UNIT-2

PRODUCT MANAGEMENT

INTRODUCTION

Product management is the discipline of bringing new products to market and managing existing ones. Product managers are responsible for the entire product lifecycle, from ideation to launch to retirement.

ROLE

1. **Strategic Vision:** Product managers play a pivotal role in defining the strategic direction of products or services. They analyze market trends, gather customer feedback, and collaborate with stakeholders to develop a clear vision and roadmap for product development.
2. **Market Research and Analysis**: Understanding market dynamics, customer needs, and competitive landscapes is fundamental. Product managers conduct thorough research, gather insights, and analyze data to inform decision-making and ensure products meet market demands.
3. **Product Development**: From concept to launch, product managers oversee the entire development process. They work closely with cross-functional teams including engineering, design, marketing, and sales to translate ideas into viable products, ensuring alignment with customer expectations and business objectives.
4. **Lifecycle Management**: Beyond launch, product managers monitor and manage the product lifecycle. This involves continuous evaluation of performance metrics, gathering customer feedback, and iterating on features to enhance user experience and maintain product relevance.
5. **Go-to-Market Strategy**: Product managers devise and execute effective go-to-market strategies to maximize product adoption and success. This includes defining target markets, positioning the product, setting pricing strategies, and coordinating marketing campaigns.
6. **Cross-Functional Collaboration**: Collaboration is key as product managers work closely with various departments to achieve shared goals. They facilitate communication between teams, prioritize tasks, and ensure everyone remains aligned with the product vision and roadmap.
7. **Customer Advocacy**: Acting as the voice of the customer within the organization, product managers advocate for customer needs and preferences. They gather feedback, conduct user testing, and iterate based on insights to continuously improve the product.

STP (SEGMENTING, TARGETTING, POSITIONING)

- **Segmentation** Segmenting the market divides your customer base into smaller, more manageable groups based on shared characteristics.
- **Targeting** Targeting involves selecting the specific customer segments most likely to be interested in your product.
- **Positioning** Positioning refers to how you present your product to your target audience, highlighting its unique benefits and value proposition.
- **All marketing strategy is built on STP**

BASIS FOR SEGMENTING

- **GEOGRAPHIC**
  - Nation
  - State
  - Region
  - Cities
- **DEMOGRAPHIC**
  - Age

    - Gender
    - Family size and life cycle
    - Income
    - Occupation
    - Education
    - Religion
    - Nationality
    - Social Clas
- **PSYCHOGRAPHIC**
    - Lifestyle
    - Personality
- **BEHAVIOURAL**
    - Occasions (regular or special)
    - Benefits (quality, service, economy, speed)
    - User Status (non-user, ex-user, potential user, first time user, regular user)
    - User Rate (light user, medium user, heavy user)
    - Readiness Stage (Unaware, aware, informed, interested, desirous, intending to buy)
    - Attitude towards products (Positive, Negative, Neutral)

TARGETING

- Targeting is a strategy to choose one or more segments to serve how many and which segments to target.
- **Factors to be considered before choosing a segment**
    - Size, growth, profitability, economies of scale
    - Analysis on whether investing in these segments will meet the company's objectives and resources
- 5 key criteria to choose segments:
    a. **measurable**- size, purchasing power and characteristics of the segments can be measured'
    b. **substantial**- segments are large and profitable enough to serve
    c. **accessible**- segments can be effectively reached and served
    d. **differentiable**- segments are conceptually distinguishable and respond differently to different marketing mix elements, like married and unmarried women respond similarly to a sale of perfume, hence not two separate segments.
    e. **actionable**- effective programs can be formulated for attracting and serving the segments

POSITIONING

- "Positioning refers to placing a brand in that part of the market where it will have a favorable reception compared to competing brands"
- "A product's position is the place it occupies in consumers' minds relative to competing products."
- "Act of designing the company's offering & image to occupy a distinctive place in minds of target market
- Clarifies brand essence
- Helps consumer achieve goals
- Does so in a unique way
- Result is successful creation of CUSTOMER- FOCUSED VALUE PROPOSITION

COMPETITOR ANALYSIS

Competitor analysis is a crucial process in strategic business planning that involves evaluating the strengths and weaknesses of current and potential competitors. By understanding the competitive landscape, businesses can identify opportunities for growth, recognize potential threats, and develop strategies to enhance their market position.

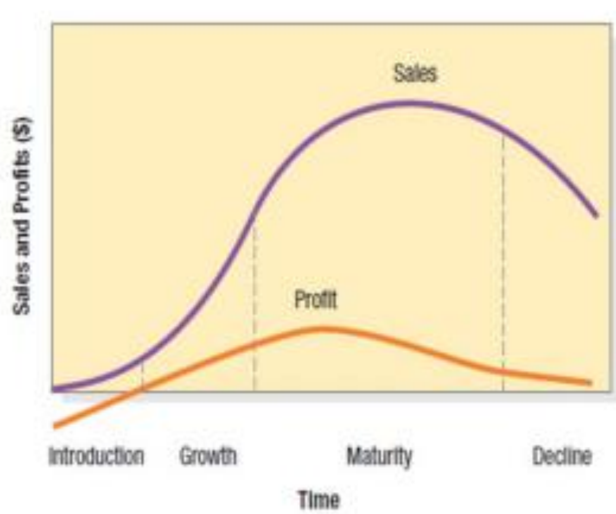
Competitor	Strengths	Weaknesses	Opportunities	Threats
Competitor A	Strong brand recognition	Limited product features	Expand into new markets	Economic downturn
Competitor B	Innovative product offerings	High pricing	Improve customer service	Increased competition

Example: Smartphone Industry

- In the smartphone industry, a company like Samsung conducts competitor analysis on rivals like Apple, Xiaomi, and Huawei. This involves:
- Product Offerings: Comparing features, design, and pricing of smartphones.
- Market Position: Analyzing global and regional market shares.
- Marketing Strategies: Reviewing advertising campaigns and promotional tactics.
- Financial Performance: Evaluating revenue, profit margins, and R&D investments.
- Customer Reviews: Gathering feedback from various platforms to understand customer preferences and pain points.

ADAPTING PRODUCT STRATEGY OVER THE PLC

Figure 11.4 Sales and Profit Life Cycles



1. **Introduction stage** is when the new product is first launched.
    - Takes time
    - Work out technical problems
    - Gain consumer acceptance
    - Slow sales growth
    - Little or no profit
    - High distribution and promotion expense as need to inform potential customers, induce product trial & secure distribution in retail outlets
    - Firm focus on high-income groups(as prices high as cost high)
    - Companies must decide when to enter- first rewarding but can be risky & expensive), later(can bring superior quality, techno & brand strength)
    - Market pioneer gets greatest adv- Coca-Cola, Hallmark, Amazon.com
2. **Growth Stage**
    - Improve product quality and add new product features and improved styling
    - Add new models and flanker products(new brand in product category eg boomerang in instagram)
    - Enter new market segments
    - Increase distribution coverage and enter new distribution channels, eg Patanjali selling online thru amazon and flipkart
    - Shift from product-awareness advertising to product- preference advertising
    - Lower prices to attract next layer of price-sensitive buyers
    - By spending money on product improvement, promotion & distribution it can capture dominant position
    - Forgoes max current profit in hope of making even greater profits in next stage
    - Mens fairness creams like fair & handsome use well known film and cricket stars & offer entertainment, info, advice in a bid to capture customer attention in a market that is getting increasingly crowded
    - As after emami launched fair and handsome, HUL quickly launched Fair & lovely mens active
    - Nivea two products in mens range whitening moisturizer & whitening face wash
    - Garnier launched mens power light range
3. **Maturity stage** is a long-lasting stage of a product that has gained consumer acceptance.
    - Slowdown in sales
    - Product enters stage of relative maturity
    - Lasts longer than previous stages & poses challenges to marketers
    - Many suppliers
    - Substitute products
    - Overcapacity leads to competition
    - Increased promotion and R&D to support sales and profits, develop product improvements & line extensions
    - 3 phases
        a. Sales growth rate starts to decline, no new distribution channels, new competitive forces emerge
        b. Sales flatten bcoz of market saturation
        c. Sales decline, customers switch to other products (most challenging)
    - Industries thought to be mature- autos, motorcycles, Tv, watches, cameras
4. **Decline stage** is when sales decline or level off for an extended time, creating a weak product due to techno advances, shift in consumer taste, increased domestic & foreign competition, increased price cutting, overcapacity, profit erosion.
    - Might be slow - eg sewing mc, or rapid eg floppy disks, Kodak failure.
    - Carrying a weak product is very costly to the firm- eliminate weak products as consume a disproportionate amount of management's time, require frequent price and inventory adjustments, draw both advertising and sales force attention that can be utilised elsewhere
    - Identify weak products, use product review committee
    - Maintain the product without change in the hope that competitors leave the industry

- Reposition or reformulate the product in hopes of moving back into the growth stage
- Harvest the product that means reducing various costs and hoping that sales hold up, cut R&D cost, plant & equip inves, product quality, sales force size, marginal services, adv exp
- Drop the product by selling it to another firm or simply liquidate it at salvage value

PRODUCT STRATEGY

1. **Define Objectives**
   Setting clear, measurable goals for the product that align with the company's broader business objectives. These objectives can include revenue targets, market share goals, customer acquisition rates, or product adoption metrics.
   Example: A tech startup launching a new project management software might set an objective to acquire 10,000 users within the first year of launch and achieve a customer satisfaction score of 90%.
2. **Target Audience**:
   Identifying the specific group of customers who are most likely to benefit from and purchase the product. This involves demographic, geographic, psychographic, and behavioral segmentation. **Example**: For a premium fitness tracker, the target audience might be health-conscious professionals aged 25-45 living in urban areas, who are willing to invest in high-quality fitness technology.
3. **Value Proposition**: Clearly articulating the unique value that the product offers to the target audience. This is the primary reason why a customer would choose your product over competitors' offerings. The value proposition should highlight the key benefits and features of the product.
   Example: A cloud storage service might offer a value proposition of "Secure, easy-to-use, and unlimited cloud storage that keeps your data safe and accessible from anywhere."
4. **Competitive Differentiation**: Defining what sets your product apart from competitors. This could involve superior features, better pricing, exceptional customer service, or a unique brand identity. Competitive differentiation helps in creating a compelling reason for customers to choose your product.
   Example: An electric car manufacturer might differentiate its product by offering the longest battery life in the market and a nationwide network of fastcharging stations.
5. **Product Development**: The process of designing, creating, and testing the product. This phase involves ideation, prototyping, and refining the product based on feedback and testing. It ensures that the product meets the desired quality standards and customer needs.
   Example: A smartphone company might go through multiple iterations of design and testing to develop a phone with the best camera technology, integrating customer feedback at each stage to enhance the final product.
6. **Product Marketing**: Developing and implementing strategies to promote the product and generate demand. This involves creating a marketing plan that covers advertising, public relations, sales promotions, and digital marketing efforts to reach and engage the target audience.
   Example: A new video streaming service might launch a comprehensive marketing campaign that includes social media ads, influencer partnerships, and exclusive content releases to attract subscribers.

RETAILING

INTRODUCTION

Retailing is a crucial part of the economy, connecting producers to consumers. It involves all activities related to the sale of goods and services to end users.

DEFINITON

- Retailing refers to all activities involved in the sale of goods and services to final consumers for personal use.
- **Transaction** It involves a direct exchange between a retailer and a customer.
- **End Users** The ultimate goal is to satisfy the needs and wants of individual consumers.
- **Personal Use** Goods and services are purchased for the consumer's own use, not for resale.

TYPES

- **Specialty store**-Narrow product line, Body shop
- **Department store**- Several product lines, Big Bazaar
- **Supermarket**- large, low cost, low margin, high volume, self service, meets tot needs for food & household, LULU's
- **Convenience store**- small store in residential area, 24/7
- **Discount store**- specialty merchandise, low price, low margin, high volume, Wal-Mart
- **Off-price retailer**- leftover goods, overruns, irregular merchandise sold at less than retail, factory outlets
- **Superstore**- huge selling space, routine items, services (laundry, shoe repair, dry cleaning), category killer, e.g. Staples, Home Depot, hypermarket(huge stores that combine supermarket, discount & warehouse retailing) like Carrefour
- **Catalog showroom**- broad selection of high markup, fast moving, brand name goods sold by catalog at discount, customers pick merchandise at store,

CHARACTERSTICS

1. **Customer Interaction** Retailers directly interact with customers, understanding their needs and preferences.
2. **Product Variety** Retailers offer a wide range of goods and services to cater to diverse consumer demands.
3. **Price Sensitivity** Retailers must carefully manage pricing strategies to attract and retain customers.
4. **Location Importance** Retailers strategically choose locations to ensure accessibility and visibility to potential customers.

EMERGING TRENDS IN RETAILING

1. **E-commerce Growth** Online retailers are increasingly gaining popularity, offering convenience and wider product selection.
2. **Mobile Commerce** Smartphone shopping is becoming prevalent, allowing consumers to purchase anytime, anywhere.
3. **Omnichannel Retailing** Retailers integrate online and physical stores to provide seamless customer experiences.
4. **Personalization** Retailers utilize data to personalize recommendations and marketing messages to individual customers.
5. **Sustainability** Consumers are increasingly demanding sustainable practices from retailers, including ethical sourcing and eco-friendly packaging.

RETAIL FORMATS

- **TRADITIONAL**
  These formats have been established for years and are well-known to consumers. E.g. Department Stores, Supermarkets, Specialty Stores, Convenience Stores.
  - **Department Stores** Wide variety of goods, organized by department
  - **Supermarkets** Focus on food and household items, offering a wide selection
  - **Specialty Stores** Offer a limited selection of goods within a specific category, providing expertise.
  - **Convenience Stores** Small stores located in convenient locations, offering a limited selection of essentials.
- **NON-STORE**
  These formats operate outside traditional physical stores, leveraging technology and alternative channels. E.g. E-commerce, Direct Selling, Vending Machines, Telemarketing
  - **E-commerce** Retailers sell products online, allowing customers to browse and purchase from anywhere.
  - **Direct Selling** Retailers use independent salespeople to reach customers directly, often through home parties or online.
  - **Vending Machines** Automated machines dispense products, offering convenience and accessibility in various locations.

- **Telemarketing** Retailers reach customers through phone calls, offering products and services over the phone.

- **MULTICHANNEL**
  These formats combine traditional and non-store elements to offer a comprehensive shopping experience. E.g. Click-and-Collect, Mobile Apps, Social Media Commerce
  - **Click-and-Collect** Customers order online and pick up their purchases at a physical store.
  - **Mobile Apps** Retailers provide dedicated apps for browsing, purchasing, and managing orders on smartphones.
  - **Social Media Commerce** Retailers utilize social media platforms for product promotion, customer engagement, and direct purchasing.

SALES MANAGEMENT

INTRODUCTION

Sales management is a crucial aspect of any business. It encompasses planning, organizing, and directing sales efforts to achieve organizational goals.

IMPORTANCE

1. **Revenue Generation**
   Sales are the primary source of revenue for most businesses. Effective sales management ensures that sales teams meet or exceed their targets, directly contributing to the organization's financial health.
2. **Strategic Planning**
   Sales management involves setting goals, creating sales strategies, and aligning them with overall business objectives. This ensures that the sales efforts are focused, efficient, and impactful.
3. **Market Penetration**
   Sales managers analyze market trends, identify new opportunities, and develop strategies to enter and expand in new markets, helping the organization grow its market share.
4. **Customer Relationship Management**
   Building and maintaining strong relationships with customers is crucial. Sales management ensures that teams provide excellent service, fostering customer loyalty and long-term partnerships.
5. **Team Performance and Motivation**
   Sales managers recruit, train, and motivate the sales team, ensuring high performance and a positive work environment. This enhances productivity and reduces employee turnover.
6. **Forecasting and Budgeting**
   Sales management provides insights into future sales trends and customer demand, enabling accurate forecasting and efficient allocation of resources.
7. **Adaptation to Market Changes**
   A strong sales management system allows businesses to quickly adapt to changes in the market, such as new competitors, technological advancements, or shifts in customer preferences.
8. **Alignment with Marketing**
   Sales management bridges the gap between marketing and sales teams, ensuring cohesive strategies and seamless execution to attract and retain customers.

TYPES OF SELLINGS

1. **Transactional Selling** Focuses on short-term transactions and immediate sales, with limited emphasis on building relationships. Example: A retail store selling consumer electronics where the interaction ends once the purchase is completed.
2. **Consultative Selling** Involves understanding customer needs, providing solutions, and building long-term relationships. Example: A financial advisor offering personalized investment plans based on a client’s financial goals and risk tolerance.

3. **Relationship Selling** Emphasizes building strong connections with customers based on trust, mutual benefits, and long-term value. Example: A real estate agent maintaining ongoing communication with clients even after a sale to assist with future property needs.
4. **Strategic Selling** Focuses on aligning sales strategies with overall business goals and achieving sustainable growth. Example: A cosmetics company using a network of sales representatives to sell products through home parties and personal contacts.

DISTRIBUTION & TRANSPORTATION MANAGEMENT

1. **Product Sourcing** Identifying and selecting reliable suppliers for raw materials or finished goods.
2. **Warehousing and Storage** Managing inventory levels and ensuring proper storage conditions for products.
3. **Transportation** Choosing efficient modes of transport, like trucks, ships, or planes, to deliver products to customers.
4. **Delivery and Distribution** Ensuring timely and accurate delivery of goods to customers and managing distribution networks.

INVENTORY MANAGEMENT

1. **Demand Forecasting** Predicting customer demand for products to ensure sufficient inventory levels.
2. **Inventory Tracking** Maintaining accurate records of inventory levels, stock movements, and product locations.
3. **Inventory Control** Optimizing inventory levels to minimize holding costs and stockouts, while meeting customer demands.

LOGISTICS & WAREHOUSING MANAGEMENT

1. **Warehouse Layout and Design** Optimizing warehouse space and flow for efficient storage, handling, and retrieval of goods.
2. **Inventory Management Systems** Implementing technology to track inventory, optimize storage, and manage warehouse operations
3. **Order Fulfillment Processes** Streamlining processes for receiving, picking, packing, and shipping orders to meet customer deadlines.
4. **Transportation and Logistics** Coordinating with transportation providers to ensure efficient and timely delivery of goods to customers.