Understanding Customer Needs

Point of lecture

• Understand how to elicit and quantify customer needs
• Understand how to quantify Market Size
• Assignment
  – You will need to interview customers and collect needs into
    • Must have
    • Linear satisfier
    • Delighter
  – You will need to quantify market size
  – Need to know the motivation of customer
**Terms**

- Customer requirements
  - Must have
  - Delighter
  - Linear satisfier
- Complementary product sales
- Market size
- Latent customer needs

**Sweet water**

- What are the customer needs? What are the classifications?
  - What additional questions should Sandy ask?
  - How would you go about interviewing the customers?
Sweet water 2

- What is the market size? What additional information should Sandy look for? What data should he have?
  - What are the possible vertical markets
  - Are there other horizontal markets that he could look into
- What about the price of the product? Is $50 the right number?

Market size

- Why do you need to know market size?
  - Pick the right market segment
  - Scope mfg equipment
  - Plan strategy
- Market size uncertainty -
  - How does this effect your planning?
  - Concept of Real Options
Where do you get Market size info

- SIC codes
- Comparable products
- How big is the industry segments
- How may potential customers
- Growth of segments
- Complementary sales

What do you need to know?

- What is your potential market?
- How often does the customer buy the product?
- How many competitors are in the market (i.e., what is your potential share)
- What is the disposable income of your segment
- What are the “needs” of the segment
Gathering customer data

- Interviews
- Prototypes
- Discussions about needs (general -- not about the product)
- Formulated questionnaires

Remaining time

- Who is the customer, who do you need to interview
- What is the market? What data do you need?
Thursday

- Yu, et al., "Product Architecture definition based upon customer demands"