
The Product Manager's Bane Managing Complex Competitive Environments

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One of product managers' most challenging issues is tracking and analyzing volumes of product and competitive data. This has never been more true than in today's fast-paced, competitive environments where combating competitive maneuvers carries strategic urgency. Neglecting or misinterpreting this critical information can lead to decreased margins, weakened competitive positioning, and inferior products.

Managing Fast Change

Foremost in the minds of product managers is determining the best way in which to position their products against competitors. The decisions made have huge implications for both product development and sales. However, managing, tracking, and understanding the multitude of factors impacting the competitive landscape is an arduous and painstaking process. Even more daunting is reacting to competitors' fast-paced product changes, tactics and maneuvering.

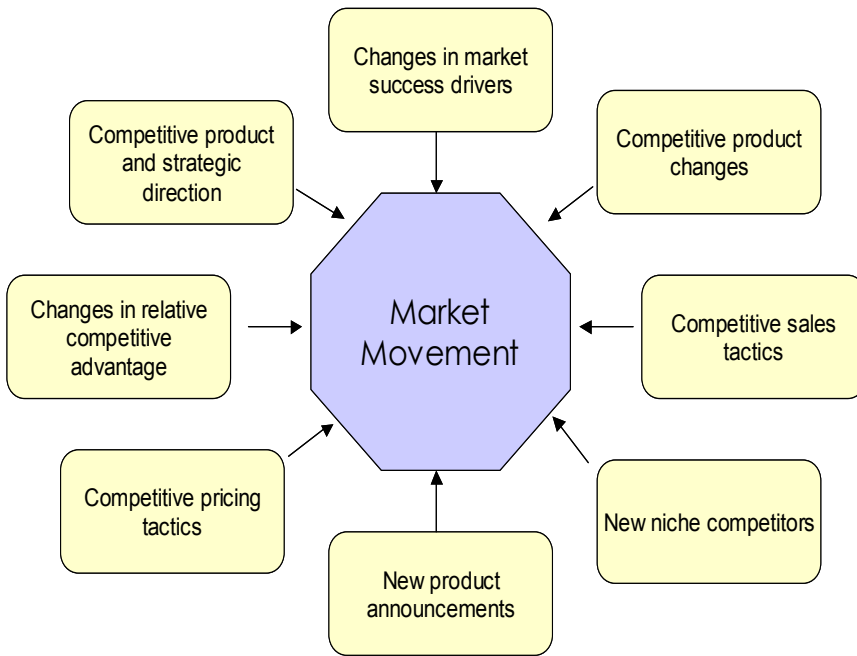
Yet the stakes are high. For product managers, the extent to which they can recognize and react to the competitive shifts in their market defines to a great degree their success or lack thereof. This is the case because so many product management activities hinge upon a complete understanding of the competitive backdrop, including:

- Product launch success or failure
- Competitive advantage and win rate
- Product development decisions
- Product positioning statements
- Sales enablement
- New market analysis

Product managers are judged on all of these important corporate activities. However, without a knowledge of (1) *what is important to the market*, and (2) *how do I stack up*, all these key initiatives are in jeopardy of succeeding. How often are these questions asked in management sessions? How often do the answers differ wildly based on the sales encounter de jour? Unfortunately, combating competitors is too often a combination of reactionary tactics and gut-feel strategies. The result is that key product investment decisions, crucial directional changes, and strategic planning are often made with fragmented and inadequate knowledge.

Product managers, tasked with enabling both sales *and* product development with key market knowledge, utilize extensive market and competitor analysis as the

foundation of everything they do. However, in fast-paced environments, keeping track of each piece of the market landscape puzzle is challenging with commonly used tools. Most product managers live in a fluid environment where constant change and numerous feature-benefits create significant market movement (as shown in Exhibit 1). Keeping abreast of the minute factors is critical to understanding the more macro market trends and how they impact the



organization. Yet the complexity is overwhelming when one takes into account all the striations and interrelationships of the market, including aspects such as: product differentiators, vertical-specific issues, customer environment factors, and market requirements. Moreover, the source of intelligence on these influencing factors is in many cases scattered throughout the enterprise.

Many product managers are limited to tools such as Excel spreadsheets and Access databases to track and analyze this complexity. However, new tools are now emerging that can model the entire competitive landscape in order to aid the product manager in managing complex competitive dynamics.

Figure 1: Rapid Movement in Competitive Landscapes

Competitive Positioning: the tasks and the tools

Many companies' efforts to track competitive products, solution sets, vertical applications, price points and other complex competitive factors have been limited to certain individuals' first-hand knowledge, or the use of simple, "home grown" spreadsheets or personal databases. None of these can be utilized as enterprise tools to improve product competitiveness or enhance selling techniques. Moreover, when it is unclear which factors are important in particular selling situations or market segments, comparisons between competitive products can be potentially misleading.

Determining ongoing product direction, implementing best practices selling strategies, and combating competitive tactics are corporate priorities and yet difficult to achieve without a strong understanding of the competitive landscape. Furthermore, such an understanding cannot be attained without robust data and analytics. What are the long-term objectives of a product manager as it relates to competitive positioning? The three overarching goals include: (1) aligning product

specifications with market need, (2) determining effective positioning strategies against each competitor, and (3) enabling sales people with that knowledge. In order to accomplish all of these critical positioning objectives, the product manager must focus on all of the following tactical activities.

Task	Tools
1. Competitor / Product Research	While numerous tools exist to collect various pieces of the competitive puzzle, where does one put it once they have found it? How can it be leveraged in the field or used to influence product evolution?
2. Competitive Comparisons	Microsoft Excel is utilized most often to perform product and pricing analysis. However, it is not geared specifically to this task, meaning true any-to-any comparisons are difficult, and dissemination problematic.
3. Pricing Analysis	Excel is not easily structured around the complexities of the competitive pricing environment, and therefore analysis is difficult to perform.
4. Positioning, Q&A, and Silver Bullets	Typically this information is incorporated within reports or disseminated via mass emails; but sales people still complain it's not specific to what they are looking for, or they can't find it.
5. Customer Input	Scattered, anecdotal, and isolated in the minds or files of the interviewers.
6. Product Specifications	Excel or Word are most often used for this task; however, product managers don't typically have access to a tool that provides quantified, market-based justification to the recommended product changes.

Figure 2: A day in the life of a Product Manager – the practices and the tools

Research

Product managers spend inordinate amounts of time gathering competitive and market data in order to understand product strengths and weaknesses and to develop competitive counter-measures that can be put to work in the field. The manager must delve into countless scraps of news, channel buzz, customer input, press and analyst coverage, product features, competitive claims and other bits of market data. The marketer then must determine the relevance of these snippets to both product development and sales, and use this microanalysis to determine macro market movement. He or she must also synthesize from the many pieces of information the best way in which to combat competitive tactics and as well develop positioning counter-tactics for the field.

Product managers have numerous tools and sources available, including web content, web monitoring and spidering, filtered news services, analyst research, financial reports and customer surveys. However, the more important issue is this: where is this information stored and maintained once collected, and how is it shared and leveraged? Typically, it is placed in individual electronic files on individual computers, or worse, printed and placed in a file folder. In some cases it is made available to the sales organization via an intranet.

For such methods, three major shortcomings become immediately transparent. The first is incapacity to share knowledge, especially when awareness of that knowledge is absent. What happens when an analyst creates a detailed competitive product analysis in order to develop Q&A sales tactics? He then leaves the company. Other managers may not even know the analysis exists. The second issue is a lack of cohesive data structure, which makes for difficult analysis and cumbersome searching. The third drawback is the inability to disseminate just-in-time positioning to the field. What if a product manager discovers a winning sales strategy for overcoming a product objection? How does he make it available to the field when they need it? These and other issues serve to frustrate the efforts of product managers.

Competitive Matrices

In many cases product managers use the fruits of their research to develop in-depth comparative matrices. These product comparisons can be used to understand product strengths and weaknesses as well as to assist in ongoing product evolution. In most cases, the product manager is limited to an Excel spreadsheet to perform this analysis. The end result for product managers is a large amount of time expended on a task that should take a few minutes per day. Excel is not designed for managing the complexities of all the variables associated with competitive landscapes.

Generating compelling competitive matrices is more than straight overall product feature comparisons. Rather, they should be created within the framework of a given market segment or audience. For example, a vertical industry may view a product feature-benefit differently than another industry. Further, matrices should encapsulate market importance scores and ratings against competitors within the segment being analyzed. The ability to manipulate the type of matrices produced is critical to the analyst function, yet requires a system much more advanced than Excel. Consider all the potential variables that may come into play when comparing competitors and their products:

- Product categories and segments
- Brands within competitors
- Products and product types
- Product bundling
- Product features
- Feature types
- Optional features
- Feature metrics and benchmarks
- Geographic or market distinctions
- Vertical-specific competitive aspects
- Non-feature product factors
- Brand-only competitive factors
- Customer environmental influences

Among these various components the keen product manager will want to make any-to-any comparisons and produce weighted scores depending on the criteria. In addition, he will want to track and understand various numerics that may relate

to a particular feature or competitive factor. To make matters more complex, one must understand and make distinctions concerning what is known and not known, what is in the market or announced, and the age and source of the data. Given the intricacies of the parameters and assumptions, in many cases matrices have more collateral value than analytical value.

Pricing Analysis

Pricing analysis is another task that appears simple on the surface. Like matrices, however, spreadsheets are simply inadequate to properly formulate price positioning against competitors. Product managers receive numerous pricing inputs from numerous sources during a span of time, and must chart competitive pricing across all channels. All of this must be tracked within the context of a product category or industry or geography. In addition, pricing schemas are in many cases complex with various product bundling considerations, or disparate pricing models. Competitive pricing can have list prices, but with numerous instances of discounting that must be tracked across time. Special pricing arrangements take place continually; optional features are sometimes priced separately. All of these factors must be taken into account when ascertaining elasticity of demand and establishing price discount policies.

Without a database model consisting of all the competitive pricing nuances, pricing analysis is a laborious, meticulous process that may never produce concrete results. Yet how many times are you asked in meetings, "Don't we have a better price performance advantage against this competitor?" The response is often: "Well technically, that depends on about a hundred variables." The greater capability to manipulate temporal pricing data, and the more data points from the field, the more informed pricing decisions can be made.

Positioning Statements, Q&A, and Silver Bullets

Among the many product management tasks, the product manager must also enable the field with information to help them win. Creating documents used to help sales people position the products, however, is often fraught with futility and frustration. How often is the case that countless hours are spent creating a competitive analysis that contains everything that anybody would ever need to know about how to position themselves against a competitive product? And yet the interminable sales queries continue.

Tools utilized today such as sales portals and intranets are in many cases accessed and used by only a few sales people. The complaints seem to focus on two primary objections: (1) "I can't find the information I am looking for, and (2) when I do, it's not pertinent to my situation." According to Aberdeen Group, sales people spend 40 to 60 hours per month re-creating collateral specific to a given scenario. A simple repository is just not sufficient for sales people's needs, who demand *situation-specific* positioning.

Customer Input

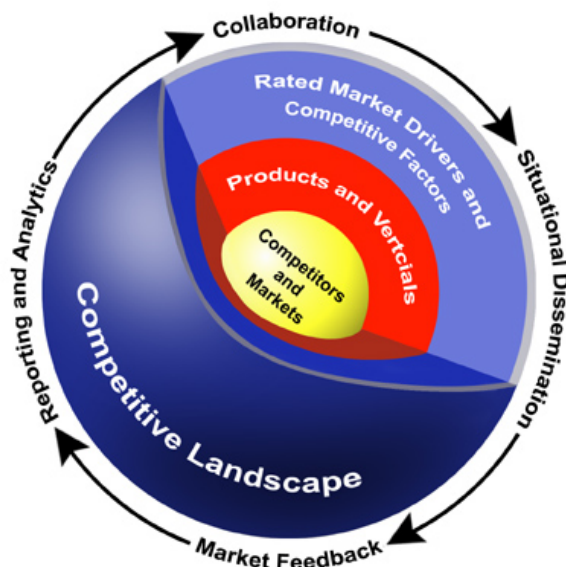
All product managers know that customer feedback is critical for prioritizing product specifications. Tools for aggregating and analyzing customer preference information, however, are generally not available. The root of the problem is the fact that important system linkages between sales and product management are ineffectual or non-existent. So, generally speaking, the product manager is on his own. The occasional user conference or survey is helpful in understanding market needs, but in some cases may be too little too late to react to rapidly changing competitive products. Win-loss analysis is typically anecdotal and isolated in sales systems. Consequently, product managers are limited to developing instinctive hypotheses based on infrequent customer visits. Product managers require an ongoing pulse of the market, but unfortunately cannot dedicate all of their time to collection. More importantly, they don't have a readily available database to capture the feedback.

Product Specifications

The end result is that product specifications become more art than science. Hard data is difficult to come by in order to justify product changes and feature-adds. Large customers, therefore, can exercise extensive influence through sales organizations, which naturally want to placate them. The product manager, though, is limited to gut-feel responses to such pressure. Ultimately, product specifications become a political battle, rather than driven by the market as a whole.

What is Needed

What is required in order to manage complex competitive environments? Any successful system must employ a structure that is easily adaptable to the complexities and dynamic market characteristics of rapidly changing industries.



Such a system must also contain a collaborative framework that encompasses all of the elements of the competitive landscape. For product management: a *Competitive Landscape Platform*, used to more efficiently perform their function. For sales: a *Virtual Marketer*, used to extend the reach of expert market knowledge. Shown below are some of the key requirements:

- Such a system must manage numerous competitors, as well as complex products that may fall within several product categories and vertical specialties. Sub-elements (product features, pricing, etc.) of these competitors and products must be easily visualized, associated, and accessed.
- Any system must have the ability to easily organize, analyze, compare and rate these competitive elements. Moreover, the system must

Figure 3: The ideal platform

be able to attach notes, collateral, tactics, and files directly to all of these competitive elements, and make them easily accessible to sales organizations.

- The ability to manage soft competitive factors such as competitive influencers, corporate reputations, and environmental issues is requisite.
- The ability to transparently track market and field feedback is a must.
- The system needs to be easily configured as a situational expert system so that sales people can extract only the content required in a given situation. Situational competitive action maps and comparative matrices should be automatically generated based on interaction with the system.
- Automatic dissemination of competitive updates is critical in any system deployed. The ability to provide these alerts in a situational or “opt-in” fashion rather than continual blanket emails assures that they will be read and utilized.
- Collaboration management and content control will be critical to the administrators of such a system. As such, functionality must be in place to approve comments prior to database population, as well as to manage, update, or archive existing content.

A subset of these requirements can be built piecemeal and in-house. However, many organizations find that they underestimate the complexity of the task. Moreover, many “homegrown” point solutions fail to answer the complete set of issues, and provide few leverage points outside of product management. This has given rise to a new software category called Marketing and Sales effectiveness software (MSE), which provides the comprehensive solution. Well-respected organizations are beginning to take notice. Harvard University, Aberdeen Group, and the American Marketing Association (AMA) are all beginning to recommend and endorse such applications.

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