PLAYBIGGER™

CMO Coffee Talk with Play Bigger - Recap and Q&A

Dave Peterson - Play Bigger:

What we wanted to do at Play Bigger is move category design from this lost art back to the executive team. Categories live everywhere in the consumer world. But for some reason, in the tech driven industry we live in, there is a product-first, feature-first mentality in business. And categories were outsourced to the domain of companies like Gartner, Forrester and IDC. Then we all saw how great legendary companies like Apple, Salesforce, and Amazon proved you can move category definition and strategy from Gartner back to the executive suite. We wanted to help the exec teams understand that categories are something you can control, you can define, and you can build on your own.

Play Bigger Insight: We are often asked, "When do you think about category?" We believe that category definition, starting with problem definition, should be a priority at the earliest stages of your business and tech insight. Because no matter what you do, your company and products will be in a category, 100% of the time. You just have the ultimate choice. To either let somebody else take control and tell you what category you are in. Or you take control and tell the world what category you are in.

Latane Conant – CMO, 6Sense:

We get to rage against the analyst machine, is that what you're telling me? I survived two Waves in the last year, and I have a lot of wrinkles.

Dave Peterson – Play Bigger:

Is there some sort of hand raise we can do on Zoom if all of us have suffered through the MQ pinch and came out the back side with a lovely dot on a two by two? It doesn't make sense that a MQ or Wave report is the only place in the world where people can see categories and the companies inside of them. I believe we can all have a big breakthrough. The more CMOs that understand that they can define and control their categories, the more power the vendors and the companies will have. The companies and employees do all of the work. They have these brilliant ideas, they work their butts off every day. That is why we look at it through a three-sided triangle. You're going to build a great company. You're going to build a great product. Why don't you build a great category, too? At the end of the day, you're going to be in one. It's impossible to not be in a category, so why not take control of the category you're in?

Latane Conant – CMO, 6Sense:

I feel like though this is a new thing, and every CEO is like: "Okay. What I want you to do is create a category and then I want to be the leader in the category. Maybe, you can get that done in two months. Would that be cool? Go ahead." I think it gets thrown around a lot, and I've read the book, but actually what I like better is the companion guide. What is it called?

Dave Peterson – Play Bigger:

The Play Bigger Lightning Strike Mobilization Kit.

Play Bigger Insight: We had to leave a lot of materials on the cutting room floor when we wrote the original Play Bigger book. And after hundreds of requests for more pragmatic "how to" tips, we developed the mobilization kit. It was based on all of the collective learnings on how to execute category strikes from our network of category designers.

Latane Conant – CMO, 6Sense:

That's the best piece I think, because it gives a lot more of the step-by-step. Maybe, talk us through some basic blocking and tackling? (for industry analysts)

Dave Peterson – Play Bigger:

I remember one day I had a CEO come out with their quadrant and showed me exactly how far they wanted their dot to move up and to the right. It's just not the way to think about it. I think if you go all the way back to the starting point, the origins of all categories, it's about the problem. If you get the problem right, you'll get the category right every single time. It's not about analyst briefings. It's about identifying the problem and pairing that with the category that solves the problem. Play Bigger calls this Problem/Category fit.

Play Bigger Insight: We were all trained in business to look for product/market fit. And that is still a very valid and important step to understanding how well you are matching your products to the market and customer's needs. Play Bigger also introduced the notion of Problem/Category fit in business. It's the quickest and easiest way to know if you need a different category or if you are in the right category and just need to position yourself.

The basic test starts with: 1). Identifying the problem. That's easier said than done. But once you identify the problem, ask yourself, does the current category that we are in

solve the problem? If yes, you are in the right category, and you should move forward with marketing the problem. If the answer is no. And it is clear that the category you are in does NOT fit and solve the problem. You know you have a category decision to make. Either modify the category or create a new one.

Dave Peterson – Play Bigger:

If you realize that even if you don't even go through the full category cycle and you start to focus on the problem versus your product, you're already going to have a differentiated edge. The reason that leading with the problem is hard to do is because our partners in sales love selling and competing with features. We call this the more/better trap. Which often pushes the differentiation down to a list of more features or better features.

At the end of the day, those features and those products don't mean anything unless you're solving a legitimate, tangible problem that creates pain, or gain with the target audience, whether it be a CEO or a C-level audience or a director level or a practitioner.

Dave Peterson – Play Bigger:

Taking that into account, one of the fundamental secrets of category design is that problems move people, features don't.

Play Bigger has a 'Rule of 10' for problem definition and is illustrated by some of the research we did in the book around one of my favorite examples ...

One of the favorite stories that we researched in the book was a problem that was solved by the folks from 5-hour Energy with the new Energy Shot category. They had such a beautiful problem statement: "Just because I'm tired doesn't mean I'm thirsty." Just because I'm tired doesn't mean I have to drink more coffee... no offense to the coffee talk. I love coffee. The energy shot allowed us to solve the problem of being tired without having to drink a big Red Bull at 2:00 in the afternoon, or a soda can full of sugar. We can drink something (whatever's inside that bottle of 5-hour Energy) and get through the next five hours of my day.

They used ten words to describe a problem solved by a billion dollar-plus category. If you can remember anything from what we've seen from the 50 plus companies we've worked with over the last 10 years and the thousands of coaching sessions, it's this: If you can write down your problem statement in 10 words or less, you will automatically differentiate from those people that require those 500-word boilerplates. And all the indescribable language that's being used in the tech space.

You will punch a hole right through the first step towards a category. Which is getting that problem just completely crisp and defined in simple terms. That's the power of the Rule of 10.

Matt Heinz – Heinz Marketing:

What's the chicken or the egg answer to creating a category, defining a category, and then being maybe becoming the first in that category, or category of one? It drives me nuts when people tell me, when I ask companies, "Who are your competitors?" "We don't really have any competitors." Then, you aren't really in a market. You're not solving a real problem if no one else is thinking about that. But, if you're going to create a category or sub-divide a category, if you're the leader and even then you might be the first, so how do you think about competition and a crowd in that category to legitimize it?

Dave Peterson – Play Bigger:

That question comes up all the time. Is there such thing as a category of one? If you look, there's a really great model that accurately maps how categories form. It was borrowed by some research in the automotive industry, and it identified that all categories followed a bell curve.

The beginning of the curve is when the founding insight happens, "Hey there's a problem that needs to be solved." Like the Dropbox team figured out that thumb drives suck, and it's a dumb way to exchange files and store files. It started with a problem with a founder and an insight that leads eventually to a product and company being formed around a category. I don't know the half-life of that window, but there is a period of time in which that problem and the founders -- who were trying to solve it -- often are called crazy.

Play Bigger Insight: Categories start with one company. The founders who have the original insight about the market or technology problem. These are lonely times for those founders, as they are often marked as pretty crazy and are surrounded by a ton of skepticism and doubt that their insight about the problem will produce an enduring company, product and eventually category.

Look at the early days of Benioff and the Cloud, or Diane Greene with Virtulization, or even Musk with e-vehicles and space exploration. We learned from our category design practitioners that those 'long lonely walks in the desert' (tip of the hat to our friend Kylan Lundeen's Qualtrics talk at the 2019 Category Design Summit) are quickly replaced by a crowded party of followers. If you have a legit problem, the category of one becomes a category of many very quickly.

Dave Peterson – Play Bigger:

I remember in the early 2000s when I was working at Mercury Interactive and we were testing all kinds of crappy Siebel Systems implementations and fixing all kinds of on-prem software. And this crazy guy named Marc Benioff came out and declared, “The end of software.” And he was a software company!

That was pre-cloud and he was poked at mercilessly for the first five years. He reminds me of our Clarence Birdseye story in the book. Benioff had to educate the world on a new way to delivery software, a new way to account for term-based software licenses, introduce new terminology and models like application service provider (now called cloud), deferred revenue, and software as a service. He also marginalized the entire legacy software world by creating a new term called “on-premise software”. He used his powerful “No Software” POV to make people feel that spending money on - on-premise software - was as smart as smoking a cigarette. Most of the world thinks that the world moved from on-premise to the new Salesforce San Francisco tower overnight. That was a long, long journey that eventually transformed the entire technology and software industry.

He was nuts and he was all by himself in a lonely place to start a category, but everybody knows what happened after people understood the breakthrough in the cloud industry. And now, literally every single function in the business is operated in the cloud.

You will go from one company being funded in the space to 50 companies being funded in the space. Then it gets real noisy, real fast. Take advantage of that solo time. Don't be lonely, be happy because you're going to get a little bit of a window to jump to a head start. Then at that point you’ve got to hold on tight, buckle up, and try to do everything you can to stay in front of the curve. Do not let the competition and all the noise drag you down.

Matt Heinz – Heinz Marketing:

We ‘ve got a lot of great comments in the chat. I'm excited to see some of this conversation, and for any folks that are new as well as some who've been here a while. Feel free to throw in questions, I'll grab them for Dave, and feel free to unmute yourself and just ask.

One question, Dave. I think we talk about people being bold enough to define a new category, start talking about a new language, how do you know when you're wrong? I imagine there's a lot of examples of people trying to create a category, trying to define and articulate a category that actually isn't there. Some may say, "I really believe," and they keep going. Is there a point in which you say, "You know what, that isn't right? We've got to change or we've got to go back."

Dave Peterson – Play Bigger:

Really great question. I'm going to break this down. I'm a big fan of being super pragmatic. I don't like abstract concepts. Here's something that works... I know it works because I've learned from some of the best category marketers out there. All of us lived in this world where we had to go product/market fit. It was a very important thing for product marketers. You hear it all the time still. It's still very valuable. There's also a test that you can do for problem/category fit to answer that question -- is it right or is it wrong?

Dave Peterson – Play Bigger:

First of all, you've got to get that problem defined. I'm going to tell a longer story in the shortest way possible. There's a CEO that I used to work with and every time I met with him, I sat down, we'd have a beer and I'd ask him, "What problem do you solve?"

Five times in a row, he gave me different answers. I told him, "Hey. How come you're changing your mind every time?" He's like, "I didn't realize I was." I said, "The problem isn't you're changing your mind. You haven't made up your mind yet."

This is the test. Ask your executive team to write down what problem your company solves. Give them five minutes, hand in their answers on post-it notes written with a Sharpie (I think all the good ideas live inside Sharpies for some reason) and then put those answers away for one week. A week later, open up the drawer, look at the answers, ask yourself if you agree or disagree with the problem. Keep doing this test until you agree with yourself. Congrats! You have now defined your problem. Now, per your question, you can take the next steps to validate if the problem is right or wrong with the problem/category fit test.

Here is the next question that you have to ask. If this is the problem we solve, is the category that we're in the right answer? If the answer is yes, it is, then you need to move quickly to your positioning inside that category and start to get a razor-sharp point of view. And then start to do all the things and become a problem-led company versus a product-led company.

Then, there's some more advanced stuff you can do, like ask yourself, "Okay. If I'm in the right category, am I at the beginning of the bell curve or the back end? Am I at the apex where it starts flatten out?"

And if the problem I'm solving doesn't match the category I'm in. Then it's time to create a new category.

We did some really amazing work at one of the arguably best enterprise software companies on the planet, Qualtrics. In our work with them they landed on the insight that the problem they solved was something they called the "experience gap."

Dave Peterson – Play Bigger:

The experience gap is the gap between what a CEO thinks is happening and what's really happening with customers, employees, brand advocates and product users. This was a super clear problem. Then, they looked at the category that they were pinned down into (which was called survey management or sometimes just “SurveyMonkey on steroids” – or more accurately market research).

If you asked that founding team if they built Qualtrics, this beautiful enterprise company, with 15 years of blood, sweat and tears to be called “SurveyMonkey on steroids?” It was really clear they needed a different category because it didn't align with the problem they were solving.

That's what led them to become the pioneers of the new category called “experience management.” They were in a very lonely space if you talk to Kylan (Lundeen), the CMO of Qualtrics. He calls it his ‘long walk in the desert.’ He was out there all by himself for a long time until everybody realized he was right, and then the entire industry shifted to XM and all chased Qualtrics’ shadow.

But, that's how you're going to know if your category's right or not, just by going through that simple exercise. Every single person on this call or on this Zoom meeting can do that.

Matt Heinz – Heinz Marketing:

What are the pros and cons that let you identify a category that you think is valid of going through copyright protection and trademark? There’re some interesting comments within our chat about how you protect and get the URLs. Do you just go buy all the URLs? But if you trademark it does it keep others from competing legitimizing in that category? Is it a smart to try to protect what you've helped create? How do you think about protection there?

Dave Peterson – Play Bigger:

We get that question all the time. Earlier, I shouted out to my buddy, Jonathan Dale from Phenom People (who was on this live zoom session). They kicked off a category probably six or seven years ago in the HR tech space. They originally called it talent relationship marketing, and now it's talent experience management. In all cases, there was no trademark ™ behind the category.

The category is not yours to own, it's yours to build.

The category potential is bound by the number of companies participating. But some people think that the category make up is only about the competitors in the space. It's not, it's the entire ecosystem. Nobody owns the ecosystem, but the category leader can influence and sometimes control it. If you start to think about all of the collective work required for all the

different pieces to solve any given category problem there's never one company that can do all of that work anyway. You shouldn't try to protect it. You need to set it free.

Now, with that in mind, I think only maybe 1% of the companies will ever dare to step out and take on their own category because you have to care for and feed two things: your company brand and you have to be a category leader.

That's hard work. It adds more to your plate. There's a reality of as soon as you take your foot off the gas, especially in that first phase of the category, it might drift away and then you might get sucked back into some other category because of a friendly analyst or some lazy blogger.

Those tattoos come from every direction and so you have to walk in and recognize that's your (marketing) job. But not as a chief marketing officer, it's a chief *market* officer's job to care, feed and develop the category (the market you are in). I learned that from my friend, Jennifer Johnson, one of the best CMOs in the enterprise space. I give her full credit for defining the role of the Chief Market Officer.

Dave Peterson – Play Bigger:

Our job is to build markets, because if you're marketing and you outsourced your market to Gartner you're going to pay a high price. Anyway, now my coffee's kicking in and it is the wee hours of the morning in Bend, Oregon.

Our role as CMOs, at best, gets diluted over time. We end up in these same conversations about how many leads or too many shi**y leads, all that kind of gravity-bound stuff.

Excuse my language, but at the end of the day that's not why we're put into that seat. It is hard and you have to maintain and build the category discipline to be a chief market officer. There's something called strike operations. It allows you to play the long game. I think everybody should become a master of those category curves, understanding where you're at, understanding strike operations, understanding how to work back 4 to 5 years, and slowly you're going to start to control the RFP for your space.

Latane Conant – CMO, 6Sense:

I found that you have to market the category and you have to market yourself. One of the exercises that was in the strike kit at the beginning, which was very helpful to me. Maybe you can explain this to the group about documenting in one vision your category ecosystem, including partners and integrations, and getting it all down, and how it will look in three years. That was so important for us because, especially with the product roadmap. Maybe you can just walk through how to do that?

Dave Peterson – Play Bigger:

What you mentioned is the ecosystem. And there are four things that every category designer walks around with.

One is the problem definition as we've already touched on.

The next is bringing the problem, the ramifications for the problem, the vision for the category, and a clear call to action of what to do now in a form of a point of view.

Because if you don't have a position on something, you will get positioned. You have to have a hard-edged point of view. It's hard to be provocative these days. Everybody wants to be the same, but a very provocative polarizing point of view is one of the secret ingredients of every category designer I know.

Then, in the context of that point of view, there's a blueprint for the technology, not just today -- but over the next two, three, four, five years, so you can showcase where the world's going to be or where the puck's going to be. That allows everybody to know the first step into your platform, the first step into your product is a beginning point of a longer journey. Without that blueprint, nobody knows where they're heading.

Dave Peterson – Play Bigger:

Then there is the ecosystem. I called it the mall map. I'm really dyslexic and I get lost everywhere I go, and so if you put me in the middle of a mall and tell me to go find the Apple store, (well, I guess I can't even go to a mall anymore), I will get lost. But, when we used to be able to go to malls, that mall map is your ecosystem map. It states “You are here”. The power of the ecosystem map allows you to gain control over who the most valuable players are in the category.

Latane Conant – CMO, 6sense:

If you've historically been in one category but want to inhabit another category, advice?

Dave Peterson – Play Bigger:

I call that curve jumping. You’ve got to move from an old and existing category to a new one. There's a lot of different versions of that.

I live in Bend, Oregon and I didn't know this until I moved here, but Bend, Oregon, is the last standing city that has an active Blockbuster Video.

You can actually go to Blockbuster Video and rent a movie here. Now, that's a perfect example of the end of the category curve. If you we rewind the clock to 1992 and told anyone that Blockbuster Video wasn't going to be part of our lives anymore, people would laugh at you. Blockbuster was the place that you ran to every Friday night to go get a copy of Mrs. Doubtfire

before anybody else could get it, and we would order a pizza and enjoy a movie at home. People would've said you're crazy, that category curve would ever end. But it did, and it turns out the end of the line for Blockbuster movie rentals is in Bend, Oregon.

Dave Peterson – Play Bigger:

If you have to make a decision and say, "Okay, if I need to get off this curve and move to a new curve, how do I bring the entire world with me?" There are a lot of details on how to do that, but it's absolutely possible using the Qualtrics example.

They jumped a curve from market research to XM. They created their own category, and they brought the market research industry along with them.

My buddies at Phenom People created their brand-new category of talent relationship marketing in a time where HR tech only had 15 vendors. Now they have 500 vendors, or maybe 1000, in that space. They had to jump their own curve when the problem they were solving matured and evolved. They had to move the problem from managing talent relationships to managing talent experiences.

We had to sit in a room (with Phenom People) for days and re-image and redefine the problem and the category (problem/category fit). And, through a series of very precise lightning strikes, the Phenom team moved the world to talent experience management.

I don't actually even like the word pivot because it suggests that you leave something behind. What you want to do is grab all the good stuff, all the momentum, all the investments and move them into a new line of value.

Latane Conant – CMO, 6sense:

Okay. I've got two questions.

Dave Peterson – Play Bigger:

Yeah.

Latane Conant:

Time and money.

Dave Peterson:

Never enough.

Latane Conant:

Never enough. Get real with us, how long does it take and how does it need to be resourced? It's not just this kind of money, right? You're the first person on a marketing team, who do you hire? How do you build your team? Those lightning strikes don't happen by themselves.

Dave Peterson – Play Bigger:

We really are guilty about only highlighting the biggest, most powerful lightning strikes, where we share examples of hiring Barack Obama and Oprah Winfrey at the Qualtrics X4 Conference.

However, and I'll say this as clearly as I possibly can, the instrument for executing category design and pointing the problem at the right people, and getting them to respond is what we call a lightning strike.

It's a huge asset for any marketer to become really savvy in understanding how the lightning strike dynamics work. We work with a lot of early stage companies, and I'm telling you a lightning strike that engages with 25 of your most valuable target accounts on a one-on-one basis can be just as valuable as stuffing 2000 people in a room.

The cost for engagement in that case to get those 25 meetings set up with the CEO or the founding team could be $200 bucks an engagement or $2000 bucks an engagement. Precision is the ally of lightning strikes. It is very difficult to win a reach and frequency war today.

If you can get a lineup on a whiteboard of the targets that matter, the prospects that matter, the target accounts that matter, the ecosystem partners that matter, the industry influencers that matter. And if you can see all the names on one whiteboard, you can create a lightning strike to then move those people from their existing opinions of a problem, and your company, and your product to a different place.

You can turn that crank over and over again, with multiple lightning strikes. It's not a budget problem. I haven't seen a marketing plan in the last 20 years that didn't have a lot of extra room in it to be re-assigned to something incredibly targeted. Most lightning strike plans start with siphoning off existing budgets because a lot of that stuff is pointing left and right anyway. It doesn't really have a home. You can really re-deploy a lot of resources, budget, and your time to putting the first category out and then following it up with your product and all the things you need to do to make the engine work.

Matt Heinz – Heinz Marketing:

Okay, somebody asked about changing categories. How about changing the definition of the problem you're solving? Does that mean how frequently? Maybe, that's what she means.

Dave Peterson – Play Bigger:

The point of view framework that I'm speaking of is nothing that Play Bigger invented.

If you went to debate school you'd see a POV framework. If you watch an infomercial at 2:00 in the morning you'd see one. When you see that cat riding around on that robot vacuum cleaner, that's part of a point of view.

Everybody who needs to communicate something in 30 seconds or less uses a point of view. It frames the problem, spells out the ramifications of the problem, shares the vision for the future and expresses what to do now. Operators are standing by.

Use that point of view framework to test new angles and make the problem resonate at a personal level. The POV is a great instrument to test whether or not your problem is starting to wither a little bit, maybe it's lacking punch.

I use that example with Phenom, but there's another company we worked with called Clear Metal. They were originally three guys out of Stanford trying to figure out how to change the world of shipping using artificial intelligence.

We knew we didn't know what the category was, but we knew that we needed to enter the space with credibility around a problem that hopefully most of the shipping industry would accept to be true.

That problem and startup category was called predictive logistics, I think it survived almost two and a half to three years. Then, over time, once we had a lock on the problem/category fit, and we knew exactly where the pain was and where the budgets were behind that pain, we shifted the problem and category.

We shifted the dialogue to a higher-level business problem and the more specific audience, and we sharpened up the category definition behind it.

And the world accepts that categories evolve over time.

Dave Peterson – Play Biggger:

I have a question and a comment mixed together. Latane hit on a topic dear to all of us. Sometimes, I think we or I can come off a little cavalier about Gartner and Forrester, and such. But the reality is you've got to weigh in on those battles. In category design we fight battles and wars all day long.

If you're in a Gartner knife fight, win it. Do what you need to do to win it - or perform well in it.

Then, sometimes you get lucky where the Gartner analyst is coming in fresh ... Or I actually think Forrester is a little more forward leading than Gartner, and you can get into the game of designing the category with them. The day before I retire, I'm going to publish another book

about everything I learned about the Gartner and Forrester business models and how that drives their actual reporting. But not until the day before I retire!

Latane Conant – CMO, 6sense:

I weep.

Dave Peterson – Play Bigger:

Otherwise, they'll come get me and then I won't be able to continue having fun here. But that's a really, really important piece of the puzzle and nobody's going to say, "Surrender your position." There's a lot of techniques to get out in front of those analysts and help them shape it and put them on a decision to represent vision versus performance. You can use your point of view and your blueprint to help drive a different conversation around the vision side of the MQ or that Wave.

Matt Heinz – Heinz Marketing:

I would say because there's a lot in the chat, I would say if there are questions we didn't get to, maybe send them over and we can see if we can address them in a blog or with some content or examples. What else? This was amazing I thought. What did you guys think?

Dave Peterson – Play Bigger:

I'll throw one last thought for you here. Thanks again for having me. I don't mind early starts to the day. I have a very strong affinity for all of our day jobs here. I've spent most of my time in the CMO seat and it's a hard job, the pendulum swings back and forth all day long. I love networks like this where we can go to each other for advice. We take hundreds and hundreds of calls at Play Bigger. I call them “book therapy calls,” or category design therapy calls. And if any of you get stuck like, "I just can't get out of this rut I'm in or I can't figure out step one," give me a call, because there's just a lot of knowledge available to get you unstuck.

Matt Heinz – Heinz Marketing:

There are definitely categories and topics that we've covered over the last few months in these sessions that have an echo, many that we ought to come back to. This is certainly one that I think we'll put some resources up on the hub for anyone. Some have already printed out the Mobilization Kits. Thank you, Dave, for being so generous with your time, here with your answers, with your offers. I think we just sold at least, based on the chat, at least five or 10 more copies of the book. Knowing how the book industry works, that'll buy you...

Dave Peterson – Play Bigger:

Not even a cup of coffee.

Latane Conant – CMO, 6sense:

Not even a cup of coffee. We'll send you a mug, how about that?

Dave Peterson:

I'll take a mug. I would love a mug. Absolutely, yeah.

The other thing is there's this idea that, “I have to outsource this.” This sounds weird coming from me, no you don't. There's so much out there. Grab the book, grab the Mobilization Kit. If you can't get your hands on one, I'll send you one.

Get as much done internally as you can. There's a reason why we only work with two maybe three companies a year, because those companies have dire needs to get outside help. But you should be able to roll this stuff up internally without any outside help other than maybe to tap into the brains of people who've done it before.

But, just don't overthink it. Everything's hard the first time, but then after a while it becomes part of your wheelhouse of experience. Like I said, if you can't find a resource to get you started, please make us your resource – give us a call. I'll point you to everything that was ever relevant that I could think of that's out there in the ecosystem to get you going.