

CHAPTER 18

PRODUCT MARKETING

DRIVING THE PRODUCTS

If tactical marketing people sound like supermen, they have one shortcoming: they tend to not be very technical. They understand all the specifications of their products and are able to negotiate exceptions and relaxations to those specs. But, when I was at Zilog, as good as they were, the tactical marketing people could not have designed an application using their products.

Product marketing is more technically grounded, and understands where their products are going and how they are being used. This is where the product lines are planned and managed, where new products are articulated and nurtured, where the benefits of the products are patiently explained to sales, and where the company vision is translated into product strategies.

There are two basic jobs here, both somewhat abstract. The first is to find market niches where the company can build and maintain defensible positions. It can be argued that the whole job of marketing is to find the natural segments of the market, and then find holes that can be exploited by the company, and held against competitors. This is the basic principle of marketing and it is in this group that the basic principle is worked and exploited. Finding a defensible niche means finding ways to position existing products and ways to define new products that fit within target market segments in a way that competitors cannot dislodge. Easy to say, hard to do.



The second basic job is to ensure that the product offering is complete. That is, if a product can only be used in conjunction with several others, to find a way to offer those products as well, either directly or indirectly. A complete product offering means being sure that every part needed to use the product is available and easy to order and use. It means providing application notes showing the product in use and clearly defining and showing the interface to other parts. It means being sure that those parts are easily available and that customers do not have to search to find them. In many cases, it means manufacturing those other parts as well. In *no case* should there be a missing element necessary to effectively use the company's products.

OK, let me restate the job of product marketing: to segment the market into a matrix, draw big thick red circles around those cells where all the money is, and focus 100% of the company effort into those squares. A really high-level game is enticing the competition into wasting their resources by putting part numbers into the low return boxes. A really cold way to say it is, "Kill the product plans for those low return cells in the matrix and move all those engineers to help strengthen the efforts in the high-return cells."

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The same thing applies to marketing itself. Why have scarce resources tied up in low-return product lines? The simplest definition I give is, "Marketing means figuring out what's easiest to sell and then making it easier." So move people from the low-return, hard-to-sell products over to the winners.

New Product Proposals

The process of defining new products has to be done with the active cooperation of the customer base. Companies that define their new product offerings without talking to customers are relying on blind luck. But this is not as simple as it may first appear. As I said earlier, asking the customer what they want suggests your company is in trouble because you don't know what to build. Even with larger, mainstream customers the process is not this simple. Basically, they have never thought in terms of what could be done with the products or what the tradeoffs between features are. Sometimes you can get great ideas from customers once you have a prototype or a detailed product spec to show them. They can tell you what improvements would make the product viable for them. These kinds of suggestions are invaluable and it's critical that your marketing / sales team be set up to hear and record them. But handing a customer a blank sheet of paper and hoping they'll design your next generation product is crazy.

Presenting the customer with the choices you're evaluating and getting their reactions is usually a lot more fruitful. In this framework the customer sees the choices and understands the tradeoffs. Give them a choice so you understand just how important the matter is.

This was brought home to me when I went to Intel and discovered the company had run a very expensive survey of its DRAM customers and one of the questions was a write-in: how much would you like to pay for DRAM next year? Rather predictably, half the people answered zero. By comparison, at Zilog we were trying to determine which features to put into a new microprocessor design, so I surveyed the customers. But we listed the potential features and then asked the customer to rank them. We found that the features the company had planned to include on the new chip (because they were easy for engineering) were the least important to the customers, and the ones they really wanted had never been seriously considered. We turned the chip design around and when it hit the market it was a runaway success.

Of course, product planning is not done in a vacuum. It comes out of the company vision and strategy put forward by the CEO. But within that vision is where the products come to life. The idea is to create products with features so strong and so optimized for the target market segments, that customers have no real choice because yours are the only choice. When that happens, the pressure is off sales and pricing pressure is reduced to nuisance levels.

The job of product marketing is always to find ways to make the company products sole source, with no effective competition. Sometimes that is done by incorporating special features in them, sometimes by making them the highest performance. But it can also be done in other ways, by tying them to other parts that are sole source, for instance, so that tie effectively makes these sole source as well. This is not to say the company should use product tying to monopolize trade. But sometimes informal relationships with other companies can be used to create market preferences that work the same way.

One of the most important jobs of product marketing is often overlooked: selling the plan internally. In defining new products and pushing the company into new niches, the rest of the company, especially engineering, must be sold on the effort. At the same time, new product strategies have to be sold to sales. This is easier said than done and I believe one of the key differences between successful and unsuccessful product marketing people is the ability to make that sale. I have never been bashful in using merchandising techniques (buttons,

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t-shirts, posters, whatever it took) to drive that sale internally through the company. The cost of making that sale was pennies, but the rewards were immeasurable. It is not uncommon to use these techniques to sell to the sales force, especially within the environment of a national sales meeting, but it is just as important to sell the plan to the other parts of the company, including engineering.

We have discussed product marketing as though that group was the sole keeper of new product definitions. In fact, in many companies this group is charged with that responsibility, but I believe that this function does not reside in one single group. Granted, product marketing is responsible for the marketing input into new product definition, but that job is far too important to entrust to one single group. In practice, I find the best product ideas come from marketing and engineering people sharing ideas and coming up with product proposals that are realistic and that have real value in the marketplace. But it is product marketing that drives the process of proposing new products. Like many managers I use a simple three question test to evaluate new product proposals.

- Can we do it?
- Can we win?
- Is it worth it?

Basically these questions test the proposal by asking in order, whether the company is capable of inventing or designing the product, whether it can then beat other competitors in the market and win sales, and finally, having done all that, will it generate enough profit to make the undertaking worthwhile. Surprisingly few proposals pass all three of these tests.

Working with Sales

We've talked about how tactical marketing is working with sales on a daily, if not hourly, basis. Product marketing works with sales as well, though not nearly as frequently. Sales will call product marketing to get information on how products stack up against competitors, for instance. Going into the field to talk products with customers is *always* coordinated by sales with no exceptions. And it is product marketing that does the product training sessions for sales, creates the PowerPoint presentations sales will use, drives literature that sales hands out to customers, and with the exception of price and delivery information, it is product marketing that is the "face" of the product to sales. When sales asks about the status of new products under development, they send

those questions to product marketing. And it is product marketing that launches those new products.

The Product Launch

After a new product proposal has been approved, the design completed, and the product is nearing market introduction, the launch begins. Actually product marketing has been planning what happens and when from the beginning. Technical documents have to be written and readied for printing and placing on the company website. Invitations to present at major technical conferences must be secured from panel moderators. Promotional materials, including press releases and perhaps ads, must be started. Presentations for customers have to be created. Sales training materials have to be written. And so on and so on. Product marketing plans and drives all of this. Look in a product marketing manager's office or cubicle and you'll see launch schedules and timelines on the walls.

When the launch date gets close, all of the activities and projects being driven by product marketing are converging. One of my favorite launch tools was what I called the Product Sales Guide, a booklet of about 30 pages written and created just for the sales force. I remember them well because at Signetics, I was the one that came up with the idea and wrote them. The company was so large at that point that new products were being announced every week. I was a marketing consultant basically doing new product marketing in one of the divisions. If I had been on the payroll my title would have undoubtedly been product marketing manager. But I wasn't on the payroll and was given a lot of leeway to just do what I thought would work.

My impression of new product introductions at Signetics in those days was that basically they were just thrown over the fence to sales with some sort of memo, "Here's a new chip. The prices are \$X. Sell them to people doing xyz." I've talked before about "selling to the channel" but that is especially true in large companies with multiple divisions because you're basically competing with the other product marketing people for the attention of the sales force. I was fine with that — in fact, it was my specialty. The sales force was used to getting two-paragraph memos announcing new chips, so my 24 page Sales Guides exploded when they hit the sales force.

So what was in these things?

A description of the part. I'd make this as entertaining as possible, not loaded down with technical jargon, but basically a simple description of

the problem this was designed to solve and how it managed to do that. These had to be funny, quick reads and the more outrageous the prose the better. People remember outrageous. They forget dull.

The schedule of events. When the part would ship (and that should have read something like “yesterday at midnight”), what it would cost, what distributors already had it in stock. You know, the nuts and bolts stuff a sales person would have to know.

A datasheet. Today when 100 page datasheets are common, I would only include the first few pages, but in the days at Signetics, the typical datasheet was only four pages so I’d print the whole thing right in the book. And to make it really clear what the key points were, I’d have marked it up with a marking pen, pointing out key specs and features with notes about where it was ahead of the competition. I fully expected the sales people to do the same thing... hand out the datasheets and then mark it up right in front of the customer.

Ad. Few products got, or deserved, actual ads, but if one was going to run as part of the introduction, a copy of the ad was included along with the schedule and names of the publications where it was appearing. In those cases when there was an ad, it really reinforced the key messages to the sales force.

Press release. Products were always introduced to the press with press releases so a copy of the release was bound right into the Sales Guide.

Press coverage. Any special stories we had been able to place in the trade press were called out. These had normally not appeared at the time the Sales Guide went out to the sales force, but we obviously knew which magazines and issue dates were going to cover our product in a major way since we had written a lot of the material they were using. So the schedule and list of those publications was included. I didn’t expect the sales force to memorize this, but I wanted to impress them with the fact that the magazines thought this product was a big deal and were going to do major coverage of it. In the event we actually had a cover of one of those magazines, I’d point it out and suggest they mention it to their customers. “You know, this is the product that will be on the cover of ... fill in your favorite trade magazine here... *Animal Husbandry Illustrated.*”

Application Note. I generally liked to have an App Note all written and available at launch so this would also be bound into the Sales Guide. This is the most often requested document by the sales force —

application notes showing the product in use — so by putting one right in the Sales Guide we were acres ahead of the other divisions trying to get their attention.

That's it. This simple set of materials bound up as a single document won the hearts and minds of the sales force for our division. I'd like to think we set the standard for how to launch a new product within the sales force. To this day, I rarely see companies doing anything as easy or as effective, and it's a complete mystery to me. How do they expect the sales force to sell their product without this kind of information? Granted, today the web is a better way to get that information out, and in fact that's how we do it now — on special web pages only the sales people can get to. But no one else seems to do much of anything in the way of launching products within the sales force. Remember this: there is more leverage in selling to the channel with things like this than anything else you can do... and it's so cheap it might as well be free!

Consider this: at that time Signetics had perhaps 100 sales people on the payroll, and probably double that in the rep firms that sold the products as well. That's 300 people. Three hundred people who, unlike customers, got almost no attention in terms of information and stroking by the marketing people at Signetics. But it was that group of 300 that sold 100% of the product, that made 100% of the customer visits, that had to be enthusiastic in front of thousands of customers. Yet no one really talked to them. Oh, the company would stroke them at annual sales meetings. There would be awards for sales person of the year, and so on. But day in and day out these people operated in what was close to a vacuum. The thing they needed to sell, to do their job, to succeed, was information, and that was what was in the shortest supply. By just concentrating on that group of 300 people, we got more leverage than any of the other divisions. And because it was such a small group, we didn't need to take out ads or buy TV time to sell to them. All we had to do was give them information in a frequent and credible way, and we became heroes. *Sell to the channel. If you don't have a sales channel, build one and start selling to it.*

Jon Tammel's Vest Pocket Guide

I can't claim credit for this; it was all Jon's idea. But I grew to love it and brought it, or its web equivalent, to every client after that. OK, I stole it.

When Jon first showed it to me, it was simply a little book that would fit into a shirt pocket and it contained most of what a sales person needed in day-to-day activity. Jon had them done every 3 months, so it came out quarterly. In its most basic form, it had the division org chart (at

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least the parts important to the sales force), along with people's phone extensions. Today of course, we'd add email addresses and maybe cell phone numbers. It also had the status of existing production parts. Jon's division had perhaps 150 parts spread over three basic families, and one of the questions sales people had to answer every day was whether chip xyz was available in one or more of the families. Well, there it was. A simple chart spread over ten pages or so (remember these were small pages), that showed which chips were in each family and what the status of each was. Was it available? Was it being redesigned for some reason? Was it being replaced by something else and, if so, what was the replacement? Finally, there was a simple schedule of what was going on in terms of new catalogs, etc. That was it. Oh, and there was a schedule of new chips and when they would be launched. And that started what became a long-standing argument / discussion with Jon. Ultimately, he "won."

As the person charged with new product marketing for that division, I was immediately thrown into the schedule of new chips that went into the vest pocket guide. And I ran right into Jon in the process. I was working closely with the Signetics engineers designing the new chips. I liked them, respected them, and trusted them. When they told me what their schedule was to deliver a new part, I believed them, and that's what I initially put into the schedule in the vest pocket guide. Jon immediately revised it, adding six months or more to every one of my launch dates! I couldn't believe it.

"What are you doing?" I asked as I stormed into his office. "Dave, those dates you had are not even close to being realistic." I told them they were the official schedule dates directly from engineering. "But those guys always miss their dates by 3 months," he replied. He took out a pencil that looked suspiciously like the one he used in those late night price negotiations. "What's more, after missing the date by 3 months, the chip won't work. They'll have to redo it. That will take another 3 months at least." I couldn't restrain myself. "That's crazy. The design is just a tweak on an existing part. There's no way it won't work." I was being ignored — the pencil was scribbling on his pad. "It never works the first time. I wouldn't say that in a meeting with other people around, but they've never gotten a chip to work the first time as long as I've been here. But that's just the beginning. The date engineering gave you was the date their design comes out of fab. But we don't introduce a part that way. We run multiple fab runs and then characterize the part using at least three runs. Besides that, there's the matter of life-test. QA requires a burn-in test that takes another six weeks." As he talked, he kept adding

weeks, until finally he tallied them and by his count, it would take a miracle to make even his conservative date.

I was skeptical, but heck, he paid my consulting invoices so it was his call. With dismay I watched as first the engineering schedules began to slip. Then in a disaster that rivaled the Titanic, the chip failed to work. In the end, his dates were right. Now for purposes of my ego, I've shortened this to just a few lines, but the fact is, we argued about this continually through several editions of the vest pocket guide. And time after time, he was right. In fact, I don't think any of my initial dates were correct. From this, I learned several lessons:

- **Engineers schedule on the assumption that stuff works.**
- **Most designs do not work the first time.**
- **People forget about all the other things that have to be done after the product finally seems to work.**

Over the years, I've watched as design and simulation tools have gotten better and better. I've heard each design team claim that with their tools, there's no excuse for the chip to not work the first time... except for the one that just didn't. I've watched some of the most vocal of these groups working *years later* still fixing problems in the original design. And I've come to the conclusion that the release decision actually goes something along the lines of, "OK, that's close enough." If you're selling software, the situation is just as bad. Just look at how much Microsoft missed the release schedule for what eventually was called Vista.

I make this point because I learned the hard way that product schedules move in and out by months at a time, sometimes every day. You have to be resigned to this as you watch your products move in and out of the fiscal year, in and out of the customer's interest horizon, in and out of credibility. Jon was right. You take a very conservative view of these schedules. That doesn't mean you stand up in a design review meeting and say, "Oh, you're full of it." But in the vest pocket guide, you're giving the sales force the facts... not the wishes. And the most important thing is to always maintain credibility. I've had sales people, usually based locally at headquarters, who invited themselves into the product planning meetings where these schedules were reviewed. They would leave with the "real scoop" on product status and when stuff would be available. Of course that assumes that 1) the schedules were met; 2) the design worked; and 3) nothing like characterization or life testing or QA acceptance had to be done. The information they pass on to their

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customers is incorrect not by weeks, but by months, and they end up looking like fools. Sometimes I'd get calls, "When did the schedule change?" "Ten minutes after you left the meeting. Why?"

The point of all this is that product marketing is the group charged with understanding those schedules, with knowing what all has to be done, of evaluating the chances that various design issues will be "fixed" in time, of averaging out the roller coaster that is product introduction and making sense out of it. Trying to grab a snapshot of that process by sitting in on one meeting or calling some engineer is only going to make the sales person look like an idiot to the customers.

Tammel had worked in sales, was really good at it in fact, and his view was that the rarest attribute of marketing groups was credibility — of not over-promising and under-delivering. After years in this business, I have come to agree. His guidelines for scheduling products in that guide were simple. If it was going to be released in the next three months, we showed the release month. If it was going to be released in the next three to nine months we showed the release quarter. Anything beyond that was shown by half, as in H1-2009. To his credit, we almost never revised those dates. They happened. And over time, the sales force used the little guide like a bible. Things that were in the guide's Existing Product section were available. They could get orders entered and scheduled. If they were not in that list, the order entry group simply rejected their orders. Over time, I've come to use the official price list the same way. If it's in the price list, the sales force can sell it, and the company will respond — they'll acknowledge the order, schedule it, and ship it. The key is consistency. You can't enter orders that are not in the price list, for example. I always want the sales force to know what is for sale and what is not. If it's for sale, and there's a problem, I expect the company to jump through hoops to make things right. But that only applies to the products that are officially for sale.

Companies should have clear guidelines as to what is a "released" product, meaning it's for sale, and what is not.

This is really hard for young companies to understand. No matter how much they want to start shipping products, there's a time when that's right and before that time, it borders on fraud. Companies have, or should have, clear guidelines as to what is a "released" product, meaning it's for sale, and what is not. In the case of Intel, that included all sorts of characterization and QA data, full product information in the form of data sheets, and *inventory on distributor shelves*. To Intel, if you couldn't stock the distributors, it was not a saleable product. After all, their motto for years was "Intel Delivers."

Jon's guide was his compact with sales — the naked truth about when stuff would actually be available and dates the sales force could take to the bank. It worked well at Signetics because the company was large and sales found it difficult to open up back channels into engineering and try to get better dates. In smaller companies, it's really difficult. I will never exclude people from meetings they feel they should be sitting in on, but it's really lame when sales people attend product meetings and then use that information instead of the marketing schedules. My reaction to this is always the same: if you want to join product marketing talk to me about a transfer, otherwise go call on customers. Sadly, the information they think they are gathering amounts to unintentional lies to their customers. A million things can happen before the launch date, including simply dropping the product. "If it wasn't in the vest pocket guide, it may not survive the end of the month."

Staffing Product Marketing

On the surface it seems easy to define the staffing requirements for the tactical marketing group. Basically, you don't care how technical they are, just that they can parachute behind enemy lines with a single dollar in their pocket and come out 90 days later rich. Easy to define, but hard to find.

Product marketing is more difficult. These people typically have engineering backgrounds, but are promoters at heart. Ideally, they can write exciting copy and they should always be able to speak and command an audience — already we're down to a handful of people. I really wish my people could do better presentations. But it's hard — at some level I think you're born with the ability to work a room. I've written to Leno about joining Mindpik, but haven't gotten a response. Apparently he's busy. You want technical people that are both promoters and analysts. They can analyze marketing situations and turn that into business plans and presentations. I'm always on the lookout for candidates. And occasionally I find one. Interestingly, when I suggest they join marketing in a product marketing role, they're shocked and incredulous. The initial discussion is invariably convincing them I'm serious. It's hard to give you advice here, other than always be watching for good product marketing candidates — they're really rare.

Questions to Ask your Product Marketing Manager

- How do our products stack up against the competition?
- Which products should we be investing in? Which should we consider dropping?

- What are the trends in the customer base in terms of size, performance, pricing requirements?
- Are there any new competing approaches on the horizon that could threaten our market position?
- What is the introduction schedule for our new products?
- How does our existing sales channel fit with our new product plans? Will we need to make changes?
- How will we train our sales force and customers in the use of these new products? What day next week are you going into the field to do that? When can I see that presentation?
- Who are our target customers and applications for these new products?
- Are there pricing / cost implications of these new products that manufacturing should know about?
- What is our projected share of market percentage in the segments these products are aimed at? Are there any that are under 20%? Why are we doing them?
- Who will buy these? Will they sell to our existing customers or will they also bring in new ones?