

# Chapter - Introduction

- The Best Way to hold customers is to constantly figure out how to give them more or less.

# The learning objectives

- Product
- Product classification
- Product life-cycle strategies
- New-product Development
- Product-line decision
- Brands decisions

# 1. What is product?

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- Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.

# Components of the Market Offering

value-based prices



Attractiveness of  
the market offering

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# Service and Experience

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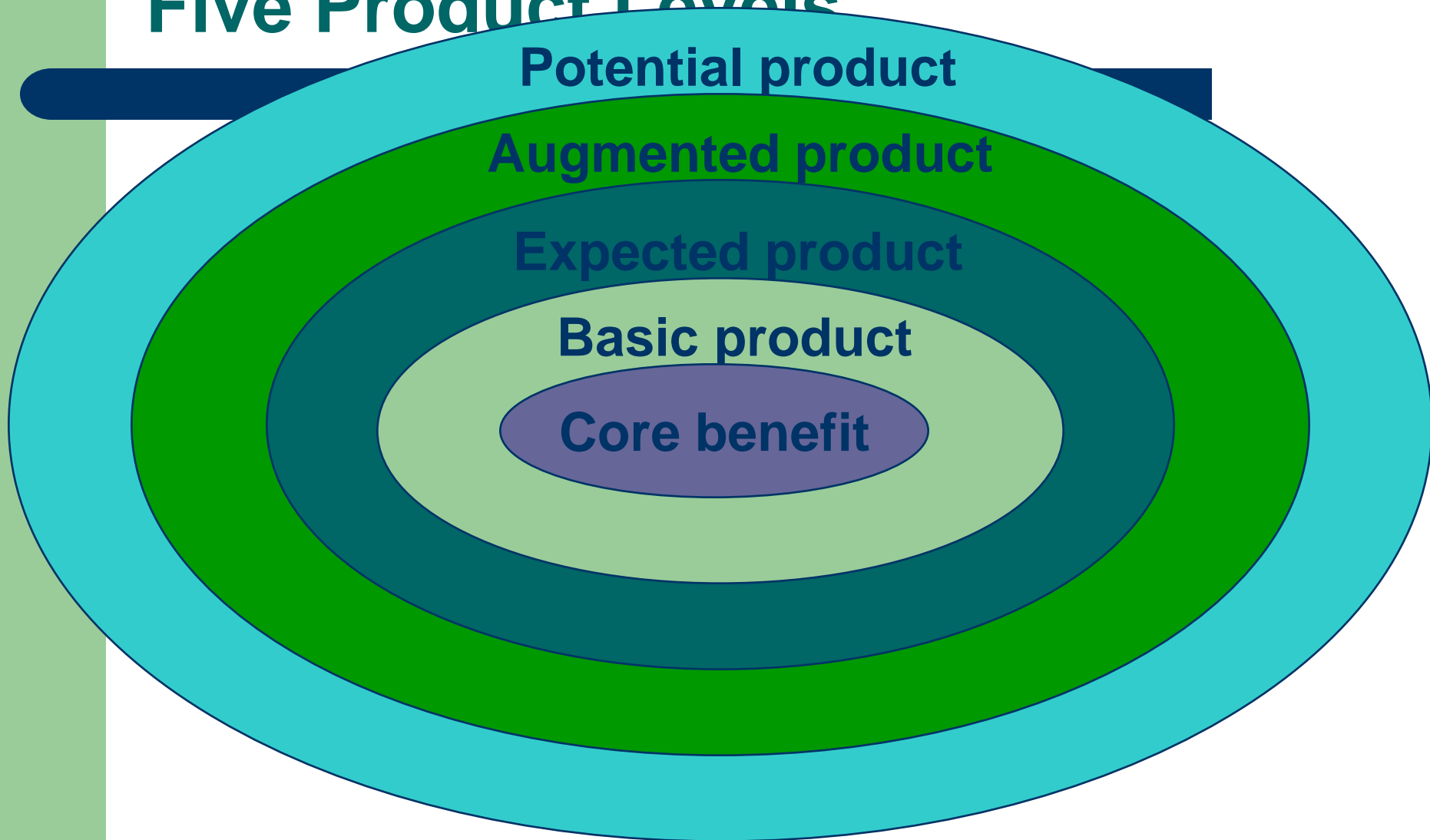
- Service—Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

# Discussion

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- Disney
- starbucks

# Five Product Levels



# Levels of Product

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- Core product
- Actual product
- Augmented product



# Core product

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- Core benefit or service

# Actual product

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- Quality level
- Features
- Design
- Package
- Brand name

# Augmented product

- Installation
- After-sale service
- Warranty
- Delivery and credit
- Attached benefit

## 2. Product classifications

- Consumer products
- Industrial product
- Organizations, persons, places, and ideas

# Consumer product

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- Convenience products
- Shopping products
- Specialty
- unsought

# Consumer-Goods Classification

## Convenience Products

Buy frequently & immediately

- > Low priced
- > Many purchase locations
- > Includes:
  - Staple goods
  - Impulse goods
  - Emergency goods

## Shopping Products

Buy less frequently

- > Gather product information
- > Fewer purchase locations
- > Compare for:
  - Suitability & Quality
  - Price & Style

## Specialty Products

Special purchase efforts

- > Unique characteristics
- > Brand identification
- > Few purchase locations

## Unsought Products

New innovations

- > Products consumers don't want to think about.
- > Require much advertising & personal selling

# Industrial Product

- Material and parts
- Capital items
- Supplies and services

## 3.Product Life Cycles (PLC)

- The course of a product's sale and profit over its lifetime. It involves five distinct stages: product development, introduction, growth, maturity, and decline.



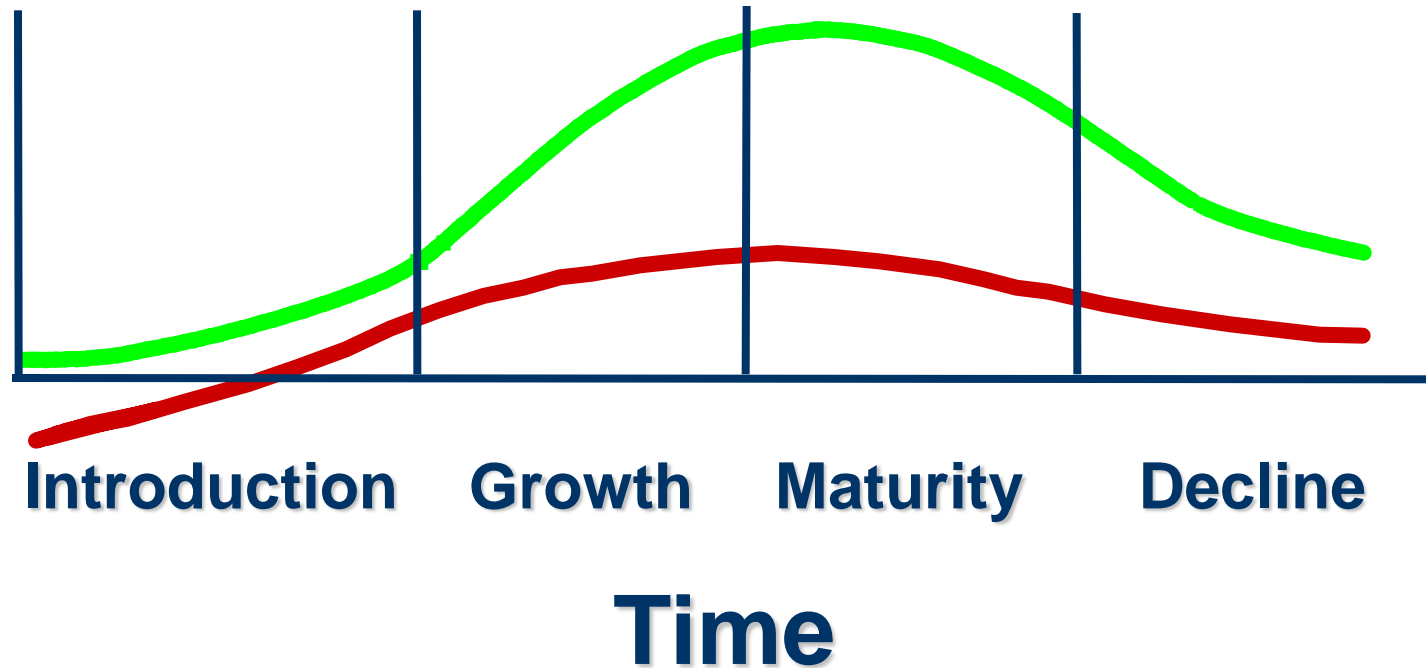
# Introduction stage

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- The product life-cycle stage in which the new product is first distributed and made available for purchase.

# Sales & Profit Life Cycles

Sales & profits



# Four Introductory Marketing Strategies

**Promotion**

**High**

**Low**

**High**

**Rapid-skimming strategy**

**Slow-skimming strategy**

**Price**

**Low**

**Rapid-penetration strategy**

**Slow-penetration strategy**

# Growth stage

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- The product life-cycle stage in which a product's sales start climbing quickly.

# Maturity stage

- The stage in the product life cycle in which sales growth slows or levels off.
- Modify the market, the product, and the marketing mix.

# Decline Stage

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- The product life cycle stage in which a product's sales decline

# Discussion

- Please list the marketing objectives and strategies for each stage.
- 2.what strategic option are open to the marketers of products in the mature stage of the product life cycle?
- 3.which product life-cycle stage, if any,is the most important?which stage is riskiest?which stage appears to hold the greatest profit potential? Be certain to explain the thinking behind each of your answer.

## 5.new-product development

- What is new product?
- Major stages in new product development



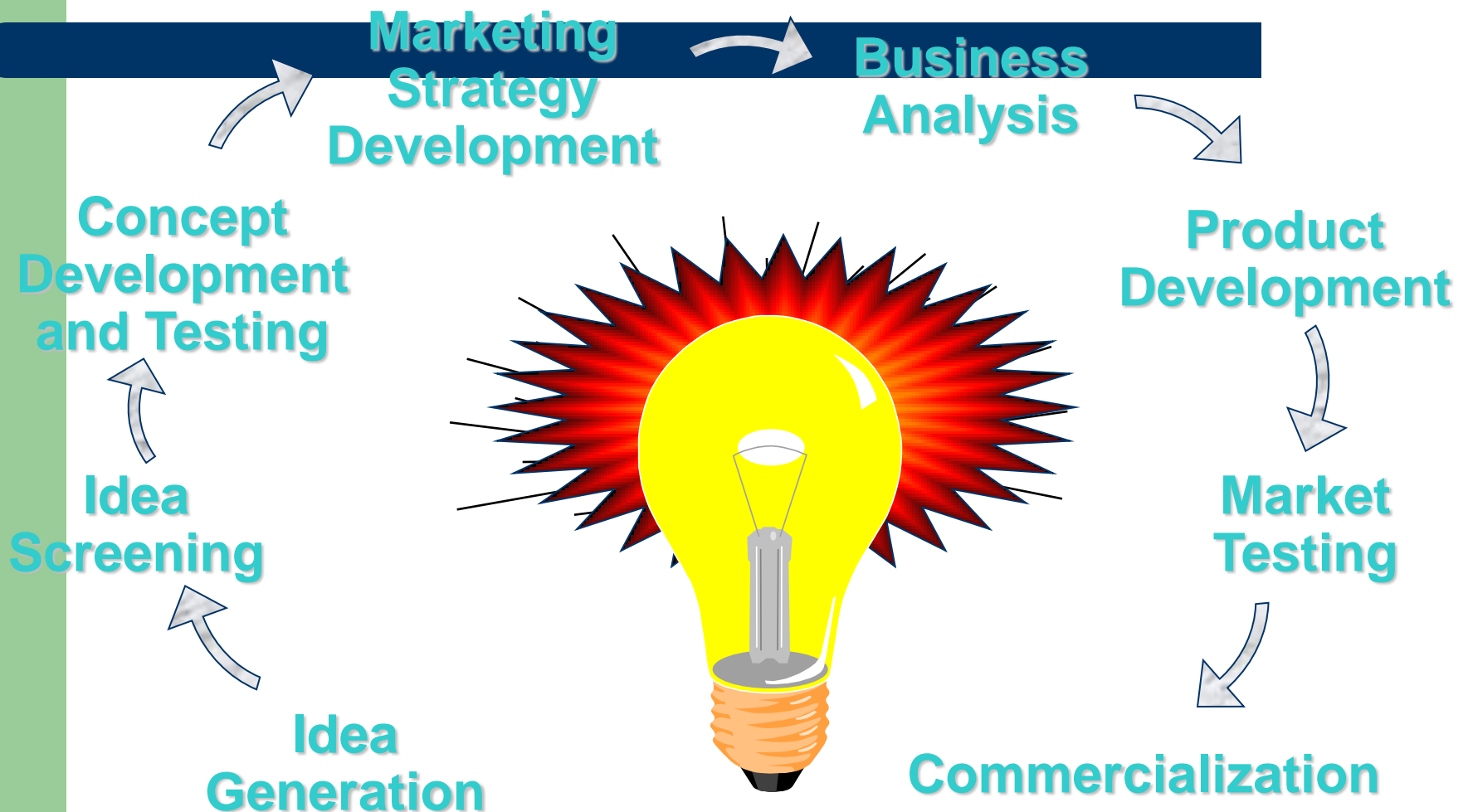
# What is new product?

- Original products
- Product improvements
- Product modifications
- New brands that the firm develops through its own research and development efforts

# Major stages in new product development

- Idea generation
- Idea screening
- Concept development and testing
- Marketing strategies
- Business analysis
- Product development
- Test marketing
- Commercialization

# New Product Development Process



# Probability of Success

$$\begin{array}{l} \text{Overall} \\ \text{probability} \\ \text{of success} \end{array} = \begin{array}{l} \text{Probability} \\ \text{of technical} \\ \text{completion} \end{array} \times \begin{array}{l} \text{Probability of} \\ \text{commercialization} \\ \text{given technical} \\ \text{completion} \end{array} \times \begin{array}{l} \text{Probability of} \\ \text{economic} \\ \text{success given} \\ \text{commercialization} \end{array}$$

# Concept Development & Testing

**1. Develop Product Ideas into  
Alternative Product Concepts**



**2. Concept Testing - Test the Product  
Concepts with Groups of Target Customers**



**3. Choose the Best One**

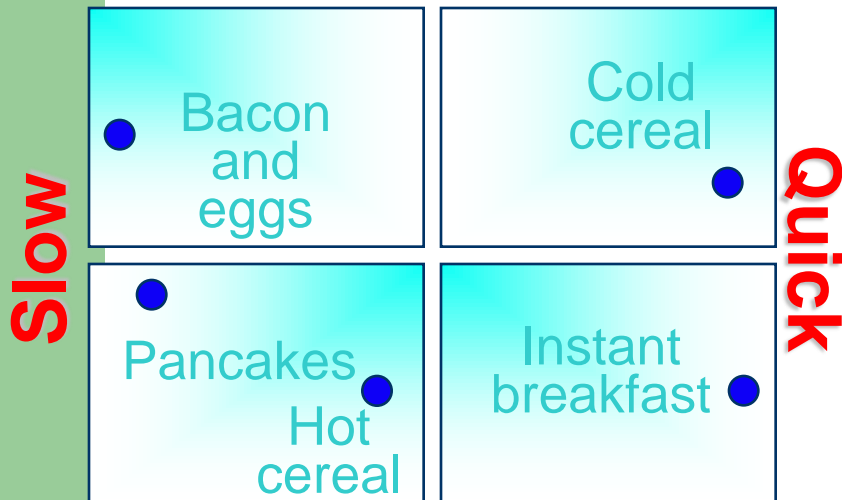
# Product & Brand Positioning

## (a) Product-positioning

map

(breakfast market)

**Expensive**



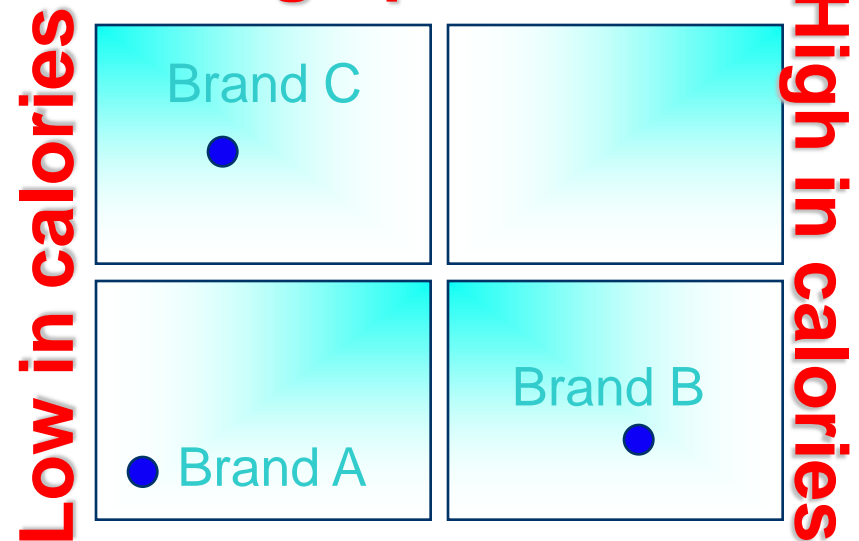
**Inexpensive**

## b) Brand-positioning

map

(instant breakfast market)

**High price/oz.**



**Low price/oz.**

# Consumer-Goods Market Testing

## Simulated Test Market

Test in a simulated shopping environment to a sample of consumers.

## Controlled Test Market

A few stores that have agreed to carry new products for a fee.

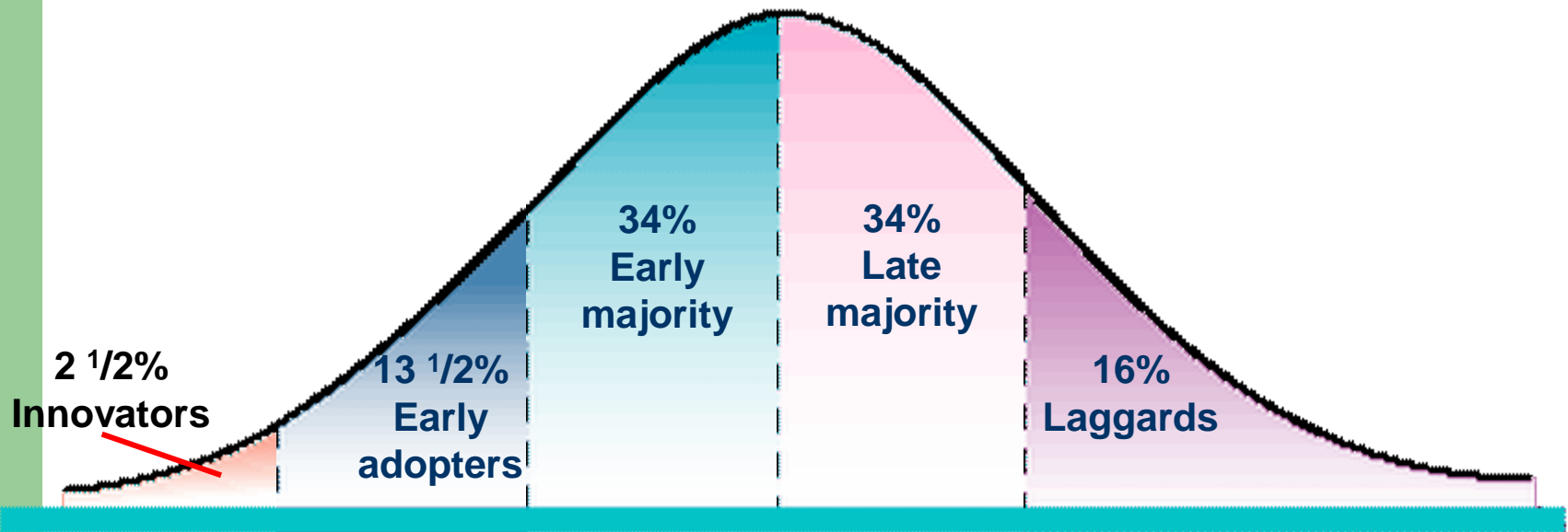
## Sales-Wave Research

Test offering trail to a sample of consumers in successive periods.

## Standard Test Market

Full marketing campaign in a small number of representative cities.

## Adopter Categorization of the Basis of Relative Time of Adoption of Innovations





## 6.product-line decision

- Product mix
- Product-line analysis
- Product –line length

# Product mix(assortment)

- The set of all products and items that a particular seller offers for sale.
- A company's product mix has a certain width,length,depth, and consistency.

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- Width:how many different product lines.
- Length:the total number of items.
- Depth:how many variants are offered of each product in the line.
- Consistency:how closely related the various product lines are in end use,production requirement,distribution channels, or some other way.

# Product Mix

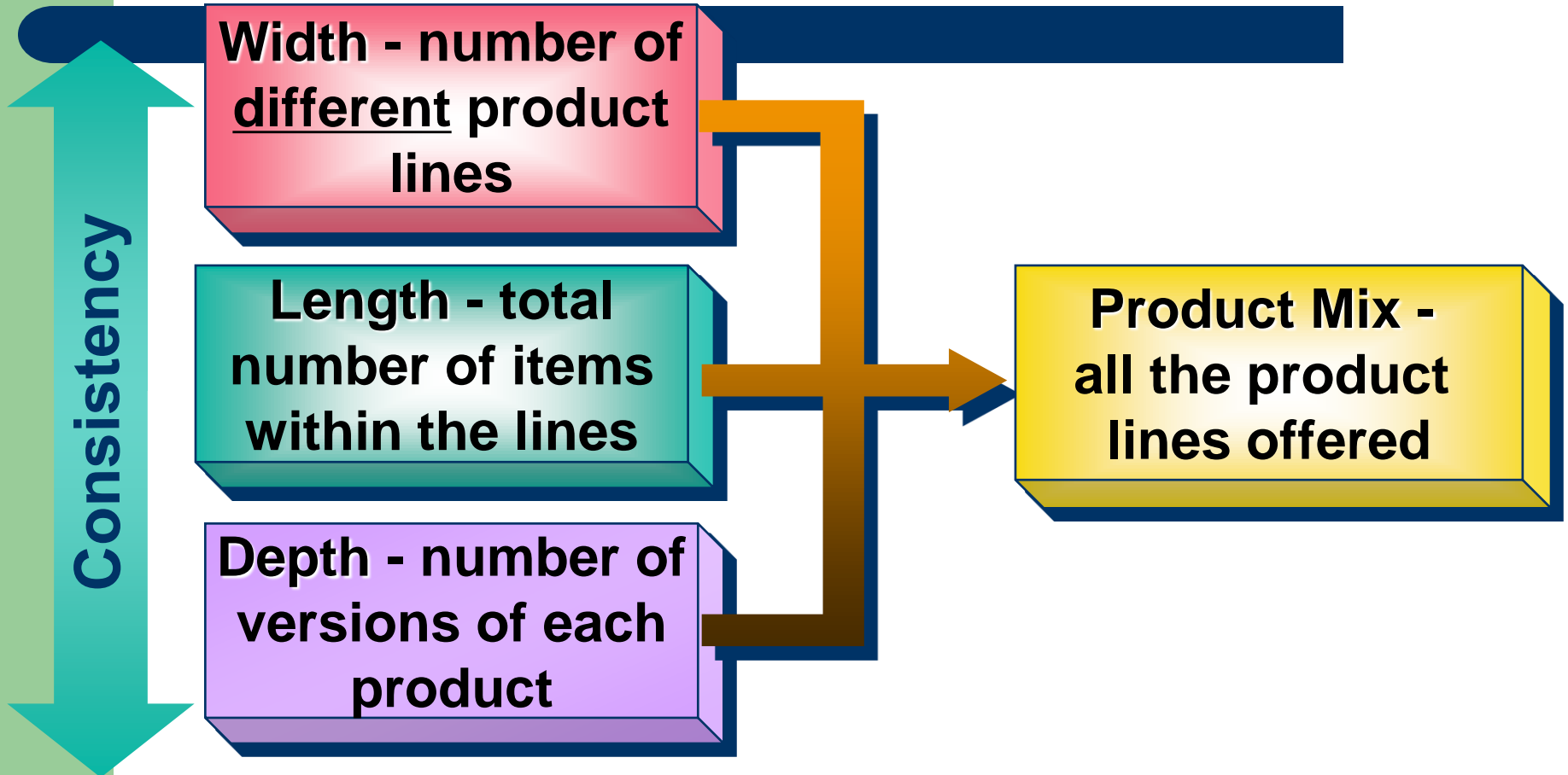
**Width - number of  
different product  
lines**

**Length - total  
number of items  
within the lines**

**Depth - number of  
versions of each  
product**

**Consistency**

**Product Mix -  
all the product  
lines offered**



# Product-line analysis

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- Sales and profit
- Market profile

# Product-Line Length

- Line Stretching
  - Downmarket
  - Upmarket
  - Two-way
- Line Filling
- Line Modernization
- Line Featuring & Line Pruning

# Line stretching

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- Downmarket stretch
- Upmarket stretch
- Two-way stretch

# Line filling

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- Quality—price analysis



## 6.Brand Decision

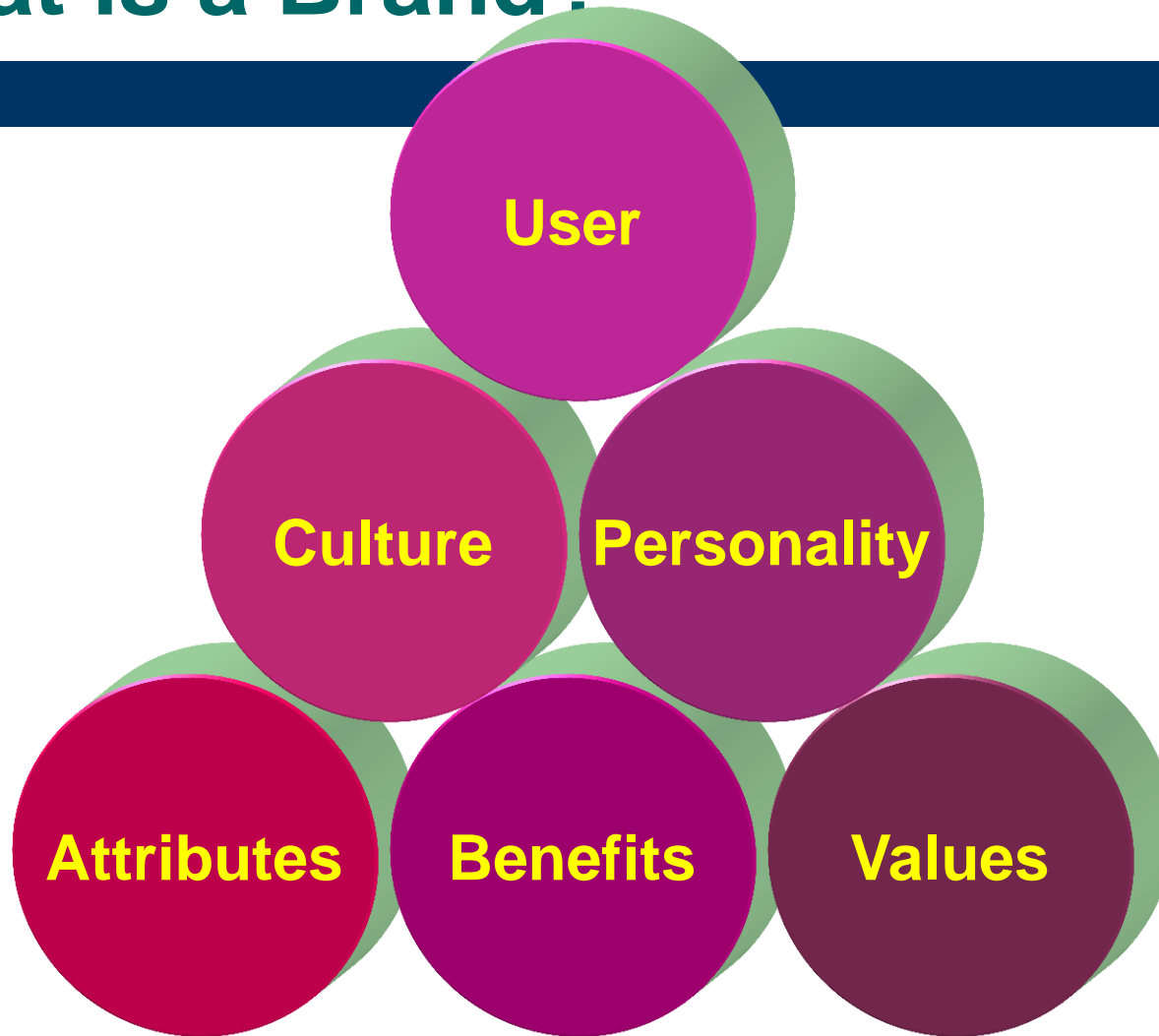
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- What is brand?
- Band decision

# What is brand?

- Brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors.

# What is a Brand?



# discussion

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- What is difference between product and brand?
- How to define the line cycle of a brand?

# An Overview of Branding Decisions

## Branding Decision

- Brand
- No brand

## Brand-Sponsor Decision

- Manufacturer brand
- Distributor (private) brand
- Licensed brand

## Brand-Name Decision

- Individual brand names
- Blanket family name
- Separate family names
- Company-individual names

## Brand-Strategy Decision

- Line extension
- Brand extension
- Multi-brands
- New brands
- Cobrands

## Brand-Repositioning Decision

- Repositioning
- No repositioning

# Brand decision

- 1.to brand or not to brand?
- 2.brand-sponsor decision
- 3.Brand-name decision
- 4.brand-strategy decision
- 5.brand-reposition decision

# brand-sponsor decision

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- Manufacturer brand
- Distributor brand
- Licensed brand

# Brand-name decision

- Individual
- Blanket family
- Separated family
- Company-individual family



# Good Brand Names:

**Distinctive**

**Lack Poor  
Foreign  
Language  
Meanings**

**Suggest  
Product  
Qualities**

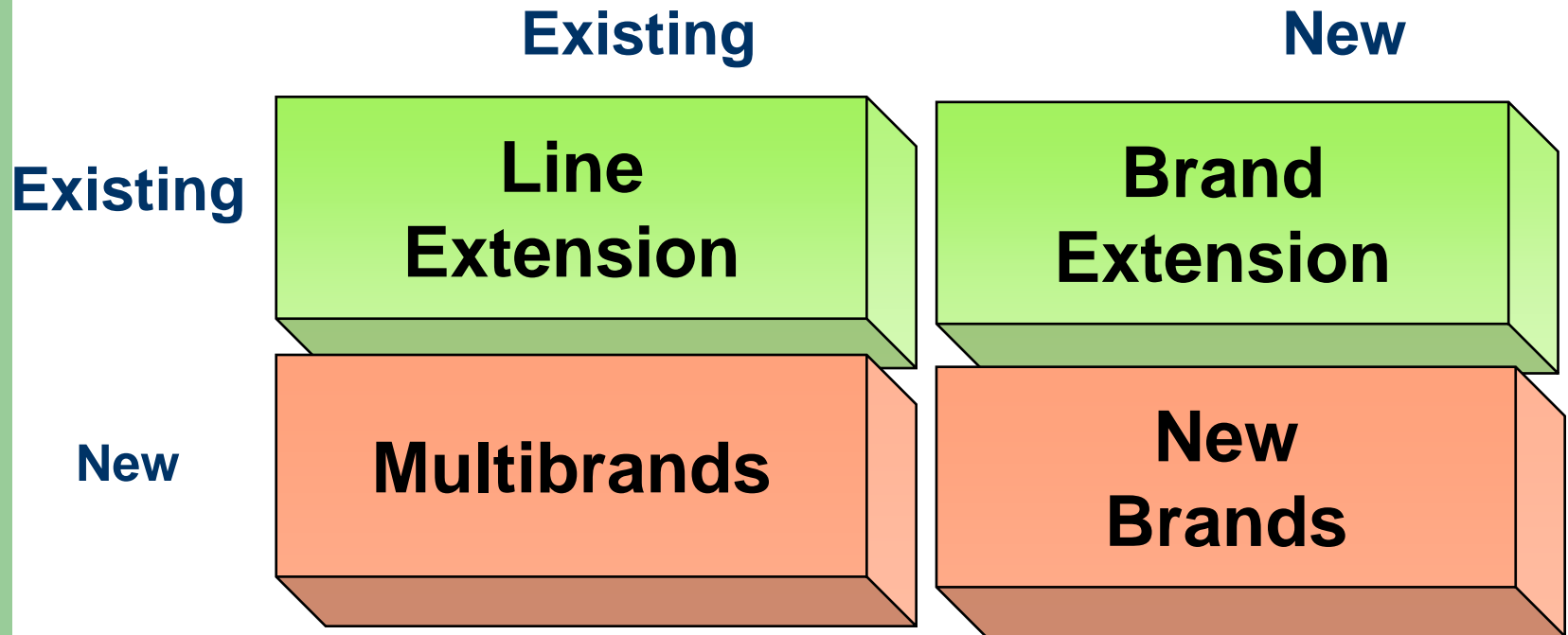
**Suggest  
Product  
Benefits**

**Easy to:  
Pronounce  
Recognize  
Remember**

# Brand Strategies

## Product Category

Brand Name



# brand-strategy decision

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- Line extensions
- Brand extensions
- New brands
- cobrands

# brand-reposition decision

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- Reposition
- No reposition

# Why Package Crucial as a Marketing Tool

- Self-service
- Consumer affluence
- Company & brand image
- Opportunity for innovation

# Labels



**Promote**

**Describe**

**Identify**

# Assignment

- Case study : P425