

Marketing Exam #3

Products Concepts (Day 9)

- Products are a good, service, or idea
 - Goods* – a tangible, physical entity
 - Services*– an intangible, result of application of human and mechanical efforts to people or objects (hybrids)
 - Ideas* – concept, philosophy, image or issue

- 2 different types of products *Consumer Products* and *Business Products*
 - Consumer Products* – Purchased to satisfy personal and family needs and are classified according to how buyers generally behave when purchasing them.
 - Business Products*: Purchased to use for operations, to resell, or to use in manufacture of other products.

- **Product Hierarchy** – The product hierarchy is the grouping of different products (product, service or idea) and what specifically makes them valuable whether it's a brand, features, quality etc. There are three different types of products in the Hierarchy.
 - Core products* - the physical or intangible service that the customer receives (generic product or service is what defines this product)

 - Branded products* - the core products plus the characteristics that allow the consumer to differentiate it from similar products. (packing, specific features, the brand name, quality and styling define this product(s))

 - Augmented products* have characteristics that enhance value beyond that of the core and branded product. (warranty, terms and conditions, installation, repair & service, delivery, and return and recycling are what define this product(s))

- **Strategic Product Management** – the various products and segmented products that a company has.
 - Product mix* – is all the products a company sells
 - Product line* – consist of the closely related products marketed by an organization (example: the different types of flavors that Lays potato chips has (they are all chips but are produced in various flavors)
 - Product line Depth* – the number of items in a product line. Example: for Coca Cola the number would be very large considering how much they segment their product, also in the Excedrin example used in class the Product Depth would be 8)
 - Product Line Breadth* – the number of different lines that a company or SBU markets.

- **Product Life Cycle** the main 4 steps that every products goes through when entering and staying in the real world market.
 - Introductory phase*- When the product is first introduced to the real world market tends to have; High failure rates, Little competition, Frequent product modification, Limited distribution, High advertising and production costs, Negative profits, Promotion focuses on awareness and information, Intensive personal selling to channels
 - Growth Stage* – This when the product has been in the market for a least a few quarters and experiences changes in its sales. This leads to; Increasing rate of sales, Entrance of competitors, Market consolidation, Initial healthy profits, Aggressive advertising of the differences between brands, wider distribution, Prices normally fall.
 - Maturity Stage* – This stage is when sales for the product start to increase at a decreasing rate and thus leading to; saturated markets, Annual models appear, Lengthened product lines, Service and repair assume important roles, Heavy promotions to dealers and consumers, Marginal competitors drop out, Prices and profits fall, Niche marketers emerge.
 - Decline Stage* – This is the last and final stage in the product life cycle this stage leads to; Long- run drop in sales, large inventories of unsold items, and elimination of all nonessential marketing expenses.
- The different types of product life cycles are usually **Fads** (who have a very sharp increase then drop down dramatically). **High-technology products** which continually increases though having slight small decreases throughout time. And lastly **Styles or fashions** which has more of a “wavy” motion. Having its highest increase in the beginning of the products release and then slowly increasing and decreasing staying around the same percentage through time.
- Lastly for the Product Life Cycle companies extend the PLC to get the most benefit from their products by repositioning (learned from last exam) and improving their products to work better, faster, etc.

- **NPD** – New Product Development (what all products are in the introductory phase stated above^) are very risky when entering the market (most new products fail and lose money). A less risky alternative is *Line Extensions* – product developed is closely related to one or more (successful) products in existing product line but specifically designed to meet a somewhat different need.
 - Another alternative is *Product modifications* – product modification means changing one or more of the product’s characteristics; different from line extensions because the original product is removed from product line.
- **Brand Extensions** – products developed is not closely related to one or more products in existing product line (Example; selling Starbucks coffee and then moving that brand to sell Starbucks ice cream is an example of brand extensions, both Starbucks but both are not coffee)

New Product Development (day 10)

- **New Product development**- 80% of new products fail
- **The Business-side of NPD** (New product development) There are 5 steps to develop New Products through the business side view
 - 1) **Idea Generation** – understanding what your target market wants down to the specifics (example; people actually like the cheese one their fingers after eating Cheetos)
 - 2) **Idea Screening** – Going out for investments and gathering others opinion on the product (example; Shark Tank)
 - 3) **Concept Analysis** – Who is the target market? How much will the product cost? How much will the consumer be willing to pay for the product?
 - 4) **Beta and Market testing** – putting the product out into certain parts of the world to see how the product sells/to find out what people think about the product (its like an experiment)
 - 5) **Product Launch** – put out the newly developed product into the world market to see how it performs (don't forget 80% of these products fail :/)
- **Product Adoption Process**
 - 1) **Awareness** – buyers become aware of the product
 - 2) **Interest** – buyer seeks information and is receptive to learning about the product
 - 3) **Evaluation** – buyer considers product's benefits and decides whether to try it
 - 4) **Trial** – buyer examines, test, or tries the product to determine if it meets his or her needs
 - 5) **Adoption** – buyers purchases the product and is expected to use it again whenever the need for this general type of product arises.
- **New Product Adoption**
 - 1) **Innovators** - First to adopt new product.
 - 2) **Early Adopters** - Choose new products carefully, help spread word-of-mouth.
 - 3) **Early Majority** - Adopt just prior to average person.
 - 4) **Late Majority** – skeptics who adopt new products when they feel it is necessary
 - 5) **Laggards** last to adopt a new product

Branding and Packaging (day 11)

- **Brand** – a name, term, design, symbol, or other feature that identifies the marketer's product as distinct from other marketers products. (example Ralph Lifshitz, creator of Polo/ Ralph Lauren, he changed his name to identify the brand better for people, no one wants to wear a "Lifshitz" polo. Ralph Lauren sounds better)
- **Brand Mark** – the part of a brand that is not made up of words such as a symbol or design.
- **Trademark** – a legal designation of exclusive use of brand