

Executive Summary

1. Product managers who can translate data-driven customer insights into solutions with compelling customer value propositions have a greater chance of winning in the market and delivering stellar returns to the business.
2. Product managers need to keep up with shifting customer preferences so they can more appropriately evolve their product strategies.
3. Understanding the benefits that customers value most can help you create the most potent product positioning and devise optimal pricing strategies.

Understanding customers begins by recognizing how they're grouped, or segmented. Market segmentation identifies customer groups based on specific categories, such as common needs and usage patterns.

The two main market types are consumer and business. Consumer markets are characterized by demographics, geographic indicators, values and beliefs, and loyalty or frequency indicators. Business markets additionally are characterized by geographic areas, company size, industry or industries served, and market segments on which companies focus. Market segments change as a result of changes in demographics, geographic location, and customer preferences.

Assessing a target market, or the segment of a market that your company is interested in, involves looking at the degree to which a segment is growing, the number of competitors vying for that segment, the manner in which a segment is accessible by known distribution channels, and the profit to be gained by introducing products or services to that segment.

Product managers must gather and analyze data to determine what customers need and how customers use products or services to meet those needs, including unexpressed needs. In targeting a particular customer, product managers must become familiar with that customer's workflow, or present method of operation (PMO). From that a future method of operation (FMO) can be envisioned. One of the best ways to learn about a customer's operation is through an on-site visit. A customer visit plan outlines the purpose of the visit, the employees in relevant functions, and proposed structured activities, such as interviews with key employees, tours of facilities, observations of people at work, and presentations by employees of what they do. All of this is done to amplify the voice of the customer (VOC) in order to better understand the customer's needs and provide solutions.