Key Market Research Terms

ad spend- the amount of money actually spent on an advertising campaign

banner ad- a type of online advertisement, a click-able image ad which then sends the user to a specific URL, such as a landing page

brand marketing- a type of marketing based upon repeated exposure of prospects to specific marketing message, in the hopes that it will influence buying decisions over the longer term and build goodwill

clickthrough rate (also click-through rate, CTR)- the percent of people who see an ad and click it. For example, if an ad is displayed 100 times and 1 person clicks it, the CTR is 1%

clickthrough- a click on an advertisement. useful to analyze because it's behavioral, and also a precondition for a sale in paid customer acquisition

cold traffic- traffic to a website that is completely unfamiliar with it. a good source of baseline testing data to analyze demand, which isn't skewed like warm traffic

conversion rate- the percent of prospects who take a desired action after arriving at a landing page. This usually refers to the prospect's buying the product or leaving an email address for further followup

customer acquisition cost (CAC)- the amount you actually pay to acquire a customer. While there will be an average CAC, in practice CAC varies widely on the marketing medium used, tactics, and relevance for that particular audience

direct marketing (direct response)- a type of marketing that focusses only on the behavioral response of prospects in aggregate, i.e. maximizing percent of prospects who respond to a specific advertisment. A different approach than brand marketing.

Expected Lifetime Value (E(LTV))- the total revenue (or profit for more mature businesses) you expect to make from one customer. This is an educated guess until you have actual sales data after a product is launched

funnel (also: sales funnel)- An analytical technique used to organize sales efforts as a flow of potential prospects, who become leads, and ultimately become customers. Similar to how liquid flow down a kitchen funnel, many prospects drop off before they actually buy, resulting in a funnel-like structure. The technique attempts to minimize the % of drop-off at each stage

gumball machine number (GMN)- term by Perry Marshall referring to how much you'd ideally be willing to spend, i.e. no more than X, in order to acquire a customer. It is equal to the expected customer acquisition cost

impression- For an an online advertisement, when one prospect views a specfic advertisment one time. Used as the denominator for CTR

landing page- in online marketing, a one dedicated webpage to welcome traffic and persuade it to take an action, e.g. sign up, leave an email address, buy a product

Key Market Research Terms (cont)

lead generation- In marketing, lead generation is the generation of consumer interest or inquiry into products or services of a business

lead- a prospect that has the interest, authority and budget (i.e. money) to purchase a product or service

Lifetime Value (LTV)- the actual or realized total profit or revenue generated from one customer. LTV measures of the total amount of value you generate with your products or services per customer

market testing velocity (MTV)- the elapsed time between defining a test and completing it by interpreting the results. The lower the MTV, the faster you learn about your market

offer- the fundamental promise of your product or service

pay per click (PPC)- a form of online advertising, where the advertiser pays only for actual clicks generated, not "impressions"

quality score- In Google Adwords and Bing PPC, a software-generated estimate of the relevance of a particular landing page to the ad (and keyword in search PPC). Quality score is used to establish the placement of an ad or the cost per click

warm traffic- unlike cold traffic, any kind of traffic which has been postively predisposed to buy based on how it arrives at a website, e.g. joint ventures, previous customers. For the purposes of testing a value proposition or a landing page MVP, it's better not to use warm traffic as the traffic source, as it may skew your results upwards

Ideal Prospect

Your intended audience is ideally:

1. Large enough to make your effort worthwhile
2. Small enough that they all share the same psychographic needs and that that you can establish big market share
3. Growing rapidly in numbers, or new demand within an existing large audience is growing rapidly
4. Easily reachable
5. Willing to spend money or already spending money to address the problem you want to solve (hungry!)
6. Next to larger, adjacent audiences
7. Has one specific problem which you believe you can solve for them

The final outcome of this process is that you have keywords which you think your ideal audience uses when it's emotionally aroused by their problem.

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Why Landing Pages Are So Important

Landing pages help you to:

1. Find message-medium-market match

2. Set up tests quickly to gain insight into user behavior and actual demand

3. Force yourself to be clear and precise

4. Prove demand for your solution with a landing page MVP

Tools

Google Trends	A free tool provided by Google with search data for each keyword over time. Provide graphs of how the popularity of particular keywords changes. Helpful in identifying trends in demand
SoHelpful	Helps streamline the customer development process by booking skype calls or G+ Hangouts with your prospects or customers
LeadPages	Great tool to get test ideas with a landing page, as the available templates convert well without extra testing
SaneBox	Drowning in email? The free tools suck compared to SaneBox

Relative Importance: early stage marketing
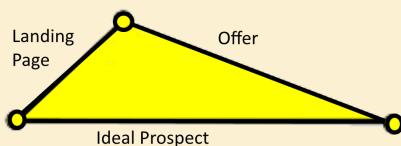
Length of the side of the triangle indicates what has an influence on sales

Lean Startup Terms

assumption- a statement of opinion about the occurrence of an event or state which is outside of the control of the founders

burn rate- how much you burn per day and the implied number of days you can afford to keep trying out new business ideas

customer development- qualitative customer or prospect interviews, in order to explore their problems and understand what type of solution could potentially work for them

Lean Startup Terms (cont)

cycle time- the elapsed time between a customer request and when they get that request fulfilled. In the context of lean startup, this request will include a fully formulated experiment with a hypothesis test, so it includes MTV

latent demand- your customers want, expect, or would prefer to buy your product but they can't because acceptable goods or services aren't available or are completely out of the budget

minimum viable product (MVP)- an experimental form of product, in order to test a specific hypothesis and/or to generate qualitative learning around the customer or the business

moneybox- analagous to a timebox. Allocates a specific, typically small yet realistic, amount of money to achieving a goal. Allows you to step back and re-evaluate progess and learning once using up the moneybox, thus generating the option of allocating another moneybox or doing something else

paid (customer) acquisition, also paid acquisition model or paid engine of growth- a strategy to acquire customers via buying advertising or otherwise paying for them, and treating this as a cost of doing business, while still managing to generate a profit by earning more revenue than it costs to acquire a customer

pivot- In lean startup, a change of strategy while still pursuing the overall product vision. A pivot is not a failure, as it's data driven. Failing to pivot if the data suggests it's necessary is a failure

problem-solution fit- In lean startup, a stage of startup growth where the founders have confirmed a problem exists, it's large enough to be worth solving, and that the founders are capable of delivering a solution to it. You know you have problem-solution fit when people want to buy a product that does not exist yet

signpost value also cutoff value- the predetermined threshold at the start of an experiment, to evaluate the results obtained later as to whether the hypothesis can be accepted or rejected

statistical certainty- a highly probable outcome based on standard statistical techniques

value proposition (also: value prop)- the reason why a customer buys from you, depends on many factors including vision, product, offer

Launches

When a prospect enters your sales funnel for the first time, you launch to one person which doesn't care about your launch or your product.

* The goal of a launch is to makes sales.

* Making the first sale provides you with cash to build a business.

* The best way to gather market intelligence is to observe prospect behavior, both individually and as % of the whole.

* Use metrics to identify what is keeping your prospect from buying.

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Offer

The idea is the largest source of lost customers, not marketing or technical attributes like quality. You can make a great first impression by leveraging the following:

1. Clear contrast from other offers already in your market

2. Solves 100% the problem for 80% of your target market with 20% of your effort

3. Uses an irresistible (and of course true) detail to pique curiosity

4. Strikes the prospect as useful

5. Comes across as believable based on 3rd party or personally verifiable metrics

The **click-through rate (CTR)** on your advertising gives you a benchmark which allows you to compare the attractiveness of multiple offers to a specific audience.

Grab a copy of Launch Tomorrow

The only book on Landing Page MVPs!