

CHAPTER

eleven

**Product and
branding strategy**

Previewing concepts (1)

- Define the term product including the core, actual and augmented product
- Explain the main classifications of products
- Describe the decisions companies make regarding their individual products, product lines, and product mixes

Previewing concepts (2)

- Discuss branding strategy - the decisions that companies make in building and managing brands
- Discuss additional branding issues with respect to socially responsible brand decisions and international marketing

Prelude case: L'Oreal: are you worth it?

The screenshot shows the L'Oréal Hair Discovery website. At the top, there is a navigation bar with links for 'OUR COMPANY', 'CAREERS', 'BRANDS', 'RESEARCH', 'FRANCE & SHAREHOLDERS', 'NEWS', and 'PRESS RELEASES'. The main header features the 'L'ORÉAL' logo and 'DISCOVERY' in a stylized font. Below the header, the main content area is titled 'Hair - Discovery' and features a large graphic of a hair strand with the text 'Hair Discovery' and a sub-headline: 'But, I thought I knew all about it... Much more than meets the eye. Take a fantastic voyage to the center of a human hair and discover a hidden universe.' Below this, a sub-headline reads 'You may not know it, but your hair says a lot about you.' The main content area is divided into three columns. The left column contains two sections: 'Once you have visited Hair Discovery, go to the Game room.' with a 'Go' button, and 'The Quest for Beautiful Hair' with a 'Go' button. The middle column contains two sections: 'All About Hair' with a 'Go' button and 'My Hair and Me' with a 'Go' button. The right column contains a 'QUICK SURVEY' section with the question 'In your opinion, what is the most important field of hair research?' and five radio button options: 'Graying hair', 'Hair loss', 'Studying the different nature and types of hair', 'The mastery of coloring techniques', and 'Hair beauty (shine and strength)'. The bottom option, 'Hair ageing', is selected.

OUR COMPANY CAREERS BRANDS RESEARCH FRANCE & SHAREHOLDERS NEWS PRESS RELEASES

L'ORÉAL [HIRE](#) [CONTACT](#) [SITE MAP](#) L'ORÉAL DISCOVERY

Hair - Discovery

Hair Discovery

But, I thought I knew all about it...
Much more than meets the eye.
Take a fantastic voyage to the center of a human hair and discover
a hidden universe.

You may not know it, but your hair says a lot about you.

Once you have visited Hair Discovery, go to the Game room.

[Go](#)

The Quest for Beautiful Hair

From dry and lifeless, to shiny and strong-a hair success story recreated from the bits and pieces of information that hair stores in its "memory".

[Go](#)

All About Hair

For more than a century, scientists have been examining hair from every angle. Hop on board for a voyage to the minute center of a strand of hair. Are you ready?

[Go](#)

My Hair and Me

Every one of your hair care gestures says something about you. You'll never think of your hair in the same way again.

[Go](#)

L'OREAL DISCOVERY

HAIR DISCOVERY

[All About Hair](#)

[My Hair and Me](#)

[My Hair the Way I Want It](#)

HAIR GAMES

FOLLOW THE GUIDE

QUICK SURVEY

In your opinion, what is the most important field of hair research?

- Graying hair
- Hair loss
- Studying the different nature and types of hair
- The mastery of coloring techniques
- Hair beauty (shine and strength)
- Hair ageing

Prelude Case

- Distinguish between the core, tangible and augmented product that L'Oréal sells.
- A hair care product's name is a central product attribute. What are the key branding decisions that L'Oréal's marketing managers have to make?
- L'Oréal markets its hair care products worldwide. What major considerations does the firm face in determining global product decisions?

What is a product?

A **product** is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.

What is a Product?

- Physical Objects
- Services
- Persons
- Places
- Organizations
- Ideas
- Combinations of the above

Marketing of Places, People, and Ideas

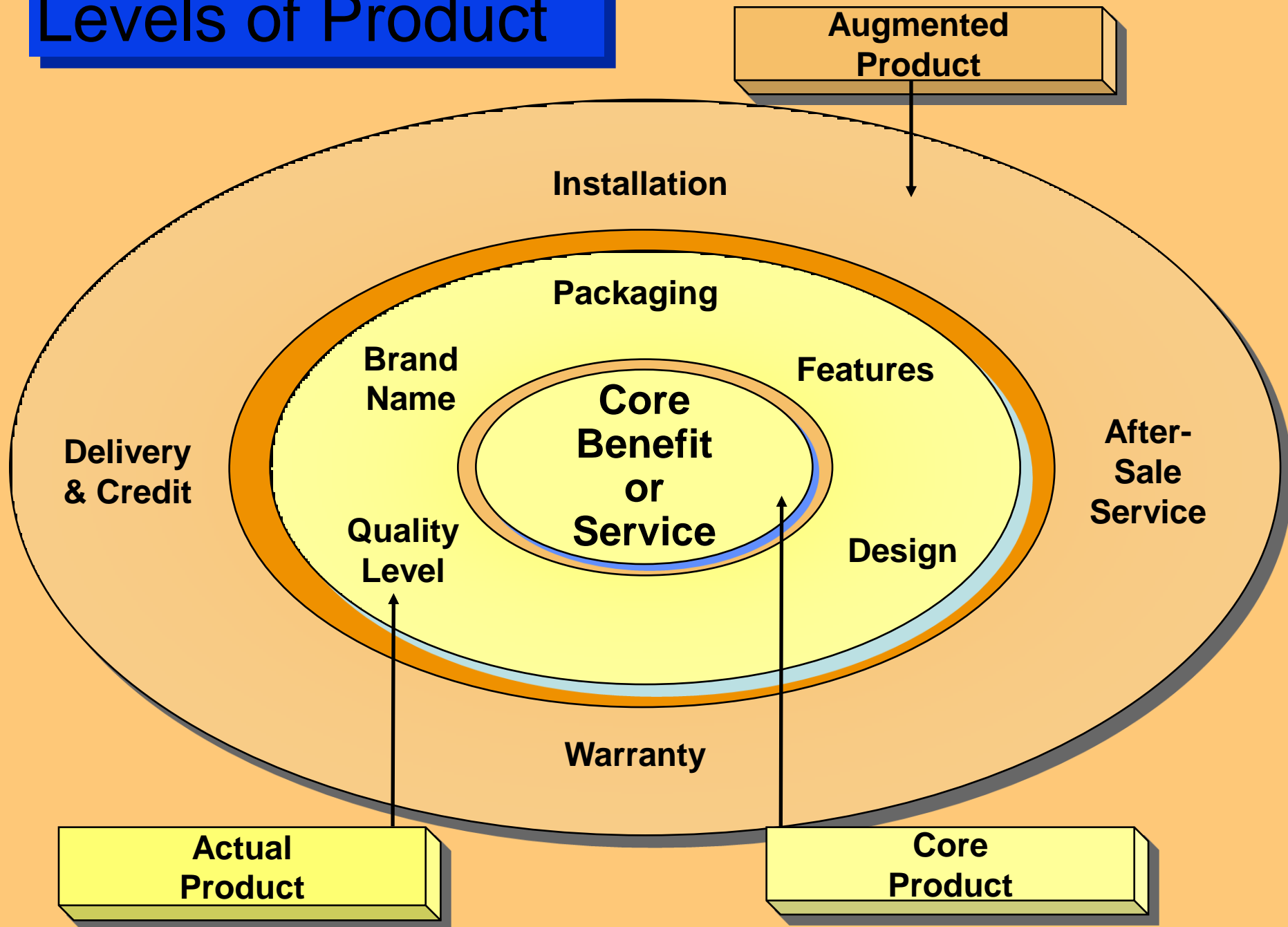
Even ideas, like the Stop Aids campaign, can be marketed

The screenshot shows the homepage of the STOP AIDS Project website. The main header is red with the text "STOP AIDS Project" and a logo. Below the header is a navigation menu with links for "Programs", "Positive Force", "Our Love", "Resources", and "About Us". A search bar is located in the top right corner. The central content area features a large graphic for an event titled "Sugar Blues: Balancing energy and emotions with whole foods." The graphic includes a stack of white sugar cubes on a blue background. Below the graphic, the event details are listed: "When: May 15th", "Time: 6:00 - 8:30PM", and "Place: STOP AIDS Project Main Office, 2128 15th Street (between Sanchez and Moe)". On the left side of the page, there is a vertical sidebar with links for "Home", "About Us", "Programs", "Positive Force", "Our Love", "Resources", and "Subscribe". On the right side, there are several sections: "What's New", "JOB OPENINGS", "MRSA STAPH 101" (with a sub-link for "Information and Podcast on Community Acquired Staph Infections"), and "Special Events" (with a sub-link for "Revolution T-Dance for Poz Men: Sunday May 23rd").

Social Marketing

- Ideas can also be marketed. In one sense, all marketing is the marketing of an idea. Here, however, we narrow our focus to the marketing of social ideas.
- This area has been Social Marketing - the use of commercial marketing concepts and tools in programmes designed to influence individuals' behaviour to improve their well-being and that of society.

Levels of Product



Product-based Classification

Durable

Non-
durable

Service
(Ch.13!!)

Consumer User-based Classification



Convenience

Shopping

Specialty

Product classifications

Convenience

Shopping

Specialty

Unsought

Product Classifications

Consumer Products

Convenience Products

- > Buy frequently & immediately
- > Low priced
- > Mass advertising
- > Many purchase locations

Fast Food, Sweets, Newspaper

Shopping Products

- > Buy less frequently
- > Higher price
- > Fewer purchase locations
- > Comparison shop

Clothing, cars, appliances

Specialty Products

- > Special purchase efforts
- > High price
- > Unique characteristics
- > Brand identification
- > Few purchase locations

Lamborghini, Rolex

Unsought Products

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

Life insurance, blood donation

What type of product is the Dualit toaster?



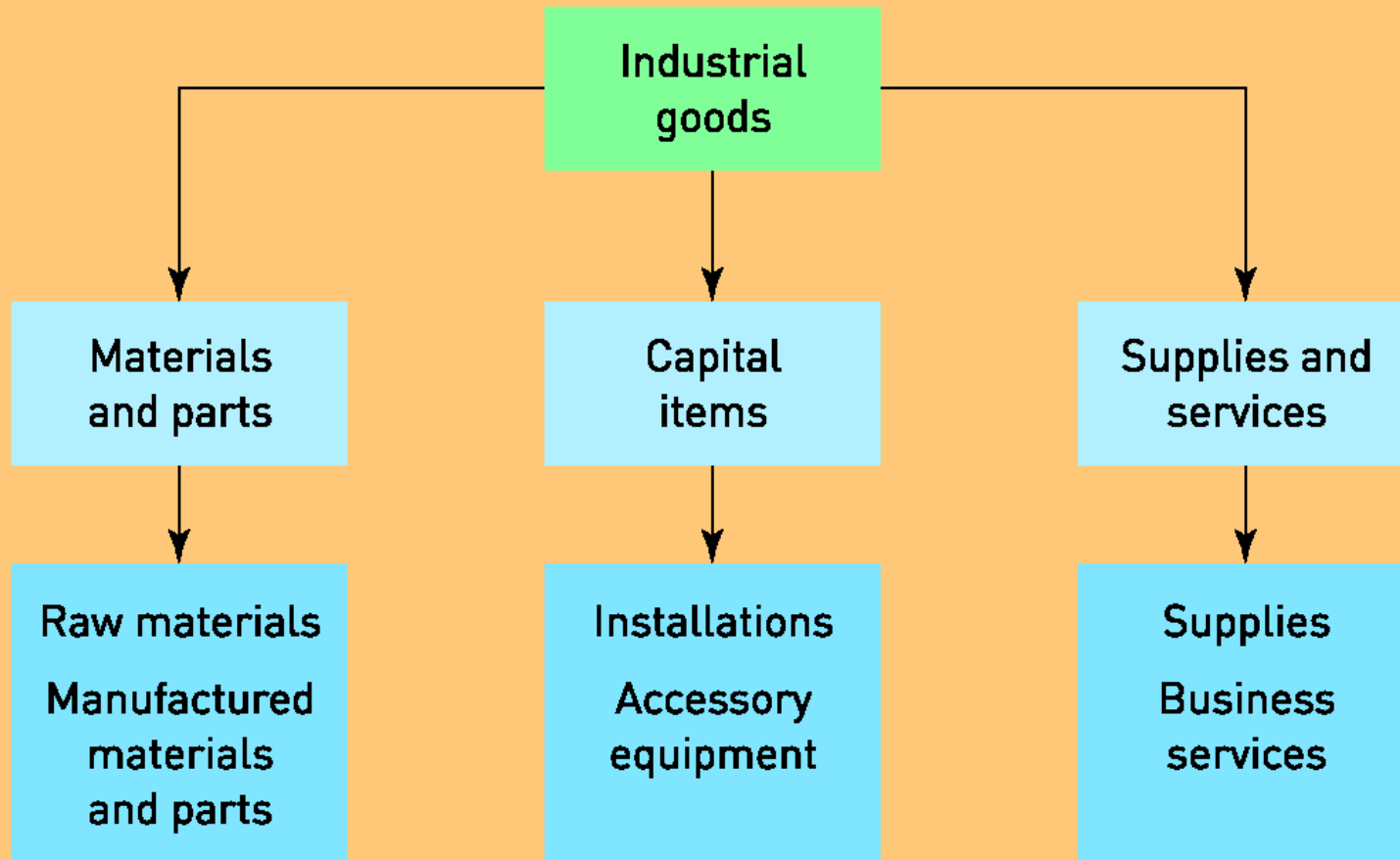
If you want a toaster that oozes class, then treat yourself to a Dualit. It's built to last a lifetime.

Source: © Dualit 01293 652500 <http://www.dualit.com>

Unsought Goods



Industrial products

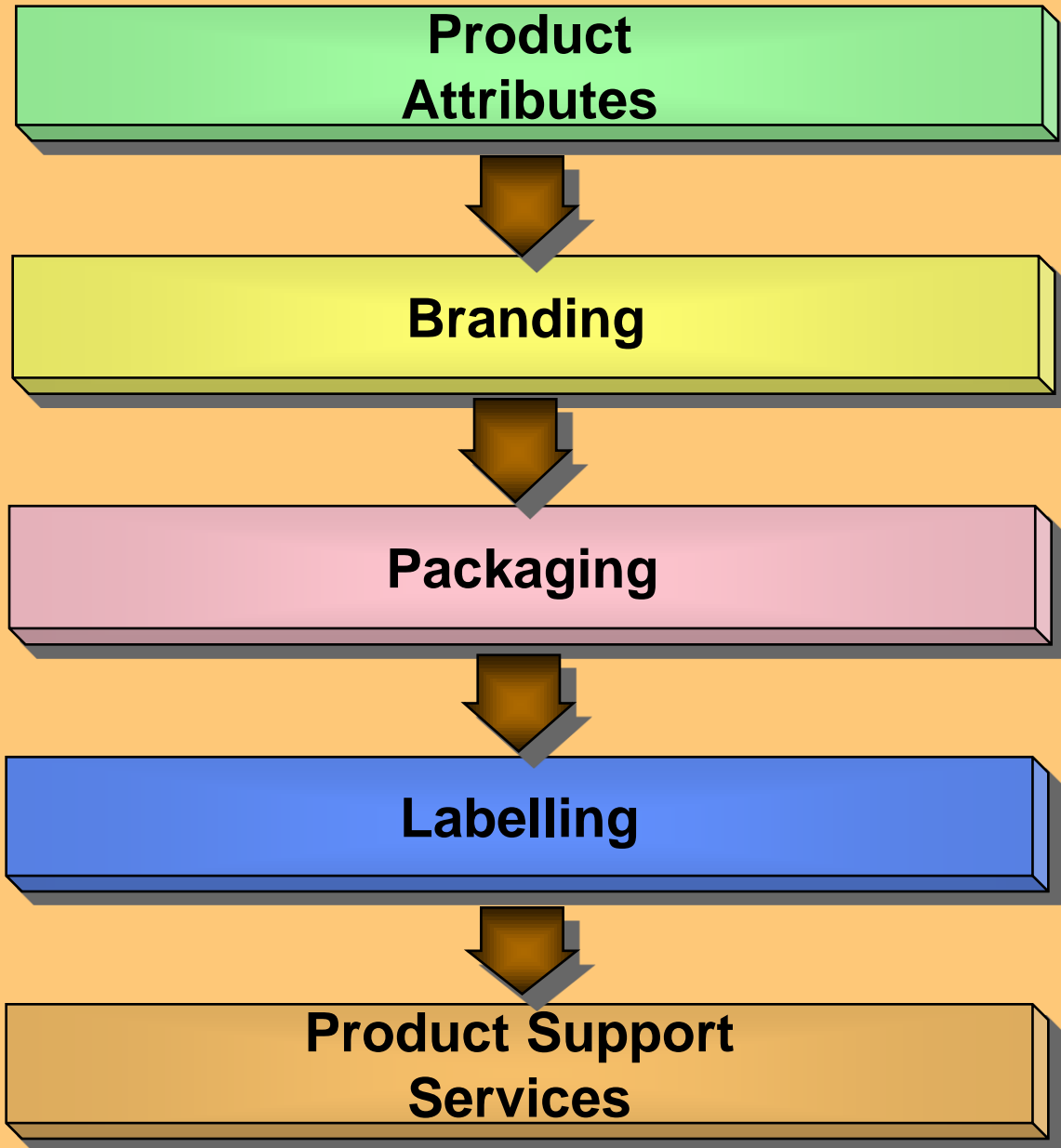


At what levels
are product decisions made?

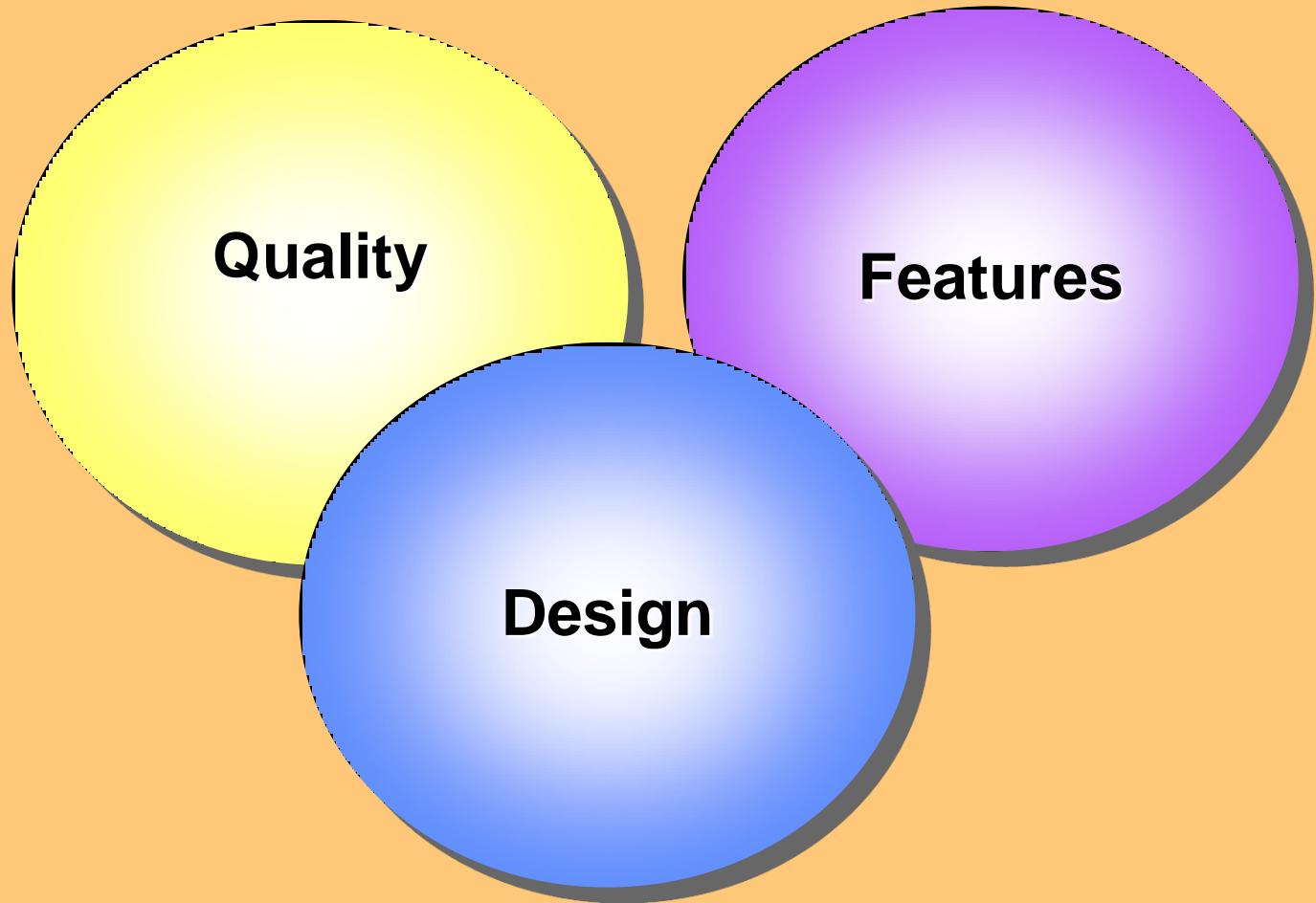
Marketers make **product decisions** at three levels:

- individual
- product-line
- product-mix

Individual Product Decisions



Product Attribute Decisions



QUALITY

- An important product attribute
- Essentially about meeting buyers' expectations
- Conceptual and practical problems of measurement
- Numerous means of providing reassurance about quality (e.g. ISO9000 series)

DISTINCTIVE DESIGN

- Provides differentiation from competition
 - e.g. Toblerone chocolate
- But remember - distinctive design in itself is not enough - it must meet customers' needs and expectations

Decision components associated with product attributes

- Product quality
- Product features
- Product style and design



Fiat Multipla - 2003 : Fiat doing what it does best - basically zigging when the rest of the world zags. The Multipla MPV pioneered the most distinctive face on the market, along with three-across seating and room for six and all their luggage.
Road Test: Fiat Multipla

Aspects of Design, Quality, and Guarantees

Quality

Performance

Durability

Reliability
and maintenance

Design
and style

Corporate name
and reputation

Guarantees

Selling an organisation

- Organisation marketing consists of activities undertaken to create, maintain, or change the attitudes and behaviour of target consumers toward an organisation
- Corporate image advertising campaigns polish images and support marketing for various publics

Branding

Branding seeks to create and communicate a three-dimensional character for a product that is not easily copied or damaged by competitors' efforts.

Brand Defined

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 to differentiate them from those of competitors

The Role of Brands

- Identify the maker
- Signify quality
- Create barriers to entry
- Serve as competitive advantage
- Secure price premium
- Offer legal protection

Marketing Advantages of Strong Brands

- Improved perceptions
- Greater loyalty
- Less vulnerable to competition
- Larger margins
- More inelastic response to price increases
- More elastic response to price decreases
- Greater trade cooperation
- Increased marketing communications
- Possible licensing opportunities
- Brand extension opportunities

Trade Mark

Trades Marks Act of 1994 enables registration of

- Smells
- Sounds
- Product shapes
- Packaging
- Brand names
- Logos

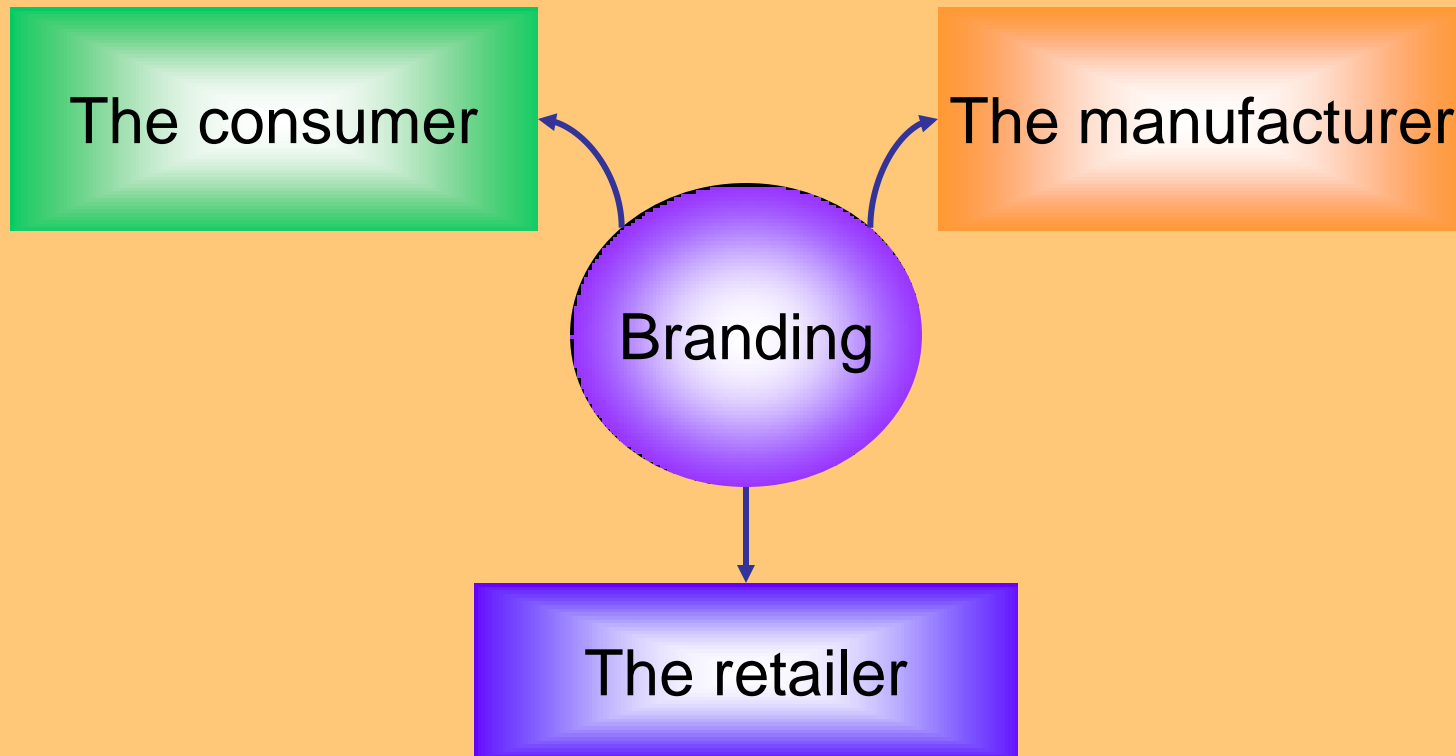


DISTINCTIVE VISUAL IDENTITY

- Logos can be very powerful - these designs convey meaning, even with the “wrong name”



Figure 6.3 The Benefits of Branding



Benefits of Branding for the Consumer

- Easier product identification
- Communicates features and benefits
- Helps product evaluation
- Establishes product's position
- Reduces risk
- Creates interest

Benefits of Branding for the Manufacturer

- Helps create loyalty
- Defends against competition
- Creates differential advantage
- Allows premium pricing
- Helps targeting/ positioning
- Increases power over retailer

Types of Brands - Sponsorship options

Manufacturer's brand

Private brand

Licensed brand

Co-brand

Table 6.4 The growing share of own-label globally

Product area	Own-label share (%)	Own-label growth (%)	Price differential vs manufacturer's brand (%)
Refrigerated food	32	9	-16
Paper, plastic and wraps	31	2	-24
Frozen food	25	3	-20
Pet food	21	11	-42
Shelf stable food	19	5	-27
Nappies and feminine hygiene	14	-1	-34
Healthcare	14	3	-37
Non-alcoholic beverages	12	3	-32
Home care	10	2	-36

Source: ACNielsen (2005) 'The Power of Private Label 2005' report

Selecting a Brand Name

Distinctive

Supportive

Acceptable

Available

Selecting a Brand Name

- It should suggest something about the product's benefits and qualities.
- It should be easy to pronounce, recognise, and remember. Short names help.
- The brand name should be distinctive.
- It should be extendable.
- The name should translate easily into foreign languages.
- It should be capable of registration and legal protection.



Exhibit 6.1 There are many different brands of adhesives, MP3 players and vacuum cleaners, but Sellotape, iPod and Hoover have been so successful that they have come to be associated with these product categories—they are what are known as **generic brands**

Figure 6.4 The Brand Name Spectrum



Table 6.2 Brand name categories

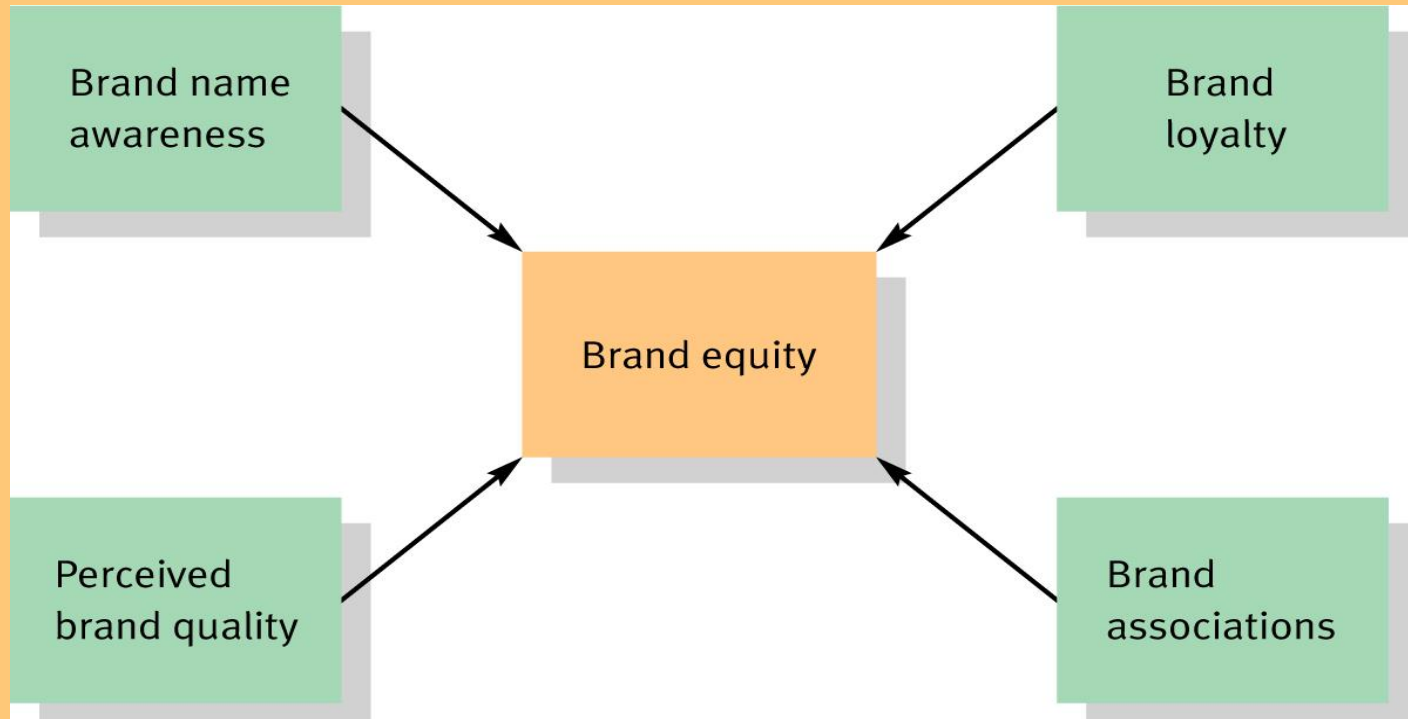
<i>People:</i>	Cadbury, Mars, Heinz
<i>Places:</i>	Singapore Airlines, Deutsche Bank
<i>Descriptive:</i>	I Can't Believe It's Not Butter, the Body Shop, T-mobile
<i>Abstract:</i>	KitKat, Kodak, Prozac
<i>Evocative:</i>	Egg, Orange
<i>Brand extensions:</i>	Dove Deodorant, Virgin Direct, Playtex Affinity
<i>Foreign meanings:</i>	LEGO (from 'play well' in Danish), Thermos (meaning 'heat' in Greek)

Source: adapted from Miller, R. (1999) Science Joins Art in Brand Naming, *Marketing*, 27 May, 31–2.

Brand Equity

The added value endowed to products,
reflected in how consumers
think, feel, and act
with respect to the brand,
as well as the
prices, market share, and profitability
that the brand commands for the firm

Major elements of brand equity



Corporate branding: Company brand + individual brand

- Kellogg's Cornflakes
- Kellogg's Just Right
- Kellogg's

The screenshot shows the Kellogg's website homepage. At the top left is the Kellogg's logo. To the right of the logo are links for "contact us/FAQs | where to buy | my account", a search bar, and a "Search" button. Below the search bar is a "text size" selector with options for "A", "A", and "A".

The main content area is divided into several sections:

- Home**: A list of navigation links including "Home", "Products", "New Products", "Products by Brand", "Baking Products", "Beverages", "Cereal", "Cookie", "Crackers", "Eggs", "Themed Snacks", "Pop-Tarts", "Snacks & Bars", "Special Kit", "Syrup", "Vegetarian", and "Product Search".
- Products**: A list of product categories including "Cereal", "Cookie", "Crackers", "Eggs", "Themed Snacks", "Pop-Tarts", "Snacks & Bars", "Special Kit", "Syrup", "Vegetarian", and "Product Search".
- Good Food, All Day Long**: A section with a paragraph of text and a collection of product images. The text reads: "Since 1908 people have known Kellogg as a company they can rely on for great-tasting, high quality foods. The world's leading producer of cereal and a leading producer of convenience foods, Kellogg Company's brands include *Kellogg's*, *Kashi*, *Pop-Tarts*, *Eggs*, *Cheer-It*, *Clubs*, *Nutri-Grain*, *Rice Krispies*, *All-Bran*, *Special K*, *Mini-Wheats*, *Chips Deluxe*, *Sandies*, *Morningstar Farms*, *Famous Amos*, and *Murray*." The product images include boxes of *SMART 14*, *Nutri-Grain*, *ROSTED FLAKES*, *POP-TARTS*, and *CRACKERS*.
- Family Favorites**: A section with a list of product links: [Apple](#), [Cakes](#), [Cheer-It](#), [Eggs](#), [Famous Amos](#), [Good Loops](#), [Frosted Flakes](#), [Kashi Fl. Flange](#), [Kashi Town House](#), [Kashi-Tots](#), [Murray Sugar-Free](#), [Nutri-Grain](#), and [Rice Krispies](#). The product images include boxes of *RICE KRISPIES* and *CHEER-IT*.
- New In Stores**: A section with a list of product links: [Frosted Flakes In Go Packs](#), [Frosted Flakes Gold](#), [Murray Sugar-Free Chocolate Chip](#), and [Town House Flippers](#). Below the links is an "All New Products" link and a collection of product images including boxes of *NEW! FlipSide* and *NEW! Frosted Flakes Gold*.

On the right side of the page, there is a "search products" section with a "keyword" search bar, a "category" dropdown menu, and a "Go" button. Below this is a "Where to Buy" button with a grid icon.

Packaging Defined

Packaging is any container or wrapping in which the product is offered for sale and can consist of a variety of materials such as glass, paper, metal or plastic.

Functions of Packaging

- Protect product
- Keep product ready for use
- Dispense product
- Present brand imagery
- Provide information
- Make product attractive
- Make product use convenient

Packaging

- To hold and protect
- To attract attention
- To describe the product
- To make a sale

The screenshot shows the Heinz website's customization interface. At the top, there is a navigation bar with links: HOME, LOGIN, ORDER STATUS, CUSTOMER SERVICE, VIEW CART, FAQ, PRICING AND SHIP. Below the navigation bar is a banner image featuring a collage of people in various settings (a field, a party, a wedding). In the center of the banner are three large, stylized Heinz ketchup bottle labels with custom messages: "GO PANTHERS NOVEMBER 20, 2007", "IT'S YOUR MESSAGE. SAY IT YOUR WAY WITH HEINZ.", and "HAPPY BIRTHDAY BRANDI!". Below the banner is a red bar with three steps: "1. SELECT YOUR BOTTLE STYLE.", "2. SELECT YOUR QUANTITY.", and "3. SELECT YOUR MESSAGE (CREATE YOUR OWN OR CHOOSE A PRE-WRITTEN MESSAGE)". Below this bar are five product options with their respective labels: "2.25oz Mini Ketchup", "2.25oz Mini Mustard", "2.25oz Mini Combo", "26oz Upside Down", and "14oz Glass Bottle".

eg McVitie's Jaffa Cakes



UB

Home News Our Brands Consumer Care About UB Performance

Jaffa Cakes



 **Jaffa Cakes - Deliciously self centred**

The original recipe for McVitie's Jaffa Cakes is a closely guarded secret, the delicious combination of light sponge, dark chocolate and smashing orangey bit in the middle was first created over 60 years ago.

Back in 1991, we fought a battle with the VAT man to prove that Jaffa Cakes are cakes, not biscuits, and therefore should not attract VAT.

In 1994 McVitie's launched Mini Jaffa Cakes and Jaffa Cake Bars, to appeal to the growing lunchbox market. 1999 saw the introduction of the innovative 'Tubes' packaging and 2002 was the year of the Jaffa Mini Roll launch.

Jaffa Cakes are known for being irresistible but unfortunately, not everyone is prepared to get their Jaffa Cakes honestly. Remember the Munchkins, who would do almost anything to get hold them! They were followed by another desperate mob in the 1990's known as the Orangey Tangs who loved the orangey bit in the middle so much so we had to completely cover the Jaffa Cakes in chocolate, for a limited time, to keep them out.

- BN
- Delacre
- Sultana
- Verkade
- Fontaneda
- Triunfo
- Artiach
- Fruco
- Royal
- Apis
- Hula Hoops
- KP Nuts
- McCoy's
- Mini Cheddars
- Skips
- Go Ahead



Packaging Issues

- Labelling
 - Warnings
 - Instructions
 - Regulated information
 - Size
 - Contact information
- Design
 - Aesthetic appeal
 - Ergonomic properties
 - Functionality
 - Reliability
 - Life span

Labelling

- Identify products or brands
- Grade the product
- Describe the product
- Promote the product

THE PRODUCT MIX

- The total range of products
- Defined by its breadth and width

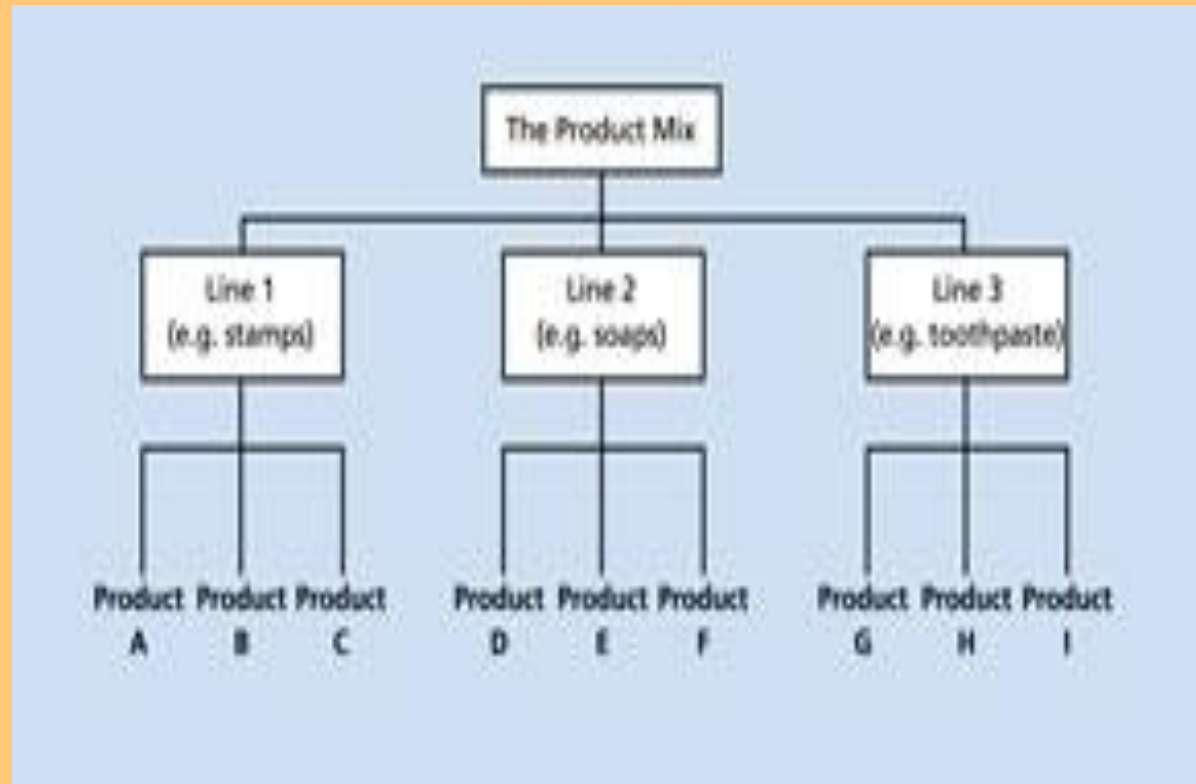


Table 6.6 Sample brand portfolios of leading companies

Johnson & Johnson	Procter & Gamble	Nestlé	Unilever	L'Oréal	Diageo
Band-Aid	Always	Nescafé	Omo	Vichy	Guinness
Neutrogena	Bounce	Perrier	Surf Comfort Domestos	Garnier	Baileys
RoC	Duracell Pantene Pampers	Vittel KitKat Quality Street	Cif	La Roche-Posay Maybelline	Smirnoff J&B Bundaberg
Johnson's bebe	Tampax Crest	Purina Rolo	Dove Timotei	Lancôme Ralph Lauren perfumes	Captain Morgan Moët & Chandon
Clean & Clear	Vicks	Nespresso	Organics	Helena Rubinstein	Jose Cuervo
Aveeno	Head & Shoulders	Carnation	Knorr	Giorgio Armani perfumes	Tanqueray
Acuvue	Gillette Fusion	Lean Cuisine	Ben & Jerry's	Cacherel	Malibu
Pepcid	Camay	Buitoni	Lipton	Biotherm	
Tylenol	Hugo	Nesquik	Ragu		Archers
Imodium	Cover Girl	Libby's	Pot Noodle	Body Shop	Bells
Stayfree Piz Buin	Old Spice Pringles Oral B	Chef Purina Friskies	Hellmann's		Piat d'Or
Benecol	Naomi Campbell	Dreyer's	SlimFast Lux Impulse	Diesel	Bertrams VO
Reach toothbrushes	Lacoste	Poland Spring	Bertolli	Redken	Hennessey

eg Heinz and the Monolithic Approach



The screenshot displays the Heinz website's 'Our brands & products' page. At the top left is the Heinz logo with the tagline 'good food every day' and a background image of bananas. To the right are navigation links: Register, Log in, Sitemap, and Talk to Heinz. Below these is a search bar labeled 'Search Site' with a 'submit' button. A horizontal navigation bar contains links for Home, 'Good Food Every Day', Our Company, Our Brands, Careers at Heinz, News, and FAQs. The main content area is divided into two columns. The left column has a sidebar with links for Introduction, Always read the label, and Recipes. The right column features the heading 'Our brands & products' followed by a paragraph of introductory text. Below this is a list of product categories, each with a 'view details' link.

Register Log in Sitemap Talk to Heinz

Search Site submit

Home 'Good Food Every Day' Our Company Our Brands Careers at Heinz News FAQs

Introduction
Always read the label
Recipes

Our brands & products

In this section you'll find information on some of our best-loved brands such as Heinz Tomato Ketchup, Heinz Salad Cream and more. Plus there's lots of information about the various products from the entire Heinz range. There's also details on their history, key milestones and latest news. Plus don't miss the recipe suggestions and links to each of the websites where you can find out even more.

Simply click on one of the links below, or select a brand from the dropdown list for more details.

- Heinz Baby Food [view details](#)
- Heinz Baked Beans [view details](#)
- Heinz Salad Cream [view details](#)
- Heinz Soup [view details](#)
- Heinz Spaghetti [view details](#)



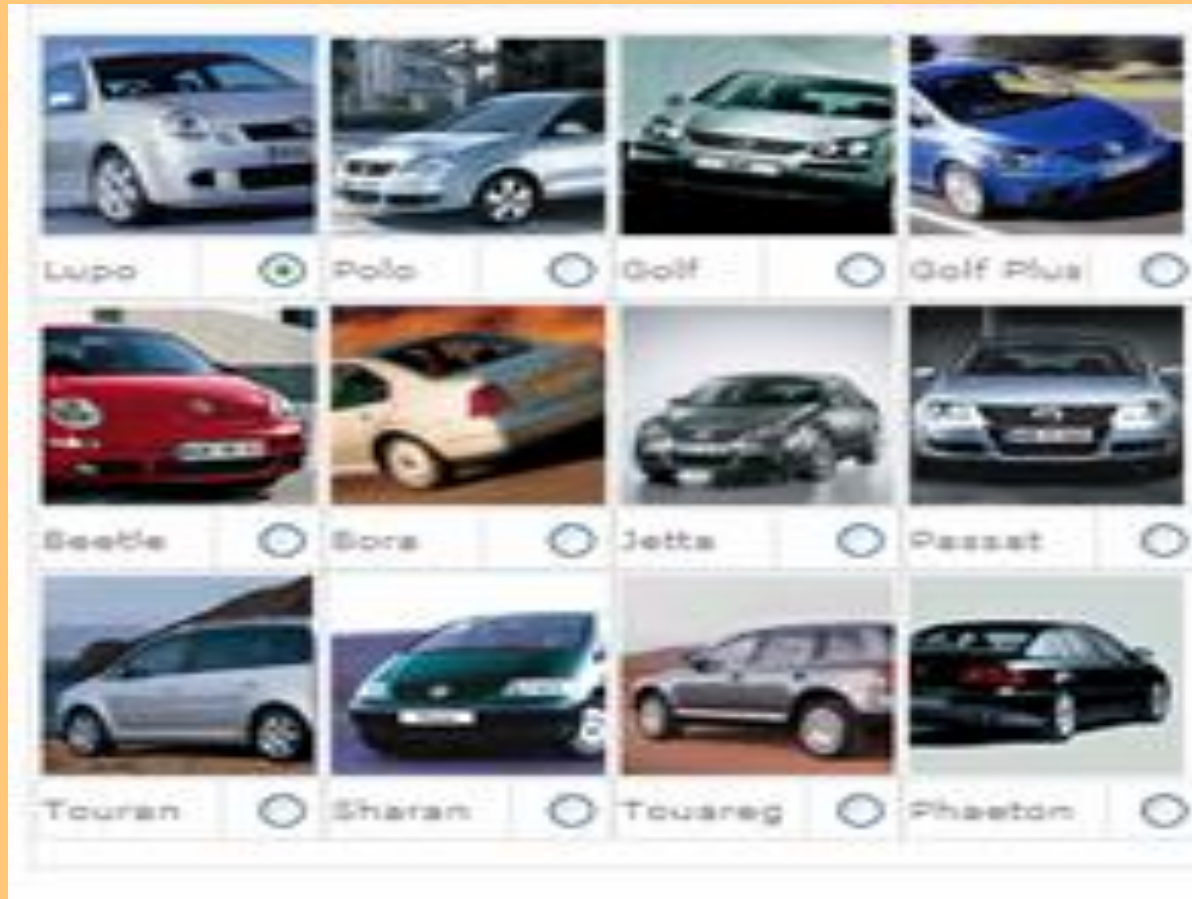
Mars Utilizes Brand Extension



**When it's hot and you want something sweet, sticky and firm,
a MARS® ice cream should hit the spot.**

© MARS is a registered trademark of Masterfoods.
Source: © Masterfoods 2006 <http://www.mars.co.uk>

eg Volkswagen Overextended



Product line stretching

- » Companies located at the upper end of the market can stretch their lines downward.
- » Companies at the lower end of a market can stretch their lines upward.
- » Companies in the middle range of the market may decide to stretch their lines in both directions (two-way stretch).

Product mix decisions can increase company business

- Add new product lines, widening its product mix
- Lengthen its existing product lines to become a more full-line company
- Add more product versions of each product
- Pursue more or less product line consistency depending upon goals

Additional product considerations

Product decisions
and social responsibility

International product
decisions

Deleting Products

- Phase out
- Run out
- Drop or sell



eg Low Carb KitKat



Product decisions and social responsibility

- Government or competition authorities may prevent companies from adding products through acquisitions if the effect threatens to reduce competition.
- Companies must comply with laws regarding product quality, safety, packaging and product warranties.

Ethical Issues Concerning Products

- Product safety
- Planned obsolescence
- Deceptive packaging

Prelude case: Hoki, by any other name, tastes just as oily

↓ MENU

BirdsEye

ABOUT OMEGA3 FISH FINGERS

WHAT IS OMEGA3

Good Mood Food

Omega3 Fish Fingers

- ① A natural source of Omega3
- ② No artificial flavours, colours and preservatives
- ③ 100% fish fillet
- ④ Quick and easy
- ⑤ Make the kids smile
- ⑥ MSC certified sustainable mum → 😊

BirdsEye 12 Fish Fingers 100% Fish Fillet **Omega3**

Recipe
Get some Fish Finger recipes
Take a look →

watch the tv advert 🖐️

MSC

Small images: A child eating, a man speaking, and a plate of fish fingers.

INNOVATION AND NEW PRODUCT DEVELOPMENT

- Changing consumer preferences
- New technologies
- New government regulations

Innovation is needed:
changing attitudes to
McDonalds fast food



FEW FIRMS CAN AVOID INNOVATION

- Tea is a fairly generic product
- Competition can be fierce
- PG Tips is an example of innovation - tea for cafetieres



Develop new products and services

- Every product seems to go through a life cycle. This presents two major challenges.
 - A firm must be good at developing new products to replace aging and dying ones.
 - The firm must be good at adapting its marketing strategies as the product moves through the life-cycle stages.

Famous Grouse is a Mature Brand



Source: © The Edrington Group <http://www.thefamousgrouse.co.uk>

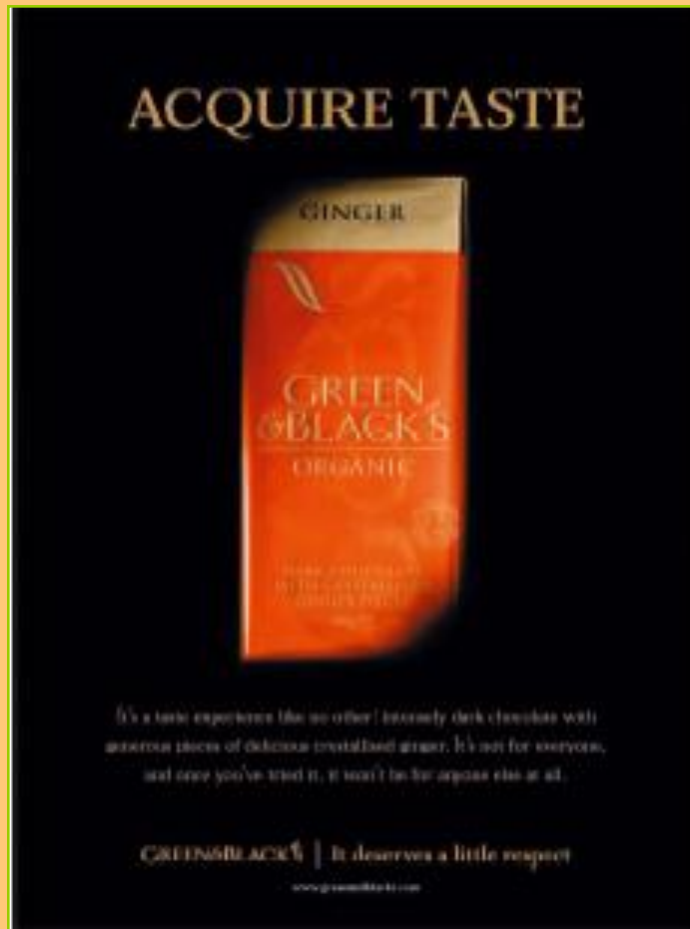


Anadin



Has
successfully
extended its
core brand to
appeal to
different market
segments

Green and Black's



Are prospering in a market where sales of dark chocolate are rising faster than milk chocolate

New-product development strategy

New-product development is the development of original products, product improvements, product modifications and new brands through the firm's own R&D efforts.

WHAT ARE NEW PRODUCTS?

- Improvements/revisions to existing products
- Additions to existing lines
- New to the world products (relatively rare)
- New product lines
- Repositioning (existing products in new segments/markets)

Some “New” products

- i-Pod
- DVD Recorder
- SKY – Plus
- Blackberry PDA
- Crocs
- Hybrid car – Toyota
- Digital camera
- Teeth Whitestrips
- Sat Nav
- Skype VoIP

eg Active Health Drinks Market

How Does Actimel Work | FAQ | Products | Your Body's Natural Defences | Q&A | Actimel Advertising

Actimel
Actimel daily, can help support your family's natural defences

What is Actimel?
→ Click Here

Actimel Advertising
→ Click Here

Your Body's Natural Defences
→ Click Here

Additional Information
Healthcare Professionals Go →

Actimel Challenge
WIN 'feel the difference' prizes

Consumer Careline: 0800 1449 451

Home | Contact us | About us

70% of your immune system is in your gut

<http://www>

Risks and returns in new-product development

- New products are important to *growth*.
- Most new products *fail*.

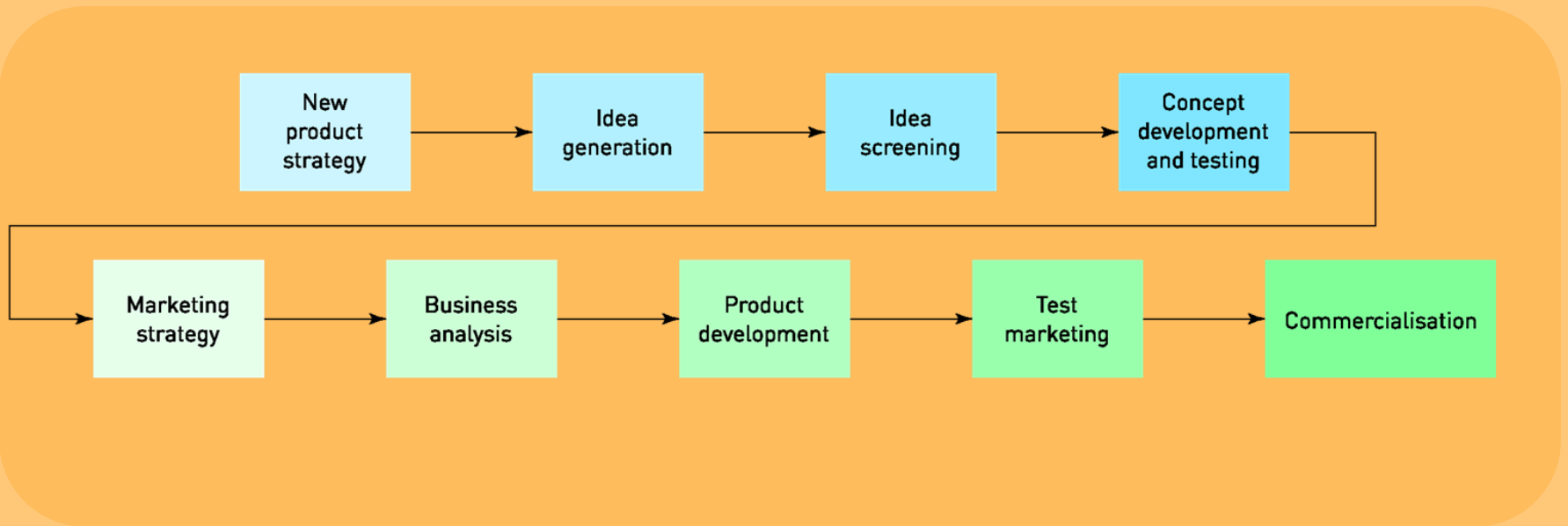
Why do new products fail?

- Company may overestimate market size
- Product may be poorly designed
- Product may be no better than others on market
- It may be overpriced
- It may be promoted poorly
- The distribution channel may not be appropriate

What influences new-product success?

- New product success depends on developing a unique superior product.
- Another success factor is a well-defined product concept prior to development.
- New products that are better at meeting market needs and delivering what customers really want tend to do well.
- Senior management commitment to innovation.
- A *systematic* new-product development process for finding and growing new products.

Figure 12.1 Steps in new-product development



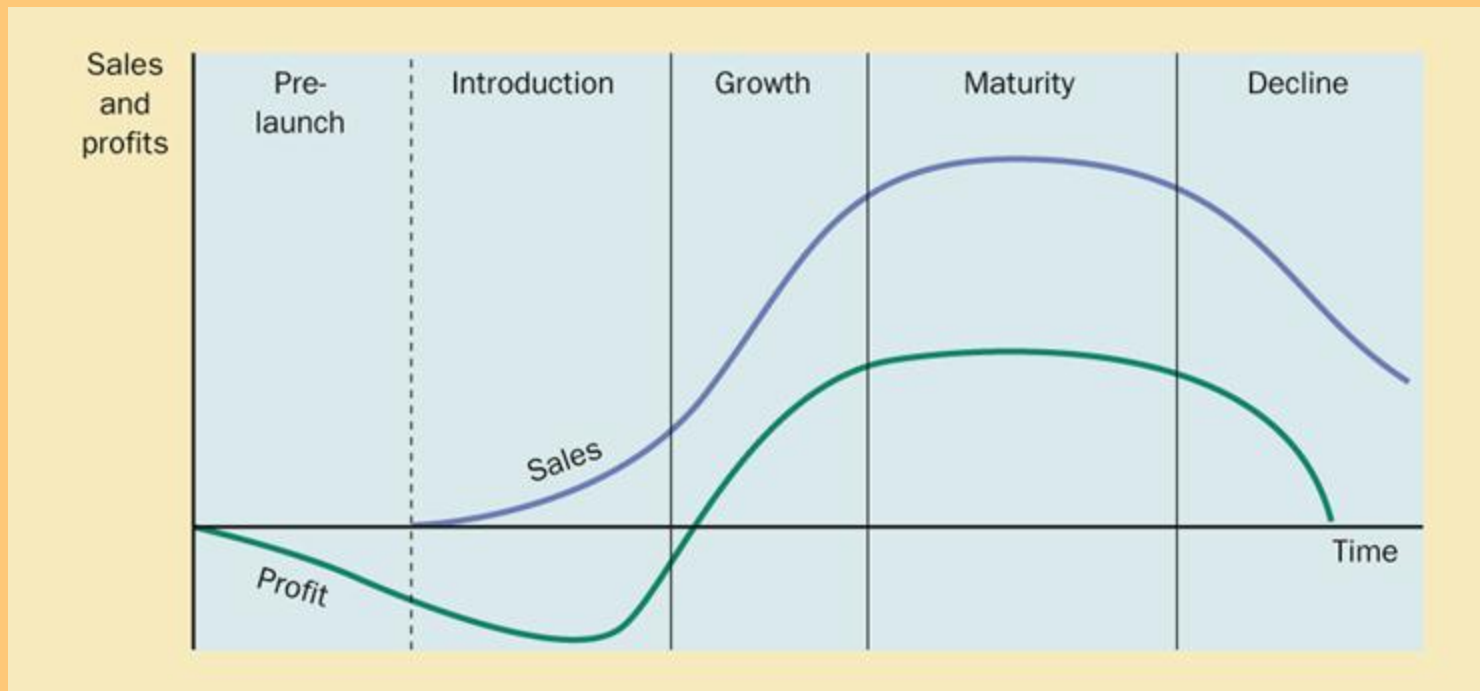
Commercialisation decisions

- When?
- Where?
- To whom?
- How?

Product Lifecycle (PLC) Defined

The **Product Lifecycle** is a concept suggesting that a product goes through various stages in the course of its life: introduction, growth, maturity and decline

Figure 6.5 The Product Lifecycle



THE PRODUCT LIFE CYCLE

- A reminder that most products do not live for ever
- A conceptual framework only
- Difficult to measure where a product is in its life cycle

PATTERNS OF PRODUCT LIFE CYCLES

- There is no universal pattern of PLC

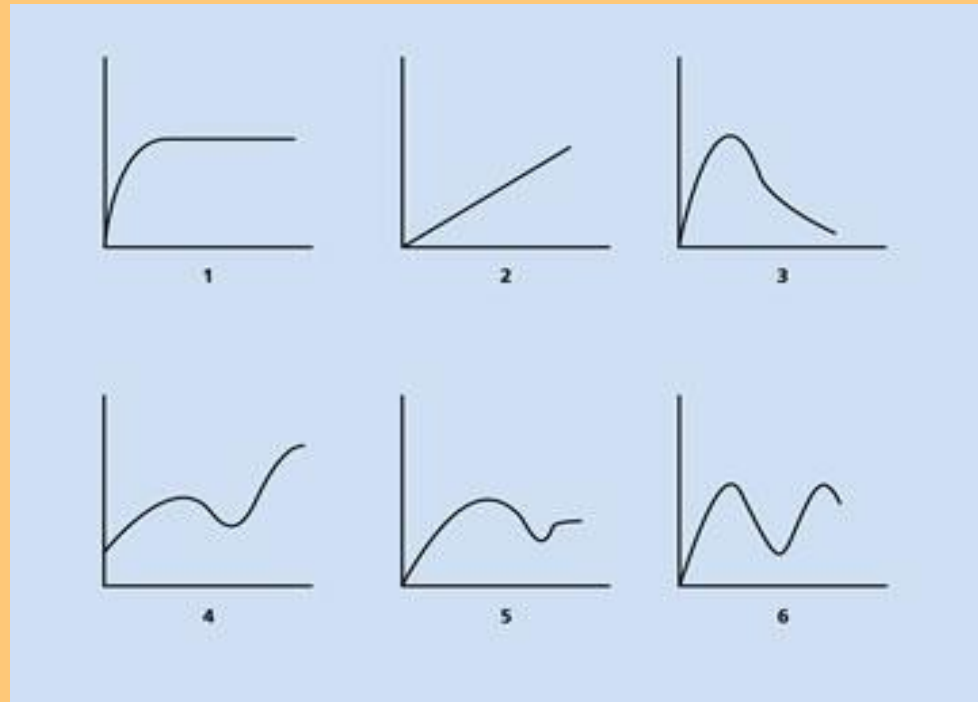
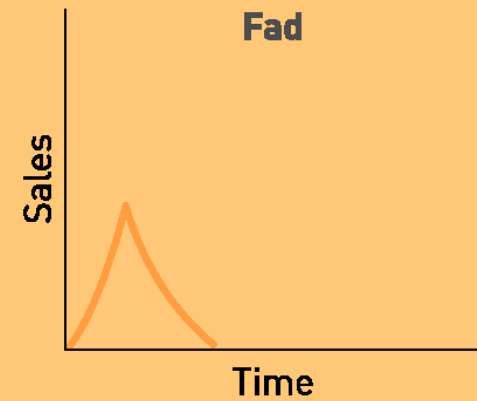
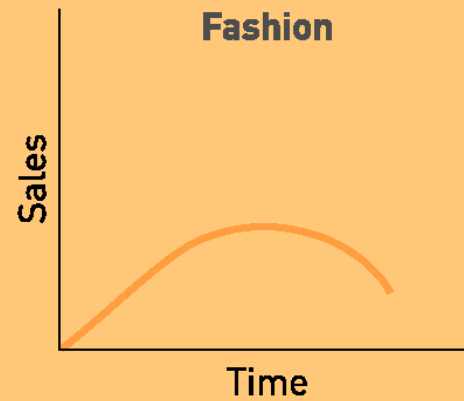


Figure 12.3

Product life-cycle strategies



Characteristics of the Introduction stage

Characteristics

- Low sales
- High cost per customer
- Negative
- Innovators
- Few competitors

Strategies

- Basic product
- Cost-plus pricing
- Selective distribution
- Advertise for product awareness
- Heavy sales promotion

Introduction Stage of the PLC

Summary of Characteristics, Objectives, & Strategies

Sales	Low sales
Costs	High cost per customer
Profits	Negative or low
Marketing Objectives	Create product awareness and trial
Product	Offer a basic product
Price	Usually is high; use cost-plus formula
Distribution	High distribution expenses
Advertising	Build product awareness among early adopters and dealers

Characteristics of the Growth stage

Characteristics

- Rapidly rising sales
- Average cost per customer
- Rising profits
- Early adopters
- Growing number of competitors

Strategies

- Extensions, warranty, service
- Price to penetrate market
- Build intensive distribution
- Build awareness in mass market

Growth Stage of the PLC

Summary of Characteristics, Objectives, & Strategies

Sales	Rapidly rising sales
Costs	Average cost per customer
Profits	Rising profits
Marketing Objectives	Maximize market share
Product	Offer new product features, extensions, service, and warranty
Price	Price to penetrate market
Distribution	Increase number of distribution outlets
Advertising	Build awareness and interest in the mass market

Characteristics of the Maturity stage

Characteristics

- Peak sales
- Low cost per customer
- High profits
- Middle majority
- Stable number of competitors

Strategies

- Diversify brands and models
- Price to match or beat competitors
- Build intensive distribution
- Stress brand differences
- Increase sales promotion

Maturity Stage of the PLC

Summary of Characteristics, Objectives, & Strategies

Sales	Peak sales
Costs	Low cost per customer
Profits	High profits, then lower profits
Marketing Objectives	Maximize profits while defending market share
Product	Diversify brand and models
Price	Price to match or best competitors
Distribution	Build more intensive distribution
Advertising	Stress brand differences and benefits

Characteristics of the Decline stage

Characteristics

- Declining sales
- Low cost per customer
- Declining profits
- Laggards
- Declining number of competitors

Strategies

- Phase out weak items
- Cut price
- Go selective
- Reduce to level needed to retain loyalists
- Reduce to minimal level

Decline Stage of the PLC

Summary of Characteristics, Objectives, & Strategies

Sales	Declining sales
Costs	Low cost per customer
Profits	Declining profits
Marketing Objectives	Reduce expenditure and maintain, reposition, harvest or drop the product
Product	Phase out weak items
Price	Cut price
Distribution	Go selective: phase out unprofitable outlets
Advertising	Reduce to level needed to retain hard-core loyal customers

Discussing the concepts (1)

- What are the three levels at which a product may be viewed?
- Provide examples of four types of consumer products and discuss how they differ in the way they are marketed.
- What is a brand? Why are many people willing to pay more for branded products than for unbranded products?

Discussing the concepts (2)

- Make a list of familiar brands. Consider the levels at which brand positioning can occur. How are the brands you selected positioned on these levels?
- What are the brand sponsorship options available to a manufacturer? What are the benefits and risks of each approach?

Discussing the concepts (3)

- What are the major ethical issues concerning products and brands and how can marketers deal with them?