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Finding the Right Job For Your Product

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Finding the Right Job For Your Product

Most companies segment their markets by customer demographics or product characteristics and differentiate their offerings by adding features and functions. But the consumer has a different view of the marketplace. He simply has a job to be done and is seeking to "hire" the best product or service to do it. Marketers must adopt that perspective.

Clayton M. Christensen, Scott D. Anthony, Gerald Berstell and Denise Nitterhouse

The market segmentation scheme that a company chooses to adopt is a decision of vast consequence. It determines what that company decides to produce, how it will take those products to market, who it believes its competitors to be and how large it believes its market opportunities to be. Yet many managers give little thought to whether their segmentation of the market is leading their marketing efforts in the right direction. Most companies segment along lines defined by the characteristics of their products (category or price) or customers (age, gender, marital status and income level). Some business-to-business companies slice their markets by industry; others by size of business. The problem with such segmentation schemes is that they are static. Customers' buying behaviors change far more often than their demographics, psychographics or attitudes. Demographic data cannot explain why a man takes a date to a movie on one night but orders in pizza to watch a DVD from Netflix Inc. the next.

Product and customer characteristics are poor indicators of customer behavior, because from the customer's perspective that is not how markets are structured. Customers' purchase decisions don't necessarily conform to those of the "average" customer in their demographic; nor do they confine the search for solutions within a product category. Rather, customers just find themselves needing to get things done. When customers find that they need to get a job done, they "hire" products or services to do the job. This means that marketers need to understand the jobs that arise in customers' lives for which their products might be hired. Most of the "home runs" of marketing history were hit by marketers who saw the world this way. The "strike outs" of marketing history, in contrast, generally have been the result of focusing on developing products with better features and functions or of attempting to decipher what the average customer in a demographic wants.

This article has three purposes: The first is to describe the benefits that executives can reap when they segment their markets by job. The second is to describe the methods that those involved in marketing and new-product development can use to identify the job-based structure of a market. And, finally, the third is to show how the details of business plans become coherent when innovators understand the job to be done.

Hiring Milkshakes

A "job" is the fundamental problem a customer needs to resolve in a given situation. To illustrate how much clearer the path to successful innovation can be when marketers segment

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by job, consider an example from the fast-food industry, where companies historically have segmented their markets along the traditional boundaries of product and customer categories.

When a fast-food restaurant resolved to improve sales of its milkshake,[1] its marketers first defined the market segment by product — milkshakes — and then segmented it further by profiling the customer most likely to buy a milkshake. Next, they invited people who fit this profile to evaluate the product. Would making the shakes thicker, more chocolaty, cheaper or chunkier satisfy them more? The panelists gave clear feedback, but the consequent improvements to the product had no impact on sales.

Then a new researcher spent a day in a restaurant documenting when each milkshake was bought, what other products the customers purchased, whether they were alone or with a group and whether they consumed it on the premises or drove off with it. He was surprised to find that 40% of all milkshakes were purchased in the early morning. These early-morning customers almost always were alone, they did not buy anything else and they consumed the milkshakes in their cars.

The researcher then returned to interview the morning customers as they left the restaurant, each with a milkshake in hand, and essentially asked (but in language that they would understand), "Excuse me, but could you please tell me what job you were needing to get done for yourself when you came here to hire that milkshake?" Most of them, it turned out, bought their shakes for similar reasons: They faced a long, boring commute and needed something to keep that extra hand busy and to make the commute more interesting. They weren't yet hungry but knew that they'd be hungry by 10 a.m.; they wanted to consume something now that would stave off hunger until noon. And they faced constraints: They were in a hurry, they were wearing work clothes and they had, at most, one free hand.

When the researcher asked what other products the customers might hire to do this job, it turned out the milkshake did the job better than any of its competitors. Bagels were dry; with cream cheese or jam, they resulted in sticky fingers and gooey steering wheels. Donuts didn't carry people past the 10 a.m. hunger attack. Bananas didn't last long enough to solve the boring-commute problem. In contrast, it took 20 minutes to suck a viscous milkshake through a thin straw, hands remained clean and stomachs were satisfied until lunch. It didn't matter that the milkshake wasn't a particularly healthful food because that wasn't the job it was being hired to do.

Once it was understood which jobs the customers were trying to do, it became very clear which attributes of the milkshake would do the job even better and which improvements were irrelevant. How could they better tackle the boring-commute job? Make the shake even thicker, so it would last longer, and swirl in tiny chunks of fruit — not to make it healthy, because customers didn't hire the milkshake to become healthy. But adding the fruit could make the commute more interesting — drivers would occasionally suck chunks into their mouths, adding a dimension of unpredictability and anticipation to their monotonous morning routine. Just as important, they could move the dispensing machine in front of the counter and sell customers a prepaid swipe card so that they could dash in, gas up, and go without getting stuck in the drive-through lane.

Understanding the job and improving the product on dimensions of the experience so that it does the job better would cause the company's milkshakes to gain share against the real competition — not just competing chains' milkshakes but donuts, bagels, bananas and boredom. This would grow the category, which brings us to an important point: Job-defined markets are generally much larger than product category–defined markets. Marketers who are stuck in the mental trap that equates market size with product categories don't understand who they are competing against from the customer's point of view.

Cars Or Offices On Wheels?

Automakers and their market analysts segment their markets into product categories such as subcompacts, compacts, mid-size and full-size sedans; SUVs and minivans; light versus full-size trucks; sports cars and luxury cars. They segment their customers along extraordinarily sophisticated demographic and psychographic dimensions as well. Yet the failure of these practices is glaring, because these segmentation schemes don't reflect the jobs that customers hire a car to do. Millions, for example, hire a car primarily to be a mobile office. Most models sell fewer than 100,000 units per year, and their makers struggle to sustain premium pricing for any of the features that add cost to their cars. And yet, no company has designed a car that is optimized to do the mobile-office job that these millions of people need it to do. If the job were the unit of analysis for carmakers, it's easy to see how they could differentiate a family of products in ways that mattered for those who hire a car to be their mobile office. The same customers who resist premium prices for features that are irrelevant to this job gladly would pay for electrical outlets, wireless access to the corporate customer relationship management database, a hands-free phone, a big-screen BlackBerry, docking stations, fold-out desks and organizing systems — all of which could differentiate the car on dimensions that would merit premium pricing.[2] After test-driving model after model, many buyers who need to do this job conclude that there is little differentiation across the products in this market. But the products are consummately differentiable.

The Job of Differentiation

One of the most powerful benefits of segmenting markets by job and then creating products or services to do a job perfectly is that it helps companies escape the traditional *positioning paradigm* in which so many are trapped. The positioning paradigm posits that products in most markets can be mapped on a couple of axes, along which competitors have sought to differentiate themselves. In furniture retailing, for example, breadth of selection might be the metric on one axis, and quality of furniture might be measured on the other. The relative position of various automakers' products can be similarly mapped. One axis might be product category (compact, mid-size, SUV, etc.), while the other might map the degree of luxury in interior features and décor. Differentiation-conscious marketers within the conventional positioning paradigm search for a vacant spot on such maps into which they can position new products.

The problem with the positioning paradigm is that even when marketers find open spaces into which unique products can be slotted, customers often don't value the differentiation, and competitors find it easy to copy. The starting point on such maps of differentiation typically is occupied by products that have only the basic functions that customers need. "Disruptive" companies in that minimalist position then move "up-market" in pursuit of profit, copying features and functions of competitors' higher-priced products. When this happens, features that once defined a differentiated, augmented product become expected in all products. This forces marketers to search for yet more "unique" features with which to augment their offering.[3] A punishing fact of life on this treadmill is that when once-unique features of an augmented product become commonly expected, companies are saddled with the costs of providing those features but cannot sustain premium pricing for offering them. The root reason for this entrapment is the pervasive practice of positioning products in categories that are defined by the properties of products, so that "better" is achieved by copying features and stretching functionality.

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When a company begins to view market structure by job, however, it can break away from the traditional treadmill of positioning and differentiate itself on dimensions of performance that are salient to jobs that customers need to get done. This differentiation seems to stick much longer. In furniture retailing, for example, most companies have been trapped in the traditional positioning paradigm whose axes variously measure breadth of selection, style and quality/price. However, it seems there are at least two fundamentally different jobs that arise in customers' lives. One happens in the lives of people who have graduated from their starter home and now need to equip their longer-term residence with furniture they will keep for the rest of their lives. Retailers that customers hire to do this job indeed must offer broad selection and enduring style and quality. Their customers are quite willing to wait the two to three months often required for delivery of such furniture. The other job arises among customers who have just moved into a bare apartment or starter home.

The market position of IKEA International A/S is based on this latter job. Its in-stock, take-it-home-and-assemble-it-yourself kits are seen as valuable features by its customers, not as inadequacies that are tolerated in order to get discount pricing because they need furniture now. Those customers also value IKEA's racks of kitchen utensils, linens and other home decorations, because the job is to outfit and decorate the dwelling. To accommodate the many customers who are young couples, in-store child care is a crucial aid in getting the job done. Without this package, IKEA could only help customers do a piece of their job. For its customers, the IKEA experience is delightfully different from a visit to a retailer that is trapped in the traditional positioning paradigm, attempting to appeal to a lower-income "demographic" by selling lower-quality furniture.[4]

Sometimes the job a customer needs done is "aspirational." The need to feel a certain way — perhaps macho, pampered or prestigious — arises in many of our lives on occasion. In such situations it often is the brand itself, more than the functional dimensions of the product, that does the job. When we find ourselves needing to do one of these jobs, we can hire a branded product — Gucci, Louis Vuitton, Virgin and so on — the very purpose of which is to provide such experiences.

The jobs that customers are trying to get done cannot be deciphered from purchased databases, but rather from watching, participating, writing and thinking.

The Real Competition: Other Job Candidates

Although most marketers view their competitors as those who make the same category of products, this is generally only a small subset of the "job candidates" that customers consider hiring. Consider, for example, a job that arises millions of times on morning subway trains and buses. Crowded commuters want to pass the time productively. A free, single-section, easily folded newspaper called *Metro* has been positioned for this job and is read daily by tens of millions of people. It does not simply compete against the major metropolitan dailies; it competes against conversation with strangers, paperback novels, iPods, mobile phones, BlackBerries and boredom.

Automakers are not competing only with other automakers to fill the "my-car-is-my-office" job. They are competing against companies that help people be productive when they're not in home or company workspaces; such companies are Starbucks Corp.; Franklin Covey Co., a developer of time-management and productivity seminars and products, headquartered in Salt Lake City, Utah; Research in Motion Ltd., developer of the BlackBerry and e-mail products, based in Waterloo, Ontario; and mobile-phone service providers. Even as automakers struggle to sustain premium prices for the feature-laden cars they introduce every year, customers whose cars are their primary offices show a remarkable willingness to pay very high prices for the services that carmakers aren't offering, just to help them get this job done.

Because segmenting by job clarifies who the other job candidates really are, it helps marketers to compare the strengths and weaknesses of each of the products that compete, in the customer's mind, for the job and to derive the attributes and experiences that would be required to do the job perfectly. Marketers who segment by product and customer category just can't see as clearly the competition that comes from outside their product category and therefore are not in an informed position to compete effectively.

Doing the Job of Finding the Job

How can marketers figure out the jobs-to-be-done segmentation scheme in their markets? The jobs that customers are trying to get done cannot be deciphered from purchased databases in the comfort of marketers' offices. It requires watching, participating, writing and thinking. It entails knowing where to look, what to look for, how to look for it and how to interpret what you find.

Where to Look There is a hierarchy that consists of places where researchers who are seeking opportunities to generate new growth might look for jobs that customers need doing. The first step in the hierarchy is the current customer base. Peter Drucker got it right: "The customer rarely buys what the business thinks it sells him."[5] Companies almost always find that their customers are using their product for different jobs than the company had intended. Often they learn that the product does one of these quite well, but they see customers force-fitting it for other jobs, putting up with its inefficiencies because it's their only option. Such situations are opportunities to modify the product and its marketing mix so that it can compete more effectively and gain share against job candidates in other product categories.

In the second step of the hierarchy are people who could be your customers but are instead buying competing products to get their jobs done. Subtle differences that seem inconsequential when comparing products within a category can be very important when the job is the unit of analysis. The third step in the hierarchy of growth opportunities is exploring disruption. Disruptions take off when “nonconsumers” are trying to get the job done and simply are constrained from good solutions by the complexity and cost of existing products.

When the customer is a business. If your customer is a business, the job it needs to do is generally obvious: Make money. Selling a product to an organization that helps it make more money in the way it is structured to do so is a great way to justify premium pricing. This often isn’t as easy as it seems, however, because most employees in customer companies have a limited, local understanding rather than a companywide perspective about how money is made.

Hill-Rom Co., a medical equipment company in Batesville, Indiana, grew its share of the hospital bed market by figuring out how to understand what drove its customers’ profitability even more astutely than the customers did. Like most companies, Hill-Rom employees made contact with its customers’ employees at many levels. Its senior executives visited with the senior hospital administrators, the company deployed its market researchers to work as orderlies on hospital wards, salespeople called on purchasing people, service technicians interacted with hospitals’ maintenance staffs and employees in the financial departments of each company negotiated on how and when to pay for their purchases of beds. Unlike most companies, however, Hill-Rom convened regular meetings of all employees who had contact with specific customers’ employees in order to piece together an insightful view of the levers the company could affect that would improve its customers’ profitability.

The problem with focusing on customer needs is that a customer needs different things at different times. The job is a more stable focus because it exists independently from the customer.

One key insight from these meetings was that nurses, who account for a significant share of hospitals’ operating costs and whose interactions with patients strongly influence perceptions of the quality of care, were spending inordinate time on tasks unrelated to nursing — picking up things from the floor that patients had dropped and solving television problems, for example. By adding features and functions to their beds that obviated many non-nursing tasks, Hill-Rom differentiated its beds in ways that helped hospitals make more money. Hospitals readily paid premium prices to get those improvements. These insights did not come from segmenting markets by small, medium and large hospitals. They came from understanding the job — the levers that drive hospitals’ profitability.[6]

As Hill-Rom discovered, developing a multidimensional perspective on a corporate customer’s profit engine pays off. A question to a person involved in a business-to-business purchasing process is as simple as, “How did you decide that you were paying an acceptable price for this purchase?” and can yield useful insights about the levers that drive the customer’s profit engine.

When the customer is an individual. Understanding the jobs-based structure of markets where the user is an individual entails different techniques than when the customer is an organization. The research methods that work best depend upon the customer’s position along a spectrum. One extreme comprises situations where the job is “knowable,” such as with milkshakes and mobile-office automobiles, in which commonly available products are being employed every day, and yet suppliers haven’t deciphered what customers are really hiring their products to do. At the other extreme are ill-defined situations in which neither the company nor the customer can articulate the job to be done.

How to Look Marketers seeking to understand the jobs-based structure of individual customer markets must act like investigative reporters who have a set of tools at their disposal that includes surveys, interviews, observations, participation and experimentation.

Interviews and surveys. When the job is knowable, researchers actually can use relatively conventional market-research tools such as customer interviews and surveys. Although skillful use of these tools is important, even more crucial is defining the unit of analysis to which the tools should be applied. The objective is always to understand the situation, not the customer. This is a critical distinction. Some marketers with whom we’ve discussed this concept have asked, “How does your notion differ from ‘needs-based’ segmentation?” The difference is the unit of analysis. The problem with focusing on customer needs is that a customer finds herself needing different things at different times. In contrast, the situation, or the job, is a simpler, more stable point of focus because it exists independently — disembodied, as it were — from the customer. Although there may be a correlation between customers with particular characteristics and the propensity to purchase particular products, it is the job that causes the purchase to occur.

Another reason it is so important to understand the situation that precipitated purchase is that this yields insight not just into the functional dimensions of the job to be done but into the emotional factors as well: fear, fatigue or frustration; anxiety or anger; panic, pride or pain; and so on. Products don't engender emotions. Situations do. Hence, to provide the set of functional, emotional and social experiences in purchase and use that are required to do the job completely, it is the situation rather than the customer that must be the fundamental unit of marketing analysis.

Observation. In the middle of the spectrum between "knowable" and "ill-defined" are instances in which customers know what jobs they need done, but there is no product or service designed to do it yet. In such instances, customers engage in compensating behaviors to "make do" with what's available. Marketers can sometimes identify these compensating behaviors simply by observing the consumer in context. Such observation is particularly critical when a new technology is developed, often for a purpose in another industry, and marketers are searching for opportunities to import it into other jobs. Sony Corp.'s legendary cofounder Akio Morita was in such a situation. The transistor had been developed by Bell Laboratories — an innovator in telecommunications equipment, based in Murray Hill, New Jersey — for telecommunications. Where else could it be used? Morita had a policy of never relying on quantitative market data to guide new-product development as he led the company between 1950 and 1980, because data doesn't exist for new applications of a technology. Instead, he and his associates just watched what people were trying to do and tried to imagine how applying the company's electronics miniaturization technology could make it easier and more affordable for more customers to do those jobs. Morita's success rate for new products was much higher than the 25% success rate for products whose launch is guided by more quantitatively sophisticated market-research methods.[7]

Empathic observation of compensating behaviors. When the situation is particularly murky, marketers will need to participate in the particular context themselves in order to peel away the compensating behaviors and work-arounds that mask the underlying job needing to be done. Hill-Rom used the technique of *empathic discovery*[8] to understand how the work of individual nurses affected hospital economics as its market researchers worked as hospital orderlies. This method also enabled The Procter & Gamble Co.'s marketers to see that using a dustpan was compensating behavior, leading to the development of its Swiffer floor-cleaning system.

Sometimes compensating behaviors with a job lurking beneath them quite literally knock on the door, enshrouded within an idea for a new product or service. As an example, an inventor approached the Big Idea Group of Manchester, New Hampshire, a developer of new products, with a card game he had created. The chief executive officer of BIG, Mike Collins, sensed from his experience that the game wouldn't sell. Instead of sending the inventor away, however, he asked, "What caused you to develop this game?" The inventor had a ready answer: "I have three young children and a demanding job. By the time I get home from work and we finish dinner, it's 8 o'clock and the kids need to go to bed — but I want to have a fun experience with them. What am I going to do? Set up Monopoly or Risk? I need some fun games that we can set up, play and put away in 15 minutes. There just isn't a game designed to do this."

Bingo. Though his solution to the job was mediocre, the valuable insight was the job itself — something that arises in the lives of millions of busy parents every evening. It was then a straightforward job for a team of experienced game developers to work with this man to create a very successful line of "12 Minute Games" that are now sold nationwide. Marketers who frame their role as searching for good product ideas generally are not nearly as productive as those who are searching for jobs.

The intuition that comes from living with the problem is a key reason why many of the most successful software products are developed by people who had been on the "user end," living with or working around the inadequacies of prior products. It is the organizing concept behind MIT professor Eric von Hippel's highly successful *lead user* methodology.[9]

Coevolution. In some situations, marketers and engineers have a sense that a new technology has the potential to unleash new applications, but potential customers cannot even articulate what jobs they might want done if technology were to make it possible. In these situations, the company and its customers must discover the product and the job together. This requires that the company get into the market quickly with a very flexible product and discover, along with customers, value-adding ways to use it. For example, in the late 1990s, the emerging technology of *telematics* presented a number of intriguing potential applications: It conceivably could give drivers maps to their destinations, inform them about shops in the area that sold products they might want to buy, help police find vehicles in case of theft or accident, enable hands-free telephone calling, collect and interpret data on engine wear and on and on. Though many automakers were paralyzed by their inability to know exactly what applications and features consumers would want, General Motors Corp. got into the market quickly with OnStar, an in-vehicle safety and security system that is a flexible, configurable product platform with a minimal fixed cost. OnStar's marketers then paid careful attention to the circumstances their customers were in when they signed up for the service and those they were in when they used the service. After a couple of years of coevolution, a major job had become clear: "I want peace of mind that if something unfortunate happens, my loved ones and I will be taken care of." By focusing on doing that job, OnStar has become a highly profitable, rapidly growing differentiated service that GM provides to millions of its customers.

In many ways, coevolution is as much an "innovation process" as it is a research method. It creates its own data. When it is undertaken, interviews, observation and empathic participation all can be used to figure out the job.

> **Coevolution is as much an innovation process as it is a research method. It creates its own data. Interviews, observation and empathic participation all can be used to figure out the job.**

Synthesizing Insights At this point, the written and electronic records from the customer interactions described above — be they interviews, surveys, observation, participation or coevolution — need to be distilled into a "situation case" that describes the situation the customer found herself in when the product was hired or used.[10] A situation case begins with a description of the chronological trail of events, experiences and thought processes that led to the purchase decision. Good situation case researchers work like investigative reporters or detectives tracking down the whole story behind the specific events of purchase and use. They build their cases through a combination of the methods summarized above, often discovering the unexpected.

Generally, about 25 situation cases constitute critical mass. These cases then can be grouped by the similarity of the situations described. The result often is that most of the cases fall into a glaringly large group that represents a significant job that lots of people have. There usually are a few smaller groups of cases and a few "outliers." For each group, a summary then can be distilled describing the job the customers in those cases were trying to get done when they hired the product and how frequently the job seems to arise in the lives of those customers.

Once defined, this helps the researchers to understand what other "job candidates" were considered as potential hires. This defines the real competition in the customer's mind. They can then describe the "hiring criteria" that were used when comparing the candidates. These are the experiences, features and functions that constituted the basis for hiring one product over another. This analysis can be included in the summary and is often best constructed as a table, with the job candidates listed in the left column and the required experiences in purchase and use arrayed across the top. Each box of the resulting grid will contain descriptions of how well each competing product provides each experience.

From these can be gleaned the next element of the summary: an assessment of the deficiencies and constraints that future product and service innovations need to alleviate in order to grow the market — a collection of "help wanted" signs posted by customers, as it were. This not only provides the agenda for future new-product development projects but also gives a sense for whether competitors can more readily eliminate those constraints. Glaring "help wanted" signs signal significant opportunity. If there aren't significant "help wanted" signs, it's a signal that the products of one or more competitors already are doing that job well.

Purchased databases and customer questionnaires can be used to segment markets by product and customer characteristics and to define new products with better attributes than existing ones. But they cannot yield differentiating insights about the job-based structure of a market. This understanding can only emerge from techniques like those described above.

Configuring the Marketing Mix and Business Plan

Entrepreneurship researcher Amar Bhide once surveyed about 400 entrepreneurs,[11] about half of whose ventures had failed. Of those who had succeeded, 93% reported that the strategy that led to their success was largely different from what they originally had planned. Indeed, most successful new ventures iterate toward or converge upon a viable strategy. It is rare to get it all right at the outset. In a similar vein, about 75% of all new products and services that established companies introduce into their markets fail to reach viable, profitable scale and are withdrawn.[12] In many of these instances, the managers killed underachieving products without ever understanding what their real job potential was. Situation case studies enable managers to see that a product in crisis may be a product that is valued in ways other than originally foreseen and may signal different opportunities for success.

Though our research on this issue is still in process, it appears that the precipitating event that allows the winning strategy of an emerging company to coalesce is the clarification of a job that customers need to get done for which its product is being hired. It is only when the job is well-understood that the business model and the products and services required to do it perfectly become clear. Then, and only then, can the company "take off."[13]

Once a job is clarified, the business-planning process should delineate the functional, emotional and social experiences that the customer will require in purchase, use and after-sale follow-through. The "Four Ps" of marketing — Promotion, Product, Price and Place — offer a useful way to structure the business plan to ensure success. Forensic analyses of new-product failures often reveal that marketers have cobbled these four factors together in inconsistent ways. As the examples below illustrate, understanding the product's job and its real competitors makes it much easier to get the Four Ps right.

Promotion: Communicating to Those Who Need to Do the Job When a product does a job well, it unlocks the potential for marketers to create a *purpose brand*. A purpose brand links customers' realization that they need to do a job with a product that was designed to do it. During the early years after a product's launch, when volumes are small, word-of-mouth advertising is far more cost-effective than media advertising. Positive word-of-mouth advertising only can be achieved after customers have used a product that did the job well. A very long list of powerful brands, including FedEx, Starbucks, Google, BlackBerry, craigslist.org, QuickBooks, TurboTax and OnStar, were built in just this way with minimal advertising at the outset. Because each is associated with a clear purpose, these brands pop into customers' minds when they need to do the jobs that these products and services were optimized to do. Our ongoing research into the history of today's valuable brands suggests that almost all of them took root as a purpose brand.[14]

A clear purpose brand acts as a two-sided compass. On one side, it guides customers to the right products. The other side guides the company's product designers, marketers and advertisers, giving them a sense of "true north" as they develop and market new and improved versions of their products. A good purpose brand clarifies which features and functions are relevant to the job and which "improvements" will prove irrelevant. The price premium that the brand commands is the wage that customers are willing to pay the brand for providing this guidance on both sides of the compass.

A purpose brand links customers' realization that they need to do a job with a product that was designed to do it. It clarifies which features and functions are relevant to the job and which are not.

Without a specific purpose for their product, marketing executives must attempt brand building through expensive advertising. The high fixed cost of building new brands through advertising deters many companies from attempts to build new brands at all, so they acquire and consolidate brands instead. Managers ensnare themselves in this trap because of the way they have been taught to segment markets.

Positioning products to do specific jobs also helps companies target their advertising more efficiently. When a chain of scuba-diving shops marketed its diving classes and products to a "demographic" — primarily people who subscribed to scuba-diving magazines and who lived in ZIP codes near their stores — it struggled to succeed. When the company decided to find out what situations its customers had found themselves in when they decided to "hire" its scuba classes, it realized that many of them were engaged couples planning wedding trips to tropical climes, suggesting that the company should be buying mailing lists from *Brides* instead of *Dive* magazine.

Products That Do the Job Perfectly When marketers segment by product or customer characteristics, they frequently find themselves offering features or improving on dimensions of performance that are irrelevant to the job. For example, as digital photography threatened Eastman Kodak Co. with disruption in the early 1990s, Kodak's executives — having framed their market around photography — began to prepare the company for this transition by investing billions of dollars in a megapixel and megazoom digital imaging race that it was not well-positioned to win. In about the year 2000, however, Kodak executives realized that while some customers hired their cameras for the job of preserving high-quality images for posterity, a much larger group sought simply to entertain themselves, to share fun moments with family and friends. The result was the Kodak EASYSHARE camera, an affordable product with a great purpose brand. Understanding the job for which the product was meant to be hired allowed Kodak to eschew the expensive improvements that didn't matter in favor of relatively simple ones that did. By making it simple to attach images to e-mail, Kodak's product easily proved itself to be better than enclosures in first-class mail, phone calls with no images and cumbersome up- and downloading procedures. Kodak's share of the U.S. digital camera market grew from 8% to 28%.[15]

Is the Price Right? Unless marketers understand what other job candidates they're competing against from the customer's perspective, they cannot ensure that the price — the third element of the marketing mix — is right. They cannot know whether their offering is over- or underpriced. For example, to carry out its mission of educating people about the city's rich architectural heritage, the nonprofit Chicago Architecture Foundation started conducting boat tours that passed by the architectural masterpieces lining the Chicago River. Their initial target customers were "affluent people with high education levels and a strong interest in architecture," and they advertised in media serving that demographic. After the boat tour's lackluster first season, a researcher joined a cruise the next spring and asked passengers why they were taking the cruise. A surprising number were doing it to entertain visitors from out of town. Architecture, as it turns out, was a minor part of the cruise's appeal to this audience. CAF found that its cruise was actually less expensive than many alternative ways one could entertain visitors, and it was able to boost prices accordingly.

Placement When marketers have defined the set of experiences in purchase and use that need to be provided in order to do the job perfectly, the necessary product placement becomes obvious. Recall that to optimally do the job of making the morning commute interesting, the milkshake-dispensing machine had to be placed in front of the counter and equipped with a prepaid swipe-card system. Instant service was an important experience to offer customers hurriedly heading for work. This had not been clear to the managers when they had classified the milkshake as simply another item on the menu.

Consider another illustration. A maker of boxed drinks, whose products were a mixture of 40% fruit juice and 60% flavored sugar water, had placed its products in the boxed drink section of supermarkets, juxtaposed with competing products that were 100% fruit juice. Though the pure juice products were much more expensive, sales of the juice/water drinks were languishing. When interviewed about their purchases, customers, who were mostly parents, revealed that the job they were trying to get done had a functional dimension — to put a healthy drink in their children's school lunches — and an emotional dimension — to feel like they were taking good care of their children. When pitted against the job candidates that contained 100% juice, the mixture drink simply wasn't qualified; it rarely got hired. The company then had its drink placed in another location in the supermarket, in snack foods, and sales improved markedly. When compared to the job candidates in the snack aisle, a drink that had 40% real fruit juice solved the emotional component of the "good parent" job much better than the competing candidates.

> **Quite possibly, the root reason innovation is so failure-ridden is not that outcomes are intrinsically unpredictable but rather that some of the fundamental paradigms of marketing are broken.**

Sizing Up the Situation

The logic of segmenting markets by job is not new; many marketers will say that they already know many of the concepts. In fact, marketing guru Ted Levitt taught us 30 years ago that customers "don't want a quarter-inch drill. They want a quarter-inch hole!"[16] If that logic seems compelling, then why are product categories and customer categories the default modes of segmentation in nearly all companies? A core reason why marketers in most companies say one thing (that they know markets ought to be segmented by job) and yet do another (they segment by product and customer category) is rooted in the easy availability of the latter sort of data.[17]

The good news is that when companies understand who they are up against in the mind of the customer, they can piece together the real size of the market in which they compete. Because job candidates are drawn from many product categories, the salient size of most markets is usually much larger than is calculated by summing the sales within a product category, meaning that potential for growth is greater. Indeed, many mature products on the trajectory of sustaining improvement that seem to have been commoditized — products for which improved performance does not result in improved pricing or market share — actually turn out to be immature, not-good-enough products with lots of scope for differentiation and premium pricing once the job and its associated hiring criteria are understood.

In our studies of the factors that make innovation a high-risk, high-expense proposition, we have concluded that working to understand the job to be done is one of the most important ways to limit both risk and expense. Quite possibly, the root reason why innovation is so failure-ridden is not that the outcomes are intrinsically unpredictable but rather that some of the fundamental paradigms of marketing that we follow in segmenting markets, building brands and understanding customers are broken. The odds of getting it right will be much higher when we frame the market's structure to mirror the ways that customers experience life.

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REFERENCES

1. The descriptions of the product and company in this example have been disguised.

2. There are other job segments in the auto industry. The key reason why DaimlerChrysler AG's early minivans were such a hit with customers was, we believe, that they were positioned on a job that arose in the lives of families — to interact easily and safely with each other while traveling together from here to there. Creating a job-focused product does not guarantee a perpetual monopoly, of course, and other automakers ultimately introduced their own minivans. It is noteworthy, however, that it took competitors years to introduce performance-competitive minivans. Because they were organized by product category rather than job, the minivans just didn't fit with the way they were structured or thought about in the market. As a result, Chrysler's market-share leadership persisted for over a decade. Another job that people hire a car to do is to express care and love for a spouse or a child. No car has the features and associated services bundled with it to do this job well.

3. See T. Levitt, "Marketing Success Through Differentiation – of Anything," Harvard Business Review 58 (January-February 1980): 2-9 for a classic description of the augmented product concept. Harvard Business School professor Youngme Moon has written and taught extensively about the concepts in this section, and we thank her for "augmenting" our own understanding of this phenomenon through her articles, cases and teaching notes.

4. IKEA founder Ingvar Kamprad had a partial, intuitive sense of what some fraction of furniture buyers needed to do when they walked into a store. As he and his associates started the company and tried to help their customers, understanding of the job coalesced piece by piece. IKEA executives probably do not articulate their strategy as being focused on this job — most likely this insight resides in a tacit, cultural understanding. Our hope is that by articulating this model of jobs-to-be-done segmentation and illustrating it with companies like IKEA, whose strategies de facto mirror this model, we might help students and managers who weren't blessed with the intuition (and luck) of Kamprad to deliberately find opportunities such as these.

5. P.F. Drucker, "Managing For Results" (New York: Harper & Row, 1964), 94.

6. These methods are recounted in C.M. Christensen, "Hospital Equipment Corporation," Harvard Business School case no. 9-697-086 (Boston: Harvard Business School Publishing, 1997).

7. This information was provided by Michael Schulhof, former Sony board member and CEO of Sony Corp. of America for 20 years, during an interview in New York City in 2001.

8. Leonard, William J. Abernathy Professor of Business Administration Emerita at Harvard Business School, called this method empathic design. See D. Leonard and J. Rayport, "Spark Innovation Through Empathic Design," Harvard Business Review 75 (November-December 1997): 102-113.

9. See E. von Hippel, "Democratizing Innovation" (Cambridge, Massachusetts: The MIT Press, 2006). This is the latest in a stream of insightful work from von Hippel.

10. The customer case-research method is described in detail in two articles by G. Berstell and D. Nitterhouse: "Looking 'Outside the Box:' Customer Cases Help Researchers Predict the Unpredictable," Marketing Research 9, no. 2 (summer 1997): 5-13, describes the research process; and "Asking All the Right Questions: Exploring Customer Purchase Stories Can Yield Surprising Insights," Marketing Research 13, no. 3 (fall 2001): 14-20, lays out the questions and interviewing approaches that customer case researchers use to develop case studies.

11. A. Bhide, "The Origin and Evolution of New Businesses" (New York: Oxford University Press, 2000).

12. For one such estimate, see D. Leonard-Barton, "Wellsprings of Knowledge" (Boston: Harvard Business School Press, 1995).

13. In many ways, this is a key message of high-tech marketing consultant Geoffrey A. Moore's books. He contends that instead of selling a "product" at the outset, emerging companies need to find a customer who will pay a lot of money to the company to solve a critical problem for him. Then, and only then, does it have the privilege of "crossing the chasm." In addition to his landmark book, "Crossing the Chasm: Selling High-Tech Products to Mainstream Customers" (New York: HarperBusiness, 1999), Moore's other book that describes this most clearly is "Living On the Fault Line: Managing For Shareholder Value in Any Economy" (New York: CollinsBusiness, 2000).

14. This branding dimension of the jobs-do-be-done theory is described more fully in C.M. Christensen, S. Cook and T. Hall, "Marketing Malpractice: The Cause and the Cure," Harvard Business Review 83 (December 2005): 74-83.

15. Unfortunately, subsequent to the educational experiences that in 1999 to 2000 enabled Kodak's management team to take the digital business in this direction, Antonio Perez was brought in as the new chief executive officer after the retirement of CEO Dan Carp. With a more conventional mindset and no understanding of the problem of disruption, Perez combined Kodak's film and consumer digital businesses into a single business unit. By 2006, the company's share had dropped to an unprofitable 12%.

16. T. Levitt, "Marketing Myopia," Harvard Business Review 53 (September-October 1975): 26-180.

17. We thank our friend Armando Luna, vice president of corporate marketing for Blue Cross and Blue Shield of Florida, for teaching us about the origins of market-segmentation theory, which we summarize here in our own language: The theory of market segmentation has its roots in economic theory relating to monopolistic competition; see W. Alderson, "Marketing Behavior and Executive Action" (Homewood, Illinois: Irwin, 1957); and H.J. Claycamp and W.F. Massy, "A Theory of Market Segmentation," Journal of Marketing Research 5, no. 4 (November 1968): 388-394. The concepts of product differentiation and differential advantage emerged from this background and underpinned early market-segmentation theory. Because most economists' analytical tools consist of techniques for analyzing large data sets, market researchers with this training spent their careers trying to show relationships between the attributes of customers and their buying behaviors. They would conclude that the variables or characteristics in the regression equations whose coefficients were statistically significant comprised the salient boundaries for dividing consumers into groups. The availability of data and the tools of analysis, in other words, shaped the insights to be sought. In the process, many marketers have forgotten what the theory of market segmentation was based upon from the beginning: that different people have varying needs that change from time to time.

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