

Market Vigilance, Product Diligence

Executive Summary



A thought leadership initiative from the Business Performance Management (BPM) Forum and Chief Marketing Officer (CMO) Council

June 20, 2006 | To what degree are product marketers equipped to make intelligent, informed and insightful decisions that drive top-line and bottom-line performance, as well as maximize product value and longevity? The BPM Forum and CMO Council surveyed product management and product marketing executives from more than 150 companies, many of them multinationals with a variety of product offerings. Industries included consumer electronics, high-tech, health care, software, telecom, office equipment and games.

Most of the respondents hail from global, sophisticated, market-savvy and tech-savvy companies. They are product marketing and product management professionals with considerable experience and industry knowledge. They measure customer success by satisfaction and retention. Product success is measured by revenue, margin and market share contribution.

They also emphasize the cross-functional nature of their roles by highlighting the importance of collaboration with internal constituencies such as manufacturing, sales, and finance. Yet, a strikingly high number struggle with quality of data and analytical tools.

The study reveals significant pain points in the product decision-making process:

- 70 percent of respondents classify as 'average' to 'very low' their opinion of the quality of data being conveyed between product marketing and other internal constituencies.
- Despite the implementation of big-ticket technology infrastructures, up to 80 percent of respondents rely on internal data generated and communicated through outdated spreadsheets.
- Almost 70 percent express displeasure with the technologies they use for product forecasting, pricing, product portfolio planning, and competitor analysis.
- Close to 40 percent of respondents say they could boost company revenue by double digits with better quality data and improved analysis and forecast alignment.
- A similar number of respondents say that if their competitive response time could be reduced by half, revenue would jump over 10 percent.

While everyone is clearly aware that there are enterprise-wide implications to each initiative, almost no one actually has the visibility needed to learn what those implications are.

This in turn decreases the level of confidence in product management and product marketing outputs — such as volume, revenue, price, and margin — that are provided to manufacturing, sales, and finance.

In an age where the latest hardware and software is regularly deployed and upgraded to support ongoing business processes, it's startling to hear about the extensive reliance on basic desktop applications such as Excel and e-mail. It's less surprising to hear most executives comfortably speculating — complete with distinct numbers — that they can boost revenue in very noticeable ways if they have the tools and visibility they need.

Key Areas Covered in the Report

- Types of analytical tools used by product marketers for various processes such as forecasting, competitive response, profitability, portfolio planning, pricing, and promotions.
- Quality and consistency of data used for these analyses.
- Importance of “what if” analysis that shows P&L impact before making changes to key levers like prices, costs and new product introduction.
- Financial and operational metrics that product marketers are being measured on.
- Revenue and margin enhancement potential using better analytics and scenario planning.

To obtain your complete copy of the “Market Vigilance, Product Diligence” report including full survey results, contact Scott Buckley at (973) 434-6240 or email sbuckley@vistaar.com.