

## PRODUCT MANAGEMENT (Compiled by Deep Banerjee, Marketingpundit.com)

**Product management** is an organizational function within a company dealing with the planning or marketing of a product or products at all stages of the product lifecycle. Product Management is also a collective term used to describe the broad sum of diverse activities performed in the interest of delivering a particular product to market.

From a practical perspective, product management is an occupational domain which holds two professional disciplines:

- product planning.
- product marketing.

This is because the product's functionality is created for the user via product planning efforts, and product value is presented to the buyer via product marketing activities.

Product planning and product marketing are very different but due to the collaborative nature of these two disciplines, some companies perceive them as being one discipline, which they call product management. Done carefully, it is very possible to functionally divide the product management domain into product planning and product marketing, yet retain the required synergy between the two disciplines.

### Aspects of product management

The various components of product management can be further broken down as follows:

#### Product planning

- Defining new products and gathering market requirements
- Product Life Cycle considerations
- Product portfolio management
- Product differentiation

#### Product marketing

- Product positioning and outbound messaging
- Promoting the product externally with press, customers, and partners
- Bringing new products to market

#### Product management

- Product planning
- Product marketing
- Program management
- Project management

### Product differentiation

In marketing, **product differentiation** (also known simply as "differentiation") is the process of distinguishing the differences of a product or offering from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as one's own product offerings.

Differentiation is a source of competitive advantage. Although research in a niche market may result in changing your product in order to improve differentiation, the changes themselves are

not differentiation. Marketing or product differentiation is the process of describing the differences between products or services, or the resulting list of differences. This is done in order to demonstrate the unique aspects of your product and create a sense of value. Marketing textbooks are firm on the point that any differentiation must be valued by buyers. The term unique selling proposition refers to advertising to communicate a product's differentiation.

For example : Some unique propositions that were pioneers when they were introduced....

Hero Honda 4-stroke Motorcycles: "Fill it, Shut it, Forget it".

Maggi Noodles: "Meals in 2 minutes".

Domino's Pizza: "You get fresh, hot pizza delivered to your door in 30 minutes or less -- or it's free".

FedEx: "Your package absolutely, positively has to get there overnight".

In economics, successful product differentiation leads to monopolistic competition and is inconsistent with the conditions for perfect competition, which include the requirement that the products of competing firms should be perfect substitutes.

The brand differences are usually minor; they can be merely a difference in packaging or an advertising theme. The physical product need not change, but it could. Differentiation is due to buyers perceiving a difference, hence causes of differentiation may be functional aspects of the product or service, how it is distributed and marketed, or who buys it.

The major sources of product differentiation are as follows:

- Differences in quality which are usually accompanied by differences in price
- Differences in functional features or design
- Ignorance of buyers regarding the essential characteristics and qualities of goods they are purchasing
- Sales promotion activities of sellers and, in particular, advertising
- Differences in availability (e.g. timing and location).

The objective of differentiation is to develop a position that potential customers see as unique. Differentiation primarily impacts performance through reducing directness of competition: As the product becomes more different, categorization becomes more difficult and hence draws fewer comparisons with its competition. A successful product differentiation strategy will move your product from competing based primarily on price to competing on non-price factors (such as product characteristics, distribution strategy, or promotional variables).

Most people would say that the implication of differentiation is the possibility of charging a price premium; however, this is a gross simplification. If customers value the firm's offer, they will be less sensitive to aspects of competing offers; price may not be one of these aspects. Differentiation makes customers in a given segment have a lower sensitivity to other features (non-price) of the product.