

INTRODUCTION TO MARKETING

WEEK 6

Agenda

1. Project feedback/ meetings if you need
2. Quiz 2
3. Mid term structure
4. Continue Chapter 7: Positioning
5. Chapter 8: P of Product (up until product life cycle)
6. Midterm review/ Office hours

Midterm

What's Up with the Midterm?

DETAILS

1. Class 7
2. Chapters covered: 1, 2, 4, 5, 6, 7, & 8 (up to what we cover in class today)

SECTIONS

1. 1 scenario with short questions pertaining to the scenario
2. 4 short answer questions
3. 25 multiple choices

MAKE-UP EXAM

1. No make-up without a valid excuse + proof

What's Up with the Midterm?

NEEDED

1. Student ID

ALLOWED

1. Translation dictionaries (**hard copies**)
2. Watch (**old school**)

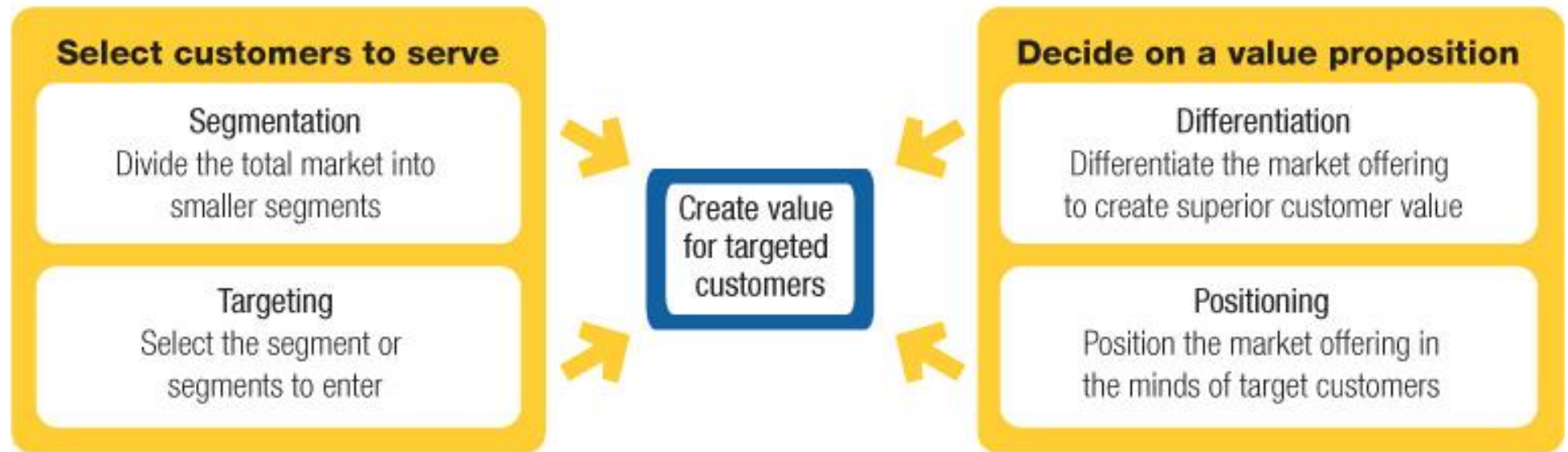
FORBIDDEN

1. All types of electronic devices

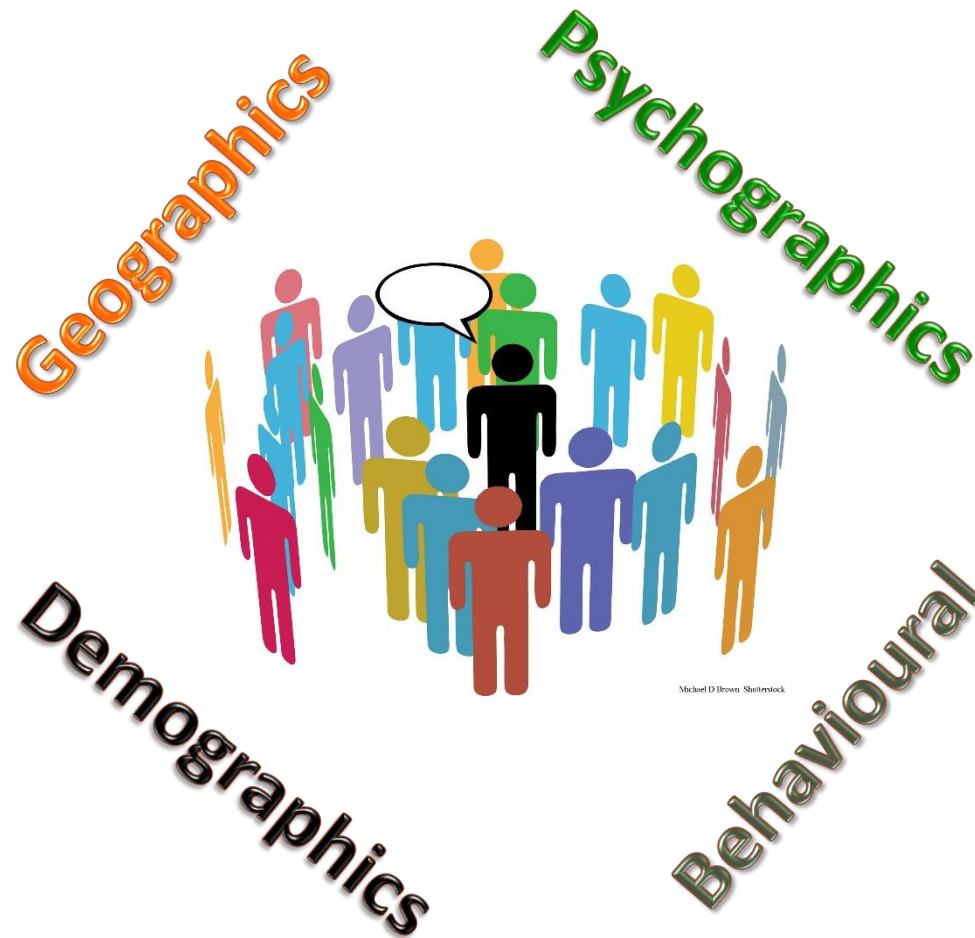
Quick overview of last class

Designing a Customer-Driven Marketing Strategy

FIGURE 7.1 Designing a Customer-Driven Marketing Strategy



Bases for Segmentation



Requirements for Effective Segmentation

1. To be effective, market segments must be:
 1. Measurable: size, purchasing power
 2. Accessible: reached and served
 3. Substantial: large or profitable enough
 4. Differentiable: are different
 5. Actionable: Effective programs can be designed for them

Market Targeting



Evaluating
segments



Selecting
segments

Step (1) Evaluating Market Segments

Porter five forces model



Choosing a Targeting Strategy

Factors in choosing a targeting strategy:

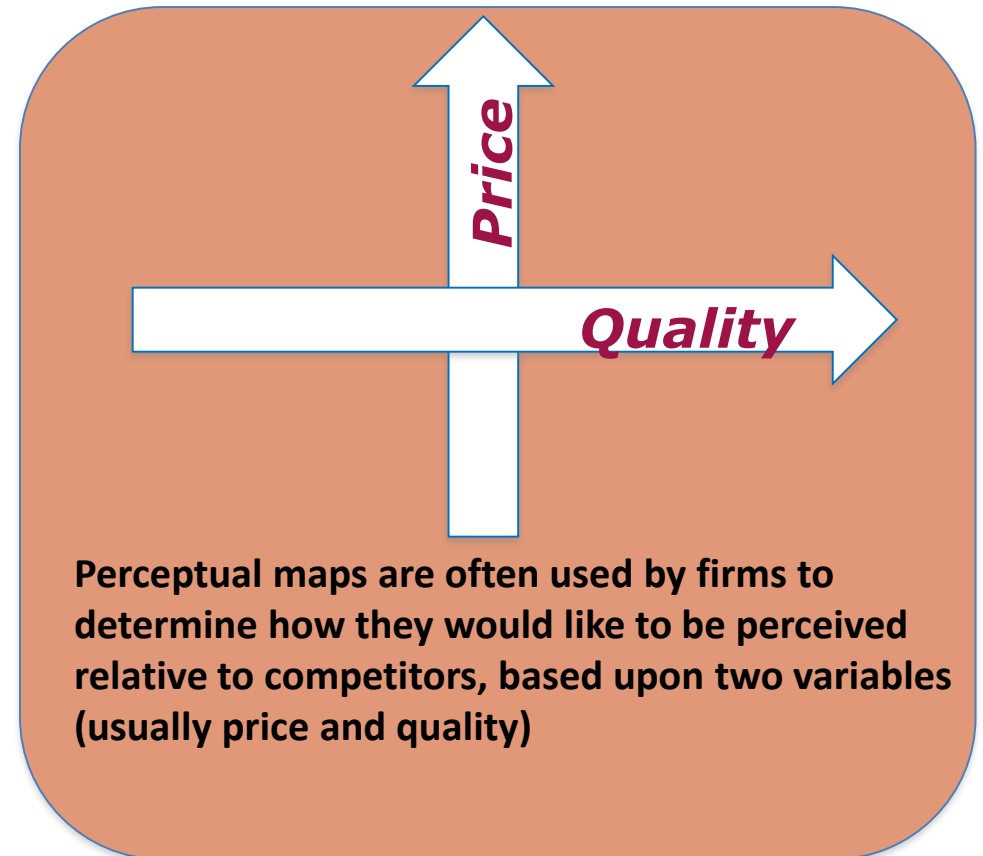
- Company resources
- Product variability
- Product's life-cycle stage
- Market variability
- Competitors' marketing strategies

Step (3&4): Differentiation and Positioning

Differentiation and Positioning

Product Position:

- Consumer perception of products
- Place the product occupies in minds of consumers relative to competitors



Differentiation and Positioning

A differentiation and positioning strategy involves:

- Identifying competitive advantages
- Selecting competitive advantage(s) on which to create position
- Developing a positioning strategy

Differentiation and Positioning

Identifying **competitive advantages**:

- Understand customer needs better than competitors, then deliver more value
- Points of differentiation can occur anywhere in the entire customer experience

Differentiation and Positioning

Ways to Differentiate

Product	Features, performance, style, design
Services	Expedient, convenient, cautious
Channels	Coverage, expertise, performance
People	Training, culture, morale
Image	Distinctive intangible benefits

Differentiation and Positioning

Choosing a competitive advantage upon which to base positioning

- One *unique selling proposition (USP)*
- Multiple differences

Differentiation and Positioning

Differences to promote:

- ✓ Important
- ✓ Distinctive
- ✓ Superior
- ✓ Communicable
- ✓ Preemptive
- ✓ Affordable
- ✓ Profitable



Exhibit 7.15 Positioning by points of difference: Delissio positions its frozen pizza brand by suggesting that it belongs in a different category altogether—home-delivered pizza.

Differentiation and Positioning

FIGURE 7.4 Possible Value Propositions

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

Differentiation and Positioning

Positioning statement:

- Format:

“To (target segment and need) (our brand) is (a concept) that (point of difference).”

- Example:

“To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go.”



With your team...

**Write the positioning statement of
your 'NEW' Product**

CHAPTER 8

Developing and Managing Products and Services

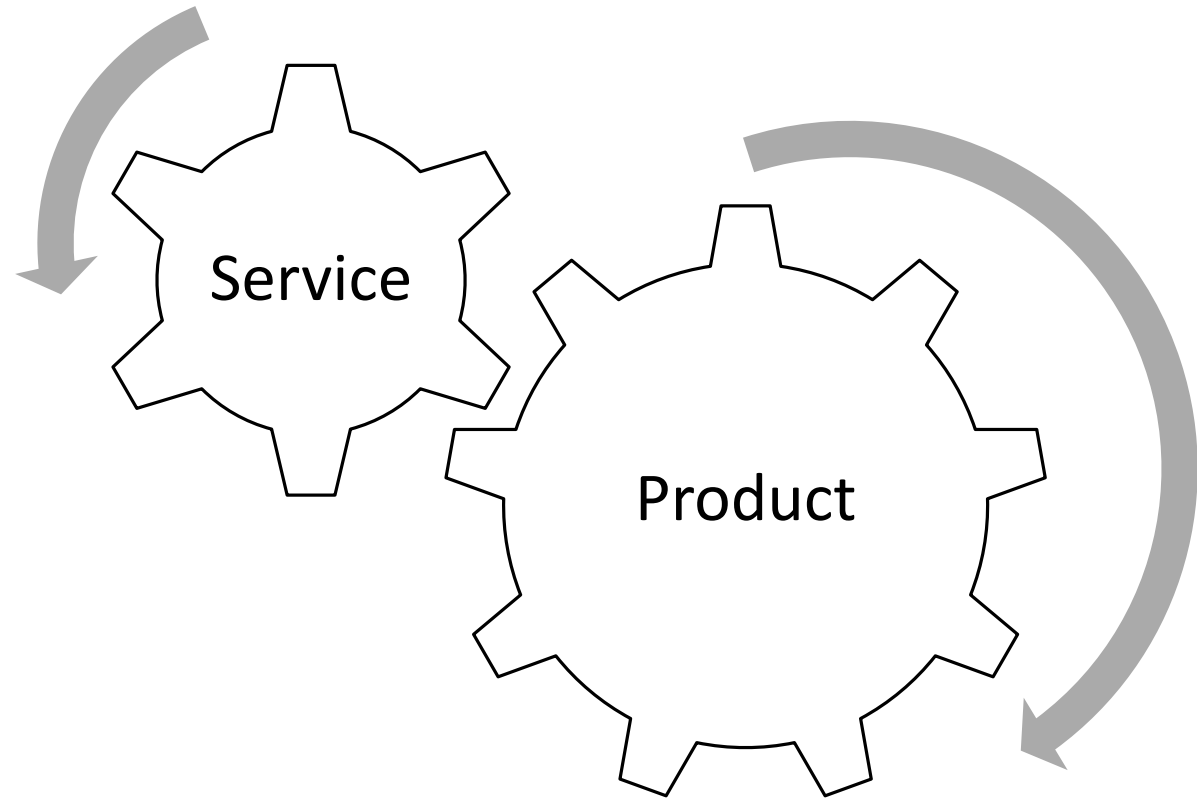


Photo provided by Corning Incorporated

Chapter 8: Learning Objectives

1. Define *product* and describe and classify different types of product offerings
2. List and define the steps in the new-product development Process and the major considerations in managing this process, and explain why new products fail
3. Describe the stages of the product life cycle and how marketing strategies change during the product's life cycle
4. Describe the decisions companies make regarding their individual products and services, product lines, and product mixes
5. Identify the four characteristics that affect the marketing of services and the additional marketing considerations that services require

Intangible activities,
benefits, or satisfaction
that do not result in the
ownership of anything



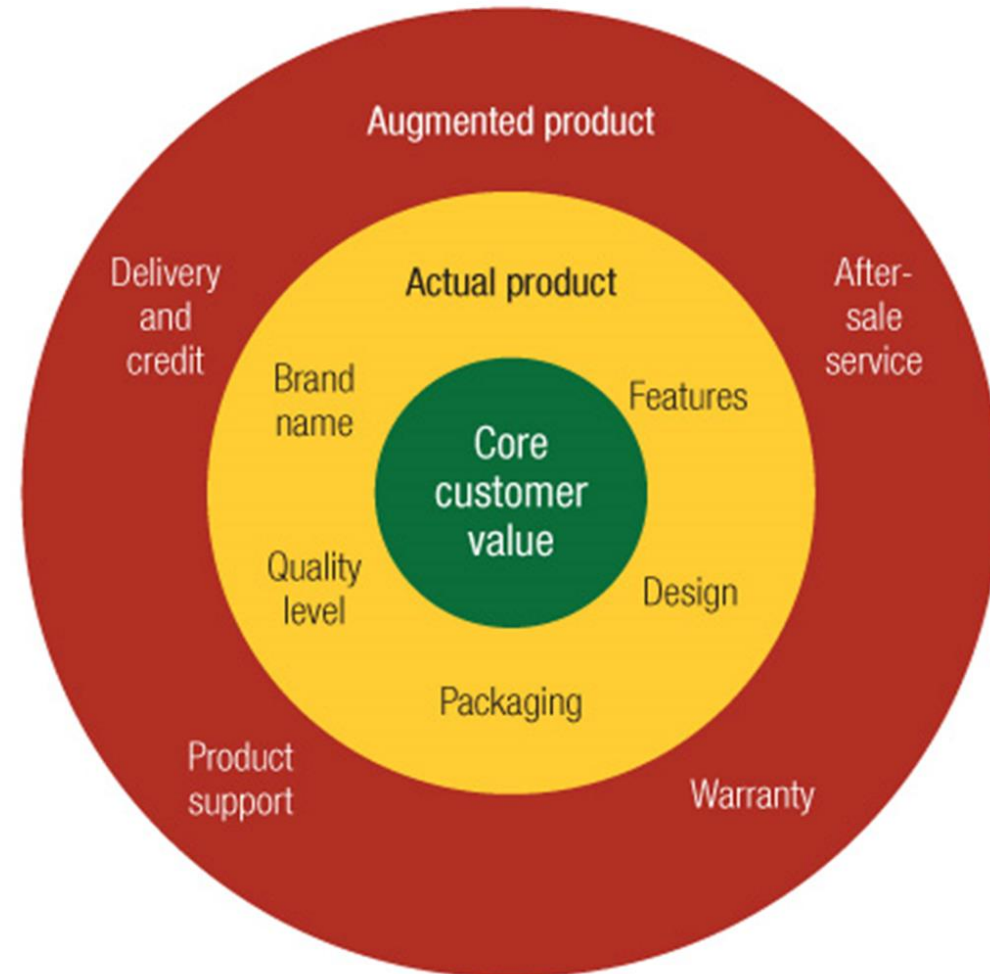
Anything that can be offered to a market for attention, acquisition,
use, or consumption that may satisfy a want or need
Both tangible and intangible

What Is a Product?

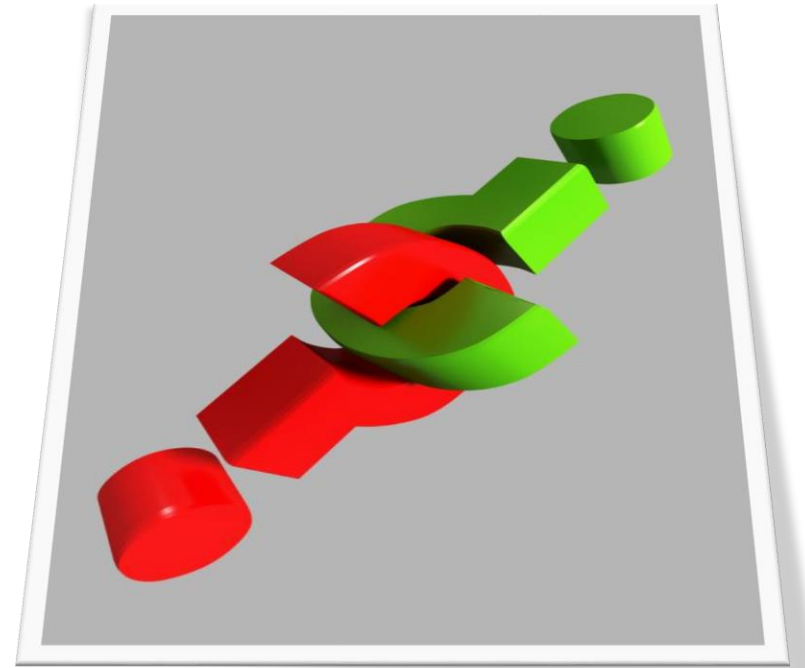
FIGURE 8.1 Three Levels of Product: Core, Actual, and Augmented

Products are:

- Differentiated based on experience(s) in acquiring an them
- Evaluated at three levels



Describe the THREE levels of product for a health club??



Consumer products

- Product purchased by consumers for their own personal use.



How to classify consumer products?

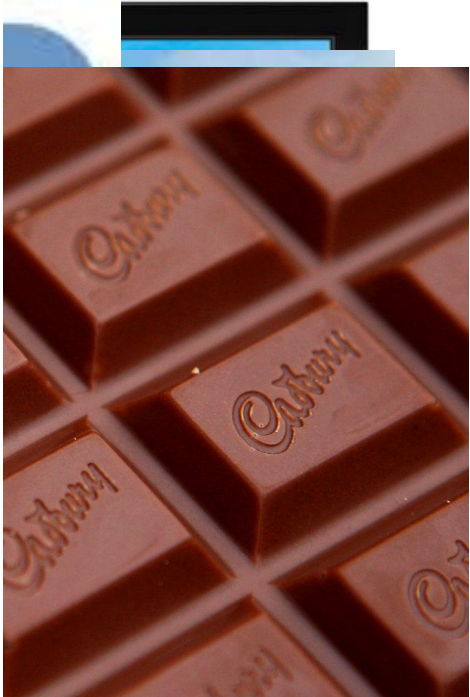
TABLE 8.1 Marketing Considerations for Consumer Products

Marketing Considerations	Type of Consumer Product			
	Convenience	Shopping	Specialty	Unsought
Customer buying behaviour	Frequent purchase, little planning, little comparison or shopping effort, low customer involvement	Less frequent purchase, much planning and shopping effort, comparison of brands on price, quality, style	Strong brand preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity	Little product awareness, knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution, convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both producer and resellers	More carefully targeted promotion by both producer and resellers	Aggressive advertising and personal selling by producer and resellers

Classify the following products

Convenience

Unsought



Your own products

Convenience

Shopping

Specialty

Unsought



How to classify consumer products?

TABLE 8.1 Marketing Considerations for Consumer Products

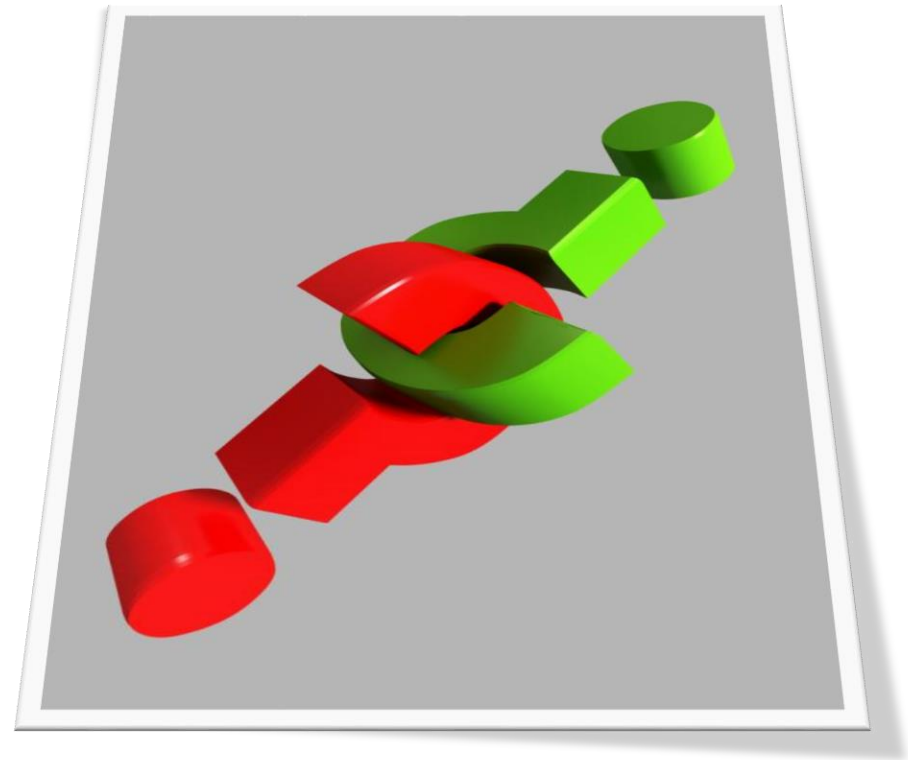
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Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution, convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both producer and resellers	More carefully targeted promotion by both producer and resellers	Aggressive advertising and personal selling by producer and resellers
Examples	Toothpaste, magazines, laundry detergent	Major appliances, televisions, furniture, clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance, donations to Canadian Blood Services

POLL PIAZZA



Discussion Question

Are there any products that could be classified as different types of consumer goods depending on the situation? How?



New product
development
(Deeply related to
your project)

New-Product Development Strategy

New-Product Development:

- Development of original products
- Improvements or modifications of existing products or new brands
- New product innovation is expensive and risky
- Most new products fail or underperform
- **Diffusion of innovations theory**

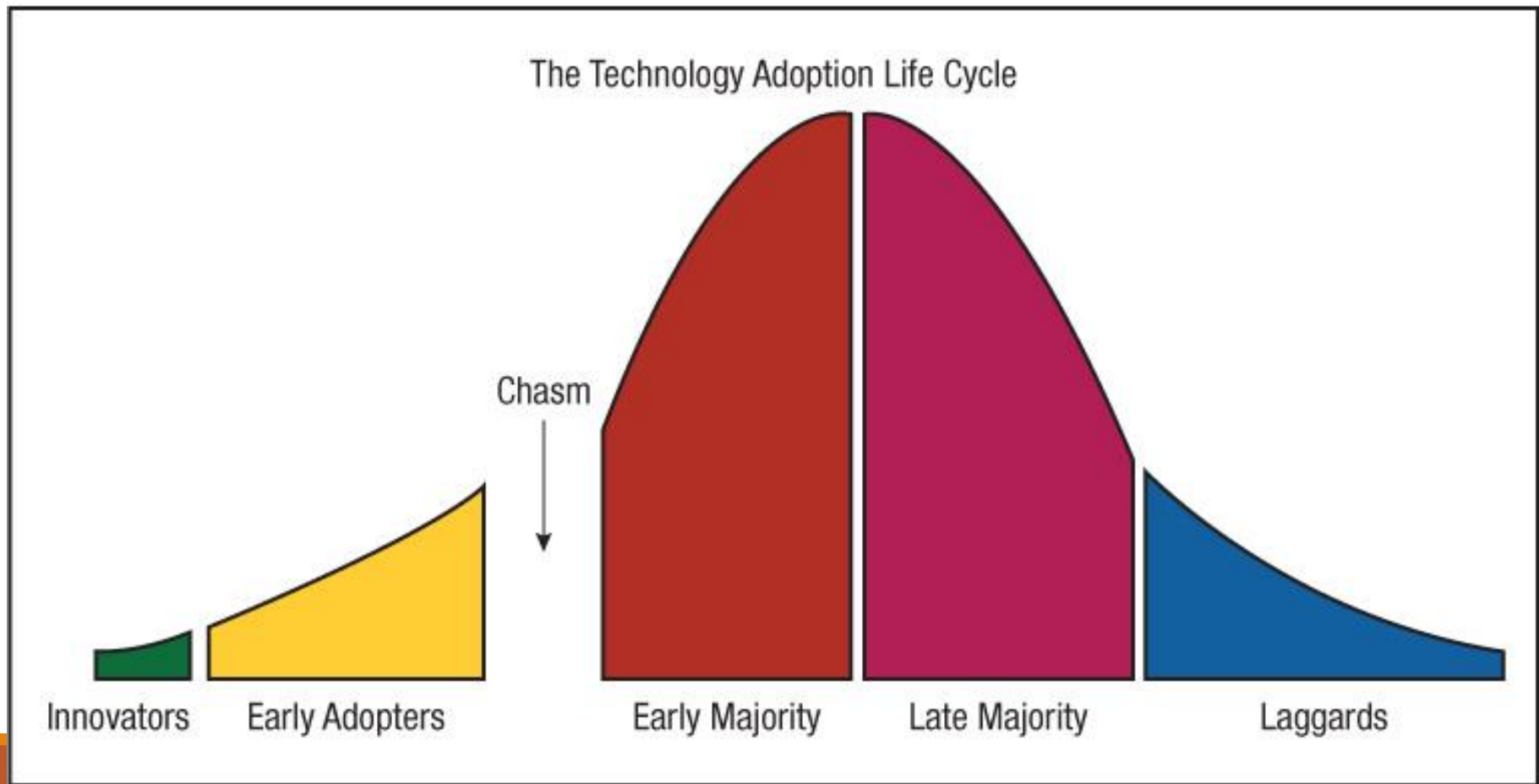


Raina & Wilson Photography

Exhibit 8.3 New products: Sometimes new products are completely new inventions, but more frequently they are improvements to existing products, like the Logitech K310 Washable Keyboard.

Technology Adoption Life Cycle

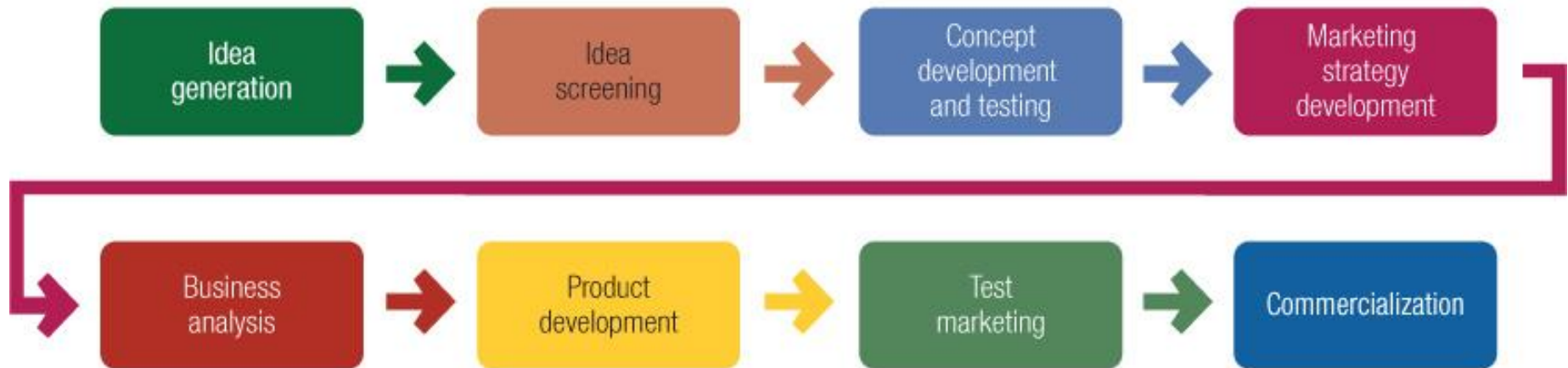
FIGURE 8.2 Developed by Geoffrey Moore, the Technology Adoption Life Cycle shows five different market segments, each separated by a gap. The “chasm,” or most significant gap, occurs between members of the early adopters and members of the early majority segments.



The New-Product Development Process

Major stages in new-product development:

FIGURE 8.3 Major Stages in New-Product Development



New-Product Development Process

Idea Generation:

Internal sources:

- Company employees at all levels

- Crowdsourcing

• External sources:

- Customers
- Competitors
- Distributors and suppliers
- Others

New-Product Development Process

2. Idea Screening:

- Keep good ideas and drop poor ones
- Evaluate new-product ideas against a set of company criteria

New-Product Development Process

3. Concept Development and Testing:

Product concept:

- New-product idea stated in meaningful consumer terms

Concept testing:

- Testing new-product concepts with groups of potential consumers

The ideal Brand Concept

New Gray's Cookies are the best tasting yet guilt free pleasure that you can find in a Cookie.

Accepted
consumer
belief (ACB)

Benefit

Reason to
believe (RTB)

- Do you feel guilty when you stick your hand in the cookie jar? Wouldn't it be great if you could just sneak a cookie without worry that you had gone off your diet?
- New Grays' Cookies allow you to have the best tasting yet guilt free pleasure so you can stay in control of your health.
- That's because Gray's is low in fat and calories, yet still tastes good. In blind taste tests, Grays Cookies matched the market leaders on taste, but only has 100 calories and 2g of fat. In a 12 week study, consumers using Grays once a night as a desert were able to lose 5lbs.

Try new Gray's Cookies and find your way to stay healthy.

With your team...

Write your product concept:
-Accepted consumer belief (ACB)
-Benefit
-Reason to believe (RTB)

New-Product Development Process

4. Marketing Strategy Development: How when, where, and to whom the product will be introduced?

- Describe the target market, planned value proposition, sales, market share, and profit goals
- Outline the product's planned price, distribution, and marketing budget
- Describe the planned long-run sales and profit goals, marketing mix strategy

New-Product Development Process

5. Business Analysis:

- Review of the sales, costs, and profit projections
- Is it financially attractive



New-Product Development Process

6.Product

Development:

- Develops concept into a prototype
- Prototypes are developed and tested



Mikhail Bakunovich. Shutterstock

New-Product Development Process

7. Test-Marketing:

- Product introduced into a realistic market
- Gains experience prior to full introduction

8. Commercialization:

- Full-scale introduction into the market

Patagonia: Outdoor clothing and gear

patagonia

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Our Ambassadors

Alpine Climbing | Fly Fishing | Rock Climbing | Skiing | Snowboarding | Surfing | Trail Running

OUR AMBASSADORS ARE MORE THAN JUST ATHLETES

They are field testers for our gear and storytellers for our tribe. Patagonia ambassadors work closely with the design department to test, refine and validate our products in the harshest and most remote locations on the planet. And when unique, adventurous tales arise from that testing, we will share them with you through our catalogs, website and social media.

ALPINE CLIMBING | See the Sports' Page

Patagonia

Exhibit 8.9 Product testing: Patagonia uses tried-and-true customers—its Patagonia Ambassadors—to help field-test its products under harsh conditions and help designers refine them.

POLL PIAZZA



Reviewing the Concepts

1. Define product and describe and classify different types of product offerings.
2. List and define the steps in the new-product development process and the major considerations in managing this process.

Midterm Review

GOOD LUCK in your
midterm next week



Thank you!
