

Business Development &

The product manager

SkP



Product levels and Market segmentation

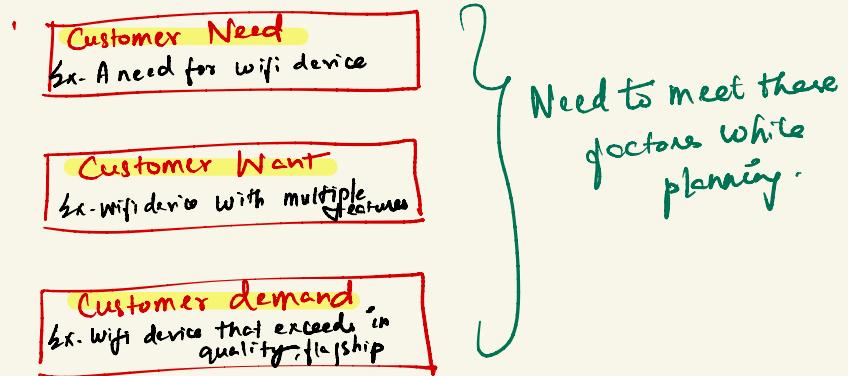
Kotler's five levels of a product

- Crucial to address customer's needs & requirements
- Setting yourself apart from competitors -
- Prof Philip Kotler established the concept that there are "5 levels of a product that constitute a value hierarchy."
- Determinants: How customers make purchasing decisions and how product team can influence these decisions.

Five levels:

1. **Core Benefit**: Main benefit customers derive from a product.
 - customers seek products with essential features
 - For eg. buying a smartphone
2. **Basic Product**: Refers to actual product.
 - Provide a set of attributes that satisfy customers' needs and differentiates the product from competition.
 - For eg - calling, texting & internet
3. **Expected product**: Refers to higher level of expectations
 - Companies provide key benefits such as speed, quality (or) support.
 - e.g. High performance smartphone with ample storage, battery etc
4. **Augmented product**: Refers to identifying features that exceed expectations
 - e.g: express, free shipping, extended warranty
5. **Potential product**: Highest level of a product - refers to customization, personalization, added features, or extensions to features over time
Meeting core benefits is important
 - fulfills need, meets expectation & unlocks new opportunities for customers
 - e.g. AI driven personal assistant

Planning process:



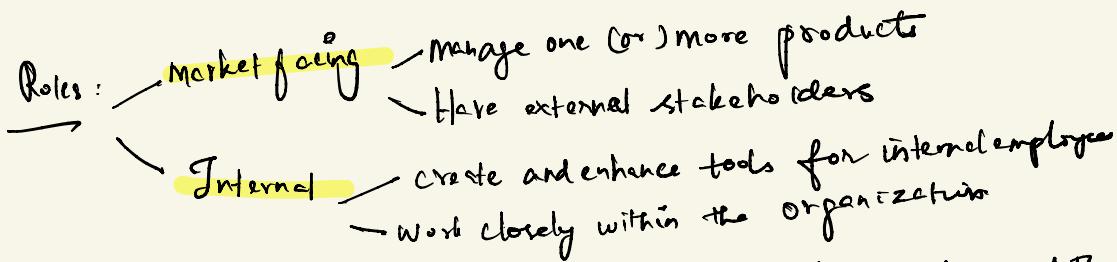
Implementing Kotler's model

- Highlight core benefits.
- Can meet basic wants & needs.
- Customers consider your product as an option.
- focus on Basic product
- Distinguish your product from other
- Feature expected product: Meet the customer's expectation
- Emphasize the augmented product: Show your product (or) service exceeds expectations
 - show additional feature.
- Promote the potential product - Potential to go beyond what is expected.
 - share the product's potential

Market Segmentation.

Product manager - Pivotal link between the market & organization.

- Effective represent the "voice of customer"
- Accountable for all product management processes.
(Organizes customer panels, focus groups and conducting interviews)



Irrespective of the roles, Product Managers should understand the market & market segmentation.

→ Conduct effective research

Market:

- customers with unmet needs seeking suitable solutions.
- Responsible for communication across all functions
- Ensure meeting customer needs.

Market segmentation:

- Distinct customer preferences
- Small groups of potential customers.
- Grouping customer based on some key factors: needs, behavior, interests & demographics.
- Customizes product & services.
e.g. Smart phones, cars

need ?

? behavior

? demographies

? interest

Importance :-

- Caters to diverse needs & preferences
- Enhances customer satisfaction & enhance brand loyalty

Marketing Research ; Primary & Secondary :

- Product manager identifies customer & organizational opportunities

Two types of research :

Primary : Gathering firsthand data from customers
Precise questioning for specific needs.
Update market insights.

- Understand customer psychology
- Comes with costs, time consuming
 - data collection, and potential interviews.

Secondary : Collecting information from indirect methods such as published reports, public or commercial databases, websites, surveys, agencies, etc

- Cost effective, time saving, broad perspective
- data quality may be low, no control over the content and may not address the questions.

from expert viewpoint → How do you match core product benefits to customer needs?

1) Use QFD: Quality Function Deployment

- Gathers customer requirements.
- Rank requirements by importance.
- Compare the requirements with your technical capabilities & competition.

2) Draw customer persona

— X —
The ANSOFF Matrix

Business strategy:

- set of strategic initiatives
- generates value for the organization & stakeholders
- strategic framework serves as a guiding blueprint

Importance:

- foundation for business (everything from planning, resource allocation, decision making)
- provides direction
- adapts to changing circumstances
- Capitalize on opportunities
- Helps organizations survive.

The ANSOFF Matrix

Highest level of strategy occurs at the company level.

→ Markets, a company will compete in

→ Use of company resources & capabilities

Ansoff matrix: → a strategic planning tool

→ Helps businesses evaluate growth.

→ Select the appropriate strategy based on current position, risk tolerance or growth objectives

Market:

→ Is the target market new (or) existing?

Product

→ Is the product new or existing?

		Products	
		Existing	New
Markets	Existing	Market penetration	Product Development
	New	Market Development	Diversification

- New products, existing market
- ↓
- Requires innovative resources
- Willingness to invest resources
- e.g. McDonald's

expand sales in existing market,
e.g. fast food chain

- Highest risk.
- Requires identification, analysis & mitigation
- e.g. TV market.

Adopting products for new markets
focusing on distribution & marketing

e.g., beverage company introducing its drink abroad

Business Development - Role of product manager.

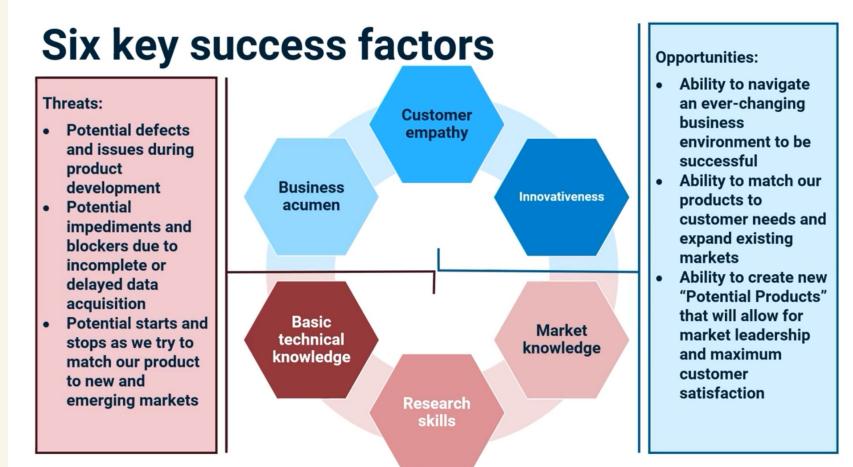
- Starts from Conceive phase to Retire phase
- Business development activities (with all depts & mgmts)
- Communicate & collaborate with customers.
- Product management lifecycle.

Key success factors:

- Basic technical knowledge & subject matter expertise
- Business acumen
- Customer empathy
- Market knowledge
- Innovativeness
- Strong research skills.

Analytics tool
SWOT analysis helps product managers to develop and innovate new solns.

Six key success factors



single strength /
weakness → multiple opportunities /
threats → multiple
strengths /
weakness

Take the inventory
of opportunity
and try to
make it a
reality.
Why - once
you find the
threats, ensure
you resolve
them sooner

Product planning & Development Strategy

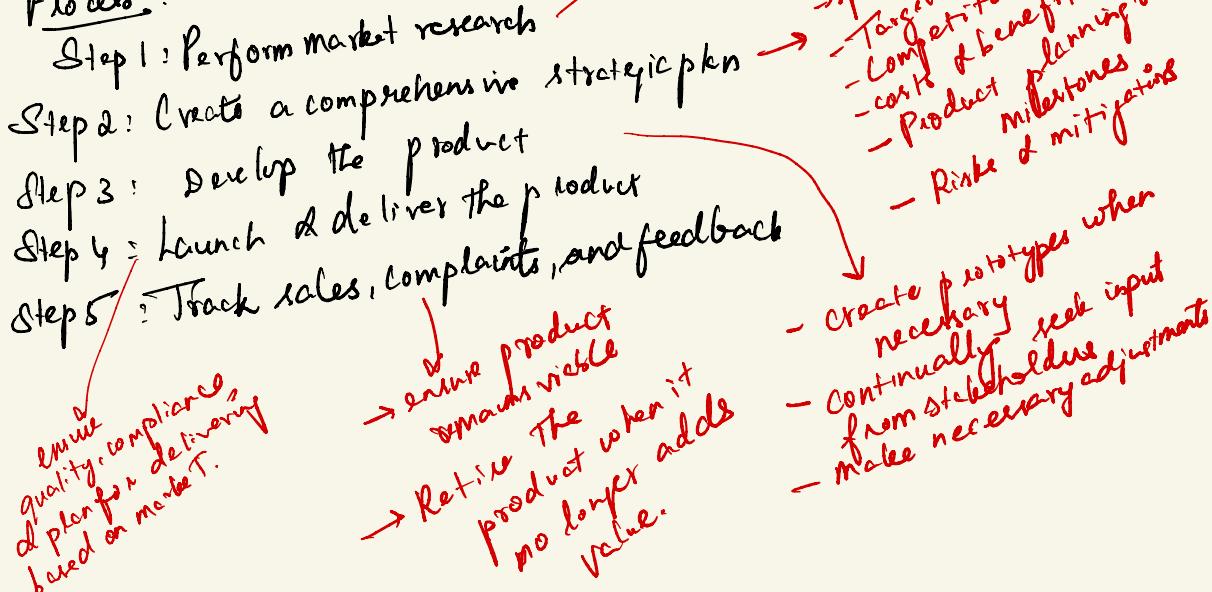
Strategy = comprehensive & carefully planned approach that outlines the organization's long term goals & objectives, along with actions & resources needed to achieve them. It provides a framework for decision making & resource allocation.

- Guides a product's development strategy
- Helps organizations make informed decisions
- Effectively allocates resources
- Remains competitive in marketplace

Key elements

1. Product market
2. Unique selling proposition
3. Company's business goals

Process:



Roles & responsibilities

- Understand your customers and competitors
- Access new product recommendations
- Develop product management lifecycle timelines
- Create a product vision
- Develop a product roadmap
- Lead & guide the product team (Scope, Budget, Timeline)
- Solicit & interpret feedback from customers

Porter's five forces model

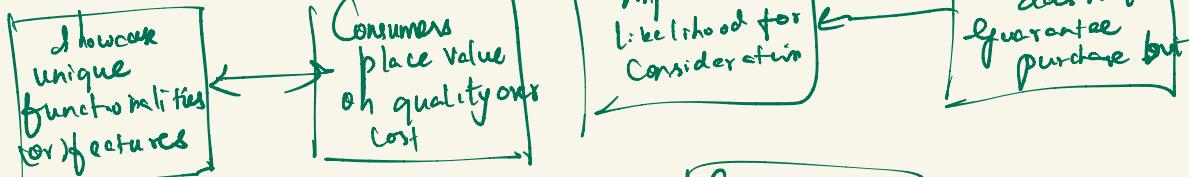
→ Aids in evaluating market attractiveness & assists product management decisions & planning.

Threat of new entrants	Threat of Substitution	Customer bargaining power	Supplier bargaining power	Internal Competition (Rivalry)
<ul style="list-style-type: none"> → Economies of scale → Substantial capital needs → Limited access to distribution channels → Government regulation & subsidies 	<ul style="list-style-type: none"> → Customers would choose substitutes if they find cheaper ones 	<ul style="list-style-type: none"> → Dynamics b/w buyers & sellers are linked → Limited buyers wield more influence → Buyers can impose terms → Abundance of buyers wield less influence 	<ul style="list-style-type: none"> → Influence increases if suppliers are limited → They can set terms → Influence decreases if suppliers are more → Leverage competition among suppliers 	<ul style="list-style-type: none"> → Level of entry determines market position. → Influence, pricing, & loyalty diminish. → Wide array of options

Effective strategies :-

1. Overall cost leadership

2. Differentiation



3-Focus:-

