

Product Management Best Practices

Know What You Need to Know
to Price Your Products

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About Pragmatic Marketing, Inc.

- We are recognized experts in technology product management and product marketing
- We specialize in training and consulting
- Since 1993, we have trained over 30,000 people at thousands of companies



Questions about pricing

- How much should we charge?
- What pricing models should we use?
 - Module
 - User
 - Frequent versus casual
 - Server
 - Usage
 - Subscription
 - Regional
 - Specials
- How can we overcome sales channel issues?
 - Product announced before pricing is finalized
 - Price objections
 - Heavy discounting
 - Sales channel is confused
 - Customer is confused



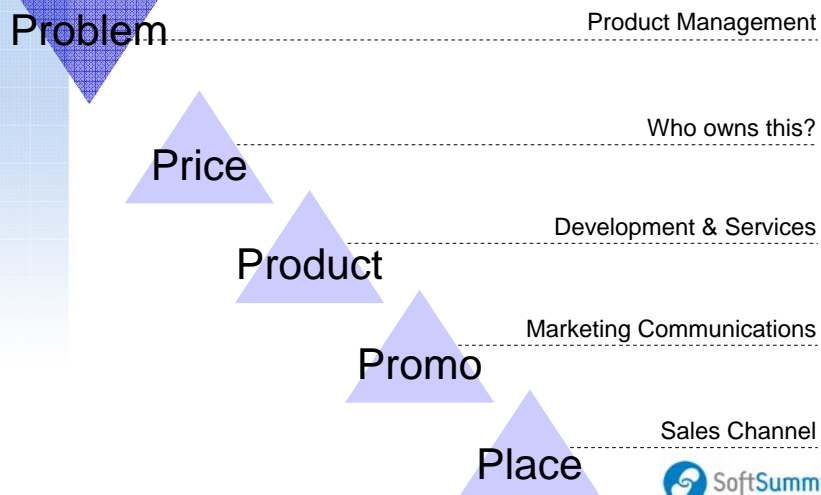
The answer to most of your
questions is not in the
building

Back to basics - the four P's

Price
Product
Promotion
Placement



The new P's



If product managers
don't do their jobs, the
other departments will fill
the void.

7

If you think the door is cool, wait until you open it.
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8

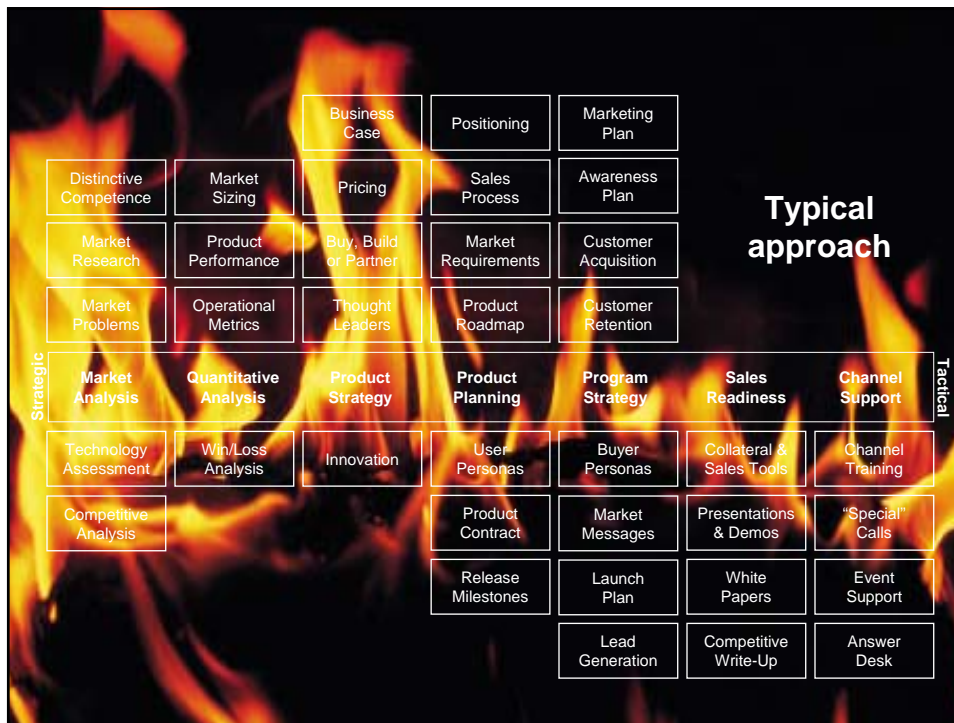
Pragmatic Marketing® Framework

		Business Case	Positioning	Marketing Plan
Distinctive Competence	Market Sizing	Pricing	Sales Process	Awareness Plan
Market Research	Product Performance	Buy, Build or Partner	Market Requirements	Customer Acquisition
Market Problems	Operational Metrics	Thought Leaders	Product Roadmap	Customer Retention

A market-driven model for managing and marketing technology products

Strategic	Market Analysis	Quantitative Analysis	Product Strategy	Product Planning	Program Strategy	Sales Readiness	Channel Support	Tactical
	Technology Assessment	Win/Loss Analysis	Innovation	User Personas	Buyer Personas	Collateral & Sales Tools	Channel Training	
	Competitive Analysis			Product Contract	Market Messages	Presentations & Demos	"Special" Calls	
				Release Milestones	Launch Plan	White Papers	Event Support	
				Lead Generation	Competitive Write-Up	Answer Desk		

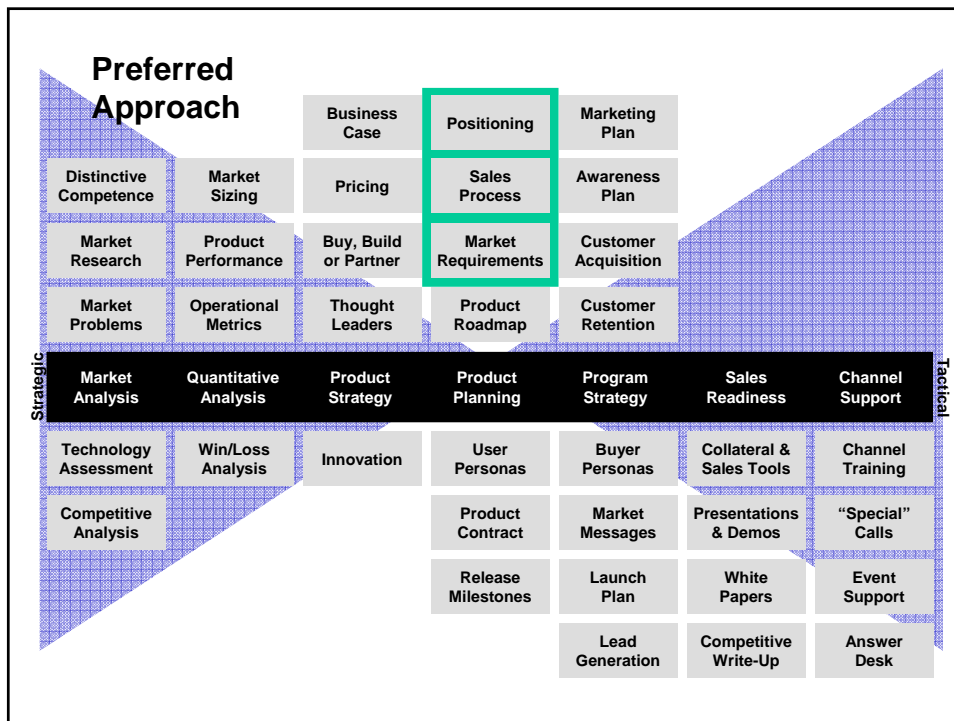
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Kristen Lippincott, Curator,
National Maritime Museum, Greenwich, England

There's a difference between being busy and being productive.

11



Don't price in a vacuum

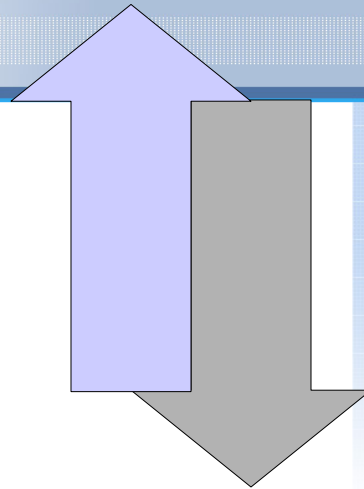
- Find out value to customer
 - Quantify the value
 - Perception of value based on price
- Understand competitive landscape
 - Price of competitors' products
 - Alternatives



To find out value

Quantify what you will increase or decrease

- Time
- Money
- Quality
- Influence
- Satisfaction
- Risk
- Health



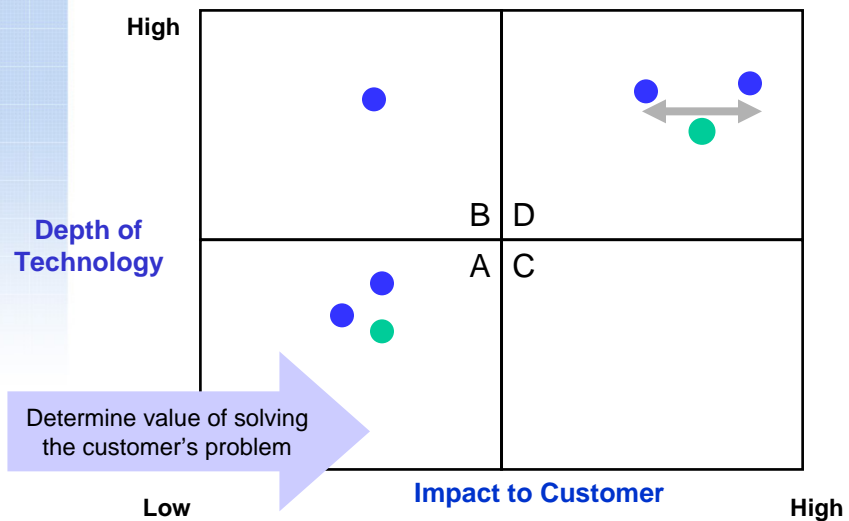
Competitive price review

- Commodity price commodity products
- Premium price distinctive competence

	C1 Base	C2 Base	Our Base	Our Premium
Contact Info	✓	✓	✓	✓
Encrypt				✓
Backup/restore				✓
Web access		✓	✓	✓
Price	\$100	\$100	\$100	\$500



Technology Product Assessment



Price/quality matrix

Value of Offering	High	Underpriced	Ideal for Penetration	Premier Offering
		Real Bargain	Average	Overpriced
	Low	Cheap Goods	Unhappy Customers	Make the Sale & Run
		Low		High

Price Versus Competition

Source: Business Resource Software, Plan Write for Pricing, www.BRS-Inc.com

Price model impact

- **Market**
 - Customers
 - Different segments
 - Sales channel
- **Feasibility**
 - Technical
 - Operational

Strategic product managers

- Understand the company's distinctive competence
- Know what is possible with technology
- Collect and quantify market problems
 - Know the market better than the market knows itself
 - Understand what the market values
- Communicate to the organization

...using the framework

The building is full of
product experts.

Your company needs
market experts.

20

Action Plan

- Listen to the market
- Use the technology product assessment grid
 - Plot your products
 - Plot your competitors' products
- Assess your product management skills using the Pragmatic Marketing® Framework



Resources

- Product Management
 - www.PragmaticMarketing.com – about our seminars
 - www.ProductMarketing.com – free resource for product managers
- Pricing
 - *The Price Advantage*, Michael V. Marn, Eric V. Roegner, Craig C. Zawada
 - *The Strategy and Tactics of Pricing*, Thomas T. Nagle
 - SPG Insights newsletter - www.spgconsulting.com
 - Software pricing website - www.softwarepricing.com
 - Business Resource Software
 - Plan Write for Pricing - www.brs-inc.com