PMDE PROGRAM

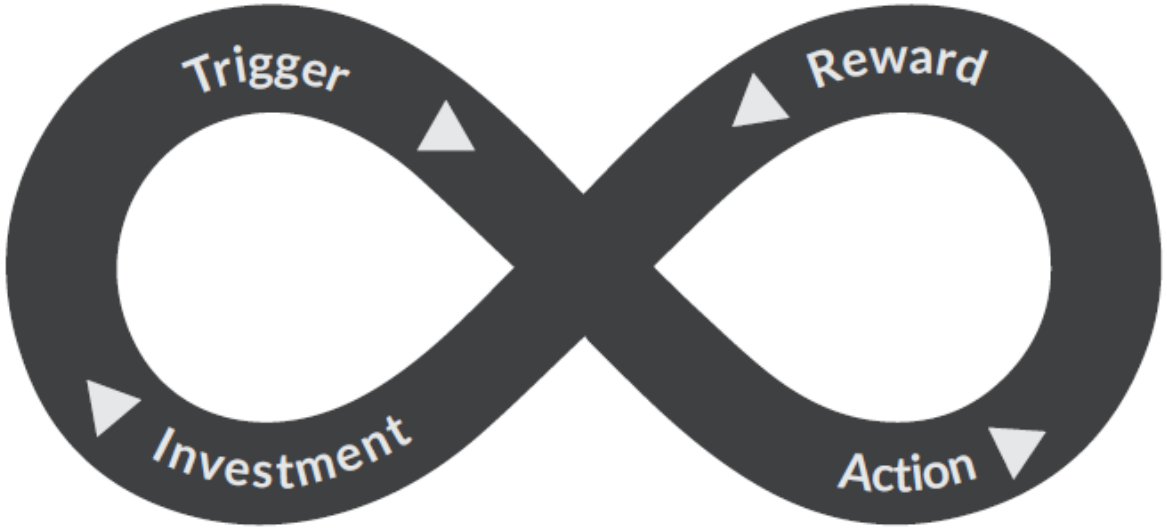
MODULE 5: PRIORITIZING FEATURES AND DEFINING VALUE PROPOSITION –PART 2

CLASS: PMDE BATCH , **MODULE 5**

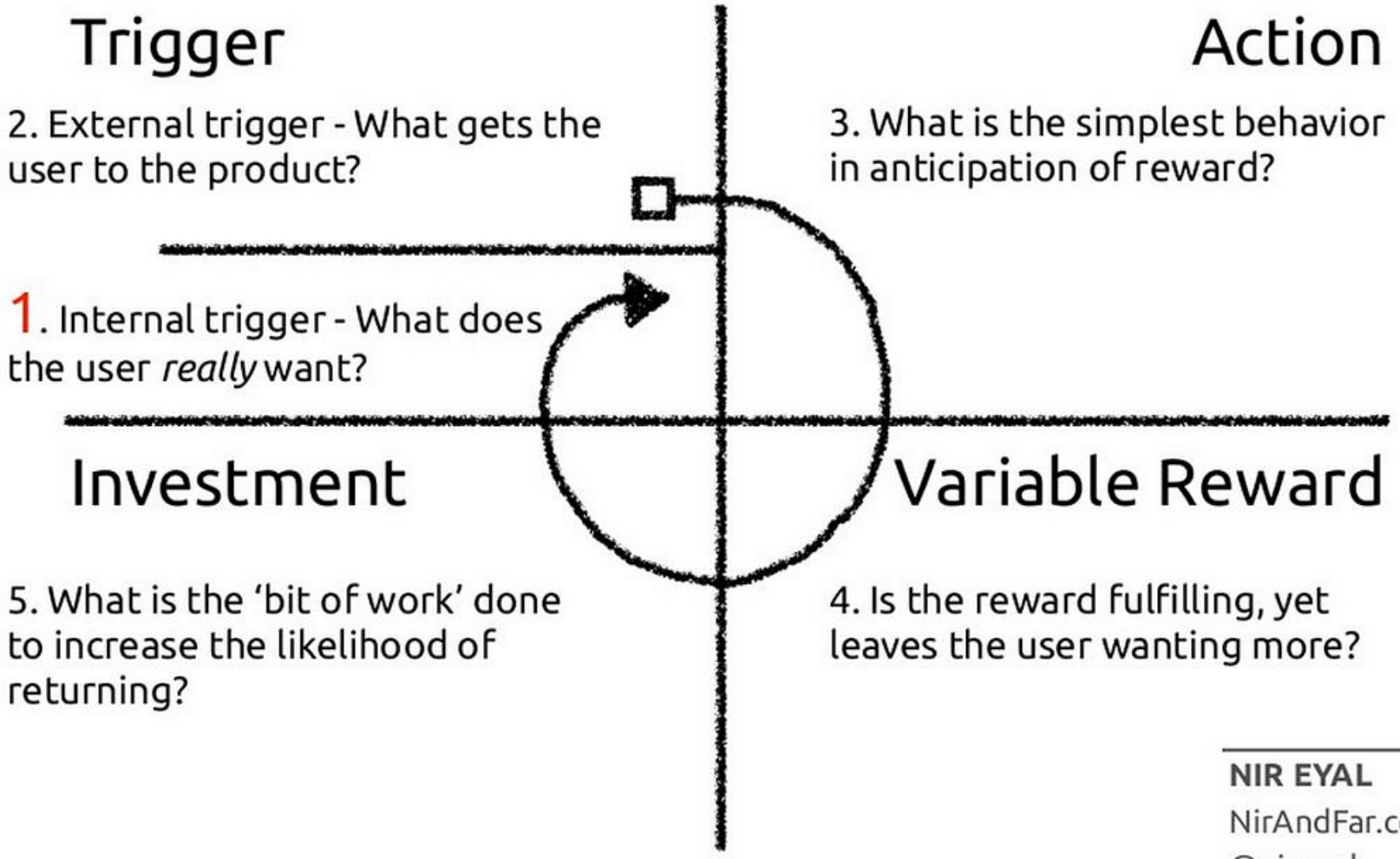
NIR EYAL'S HOOK CANVAS

Ways to motivate users to use certain features/or the product itself?

- 'Products must build habits for users'- the Hook Canvas by Nir Eyal
- Habit-forming products last longer and remain viable for long
  - e.g., gamification



The hook canvas



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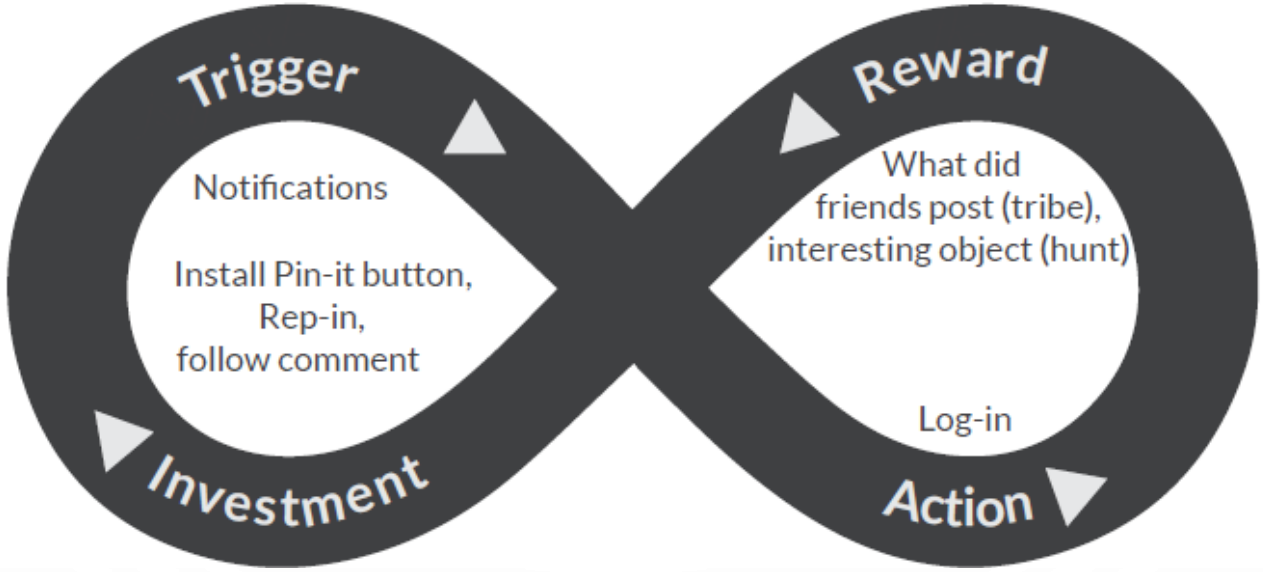
EXAMPLE: INSTAGRAM



FROM ‘BENEFITS’ TO FEATURES

- MOVING FORWARD: PERSONAS→ USER NEEDS→ **BENEFITS→ FEATURES**

Ideas for new features/ features for new products

- Each feature must address a benefit/set of benefits
  - For each benefit, come up with as many feature ideas as possible
- Identify the top 3-5 feature ideas that are believed to address those needs/benefits; break the feature ideas into smaller chunks
- Prioritize feature chunks based on return on investment (ROI)

→ ***Select a set of feature chunks for the MVP candidate' this is the MVP candidate that is hypothesized to be valuable to the customers***

USER STORIES WITH BENEFITS

Template for user story

- As a [type of user] I want [to do something] so that I can [desired benefit]

Example

- As a professional photographer, I want to easily upload pictures from my camera to my website, so that I can quickly show my clients their pictures.

WRITING GOOD USER STORIES

INVEST guidelines for a good user story

- **Independent** a good user story must be independent of other stories; no concept overlaps
- **Negotiable –** a user story is not an explicit contract for features; how a story's benefit should be delivered must be open to discussion
- **Valuable** - user story must be valuable to the customers
- **Estimable** - scope must be reasonably estimated
- **Small** - keep the scope small to fit in an iteration; break larger stories into smaller ones
- **Testable** - a user story must provide information to make it clear how to test the story is 'done'

BREAKING FEATURES DOWN

Example

For a photo sharing application

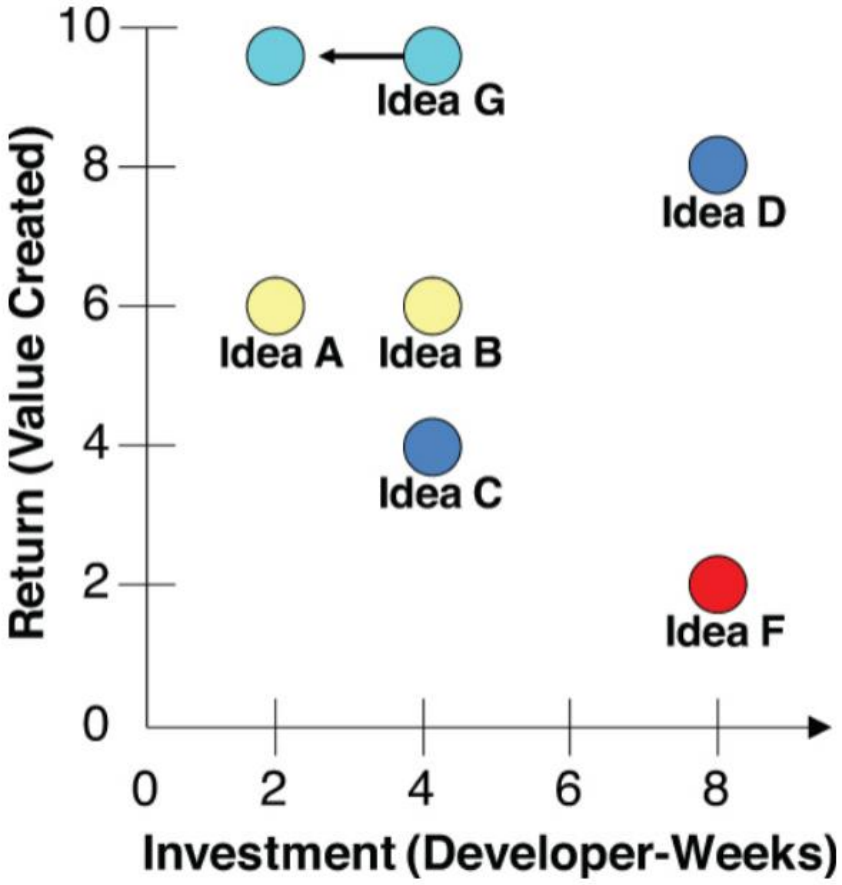
- As a user, I want [to be able to share photos with my friends] so that [they can enjoy them]
- The above user benefit can be achieved through various channels –Facebook, Whatsapp, email, Instagram, etc

May not need to build all of these into MVP

each channel a distinct feature chunk and forms a smaller user story

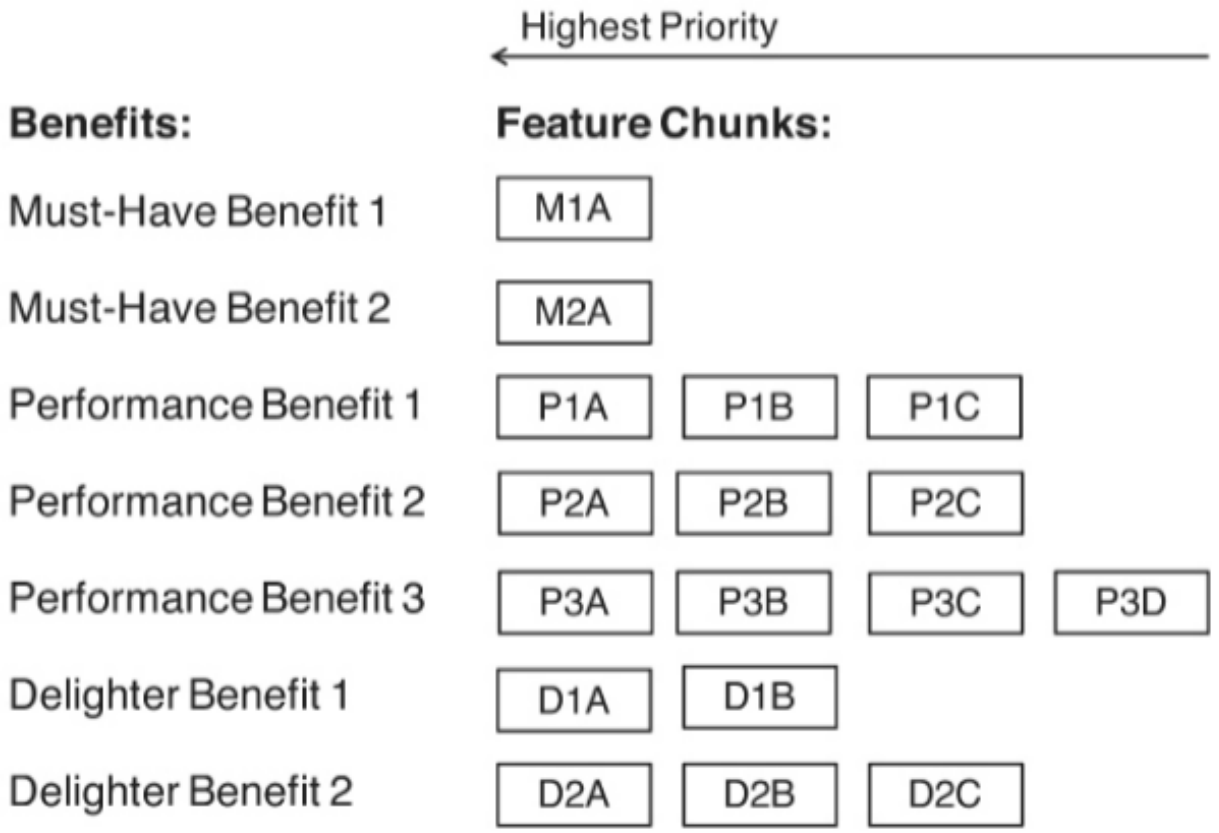
USING RETURN ON INVESTMENT (ROI) TO PRIORITIZE

- Rank order the feature chunks based on ROI
- Return (the amount of Customer value the feature creates/is expected to create) Vs Investment (the developer effort in developer weeks)
- Sometimes MVP might have to include low ROI features!



DECIDING FEATURE CHUNKS FOR THE MVP CANDIDATE

- All top feature chunks (based on ROI) for each benefit (as per Kano prioritization matrix) are listed
- MVP must cover all must-haves, then the main performance benefit(s) and then the top delighter(s) – now choose the corresponding top feature chunks for each of these benefits
- Remaining features can go into product roadmap for future version

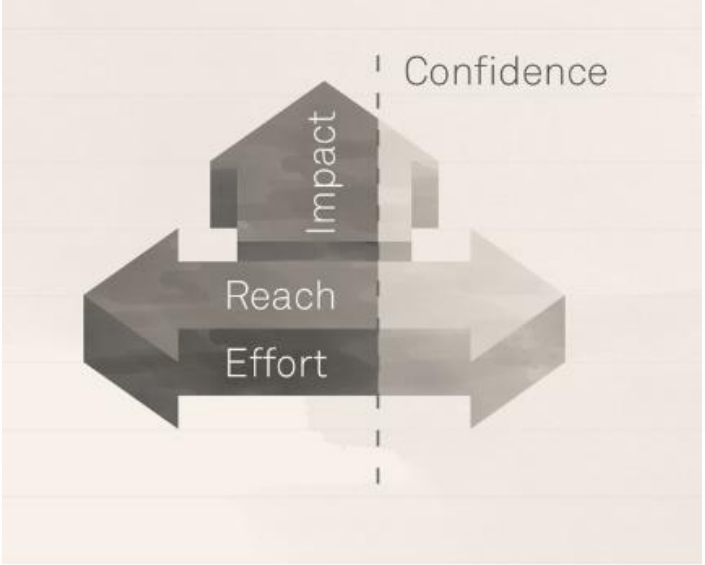


Optional for MVP Version 1: P2A P3A D1A D2A – depends on the overall goal to make sure that customers find something superior to existing solutions

- The MVP candidate thus derived is a bunch of interrelated hypotheses!!
- Build a prototype to test MVP with users - the user experience (UX) layer is to be added

RICE SCORE: FOR PRIORITIZATION

- Prioritizing features in the product roadmap



$$\frac{\textbf{Reach} \times \textbf{Impact} \times \textbf{Confidence}}{\textbf{Effort}} = \textbf{RICE Score}$$

REACH	IMPACT	CONFIDENCE	EFFORT
How many people will this feature affect within a given time period? **Example:** customers per quarter, transactions per month	How much will this impact individual users? Use a multiple choice scale: **3** = massive impact **2** = high impact **1** = medium impact **0.5** = low impact **0.25** = minimal impact **Example:** How much will this feature affect conversion rates?	How confident are we about the impact and reach scores? How much data do we have to back up those estimates? Use a % score where: **100%** = high confidence **80%** = medium confidence **50%** = low confidence	How much of a time investment will this initiative require from product, design and development? Measure as persons per month (how much work one team member can do in a month).

Other references: RICE Scoring Model | Prioritization Method Overview (productplan.com)

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MODULE 5: MINIMUM VIABLE PRODUCT; HYPOTHESIS TESTING

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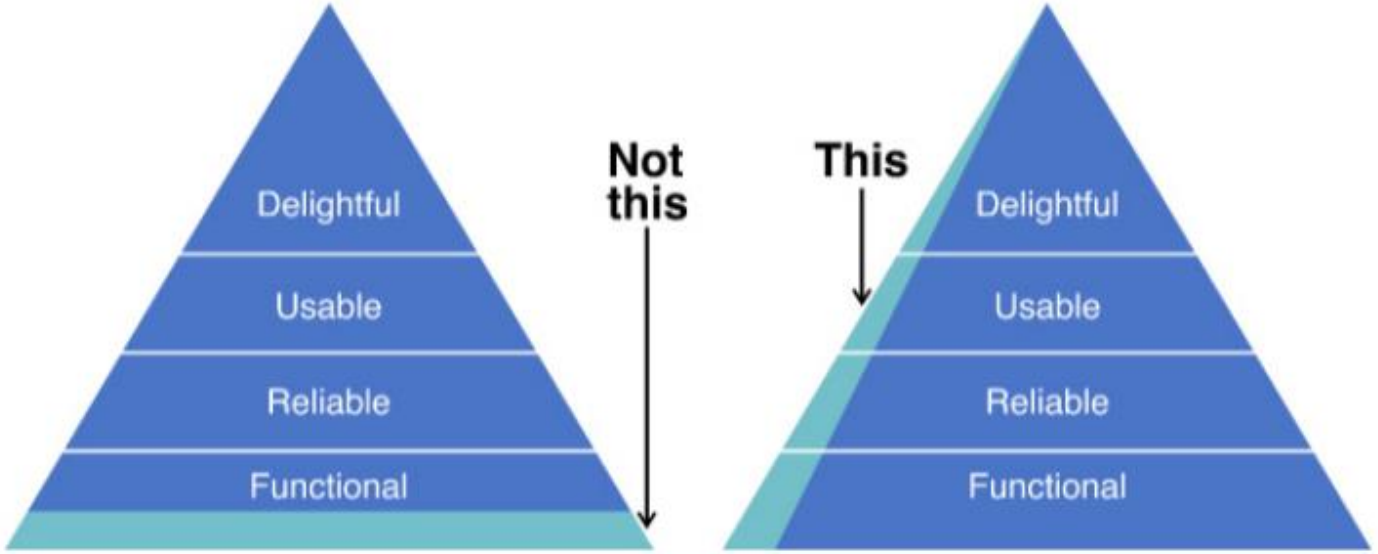
MVP TYPES AND WHEN TO USE THEM?

WHAT CONSTITUTES AN MVP PROTOTYPE?

- While an MVP has limited functionality, it must be complete by also addressing the higher-level attributes of reliability, usability and delight



MVP TESTS CATEGORIZED BY TYPES

- A combination of : Product & Marketing tests AND Qualitative and Quantitative tests

	Qualitative Tests	Quantitative Tests
Marketing Tests	Marketing materials	Landing page/Smoke test Explainer video Ad campaign Marketing A/B tests Crowdfunding
Product Tests	Wireframes Mockups Interactive prototype Wizard of Oz & Concierge Live product	Fake door/404 page Product analytics & A/B tests

PRODUCT MVPs

QUALITATIVE PRODUCT MVP

- Are the best way to test and improve product-market fit when developing a new product, a redesigned product, or a new feature
- Qualitative products tests can be conducted – *before* and *after* building the product

CONCIERGE MVP

- Manually working with the customer to perform a task for them
- Works best with services that require a fair amount of interaction with and input from the customer/user
- ***Solution is tested with very little or no tech***
  - e.g., for a hypothesis on a restaurant-recommendation app, you will help a user select a restaurant; as you go through the process you will identify whether and what the customers are interested in, and whether the process flow works for the customer

CONCIERGE MVP - AIRBNB

- Airbnb followed this approach both at the initial & later stages
- Listed their own home on a website – available for the weekend (San Francisco, 2007, during the IDSA conference)
- Airbnb growth hypothesis validated – listings with professional photographs gets more bookings than the market average (test revealed 2-3 times more bookings!)
- Action: replaced manual steps by hosts (photography) with automated steps by involving professional photographers

THE WIZARD OF OZ

- Build a product that looks like it’s fully built to the end customer, but humans doing the work behind the scenes
  - e.g., highly applicable for AI products; before developing the actual algorithms try to replicate the scenario with human action
  - e.g., for agricultural drone development some US startups adopted this method

FAKE DOOR/404 PAGE MVP

- To test interest for new UX element/ feature
- Just include the UX elements to trigger an interaction rather than actually building a new feature
- Helps gauge whether the customers actually want the feature
- Can also add a form asking customers to find out if this feature is valuable

e.g., placing a chat button in online education site, check how many users click through; helps validate hypotheses about whether customers are interested in this feature

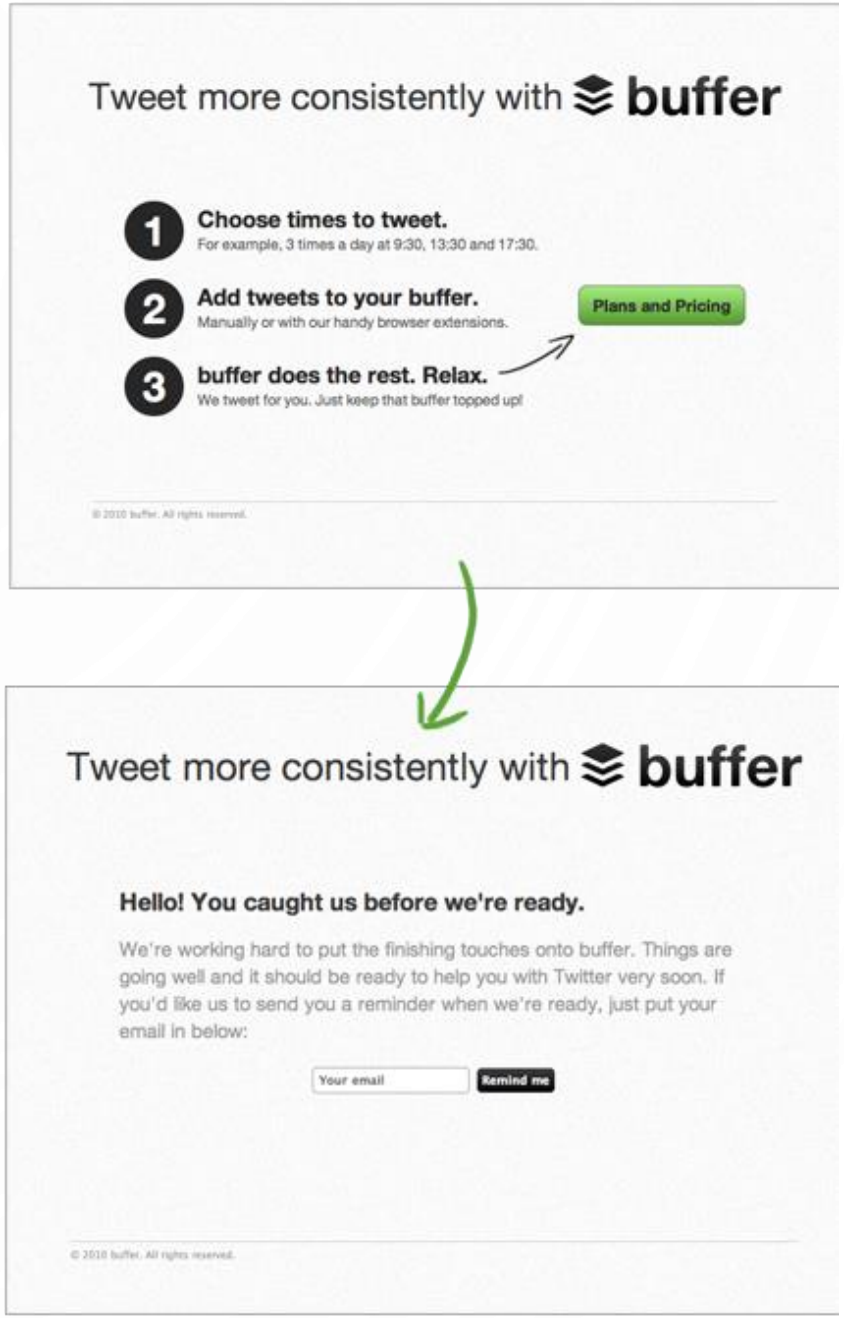
e.g., Zynga uses fake buttons often

MARKETING MVPs

SMOKE TEST

- No real product.. just as a web page to which traffic is directed to see if people are interested. The page **describes the product to be built**
- Key metrics – conversion rate – visitors that clicked on the button to convert from a prospect to the customer

e.g., Buffer



EXPLAINER VIDEO

- No real product yet, just a video to explain the product to be built
- Particularly useful for products that are otherwise difficult to explain
- Key metrics – conversion rate/signups
- e.g., Dropbox (Dropbox Intro Video – YouTube)

AD CAMPAIGN

- Search terms , ad words/images/ideas that are compelling enough to drive the user from search to the clickthrough step
- Mainly comparing different ad campaigns to see which one works the best

MARKETING A/B TEST

- Simultaneously testing alternative versions of your landing page or online marketing material - with different messaging, pricing, images, or other design elements- to see which one works the best
- Multivariate testing

CROWDFUNDING

- A way to test if customers are willing to pay for the product and to quantify demand
  - Eliminates the uncertainty of whether anyone would be willing to pay for the product
  - Minimizes risk
  - Connecting with early adopters
  - Setting a fundraising threshold – customers pay you before the product is built
  - Crowdfunding platforms – e.g., Kickstarter, Indiegogo