Product/Service Discovery and Validation Primer for 2024

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Initiatives: Product/Service Discovery and Validation

> Discovery and validation is the practice of understanding customer needs, assessing the market and evaluating competition. These activities are essential to establish a product strategy and a roadmap that will directly affect a product or service offering's success.

Scope

This initiative can help develop product and service offering plans and strategies based on best practices and insights for assessing customers' needs, market trends and competitive positions.

Topics in this initiative include:

- **Understand the Market**: Gauge market size and attractiveness; assess risks and opportunities.

- **Know Your Customers**: Identify and understand the target customer; define and validate customer segments, personas and outcomes.

- **Assess the Competition**: Analyze competitors' strengths and weaknesses; plan to improve competitive posture.

- **Build the Strategy and Roadmap:** Construct a compelling and effective strategy; build and communicate the product or service roadmap.

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Analysis

Figure 1: Product/Service Discovery and Validation Overview

Product/Service Discovery and Validation
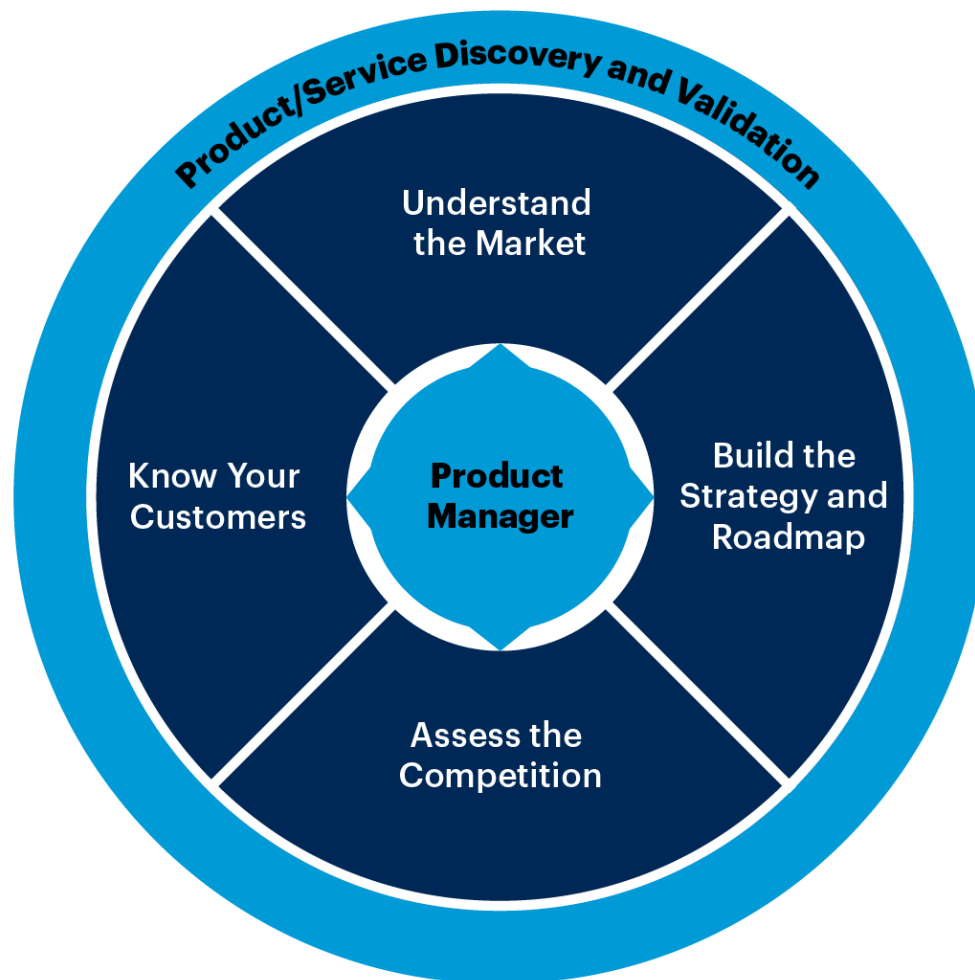
Source: Gartner
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Discovery and validation comprises the activities required during the first steps in developing a product or offering. These activities are revisited frequently throughout the product's life cycle to ensure it evolves to continually meet its purpose.

Gartner surveys find product or offering managers frequently cite "creating the product strategy" as the most important role of product management. However, product or offering managers are not always effective at creating and communicating compelling product strategies for their organizations. Less than half (46%) of product or offering managers report their product strategies are both well-documented and well-communicated. [1] Similarly, although "understanding customer needs" is often cited as one of the most critical product management responsibilities, our High Tech Product Management Score data shows this is among the lowest in terms of maturity. [2]

Discovery and validation establishes the basis for cross-functional teams to plan, develop and introduce products and services. It lays the foundation for successful product management by ensuring product teams identify the appropriate target customers and markets, prior to reaching the product introduction stage.

Product or offering managers must align their discovery and validation activities with modern product management approaches that elevate their performance and positively affect the success of their products or offerings. To be successful, they will decrease their reliance on personal intuition and increase the use of data-driven insight for decision making, increasingly shifting to storytelling-driven decisions that directly connect customer value to business outcomes and outputs.

Product or offering managers will adopt a continuous product management approach, inspired by the evolution of methodologies in the software development domain, to focus on a continuously improving product. Finally, they will pay less attention to operational measures and key performance indicators (KPIs), and increasingly focus on the outcomes their customers achieve through their products or services.

Topics

A successful product strategy depends on an analysis of the market and potential customers that is based on accurate and objective data. Without effective processes and practices for data collection, time pressures may force a product or offering manager to commit investments based only on instincts and unproven hypotheses. Gartner helps product or offering managers implement practical approaches to planning that are appropriate for their organization, accommodating needs for both agility and risk management.

Our research in this area addresses the following topics:

Understand the Market

Determining the addressable and serviceable market for a product or service is critical to gain the support of internal stakeholders and obtain the appropriate level of investment. As markets face more frequent and rapid disruption, ongoing reassessment of the addressable and serviceable market is necessary to ensure the early recognition of any changes that may put the product financials at risk.

Questions Your Peers Are Asking

- What is the size of the market for my products and services?

- What are the top considerations for a product or offering manager investing in the market?

- What are the leading practices and trends in understanding the market for product or service discovery and validation?

Recommended Content

⚷ Some recommended content may not be available as part of your current Gartner subscription.

- Critical Steps for Product Managers: Understand the Market

- Ignition Guide to Sizing the Market Opportunity as a Product Manager

- 4 Steps for Calculating the Potential Market Opportunity for a New Product or Service

Planned Research

- How to measure market risks and opportunities in the major markets

- How to determine the attractiveness of markets for investment

- How to size and understand impact of emerging technology markets

Know Your Customers

Successful discovery and validation begins with a clear definition of the customer and their specific needs or objectives that the product or service should address, which will vary by market. As technology buying preferences evolve to favor self-service discovery, education and trials, developing products that are tuned to specific customer segments' needs becomes more critical. Product managers must embrace new methods to collect and analyze user behavior, and collaborate with prospects and customers to gather the necessary insights.

Questions Your Peers Are Asking

- Who are my users and buyers and what are their needs?

- What factors influence user and buyer behavior?

- What are the leading practices and trends in knowing the customer for product or service discovery and validation?

Recommended Content

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- Critical Steps for Product Managers: Know Your Customers

- Ignition Guide to Conducting a Design Thinking Workshop as a Product Manager

- Relentlessly Validate Market Insights to Achieve Product Success

Planned Research

- Strategies and techniques to harvest voice of the customer (VoC) data

- Buyer behaviors and preferences

- Understanding the attributes and needs of key enterprise and individual persona

Assess the Competition

Without a thorough understanding of the competition, product or offering managers will struggle to identify compelling differentiation that can be supported by product capabilities and proven customer results. Effective competitive intelligence enables product or offering managers to see which product enhancements would be most impactful from a customer's perspective. A product team that lacks a clear understanding of competitors' products can inhibit a product's growth by misdirecting product development, marketing and sales efforts.

Questions Your Peers Are Asking

- What are the strengths and weaknesses of the competition?

- What actions should I take to improve the competitive position of my product/service?

- What are the leading practices and trends in assessing the competition for product or service discovery and validation?

Recommended Content

🔑 Some recommended content may not be available as part of your current Gartner subscription.

- Critical Steps for Product Managers: Assess the Competition

- Ignition Guide to Assessing Your Competitive Landscape

- Market Guide for Competitive and Market Intelligence Tools for Technology and Service Providers

Planned Research

- Understanding the competitive behaviors in key markets

- Identification of the traits of successful vendors in the major markets

- Best practices in responding to competitors' market actions

- Building a more effective competitive intelligence function within product management

Build the Strategy and Roadmap

Most technology and service provider organizations recognize the importance of a sound product strategy. However, too many operate with a strategy that is not grounded in an accurate understanding of the environment or does not have buy-in from key stakeholders. Successful roadmaps and product strategies reflect changing market dynamics, consider the competitive landscape and identify what gives the product a competitive advantage. Effective strategy and roadmap communication ensures continuous stakeholder alignment.

Questions Your Peers Are Asking

- What are the top considerations to address when formulating the strategy for a product/service?

- What factors should exert the most influence over the product/service roadmap?

- What are the leading practices and trends in building strategies and roadmaps for product or service discovery and validation?

Recommended Content

⚷ Some recommended content may not be available as part of your current Gartner subscription.

- Critical Steps for Product Managers: Build the Strategy and Roadmap

- Ignition Guide to Creating a Product Roadmap as a Product Manager

- Infographic: How to Run Innovation Workshops for Product Planning

- Generative AI Approaches and Implications for Product Managers

Planned Research

- Best practices for building and communicating a product roadmap

- How to create effective emerging technology and product roadmaps by market

- How to test or validate a product strategy

Suggested First Steps

- Ignition Guide to Understanding Customer Needs as a Product Manager

- Align Competitive and Market Intelligence Activities Across Product Teams

- Avoid Audience Disappointment in Your Product Roadmap Delivery

Essential Reading

- Gartner Product Decisions

- 3 Mistakes to Avoid in Product Differentiation

- Assess the Risks and Costs of Adding Generative AI to Your Offerings

Tools and Toolkits

- High Tech Product Management Score

- Gartner Product Decisions (Tool)

- Tool: Assess Market Opportunities for Products Using Gartner's Risk and Opportunity Index

- High Tech Product Management Benchmark

- Tool: Product Manager Competitive Assessment Scorecard

Evidence

[1] **2023 Gartner Product Management Branded Survey:** This survey was conducted to understand the needs, challenges and key initiatives of people in product management roles from June through August 2023. In total, 283 respondents were interviewed across the U.S. (n = 83), Canada (n = 35), the U.K. (n = 31), Germany (n = 28), China (n = 27), France (n = 25), India (n = 23), Australia (n = 18) and Hong Kong (n = 13). Small base sizes of fewer than 30 respondents should be interpreted with caution. To enable key trends to be compared and contrasted, we established quotas on key organizational and respondent characteristics. Qualifying organizations operate in high-tech industries (cloud services; software; communications equipment; carriers; devices and computer infrastructure; technology and business services; and semiconductors) with anticipated enterprisewide annual revenue for 2023 of more than $50 million or equivalent. Qualified participants have the title of director or equivalent and above with product development/engineering or product management as their primary job function/department.

[2] A Peer Comparison of Product Management Maturity

Document Revision History

Product/Service Discovery and Validation Primer for 2023 - 2 February 2023

Product Planning Primer for 2022 - 4 February 2022

Product Planning Primer for 2021 - 1 February 2021

Product Planning Primer for 2020 - 21 January 2020

Product Planning Primer for 2019 - 2 January 2019

Product Planning Primer for 2019 - 2 January 2019

Product Planning Primer for 2018 - 23 May 2018

Related Priorities

Initiative Name	Description
Product/Service Organization and Leadership	This initiative helps innovate product/service management practices, build efficient teams and modern skills, drive cross-department collaboration, and select the right product management toolsets.
Product/Service Design and Creation	This initiative provides insights and best practices to improve the effectiveness of the relationship between product, design and engineering, and maximize customer value through collaboration.
Product/Service Introduction and Delivery	Introduction and delivery focuses on making products and services available to customers. Continuous delivery models, product-led growth and buyer behaviors impact product introduction and delivery.
Product/Service Evolution and Management	The product/service evolution and management initiative helps clients understand those activities that are essential to maintaining and growing a product after it has been launched into a market.

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Leadership Vision for Technology Product Managers

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