AI in Product Management

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Lecture- 40

AI in Go-To-Market Strategies

Thank you. Welcome to this NPTEL online certification course on artificial intelligence in product management. Now we are talking about module 40, which is AI in go-to-market strategies. So this is part A, new product development using AI, and we are discussing module 40, AI in go-to-market strategies. To give you an overview of this module, in this module we will understand what a go-to-market strategy is, the different types of go-to-market strategies, how AI-led growth affects sales-led growth and product-led growth.

How AI is transforming go-to-market strategies, the impact of AI on the go-to-market process, and the key considerations and challenges to be faced. How to effectively leverage AI for go-to-market strategies? So, to start with the introduction, in today's hyper-competitive business landscape, selecting the right go-to-market strategy can make the difference between thriving and merely surviving. According to a recent McKinsey article, generative AI is shifting the landscape of marketing and sales. Companies that have employed AI are experiencing revenue uplifts ranging from 3% to 15% and improvements in sales ROI from 10% to 20%.

As for the 2024 state of AI in GTM report, 93% of GTM, that is go-to-market leaders, say AI saves them time. 60% are satisfied with the AI tools they are using, and 78% plan to increase AI investment in the next year. Now let us look at what a go-to-market strategy, that is GTM strategy, is. A go-to-market strategy is a comprehensive plan that outlines how a product or service can be positioned, priced, promoted, and distributed to the target audience. It fuses a range of business functions, including product

Marketing, sales, and customer intelligence form a fully aligned value proposition and action plan for launching and scaling a new product. A strong go-to-market strategy

details the competitive positioning, ideal customer profile, distribution channels, promotional tactics, and sales enablement practices that will be used to commercialize the product and accelerate its adoption in the marketplace. Now, let us look at the difference between go-to-market versus market strategy versus marketing plan. A market strategy is a long-term strategy, often spanning many years, that outlines the business's overall marketing objectives. The marketing plan, meanwhile, is an action plan outlining the concrete steps required to undertake a marketing campaign. It is a strategic outline of the concrete steps and considerations required to bring a new product to the marketplace. While the GTM can include a marketing plan and be directed by a marketing strategy, neither a marketing plan nor a marketing strategy includes a concrete GTM strategy.

So now, let us look at the various components of a go-to-market strategy. The first is product-market fit. Identify the problems your product addresses. The second is the target audience. Define who experiences these problems, their willingness to pay, and their pain points.

The third is competition and demand. Assess existing offerings and market demands. Distribution. Determine the channels for product and service distribution, such as a website, app, or third-party distributors. Now, who needs a go-to-market strategy?

Established businesses introducing new products or entering new markets require a GTM strategy for a successful launch. Small businesses expanding their markets or product lines can use a GTM strategy to guide their efforts. Businesses undergoing strategic changes like mergers or new business models benefit from updating or creating a GTM strategy aligned with their new direction. Companies facing heightened competition utilize GTM strategies to highlight key differentiators and attract customers.

Now, what are the various types of go-to-market strategies? The first is a sales-led go-to-market strategy. So those go-to-market strategies which are led by sales. A sales-led go-to-market strategy primarily relies on B2B marketing efforts to generate interest in a product. This approach then involves creating engaging content, conducting product demonstrations, and leveraging direct sales interactions to convert prospects into customers.

Sales teams play a crucial role in nurturing leads, guiding them through the purchasing process, and addressing any concerns to secure conversions. By focusing on building relationships and understanding customer needs, sales-led strategies can effectively drive revenue and market penetration. In this model, the success of the sales team hinges on

their ability to communicate the product's value proposition clearly and compellingly. They actively engage with potential clients to highlight how the product meets specific pain points and delivers

tangible benefits. This hands-on approach allows for personalized interactions, ultimately fostering trust and loyalty among customers, which is essential for long-term business growth. Now, how does AI-led growth attack sales-led growth? Traditionally, sales agents and resellers leverage their specialized product and customer knowledge to drive sales, especially for complex products that are not suitable for a try-before-you-buy approach. Therefore, when a sophisticated AI sales assistant is equipped with both product and customer insights, it can effectively take over the sales channel, creating a new path to customers and potentially disrupting established sales models. Now, how does AI-led growth attack sales-led growth? The transition to AI-led growth occurs in four stages. Step one is assistant augmentation. The company develops

an AI sales assistant to support salespeople and resellers with product knowledge. Stage 2 is salesforce expansion. As the AI reduces the training needed, the number of resellers and salespeople increases. Stage 3 is assistant learning. The growing sales force generates data on customer needs while using the AI assistant. Stage 4 is salesforce contraction. With enough customer data, the AI becomes advanced enough to replace traditional sales channels and interact directly with customers. So, now look at these two XSs. On the XSs, on one hand, we have the customer knowledge, and on the other, we have the product knowledge. And on the y-axis, here we have intelligence advantage, and here we have relationship advantage.

This is assistant augmentation, converting product knowledge into a sales assistant. Then comes salesforce expansion. The sales reseller base expands as learning curves go down. Then it moves to assistant learning. AI improves on sales force-generated data. And then it comes to salesforce contraction. The assistant replaces the sales channel. So, when sales relationship advantage is high,

And customer advantage is low, then we have this sales force contraction. When relationship advantage is high and product knowledge is low, then we have assistant augmentation. And so on, the product-led go-to-market strategy leverages the product itself as the primary driver of user acquisition and retention. This approach emphasizes the value proposition of the product, enabling users to experience its benefits firsthand, often through free trials or freemium models. By allowing potential customers to engage

with the product directly, companies can effectively demonstrate its value and encourage organic adoption. This strategy is particularly effective in attracting users who are looking for immediate solutions to their needs. How does AI-led growth attack product-led growth?

In industries where customers are logged into workflows, critical decisions may be underserved. By empowering users with decision-making through AI, a new sales channel can emerge. A product-led growth model focuses on improving user workflows, targeting end users rather than corporate buyers. Users can try the product before purchasing, often opting for seed-sharing pricing with corporate credit cards to bypass complex procurement processes.

As more users adopt the product, corporate buyers get involved. Later, making it harder to displace the solution once integrated. AI-led growth challenges this model by introducing a sophisticated AI decision support system that combines product and customer knowledge, allowing it to effectively take over the sales channel. The transition of AI-led growth unfolds in four stages. Stage 1 is user augmentation.

The company integrates a third-party AI assistant trained with product knowledge. Stage 2 is the decision interface emerges. The AI assistant enables key decisions within the workflow, shifting user engagement from the workflow interface to the decision dashboard. Stage 3 is assistant learning. As more users adopt the AI assistant, it generates data on user needs, improving its capabilities. This shift leads to the reorganization of workflows around the decision dashboard. Stage 4 is the decision interface dominates. Over time, the decision dashboard evolves into the primary product offering the most value within the workflow.

So now, here we have workflow advantage and here we have intelligence advantage. Then we have legacy workflows and reorganized workflows. Now, in this quadrant, we have user augmentation that addresses underserved decisions in the workflow using AI. From here, we then move to the decision interface emerges. Usage shifts from the workflow interface to the decision interface.

Then we move on to assistant learning. The AI improves based on usage data, and then we move on to the decision interface dominates, emerging as the primary product where the value of the workflow is best experienced. So, this is how we move. Then, now we will look at product-led sales, a hybrid approach. Recently, a hybrid approach known as product-led sales has emerged, combining elements of both sales-led and product-led

strategies. This model uses a premium or trial version of the product to attract potential customers.

Allowing them to explore the product features and benefits before making a purchase decision, the initial engagement is driven by the product, creating interest and demonstrating value, which helps lower the barrier to entry for new users. Once prospects have interacted with the product, sales teams step in to further nurture these leads and convert them into loyal, paying customers. This approach not only enhances user acquisition through direct product engagement but also leverages the expertise of sales professionals to address specific needs and close deals effectively. By blending product-led growth with targeted sales efforts, businesses can optimize their business acquisition strategies and drive sustained growth. Now, let us look at how AI is transforming go-to-market strategies. AI is revolutionizing the traditional go-to-market approach by enabling organizations to implement real-time, data-driven, and highly personalized strategies that enhance every key aspect of their marketing and sales efforts. With AI-powered analytics, businesses can access and analyze vast amounts of customer data instantly. Allowing them to understand customer behavior, preferences, and trends as they emerge.

This real-time insight facilitates dynamic decision-making, enabling teams to swiftly adapt their strategies in response to changing market conditions. Now, let us look at the market analysis. Traditional market analysis relies on manual research, requiring analysts to sift through extensive reports, leading to time-consuming and potentially outdated insights. In contrast, AI-driven market analysis leverages real-time sentiment analysis from social media and customer feedback to gauge public perceptions instantly. Predictive modeling helps forecast future trends based on historical data, while automated competitive intelligence gathering keeps businesses informed about competitors' activities.

This proactive, data-driven approach enhances accuracy and enables organizations to adapt quickly to dynamic market conditions. Next comes customer segmentation. Traditional customer segmentation typically relies on strategic groupings based on demographic and psychographic data, which can quickly become outdated and fail to capture changing consumer behavior. In contrast, AI-driven segmentation utilizes advanced machine learning algorithms to perform dynamic micro-segmentation, continuously updating customer profiles based on real-time behavioral data This allows businesses to identify and target highly specific groups with tailored marketing messages, enhancing relevance and engagement. Next comes customer journey mapping.

Traditional customer journey mapping often involves manual creation based on assumptions and limited data, which can lead to inaccurate representations of the customer experience.

In contrast, AI-driven journey mapping leverages real-time data from customer interactions, and predictive analytics to create dynamic, accurate maps that reflect actual behaviors. This approach allows businesses to anticipate customer needs and preferences at each stage of the journey, enabling personalized experiences. By continuously updating journey maps based on real-time insights, organizations can enhance engagement and drive conversions more effectively.

Next comes product positioning. Traditional product positioning typically relies on crafting messages based on focus group feedback and survey responses, which can be limited and generalized. In contrast, AI-driven positioning utilizes natural language processing models to analyze vast amounts of customer data. allowing businesses to create personalized value propositions tailored to individual preferences and behaviors. This data-driven approach ensures that messaging resonates more deeply with target audiences, enhancing relevance and impact.

Next is pricing strategy. Traditional pricing strategies often rely on cost-plus or competitive-based pricing, leading to fixed pricing models that may not respond to market changes. In contrast, AI-driven pricing strategies employ dynamic models that adjust in real-time based on demand, customer behavior, and market conditions. This allows businesses to optimize prices on the fly, maximizing revenues and competitiveness. Scenario modeling enables organizations to simulate different pricing strategies, supporting informed strategic decisions that align with market trends and customer preferences.

Next comes channel selection. Traditional channel selection often relies on established industry norms and past performance. This can limit flexibility and responsiveness. In contrast, AI-driven channel selection uses predictive analytics to identify the ideal channel mix tailored to specific audiences and objectives. By analyzing performance data in real-time, businesses can optimize their channel strategies on the fly, ensuring they allocate resources to the most effective platforms.

This data-driven approach not only enhances reach and engagement but also allows organizations to adapt quickly to changing market dynamics and consumer preferences. Next comes marketing and sales tactics. Traditional marketing and sales tactics often rely

on historical performance metrics, manual lead qualification processes, and basic A/B testing, which can be time-consuming and less effective. In contrast, AI-driven tactics leverage personalized content generation and predictive lead scoring

to tailor outreach to individual customer needs. Real-time campaign optimization allows for immediate adjustments based on performance data, while automated customer interaction enhances engagement efficiency. Now let us look at the impact of AI on GTM processes. The first is improved speed and agility. AI powers faster market analysis and realignment.

Of strategies, for example, as ad tech demand site platform, The Trade Desk enhanced its AI to process up to 15 million ad impressions per second, enabling real-time bid adjustments in programmatic advertising. This kind of speed and agility allows companies to rapidly adapt their data marketing strategies, a crucial component of modern GTM processes. Data-driven decision-making AI algorithms can process large volumes of data to generate actionable insights for GTM strategies. This can identify market trends, customer preferences, and sales patterns to inform product development and marketing. Deloitte research shows that high-performing organizations are 3.5 times more likely to leverage such data-driven insights for strategic decision-making, highlighting AI's competitive advantage in GTM processes. The next impact is on production capability.

AI models analyze vast amounts of data to identify patterns and trends, enabling accurate predictions of market dynamics and customer behavior. By leveraging historical data and real-time insights, these models help businesses anticipate shifts in demand and tailor their strategies. The Under Armour app, MapMyRun, with millions of users worldwide, utilizes AI to analyze running data, provide personalized training plans, and offer insights aimed at reducing injury risk for users. Enhanced personalization,

Netflix's AI-driven recommendation system significantly improves user engagement and content discovery by analyzing user data, such as viewing habits, ratings, searches, and time spent on the platform. Netflix's AI effectively curates tailored content suggestions for each viewer. This personalized approach not only improves user engagement but also enhances content discovery, encouraging viewers to explore new shows and movies that align with their preferences. The next is the automation of routine tasks. AI automates time-consuming aspects of GTM execution.

For instance, Salesforce's Einstein co-pilot ability to provide instant insights on leads, create customer deals, closing plans, generate tailored marketing messages, and offer intelligent product recommendations based on customer segment data could revolutionize go-to-market strategies by enabling more personalized, data-driven, and agile approaches across the entire customer journey. Internal hurdles on organizational readiness: it is not uncommon for employees, at least some of them, to resist AI adoption for fear of job displacement. Leaders can alleviate this fear by transparently communicating AI's role as a tool to enhance, not replace, human capabilities and by involving employees in the AI implementation process. The next thing for consideration and challenges: ROI evaluation. When assessing the effectiveness of AI in your GTM strategy, you will want to benchmark against industry standards to set realistic expectations, conduct pilot projects to measure impact before full-scale deployment, and develop custom KPIs aligned with your specific business goals. Cost Consideration: When adopting any new technology, consider costs around initial investments, ongoing maintenance, and training.

AI's significant upfront cost comes from technology infrastructure and talent acquisition. Regular model updates and system maintenance may also be required. And organizations want to budget for ongoing employee training and adoption initiatives. Integration with existing systems.

Ensure that the technology you are bringing in is compatible with your existing systems, such as CRM, ERP, and marketing automation systems. Implement robust data governance frameworks to ensure data quality, security, and compliance with regulations, which are crucial for effective AI implementation. Scalability and flexibility: choose AI solutions that can scale with your business growth and consider the long-term implications of vendor partnerships. When choosing AI solutions, consider their ability to grow with your business needs. Evaluate potential vendors not just on current capabilities but also on their product roadmaps and commitment to innovation.

This ensures your AI investments remain valuable as your business evolves. Invest in robust data infrastructure. A strong data infrastructure is essential for powering AI algorithms effectively. This involves establishing systems for collecting, storing, and managing large volumes of high-quality data from various sources. By investing in data lakes, cloud storage, and advanced analytical tools, organizations can ensure that their AI models have access to the most relevant and accurate data.

This foundational step enables better insights and predictions, ultimately driving more effective decision-making. across go-to-market strategy. Develop cross-functional teams. Creating cross-functional teams that blend domain expertise with AI capabilities is crucial for maximizing the impact of AI in business strategies. Such teams bring together professionals from diverse backgrounds, including marketing, sales, data science, and product development, to foster collaboration and innovation.

These diverse skill sets enable teams to leverage AI effectively while ensuring that insights are grounded in real-world business contexts. By combining technical expertise with industry knowledge, organizations can enhance their go-to-market efforts and drive more successful outcomes. Implement continuous learning processes. AI models thrive on continuous improvement, making it vital to implement processes that allow for real-time learning and adaptation. By regularly evaluating the performance of AI algorithms against actual market outcomes, organizations can refine and adjust their models accordingly. This iterative approach not only enhances accuracy but also ensures that AI systems remain relevant in a rapidly changing market.

Continuous learning enables companies to respond more effectively to evolving customer needs and market dynamics. Balance AI-driven insights with human judgment. While AI can provide valuable insights, it is important to balance these data-driven findings with human judgment and creativity. Integrating AI insights with human intuition allows organizations to consider factors that algorithms may overlook, such as emotional nuances in customer interactions or innovative approaches to problem-solving. This synergy can lead to more nuanced strategies that resonate better with target audiences.

By valuing both AI and human contributions, Companies can create a more holistic and effective approach to their go-to-market efforts. Stay informed about emerging AI technologies. Remaining up to date with emerging AI technologies and their applications is essential for maintaining a competitive edge in the market. Organizations should actively monitor advancements in AI tools and techniques that could enhance their go-to-market processes.

This awareness enables businesses to adopt innovative solutions that improve efficiency, customer engagement, and data analysis. By staying informed, companies can proactively adjust their strategies and leverage new technologies to meet changing consumer demands and market conditions. So, to conclude, in this module, we have understood what a go-to-market strategy is and what its components are. Then, we have explored the

various types of go-to-market strategies. Thereafter, we have understood how AI-led growth affects sales-led growth and product-led growth.

Then, we have also understood how AI is transforming go-to-market strategies. Then, we have gone through the impacts of AI on the go-to-market process and the key challenges and considerations. Finally, we have explored how to effectively use AI in go-to-market strategies. These are some of the differences from which the material for this module was taken. Thank you.