



Stanford eCorner

Know Thyself and Niche Thyself

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Kawasaki talks about marketing and product design simplified. Kawasaki explains why this theory is all an entrepreneur will need to know about marketing. A simple chart illustrates his point - how to be the creator of a unique product or service and is valuable to a customer.



Transcript

The sixth thing is to niche thyself. This is all the marketing you ever need to know. It's also probably all the R&D and product design you ever need to know. I think that this chart can explain basically all of marketing and product design. On the vertical axis, the ability to produce a unique product or service. On the horizontal axis is the value of that service or product to the customer. As you might suspect, this is going to be a 2x2, and as you might suspect, you're going to want to be high into the right. But let's go through the other corners first. The first corner is where you provide something of great value to the customer but there are 10 other competitors doing it. At that point, you have to compete on price because it is not a unique product or service.

It's an ugly place to be. Another corner is where you provide something, and only you provide it, but nobody wants it. That's where you're stupid. In lower end to the left is the absolute worst corner. That's where you provide something that nobody cares about, and there are 10 ways to get it. And that's over here. That means you're a dotcom company. The prototypical example of a dotcom company was the ability to buy dog food online. There's why a dog food picture. You know, at the height of the dotcom phenomenon, you could buy a case of dog food online for 10% than what you would pay for by driving to a brick and mortar store, a pet mart, or a PetCo, right? You could save 10%.

However, dog food is so heavy that you would pay \$10 in shipping, which would more than compensate for the 10% discount. So, in effect, the dog food was of no value to the customer buying it online. However, there were six ways you could do it. There was Pets.com, MyPets.com, ePets.com, i-pets.com, LastMinutePets.com, DiscountPets.com. There are 16 ways to buy dog food for more than you would pay in a store. That explains the dotcom phenomenon. So the holy grail of positioning and product design and marketing is to figure out how the hell you get into that corner, where you are the single white tulip in a field of crappy other tulips. How do you do that? What is so unique about your product or service? It can be features, it can be price, it can be geographic location, it can be service levels. I don't know what it is. But whatever it is, how is it unique? And by the way, that unique element better be valuable to the customer.

An example of a company that I think is very high into the right is Fandango. So Fandango allows you to buy a movie ticket before you go to the movies so you really know you have a ticket and you can just zip through the line because they scan you a printed-out ticket, right? That's great value to the customer. And you can only buy it through Fandango. That company is high into the right. So the basic proposition here is for you to be high into the right. You could think of it as being like our President. High into the right. OK?