

Final Study Guide

- Classifications of Products
 - Types
 - Convenience Products (intensive distribution)
 - Shopping Products: homogeneous or heterogeneous (selective)
 - Specialty Products (exclusive)
 - Unsought Products: must be aggressively sold
 - Marketing Mix Implications

Factors	Convenience	Shopping	Specialty
Price	\$	\$\$	\$\$\$
Promotion	advertising and promotion by producer	personal selling and advertising by both producer and retailer	personal selling and advertising by both producer and retailer
Distribution Channel Length	long	relatively short	very short
# of Retail Outlets	many	few	very few (often 1 per area)
Importance of Store Image	unimportant	very important	important

- Product Line Management
 - Product mix is the assortment of product lines and individual offerings available from a marketer
 - width = # of different product lines or categories
 - length = # of different products per category (line)
 - Ex. Proctor and Gamble: Length (Tide, Cheer, Gain...), Width (laundry, coffee, batteries...)
 - Product lines
 - line extension: new product offering that is closely related to another product in the firm's existing product line (same product category)
 - cannibalization: when a new product takes sales away from another product in the firm's product line...not a bad thing! If you don't cannibalize yourself someone else will
- Product Life Cycle

- definition: applies to product categories, not brands; a tool that gives marketing implications at different stages
- Stages
 - Intro:
 - few or no competitors, low product awareness, limited demand, high failure rate
 - stimulate primary demand, establish distribution strategy, offer limited variety, pricing strategies vary
 - Growth:
 - expanding demand, expanding distribution, growing profitability, competitors enter market
 - Maturity:
 - slowing industry sales growth, established distribution, industry profits fall, marginal competitors fail
 - intense advertising and promotion, emphasize segmentation, intense price competition
 - Decline:
 - declining demand, many competitors leave market, few specialty competitors remain
 - revert to stimulating primary demand, profit opportunity pricing
- Useful: marketing mix implications, motivation for continuous improvement
- Not: can't predict shape or length, causes firms to prematurely abandon products, causes too much focus on new products, self-fulfilling prophecy?
 - → PLC is to be managed not to be managed by!
- Adoption of Innovations
 - Adopter categories: innovators (find and focus on them), early adopters, early majority, late majority, laggards
 - Factors affecting rate of adoption (ROTCC)
 - Relative Advantage: a product innovation is perceived as better than existing alternatives, Ex. Cable TV
 - Compatibility: perceived to fit into a person's way of doing things
 - Complexity: product's ease of use
 - Trialability: ease of sampling
 - Observability: visible to people who might adopt it
- Alternative Product Line Growth Strategies (Ansoff)
 - Market penetration: increasing sales of existing products in existing markets
 - intensify distribution and promotion
 - Market development: finding new markets for existing products

- Product development: introduction of new products into existing markets (most new products fail)
- Product diversification: development of new products for new markets
 - often accomplished through acquisition
- Branding
 - Classifying brands: based on ownership (manufacturer, private, captive)
 - Marketing strategies
 - Family → promotion and distribution economies
 - Individual
 - Co (ingredient, sub, and composite)
 - Hidden
 - Brand extensions: attaching a popular brand name to a new product in an unrelated product category
 - Dimensions of Fit
 - technological fit
 - usage situation fit
 - image (of the brand) fit
- Channels of Distribution (Structure, Strategies, Conflict)
 - Direct = producer → consumer, Indirect = intermediaries (retailers, wholesalers, agents...)

-	Direct Channels	Indirect Channels
Market Factors	industrial users, geographically concentrated, technical knowledge or regular servicing required, large orders	consumer, geographically dispersed, no technical knowledge or regular service required, smaller orders
Product Factors	perishable, complex, expensive	durable, standardized, inexpensive
Producer Factors	manufacturer has resources to perform channel functions, broad product line, channel control important	manufacturer lacks resources to perform channel functions, limited product line, channel control unimportant
Competitive Factors	manufacturer feels that intermediaries are inadequate at promoting products	manufacturer feels that intermediaries are adequate at performing channel functions

- Distribution intensities
 - intensive (convenience → maximum market coverage)
 - selective (shopping → control and coverage)
 - exclusive (specialty → maximize control)
- Channel conflict
 - horizontal: disagreement among channel members at same level
 - vertical: disagreements among channel members at different levels
 - grey markets: products marketed through unauthorized channels
- Promotional Mix