

# Category Design

A strategy for creating and owning a brand-new market instead of fighting in a crowded one. Rather than building a slightly better product, you identify a new, costly problem nobody has named, define a category around solving it, and become its 'Category King.' Research suggests the king captures about 76% of the market's value.

**Best for:** Startups & challengers · Go-to-market strategy · Differentiation · Bold, long-term bets

## 01 — AT A GLANCE

The framework moves from finding an unnamed problem to claiming the category that solves it.

1

### Find the problem

Spot a new, costly problem the status quo ignores. Size it: people who have it × what they'll pay.



2

### Design the solution

Assemble the components that together solve the whole problem, end to end.



3

### Name the category

Unify it under one single-minded name (like 'content streaming') — not a pick-and-mix of features.



4

### Frame the POV

Tell a provocative point of view: the context, the villain, the cost of inaction, and your future.



5

### Claim & mobilise

Evangelise the category and rally the whole company — and the market — behind it.

## 02 — THE CORE COMPONENTS

A few core ideas give Category Design its power.

### The Problem

$CP = \text{people} \times \text{willingness to pay}$

A new, expensive, unsolved problem. No problem, no category. Sizing it estimates how big the prize really is.

### The Category Name

One single-minded label that turns many components into a single solution in the customer's mind. If it sounds like a Lego kit, it's not a category yet.

### The Point of View (POV)

A bold narrative — context, villain, cost, vision — that makes people feel the problem and demand a fix. The single most important deliverable.

|                                                   |                                                                                                                                        |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Blueprint</b>                              | A schematic of how the whole category works, end to end. It sets the 'rules' competitors must meet, which keeps half-baked rivals out. |
| <b>The Category King</b><br>≈ 76% of market value | The company that defines and dominates the category. Everyone else is left fighting over the remaining ~24%.                           |

### Different beats better

There are roughly 30,000 new products a day, and about 90% fail — because they claim to be 'better' and trigger a race to the bottom. The only durable way to stand out is to be different: name a new problem and own the category built to solve it.

## 03 — WHEN TO USE IT & WHEN NOT TO

This framework isn't right for every situation. Used at the wrong moment, it can point you in the wrong direction.

| ✓ USE IT WHEN...                                                                                                                                                                                                                                                                                                | ✗ DON'T USE WHEN...                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Launching something genuinely new, not a me-too product</li> <li>• Escaping a brutal, commoditised 'better/cheaper' fight</li> <li>• Building a long-term go-to-market and positioning story</li> <li>• When leadership will commit boldly for the long run</li> </ul> | <ul style="list-style-type: none"> <li>• Incremental products in a well-understood market</li> <li>• When you lack risk tolerance or executive commitment</li> <li>• Short-term, quarter-by-quarter goals only</li> <li>• When there's no genuinely new, costly problem to name</li> </ul> |

## 04 — IN ACTION

### Cloudflare — Naming the 'Connectivity Cloud'

Cloudflare did many things — security, reliability, connectivity, developer tools — but no single phrase captured it, so customers couldn't see what it all added up to. Category Design gave it a name and a fight worth leading.

#### How the framework was applied:

|               |                                                                                                                                                      |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Step 1</b> | <b>Find the problem</b> — CIOs are told to control their IT, but work-from-anywhere, public clouds and constant attacks make that nearly impossible. |
| <b>Step 2</b> | <b>Name the villain</b> — Call it the 'IT crisis of control' — a sharp, memorable shorthand everyone in the room feels.                              |
| <b>Step 3</b> | <b>Quantify the cost</b> — Breaches, outages and sprawl cause far-reaching, expensive damage few believed could be solved.                           |
| <b>Step 4</b> | <b>Name the category</b> — The 'Connectivity Cloud': a layer sitting above an organisation's IT that heads off threats before they land.             |
| <b>Step 5</b> | <b>Claim it</b> — Cloudflare framed the POV publicly and led the category, lifting the perceived value of its offerings and its contracts.           |

## The numbers at a glance

|                                                  |                                                       |                                                        |                                                          |
|--------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| <b>Problem</b><br><b>Crisis</b><br>of IT control | <b>Category</b><br><b>New</b><br>'Connectivity Cloud' | <b>King's share</b><br><b>≈ 76%</b><br>of market value | <b>Result</b><br><b>Re-rated</b><br>value & contracts up |
|--------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|

### Why a name changed everything

Cloudflare wasn't short on capability — it was short on a story. By naming a real, painful problem and the category that solves it, it stopped being 'one more vendor' and became the leader of a market it defined. The name did what a hundred feature comparisons couldn't.

## 05 — KEEP IN MIND

Even experienced teams slip up here. Keep these in mind to keep your analysis honest and useful.

1. No new, costly problem means no real category — don't force one.
2. Avoid a pick-and-mix solution; unify it under one single-minded name.
3. Don't treat it as marketing lip-service — it's a whole way of doing business.
4. It demands bold, sustained commitment from the very top.
5. Educate the market with a Blueprint, or rivals will muddy the category.