

# INTRODUCTION TO MARKETING

---

WEEK 8

# Agenda

1. Survey feedback
2. How will we move forward with the course
3. Project application (Rubric for project evaluation)
4. Rest of chapter 8
5. Chapter 9
6. Mid- Term

# Course Objectives/Learning outcomes

be able to explain the marketing planning process and its components;

know how to apply marketing concepts and tools across a broad spectrum of situations;

understand how to integrate a selection of important values and attitudes into his/her overall business mindset;

exhibit a basic appreciation for the science aspect of marketing;

be a better team player

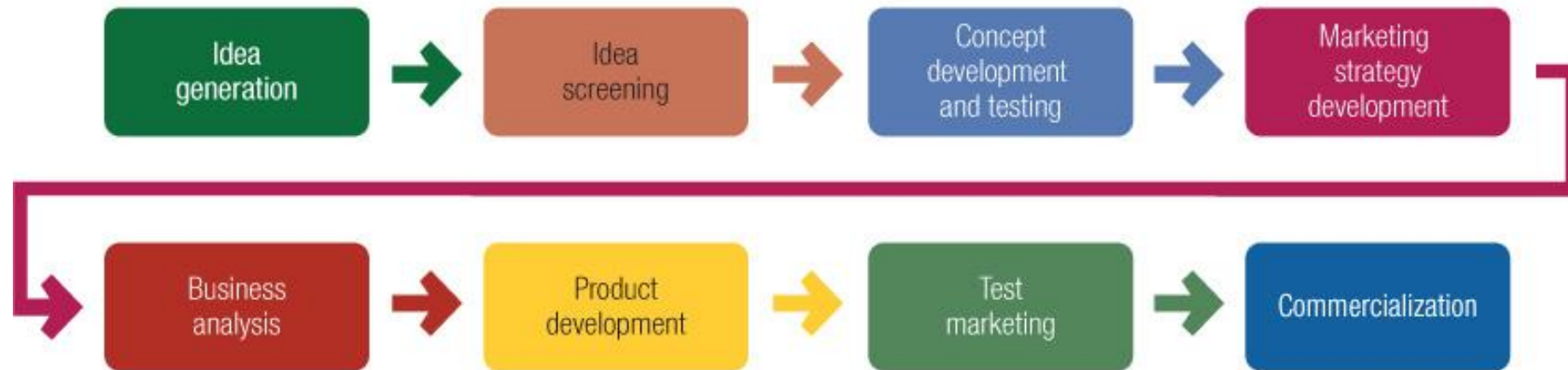
# Chapter 8: Overview before the midterm

---

# The New-Product Development Process

Major stages in new-product development:

**FIGURE 8.3** Major Stages in New-Product Development

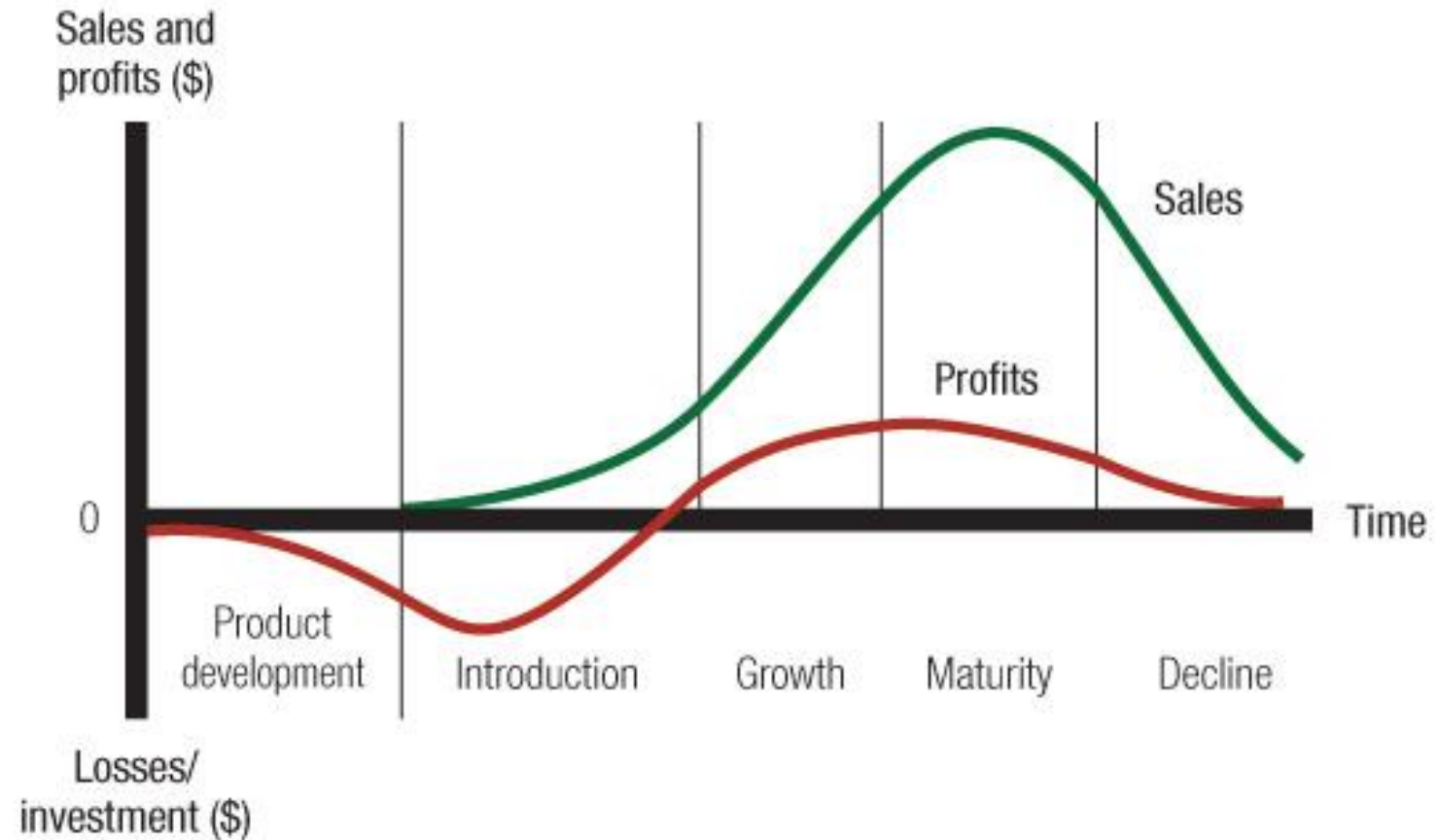


# Moving ahead with chapter 8

---

# Product Life Cycle

**FIGURE 8.4** Representation of Sales and Profits Over a Typical New Product's Life Cycle



# STAGE 1: Introduction Phase

The product is first launched on the market



<b>MARKETING OBJECTIVE</b>	Gain awareness
<b>Competition</b>	Few
<b>Product</b>	One
<b>Price</b>	Skimming or penetration
<b>Promotion</b>	Inform, educate
<b>Place (Distribution)</b>	Limited
<b>Sales</b>	Low
<b>Cost per customer</b>	High
<b>Profits</b>	Negative or minimal
<b>Customer</b>	Innovators

# STAGE 2: Growth Phase

Strategy is to stay here

- Finding new segments
- Adding distribution channels

<b>MARKETING OBJECTIVE</b>	Differentiation
<b>Competition</b>	Growing
<b>Product</b>	More versions/ improvements
<b>Price</b>	Lower pricing/deals
<b>Promotion</b>	Stress differences
<b>Place (Distribution)</b>	More outlets
<b>Sales</b>	Rapidly rising
<b>Cost per customer</b>	Average
<b>Profits</b>	Raising and peaking
<b>Customer</b>	Early adopters/ early majority

# STAGE 3: Maturity Phase

Last longer than other stages



<b>MARKETING OBJECTIVE</b>	Brand loyalty
<b>Competition</b>	Many
<b>Product</b>	Full product line
<b>Price</b>	Defend market share
<b>Promotion</b>	Reminder oriented
<b>Place (Distribution)</b>	Max. outlets
<b>Sales</b>	Peak
<b>Cost per customer</b>	Low to average
<b>Profits</b>	High
<b>Customer</b>	Late majority

# How Do You Prevent Decline in the Maturity Stage?

Modify the target market

Modify the product

Modifying the marketing mix

# STAGE 4: Decline Phase

Product's sales decline

Options:

- Maintain with no change
- Reposition product



<b>MARKETING OBJECTIVE</b>	Harvest/ Deletion
<b>Competition</b>	Reduced
<b>Product</b>	Best sellers
<b>Price</b>	Stay profitable
<b>Promotion</b>	Minimal promotions
<b>Place (Distribution)</b>	Few outlets
<b>Sales</b>	Declining
<b>Cost per customer</b>	Low
<b>Profits</b>	Declining
<b>Customer</b>	Laggards

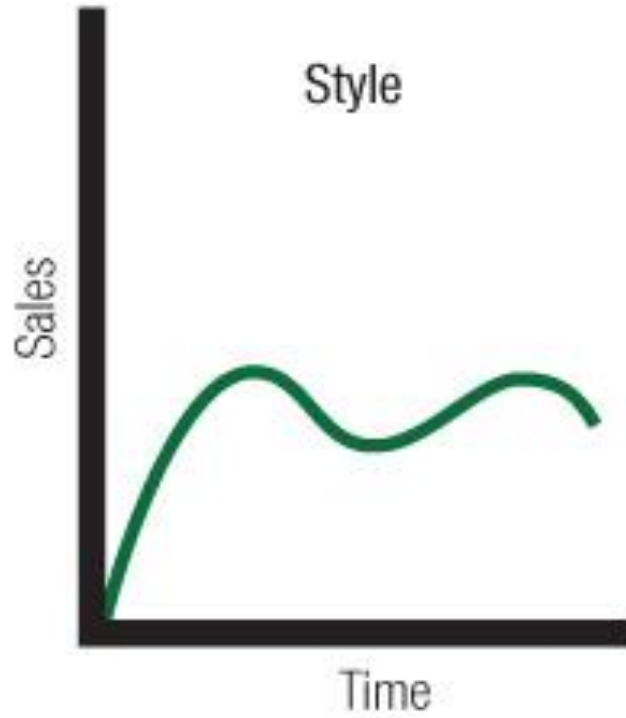
**TABLE 8.2** Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	<b>Introduction</b>	<b>Growth</b>	<b>Maturity</b>	<b>Decline</b>
<b>Characteristics</b>				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
<b>Marketing Objectives</b>				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
<b>Strategies</b>				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyalists
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

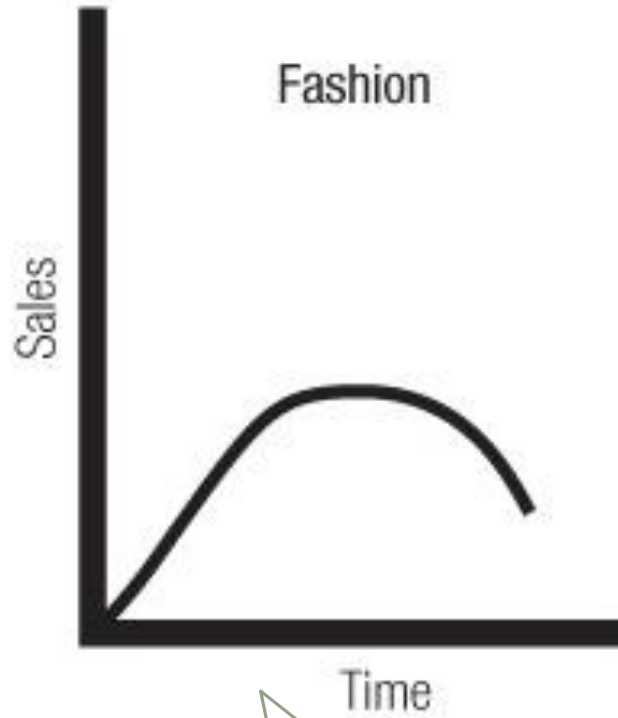
Source: Philip Kotler and Kevin Lane Keller, *Marketing Management*, 14th ed. (Upper Saddle River, NJ: Prentice Hall, 2012), p. 317.

© 2012. Printed and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

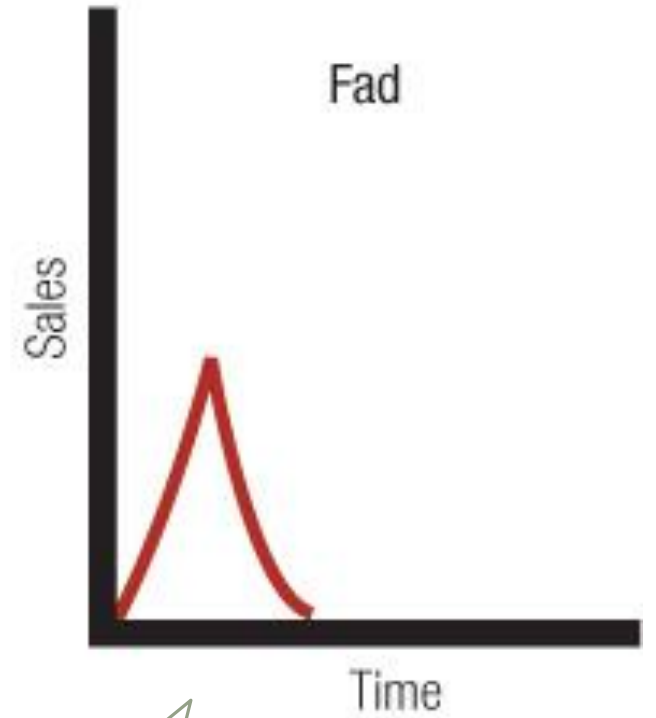
# FIGURE 8.5 Styles, Fashions, and Fads



Colonial/transitional homes  
Art: realist, abstract



Playing golf in the 1990s



Snuggie

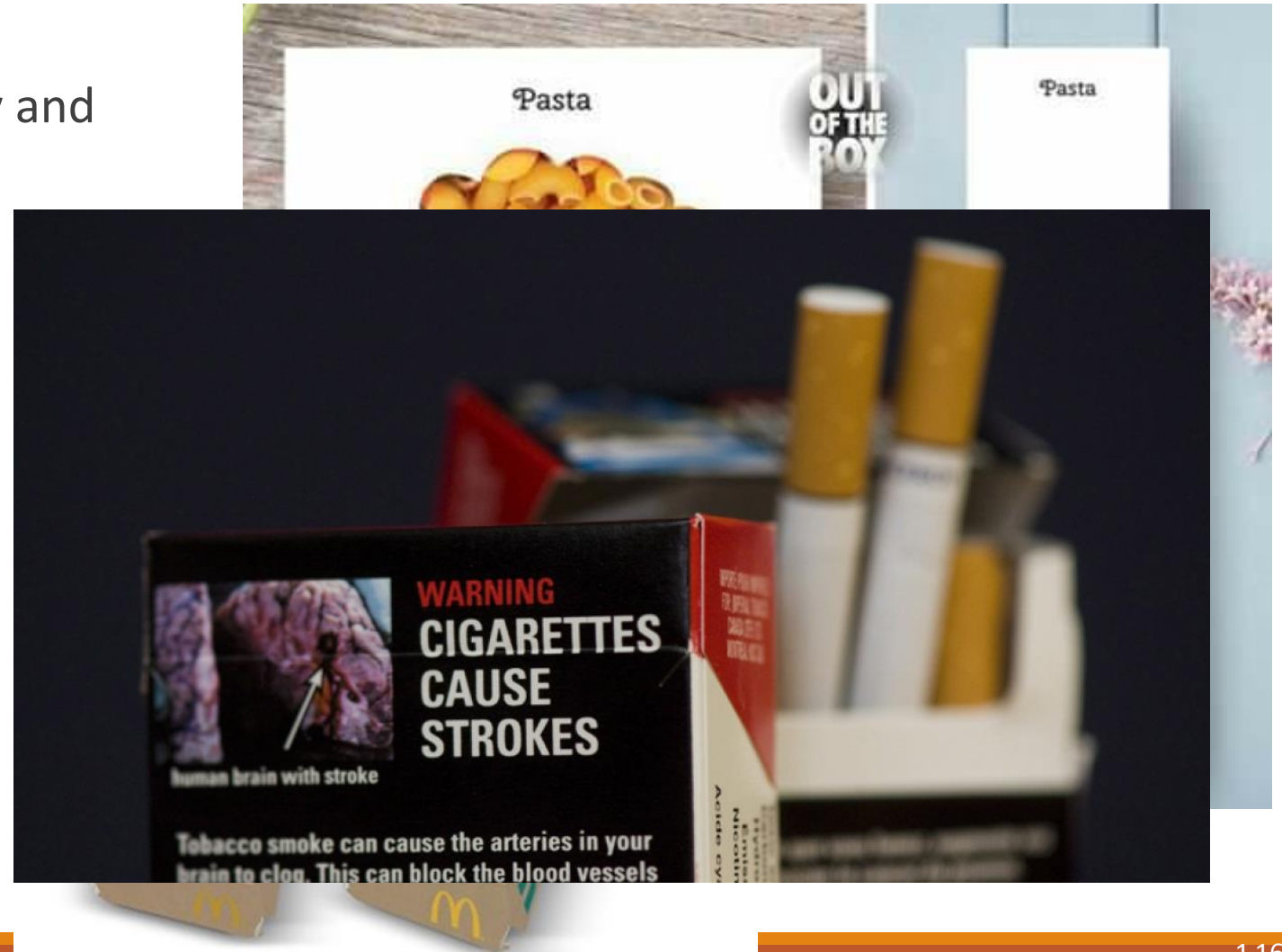
# Product and Service Decisions

---

# Product and Service Decisions

Product decisions:

- Physical attributes such as quality and design
- Packaging
- Labelling
- Sustainable packaging
- Product support services



# Product and Service Decisions

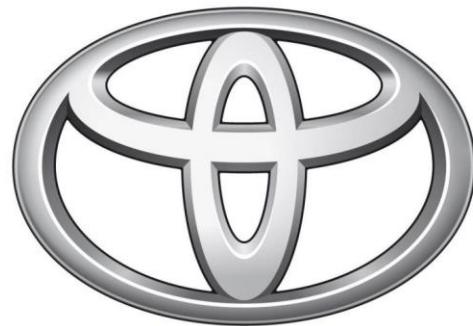
## **Product line decisions:**

- Product line length
- Line filling or line stretching

**GAP**

**OLD NAVY**

**BANANA  
REPUBLIC**



**TOYOTA**



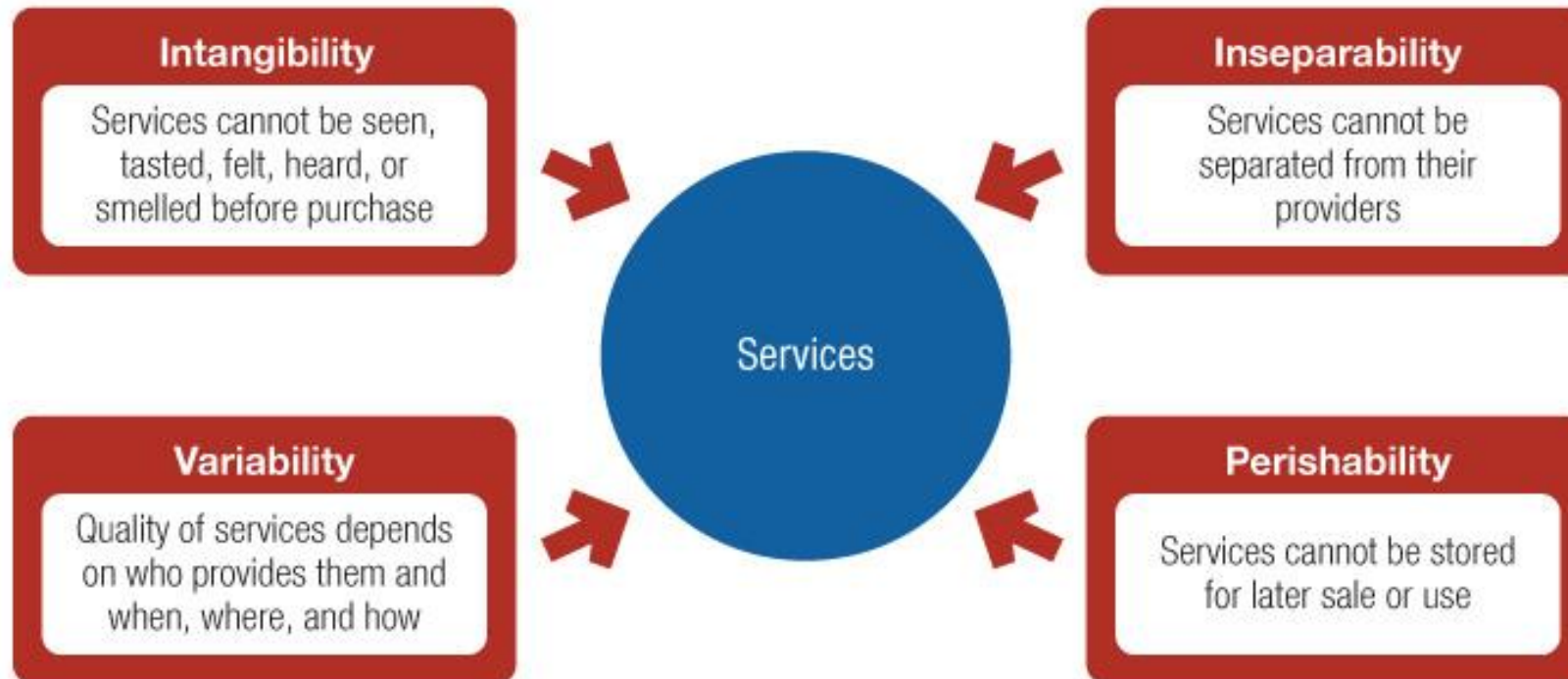
**Lexus**

# Service Marketing

---

# Special Characteristics of Services

**FIGURE 8.6** Special Characteristics of Services



# Marketing Strategies for Service Firms

- Service-profit chain
- Internal marketing

**FIGURE 8.7** The Service-Profit Chain



# CHAPTER 9

## Brand Strategy and Management

---



Which one of these would you buy for CAD 2? Why?



# What is a Brand?

*A brand* is the image which stands behind the name, symbol, icon, design, or combination of these, that identifies the maker or marketer of a product.

*Branding* can add value to a product

“To manage a brand is to manage something much less tangible—an aura, an invisible layer of meaning that surrounds the product.”

Branding expert Marty Neumeier

# Brands


More than names or symbols,  
brands:

- Have status and value
- Have personality
- Involve emotions
- Signify quality
- Provide legal protection

# Brand has meanings: Trademarks


Trademarks can be:

- Names, symbols, characters, shapes
- Has monetary value
- Indicated with a superscript TM



do not erase

You may not realize it, but by using the name **Kleenex**<sup>®</sup> as a generic term for tissue, you risk erasing our coveted brand name that we've worked so hard for all these years. **Kleenex**<sup>®</sup> is a registered trademark and should *always* be followed by a ® and the words 'Brand Tissue'. Just pretend it's in permanent marker.



® Registered Trademark of Kimberly-Clark Worldwide, Inc. ©2013 KGWV.

© Kimberly-Clark Worldwide, Inc. Reprinted with Permission

**Exhibit 9.2 Trademarks:** The name Kleenex is a registered trademark, which means it should always be spelled with a capital and used to refer to the name brand tissue.

# Brand Meaning

“The key to communicating brand meaning is to get consumers to associate your brand with just one word, so that your brand **owns!** that word in terms of brand positioning.”

Branding expert Al Reis

# Brand Relationships

Brands represent **consumers' perceptions** and feelings about a product and its performance

A key factor in consumers' relationships with brands is what they ***believe*** about them.

Your Brands?!!!!



# Brand Characteristics

## **Brand Equity:**

- A financial value attributed to the brand based largely on intangible qualities

## **Brand Personality:**

- Human attributes and the emotions they inspire toward customers

## **Brands Elements:**

- Name
- Logo or icon  
(shape, colours, etc.)

# Logo!

COCA-COLA.

1886

Coca-Cola

1890



1900

Coca-Cola

1905s

Coca-Cola

1940



1950



1969

Coke  
Coke

1985



1987



1993



2003

Coca-Cola

2007

# Brand equity

**Which one of these would you buy for CAD 2? Why?**



# Brand personality



# What Are the Steps in Developing a Brand?

Involves decisions about...



# What are Brand Sponsorship Decisions?

## NATIONAL BRANDS

Brands created and own by the manufacturer

Well-known

Well-established



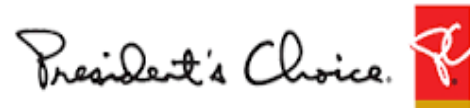
# What are Brand Sponsorship Decisions?

## PRIVATE BRANDING

Products sold under the brand name of a wholesaler or retailer

Store brands/ private labels

- + Higher profit margins
  - + Total product control
  - + Priced lower
  - + Exclusive products
  - + Create store loyalty & traffic
- Hard to establish
  - Costly to stock
  - Costly to promote



# What are Brand Sponsorship Decisions?

## LICENSING

Buying and selling of the rights to use a brand name, logo, character, icon, or image.

- + Instant and proven brand name
- + Highly profitable enterprise
- Licensing fee can be expensive



# What are Brand Sponsorship Decisions?

## CO-BRANDING

Using the established brand names of two different companies on the same product.

- +Broadened consumer appeal
- +Greater brand equity
- +Allows expansion into a new category



# What to do for next class

1. Study chapter 8 & 9
2. Answer Tropicana case questions posted on Moodle
3. Project Application
  1. Where does your product fall in the PLC, What are your strategies for that phase
  2. Start BUILDING your brand: Name, logo, features, quality, design, packaging, labelling, personality! (Bring him or her with you next time in class!!!)

Thank you!

---