Product Management
Session Number-1

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Introduction to Product Management

Product refers to all kinds of physical goods & intangible services that a company offers to its customers.

Consumer Products

A consumer product is bought by final consumers for personal consumption. There are four different types of consumer products.

- Convenience products
- Shopping products
- Speciality products
- Unsought products.

Convenience products

A convenience product is a product or service that customers normally buy frequently, immediately and without great comparison or buying effort. Examples include articles such as laundry detergents, fast food, sugar and magazines. Convenience products are usually low-priced and placed in many locations to make them readily available when consumers need or want them.

Shopping products

Shopping products are a consumer product that the customer usually compares on attributes such as quality, price and style in the process of selecting and purchasing. Thus, a difference between the two types of consumer products presented so far is that the shopping product is usually less frequently purchased and more carefully compared. Therefore, consumers spend much more time and effort in gathering information and comparing alternatives. Types of consumer products that fall within the category of shopping products are: furniture, clothing, used cars, airline services etc. As a matter of fact marketers usually distribute these types of consumer products

through fewer outlets, but provide deeper sales support in order to help customers in the comparison effort.

Speciality products

Speciality products are consumer products and services with unique characteristics or brand identification for which a significant group of consumers is willing to make a special purchase effort. The types of consumer products involve different levels of effort in the purchasing process: the speciality product requires a special purchase effort, but applies only to certain consumers.

Examples include specific cars, professional and high-prices photographic equipment, designer clothes etc. A perfect example for these types of consumer products is a Lamborghini. In order to buy one, a certain group of buyers would make a special effort, for instance by travelling great distances to buy one. However, speciality products are usually less compared against each other.

Unsought products

Unsought products are those consumer products that a consumer either does not know about or knows about but does not consider buying under normal conditions. Thus, these types of consumer products consumers do not think about normally, at least not until they need them. Most new innovations are unsought until consumers become aware of them. Other examples of these types of consumer products are life insurance, pre-planned funeral services etc. As a consequence of their nature, unsought products require much more advertising, selling and marketing efforts than other types of consumer products.

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Introduction to Product Management

Types of Organizations

The tasks of a typical product manager vary quite widely from organization to organization. The kind of tasks product managers perform are highly related to how marketing is organized. Three organizational structures for marketing have been identified: organizing by product, by market, and by function.

Product Focussed ,Market Focussed,and Functionally Focussed Organizations

Product Focussed Organizations

- Head of a Division – a profit center
- Product Managers report to Marketing Managers
- Each Product Manager responsible for a single product
- Product Manager acts as a "mini-CEO" by taking responsibility for the overall health of the brand.

Advantages of Product Focussed Organizations

- Clarity of role & responsibility
- Responsible for success/failure

Disadvantages of Product Focussed Organizations

- Narrow focus on product & bottom lines, rather than customer needs
- Overlap calls to same customers for different of responsibilities- sales force duplicate products

Market Focussed Organizations

This structure defines marketing authority by market segment. Segments can be defined by industry, channel, regions of the country or the world or customer size.

The market focussed structure is useful when there are significant differences in buyer behaviour among the market segments that lead to differences in the marketing strategies and tactics used to appeal to them. Eg: Banks have corporate teams, GSG, Retail(small/HNI) and within corporate they have SME/Large Corporates.

Advantage of market based structure is its focus on the customer. And modifying or eliminating some of the products being marketed. It is useful when the product being marketed is a system that bundles a number of products made by the company or when the customer purchases many different products from the company.

Advantages of Market Focused Organizations

Focus on Customer

Managers have better knowledge of company's product lines

Disadvantages of Market Focused Organizations

Profit focus is lost

Financial responsibilities not clear

Conflict between Product Managers

Functionally Focussed Organizations

- Head of Company/Division has the Manufacturing, Marketing, Finance & Corporate Communications reporting in to him
- Marketing managers responsible for Product, Advertising, Sales Promotions & Market Research
- CEO and VP make marketing strategy decisions.
- Strategies are implemented through discussion and coordination among the functional areas.
- Works well when the company is producing only two products.

Advantages of Functionally Focused Organizations

- Administrative simple – the groups are designed to be parallel to normal marketing activities.
- Specialization.
- Well-coordinated.

Disadvantages of Functionally Focused Organizations

- Who is ultimately responsible for the product?
- Substantial time in solving problems.
- Focused only on functional development.

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Introduction to Product Management

Changes affecting Product Management

The web

- New channel distribution, a new communication medium, & creating a community around a brand.
- customer acquisition and retention.
- part of the brand building and will affect many facets of the product manager's job.

The data explosion

- Increase the use of IT - effective marketing today requires sophisticated information management.
- For consumer packaged goods, it means better time for market shares, sales and distribution due to proliferation of scanners in supermarkets. Almost all products sold through the retail system are more effectively tracked by both the retailer and the manufacturer due to increased use of information technology.
- Laptop n computers guide transmission of competitor information.
- Use of "data mining' software and traffic data.

The increased emphasis on brands

- Brand is the greatest assets of a company.
- Focus on brand equity.

Changes in the balance of market power

- Involvement in IT partners between manufacturers and sellers both has equal access to sales and market share data.
- The balance power in distribution channels has shifted from the manufacturer to retailer.
- Consumers & retailers hold bigger marker power.

Increased importance of customer retention programs

- Company focus on the lifetime-value-of-a-customer concept.
- Customer services and satisfaction programs, advertising and promotion programs.

Increased global competition

- Product Managers have to be equipped to deal with worldwide competition-not only by having appropriate organization structure but also by obtaining experience& knowledge about how a variety of cultures conduct business.
- Forming trade blocks (Eg: European Union, South America, economy free – trade zone).

Levelsof a product

-The fundamental level is the core benefit. – A hotel guest is buying rest and sleep. Core Product is not the tangible physical product . you cannot touch it. Core product is the actual benefit of that product that makes it valuable. Eg car: core product is transportation- its convenience, speed, actual transportation...

The core benefit must be turned into basic productby the marketer

Expected Product- Set of attributes and conditions buyers normally expect when they purchase this product. Hotel guests minimally expect a clean bed , fresh towels etc.

Augmented Product- exceeds the customers' expectations. ..so some additional. The augmented product is the non physical part of the product. It consists of lot of added value, for which one may or may not pay a premium. . augmented product for a car- warranty. The augmented product is an important way to tailor the core or actual product to the needs of an individual.

Potential Product- encompasses all the possible augmentations and transformations the product or offering might undergo in future....companies will search for new ways to satisfy customers and distinguish their offering...

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Roles, Responsibilities and Scope of a Product Manager

Difference between Brand Manager, Marketing Manager and Product Manager

Brand Managers

The brand manager oversees a role that is highly strategic in nature. By cultivating the message that a company wants to send to consumers, brand managers can be considered advocates for organizations. BRAND MANAGERS INSPIRE PURCHASES. OF THE BRAND. Brand managers are charged with creating a feeling of trust and assuring consumers that the organizations' values align with their own.

Marketing Managers

If brand managers are strategic in nature, marketing managers are those that are more tactical. As the brand managers inspire trust and cultivate messaging, marketing managers are responsible for ensuring that consumer communication aligns with the brand's marketing objectives. Marketing managers activate consumers to what to buy, teaching them the who, why, what, and when of a product so that it feels nearly indispensable. Marketing managers' area also concerned with short-run targets but they more often take a longer perspective of where the business is going. Many products could be under one marketing manager. But product managers responsible for specific product/product line.

Product Managers

From concept to market, product managers learn what customers want and then create products that directly answer those desires to improve chances of success. Product managers oversee the product through development to marketing, aligning product characteristics to match brand ideals. Responsible for strategies and marketing objectives for their products, their key decisions are tactical and revolve around the marketing mix; how much to spend on advertising, how to react to a competitor's coupon promotion, which channels of distribution are appropriate and likewise. They focus on short-run market share, volume or profit targets. Information on product can be provided to one and all by product manager. They are responsible for success or failure of a product.

Roles & Responsibilities of Marketing Managers, Product Managers

Product Manager is responsible for the strategy, roadmap and feature definition for that product or product line. The position may include marketing forecasting and profit and loss responsibilities. Planning is done at corporate level , divisional level and product levels. Product managers assess the markets and identify opportunities for new products. They define requirements for the new product. They manage the activities to support the commercial launch of a new product

Product Manager defines the features and requirements necessary to deliver a complete product to market. They are responsible for working with engineering department in delivering successful products/services. He is responsible for delivering innovative products. Innovation is

not just about technology but mix n match of technology coupled with market-customer needs. Delivering what customers will value. Product Managers role involves working with cross functional teams and may include marketing, forecasting and profit and loss responsibilities.

Product managers are in charge of a single product or a closely related product line, they not concerned on a general , day to day basis about the health of the general business area in which they operate. Product managers are involved with developing marketing objectives and strategies for their products. Their key decisions are tactical and revolve around the marketing mix; how much to spend on advertising and promotions, how to react to a competitor's coupon promotion, which channel of distribution are appropriate etc.

Quantitative market research should be conducted at all phases of the design process, incuding before the product or service is conceived , while the product is being designed and after the product has been launched. Training is another key area of interaction with the field force. Product Management people are key people in training.

On the other hand, Marketing Managers are in charge of a divisions or strategic business units and have more concerns about managing portfolios of products and about the long term strategic direction of their business groups. Marketing managers typically make strategic decisions about which products to add or drop and manage to meet an overall divisional financial obj

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Roles, Responsibilities and Scope of a Product Manager

- Product Managers role involves working with cross functional teams and may include marketing, forecasting and profit and loss responsibilities.
- Analyzing potential partner relationship for the product.
- Responsible for market and share forecasting, budgeting, coordinating with production, executing promotions, and packaging.
- Training the sales force

The planning activities related to the management of product(s) or product line.

- Product managers assess the markets and identify opportunities for new products. They define requirements for the new product. They manage the activities to support the commercial launch of a new product
- Analyzing the market & turning this information into marketing objectives & strategies for the product

<u>Obtaining organizational support for the marketing plan.</u>

- Involve coordinating with other areas of the firm. Product Manager defines the features and requirements necessary to deliver a complete product to market . they are responsible for working with engineering department in delivering successful products/services. he is responsible for delivering innovative products. Innovation is not just about technology but mix n match of technology coupled with market-customer needs. Delivering what customers will value.
- Involve in internal marketing of the product – obtain assistance & support of more senior managers in the firm.

In a nutshell, specific responsibilities of a product manager

1) Ideation
2) Market Analysis
3) Competitive Analysis
4) Customer Needs definition
5) Product Planning
6) Product Positioning & Strategy
7) Market and share forecasting, budgeting, coordinating with production, executing promotions, and packaging.
8) Managing PLC
9) In some organizations Product manager is responsible for P&L whereas in other organizations it is not.

Skills of a Product Manager

- Negotiation
  - Product manager must be persuasive & able to influence the management.
- Teamwork
  - Product manager must synthesize information from a variety of departments.
- Communication skills
  - Product manager communicates the product/brand to internal & external parties.
- Analytical ability
  - Product manager needs to analyze & interpret all the figures such as sales targets, share vs. competition, e.g.

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Role of Product Manager

Product Manager can decide who the competition will be based on –

- Time –horizon of the marketing plan
- Stage of the PLC of the relevant product
- Rate of change in the technological base of the product

Imperative for product managers to Choose whom to compete with as choosing who your competitors are has major implications on

- Performance standards - market share
- Strategy- competitive advertising

Bases of Competition

1. Customer –oriented

✔ Who are they – competition for the same budget

✔ When they use it – strength of usage

✔ Why they use it – benefits sought

2. Marketing – oriented

✔ Advertising & promotion
✔ Theme
✔ Media
✔ Distribution
✔ Price

3. Resource – oriented

✔ Raw materials
✔ Finance
✔ Employees

4. Geographic – oriented
5. Enterprise -oriented

✔ Products & services do not compete against each other – Companies do – this is known as Enterprise Competition. Thus HP competes with IBM, Sun, Compaq etc
✔ When HP develops a market strategy it competes not only in terms of product features & benefits communicated but also against the resources of IBM- finances, sales force, image.

Difference between Product Management and General Marketing Management

One key difference is that marketing managers in charge of a division or strategic business unit have more concerns about managing ‘ portfolios’ of products and about the long term strategic direction of their business groups. Because product managers are in charge of a single product or closely related product line, they are not concerned on a day-to-day basis about the health of the general business area in which they operate. A second key contrast is in the nature of decision making Divisional marketing managers typically make strategic decisions about which products to add or drop and manage to meet an overall divisional financial objective. While product managers are involved with developing marketing objectives and strategies for their products , their key decisions are tactical and revolve around the marketing mix: how much to spend on

advertising, how to react to a competitor's coupon promotion, which channels of distribution are appropriate, and similar questions. Finally , product managers and marketing managers face different time horizons. Product managers face substantial pressure to attain and hence focus on short-run market share, volume or profit targets. Marketing Managers are also concerned with short-run targets, but they more often take a longer-term perspective of where the business is going.

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Understanding Nature of Markets & Products

A product is a bundle of attributes (features, functions, benefits, and uses) that a person receives in an exchange. In essence, the term "product" refers to anything offered by a firm to provide customer satisfaction, tangible or intangible. Thus, a product may be an idea (recycling), a physical good (a pair of jeans), a service (banking), or any combination of the three.

Four Levels of the Product

Core product

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Expected Product- Set of attributes and conditions buyers normally expect when they purchase this product. Hotel guests minimally expect a clean bed, fresh towels etc.

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Potential Product- encompasses all the possible augmentations and transformations the product or offering might undergo in future....companies will search for new ways to satisfy customers and distinguish their offering.

The Core Product The core product satisfies the most basic need of the customer. For example, a consumer who purchases a healthy snack bar may be seeking health, convenience, or simply hunger relief. A student who buys low-priced, sturdy sneakers may just be seeking footwear. A student on a tight budget who buys top-of-the-line sneakers might be hoping to achieve status.

The Tangible Product Once the core product has been identified, the tangible product becomes important. Tangible means "perceptible by touch," so the tangible aspects of a product are those that can be touched and held. These are the product elements that the customer will use to evaluate and make choices: the product features, quality level, brand name, styling, and packaging. For example, at age twenty, a consumer might choose a particular brand of new car (core product=transportation) based on features such as gas mileage, styling, and price (choice=Toyota Yaris); at age forty-five, the core product remains the same, while the tangible components such as quality level, power, features, and brand prestige become important (choice=Audi A6).

The Augmented Product Every product is backed up by a host of supporting services. For example, if you shop at a department store, you are likely focused on a core and tangible product that centers on the merchandise, but you will still expect the store to have restrooms, escalators, and elevators. Dow Chemical has earned a reputation as a company that will bend over backward in order to service an account. It means that a Dow sales representative will visit a troubled farmer after hours in order to solve a serious problem. This extra service is an integral part of the augmented product and a key to their success. When the tangible product is a service, there is still an augmented product that includes support services. Westin hotels offer hotel nights with a specific set of features as their tangible product.

The Potential Product: The outer ring of the product is referred to as the promised product. Every product has an implied promise, which is a characteristic that is attached to the product over time. The promised product is the long-term result that the customer hopes to achieve by selecting the product. The promised product may be financial—the resale value of a car, home, or property, for example—but it is often more aspirational. The customer hopes to be healthier, happier, more productive, more successful, or enjoy greater status.

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Understanding Nature of Markets & Products

Product Marketing Responsibilities: Inputs to the Company

- Define market needs or problems that the product should address
- Complete a competitive analysis to understand other offerings in the market
- Identify which market segments the product will target
- Define market requirements for the product
- Create buyer persona documents that describe the personality, behavior, and desires of buyer types
- Determine price

Product Marketing Responsibilities: Outputs to the Market

- Define key messages to the communicate product benefits to the target market
- Create marketing materials about the product
- Define the sales approach
- Create lead generation plans
- Develop sales materials such as Web site content, brochures, presentations, and product demonstrations
- Provide training and support to distribution channel partnersWhat is product category analysis?

Product category analysis is a process of evaluating product categories to deepen the understanding of the different factors that increase or decrease the demand for a product

category. Product category analysis includes an overview of product categories and drilling deep into each one to finally arrive at a detailed report of each product category. It is conducted by marketers to position their products and promote them more effectively.

Product category analysis provides deep insights into customer experiences, emerging trends in the market, information about competitors and their marketing activities – these will enable you to make timely business decisions that will lead you ahead of your competitors.

Competitor analysis and customer experience analysis form part of product category analysis. As a whole, it offers brand managers and chief customer insights managers a deep understanding of what is unique and special about your brand, and how your brand should be positioned in the marketplace to deliver maximum growth and profitability.

Why is Product Category Analysis Important?

Product category analysis is important to dig deep into specific sections—such as brand, marketplace, consumer perceptions, consumer communication, trends and competitors—to draw out conclusion that will help set up your brand's key issues

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Understanding Nature of Markets & Products

Competitive Analysis in Marketing

Every brand can benefit from regular competitor analysis. By performing a competitor analysis, you'll be able to:

- ✔ Identify gaps in the market
- ✔ Develop new products and services
- ✔ Uncover market trends
- ✔ Market and sell more effectively

These four components can lead the brand down the path of achievement.

Once the company identifies its true competition, it needs to determine what metrics to use for comparing across the board. Below, we'll give nine specific factors to compare and tips on how to identify this competition in the first place.

How to do a Competitive Analysis

1. Determine who your competitors are.
2. Determine what products your competitors offer.
3. Research your competitors sales tactics and results.
4. Analyze how your competitors market their products.
5. Take note of your competition's content strategy.
6. Analyze the level of engagement on your competitor's content.
7. Observe how they promote marketing content.
8. Look at their social media presence, strategies, and go-to platforms
9. Perform a SWOT Analysis to learn their strengths, weaknesses, opportunities, and threats.

A lot of times, the customer experience officers, brand managers and other top management executives have several questions such as :

1. Which product categories contribute significantly to the total sales?
2. Which product categories are not performing well?
3. How is our product compared to other products in the market?
4. What are the trends in this product category?
5. Which geographic regions have more margins?

Competitive Analysis Strategy

A competitive analysis is a strategy where you identify major competitors and research their products, sales, and marketing strategies. By doing this, you can create solid business strategies that improve upon your competitor's.

A competitive analysis can help you learn the ins and outs of how your competition works, and identify potential opportunities where you can out-perform them. It also enables you to stay atop of industry trends and ensure your product is consistently meeting — and exceeding — industry standards.

Benefits of conducting competitive analyses:

- Helps you identify your product's unique value proposition and what makes your product different from competitors', which can inform future marketing efforts.
- Enables you to identify what your competitor is doing right. This information is critical for staying relevant and ensuring both your product and your marketing campaigns are outperforming industry standards.
- Tells you where your competitors are falling short — which helps you identify areas of opportunities in the marketplace, and test out new, unique marketing strategies they haven't taken advantage of.
- Learn through customer reviews what's missing in a competitor's product, and consider how you might add features to your own product to meet those needs.

Provides you with a benchmark against which you can measure

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Marketing Planning

A marketing plan is a comprehensive document or blueprint that outlines the advertising and marketing efforts for the coming year. It describes business activities involved in accomplishing specific marketing objectives within a set time frame. A marketing plan also includes a description of the current marketing position of a business, a discussion of the target market and a description of the marketing mix that a business will use to achieve their marketing goals. A marketing plan has a formal structure, but can be used as a formal or informal document which makes it very flexible. It contains some historical data, future predictions, and methods or strategies to achieve the marketing objectives.

Marketing plans start with the identification of customer needs through a market research and how the business can satisfy these needs while generating an acceptable return. This includes processes such as market situation analysis, action programs, budgets, sales forecasts, strategies and projected financial statements. A marketing plan can also be described as a technique that helps a business to decide on the best use of its resources to achieve corporate objectives. It can also contain a full analysis of the strengths and weaknesses of a company, its organization and its products.

The marketing plan shows the step or actions that will be utilized in order to achieve the plan goals. For example, a marketing plan may include a strategy to increase the business's market share by fifteen percent. The marketing plan would then outline the objectives that need to be achieved in order to reach the fifteen percent increase in the business market share. The marketing plan can be used to describe the methods of applying a company's marketing resources to fulfill marketing objectives.

Marketing planning segments the markets, identifies the market position, forecast the market size, and plans a viable market share within each market segment. Marketing planning can also be used to prepare a detailed case for introducing a new product, revamping current marketing strategies for an existing product or put together a company marketing plan to be included in the company corporate or business plan.

Outline

A marketing plan should be based on where a company needs to be at some point in the future. These are some of the most important things that companies need when developing a marketing plan:

Market research: Gathering and classifying data about the market the organization is currently in. Examining the market dynamics, patterns, customers, and the current sales volume for the industry as a whole.

Competition: The marketing plan should identify the organization's competition. The plan should describe how the organization will stick out from its competition and what it will do to become a market leader.

Market plan strategies: Developing the marketing and promotion strategies that the organization will use. Such strategies may include advertising, direct marketing, training programs, trade shows, website, etc.

Marketing plan budget: Strategies identified in the marketing plan should be within the budget. Top managers need to revise what they hope to accomplish with the marketing plan, review their current financial situation, and then allocate funding for the marketing plan.

Marketing goals: The marketing plan should include attainable marketing goals. For example, one goal might be to increase the current client base by 100 over a three-month period.

Marketing Mix: The marketing plan should evaluate the appropriate marketing mix. This includes setting up the marketing 4 P's the product, price, place, and promotion. These four elements are modified until the best combination have been found that will cater the needs of the product's customer that would result to the maximum profitability of the company.

Monitoring of the marketing plan results: The marketing plan should include the process of analyzing the current position of the organization. The organization needs to identify the strategies that are working and those that are not working.