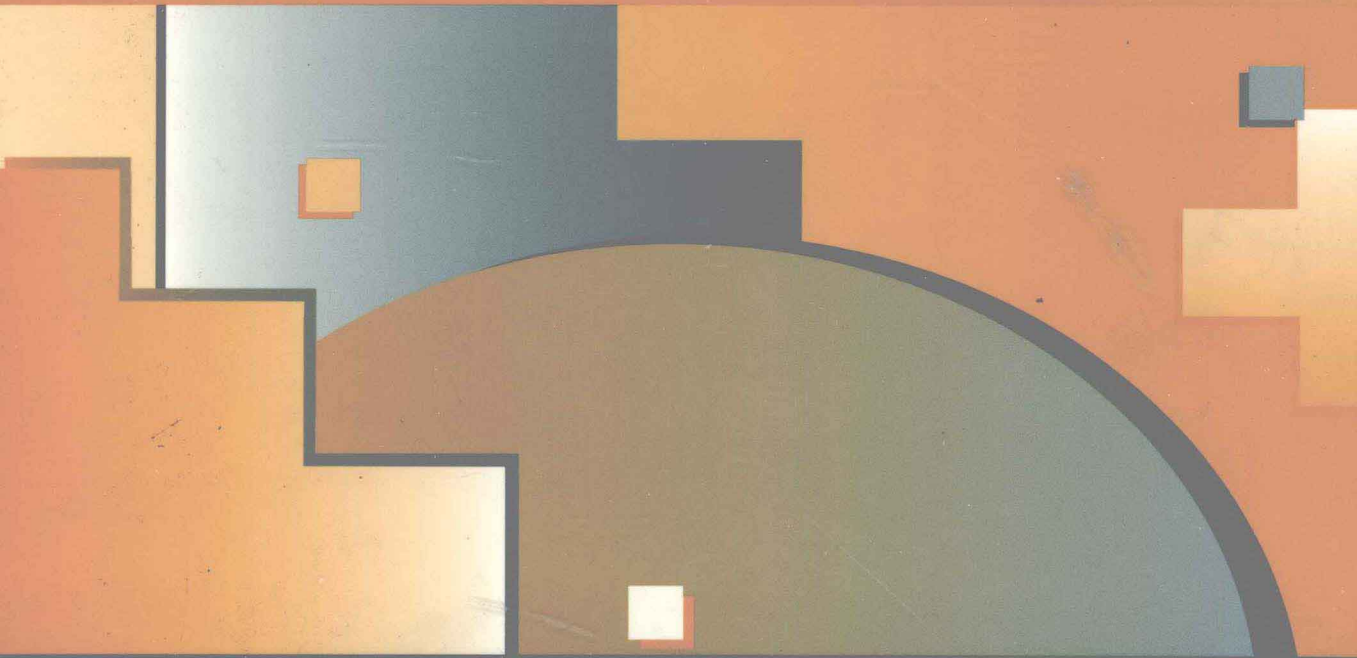


PRODUCT MANAGEMENT



DONALD R. LEHMANN
RUSSELL S. WINER

SECOND EDITION

PRODUCT MANAGEMENT

Donald R. Lehmann

*Graduate School of Business
Columbia University*

Russell S. Winer

*Haas School of Business
University of California, Berkeley*

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To those who helped shape our thinking and especially those like Kris who helped on the book.

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The focus of this book is on those individuals who have the primary responsibility for the market success of the company's products and services. In many companies, particularly packaged goods companies, this person has the title *product manager*. Although, as we note in Chapter 1, the title is not always the same, there are always individuals in the company who must be the "expert" for the product, someone to whom senior managers can assign responsibility for the execution of marketing plans and someone who advances or fails as a result of the product's performance.

The product manager's job is becoming increasingly complex. Due to, among other things, changes in information technology, increasing global competition, changing customer needs and wants, the job of the product manager involves continually collecting and synthesizing information, forecasting changes in competition and market conditions, revising market strategies, and adapting decisions such as price and communications to rapidly changing market conditions. This is true even for so-called mature product categories.

In the second edition of *Product Management*, we have attempted to cover the three major tasks facing product managers:

1. Analyzing the market.
2. Developing objectives and strategies for the product or service in question.
3. Making decisions about price, advertising, promotion, channels of distribution, and service.

We use as a unifying framework the development of the marketing plan, a process that integrates the three tasks and provides a written record of the brand's history, prospects, and hopes.

Why We Wrote the Book

Many fine textbooks deal with marketing management and strategy issues. These books either are general introductions to marketing management or focus more exclusively on strategic issues. One way to look at the existing set of textbooks is to relate them to job responsibilities. The general marketing management texts are excellent devices for introducing marketing concepts to all employees in an organization. The strategy books are more advanced and fit well with the jobs of senior marketing managers such as group product managers, VPs of marketing, and the like. These people usually manage “portfolios” of products and, sometimes, many product managers.

We have found that most existing textbooks do not really cover the middle ground. This middle ground consists of marketing managers who have day-to-day responsibilities for managing either a single product or service or a closely related product line. These managers know what the marketing concept is and understand the general pros and cons of basic strategy decisions (e.g., which segment should I pursue?). What they need to know is how to write product marketing plans, how to select specific marketing strategies, and how to implement those strategies by making decisions regarding so-called marketing mix instruments. That is the focus of this book.

A second reason for writing this book is our belief that much of the research marketing academics have produced has great relevance for practicing managers but is generally inaccessible to them. In this book, we attempt to bridge this gap. Particularly in the chapters on marketing decision making, we have attempted to integrate findings from academic research in the marketing management, consumer behavior, and marketing science literature.

The differences, then, between *Product Management* and other marketing textbooks are (1) its hands-on approach, (2) the focus on decision making, and (3) the attempt to simulate what the product manager’s job is actually like.

As a result, we do not aim to be comprehensive, but rather focus on the key tasks facing product managers. For example, there is no chapter on sales force management because typically the product manager has little influence on sales force size, compensation, territory design, reward systems, and so on. We also omit a very important part of any managerial position: interpersonal skills. Clearly, a large part of a product manager’s success is usually related to an overall ability to get things done in a complex and often political organizational setting. We leave discussions of these issues to the appropriate experts.

What Is New in the Second Edition

While we are gratified with the reception given the first edition, we also received many suggestions from colleagues and reviewers about things to change. The most important changes are as follows:

- We have included a chapter on the role of product management in new-product development (Chapter 9).

- We have reorganized the book somewhat. The material from old Chapter 12, “Brand Value Maintenance and Product Modification,” has been included either in the new Chapter 9 or in Chapter 8, “Developing Product Strategy.”
- One of the features readers liked best about the first edition, the running examples (formerly bottled water and computer workstations), have been updated. The two new examples are ready-to-drink fruit drinks (e.g., Snapple) and personal digital assistants (PDAs).
- Many references are made to Internet-based marketing and marketing on the World Wide Web.

The basic outline of the book is the same, so past users and readers will be comfortable with the new edition.

The Structure of the Book

As noted previously, the book covers three major areas of product manager responsibilities. The structure of the book uses the operating product marketing plan as a unifying theme. The marketing plan guide, given in the appendix to Chapter 2, is also an outline for the book:

- Part 1 (Chapters 2 through 7) describes the marketing planning process and the background analyses necessary for constructing a successful marketing plan. Rather than taking a checklist or fill-in-the-blank approach as do many books on marketing planning, we attempt to keep the process as simple as possible while giving a sound rationale for answering the necessary major questions.
- Part 2 (Chapters 8 and 9) describes how to set sound product objectives and develop a product strategy as a result of the market analysis conducted in Part 1. Chapter 9 presents this material in the context of new products.
- Part 3 (Chapters 10 through 14) covers the marketing mix with an emphasis on decisions. While Managing Service Quality (Chapter 14) is not a classic marketing mix topic, it has become critical for product managers in the 1990s.
- Part 4 (Chapters 15 and 16) covers important ancillary topics, such as financial analysis, and expected future trends in product management, including the strategic use of information technology and advertising and channels issues in the context of the Internet.

Intended Audience for this Book

This book can be used at both the undergraduate and graduate levels. At the undergraduate level, the book can be used in a capstone course for seniors who have had several other marketing courses. At the MBA level, the book works best in a course positioned between the core marketing course and an advanced marketing strategy course. Those three courses make a very nice three-course sequence for marketing majors or those with a serious interest in marketing and exist (not surprisingly) at both Berkeley and Columbia.

We also planned for the book to have a practitioner audience. As we have noted, *Product Management* is meant to be a practical, “hands-on” book based on actual product manager experiences across a wide variety of product categories. As a result, the book is not purely academic but attempts to integrate practical results from academic research that are not otherwise easily available to practicing managers. A product manager could read this book and immediately apply the concepts to his or her situation. Positive feedback from participants in executive education courses and other practicing managers support this contention.

In some ways, *Brand Management* would be a clearer title for the book. However, we chose to title the book *Product Management* to connote the applicability of the concepts to high-tech, low-tech, and no-tech manufacturing, and service situations. Our examples are purposefully diverse and, we hope, make the book equally useful to a toothpaste brand manager, a computer software product manager, and a product manager in the financial services sector.

We always appreciate feedback. In this electronic age, maintaining communications with customers is easier than ever. We invite you to send us e-mail with comments, suggestions, and questions.

Donald R. Lehmann

dlehmann@research.gsb.columbia.edu

Russell S. Winer

winer@haas.berkeley.edu

<http://www.haas.berkeley.edu/~market/>

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