

# Why Product Strategy is More Often Reactive than Proactive

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Have you ever started working on a new product and felt overwhelmed with everything you could do? If so, chances are you were working without the benefit of a concrete [product strategy](#).

A sound product strategy helps with feeling overwhelmed because it

- Helps your product team see how your product contributes to your company's goals.
- Helps you get the right items on your roadmap and keep the wrong items off it.
- Guides your product decisions.

Given that product strategy provides product teams with so much guidance, why does it seem like your product strategy is more reactive, and is that ok?

## Product strategy in theory

Product strategy answers key questions about who your product serves, how it benefits them, and how the product contributes to your organization.

In theory, your product strategy focuses on planning for the future and should anticipate threats, challenges, and opportunities in your market. You're also trying to avoid issues before they occur.

Your product strategy should be a proactive one where you're trying to get improved results and meet business objectives.

## Product strategy in practice

According to [The 2023 State of Product Management Report](#), the most significant influence on product strategy (46%) is business goals and objectives. Those product managers are proactive and focus on the future to plot their product strategy.

It also means that more than half of product managers say their product strategy is based on something else. Consequently, the next two most significant drivers of product strategy are requests from executive leadership or sales (26%) and customer feedback (26%).

That means over half of the product managers are reacting to internal and external feedback instead of planning for the long term. Their product strategy is reactive.

It's possible that company size seems to play a role in whether a product strategy is proactive or reactive.

Smaller companies appear to have more reactive product strategies. 36% of companies with under 20 employees say that customer feedback drives their product strategy. That could be because of the outsized influence that even one customer can have on a small business.



As organizations grow, their business goals and objectives have more of an influence on strategies. Enterprise companies (those with over 10,000 employees) were the most likely to say that business goals drive their product strategy.

So does that mean that enterprise companies have “better” product strategies than smaller companies? Not necessarily.



## **Product strategy is both reactive and proactive**

It turns out that your product strategy can be both reactive and proactive. Both types of strategies require research into your market, your customers, and your competitors. The difference comes in what you do with that information.

### **Proactive product strategy**

A proactive product strategy anticipates future market changes and customer needs before they happen.

A proactive strategy requires assessing the information you get from your analysis of the market, your customers, and your competitors to identify new opportunities. You then gauge those opportunities against your business objectives to see which ones are the best fit for your business strategy.

Proactive product strategies typically lead to products that provide new solutions to an existing problem or solve a problem for which there previously wasn't a suitable solution.

A familiar example of a proactive product strategy is Apple's iTunes Store. When Apple introduced iTunes in 2003, it “fundamentally challenged how customers accessed music,” said Andrew B, a Senior Product Manager for deep tech and sustainability. “With an exceptional user experience, and the iPod creating a further demand for the marketplace, they created a new ecosystem with incredible moats.”

Marcin Stoll, Chief Product Officer at [Tidio](#), notes, “to be proactive in Product, do your research well in advance, anticipate the market's needs as

much as possible, develop a detailed product roadmap, and monitor the competition. Investing in UX and UI research and Research & Development is something you cannot overlook if you want to be proactive in your strategy. Rather than putting out fires here and there, make sure they don't occur."

Alok Agrawal, VP of Products at [Mailmodo](#) identifies three actions you can take to build a proactive product strategy:

"One, have a long-term goal for the business to help guide the direction where the company is heading. Two, Create yearly or half-yearly milestones for the product team based on customer research and alignment with the business stakeholder. Three, Create a detailed product roadmap to drive weekly / biweekly priorities for the product team. "

## **Reactive product strategy**

A reactive product strategy features adaptations to your product based on market and competitor analysis and customer feedback.

You let the feedback you receive from external sources and suggestions you receive from internal sources guide your product development efforts.

Reactive strategies are beneficial when new situations arise in your market, when one of your competitors introduces a new product, or to improve your product based on customer feedback. These strategies allow your company to adjust quickly to new situations, learn from your mistakes and take advantage of new trends.

Consider the iTunes example from above. After Apple released iTunes, several other established companies created competing music sites (Google Play Music and Amazon Music). Moreover, new entries entered the market, like Spotify, and took advantage of the new trend.

For another example, consider the impact of the 2020 pandemic on remote

meeting software. As people needed tools to meet remotely, companies like Microsoft and Google adjusted their product focus.

As more people returned to work, the companies that had built tools specifically for remote meetings, such as Zoom, have had to introduce capabilities beyond remote meetings to counter the falling demand and burnout on video meetings.

Matthew Ramirez, Founder of [Rephrasely](#), points out that product strategy “should be highly influenced by market conditions and customer feedback. Changes in the market or customer feedback can make a strategy that was successful yesterday obsolete today.”

Marcin Stoll notes that market shifts, changes in customer demand, and unexpected competitor moves “make it harder for product teams to be proactive and make product predictions. Being reactive is not a bad thing: you listen to your customers’ feedback and adapt accordingly.”

## **Why you should mix proactive and reactive product strategies**

When you work on a completely new product, you may follow a proactive product strategy. You may even create an entirely new market or a novel new solution. You may also follow a reactive strategy and introduce a new product to improve upon products introduced by your competitors.

Either way, once you receive feedback, your product strategy inherently becomes more reactive. Alok Agrawal explains two reasons for this shift:

“1. You are validating hypotheses and doing quick iterations with customers to determine which customers to target and what problems to solve. Speed is critical at this point, and you need to change your product strategy in response to customer and market needs. 2. There are a lot of moving pieces on the GTM front, especially in terms of product pricing and business model,

figuring out the right sales channel, etc., which directly impacts your product strategy."

Regardless of the type of strategy you employ, you need a steady stream of research and feedback. Andrew B suggests forming habits to ensure you get regular information flows, such as setting "recurring meetings in your calendar with customers" and using [recurring competitor analysis](#) to "reflect competitor insights within their product strategy."

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