



PRODUCT MASTERY PROGRAM

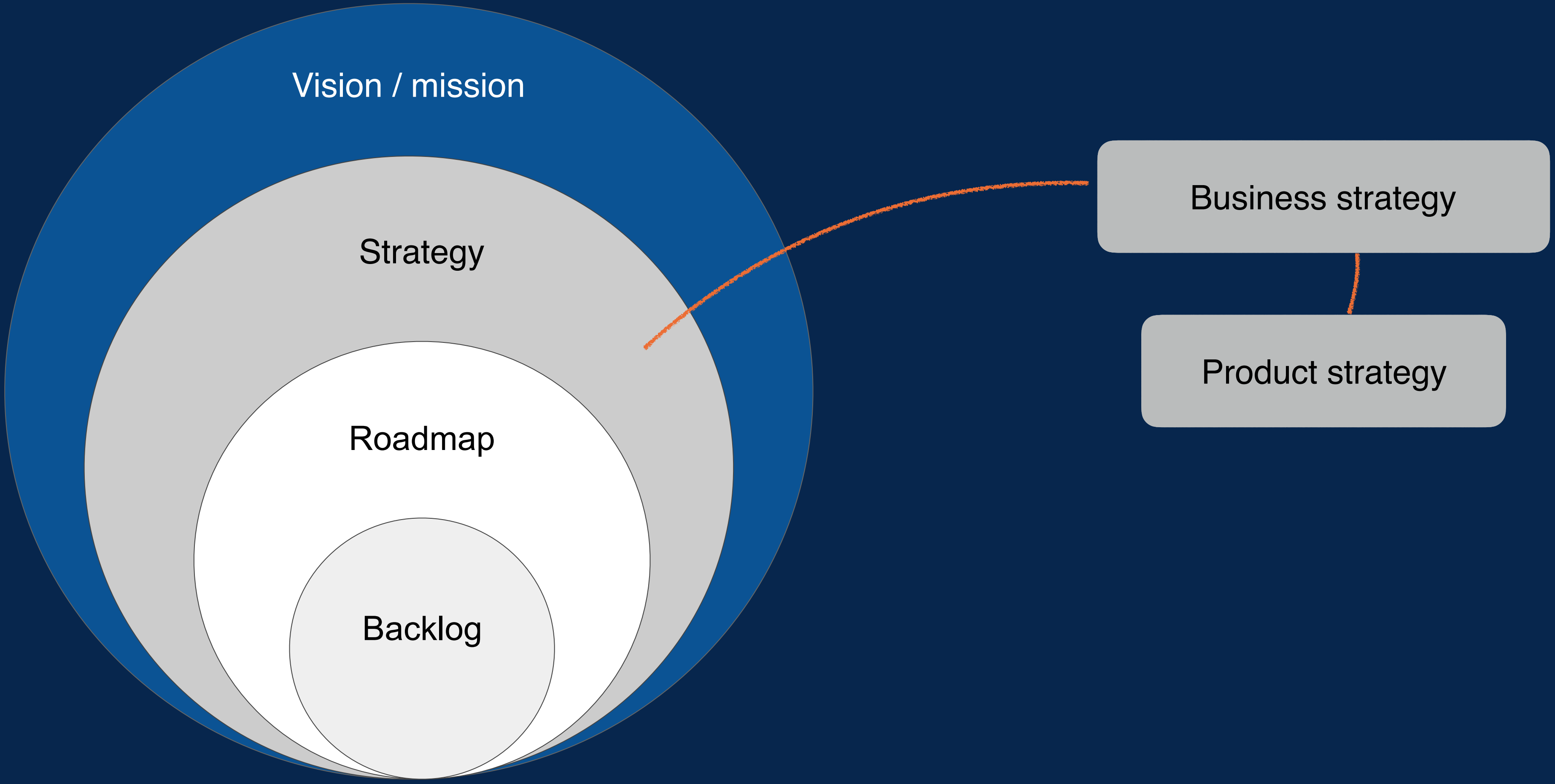
Product Strategy

How to develop a product strategy

The problem with strategy



Hierarchy of Product Strategy



Business strategy



Good strategy vs. bad strategy

Good strategy

1. Unique value propositions compared to competition
2. Clear trade offs
3. Coherent activities that fit together

Bad strategy

1. Best practices / operational efficiency
2. Execution
3. Vague mission statements



Operational efficiency

Operational efficiency

1. Best practices
2. Performing similar activities as well as competitors
3. 'Run the same race faster'

Strategic positioning

1. Creating unique value
2. Competitive positioning
3. Doing things *differently*



How to think strategically



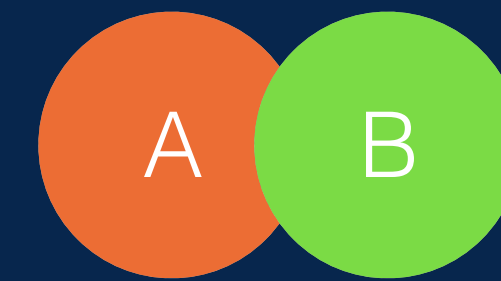
Guiding principles



Focus



Strength vs. weakness



Decisions



‘Strategy is the distinctive position you seek to occupy in your market and the advantages on which you will compete’

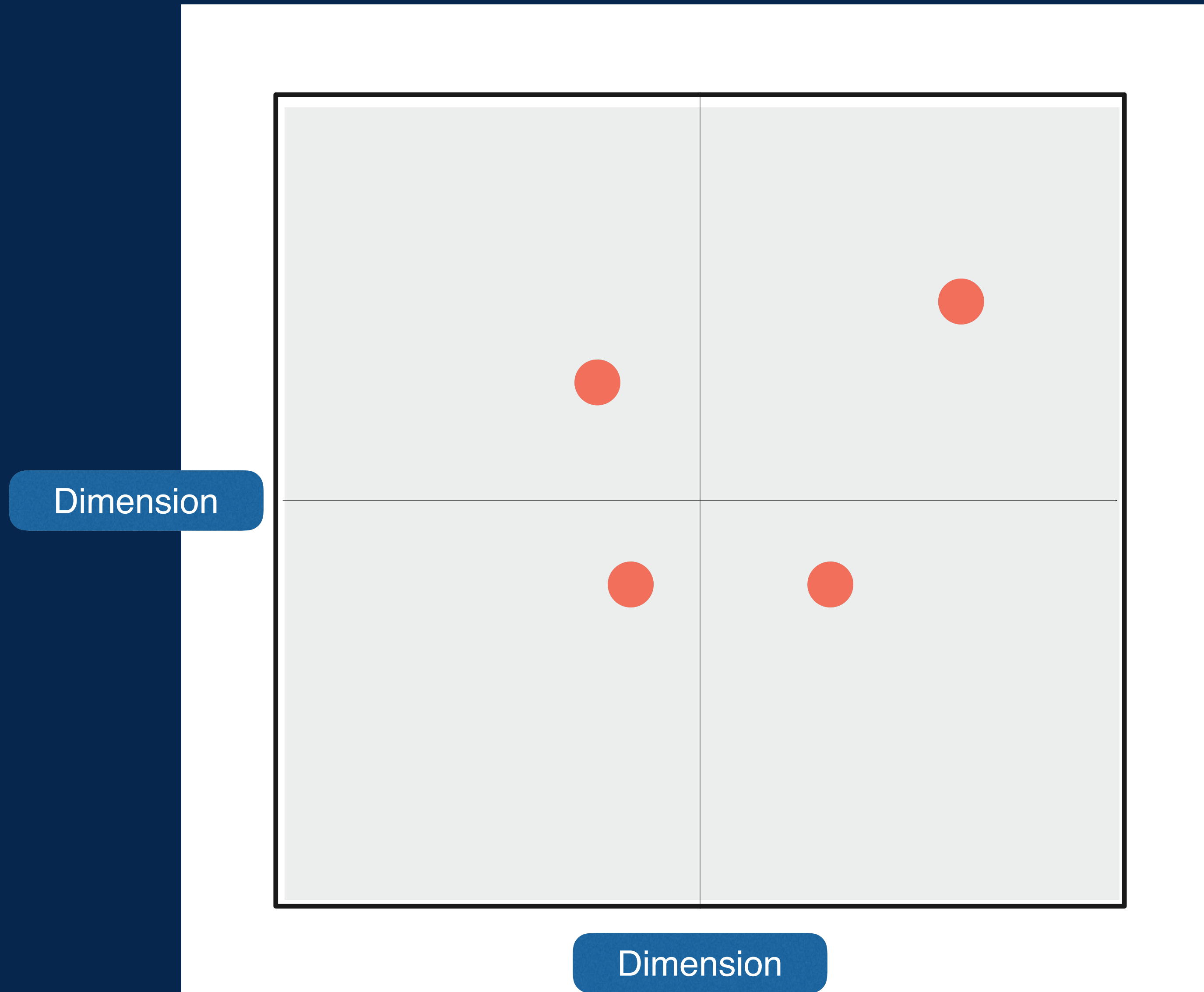
- MICHAEL E PORTER



Distinctive Position



Position

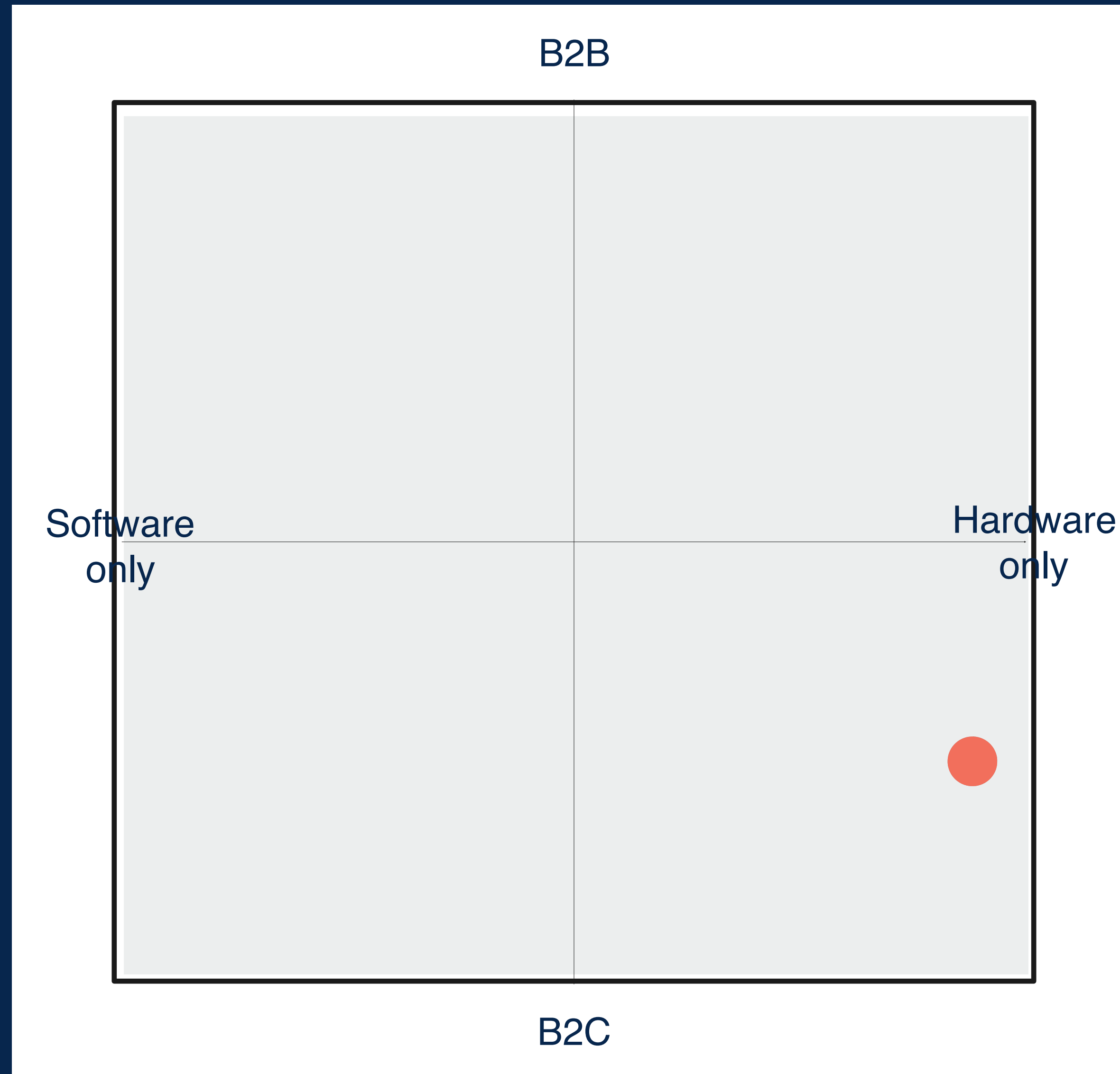


Positioning Quadrant



Example

How to make a strategic direction change



Advantages

Low cost

- Leverage value chain
- Economies of scale

Differentiation

- Uniqueness

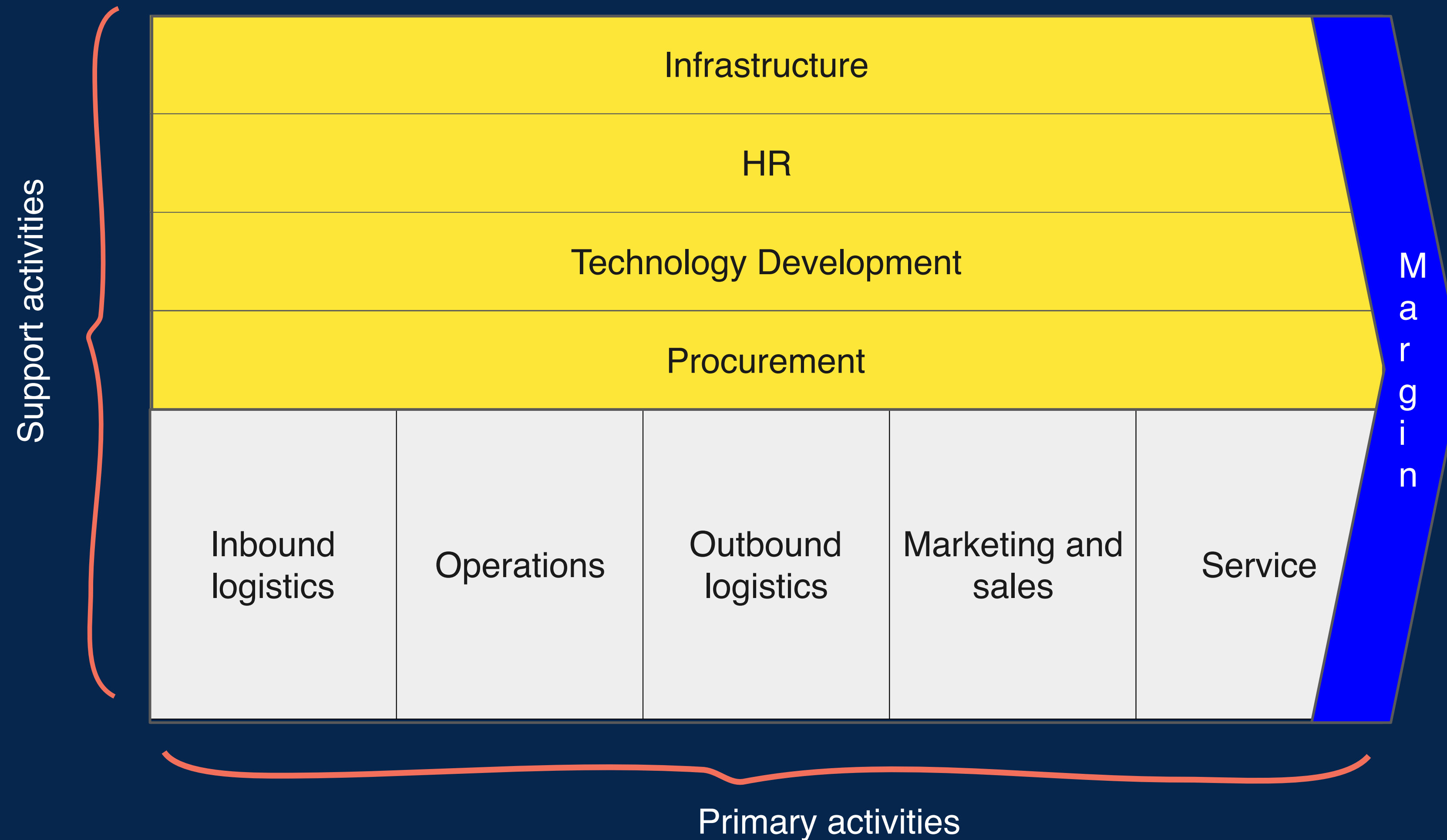
Sustainable

- Isolating mechanisms

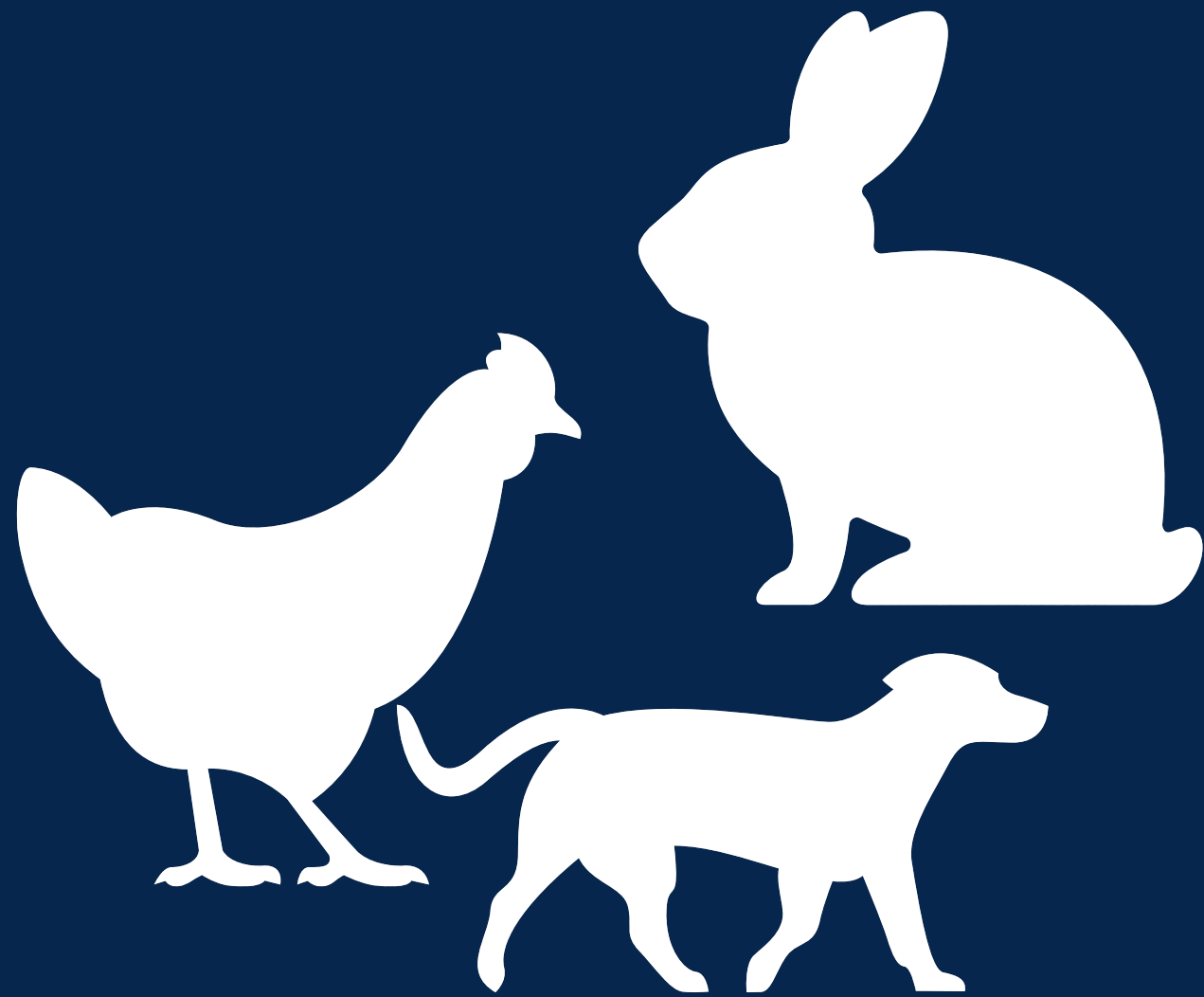


Identifying advantages

The Value Chain



Sustainable advantages



Isolating mechanisms

- Patents
- Reputations
- Unique value chain
- Commercial and social relationships
- Network effects
- Dramatic economies of scale



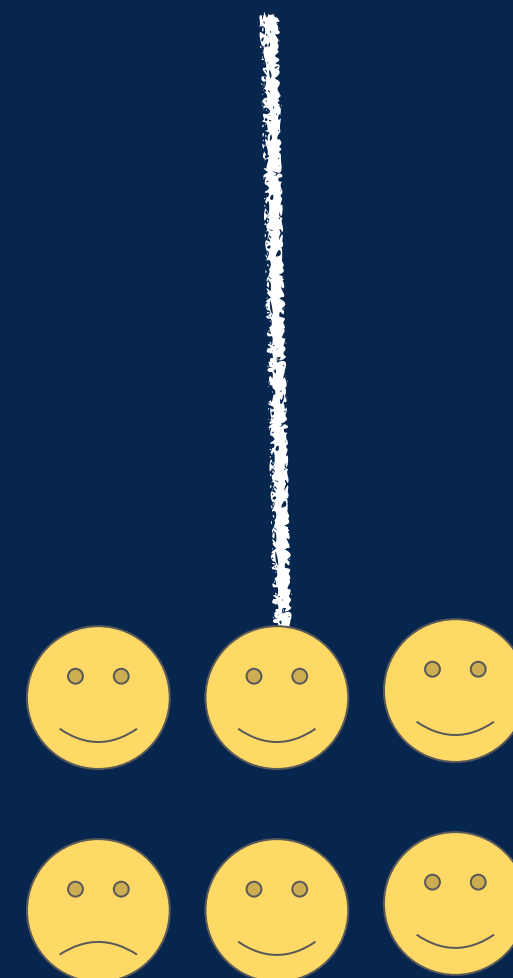
Example

How Shutl utilised eBay's isolating mechanisms



Isolating Mechanisms

- Unique buyer / seller market place
- Brand / reputation
- Size and scale
- Commercial clout



Compete



Product Strategy vs. Business Strategy



Example

How Zappos' business and product strategy are aligned



Customer Service ▾ Available 24/7 at (800) 927-7671 Join Zappos Rewards and Get Expedited Shipping!*

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Discover popular boots built to keep you dry, warm, and stylish.

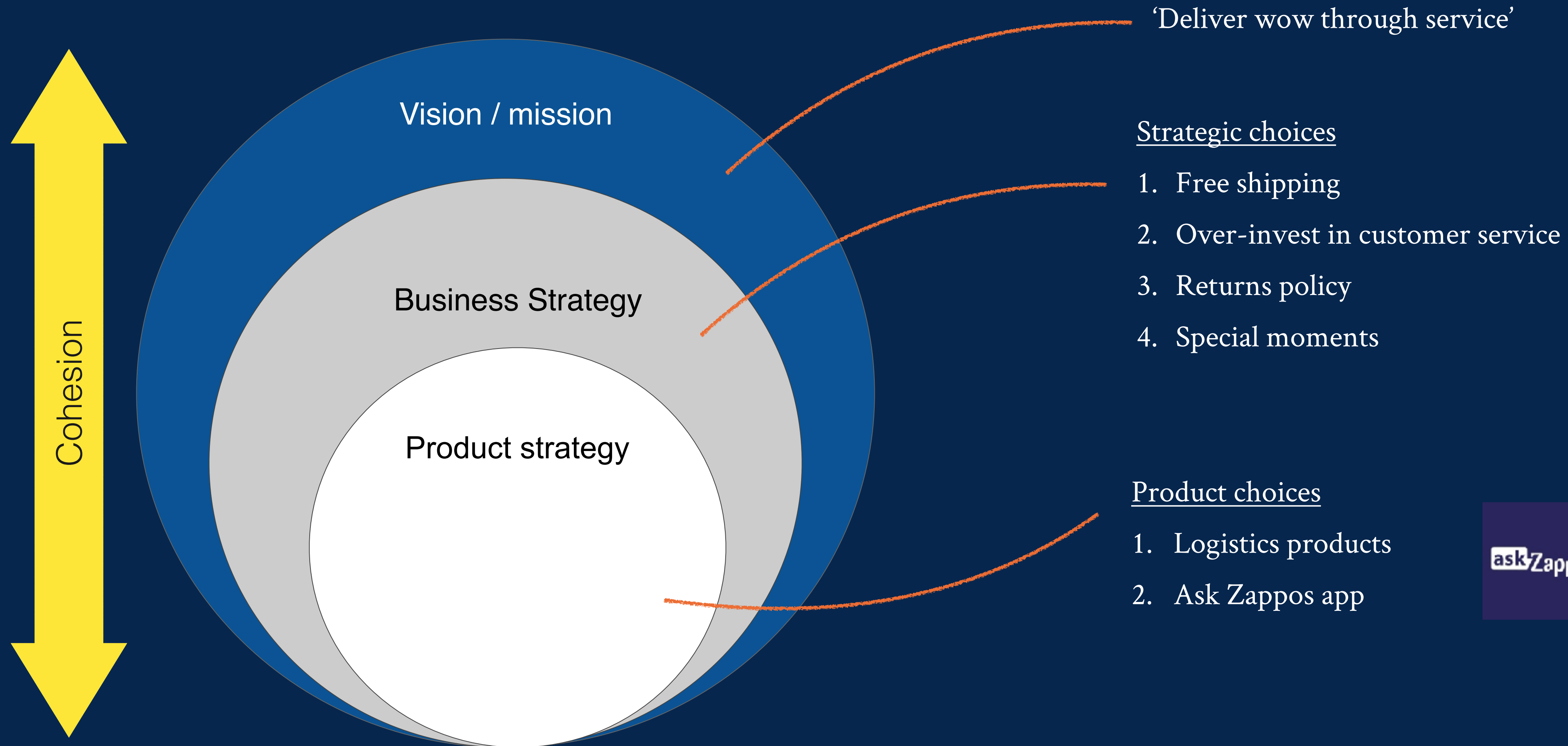
[SHOP NOW](#)

Now Trending



Example

How Zappos' business and product strategy are aligned



How to develop your Product Strategy



Responsibility

Head of Product

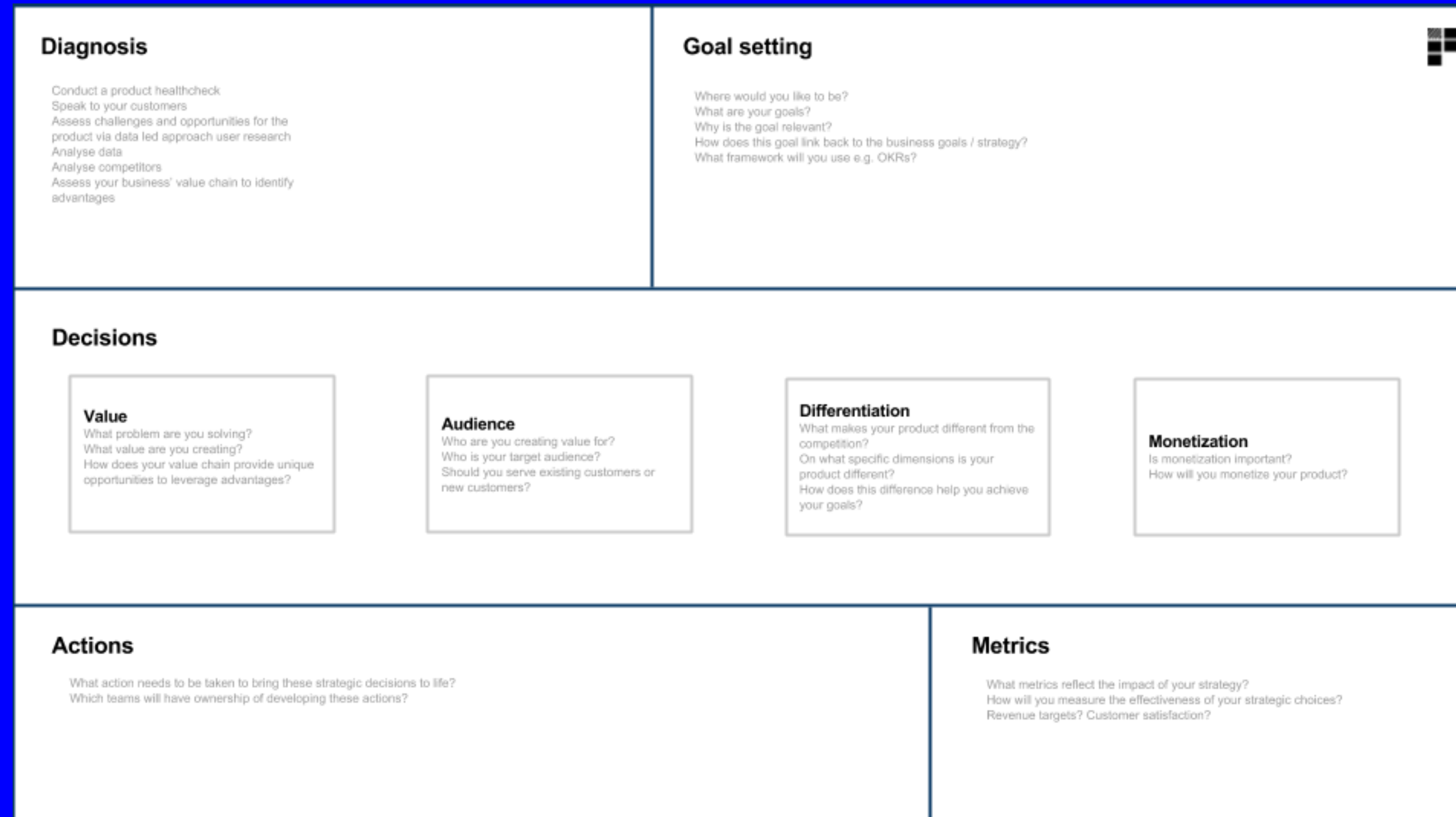
Senior PM

PM

Associate PM



Resources



Product Strategy Canvas

Diagnosis

Conduct a product healthcheck
Speak to your customers
Assess challenges and opportunities for the product via data led approach user research
Analyse data
Analyse competitors
Assess your business' value chain to identify advantages

Goal setting

Where would you like to be?
What are your goals?
Why is the goal relevant?
How does this goal link back to the business goals / strategy?
What framework will you use e.g. OKRs?



Decisions

Value

What problem are you solving?
What value are you creating?
How does your value chain provide unique opportunities to leverage advantages?

Audience

Who are you creating value for?
Who is your target audience?
Should you serve existing customers or new customers?

Differentiation

What makes your product different from the competition?
On what specific dimensions is your product different?
How does this difference help you achieve your goals?

Monetization

Is monetization important?
How will you monetize your product?

Actions

What action needs to be taken to bring these strategic decisions to life?
Which teams will have ownership of developing these actions?

Metrics

What metrics reflect the impact of your strategy?
How will you measure the effectiveness of your strategic choices?
Revenue targets? Customer satisfaction?



1. Diagnosis & goal setting



Diagnosis & goal setting

Diagnosis



Where are we today?

Goal setting



Where do we want to be?



Competitive analysis activities

1. Speak to your customers
2. Use competitor products
3. Understand competitor value chain, business models and advantages



Goal setting - OKRs

Objective

Increase customer happiness

Key results

1. NPS >75
2. 20% repeat purchase rate
3. 10% annual referral rate



2. Decision making



Value

Audience

Differentiation

KPIs



Value

Audience

Differentiation

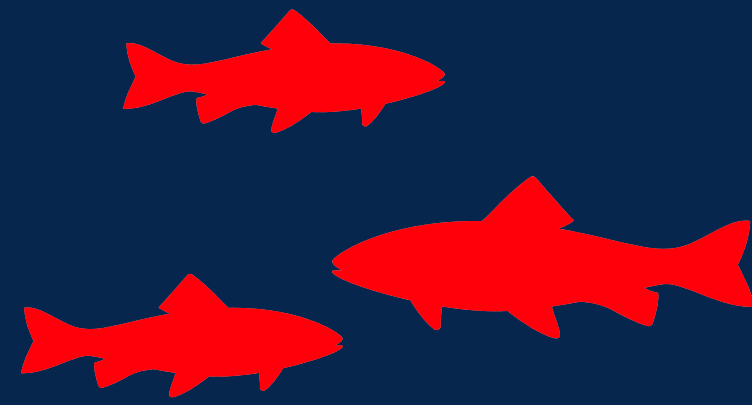
KPIs



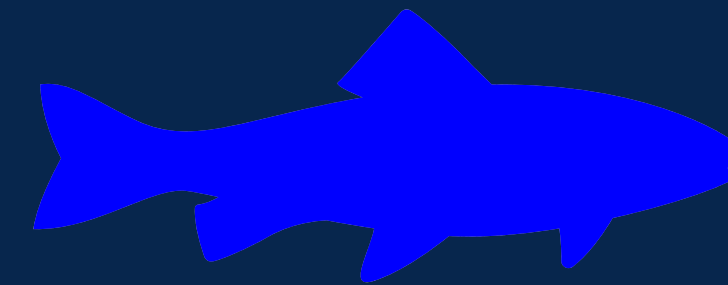
How to differentiate your product



Creating uncontested space



Contested space



Uncontested space



Create your differentiation canvas

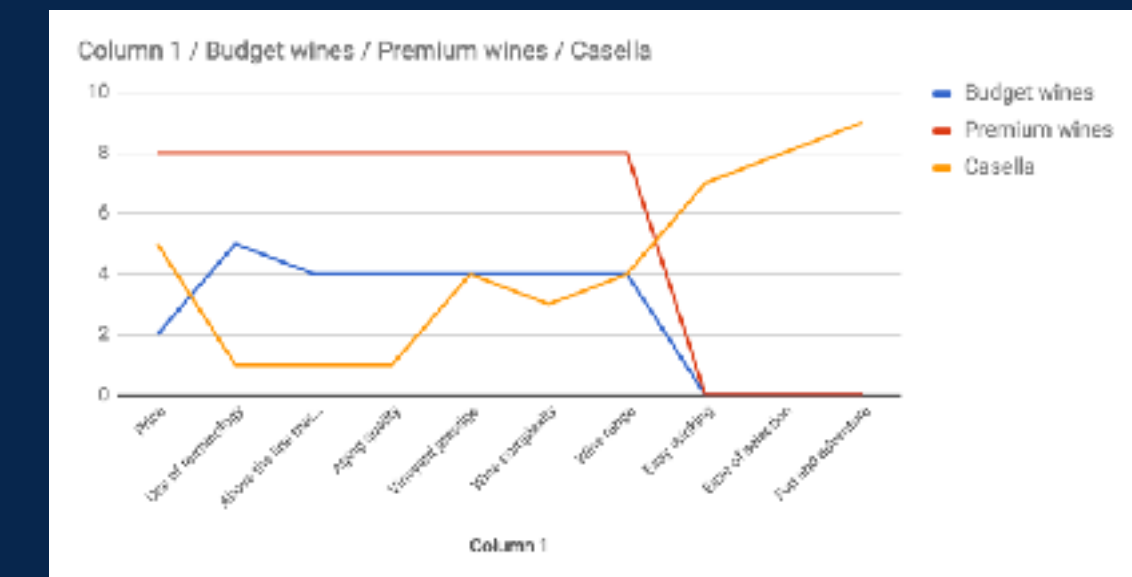
List industry factors

Factor 1
Factor 2
Factor 3
Factor 4

Distort the factors

| | |
|-----------|--------|
| Eliminate | Reduce |
| Raise | Create |

Plot your canvas



Example

Creating a Product Differentiation Canvas



Example

Creating a Product Differentiation Canvas



| Industry factors | Nintendo Switch | PS4 | XBOX |
|----------------------|-----------------|-----|------|
| Netflix, web browser | 1 | 10 | 10 |
| Price | 10 | 10 | 10 |
| High res graphics | 5 | 9 | 9 |
| Processing power | 5 | 8 | 10 |
| Online gaming | 8 | 10 | 10 |
| Blu Ray / DVD | 1 | 10 | 8 |
| Hybrid portability | 10 | 0 | 0 |
| Joycon detachables | 10 | 0 | 0 |

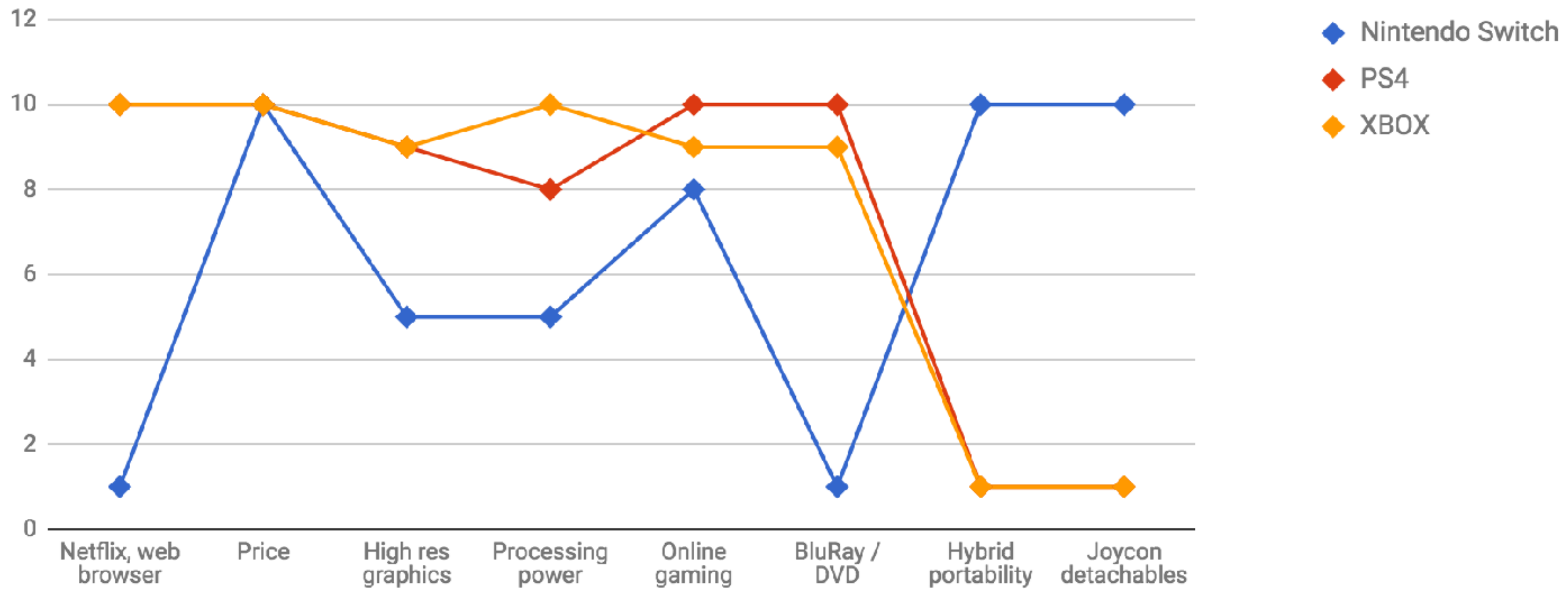


Example

Creating a Product Differentiation Canvas

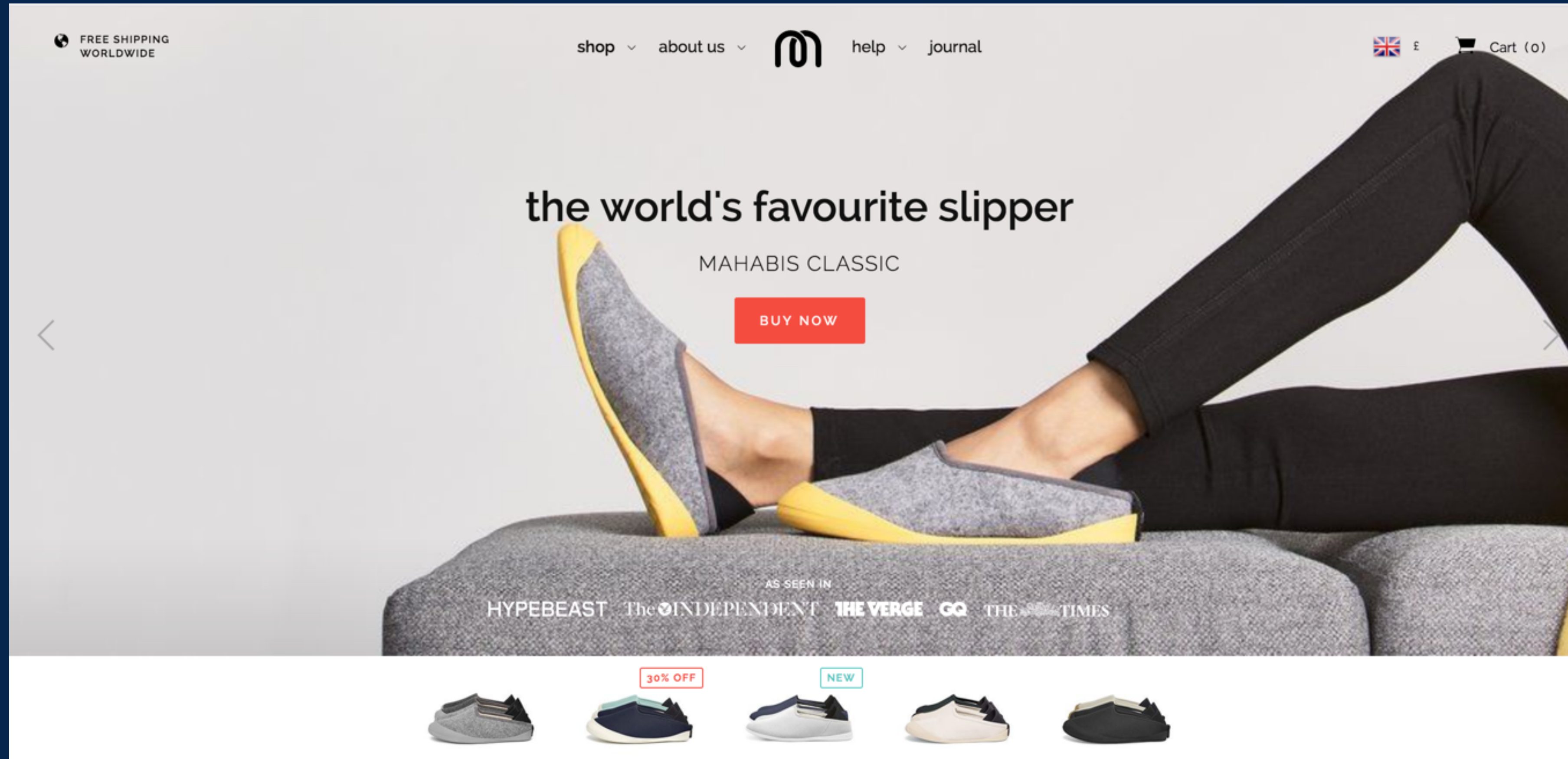


Nintendo Switch, PS4 and XBOX



Example

Creating a Product Differentiation Canvas

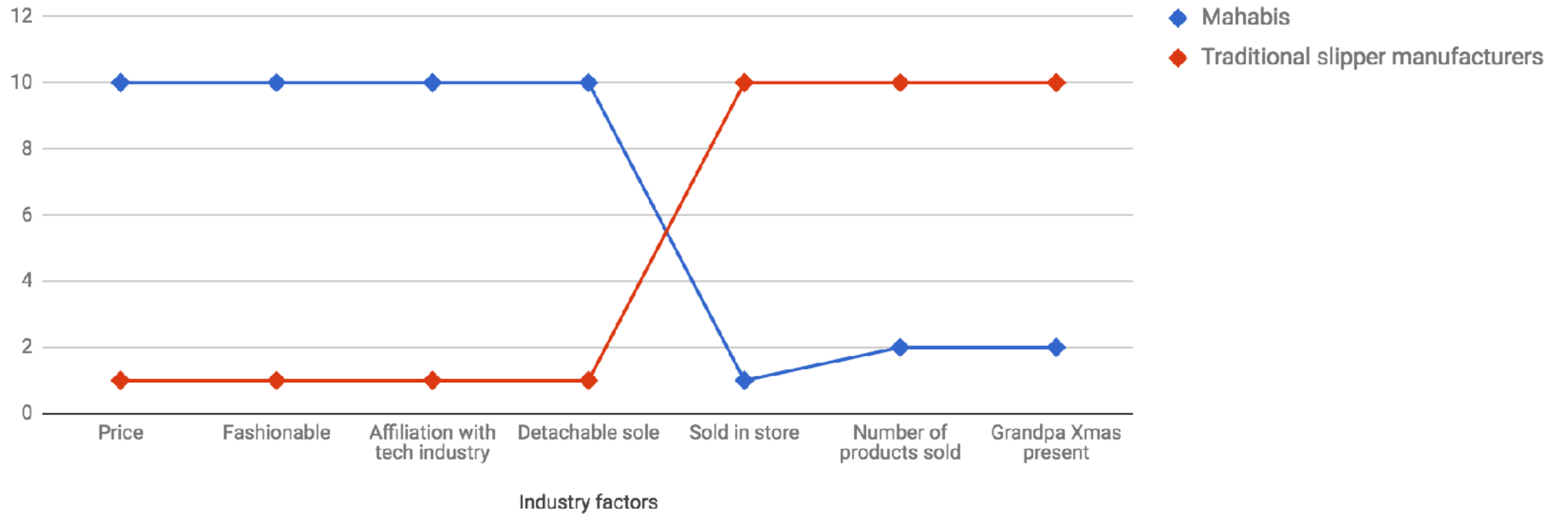


Example

Creating a Product Differentiation Canvas

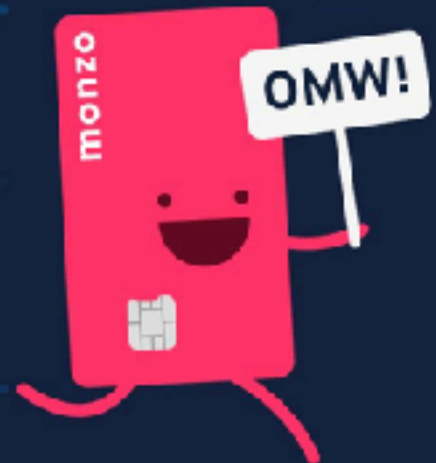


Mahabis and Traditional slipper manufacturers



Example

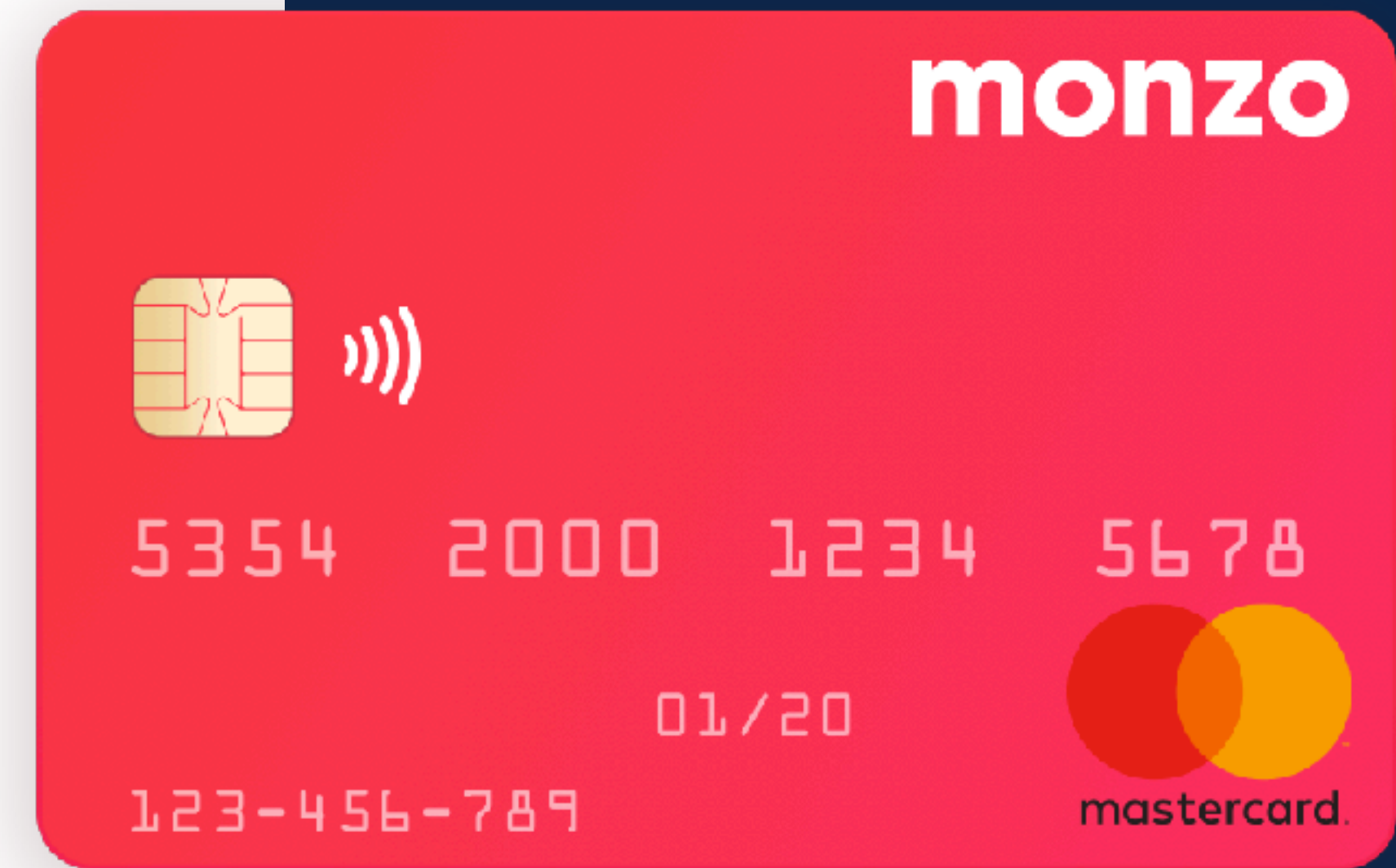
Creating a Product Differentiation Canvas



Done!

You've finished creating a Monzo account and your card is now on its way to you. It should be delivered within a couple of days.

Once it arrives, just open the Monzo app to activate the card.

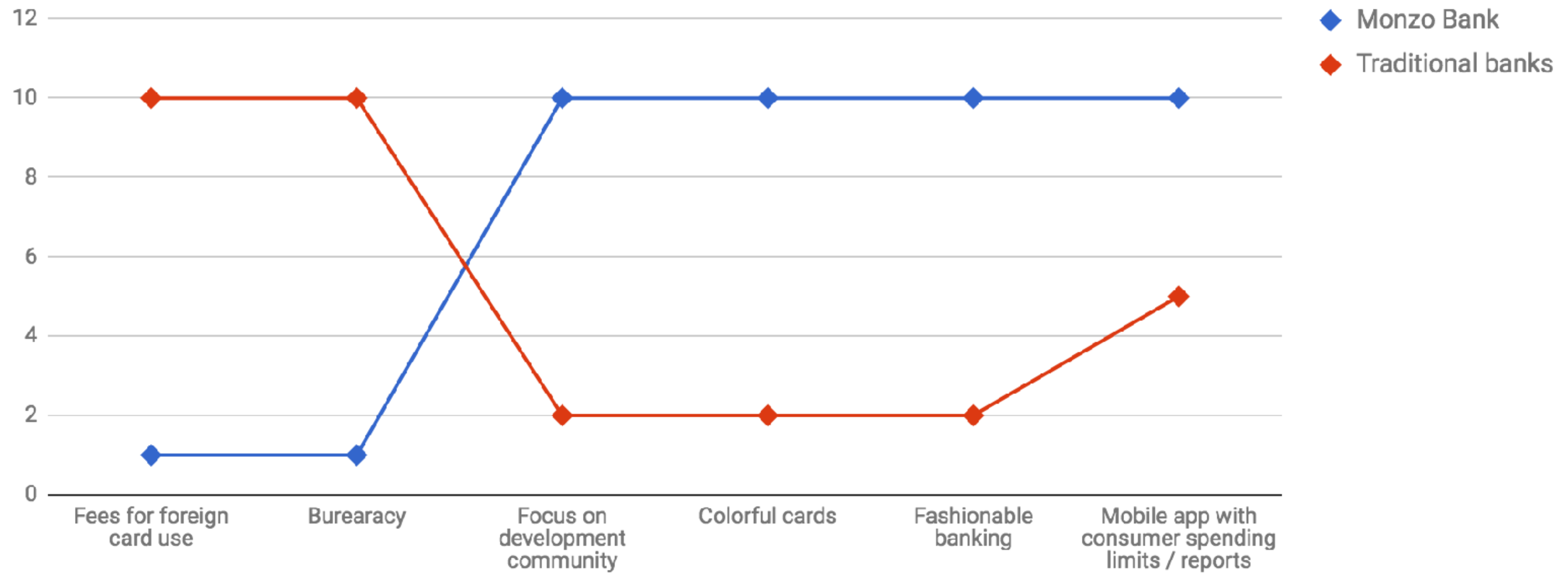


Example

Creating a Product Differentiation Canvas



Monzo Bank and Traditional banks



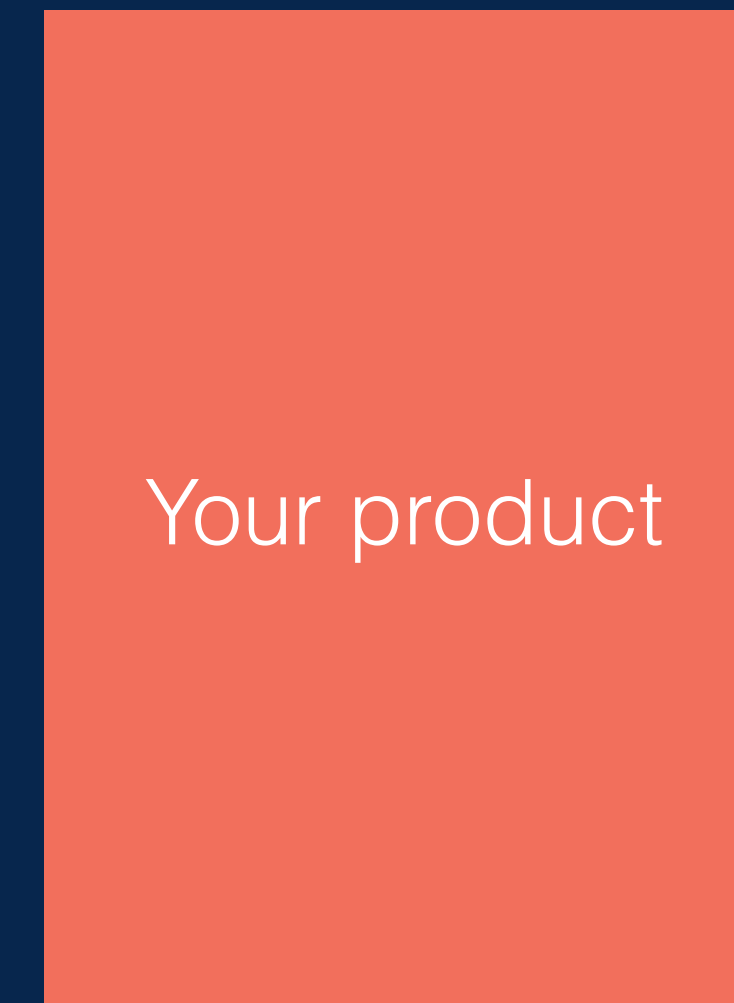
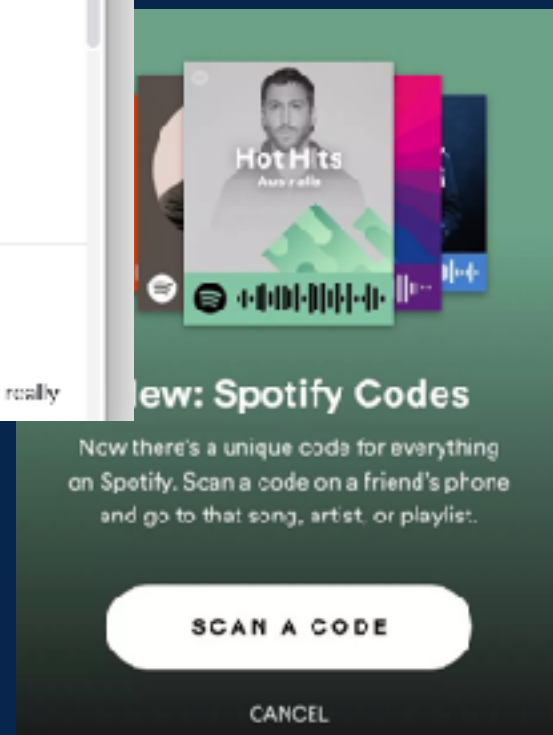
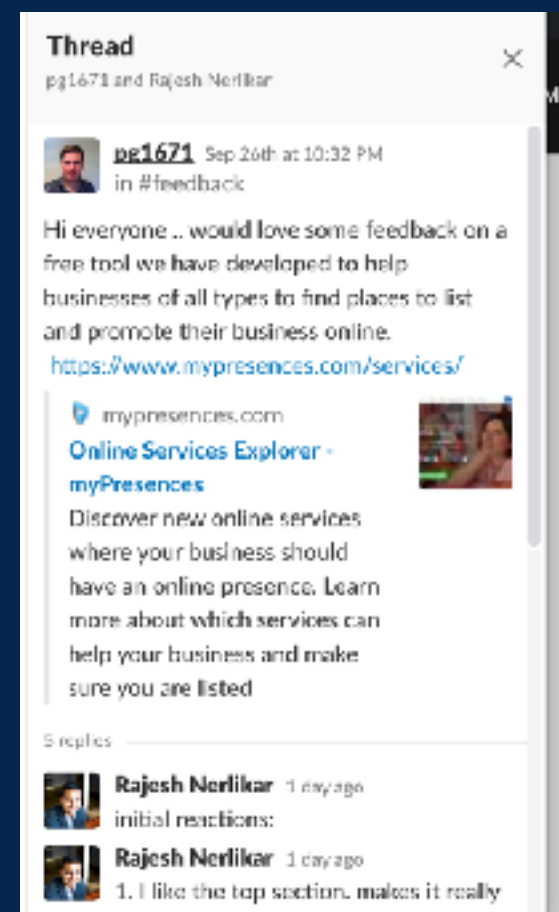
Forcing creative connections



| My to do list | Apps on my phone | Idea sandwich |
|--------------------|------------------|--|
| Avocado | Evernote | A breakfast documenting app which is exclusively used to document, photograph and diarise what I eat for breakfast |
| Buy dark chocolate | Citymapper | Dark chocolate = bitter. Bitter = unhappy / sad. A collection of the saddest places in [City]. |
| Contact my mum | Shopify | An ecommerce marketplace exclusively built for mums to buy and sell things from other mums |



Lateral applications

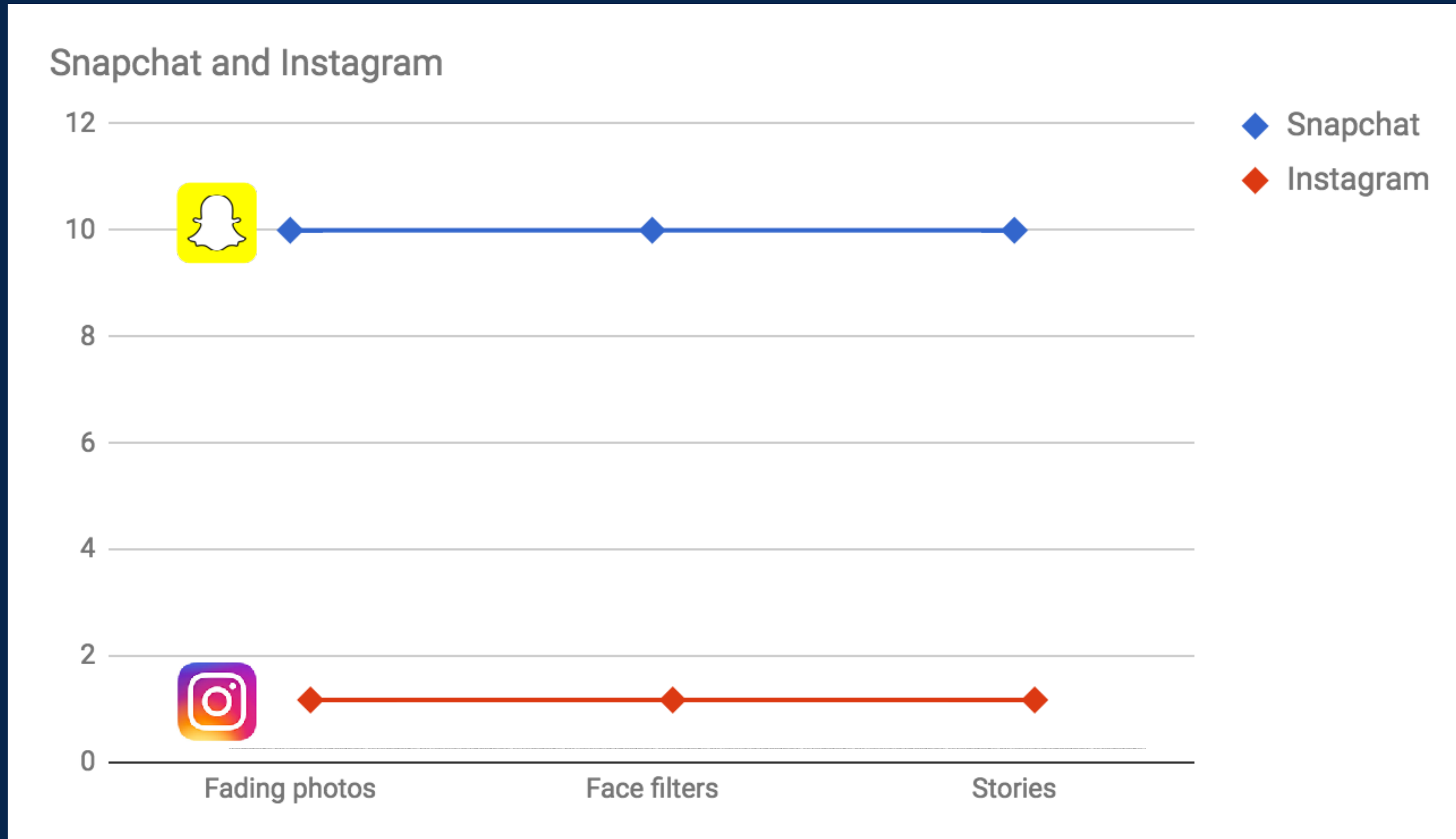


Sustainability



Example

Sustainable differentiation: Snapchat vs. Instagram



3. Actions



| Goal / vision | Strategy | Actions | Metrics |
|--|--|--|--|
| <i>What's the overall goal / vision?</i> | <i>What strategy / strategic decision has been made?</i> | <i>What action needs to be taken to bring this strategic decision to life?</i> | <i>How do you measure the success of the strategic decision?</i> |
| | | | |

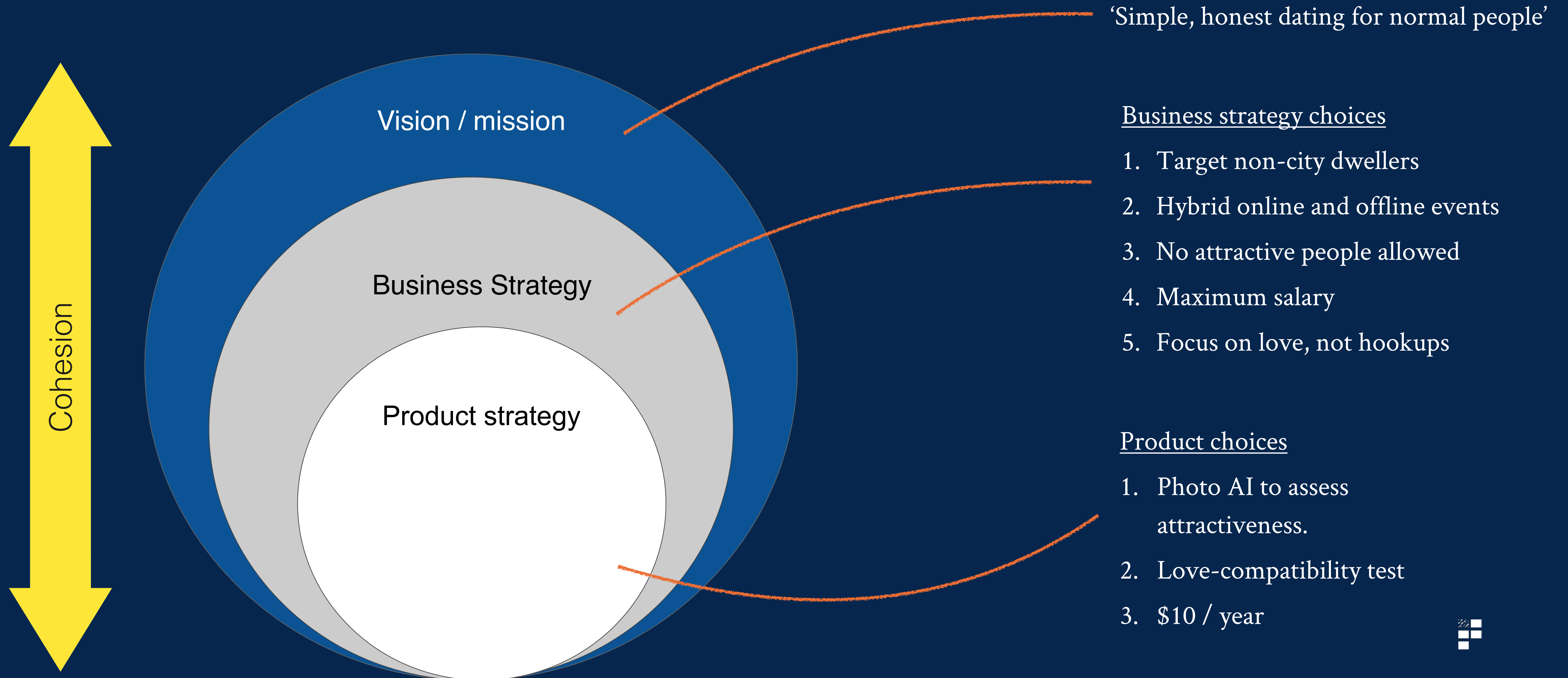


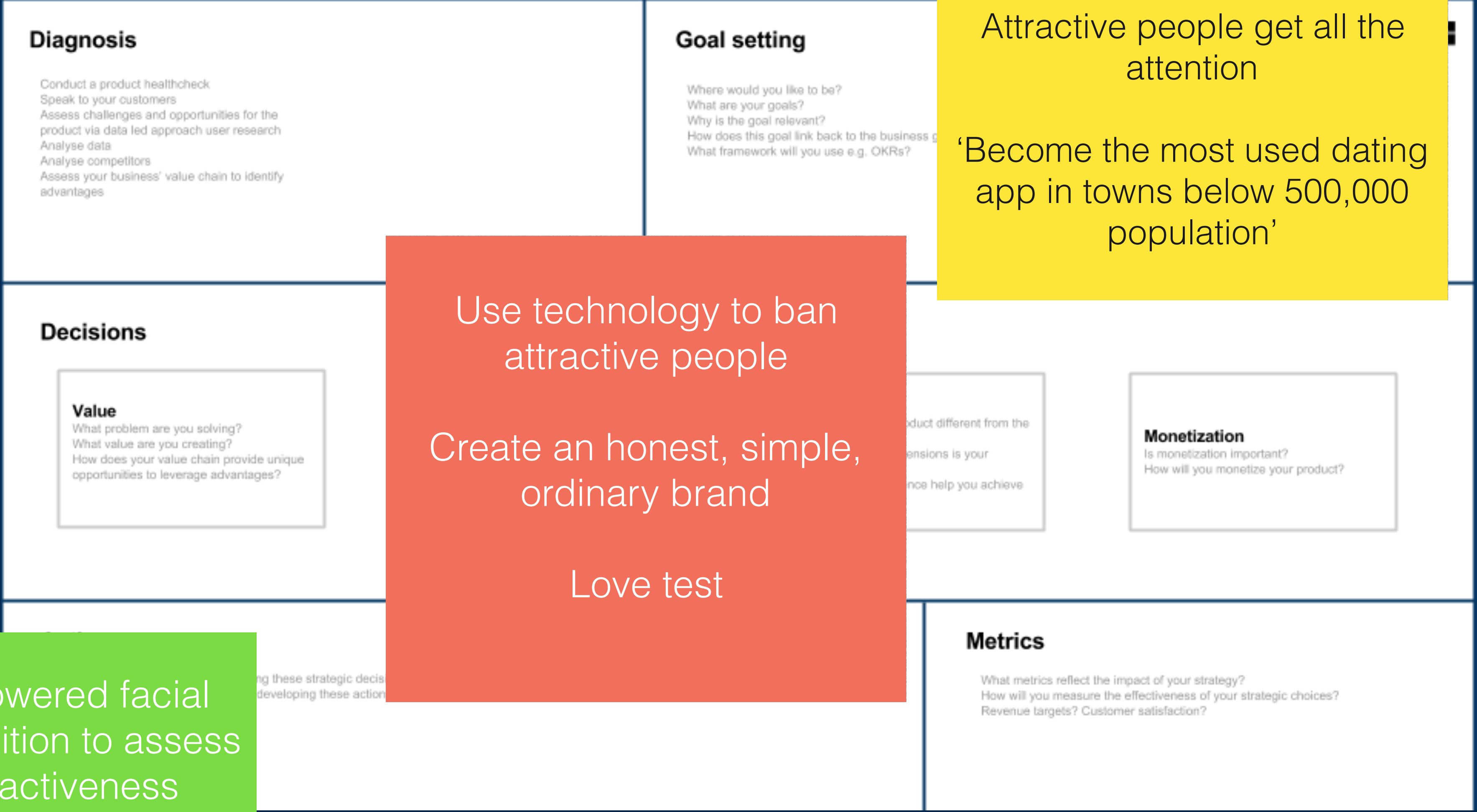
Bringing it all together



Example

Creating a solid Product Strategy for a Dating Website





City dwelling marketplace is overcrowded

Attractive people get all the attention

'Become the most used dating app in towns below 500,000 population'

AI-powered facial recognition to assess attractiveness

Develop Love test



A brief recap

1. *Decisions* - strategy is the process of making decisions and trade offs
2. *Strength* - good strategy is the application of strength vs. weakness using advantages
3. *Advantages* - differentiation and low cost are 2 important forms of competitive advantage
4. *Hypotheses* - strategic decisions are ultimately hypotheses which need to be tested