

**FROM IDEA TO MARKET –
DEVELOPING A PRODUCT-MARKET FIT FOR
INDIECOACH (PART 1)**

Johannes Fuchs, 2845

A field lab in cooperation with Lucas Habrich (3069) carried
out on the Master in Management Program, under the
supervision of

Prof. Miguel Duarte

26th of May 2017

Table of Contents

- 1. Introduction..... 1**
- 2. Approach 2**
- 3. Theory..... 3**
 - 3.1. The Lean Startup 3**
 - 3.1.1. The Origin of the Lean Startup Methodology 4
 - 3.1.2. Principles of the Lean Startup Methodology 5
 - 3.2. Frameworks and Canvases 6**
- 4. Identifying the Pain..... 8**
 - 4.1. The Pain..... 8**
 - 4.2. First Business Model 9**
- 5. Identifying the Market 10**
 - 5.1. Exploring the Market.....10**
 - 5.2. Exploring Competition.....12**
 - 5.2. First Pivot / Second Business Model14**
- 6. Identifying the Customer 15**
 - 6.1. Interview Structure and Implementation16**
 - 6.2. Interview Analysis.....18**
 - 6.2.1. Clustering 18
 - 6.2.2. Value Proposition Canvas 21
 - 6.2.3. Results and second Pivot..... 24
- 7. Conclusion and Roadmap 25**
- References 26**

1. Introduction

“Do not be embarrassed by your failures, learn from them and start again.”

- Richard Branson, founder of the Virgin Group.

Starting a business is always connected with uncertainty. A successful entrepreneur accepts this uncertainty and stops being scared of doing mistakes, but rather tries to learn from mistakes he made (Ries, 2011). The idea of making mistakes and especially learning from them is the foundation for Eric Ries’s concept of the Lean Startup (2011). It is an approach to build a product which is wanted by the customers, offers them value, and lastly being a product they are inclined to pay for.

During our time in Lisbon, Portugal, in the course of obtaining our master’s degree in management, my colleague Lucas Habrich and I came up with the vision of changing the way people do sport or to be more precise, change the way people learn sport. We developed the idea of bringing coaches together with students who desire to learn a new sport or improve their skills in a certain sport. Out of this idea, we want to make a business to connect our professional life with what we love, sport. In order to counteract the described uncertainty of starting a business we followed the approach of the Lean Startup methodology by Eric Ries to avoid building a product nobody wants (Ries, 2011). By talking to customers, exploring the sports market, and introducing our business idea to the market we sought to test, develop, evolve our business idea. The following report describes the early stages of our journey of developing our business model and describes – together with the report of my colleague– the steps we passed and the work we performed while starting our own business in the course of a field lab. To be more accurate, this report describes our way from a vague idea to a two-sided marketplace for group lessons, for a certain number of sports, in Germany.

2. Approach

In the following we are going to describe the core problem of our field lab and derive the consequential research question as well as an outline of our research approach. Also, we are going to explain the structure of the field lab and work allocation.

2.1. Background and Research Methodology

Since the rise of Airbnb and at the latest since Uber had strained the taxi industry the sharing economy has disrupted many other industries. In the recent years, an increasing number of rather labor centric platforms like Fiverr and Helpling have proven that such marketplaces can not only provide an income supplement but also create full-time job opportunities (Clipperton Corporate Finance, 2016). However, sports and especially sport coaching is one of the few industries that haven't been disrupted yet, even though the market size as well as the degree of labor intensity could potentially create appropriate conditions for a successful marketplace. Nevertheless, our research prior this thesis had shown that there were already some failed attempts to establish such platforms. However, after interviewing one of the co-founders of Coachup, who is a former Rocket Internet employee, we could gain an important insight. Apparently, it is no big issue to serve the offer side of the market, but on the other side the platform was lacking demand. Therefore, the aim of our thesis is to examine the demand side of an online marketplace for sport coaching and develop a corresponding value proposition as well as learning about the needs of an according customer segment. In the scope of this field lab we will hence disregard a deeper analysis of the offer side, which is represented by sport coaches. We will catch up on this, however, at a later stage in the development process of our startup. Understanding the customer's needs is consequently crucial, in order to derive reasonable features for an online marketplace and to target the right people the right way, which we consider to be the key to create demand and hence the critical mass needed to result

in a market equilibrium. In order to do so we are going to utilize the lean startup approach, which will be theoretically described and analyzed in section 3.

2.2. Field Lab Structure

Since our intrinsic intent for this project, which exceeds the scope of this field lab, is to establish a “real” startup company, we applied for several incubators in Germany and finally got accepted to the Gateway¹ incubator in Cologne. The Gateway is part of Cologne's founders network which is financed by several Universities - among others Germany's largest University for Sports². Although we worked on most topics of this field lab mutually, we found that it was more efficient to divide specific tasks according to our abilities and skills. Johannes was mainly in the lead for rather qualitative tasks like identifying the pains of sport lessons as well as identifying the market and potential customers which included 44 in-depth interviews. Lucas, on the other hand, was rather responsible for testing assumptions and all tech related questions including cluster analyzing a conducted survey with 1.102 participants as well as programming a landing page and creating a suitable A/B test. Consequently, and according to this work allocation we will conduct the documentation of our work through our theses.

3. Theory

This section is dedicated to the evolution and the theory of the Lean Start-Up methodology. Furthermore, we will explain frameworks that we utilized for this field lab.

3.1. The Lean Startup

We facilitated the Lean Startup approach to create and constantly improve our product. As a relatively novel approach it is not to be found in every area of management yet, but it is

¹ Gateway Cologne, Page of our Startup: <https://www.gateway.uni-koeln.de/indiecoach/>

² German Sport University Cologne: <https://www.dshs-koeln.de>

promoted by a movement of entrepreneurs around the world and is since on the rise (Ries, 2011).

3.1.1. The Origin of the Lean Startup Methodology

Traditionally, there is a clear roadmap about how a business should be established. You write a business plan, pitch this plan to investors, assemble a team which introduces a product, and then you start selling this product as hard as you can (Blank, 2013). Within this roadmap, the introduced product is in most cases created, using the Product Development Model. According to this model, entrepreneurs or a company set up a plan for an arising business or product idea, build on market research and forecasting, and then develop and test the business or product, till the finished good is offered to the waiting customers (Blank, 2005). This is the traditional –the “old”– way. Recently, the way of building a business or creating a product by this product-centric model, is questioned by several successful entrepreneurs like Steve Blank (2005), Eric Ries (2011), or Maurya (2012). It might work in established markets where competition and the waiting customers are known, but it does not hold for startups which usually enter new markets of which they have not more than a dare imagination.

In the recent past, the Lean Startup method arose as a contrary concept to the traditional methodology. It is based on the Customer Development Model, introduced by Steve Blank in 2005. This model, in contrast to the Product Development Model, puts the customer in the middle of a product development process. The customer does not just receive the final product, but he is part of the development. In a first step, pains of the customer are identified to see whether the product does even tackle problems which are important to the customer. In later stages, the product is tested together with the customer to find out whether it really fits the needs of the customer and offers all desired features. In essence, this model is not product-centric anymore, but rather customer-centric (Blank, 2005). Following this idea, Eric Ries introduced the term Lean Startup. The core element is to applicate the idea of lean thinking to

the process of innovation (Ries, 2011). Ries wants to “eliminate the tremendous waste” (Ries, 2011) of lost resources which occurs when startups fail by preventing them from building products nobody wants. To achieve this goal, structured experimentation, iterative product releases and customers’ feedback is used to build a product that really fits the needs of a certain customer (Nientied, 2015).

3.1.2. Principles of the Lean Startup Methodology

An Entrepreneur is faced with uncertainty. Uncertainty about the market he or she is acting on, the customers he plans to serve, and nearly every aspect of starting a new business. The main idea of the Lean Startup methodology is to accept this uncertainty and see the process of starting a new business as a set of untested hypotheses. “Getting out of the building” and testing these hypotheses using the Customer Development Model to create new hypotheses, which again must be tested, is the main task of an entrepreneur according to the Lean Startup method (Blank, 2013). The outcome of this process is a proven hypothesis, which is more solid as every planning or research could possibly be.

According to Ries (2011), there are five principles that are leading the Lean Startup methodology.

Entrepreneurs are everywhere: This principle states, that entrepreneurs are not just founders of new, small businesses but can be everyone who works at a startup which fits into Ries’ definition of a startup: “a human institution designed to create new products and services under conditions of extreme uncertainty” (Ries, 2011). The underlying of this principle is that the Lean Startup approach does work for every institution, even large enterprises acting in any industry.

Entrepreneurship is management: A startup is an institution and therefore it requires management. A special and new type of management which is used to the presence of extreme uncertainty and combines traditional management tasks with promoting innovation.

Validated Learning: This principle is a result of the main task of an entrepreneur as mentioned before. Previously defined hypotheses are tested “outside the building” with real customers and therefore “validated scientifically by running frequent experiments that allow entrepreneurs to test each element of their vision” (Ries, 2011)

Innovation accounting: Also in a startup, progress must be measurable. The work which is done must be accounted to quantify the current state of a startup and to improve entrepreneurial outcome. This accounting method must be adapted to the special needs of startups.

Build-Measure-Learn: The last principles, might be the most fundamental for the Lean Startup method. It is also the foundation for this work. It implies, that testing, reviewing the test, and then learn from the outcome is the most important thing for building a product which is wanted by the customers. The Build-Measure-Learn loop usually starts with a minimum viable product (MVP). A MVP is a version of the product of the company which is not fully developed yet and hence not perfect, but complete enough to demonstrate the value it brings to the user (Moogk, 2012). This MVP is then tested with customers and the outcome is measured. The outcome then again is the base to learn and build a new product and start the cycle all over again. This loop does not have to be carried out using a MVP but also works with every hypothesis which is part of the startup. To work as efficient as possible, the loop is repeated as fast as possible. For our work, we are going to use this build-measure-learn loop and iterate this process in several circles to build our product after the perceptions of market and customers.

3.2. Frameworks and Canvases

In the following we are going to introduce the two frameworks we utilized when building and testing our product.

The Business Model Canvas: Alexander Osterwalder was the first to introduce the Business Model Canvas and had in mind to create a common understanding of a business model to facilitate the description of a business model and the discussion about it (Osterwalder and Pigneur, 2010). The canvas shall be a counterproposal to the traditional business plan and is mainly a diagram of how a company creates value for itself and its customers (Blank, 2013). Its advantage against a business plan is that it is more of a sketch, which is not as precise but easy to change and to adopt to new insights. The business model canvas consists of nine building blocks³, which cover the four most important areas of a company: the customer, the product, the infrastructure and the financial survivability (Osterwalder and Pigneur, 2010). In use for the Lean Startup methodology, it offers a framework which summarizes all the to-be-tested hypotheses an entrepreneur set up and gives an overview of how the startup plans to create, deliver, and capture value (Osterwalder and Pigneur, 2010).

In this work, we will just concentrate on two blocks of the Business Model Canvas, the Customer Segment and the Value Proposition. Those are the two most fundamental blocks of the canvas, as they determine for whom value is created and what kind of value is created. They are the main factors when trying to find a fit between the problem and the solution (problem-solution fit) and fit between the product and the market (product-market fit). We are going to set up hypotheses for these two blocks and then test them via the build-measure-learn loop and iterate this cycle again and again, till our product fits the market.

The Value Proposition Canvas: As well introduced by Alexander Osterwalder, the Value Proposition Canvas (Appendix A), is a two-sided framework with the Customer Profile on one side and the Value Map on the other. Within in the Customer Profile one can clarify his customer understanding, within the Value Map it is described how the entrepreneur intends to

³ (1) Customer Segment, (2) Value Proposition, (3) Channels, (4) Customer Relationships, (5) Revenue Streams, (6) Key Resources, (7) Key Activities, (8) Key Partnerships, (9) Cost Structure

create value for that customer (Osterwalder et al., 2014). The canvas focuses on the main blocks of the Business Model Canvas and works like a plug-in to zoom into detail and therefore describes the value proposition and the customer segment of a business model in a more structured and detailed way (Osterwalder et al., 2014).

In our work, we are going to use the Value Proposition Canvas to assemble the needs of our customers and to develop a value proposition which meets these needs. We are trying to achieve a fit between the value map and the customer profile.

4. Identifying the Pain

A pain or a problem to be solved is the best foundation for a successful business model. Especially when following the customer development model, it is essential to solve a problem the customer is facing, in order to build a product the customer is inclined to pay money for (Blank, 2005). Therefore, in this chapter we are going to present the customer pains we initially recognized and propose our first business model by setting up the first hypotheses for the value proposition and the customer segment block of the business model canvas.

4.1. The Pain

There are many sport coaches out there – a great many. Finding the right one can truly be a problem. At the point where we moved to Lisbon for our master's degree we realized this the first time. A lot of our friends planned to start surfing and were overwhelmed by the huge number of surf schools and surf instructors. But who of all those instructors is the best? How do I know if I will have a good lesson with this school? And will I even learn properly in a group with 10 or more surfing beginners?

In contrast, while being back in Germany for the summer a close friend of us tried to improve his already greatly well Badminton skills. He, however, struggled to find a coach on a semi-

professional level who could teach his level of skills, was within reach without driving three hours just to practice, and nonetheless was affordable.

We realized, that it is extremely difficult or sometimes impossible to find a sport coach who is not too far from reach, does not charge exorbitant prices for private sport teaching lessons, and you have reliable proof of his abilities in sport coaching of.

4.2. First Business Model

From these observed pains, we derived our first Business Model. A two-sided online marketplace, where one can book a coach for a private lesson for every sport, can search for coaches in his surrounding, and arrange a sport lesson at a reasonable price. Every coach on the marketplace is assessed by his students after a training lesson to give prove about his abilities. Thus, we offer the customer the possibility to find a coach who is near, affordable and proven to be a good coach. Regarding the customer segment, we planned to offer our service to people who are interested in sports and want to learn a new sport or are currently looking for a coach to improve their skills. As mentioned before, within the field lab, we are going to concentrate on the demand side of the marketplace and will therefore, disregard the supply side as in the coaches.

Based on this Business Model, we set up two hypotheses. For the value proposition, we set up the hypotheses that there exists no such platform for any sport, so we are going to offer every sport on the platform. As the customer segment is the second fundamental block of the business model canvas we also set up a first hypotheses regarding our customers: Everyone who is interested in sport may look for a coach and is within reach of us through the internet. Therefore, our potential customer are people who are interested in sport, regardless of their current abode. While having these two hypotheses in mind, the next step was to take a closer look on the market we want to conquer to gather insides in order to validate our first Business Model.

5. Identifying the Market

Before going “out of the building” to get insights directly from potential customers, which is a core principle of the Lean Startup method, we focused on getting an overview of the market we want to enter: the sports market. During this “inside of the building” stage we investigated size, structure and access opportunities of the sports market as well as looked out for potential competitors. Our research is based on available information from the internet like third-party research reports or governmentally provided data. This approach, is called “The Data Detective” according to Osterwalder (2014).

5.1. Exploring the Market

Initially, we conducted research on access to the market, size of the market, and structure of the market to better understand and specify the market we want to act on.

Access to the market is what we defined as the possibility of getting into the market itself, meaning the possibility to gain attention in the market for our idea or our product and reaching people of interest⁴ for our marketplace. As reaching a critical mass of users is crucial for a two-sided marketplace, it is important to choose a market on which you can reach this critical mass as fast as possible (Evans & Schmalensee, 2010). As both of us are German, our network with sport related persons is the largest in Germany. After ages of being active athletes⁵ we were able to get to know a wealth of sportsman who represent potential coaches for our platform. Most of them living in Germany. Furthermore, we identified the German Sport University Cologne as a potential key partner for our startup as being a contact point for coaches, sport economist, sport scientist, and people who seek to improve their skills in a certain sport. Access to the German Sport University Cologne is given to us by personal

⁴ for example: End customers (demand side), coaches (supply side), scientific or technological supporters, influencers, mentors, etc.

⁵ Licensed windsurf instructor; semi-professional sailor (German youth championships); yearlong practicing in snowboarding, surfing, mountain biking and football.

friends being doctoral students at this institution. The Deutsche Stiftung Sporthilfe⁶ is a second very interesting partner we are networked with, through youth-professional accomplishments and training partners. This foundation is supporting young, high-potential sportsman to follow their path on becoming great athletes. These young sportsmen represent potential coaches for our marketplace and we would offer them a possibility for earning money while practicing their pet issue sport.

Following the research results explained before, we focused our research regarding size and structure of the market on the German sports market. Beside looking at the market as a whole, we conducted research on several disciplines of sports⁷ to gain a better inside into their structure, their profitability and the relevance in society. Our results are consolidated in a chart (appendix B), where we considered quantitative measures like for example number of active athletes, number of schools or coaches, and association members as well as qualitative measures like training model, trends/growth, and season dependence.

With a volume of €112,6 bn⁸ sport is an important section of the overall German economy (Preuß, et al., 2012). As mentioned above, sports coaching causes €2,82bn of this amount and represents, having its market volume in mind, a submarket that is worth trying to capture a piece of. In Germany, 34,3% of the population (27,4 million) practices sports once a week or more and is therefore counted as an active athlete and consequently, potential customers for our platform (Preuß, et al., 2012). 67% of the practiced sport in Germany is self-organized, meaning it does not happen in a club, association or commercial studio (like a fitness studio) but is informal, independent and organized without fixed structures (Preuß, et al., 2012). This is a good base for a marketplace where people can interact independently and do not have to

⁶ German foundation sport aid: <https://www.sporthilfe.de>

⁷ Fitness, Running, Golf, Tennis, Yoga, Dancing, Squash, Badminton, Table Tennis, Swimming, Athletics, Horse-Riding, Martial Arts, Rowing, Skiing, Snowboarding, Surfing, Windsurfing, Kitesurfing, Sailing, Diving, Kayaking, SUP, Skateboarding, Bouldering, Climbing, Mountain biking/BMX, Wakeboarding.

⁸ Consumption by actively in sports participating households in Germany.

engage in contracts or fixed schedules. Beside this decentralized way of practicing sport, most team sports like Football, Handball, Hockey, Basketball, etc. are practiced in clubs, which offer memberships at relatively low fares (Alfs, 2014).

From the way, some of the sports we focused on in our research are structured in terms of training and how they are practiced, we found that some of them do not really rely on a student-coach training method. Running for example, is a widespread sport with a lot of active athletes but people usually do not train this sport with a coach. They rather improve their level by themselves or by searching for tips on the internet, as the sport is not as technically demanding, that one would need a coach to become better. Other sports require a lot of specific equipment so it is difficult to teach these sports without the student owning this equipment. This makes it more difficult to coach these sports without the connection to a school or a club providing this equipment. Examples are Rowing, Diving or Kayaking.

5.2. Exploring Competition

While we did not find, any sufficient big player offering a two-sided marketplace for the range of sports we want to offer, there is competition for sure on the market for sport coaches since it is no new market. To outline every player on the market would go beyond the scope of this field lab, so in the following we tried to focus on the most notable ones.

More traditional and hence, more sophisticated competition is depicted by offline competitors. Offline competition is embodied by sport schools (surfing school, ski/snowboarding school), clubs (fitness studios, golf clubs), personal coaches and associations. Especially associations have a very good standing in the German society and are deeply anchored in the structure of some sports. Usually training is offered within these associations at a relatively low fare. A lot of sports are traditionally practiced within the context of associations, for example Athletics, Tennis or Badminton. These clubs are fulfilling a social aspect of meeting people and being

engaged beside the sporting aspect. In Germany, in 2016 there were 23,81 million people⁹ who are a member of a sport association.

Beside the competition arising from offline providers, there is a spectrum of online providers offering alike services as our platform. Even if there exists no platform which offers a coach student matching service for every sport, there are some which offer such a service for a certain Sport. Especially for the fitness market there are several platforms¹⁰ which enable a customer, to find and book a personal fitness trainer online. Payment and booking model as well as the amount of available coaches of the sides vary, but at least *fit29.de* and *personalfitness.de* have more than 50 personal trainers listed for larger cities in Germany. There are providers for other sports like Golf¹¹ or Yoga¹² but they are unique in their respective sports market and at an initial stage of their development. Beside marketplaces, mobile apps are the second competitor format we are facing. Again, here the fitness market is the most fought. There exists a great number of apps like *Freeletics*, *Workout Trainer*, *FitnessBuilder*, *Loox Fitness Planer*, or *Strong* to name just a few which usually offer a similar service. The user is able to choose from a variety of fitness exercises to build a customized workout plan or directly select a completed, suggested workout plan. But, there are also competitors which offer a broader range of sports to their customers. EasySport¹³ for example enables a customer to book sport fields, coaches or sport courses in nearly every mass sport. But as their main focus is to conciliate existing, sport related offers we see a differentiation towards them as we want to create new offers and give coaches a platform to offer their services who did not have the possibility so far. Also, their existing network of offered sport facilities and the number of listed sport courses on their page is rather small. A

⁹ <https://de.statista.com/statistik/daten/studie/215297/umfrage/bevoelkerungsanteil-mit-einer-mitgliedschaft-im-sportverein-nach-alter/>

¹⁰ <https://www.personalfitness.de>, <http://www.fit29.de>, <http://yourpersonaltrainer.de>

¹¹ <https://www.meandmypro.de>

¹² <http://www.yogakurse24.de>

¹³ <http://www.easysport.de/easysport>

far more successful competitor is Urban Sports Club¹⁴. Here, a subscription membership which gives the customer the possibility to practice several sports in nine cities in Germany is offered as a product. A club member can just go to any participating sport facility and exercise the sport offered at this facility. Usually, there is no coach included and sports in focus are Fitness Sports, Badminton, Table Tennis, Fighting Sport and Wellness Sports.

5.2. First Pivot / Second Business Model

By the insights we gained about the sports market (especially in Germany) we assessed our former first business model and checked what prove we could find for our hypotheses. As a result, we made the first pivot of our business model. A pivot is a major change of one of the nine blocks of the first business model (Blank & Dorf, 2012). In our case this means a change in the hypotheses we set up about our customer segment and our value proposition.

Regarding the pivot we executed for our the customer segment, we found that not everyone in the world who is interested in sports can be our customer right from the start. Especially in the beginning of the founding process, a marketplace is facing the problem of reaching a critical mass to fulfil customer requests and avoid negative customer experiences (Evans & Schmalensee, 2010). Therefore, we decided to focus on the German sports coaching market for now. Additionally, we recognized the share of people in Germany practicing sport on a regular basis (once a week or more) and decided that this should be our focus group as people practicing sport are more willing to pay for sport as people who are just interested in sport (Preuß, et al., 2012). The foundation for our decision to focus on Germany was the size of the German sports market as well as our network and the capabilities we promise our self from the resulting contacts. Also, our first value proposition was influenced by our conducted research. Looking at existing competitors and existing literature we found that not every sport

¹⁴ <http://www.urbansportsclub.com>

would fit our Business Model. Team Sports for example do not really fit the concept of one coach training with one student and the competition through traditional associations is immense in Germany. The fitness market is already heavily embattled and we saw too much competition to enter the market without an extremely high budget.

The derived business model is still a two-sided market place for private sport coaches, but we narrowed the sports we want to offer down to a smaller batch¹⁵, in order to serve sports which fits our business model and are not too competitive. Our hypothesis for the value proposition is, that our customer segment is interested in these sports and improve their skill in these sports. This addressed customer segment we changed to active sportsmen¹⁶ from Germany. To validate these hypotheses, the next step is to finally get in contact with the customer and in the next section we are going to present our result of conducting interviews with potential customers.

6. Identifying the Customer

Identifying and knowing the market you want to act on is absolutely necessary when building a new product, but in the end the customers are the ones buying or not buying a product. Since the Lean Startup methodology is following the Customer Development model, getting in contact with potential customers as early as possible is crucial when applying this method. Therefore, we conducted 44 in-depth interviews with potential customers to receive a better understanding of their motivations for doing sport and the pains that bar them from exercising sport. In addition, we aimed to learn who the sporty people in Germany are in order to further sharpen our focused customer segment. At this point, we finally got “out of the building” and talked to people, which is an essential part when validating a business idea (Cooper & Vlaskovits, 2010)

¹⁵ Golf, Tennis, Yoga, Dancing, Swimming, Horse-riding, Martial Arts, Skiing, Snowboarding, Windsurfing, Kitesurfing, Surfing, Bouldering, Skateboarding, Climbing, Mountain biking/BMX, Wakeboarding

¹⁶ Doing sport once a week or more

6.1. Interview Structure and Implementation

By interviewing potential customers, we reached out to get insights about how and why people do sports to see if our former value proposition really holds value for them. We wanted to further understand the people we talked to for the purpose of gaining qualitative insights about them and therefore, choose in-depth interviews as they give you the possibility to focus on certain, relevant issues when talking to various participants.

In-depth interviews are characterized by the fact, that they do not follow a strict set of questions but a loose guideline to sort of lead the dialogue between the interviewer and the participant (Ritchie & Lewis, 2003). This free design of an interview holds the chance to get a relatively broad idea about the opinion of a subject. In our case, this form of talking to potential customers was the most promising one as we were far at the beginning of understanding them and wanted to be open for any type of insight they could give us about their sport behaviors. Although, an in-depth interview does not follow a strict plan, we decided to set up a questionnaire (Appendix C) including five open questions which served as a guideline. This guideline was to prevent an interview from “getting out of hand” as we were just interested in sports related insights about the participants. The focus of the guiding questions was to get to know the sports related motivations and problems of our potential customers, what type of sports they would like to learn or improve their skills at, how they would like to learn, which requirements they impose on a good coach, and if they had the abilities to be a coach themselves. We tried to avoid “Would you...?”-questions and to focus on “why”- and “how”- questions to get real motivations and learn how potential customers would get a problem fixed until now. These types of questions usually give a deeper insight to the customer’s real motivations and behavior patterns (Osterwalder et al., 2014). Additionally, we asked for demographic information to better understand who the people are we talked to and hence clarify our customer segment.

As we defined our customer segment previously as people in Germany doing sports at least once a week, this also represented our population of interest¹⁷. To reach our population of interest, we looked for participants in person at seven different, mostly sports related, locations¹⁸. People which turned out not to fit in to our population of interest were not further interviewed and are not accounted within the 44 completed interviews. We are aware that by using this technique for finding interviewees we could just cover a small share of the overall population of interest what leads to some sort of a sampling error¹⁹ and does not describe our former customer segment perfectly, but given our small budget it was an effective way to get to talk to different athletes with various sport backgrounds.

On the spot, we asked random people to participate in an interview on their sports behavior not mentioning our value proposition or our offered solution as this could bias the answers they would give us and lead the interview in a certain direction (Osterwalder et al., 2014). As mentioned above the interviews were following guiding questions but were conducted in form of an open dialogue between the interviewer and the participant in some parts. Focus was always on the participant and as the goal was to get deeper insights about the interviewed person, we attempted to listen more than to talk (Osterwalder et al., 2014). Interviews were always conducted by the two of us. One being the interviewer and the other one taking notes, being the assistant. By this procedure, the interviewer was able to fully concentrate on the interview, guiding the conversation, as the assistant was taking notes for assessing the interview in the aftermaths. Notes were always taken down on a note sheet which contained the questionnaire and included slots for numbering every participant's answer as well as record the date and the place of the interview. Notes can be found in Appendix D.

¹⁷ Population of interest, meaning the population you want to draw a conclusion about. In our case Germans practicing sports at least once a week.

¹⁸ The cafeteria of the German Sports University Cologne; the library of the University of Cologne; a boulder and climbing facility; a sports centre including a gym and fields for sports like tennis, badminton, and squash; a dancing school; a badminton club; Gateway Cologne

¹⁹ The sampling error is the error that is ascribed to observing only a sample of the population rather than the entire population (Lohr, 2008)

6.2. Interview Analysis

By the approach described above, we conducted 44 in-depth interviews with people showing mostly diverse demographic characteristics. We were able to gain several insights, some were just specific to certain individuals but some hold for larger groups of the participants. After collecting the answers or the input from our current customer segment our focus was to analyse this input and derive implications for our value proposition and further narrow our target customers. To achieve this, we first grouped together participants in several subgroups, identified the most promising ones, deducted insights from these promising ones by using the Value Proposition Canvas, and finally adept our business model to the new learnings we earned by executing the in-depth interviews.

6.2.1. Clustering

A key target of conducting the in-depth interviews was to better understand our potential customers und further sharpen our customer segment. From 44 interviews, we received 44 opinions from 44 individuals and several information about them. To structure the results, we sought to find recurring patterns in the answers to draw conclusions which can be generalized to certain groups of potential customers. We tried to better understand who we just interviewed and what these people have in common.

To better organize our results, we decided to gather participants, or better spoken their answers, with similar characteristics together in groups. These groups then represented a cluster of potential customers having alike problems, alike motivations, or just alike behaviors when practicing sports. We did not set the criteria's for gathering two or more participants into one cluster fix or made exact rules how these people should fit together. It was more that the participants should match the same type of a person. We used demographical facts as well as sportive behaviors to group people together in the clusters. Each cluster we described by two to four traits which everyone within the cluster shared and which distinguished them,

when appearing all together, from the other participants. To form the clusters, we considered every note sheet successively and decided whether the participant fits one of the existing clusters or if he will be the base for a new cluster as he differentiate in at least one trait essential from the existing clusters.

This method of clustering delivered eleven clusters (Appendix E) which represented eleven types of athletes with different behaviors and mind-sets about sport. Every cluster furthermore represented a potential target customer group or a potential customer segment to focus on. But, serving every customer is really complicated, as it usually requires a huge budget and in many cases, is just not possible. Different types of customers have different needs and are attracted by different brand identities. Thus, they just ask for different products wherefore, we decided to focus just on a share of the eleven clusters. Namely, the most promising ones and the ones best fitting our vision of a product and a brand identity.

As we wanted to reduce the number of clusters in order to find a more narrowed customer segment we can serve, we started to identify the clusters which seemed not to fit the type of product we want to offer. These identified clusters were then put aside, checked for interesting insights and for the moment were not further taken under consideration. By this approach, we reduced the number of clusters from eleven to six. Cluster number 6 for example, did not really fit our vision of offering an online marketplace for sport coaches as they were characterized by being sporty, but furthermore being over 45 and not digital affine. As our focus was on building the platform and not to get more people using online solutions, this cluster was not offering a promising customer group to us. As a second example, Cluster 4 was very sportingly active and already earning money and therefore had money to spend but, but were just interested in team sports. And as we already decided not to offer team sports on our platform because it does not fit the training format, cluster 4 was not relevant for us either.

Left with six more clusters we searched for further rational and justified ways to reduce the number of clusters and recognized that some of them showed analogical characteristics. Cluster 3,7, and 10 for example all shared the characteristic of extreme enthusiasm for practicing sport. Merely the place where they do sports and their motivation for sports differed till a certain degree and so we decided to merge them together in one cluster. The same hold for cluster 1 and 5 which were mainly defined by being sporty but just on a medium level and practicing sport primarily for the purpose of shaping their body. Since the differences between the clusters were midget and were not affecting their potential for being potential customers we merged these two clusters as well. We ended up with three clusters with all of them representing a group of potential customers and jointly representing our focused customer segments. And the first insight on this customer segment was already to be observed at this point, as all individuals of the three clusters reported that they prefer group lessons over individual coaching. They had different motivations for this opinion like meeting new people, practice sports with their friends, or avoid being together with a coach on their own, but they all shared the position that sport training with a coach in a small group is more desirable as a 1-on-1 lesson with a coach.

Now that we detected three clusters as potential target customer groups, we further defined the three clusters by investigating what the individuals within the clusters have in common. We tried to describe the clusters as accurate as possible to get a better picture how the ideal-typical person representing the cluster would look like. For this purpose, we redefined the three clusters as Cluster 1, Cluster 2, and Cluster 3 and described them by a persona to get more of a picture of the respective customer.

Demographically Cluster 1 is distinguished by being in the age between 18 and 35, having a low to medium income, and most of the individuals being students or apprentices. They practice sport several times a week on a constant base but would like to do more sports as

they are not fully stretched in terms of time and sport. Predominantly, people of this cluster engage in sports by taking part in various types of fitness classes like Zumba, Aerobic, Cross-Training or other fitness programs offered by a gym or another institution or just exercise at the gym. Their main motivation for doing sport is to shape their body and to have an attractive outwards experience. We named this cluster the “fitness freak”.

Cluster 2 represents an older and wealthier target group. People in this cluster are between 26 and 45, have medium to high income, and are academics which are currently working. Usually, they have problems to reconcile sport with their job and their social life. They have a high interest in sport, practise sport 2 or 3 times a week, and it is important to them to do sport with friends or colleagues. We called cluster 2 the “working socializer”.

Our third cluster is particularly distinguished by being highly sports interested and athletic. Individuals in this cluster doing sports more than three times a week and practising several sports each. They are potential coaches for our two-sided marketplace as well as being students as they have the skills to teach at least one sport. Demographically they are between 20 and 30, have a low to medium income, and are mostly students of just finished their studies. Their main differentiation from the “fitness freak” is that they really live for sport and practise sport not for having a good body but for the fun they enjoy when doing sports. We call this cluster the “sport enthusiast”.

6.2.2. Value Proposition Canvas

After identifying the customers we want so serve, it was necessary to understand these customers and take a further look on what they have told us. We recognized insights from all the interviews we conducted but for our determined customer segments we wanted to go beyond their answers and find out what motivates them, which problems they are facing, and which benefits they are seeking to achieve. To make these findings, we used the Value Proposition Canvas as a framework to organize our information from the interviews and

beacon our ideas for deriving implications from these information. As mentioned before, the Value Proposition Canvas consists of two parts, the Value Map and the Customer Profile, each again compounded of three parts (Appendix A). The Customer Profile describes a customer segment in a more structured and detailed way and breaks down the customer into the customer jobs, pains, and gains representing the three parts of this side of the framework (Osterwalder et al., 2014). The customer jobs are representing what the customer is trying to get done. In our case this is related to what the customer is trying to achieve by doing sport or which jobs, related to sports, the customer must perform. As these jobs are done in order to satisfy the customer needs they are also referred to as motivations of the customer. Customer pains are the problems which are arising to the customer when trying to perform the customer jobs or what prevents him from accomplishing a certain job. The section for gains of the Customer Profile, seeks to describe the achievements or the benefits a customer wants to reach by fulfilling the customer jobs. Gains can be functional utility, social gains, positive emotions, or cost savings (Osterwalder et al., 2014). On the other side, the Value Map focuses on the value proposition of a business model and fractionalize it into products and services, pain relievers, and gain creators. Products and services represents a list of the features a product or a value proposition offers the customer to help him completing his customer jobs. Pain relievers describe in which way the value proposition can help the customer to overcome his problems or ease his pains. This section is directly related to the products and services as it is outlined how these actually support the customer in overcoming his pains. Pain relievers always focus on the most extreme pains to the customer in order to solve his biggest issues. As obverse to the pain relievers, gain creators describe how the products and services create customer gains and produce benefits and outcomes that a customer expects. As pain relievers, gain creators just focus on the most important gains to a customer (Osterwalder et al., 2014).

Both sides of the Value Proposition Canvas need to be filled to draw conclusions for a business model. Therefore, we set up the pains, gains, and customer jobs/motivations for each of our clusters by analyzing the answers we collected from the individuals of the respective cluster. We checked every note sheet for either a mentioned motivation for doing sports or a described pain when trying to do more sport or finding a coach. If we detected either a pain, a gain, or a customer job/motivation we added a sticky note for it to the referring section of the Customer Profile. Within the section, we still segregated which note belong to which cluster to clarify which cluster has which needs. We ended up with a list of pains, gains, and customer jobs/motivations for every of our three clusters (Appendix F). Within this list, we ranked the notes regarding their importance for the respective cluster. We measured the importance be the time the pain, gain, or customer job/motivation was mentioned by the cluster. For the “fitness freak” for example the most often named pain was a lack of self-motivation for doing sport. The same pain was recognized by the “working socializer” but with a lower relevance. For this cluster, a lack of time and coordinating family, friends, and job with doing sport was a more intense pain. In addition to the pains, gains, and customer jobs/motivations being specific to the particular cluster, we added those which were named constantly by all the participants of the interviews to the Customer Profile to give them a certain relevance. But to point out that they are not typically for any of our three main clusters we separated them from the answers given by each cluster. Based on the information we gathered within the Customer Profile, we derived pain relievers and gain creators for the most relevant pains and gains. We focused on the most relevant gains and pains, as a good value proposition never seek to tackle every pain of a customers or create every gain for a customer (Osterwalder et al., 2014). It is rather important to outline the extreme pains or the most relevant gains to customer and focus on serving these. As we planned to build a product that fit all the three target customer groups we did not distinguish between the clusters anymore

when setting up the pain relievers and gain creators because some of them tackled issues which matter to more than one of the clusters. For example, as a lack of time or inflexible training hours represented a pain for the “fitness freak” and the “working socializer” the pain reliever of a flexible booking system with variable time slots addressed a pain of both clusters. Given the pain relievers and the gain creators, in a last step we came up with products and services that could offer these relievers and creators. Our main product of course, is our platform itself as with several features included it seeks to address exactly the pains and gains of our customer segments. Our findings about pain relievers, gain creators, and product and services can be found in Appendix G.

6.2.3. Results and second Pivot

By examining the conducted interviews, we collected a lot of information and deduced several insights on how our potential customers are doing sport and especially what motivates them to practice sport and what prevents them from doing so. After setting up new hypotheses, we measured these hypotheses by using the results we obtained from conducting interviews with 44 sportsmen with the goal of further learning and improving our business model. The learning we made are represented by another pivot in our hypotheses about our value proposition and our customer segment. Mainly the hypothesis about our customer segment was influenced by the findings we received from implementing the interviews. Initially we saw every sportsman in Germany as a part of our customer segment. But after reviewing the answers from the interviews, we worked out three groups of customers which represent our new customers segment. For our customer segment we furthermore, deployed the pains, gains and customer jobs/motivation which matters most to them when talking about doing sport. This also represents our new hypothesis about our customer segment.

Regarding our value proposition, the pivot we undertook was rather marginal but can have a great impact. We decided to stay with a two-sided marketplace for sport coaches and

maintained the sports offer from our former hypothesis, but we decided to change the focus of the platform from private training lessons to training lessons in small groups as this was the first insight we learned when talking to our potential customers. We also decided to perform this pivot as training in small groups addresses pains like motivation, boring training lessons, arrange time between sport and seeing friends, and finding training partners which are till a certain degree concern all the three clusters. Together with the new hypothesis about our customer segment, this new proposal for a value proposition represents our new hypotheses for a business model.

7. Conclusion and Roadmap

From our initial idea of building a two-sided marketplace for individual, private sport lessons in any type of sport, for everyone in the world who is interested in sports, we pivoted our business model to two-sided marketplace for group lessons offering a limited batch of sports for three specific groups of customers, the “fitness freak”, the “working socializer”, and “the sport enthusiast”. We reached this development by following the build-measure-learn loop introduced by Eric Ries as part of the Lean Startup methodology (Ries, 2011). But as this report just considers the early stages of our field lab, this result is not the end of our journey of building a product that corresponds with our beliefs and in first place, brings value to a certain customer segment. In his report, my college Lucas Habrich will further describe our way of achieving a fit between the realized problem and the offered solution as well as between our offered product and the demands of the market. He will present our results of conducting a survey with 1100 participants and the insights we received by testing our product based on a A/B landing page test. Based on these result, he will develop a business model with which we want to bring finally value to our customers and successfully establish a startup to become prosperous entrepreneurs.

References

- Alfs, C., 2014. *Sportkonsum in Deutschland*. s.l.:Springer Gabler.
- Blank, S., 2005. *The Four Steps to the Epiphany: Successful Strategies for Startups That Win*. California: S.G. Blank..
- Blank, S., 2013. Why the Lean Start-Up Changes Everything. *Harvard Business Review*, May.
- Blank, S. & Dorf, B., 2012. *The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company*. s.l.:K&S Ranch.
- Clipperton Corporate Finance, 2016. *The Uber-Economy: How Marketplaces Empowering Casual Workers Disrupt Incumbents*, Paris: Clipperton Finance Ltd..
- Cooper, B. & Vlaskovits, P., 2010. *The Entrepreneur's Guide to Customer Development: A cheat sheet to The Four Steps to the Epiphany*. s.l.:Cooper-Vlaskovits.
- Evans, D. S. & Schmalensee, R., 2010. Failure to Launch: Critical Mass in Platform Businesses. *Review of Network Economics*, 9(4).
- Lohr, S. J., 2008. Coverage and Sampling. *International Handbook of Survey Research*.
- Maurya, A., 2012. *Running lean: Iterate from plan A to a plan that works*. Sebastopol: O'Reilly Media.
- Moogk, R. D., 2012. Minimum Viable Product and the Importance of Experimentation in Technology Startups.. *Technology Innovation Management Review*, pp. 23-26.
- Nientied, P., 2015. Polis University as Lean Startup Innovation. *International Business Research*.
- Osterwalder, A. & Pigneur, Y., 2010. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. Hoboken: John Wiley & Sons.
- Osterwalder, A., Pigneur, Y., Bernarda, G. & Smith, A., 2014. *Value Proposition Design: How to Create Products and Services Customers Want*. Hoboken: John Wiley & Sons.
- Preuß, H., Alfs, C. & Ahlert, G., 2012. *Sport als Wirtschaftsbranche*. s.l.:Springer Gabler.
- Ries, E., 2011. *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*. New York: Crown Business.
- Ritchie, J. & Lewis, J., 2003. *Qualitative Research Practice: A Guide for Social Science Students and Researchers*. s.l.:Sage Pubn Inc .

