

# Product Management

{ Unit II

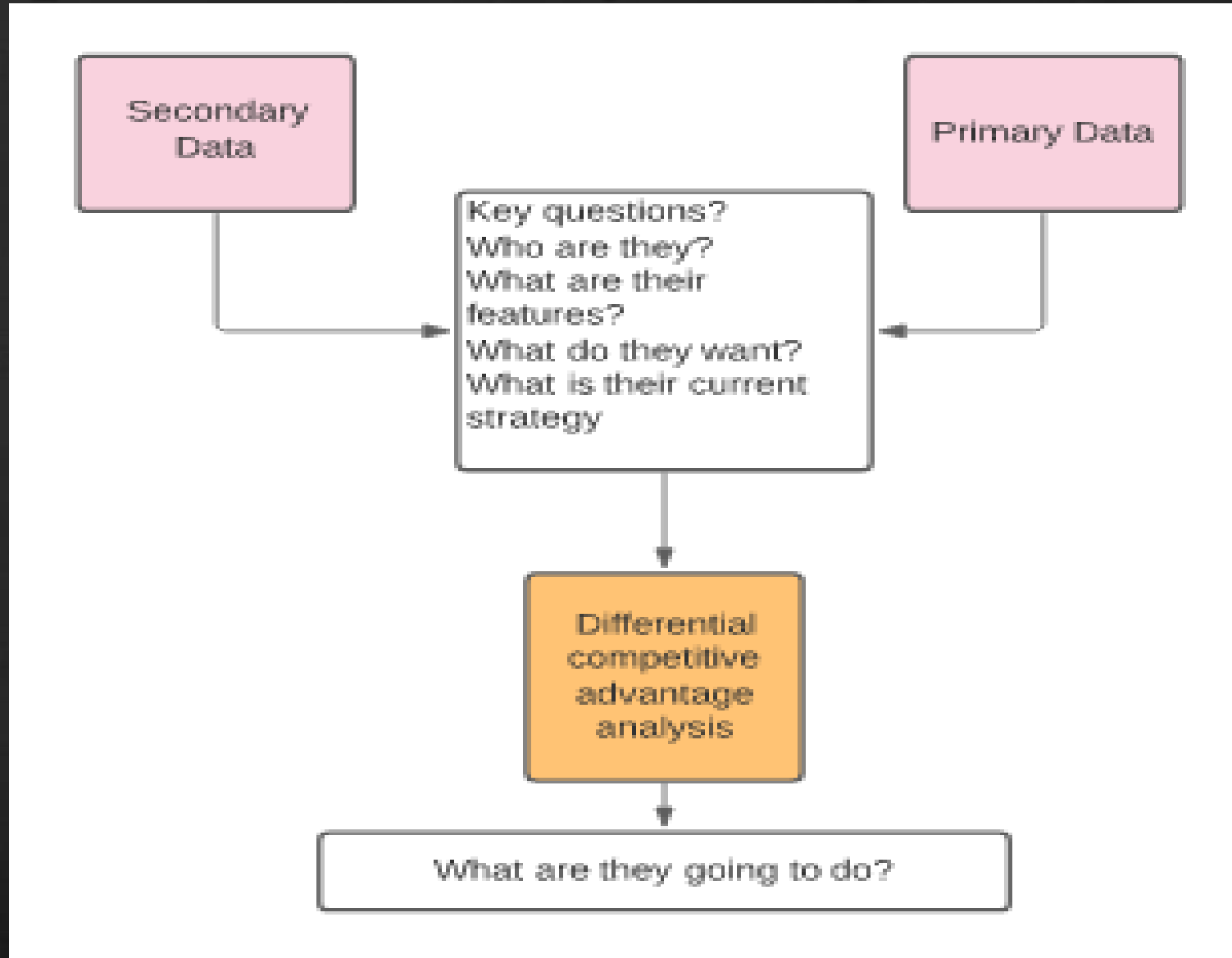
# Competitor Analysis

- & Competitor intelligence
- & Economists- Signals
- & Organizations lack formal reporting
- & Overconfidence & unwillingness

# Assessing competitors current objectives

- ◆ Current objective- Indented aggressiveness (future), assessing the capabilities of competitors
- ◆ 3 types of objectives (mkt planning)
- ◆ Growth objective
- ◆ Hold (consolidation) objective
- ◆ Harvest objective

# Competitor Analysis system



# Secondary sources of Information

& Internal sources

& Local newspapers

& Annual reports

& 10K statements

& Patents/TM filings

& General Business  
Publications

& News Releases

& Promotion Literature

& Trade Press

& Consultants

& Employee Communications

& Trade Associations

& Government Sources

& Electronic Data services

& Using the internet

# Primary Sources of Information

& Sales force/ customers

& Employees

& Suppliers

& Consultants/ specialized firms

& Investment Bankers

# Creating Product Feature Matrix

Features	Competitor Brand A	Competitor Brand B
F1	1....Ka	1...Kb
F2....		
Fn		
Total		

# Assessing Competitors Current Objectives

& Current objectives- intended aggressiveness, assessing capabilities

& 3 types of objectives

& Growth objective

& Hold objective (consolidation)

& Harvest objective

# Assessing Competitor Strategy

- ⌘ Product level marketing strategy- target market selection, core strategy, Implementation
- ⌘ Target Market Selection- Few products are mass marketed, identifying which group(s) each competitor has targeted
- ⌘ Core strategy- differential advantages- basic selling proposition (usp)/ positioning or value proposition
- ⌘ (Experience curve- price positioning)
- ⌘ (service, delivery, packaging- quality positioning)
- ⌘ (value chain comparisons- value positioning)

# Multiple positioning



# Pricing

- ◆ Visible component
- ◆ List price uniformity
- ◆ Discounts
- ◆ Pattern for price changes

# Promotions

- ◆ Selling approaches
- ◆ New accounts
- ◆ Commission rates
- ◆ Media used
- ◆ Sales promotion activities
- ◆ Comparative advertising

# Distribution

- ◇ Shift in channels
- ◇ Emphasis on channels (sp)

# Product service capabilities

- ◇ Physical makeup of pdt/service
- ◇ Physical properties
- ◇ Presentations of product / services

# Differential Advantage Analysis

1. Ability to conceive & design
2. Ability to produce / service
3. Ability to market
4. Ability to finance
5. Ability to manage

# Ability to conceive and design

- ◆ It measures the quality of competitors
- ◆ A firm capable of producing new products is a serious threat (long run)
- ◆ TQM helps pdt design capabilities

# Ability to produce/service

- ◇ It assesses the production and service capabilities of the firm
- ◇ Full capacity operations vs slack operations
- ◇ Product quality issues

# Ability to market

- ◆ Aggressive & Inventive
- ◆ Access to distribution channel

# Ability to finance

- ◆ Financial resources – vulnerability of competitors
- ◆ Financial ratios are key pieces of information
- ◆ P/E ratio
- ◆ Price to sales ratio
- ◆ Dividend Payout ratio
- ◆ ROA
- ◆ ROE
- ◆ Current ratio

# Ability to manage

- ◆ Need key people
- ◆ Ability to churn out new products quickly

# Differential Competitor Advantage Analysis

CSF	Firm /Product				Our Product
	A	B	C	D	
1					
2					
3					
Overall rating					

# Assessing Competitors Will

1. How crucial is the product to the firm?
2. How visible is the commitment to the market?
3. How aggressive are the managers?

# Customer Analysis

## Buyers Vs Users

Initiator

Influencer

Decider

Purchaser

User

## Potential Customer Stages

Unaware

Aware

Accepting

Attracted

Active

Advocates

# Descriptive variables (B2C)

Demographic	Socio Economic	Personality	Psychographics & Values
Age	Education	Psychology	AIO inventory
Gender	Occupation	Profiling of customers	VALS
Geographic Location	Social Class		LOV
Stages in Lifecycle			Global Scan

# Descriptive variables (B2B)

Demographics	Operating Variables	Purchasing Approaches	Situational Factors	Personal Characteristics
Industry	Technology	Purchase function organization	Urgency	Buyer seller similarity
Company size	User/non user status	Power structure	Special application	Attitude towards risk
Location of focus	Customer capabilities	Nature of existing relationships	Size of the order	Loyalty
		General purchase policies		
		Purchase criteria		

# What customers buy and how they use it?

- ◆ Firm produces features but customers purchase benefits
- ◆ 300 hp engine- The ability to pull away quickly from potentially dangerous situations
- ◆ ABS brakes- Your wheels wont lock up and skid. This means you have an extra margin of safety.

# Purchase Pattern

- ◆ RFM Analysis
- ◆ **Recency**- How recently the customer has bought from you?
- ◆ **Frequency**- How many different types of products does he buy and at what time intervals?
- ◆ **Monetary value**- What is the value of the customers purchases in terms of profits

# Product Assortment and Use

- ◆ No. of different brands purchased by the consumer in that segments
- ◆ SOW

## Use

- ◆ Straightforward usage (home/office etc)
- ◆ When, where , how, with what else they use it
- ◆ Product experience

- ◆ Where they buy- Market/ Mall/ e-commerce
- ◆ When customers buy- FF operators “daypart” – Breakfast/Lunch/Dinner/Snacking times
- ◆ How customers choose- rational / emotional
- ◆ Why they prefer a product- customer value
- ◆ Sources of customer value

Economic	Functional	Psychological
Financial benefit	Utilitarian benefits	Image of the product
Very appropriate in B2B	Performance features	How the product feels

# Criteria's for Segments

- ◇ Sizeable
- ◇ Identifiable
- ◇ Reachable
- ◇ Respond differently
- ◇ Coherent
- ◇ Stable

# Methods of Market Segmentation

- ◆ **Cluster Analysis**- Grouping them based on convenience
- ◆ **Tabular Analysis**- Uses categorical variables (Independent variable/ dependent variable)
- ◆ **Regression Analysis**- 1 Dependent Variable more than 1 independent variables
- ◆ **Latent Class Analysis (LCA)**- Statistical Method for identifying unmeasured class membership among subjects using categorical or continuous observed variables
- ◆ **Judgment based segmentation**- customer usage rate/ natural cluster/ data mining approaches