

Marketing Essentials



Chapter 30

product planning

Section 30.1 Product Development

Section 30.2 Sustaining Product Sales



Before You Read

PREDICT Think of a new product you or a friend recently purchased. Do you think it will become successful? Why or why not?

OBJECTIVES

- **Describe** the steps in product planning.
- **Explain** how to develop, maintain, and improve a product mix.

THE MAIN IDEA

Product planning allows a business to plan marketing programs that increase sales through making products that customers want.

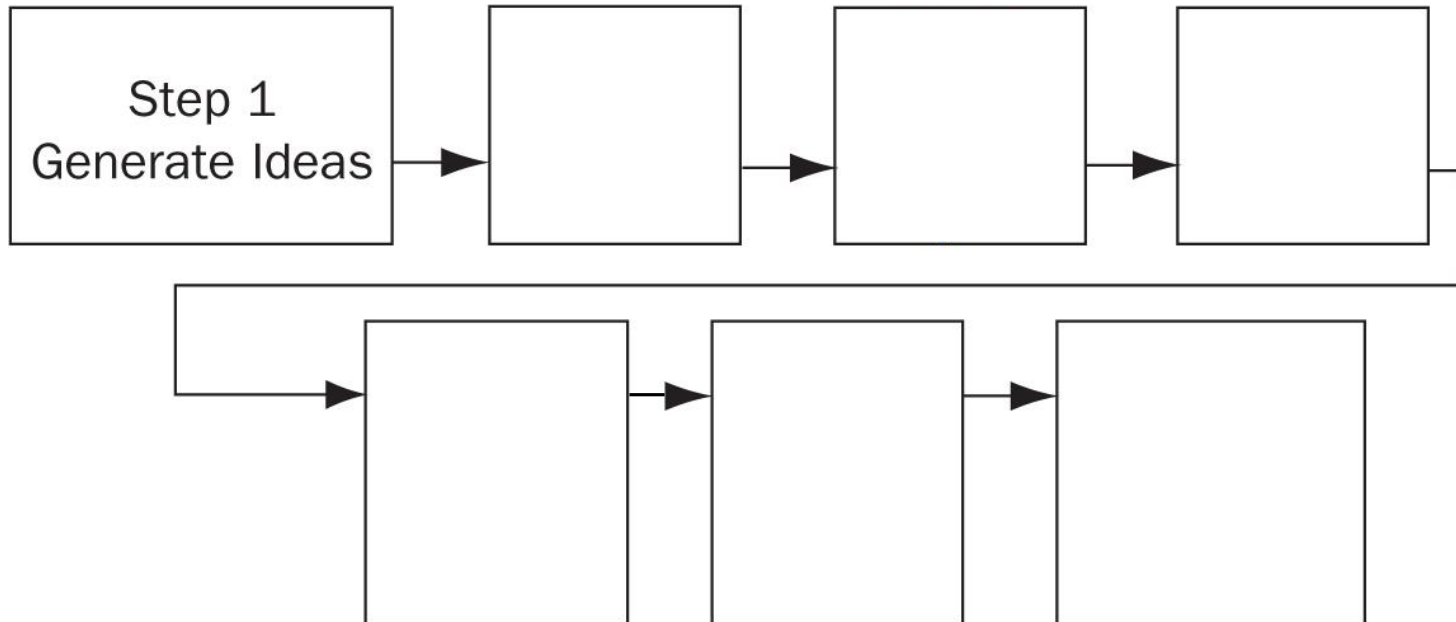
VOCABULARY

- product planning
- product mix
- product line
- product item
- product width
- product depth
- prototype
- product modification

Product Development

Graphic Organizer

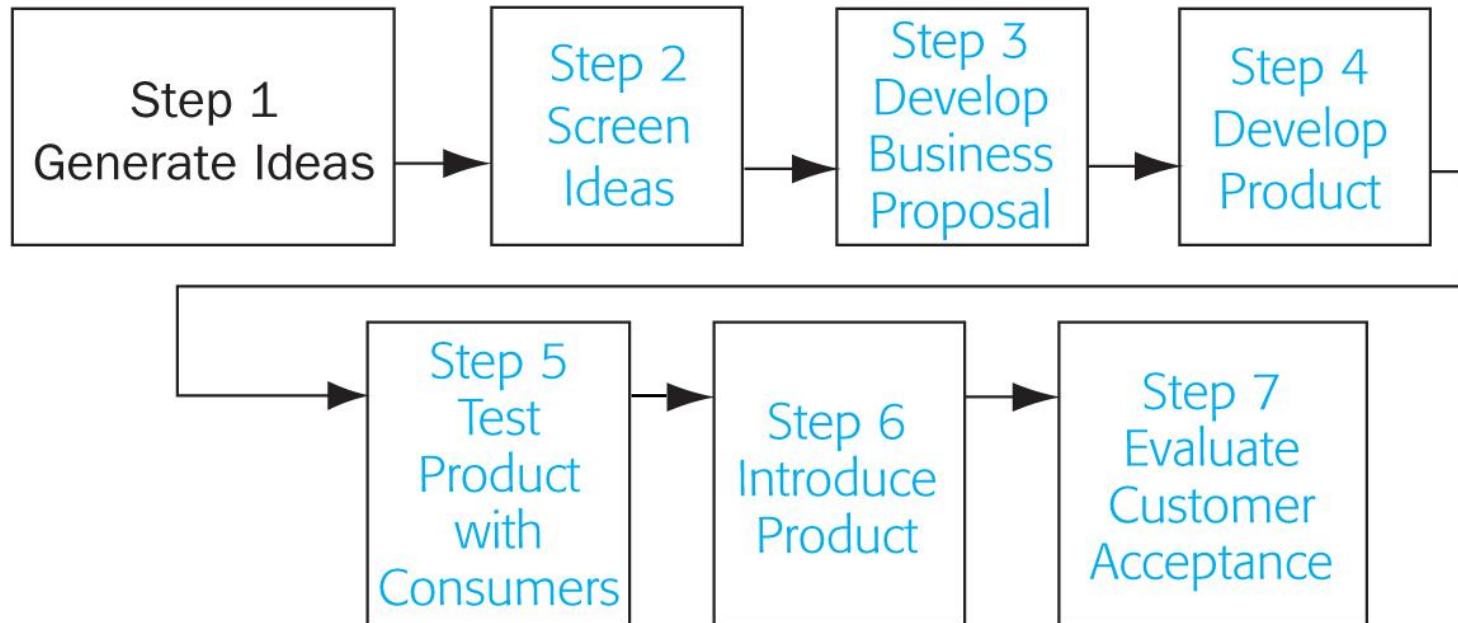
The Seven Key Steps in Product Development



Product Development

Graphic Organizer

The Seven Key Steps in Product Development



Getting Ready to Sell

Product Planning

Allows a business to coordinate existing products and features

Allows a business to add new products and delete products



product planning

Making decisions about the features and services of a product or idea that will help sell the product.

Getting Ready to Sell

What is the product mix?



product mix

All the different products that a company makes or sells.

Getting Ready to Sell

Product Line



product line

A group of closely related products manufactured or sold by a business.

Product Item



product item

A specific model, brand, or size of a product within a product line.

Getting Ready to Sell

Product Width



product width

The number of items offered within each product line.

Product Depth



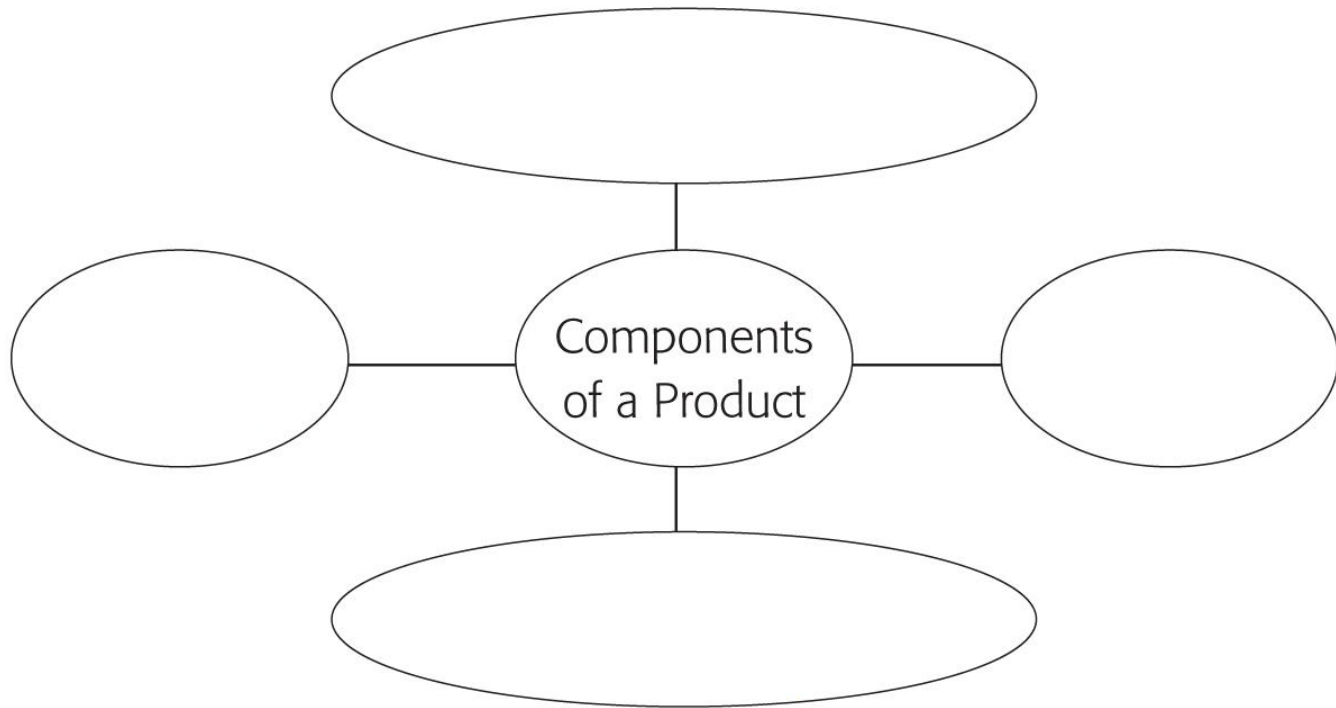
product depth

The number of items offered within each product line.

Getting Ready to Sell

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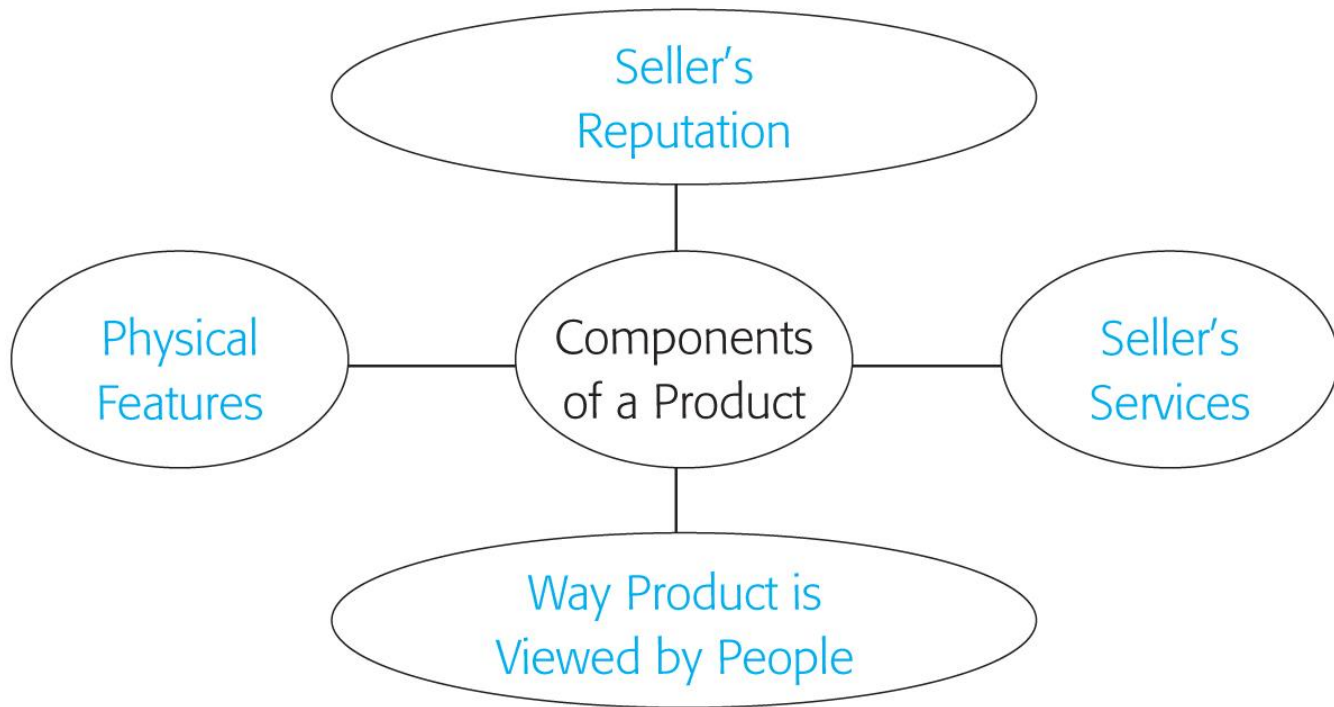
Components of a Product



Getting Ready to Sell

Graphic
Organizer

Components of a Product



Getting Ready to Sell

Graphic Organizer

The Different Components of New Product Research That Were Discussed in Chapter 28.

**NEW
PRODUCT
RESEARCH**

Concept Testing

Brand Research

Product Placement

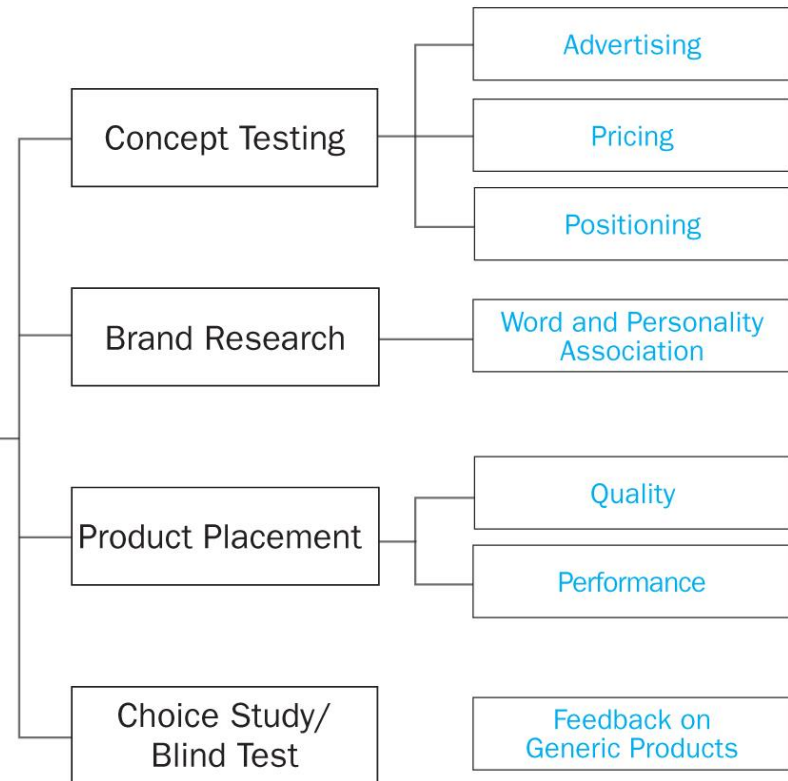
Choice Study/
Blind Test

Getting Ready to Sell

Graphic Organizer

The Different Components of New Product Research That Were Discussed in Chapter 28.

NEW PRODUCT RESEARCH



Getting Ready to Sell

Graphic Organizer

Information in a Business Proposal

Business Proposal

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Getting Ready to Sell

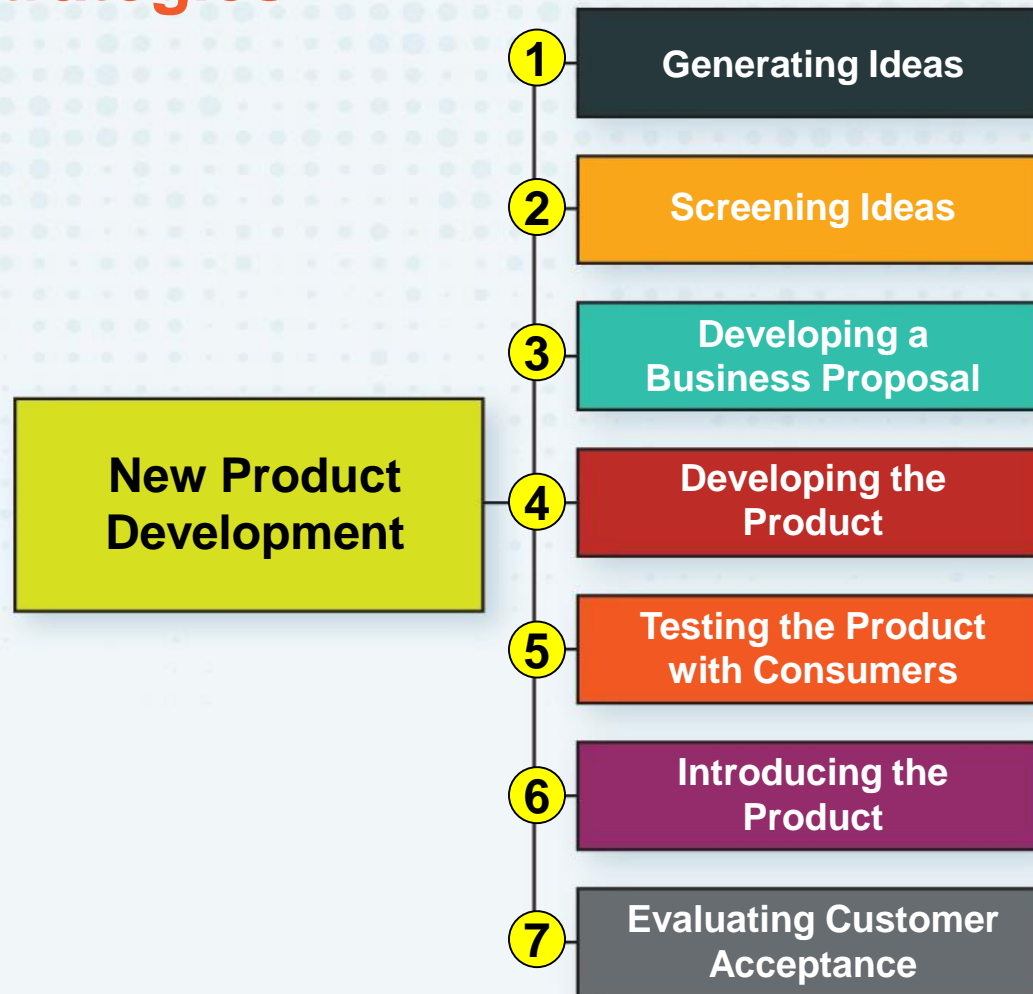
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Information in a Business Proposal

Business Proposal

- Market size
- Potential sales
- Cost
- Profit potential
- Technological trends
- Overall competitive environment
- Level of risk
- Production requirements
- Time needed to create and introduce product
- Production efficiency
- Competitiveness of projected price

Product Mix Strategies



Product Mix Strategies

Millions of dollars can be spent developing a product for testing, prototypes, and research.



prototype

A model of a new product, usually made before the product is manufactured.

Product Mix Strategies

Developing Existing Products

Line Extensions

Product Modification



product modification

An alteration in a company's existing product.

Product Mix Strategies

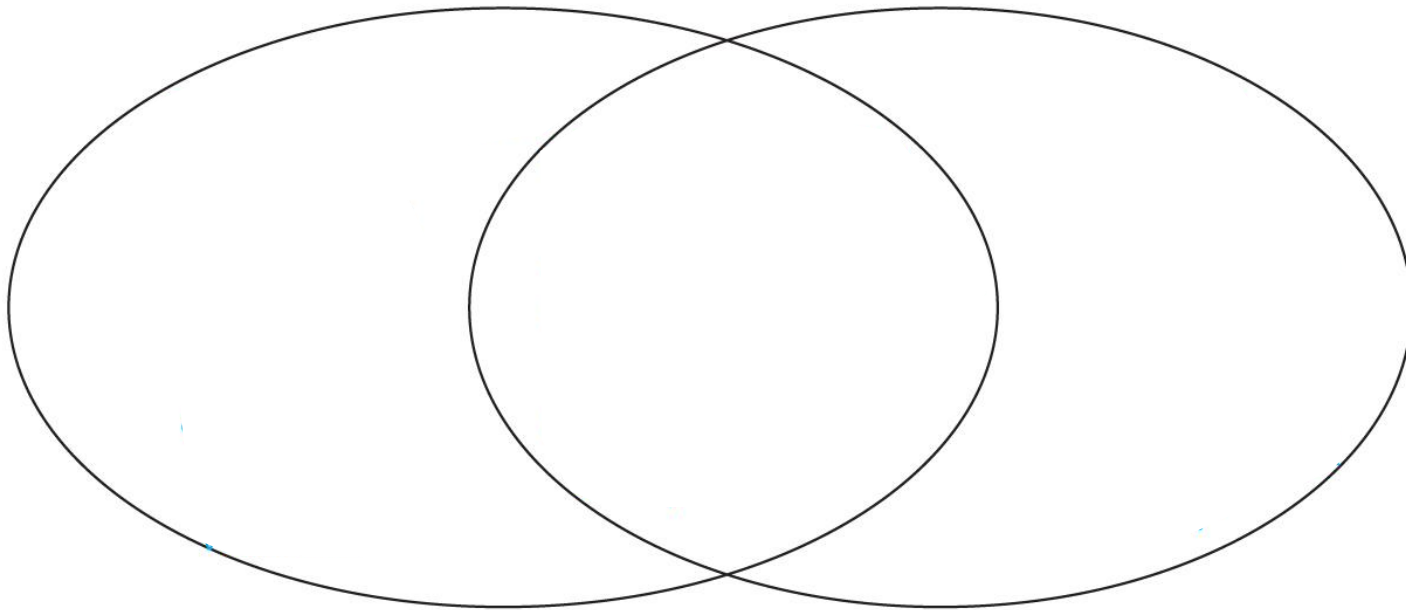
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Characteristics of Line Extensions
and Product Modifications

Line Extensions

Both

Product Modifications



Product Mix Strategies

Graphic Organizer

Characteristics of Line Extensions and Product Modifications

Line Extensions

- Different products appeal to somewhat different customer needs
- Increase product depth within a line

Both

- Build on already established image
- Meet customer needs
- Appeal to new markets
- Increase sales and profits

Product Modifications

- Change to an existing product
- May offer new colors, sizes, or features
- Relatively quick and easy

Product Mix Strategies

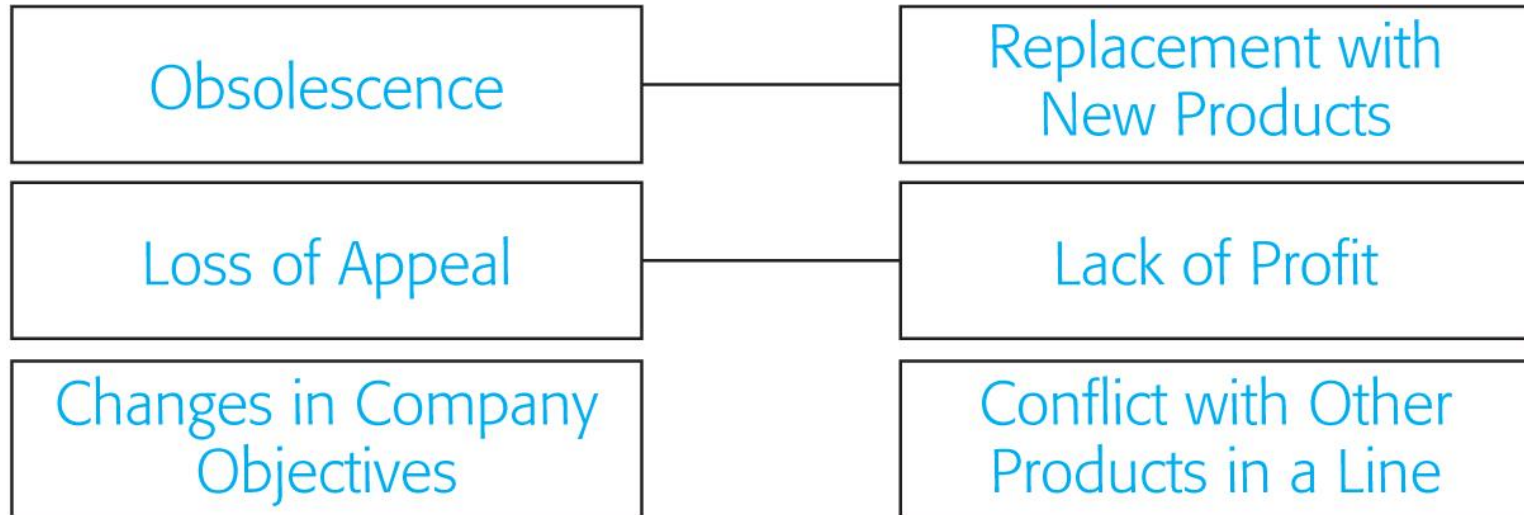
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Identify Each of the Reasons a
Product Might be Discontinued

Product Mix Strategies

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Identify Each of the Reasons a Product Might be Discontinued



Product Development



After You Read

Section 30.1

1. **Differentiate** between product depth and product width.

Product depth refers to the number of items offered within each product line whereas product width refers to the number of different product lines a business manufactures or sells.

**After You Read****Section 30.1**

2. Name the types of criteria used to screen new product ideas.

Criteria used to screen new product ideas include: Is the product in line with the company's overall strategy, which defines customers, target markets, competitors, and existing competitive strengths? Are there any potential conflicts with existing products? Has the product been tested with consumers, and, if so, did they like it and would they buy it?

**After You Read****Section 30.1****3. List four reasons for expanding a product line.**

Four reasons to expand a product line are to build on an already established image, to appeal to new markets, to increase sales and profits, and for the company to be seen as an innovator in the field.

Sustaining Product Sales



Before You Read

PREDICT How might marketing strategies differ for new products and existing products?

Sustaining Product Sales

OBJECTIVES

- **Identify** the four stages of the production life cycle.
- **Describe** product positioning techniques.

THE MAIN IDEA

Products go through different stages of growth and decline. Various marketing strategies help sustain product sales over time.

VOCABULARY

- product life cycle
- product positioning
- category management
- planogram

Sustaining Product Sales

Graphic Organizer

Stages in the Product Life Cycle

Stages	Sales Characteristics	Marketing Strategies
Introduction		
Growth		
Maturity		
Decline		

Sustaining Product Sales

Graphic Organizer

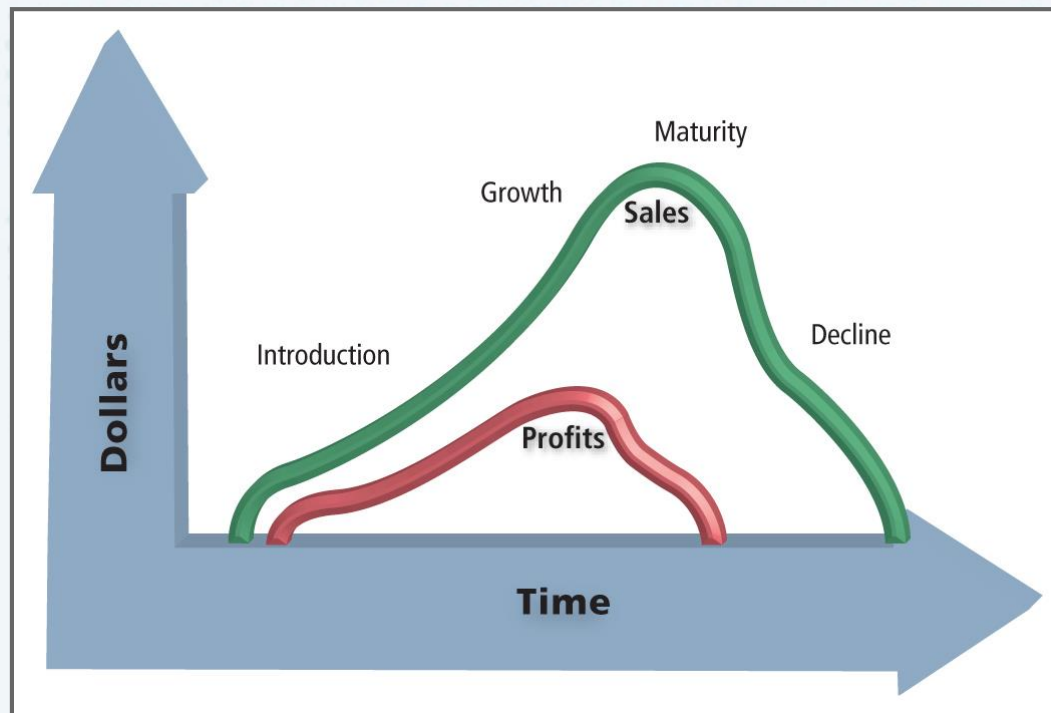
Stages in the Product Life Cycle

Stages	Sales Characteristics	Marketing Strategies
Introduction	Least profitable stage; consumers still learning	Special promotions; focus on benefits
Growth	Increasing sales and profits	Focus on consumer satisfaction; competitive pricing; new models
Maturity	Sales slow; increased competition or market saturation	Reinforce brand; anti-competition spending; slotting fees may rise
Decline	Sales fall and profits may be smaller than expenses	Ads reduced; may sell, license, discount, or regionalize product

Sustaining Product Sales

The Product Life Cycle

The Product Life Cycle



product life cycle

The stages that a product goes through during its life.

The Product Life Cycle

Managing in the Introduction Stage

- § Efforts are focused on promotion, or building awareness of the product

Managing in the Growth Stage

- § Building brand preference
- § Increasing market share
- § Dealing with new competition

Managing in the Maturity Stage

- § More competition
- § Advertising reinforces brand
- § Promotional costs are lower
- § Slotting fees may rise

Managing in the Decline Stage

- § Sell or license the product
- § Recommit to the product line
- § Discount the product
- § Regionalize the product
- § Update or alter the product

Sustaining Product Sales

The Product Life Cycle

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Managing a Product in Decline

Sustaining Product Sales

The Product Life Cycle

Graphic Organizer

Managing a Product in Decline

Sell or License the Product

Recommit to the Product Line

Discount the Product

Regionalize the Product

Update or Alter the Product

Sustaining Product Sales

Product Positioning

Product Positioning

Positioning by Price and Quality

Positioning by Features and Benefits

Positioning in Relation to the Competition

Positioning in Relation to Other Products in a Line



product positioning

The efforts a business makes to identify, place, and sell its products in the marketplace.

Sustaining Product Sales

Product Positioning

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Identify the Different Positioning Strategies

Positioning Strategy

Result

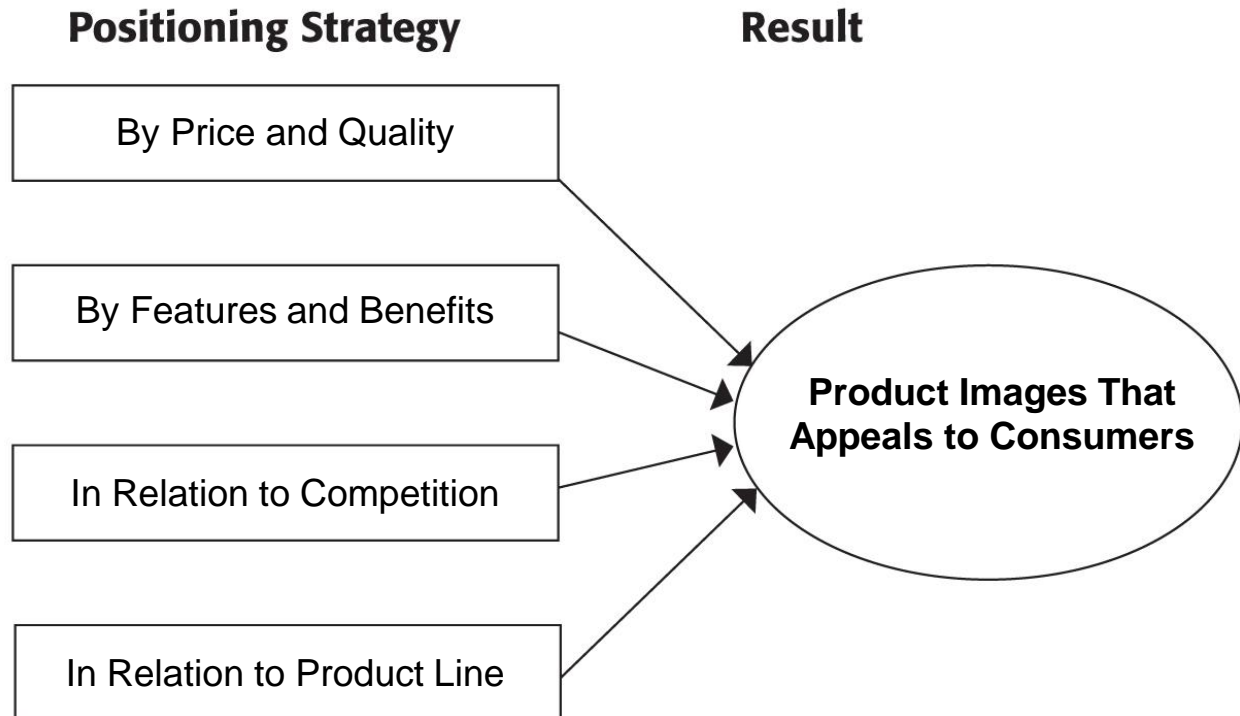
**Product Images That
Appeals to Consumers**

Sustaining Product Sales

Product Positioning

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Identify the Different Positioning Strategies



Category Management

**What is
category management?**

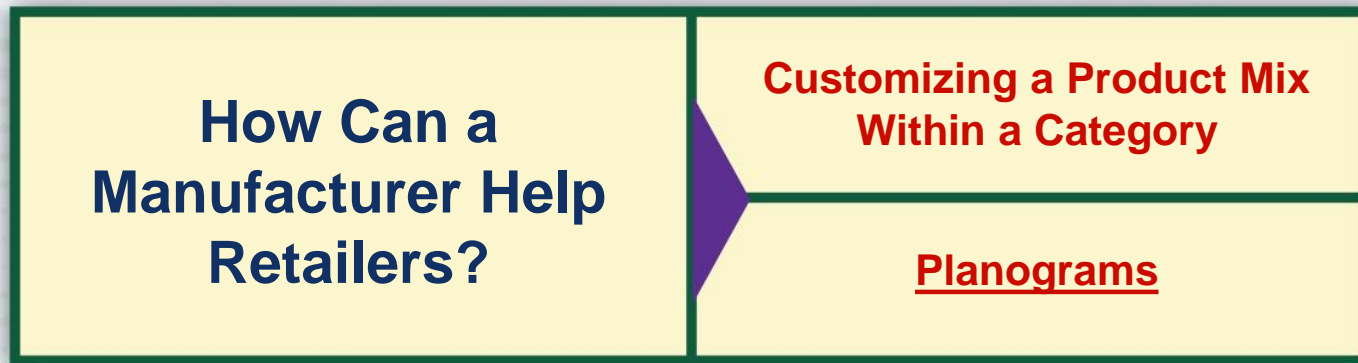


category management

A process that involves managing product categories as individual business units.

Sustaining Product Sales

Category Management



planogram

A computer-developed diagram that shows retailers how and where products within a category should be displayed on a shelf at individual stores.

Sustaining Product Sales



After You Read

Section 30.2

1. **Define** the concept of product positioning.

In product positioning, a business attempts to identify, place, and sell its products in the marketplace. In order to properly position products, businesses must identify customer needs and determine how their products compare to the competition.

Sustaining Product Sales



After You Read

Section 30.2

2. **Identify** the strategies a business might use during a product's growth stage.

During the growth stage, the business works to build brand preference and increase market share. It may enter into price competition with other businesses with similar products, introduce new models, or modify the existing product to offer more benefits than the competition.

Sustaining Product Sales



After You Read

Section 30.2

3. **Identify** the strategies a business might use during a product's decline stage.

During the decline stage, the business might reduce advertising and promotional costs to maximize profits, or even delete the product entirely from its product mix. Other strategies are to sell or license the product, recommit to the product line, discount the product, regionalize the product, and update or alter the product.

Marketing Essentials



End of Chapter 30

product planning

Section 30.1 Product Development

Section 30.2 Sustaining Product Sales