do you think take away from the

effectiveness of this value proposition?" provides further insights.

This follow-up question is important because you may discover that some personas do not find your CVP relevant to their needs.

For example, increasing safety may work for the three personas earlier, but it might not resonate with church volunteers looking to section off event parking. It's possible they don't care about this aspect or perhaps they aren't the personas you want to target in the first place.

[Refer to the market research chapter](#) for more details on how to validate your messaging.

As you test your CVP, you may find prospects telling you that there isn't anything unique about it, as TOMS also discovered.

This is common and not a concern in the early years of your startup. However, not having a unique CVP may become a problem later on.

In fact, TOMS CVP of buy-one-give-one pair almost sunk the company into bankruptcy.

Dozens of copycats have since used the one-for-one donation model, including Warby Parker, The Company Store, and Patagonia. I've found over 30 companies using this CVP.[4,5,6]

How can I increase the moat of my CVP, either using counter positioning or a unique sales proposition (USP)?

Counter positioning involves taking a different direction in a competitor's business model, which current market leaders won't copy due to the anticipated damage to their business.

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[4] Probus, Jessica. "22 Charitable Companies That Actually Give Back." BuzzFeed, 17 Jan. 2015,
www.buzzfeed.com/jessicaprobus/23-charitable-companies-that-actually-give-back.
[5] Donnelly, Shawn. "16 Brands That Use the TOMS Model of One-For-One Giving." InsideHook, 28 Nov. 2016,
www.insidehook.com/article/food-and-drink/16-brands-use-toms-model-one-one-giving.
[6] Moses, Kristin. "9 One for One Brands Changing the World | DesignGood Blog." Design Good, designgood.com/blog/9-brands-one-for-one-model.

Here's an example to illustrate how counter positioning works:

Edward Jones Investments manages $1.7 trillion in assets under management (AUM) and charges 2.25%-5.75% on investments into mutual funds.[7,8]

Now compare this to Wealthfront, a robo-advisor tech company that only charges 0.25% on investments.[9]

For simplicity's sake, let's assume all of Edward Jones' AUM were in these mutual funds at this rate.

To drop to Wealthfront's rates, the company would lose somewhere between $34 billion to $93.5 billion overnight, a highly unlikely scenario. Yeah, that ain't happening anytime soon.

As a result, Wealthfront maintains its position against traditional investment companies while only needing to

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[7] "World's Top Asset Managers 2019." Advratings.com, ADV Ratings, 2019, www.advratings.com/top-asset-management-firms.
[8] Edward D. Jones & Co., L.P. Understanding How We Are Compensated for Financial Services Mutual Funds. Edward D. Jones & Co., L.P., May 2022.
[9] "Wealthfront Fees | Wealthfront." Wealthfront, www.wealthfront.com/pricing.

defend its position against other robo-advisors charging similar rates.

Thus, counter positioning prevents current competitors from taking advantage of your core value proposition but doesn't stop new entrants from adopting the same position.

This is why it's crucial to have a robust pricing and go-to-market strategy that aligns with your positioning strategy.

So, how do you craft a compelling CVP that drives sales and is nearly impossible for your competition to steal?

By transforming your CVP into a unique sales proposition, or USP.

#3: What is a unique sales proposition (USP)?

What sets you apart from every competitor fighting tooth-and-nail for your customer's attention and wallet?

Is it your...

1. Price?
2. Features?
3. Tech stack?
4. Patents?
5. Guarantee?

These are all valuable, but well-funded competitors can replicate, imitate, and knock off all those qualities with ease.

Your customers already feel overwhelmed with options. Knowing what sets you apart from the competition will help you rise above the noise and make more sales.

So what is it that customers want from you that is nearly impossible for competitors to steal?

In other words, it's the answer to the age-old question, "What do you do better than anybody else (or any startup) in the world?"

All you need is three words: unique selling proposition (or "USP" for short).

Legendary ad executive Rosser Reeves was famous for advertising CVPs and USPs. He was the genius behind ad campaigns like:

1. M&M's "melts in your mouth, not in your hand."
2. Colgate toothpaste "cleans your breath while it cleans your teeth."
3. Anacin, a headache medicine for fast relief. (Yup, the same CVP Advil borrowed 30 years later).

Many ad agencies found Reeves's ads annoying. Yet when he advertised Anacin's CVP to product-aware customers,

sales increased in 18 months from $18 million to $54 million.[10]

Rosser Reeves identified and defined what a USP is in 1961 by saying it needed three things:

1. Each advertisement must say to each reader: "Buy this product, and you will get this specific benefit."

2. The proposition must be one that the competition either cannot or does not offer. It must be unique, either a uniqueness of the brand or a claim not otherwise made in that particular field of advertising.

3. The proposition must be so strong that it can move the masses, pulling over new customers to your product.[11]

Here's how I simplified Reeves's definition of a USP: A USP is a specific, beneficial promise to the customer which your competitors cannot or find almost impossible to replicate.

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[10] "Reeves, Rosser (1910-1984)." Adage.com, 15 Sept. 2003, adage.com/article/adage-encyclopedia/reeves-rosser-1910-1984/98848.
[11] "Reality in Advertising: Reeves, Rosser: Amazon.com: Books." Amazon.com, 20 July 2015, www.amazon.com/Reality-Advertising-Rosser-Reeves/dp/0982694148/.

What is the difference between a USP and a CVP?

The biggest difference between a CVP and a USP is having a specific value attached to a benefit the customer wants.

Decibite is a web hosting company that promises you'll get 15% or faster web hosting when you switch to Decibite, guaranteed.

The CVP is faster web hosting speeds.

The USP is 15% or faster web hosting speeds.

When I created Decibite's USP, improved their pricing and go-to-market strategy, I was able to double their annual recurring revenue (ARR) by 127% in six months.

Why is a USP important to a startup's positioning?

The USP is one reason why GEICO has the highest market share growth from 2000-2018.[12]

The USP is a part of what keeps Domino's growth high and outpacing Pizza Hut and Papa John's growth.[13]

You see, when you have a USP that attaches a specific value to the benefit the customer wants, the customer has more clarity about what they're getting.

Consider these USP examples:
1. **GEICO:** 15 minutes could save you 15% or more on your car insurance.
2. **Domino's:** Fresh, hot pizza delivered to your door in 30 minutes or less or it's free.

GEICO tells the customer they are only risking 15 minutes to potentially save 15% or more on their car insurance. If you only care about low-cost car insurance

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[12] CollisionWeek Editor. "Just 3 of the Top 10 Largest Auto Insurers Grew Market Share during 2018 in the U.S." CollisionWeek, 27 Mar. 2019, collisionweek.com/2019/03/27/just-3-top-10-largest-auto-insurers-grew-market-share-2018-u-s/.

[13] "How Has Domino's Fared with Respect to Other Pizza Chains?" Trefis, dashboards.trefis.com/no-login-required/94WMiQaR?fromforbesandarticle=dominos-pizza-inc-leads-pizza-chain-growth-across-the-world.

because it's required to drive, the benefit is easy to understand.

Domino's promises the customer that they'll get their pizza in 30 minutes or less. Imagine you're hosting a party and the pizza is late. It could put a damper on your event.

But if you told everyone the pizza is free, then people are more at ease with the pizza being late. Thus, Domino's saves your reputation as the host.

What's also intriguing is that a USP can stick in the mind of the customer for several years.

Domino's ended their guarantee in the USA in 1993 for three reasons:

1. A series of lawsuits accused the company of promoting unsafe driving.
2. It allowed Domino's to franchise out into areas that could never be sustainable with the 30 minutes or free model.

3. If a driver arrived in 28 minutes, the customer
    would often ignore the driver to run out the clock.

And yet, if you take a stroll through the Reddit archives,
you'll find people talking about Domino's USP 25 years
after the campaign ended.[14]

How can I create a USP for my startup?

When you created a CVP, you should have asked four
questions:

1. What was the problem you were experiencing
    which led you to buy {{product}}?
2. What is the main benefit you get from using
    {{product}}?
3. What was your life like before using {{product}}?
4. What has your life been like since using {{product}}?

These four questions to create a CVP are still the building
blocks for your USP.

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[14] /u/AcidBathVampire. "30 Minutes or It's Free, Right?" Reddit, 6 June 2017,
www.reddit.com/r/TalesFromThePizzaGuy/comments/6fnojp/30_minutes_or_its_fre
e_right/.

Instead of creating a CVP, to create a USP, you should focus on obtaining specific data related to the main benefit.

You might find that some customers will tell you a specific value your product produced if you're lucky.

If you're like most inquisitive interviewers, you'll want to follow up the main benefit question by asking for specifics.

For example, you might hear a customer say one benefit of your product is that they save time. You can then say, "That's great to hear that you saved time with our product! How much time would you estimate you save every month?"

These details will provide you with more specific data to create your USP.

Now, you may not be able to create a USP right away. This could be because your product or process is not yet refined enough to deliver on the USP.

Instead, it might be an ideal goal you plan on working towards, which should give you a competitive advantage when it's ready.

#4: What role do competitors play in shaping my startup's positioning strategy?

If I were to ask you where we should go to get fast food, it's likely the first place you'll think about is McDonald's.

While you may not like McDonald's food, it has already become an option that you consider to solve your problem of going out to eat fast food.

To consider how competitors influence your positioning strategy, let's think of this example from the perspective of the buyer's journey:

1. **Unaware of the problem:** "I have the problem that I need to eat, but I'm unaware of it."

2. **Problem aware:** "My stomach rumbles, I'm aware of my problem that I should eat food. I also don't have time, so…"

3. **Solution aware:** "Let's eat fast food. What fast food places are available? McDonald's is the first option that comes to mind. There's also Arby's, Burger

King, and Subway. I guess I could also pick something up at Walmart or Kroger."

4. **Product aware:** "I don't really like McDonald's because the tables were messy the last time I went. I'm not feeling like eating burgers either, so Burger King is also off my list."

5. **Most aware:** "Oh, Subway has a buy one footlong and get another free. Let's go there!"

For more about the five stages of the buyer journey, [refer to the go-to-market strategy chapter](#).

In this situation, McDonald's was top of mind when wanting to eat fast food. Thus branding was important because it was a consideration. In this situation though, Taco Bell, Wendy's, and Sonic were not even on the customer's radar.

You might also notice that Walmart and Kroger were on the list, even though they are grocery store chains and not fast food restaurants.

This is important to note because you might make a mistake and ignore alternative solutions if you focus solely on direct competitors when positioning your company.

As a rule of thumb, I find startup teams that do not talk to their customers often underestimate the number of competitors by 20% and overlook 20% of additional competitors that aren't on the customer's radar.

Remember, the customer only cares about solving their problem, which does not always align with a particular market category you find yourself in.

You may also notice in the example that McDonald's reputation for having messy tables made the buyer decide to go somewhere else.

The same thing could happen to you if a prospect explores your free trial and leaves with a bad experience. Branding helped McDonald's become a consideration, but it also encouraged the buyer to go somewhere else.

Competitors influence who is competing for your customer's wallet and can also shape the buying decision they make when purchasing your product.

This is why you need to differentiate your product and communicate that in your messaging.

#5: What is differentiation and why is it important?

You may be thinking, "Branding is great for my competitors. But I'm working at a startup and don't have millions of dollars in ad spend or years of existence. If in this example I'm a new restaurant, how can I compete against the likes of McDonald's?"

In many competitive industries, numerous startups are vying for the attention of buyers and investors.

To capture your audience's attention and gain traction faster as a startup, you need differentiation and a go-to-market strategy that targets prospects later in the buyer journey.

Let's start by examining the need and value of differentiation, and then we'll explore how to target bottom-of-the-funnel prospects to get customers faster as a startup.

Effective brand positioning enables startups to differentiate themselves from competitors to become a top pick in a segmented market.

This distinction is crucial in capturing the interest of potential customers and investors, ultimately leading to increased traction.

To understand how this works, let's go back to our fast food example. Imagine instead of wanting to eat any fast food, you specifically wanted pizza.

It's more likely you would think of going to Domino's, Pizza Hut, Papa John's, Little Caesars, or Papa Murphy's than the other fast food restaurants. Why does this happen?

When customers have a different problem, they often seek different solutions that should better solve their problem.

A mental framework I like to use is that people associate and hook one problem with a distinct set of the best solutions.

Most of the pizza restaurants listed earlier aren't the largest fast food chains and therefore not likely the first to come to mind. In fact, Domino's is the only fast food chain that is usually in the top 10 biggest chains by revenue.[15]

Without seeing any new ads, the reason you would even think about the other pizza restaurants is because you have a different problem you want to solve. Again, a different problem connects to a different set of the best solutions.

How can startups differentiate themselves from competitors?

Now, there are many ways you can differentiate your brand. And you need to talk to your customers to find out

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[15] Klein, Danny. "The QSR 50: The Fast-Food Industry's Leading Annual Report." QSR Magazine, Aug. 2021, www.qsrmagazine.com/reports/2021-qsr-50.

what's important to them when differentiating your brand.

To get differentiation insights from your customers, I recommend you ask questions like:

1. How would you categorize {{product}}?
2. What other products were you considering in this category?
3. What did you like about their product?
4. What was your biggest complaint or area you wish were improved in their product?
5. Was this the main reason you stopped using their product?
6. When you were looking for our product, what was important to you about buying it?
7. Why did you choose our product over other available options?

You can find these questions in the Google doc resource, "Growth Ramp's Customer Experience Interview Template."

The 1st question should help you identify the direct and indirect competitors of your offer.

The 2nd question will reveal the market your customers perceive your product to be in, which could span multiple markets.

Questions 3-5 serve as follow-ups to question #2, providing more context for your points of differentiation.

Specifically, the 3rd question reveals points of parity, or features and benefits your customers expect. If short on time, you may skip this question.

The 4th question offers insight into your points of differentiation, which should focus on solving customers' problems.

The 5th question is optional but can provide additional context on the importance of the points of differentiation.

The 6th question clarifies the customer's buying criteria. Including this information on a "Why Us" or product-specific page can be highly effective in driving conversions and search traffic, especially in larger markets.

For more information on using market research to improve your positioning strategy, see "Identifying the problem you're solving with market research" and "Spying on your competitors for fun & profit."

How can I distinguish my product?

Now that you have differentiation insights from your customers, let's explore opportunities to distinguish your product.

Keep in mind that customers can only share experiences based on past problems and solutions. Your role is to use those insights to create a better future through differentiation.

After interviewing customers, here are some ways you can differentiate your offering:

- Unique product features.

- Exceptional customer service.

- Great user experience.

- Customization or personalization levels.

- Unique distribution channels.

- Pricing.

- Brand personality or theme.

- Design (website and product).

- Company values.

- Origin story.

- The creation process.

- Messaging.

- Market selection.

- Speed or time to results.

- Guarantees or risk reversals.

As you can see, there are numerous ways to differentiate yourself from competitors.

What's crucial, though, is identifying the differentiators that will attract more profitable customers. That's why it's

essential to talk to your customers and understand what matters most to them.

I understand the importance of differentiation. But how can I get more customers faster as a startup?

To answer this question, let's review the buyer journey, this time in reverse order:

- **Most aware:** "Oh, Subway has a buy one footlong and get another free. Let's go there!"
- **Product aware:** "I don't really like McDonald's because the tables were messy last time. I'm not in the mood for burgers, so Burger King is off the list too."
- **Solution aware:** "Let's grab some fast food. What are the available options? McDonald's comes to mind first. There's also Arby's, Burger King, and Subway. I guess I could pick something up at Walmart or Kroger."
- **Problem aware:** "My stomach is rumbling; I'm hungry and need food. I don't have much time, though."

- **Unaware of the problem:** "I need to eat, but I'm not aware of it yet."

Most aware prospects are the likeliest to purchase your product immediately. These prospects already understand the problem, potential solutions, have made comparisons, and now need a compelling offer. Upselling current customers is a prime example of this group.

The challenge for startups is that the pool of most aware prospects is often too small and shallow to achieve meaningful and profitable traction quickly.

Product aware prospects are the second most likely group to buy from you today. You can leverage your competitors' success to find these prospects, who are comparing the products they know.

Essentially, these are comparison shoppers. Let's explore how you can attract product-aware prospects.

How do I create campaigns for product-aware customers?

Do you recall the famous ads "McDonald's vs. Burger King" or "I'm a Mac, and I'm a PC"? These campaigns target product-aware customers by making comparisons, and they are effective.

A month after launching the "Get-a-Mac" campaign, Apple experienced a surge in sales, with 200,000 additional Macs sold.[16]

By July 2006, Apple announced it had sold 1.3 million Macs, marking a 12% increase compared to the previous year.[17]

How can you apply this principle to acquire customers faster in the digital world?

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[16] Rhoads, Kelton. "Wayback Machine." Web.archive.org, 21 Jan. 2007, web.archive.org/web/20070121203928/www.workingpsychology.com/download_folde r/GAM_Campaign_Analysis.pdf.

[17] Bulik, Beth Snyder. "Yes, They Do like Them Apples (Macs, That Is)." Ad Age, 31 July 2006, adage.com/article/news/apples-macs/110791.

Let's say you're in the sales CRM niche, competing with Salesforce, Pipedrive, and Zoho CRM.

You can find potential customers by targeting comparison-related search keywords, such as:

1. Salesforce vs. Pipedrive
2. Salesforce vs. Zoho CRM
3. Pipedrive vs. Zoho CRM

Additionally, consider related keywords like "alternatives," "competitors," "pricing," or "reviews."

Apply these modifiers to each competitor for a comprehensive keyword list:

1. Salesforce alternatives
2. Salesforce competitors
3. Salesforce pricing
4. Salesforce reviews
5. Zoho CRM alternatives
6. Zoho CRM competitors
7. Zoho CRM pricing
8. Zoho CRM reviews
9. Pipedrive alternatives

10. Pipedrive competitors

11. Pipedrive pricing

12. Pipedrive reviews

This is where Growth Ramp's Competitor Keyword Grid can simplify the process:

Make a copy of [Growth Ramp's Competitor Scaling Grid](https://www.growthramp.io/scaling-startups) to apply what you've learned to your startup. Then simply add your competitors to the spreadsheet, and it will generate a list of keywords to target!

You can apply this principle across different distribution channels. For example:

1. Use tools like BuiltWith or NerdyData to identify companies using your competitor's product and initiate sales conversations with them.
2. Write articles targeting comparison keywords to increase referral traffic.
3. Create landing pages targeting comparison keywords and use paid ads to attract comparison shoppers to explore your product.

For more information on attracting product-aware customers, see the [go-to-market strategy chapter](#).

#6: How can startups create effective brand messaging?

"Advertising is salesmanship in print." ~ John E. Kennedy, the highest paid copywriter in 1904.

Effective communication through brand messaging is essential for startups to reach and connect with their target audience.

As a startup, if your brand messaging (or "copy") doesn't persuade people to buy into your idea or product, nothing else matters.

While images and stories can help communicate your message with added clarity, ineffective messaging cannot be fixed by design alone. It's like putting lipstick on a pig. Adding good design to bad messaging is a useless attempt to hide the fact that the message itself is unattractive.

Let me illustrate why messaging matters most.

I've sold five-figure projects using only a Google Doc and helped an early-stage startup secure sales demo meetings with companies like Amazon, Old Navy, and Pfister, also using just a Google Doc.

I even had a client sign up for a five-figure project and say, "Your website looks like it's from the 90's!"

Design has its place, but messaging is crucial. If your messaging doesn't resonate with customers, no amount of design can fix it. So, how do you create high-converting messaging?

The most straightforward approach to crafting messaging that resonates with your target audience is to talk to your customers.

When conducting customer interviews, focus on two aspects:
1. What does the customer say?
2. How does the customer say it?

Understanding what customers say will inform you about the general topics to address in your messaging.

The more frequently a topic arises in interviews, the more important it is to cover in your messaging.

For example, if HR professionals express a desire to remove bias, a startup should include this in their messaging to demonstrate that they're addressing a significant problem.

Paying attention to how customers say and express themselves allows you to speak the language of your target audience.

Using their words and phrasing can make customers feel seen and heard, and most importantly, increase conversions.

For instance, when interviewing an HR manager, they described my client's product as "knocking out unconscious bias."

A headline for this product might say, "Use our product to knockout unconscious bias." You can even use wordplay, like "Use our product to give unconscious bias the 1-2 punch and knock it out today."

For more insights on this topic, [refer to the market research chapter](#).

How can I get high-conversion messaging if customers refuse to do a survey or hop on a call?

If you're unable to get direct insights from your customers due to various reasons you can still gather valuable information to create high-conversion messaging.

It's important not to avoid customer calls or surveys simply because you feel you don't have time or that you're worried about bothering them.

Most customers appreciate your efforts to improve their experience. Imagine if the CEO of your favorite product was willing to talk to you to understand how to improve

your customer experience. Would you be willing to do a brief call?

The reality is some customers are less likely to hop on a call, especially if:

1. They have a low satisfaction level with your product or service.
2. They are using a freemium or free trial version and not receiving enough value from it.
3. Your product solves a minor problem, making it not worth their time to discuss it.
4. They purchased a multi-year plan, didn't like your product, and stopped using it.
5. It's embarrassing for them to admit to using your offer, such as drug or alcohol rehabilitation.

However, if direct communication isn't possible, consider these alternative approaches:

1. Collect your online reviews.
2. Collect your competitors' online reviews.
3. Use a research interview platform like Respondent.io or User Interviews.
4. If necessary, collect reviews of similar products.

You can gather reviews manually, hire someone to do it for you manually or a data scraper to do it in bulk, or use tools that collect or scrape reviews.

Research interview platforms like Respondent.io and User Interviews give you access to vetted consumers and professionals willing to participate in your research studies for a fee.

To better understand how to process and utilize your research effectively, refer to the market research chapter.

How can I tailor my messaging to address common sales questions?

To tailor your messaging and address the common sales-related questions your prospects may have, consider the following 10 questions that customers often ask before making a purchase:

1. **Who is your product for?** Clearly define your target audience and make sure your messaging speaks to their specific needs and interests.

2. **What are the problems this product solves?**
   Articulate the pain points your product addresses
   and how it provides solutions for those issues.

3. **What benefits will I get from using this product?**
   Highlight the key advantages customers can expect
   from using your product.

4. **How does your product work to help customers
   achieve the desired outcome?** Explain the features
   and functionality of your product and how they
   contribute to the desired results.

5. **How is your product different from alternative
   offers?** Emphasize your points of differentiation
   that sets your product apart from competitors.

6. **Has anyone achieved these results before,
   preferably someone like me?** Share testimonials,
   case studies, or success stories that demonstrate
   your product's effectiveness.

7. **Do I trust you to help me get these results?**
   Establish credibility and trust through social proof,
   industry expertise, and transparency.

8. **How much will the product cost me?** Be clear
   about pricing and any added costs, and provide
   information on available payment options.

9. **What is my risk buying this product?** Minimize perceived risks by offering guarantees, trial periods, or demoing your product.

10. **How do I start using your product?** Provide clear instructions on the purchase process and onboarding, making it easy for customers to get started.

At times, you may find it beneficial to answer these questions for your features as well as your product.

Use the answers to these questions throughout your marketing and sales materials, including your:

- Homepage
- Pre-sales offer
- Product or feature pages
- Sales materials
- Landing or sales pages

By addressing these questions, you can not only increase your sales conversion rate, but also enhance customers' willingness to pay for your product as you reduce their perceived risk.

For a comprehensive guide to applying these questions and boosting sales, get a copy of [Growth Ramp's 7-Figure Checklist](#).

Growth Ramp's 7-Figure Checklist

Problem We're Solving: This checklist provides a list of common sales questions your customers ask when they visit your website.
Use this checklist to improve your sales process to increase your sales velocity. Examples include:

- Homepage
- Pre-sales offer
- Product or feature pages
- Sales materials
- Landing or sales pages

Note: By answering these questions, you increase your value or reduce your customer's risk, which increases their willingness to pay for your product.

Customer Question	Typical Solution	Example[1]	Your Answer	Done
Who is this product for?	• Core Value Proposition or USP	Car owners who need auto insurance, but hate paying high prices		☐
What are the problems this product solves? Can you summarize this into a single statement?	• Core Value Proposition or USP	You can save you 15% or more on car insurance by switching to GEICO		☐

Let's delve into each of the 10 sales questions, providing clarity on what the customer is often thinking and how you can answer these questions:

Sales Question #1: Who is your product for?

The reason a customer wants the answer to this question is to determine if the product solves their specific problem.

If a product is designed for a particular group of people, the buyer wants to know if they belong to that group. For

example, if a customer has back pain due to pregnancy, she will want to ensure that the medication she takes is suitable for pregnant women. If not, she will look for an alternative solution.

Sales Question #2: What are the problems this product solves?

Similar Question: Can you summarize the problems you solve into a single statement?

Customers want to know what problems a product solves to ensure it addresses the issues they are experiencing.

For instance, TUMS is an antacid that relieves heartburn, acid indigestion, and an upset stomach.

Some informed customers might be aware that TUMS is an affordable source of calcium, but most people don't take TUMS for calcium because the company doesn't actively promote this benefit.[18]

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[18] Case, Patty. "How Can I Consume More Calcium?" Extension Communications, Oregon State University Extension Service, 4 Oct. 2017, extension.oregonstate.edu/ask-expert/featured/how-can-i-consume-more-calcium.

Without this messaging, TUMS reduces the number of customers who buy it as a calcium supplement.

Sales Question #3: What is the benefit I should get from using this product?

Similar Questions: What's the expected value or outcome after using the product? What is the timing to reach this outcome?

Every person experiencing a problem is willing to pay for a benefit that solves it. By clarifying the end result, you help the customer visualize achieving their desired outcome.

For example, an e-commerce checkout tool might promise to increase your average order value.

To transform this into a unique selling proposition (USP), you could say that this checkout tool increases your average order value by 30%.

Sales Question #4: How does your product work to help customers get this outcome?

Similar Question: What is the process behind your product?

There are a few reasons why a customer might ask about your process.

First, the customer is skeptical that you can deliver the promised benefit. This could be due to bold and audacious claims or because they have had negative experiences with similar products. For example, if someone promised a cryptocurrency with a 12% annual return, you might be skeptical since you've heard stories of people being burned by bad crypto projects. However, if they explain their process, you might be more inclined to believe that they can achieve the outcome.

Second, the customer wants to minimize the likelihood that the product will create more problems. For instance, a customer might be concerned that a software

integration would require them to do the coding or that the integration would take several weeks to implement.

Third, the customer wants to connect with the origin story. Consider a story like "Samantha's mother had been suffering from a rare disease that required a specific medication produced only in a small, remote village in the Tibetan mountains." This story has more appeal than simply stating that Samantha bought medicine at a grocery store.

Sales Question #5: How is your product different from alternative offers?

During the product-aware stage of the buyer journey, prospects compare your offer to alternative options.

This may occur because they have several offers to consider and need assistance in deciding which product to purchase. Alternatively, they might have used similar products in the past or are currently using them and seek clarity on why they should switch.

By clearly highlighting your points of differentiation, you can help persuade these customers to choose your product.

Sales Question #6: Has anyone achieved these results before, preferably someone like me?

When you claim that your product offers a specific benefit, some customers want to know if the product has actually delivered on that promise.

This is where testimonials, case studies, reviews, ratings, and other forms of social proof can help alleviate the customer's concerns.

Keep in mind that social proof is most effective when it specifies the problem the customer faced, the outcome they achieved, and provides clarity on the buyer persona. This is why compelling social proof often answers these 10 questions in a story format.

Less helpful forms of social proof include product usage statistics, like "3 billion articles analyzed." For early-stage

startups, it's more beneficial to gather a few testimonials rather than focusing on product usage, as testimonials address this sales question.

If you've conducted a customer experience interview, you should have the necessary information to create a testimonial. If not, then grab a copy of Growth Ramp's Customer Experience Interview Template.

Growth Ramp's Customer Experience Interview Template

PLEASE MAKE A COPY BEFORE USING THIS TEMPLATE. THANKS!

☐ How did you first hear about PRODUCT?

☐ Which plan are you using with PRODUCT?

☐ How would you describe what you do in relation to PRODUCT?

Use this Google Doc and to make sure you do this right, go to the market research chapter.

Also, you can use Growth Ramp's Customer Testimonial Template to help you craft your own testimonial that answers this question.

Growth Ramp's Customer Testimonial Template

PLEASE MAKE A NEW COPY BEFORE STARTING

"CHANGE THIS HEADLINE PLEASE…"

Problems Before
-

Comparing Other Solutions
-

Benefits & Outcomes After
-

Specific Results
-

Jason Quey, CEO and Founder of Growth Ramp, a product marketing agency.

Sales Question #7: Do I trust you to help me get these results?

When starting out, customers may be concerned that if you promise results and even have customers testimonials, they might be one-off wins or flukes.

However, the more you can demonstrate your ability to consistently produce excellent results for customers, the more they will trust you and be willing to do business with you.

www.growthramp.io/scaling-startups

Once again, having ample social proof can help address this question and increase trust in your brand.

Sales Question #8: How much will the product cost me?

Contrary to what some copywriters may claim, price is almost always a consideration when someone is buying a product.

A rare situation where price might not be an issue is when you're selling your product to someone who already knows, likes, and trusts you and what you're offering. Otherwise, pricing comes up often.

For low-priced products, displaying a price is simple because people expect it. But what about high-ticket products that customize the offer and therefore the price?

High-ticket products often lose sales-qualified leads when they don't display a price on their website. Although you may customize the price for each buyer, having a starting

price can help prospects determine if the product is suitable for them.

Without a starting price, customers won't know if your product costs $500 a month or $5,000 a month.

Additionally, displaying your starting price helps to disqualify sales leads who are not a good fit for your product.

Sales Question #9: What is my risk in buying this product?

Some customers are concerned about what will happen if something goes wrong.

Imagine for a moment that a new Vice President of marketing buys a product that doesn't work. If the product costs only $10, it's barely an issue if it doesn't work.

However, if they buy a product that doesn't work for $10,000 a month, that problem could cost the VP their job.

This is where money-back guarantees, explainer videos, product trials, and other risk-reversal strategies can help a customer take the next step with you.

Sales Question #10: How do I start using your product?

Similar questions: Why should I start now? What will I lose if I wait?

As obvious as it might sound, after answering all these questions, some customers may still be confused about how to start using your product.

This is where having a clear call to action (CTA) comes into play. A CTA helps the customer know what they should do next.

If you are writing copy for a CTA button, a good starting point is to fill in this blank: "I want to _____". The message you put in this blank should be used for your CTA text.

If you want people to click the hyperlinks in your text, you can apply this same principle.

While I'm not a huge fan of A/B testing button colors as most startups aren't getting enough conversions to matter, a good starting point is to use the opposite color of your main color on the page. This is because our eyes see contrasts the fastest.

Moreover, an estimated 1-in-12 men and 1-in-200 women are colorblind, making contrasting colors even more important.[19]

You may also find it valuable to provide clarity on what will happen when someone clicks your CTA. For

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[19] National Eye Institute. "Color Blindness | National Eye Institute." Nih.gov, National Eye Institute, 3 July 2019, www.nei.nih.gov/learn-about-eye-health/eye-conditions-and-diseases/color-blindness.

example, if your CTA is to book a demo, consider specifying the sales call length under the button.

This clarity in color and copy will help customers understand what they should do to take the next step.

#7: How does customer experience play a role in a brand's positioning strategy?

Customer experience encompasses all interactions that a customer has with a brand, including those that occur before, during, and after a purchase.

Keep in mind that your brand is essentially your startup or product's reputation. Every time a customer interacts with your brand, an impression is made.

What should be the focus of improving customer experience?

Let me ask you this question: What matters most for growth?

Think for a moment.

Did you say, "A great product customers love?"

Absolutely. And what do you want those loyal customers to do? (Hint: It's the "holy grail" of marketing.)

Spread the word about your product. Word of mouth. Free advertising.

This is what happens when you combine:
1. A great product,
2. Customers who love it, and
3. Who keep coming back to spread the word.

This is product-market fit.

Thus, customer experience plays a crucial role in a brand's positioning strategy by influencing the overall perception and reputation of your brand.

By focusing on improving customer experience, you can enhance product-market fit and drive growth through positive word of mouth.

What is product-market fit? How does it relate to customer experience?

"[The] number one problem I've seen for startups, is they don't actually have product-market fit when they think they do." ~ Alex Schultz, VP of Growth at Facebook[20]

Andy Rachleff, the co-founder of Benchmark Capital, and his team became early investors in many well-known startups. Some of Benchmark's most notable investments include eBay, Snapchat, Uber, OpenTable, and Twitter.

He's also the co-founder of Wealthfront, an automated investment service with over $10 billion assets under management.

After analyzing the success of these companies and talking to Intuit's co-founder Scott Cook, Rachleff came to this realization about product-market fit:

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[20] Schultz, Alex. "How to Start a Startup: Lecture 6 Growth." Startupclass.samaltman.com, startupclass.samaltman.com/courses/lec06/.

"The only way that you can achieve exponential organic growth is through word of mouth," Rachleff says. "And the only way to achieve word of mouth is if you truly delight your customers."[21]

Thus, Rachleff defined product-market fit as when a product creates rapid organic growth through word of mouth.

Until you've hit product-market fit, sales cycles will be slow. Marketing will be a long and painful process. But once you've hit product-market fit, much more will simply fall into place.

Marc Andreessen, the co-founder of Netscape and of the venture firm Andreessen-Horowitz, defined product-market fit in a similar way.

Andreessen stated, "Product-market fit means being in a good market with a product that can satisfy that market."[22]

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[21] "Foundr Podcasts." Foundr, foundr.com/product-market-fit-andy-rachleff-wealthfront/.
[22] Andreessen, Marc. "Pmarchive - the Only Thing That Matters." Pmarchive.com, 25 June 2007, pmarchive.com/guide_to_startups_part4.html.

From a business perspective, a customer experience program is successful when you are able to increase organic word of mouth by reaching product-market fit.

How should a startup measure the success of its customer experience program?

"There are certain companies where growth seems to come easily, like guiding a boulder downhill. These companies grow despite having organizational chaos, not executing the "best" growth practices, and missing low hanging fruit."
~ Brian Balfour, Founder and CEO at Reforge, ex-VP of Growth at HubSpot[23]

Achieving product-market fit is an obsession many founders and marketers have from day one, as it's essential to startup success.

However, understanding product-market fit and how to get there has long been based on personal accounts or emotions rather than facts and research.

Consider these definitions of product-market fit:

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[23] Balfour, Brian. "Why Product Market Fit Isn't Enough." Brian Balfour, 28 June 2017, brianbalfour.com/essays/product-market-fit-isnt-enough.

Y Combinator founder Paul Graham described product-market fit as "when you've made something that people want."[24]

Sam Altman, former president of Y Combinator and CEO of OpenAI, characterized it as "when users spontaneously tell other people to use your product."[25]

The most cited description of product-market fit comes from this excerpt in Marc Andreessen's 2007 essay:[26]

"You can always feel when product-market fit is not happening. The customers aren't quite getting value out of the product, word of mouth isn't spreading, usage isn't growing that fast, press reviews are kind of 'blah,' the sales cycle takes too long, and lots of deals never close."

"And you can always feel product-market fit when it is happening. The customers are buying the product just as fast as you can make it — or usage is growing just as fast

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[24] Graham, Paul. "Startups in 13 Sentences." www.paulgraham.com, Feb. 2009, www.paulgraham.com/13sentences.html.
[25] Altman, Sam. "Before Growth." Sam Altman, 16 Jan. 2016, blog.samaltman.com/before-growth.
[26] Andreessen, Marc. "Pmarchive - the Only Thing That Matters." Pmarchive.com, 25 June 2007, pmarchive.com/guide_to_startups_part4.html.

as you can add more servers. Money from customers is piling up in your company checking account. You're hiring sales and customer support staff as fast as you can. Reporters are calling because they've heard about your hot new thing and they want to talk to you about it."

To measure product-market fit more effectively, startups can look at the product-market fit (PMF) score, developed by Sean Ellis, CEO of GrowthHackers.com, and early VP of growth at companies like Dropbox, Eventbrite, and LogMeIn.

Ellis discovered a common trait among successful startups: they all had product-market fit.

By asking customers one question, he was able to test if a product achieved product-market fit:

"In my experience, achieving product-market fit requires at least 40% of users saying they would be 'very disappointed' without your product... Those that struggle

for traction are always under 40%, while most that gain strong traction exceed 40%."[27]

Using the PMF score, a startup can measure and optimize the success of its customer experience program.

A high PMF score indicates that the startup has achieved product-market fit and has created a positive customer experience that drives customer satisfaction, loyalty, and word-of-mouth growth.

To gauge the effectiveness of their customer experience program, startups should focus on improving their PMF score, which directly reflects how well their product resonates with users and how successful they are in delighting their customers.

This metric can help startups identify areas for improvement and prioritize efforts to enhance customer satisfaction, ultimately driving growth and long-term success.

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[27] Ellis, Sean. "The Startup Pyramid." Startup Marketing, www.startup-marketing.com/the-startup-pyramid/.

Here are five questions that you can use to improve your PMF score and customer experience:

1. How would you feel if you could no longer use {{product}}: Very disappointed, somewhat disappointed, or not disappointed at all?
2. Why did you answer the last question the way you did?
3. What is the main benefit you receive from {{product}}?
4. What do you feel {{product}} is missing or wish were better?
5. If you ran our business, what is the one thing you would do to make {{product}} customers happier?

And here is why I recommend you use each of these questions.

The first question allows you to measure the experience of your customers. The goal is to get 40% of your customers to say they'd be very disappointed if the product were to disappear. Optimizing this number comes from asking the next four questions.

The second question allows the customer to provide more context as to why they answered the first question the way they did. It gives you their initial gut feeling about your product. The next two questions flesh this answer out even more.

Asking the third question clarifies the value that delighted customers want more of. As a general rule of thumb, if you can provide more of the same value customers want, they will like your brand more.

For example, if you buy eight chicken nuggets, an easy way to increase customer delight is to give them an extra nugget or two. This is part of what makes Chick-Fil-A successful.[28]

The fourth question allows you to identify gaps in your product's experience. Before creating more features, segment your customers to prioritize what you should build first.

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[28] L-Ron_Musk. "Is It Company Policy to Randomly Add an Extra Nugget or Two Every so Often?" Reddit, 22 Nov. 2018, www.reddit.com/r/ChickFilA/comments/9zc0gl/is_it_company_policy_to_randomly _add_an_extra/.

Specifically, if your goal is to get more customers who would be very disappointed if your product were to disappear, identify the personas that are already delighted with your product.

Then, look for people similar to these delighted customers who are somewhat disappointed and see what you should improve. This way, you're optimizing your product for customers who are more likely to spread the word about your product.

Finally, the fifth question gives customers an opportunity to provide new ideas to increase customer delight. Although this is similar to the fourth question, framing the question positively helps customers come up with different ideas.

Why should I consider using Sean Ellis's product-market fit (PMF) score over the net promoter score (NPS)?

While the net promoter score (NPS) is a common metric for measuring customer satisfaction, it has several limitations.

NPS is based on the question, "On a scale of 0-10, how likely is it that you would recommend this product to a friend or colleague?"

The main issue with NPS is that it asks a future-oriented question, making it challenging for some customers to provide honest answers, as people's opinions and circumstances can change:

- Someone may love your product today and hate it tomorrow.
- Someone may be indifferent about your product today, but desperately need it tomorrow.
- Someone may hate your product today, but become a raving fan when you address their concerns.
- Someone may have recommended your product in the past, but be hesitant to predict their future recommendations.

You get the point.

Because the question is future-facing, it becomes harder for some customers to provide an honest answer.

Additional problems with NPS include:

1. A peculiar scoring system: An average score of "5" could result in an NPS score of -40. Those two numbers don't feel the same while NPS communicates that they are.
2. Ineffectiveness of certain improvements: Raising a rating from 0 to 6 does not impact the NPS score.
3. Ambiguity of an 11-point scale: It is difficult to discern meaningful differences between certain ratings, such as between an 8 and a 9, despite their significant impact on NPS.

Several experts have also critiqued the use of NPS, including:

1. Christina Stahlkopf for Harvard Business Review[29]

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[29] Stahlkopf, Christina. "Where Net Promoter Score Goes Wrong." Harvard Business Review, 18 Oct. 2019, hbr.org/2019/10/where-net-promoter-score-goes-wrong.

2. Jared Spool, writer, researcher, and speaker on usability, software, and design.[30]

3. Behzod Sirjani, Executive in Residence and Program Partner at Reforge.[31]

In contrast, Sean Ellis's PMF score focuses on the present value and importance of a product. When customers express dissatisfaction if your product were to cease existing, you gain clarity that the product is currently valuable to them.

Do customers recommend products only when they say they would be "very disappointed" if the product were to disappear?

No.

Customers might love your product but still not recommend it for various reasons, such as:

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[30] Spool, Jared M. "Net Promoter Score Considered Harmful (and What UX Professionals Can Do about It)." Medium, 8 Feb. 2022, jmspool.medium.com/net-promoter-score-considered-harmful-and-what-ux-professionals-can-do-about-it-fe7a132f4430.

[31] Sirjani, Behzod. "How to (Really) Measure NPS." Reforge, www.reforge.com/blog/how-to-measure-nps.

1. Forgetting your brand.
2. Feeling that recommending your product is not in their best interest, such as helping a direct competitor.
3. Believing that the person they are talking to doesn't have a problem that your product can solve.

Interestingly, customers may also recommend a product even if they didn't claim to be very disappointed if the product were to disappear. This occurs when:

1. Your product is the best solution to the prospect's problem, and the outcome they experienced was "good enough."
2. Your product is the best solution to the prospect's problem, and the referrer knows the person well enough to make the recommendation. This can even happen when the person making the recommendation dislikes your brand.

#8: How does brand positioning and messaging impact a startup's pricing strategy?

Brand positioning and messaging play a crucial role in shaping a startup's pricing strategy. The way you communicate your pricing should align with your brand's positioning.

Here are some examples of how messaging impacts your pricing strategy.

Communicating what market you're in and your target audience influences your price.

As of this writing, a creative writer in the United States makes $54,300 per year on average.[32] Compare this to a product marketing manager in the USA who makes an average annual salary of $138,500.[33]

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[32] Salary.com. "Creative Writer Salary." Salary.com, www.salary.com/research/salary/posting/creative-writer-salary.

[33] Salary.com. "Product Marketing Manager Salary." Salary.com, www.salary.com/research/salary/alternate/product-marketing-manager-salary.

Despite both roles involving writing, the market sees the product marketer as worth an extra $84,200 because of the strategic growth that comes with the writing.

Different factors can also contribute to this difference, but it's essential to consider your target market when deciding your startup's pricing strategy.

For instance, an AI tool that improves writing skills can charge differently as a grammar tool compared to a copywriting tool.

Clarifying what features you provide influences pricing.

Messaging has a significant impact on a customer's willingness to pay for a product, as it communicates the value of your offer.

For example, in the story about the marketing intelligence platform, prospects initially thought of a tool that automated marketing reports and should charge $75-$300/month.

However, after clarifying that the platform tracks multi-touch attribution, prospects were willing to pay $500,000-$750,000 a year (about $41,600-$62,500/month).

Be sure to clarify the support levels you offer, especially for enterprise clients, as this can also affect the pricing.

Use price anchoring in your messaging to influence pricing.

During the buyer's journey, potential customers often make comparisons in the product-aware stage.

While they may compare your product to alternative offers, customers also often compare the price of your product to what they already know.

For example, Wordable, a software tool that speeds up the process of formatting, optimizing, and publishing content from Google Docs, claims to save 30 minutes per upload.

By comparing the manual time a person spends uploading content with their hourly rate to the Wordable plan, customers can see the value in choosing the $49/month plan over paying $600/month for a content specialist to upload 50 articles.[34]

Providing a reasonable comparison that meets customer expectations increases the odds of them making the right decision.

Refer to the pricing strategy chapter for more information on this topic.

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[34] "Wordable: Publish Google Docs to Your Blog in 1-Click." Wordable.io, wordable.io/calculator/.

#9: What role do distribution channels play in a brand's positioning strategy?

Ensuring that your brand positioning and messaging align with the distribution channels you use is vital. It's important to consider which channels best align with your brand positioning strategy.

Think about a grocery store selling soda pop in different locations of the store at varying prices: $1 for a single can at the entrance, $3 for a 20-oz bottle at the checkout, and $10 for a 12-pack in the aisles. Different customers will buy the same product at different locations and prices.

For the grocery store, these placements target different types of customers. The person buying a 12-pack is likely a planner or wants more soda, while the one buying a $3 bottle at checkout is more of an impulse buyer, opting for immediate and refreshing convenience.

Moreover, each distribution channel may require distinct messaging, as different buyer personalities are targeted with unique benefits. In this example, the messaging difference is between saving money vs. immediate convenience.

Different distribution channels may also have varying messaging rules, even within the same platform. For example, Facebook ads have specific character limits for headlines, primary text, and descriptions, whereas Facebook organic posts allow for much longer content.

Another factor to consider is the level of competition in a distribution channel. For instance, you might find SEO challenging in your niche, while running paid ads on Outbrain is more cost-effective.

However, if your team has stronger skills and connections in SEO, you could achieve better results despite the initial challenges.

While it is difficult to quantify the cost-effectiveness of every distribution channel, conducting thorough research can significantly improve your go-to-market strategy.

For more information, refer to [the go-to-market strategy chapter](#).

Optimizing your brand strategy to dominate your market (summary)

In this exploration of fine-tuning your brand strategy, we focused on nine essential elements:

1. **Target Audience:** Identify your target audience through market research.

2. **Core Value Proposition (CVP):** Define a strong core value proposition that identifies your audience, problems, and product solution into a single statement.

3. **Unique Sales Proposition (USP):** Create a USP using a specific value related to the benefit your customers want.

4. **Competitive Landscape & Analysis:** Focus on relevant competitors to position your brand as the superior choice.

5. **Product Differentiation:** Differentiate product from competitors through innovation, superior performance, or exceptional design.

6. **Brand Messaging:** Develop clear and concise brand messaging that resonates with the target audience

and communicate product benefits by talking to customers.

7. **Customer Experience:** Prioritize a positive customer experience using the product-market fit (PMF) score to build brand loyalty, increase retention, and improve customer delight.

8. **Pricing Strategy:** Align pricing with your brand's positioning and messaging.

9. **Distribution Channels:** Identify effective distribution channels for reaching your target audience and adapting your messaging to suit each platform.

To gather these insights, you should talk to your customers. Phone calls are ideal, but surveys work too. Alternatively, use online reviews as a proxy for customer calls.

All this is to answer two key questions:

1. What should your customers know about your brand?

2. How can you help your customers remember your brand?

By concentrating on these crucial brand positioning aspects, you can create a strategy that effectively attracts and retains profitable customers for your startup.