#### Lecture 8

#### **CHAPTER**



Associate professor of Plekhanov REA marketing department Irina I.Skorobogatykh (Ph.D)

#### **LECTURE QUESTIONS:**

- Product life-cycle (PLC) concept and marketing strategy related to each stage of PLC
- Difference in product life cycles for various products and their implications for marketing decisions.

#### **LECTURE QUESTIONS:**

- Different approaches to managing a product's life cycle.
- Elements of brand personality and brand equity and the criteria for the good brand name.

#### **LECTURE QUESTIONS:**

- Different branding strategies employed by companies.
- Role of packaging and labeling in the marketing of a product.

#### THE PRODUCT LIFE CYCLE

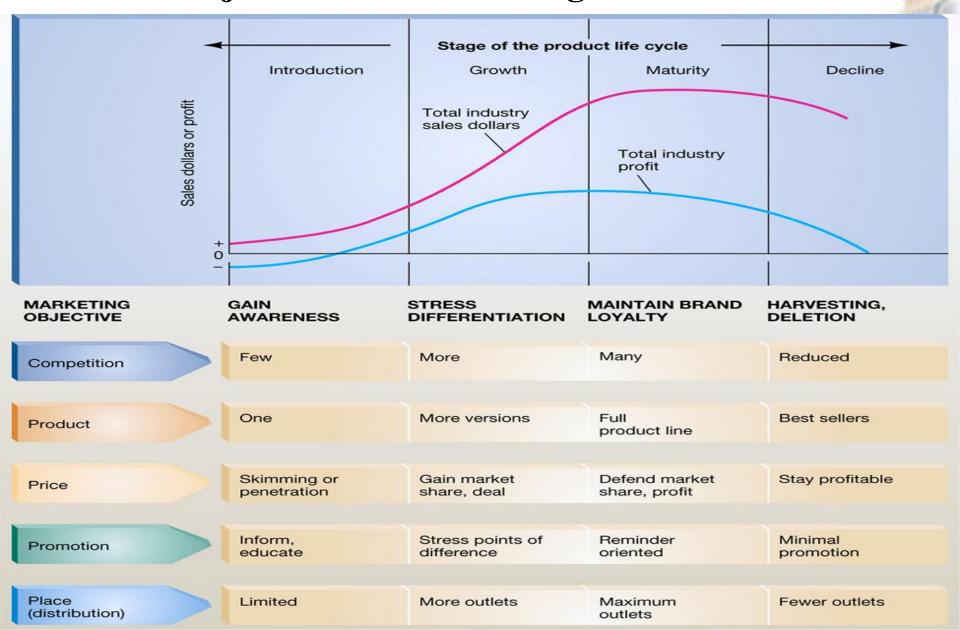
- Product Life Cycle
- Introduction Stage
  - Primary Demand
  - Selective Demand
  - Skimming Pricing
  - Penetration Pricing

## **Product Life Cycle**

The **product life cycle** describes the stages a new product goes through in the marketplace: introduction, growth, maturity, and decline.



# Relationships of stages of the PLC and firm's marketing objectives and marketing mix actions



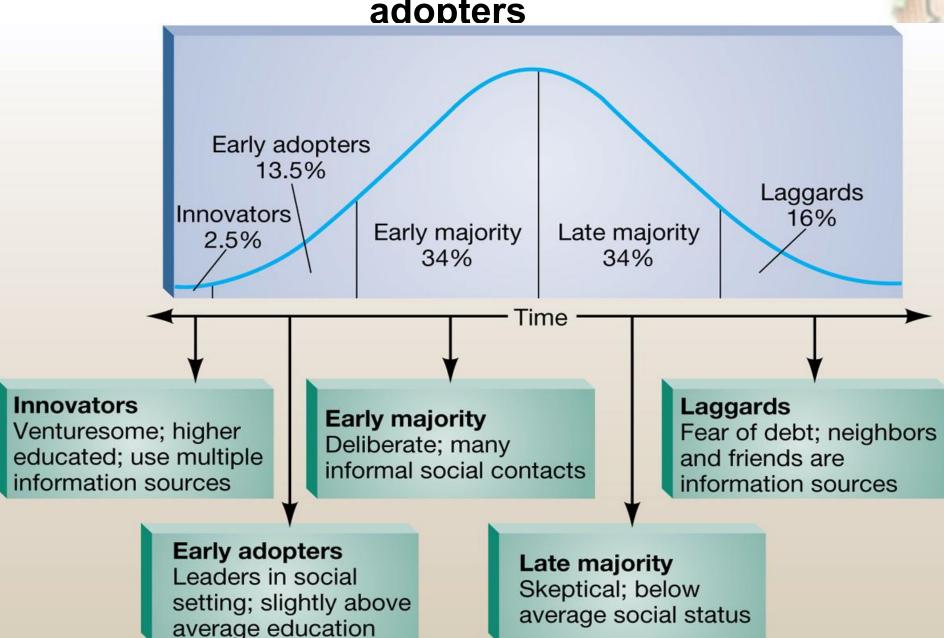
#### THE PRODUCT LIFE CYCLE

- Growth Stage
  - Repeat Purchasers
- Maturity Stage
- Decline Stage
  - Deletion
  - Harvesting

#### THE PRODUCT LIFE CYCLE

- Some Dimensions of the Product Life Cycle
  - The Life Cycle and Consumers
    - Diffusion of Innovation

Five categories and profiles of product adopters



1. Advertising plays a major role in the <a href="introductory">introductory</a> stage of the product life cycle and <a href="sales promotion">sales promotion</a> plays a major role in maturity.

- 2. How do high-learning and low-learning products differ?
- A: A high-learning product requires significant customer education and there is an extended introductory period.

  A low-learning product requires little customer education because the benefits of purchase are readily understood, resulting

markeling, letternediate sales. I. Skorobogatykh (Ph.D)

# MANAGING THE PRODUCT LIFE CYCLE

- Modifying the Product
  - Product Modification
- Modifying the Market
  - Market Modification
  - Finding New Users
  - Increasing Use

marketing, lecture 8 New Use Situations

1. What does "creating new use situations" mean in managing a product's life cycle?

A: Finding new uses for an existing product.

- 2. Explain the difference between trading up and trading down in repositioning.
- A: Trading up involves adding value to the product (or line) through additional features or higher-quality materials. Trading down involves reducing the number of features, quality, and price, or downsizing—reducing the content of packages without changing package size and maintaining or increasing the package price.

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# BRANDING AND BRAND MANAGEMENT

- Branding
- Brand Name
- Brand Personality and Brand Equity
  - Brand Personality
  - Brand Equity
  - Creating Brand Equity

marketing, lecture 8 Brand Equity (Ph.D)

## **Branding**

Branding is a marketing decision, in which an organization uses a name, phrase, design, symbol, or combination of these to identify its products and distinguish them from those of competitors.



#### **Brand Name**

A brand name is any word, "device" (design, sound, shape, or color) or combination of these to distinguish a seller's goods or services.

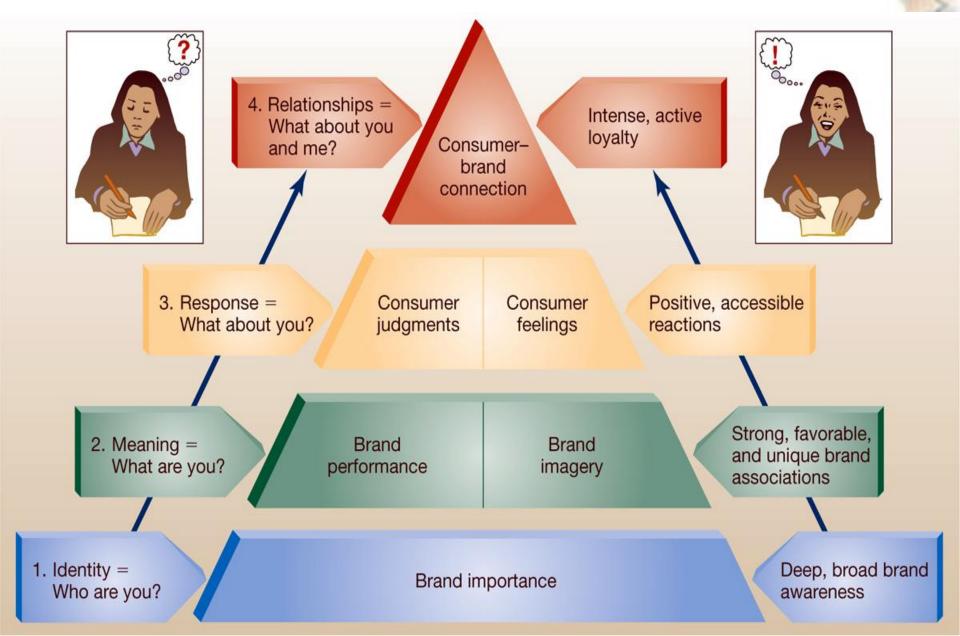


## **Brand Equity**

**Brand equity** is the added value a given brand name gives to a product beyond the functional benefits provided.



#### **Customer-based brand equity pyramid**



# BRANDING AND BRAND MANAGEMENT

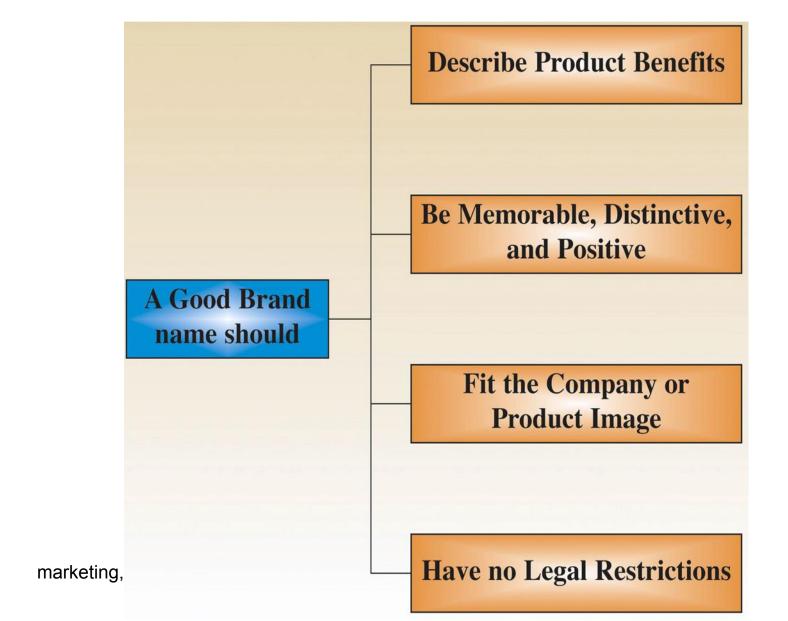
- Picking a Good Brand Name
- Branding Strategies
  - Manufacturer Branding
    - Multiproduct Branding
    - Line Extension

Brand Extension

- Subbranding
- Multibranding

marketing, lecture 8 strategy. I.I.Skorobogatykh (Ph.D)

#### Four criteria for picking a good brand name



#### **Alternative branding strategies**



## **Multiproduct Branding**

Multiproduct branding is when a company uses one name for all its products.



## Multibranding

Multibranding involves giving each product a distinct name.



# BRANDING AND BRAND MANAGEMENT

- Branding Strategies
  - Private Branding
    - Private Labeling
    - Reseller Branding
  - Mixed Branding

# CREATING CUSTOMER VALUE THROUGH PACKAGING AND LABELING

- Packaging
  - Label
- Communication Benefits
- Functional Benefits
- Perceptual Benefits

## **Packaging**

**Packaging** is any container in which a product is offered for sale and on which label information is conveyed.



# MANAGING THE MARKETING OF SERVICES

- Product (Service)
  - Exclusivity
  - Branding
  - Capacity Management

## **Capacity Management**

Capacity management involves integrating the service component of the marketing mix with efforts to influence consumer demand.



# MANAGING THE MARKETING OF SERVICES

- Pricing
  - Off-Peak Pricing
- Place (Distribution)
- Promotion

## **Off-Peak Pricing**

Off-peak pricing consists of charging different prices during different times of the day or days of the week to reflect variations in demand for the service.



- 1. What is the difference between a line extension and a brand extension?
- A: A line extension is the practice of using a current brand name to enter a new market segment in its product class, whereas a brand extension is the practice of using a current brand name to enter a completely different product class.

- 2. Explain the role of packaging in terms of perception.
- A: A package can communicate status, economy, and product quality to prospective buyers.

- 3. How do service businesses use off-peak pricing?
- A: Service businesses use off-peak pricing, which consists of charging different prices during different times during the day or days of the week, to reflect variations in demand for the

## **Brand Personality**

A brand personality is a set of human characteristics associated with a brand name.

