

Lecture 8

CHAPTER

11

MANAGING PRODUCTS, SERVICES, AND BRANDS

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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

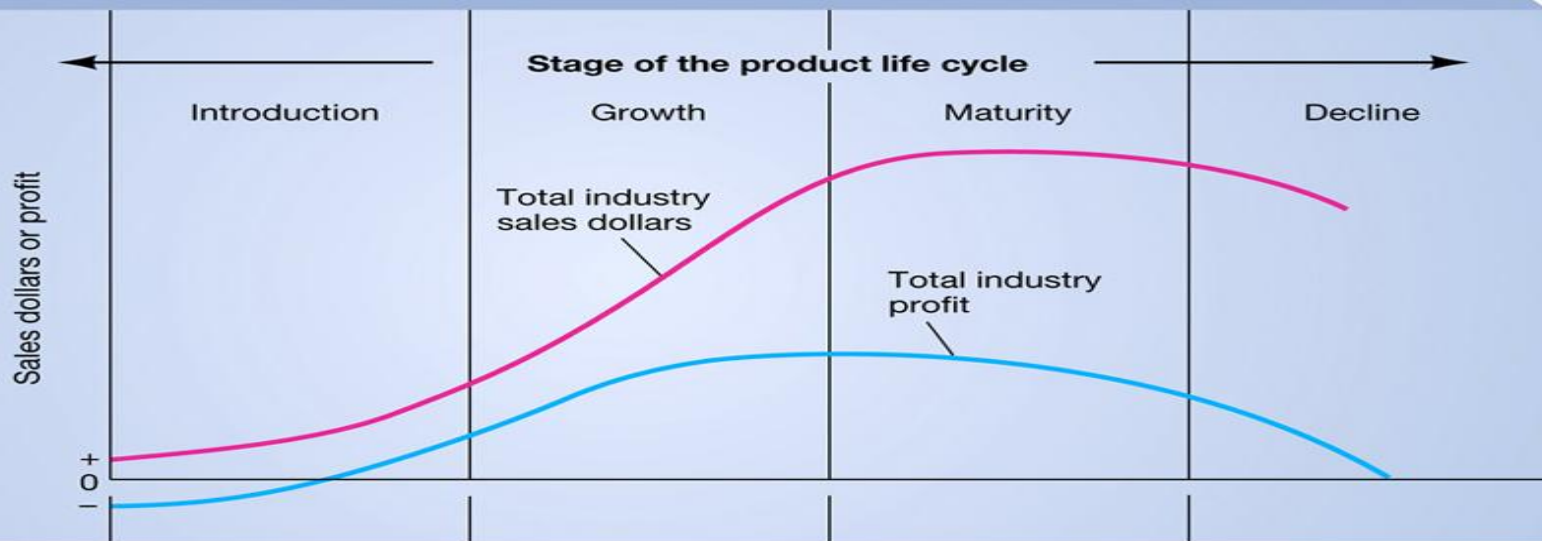
- **Product Life Cycle**
- **Introduction Stage**
 - **Primary Demand**
 - **Selective Demand**
 - **Skimming Pricing**
 - **Penetration Pricing**

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



MARKETING OBJECTIVE

GAIN AWARENESS

STRESS DIFFERENTIATION

MAINTAIN BRAND LOYALTY

HARVESTING, DELETION

Competition

Few

More

Many

Reduced

Product

One

More versions

Full product line

Best sellers

Price

Skimming or penetration

Gain market share, deal

Defend market share, profit

Stay profitable

Promotion

Inform, educate

Stress points of difference

Reminder oriented

Minimal promotion

Place (distribution)

Limited

More outlets

Maximum outlets

Fewer outlets

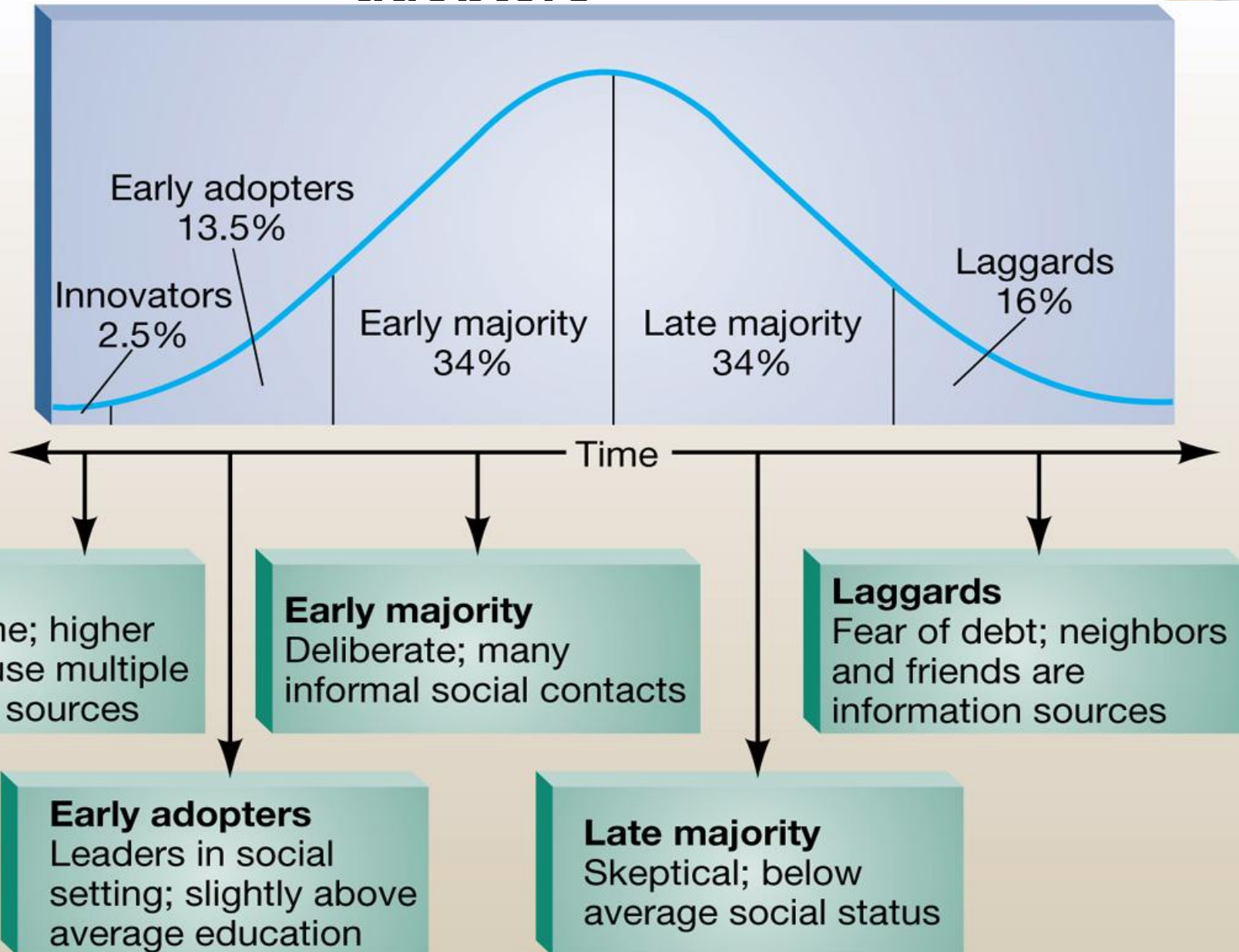
THE PRODUCT LIFE CYCLE

- **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



Concept Check

1. Advertising plays a major role in the introductory stage of the product life cycle and sales promotion plays a major role in maturity.

Concept Check

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 in immediate sales.

MANAGING THE PRODUCT LIFE CYCLE

- **Modifying the Product**
 - **Product Modification**
- **Modifying the Market**
 - **Market Modification**
 - **Finding New Users**
 - **Increasing Use**
 - **Creating New Use Situations**

Concept Check

1. What does “creating new use situations” mean in managing a product’s life cycle?

A: Finding new uses for an existing product.

Concept Check

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.

BRANDING AND BRAND MANAGEMENT

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

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.

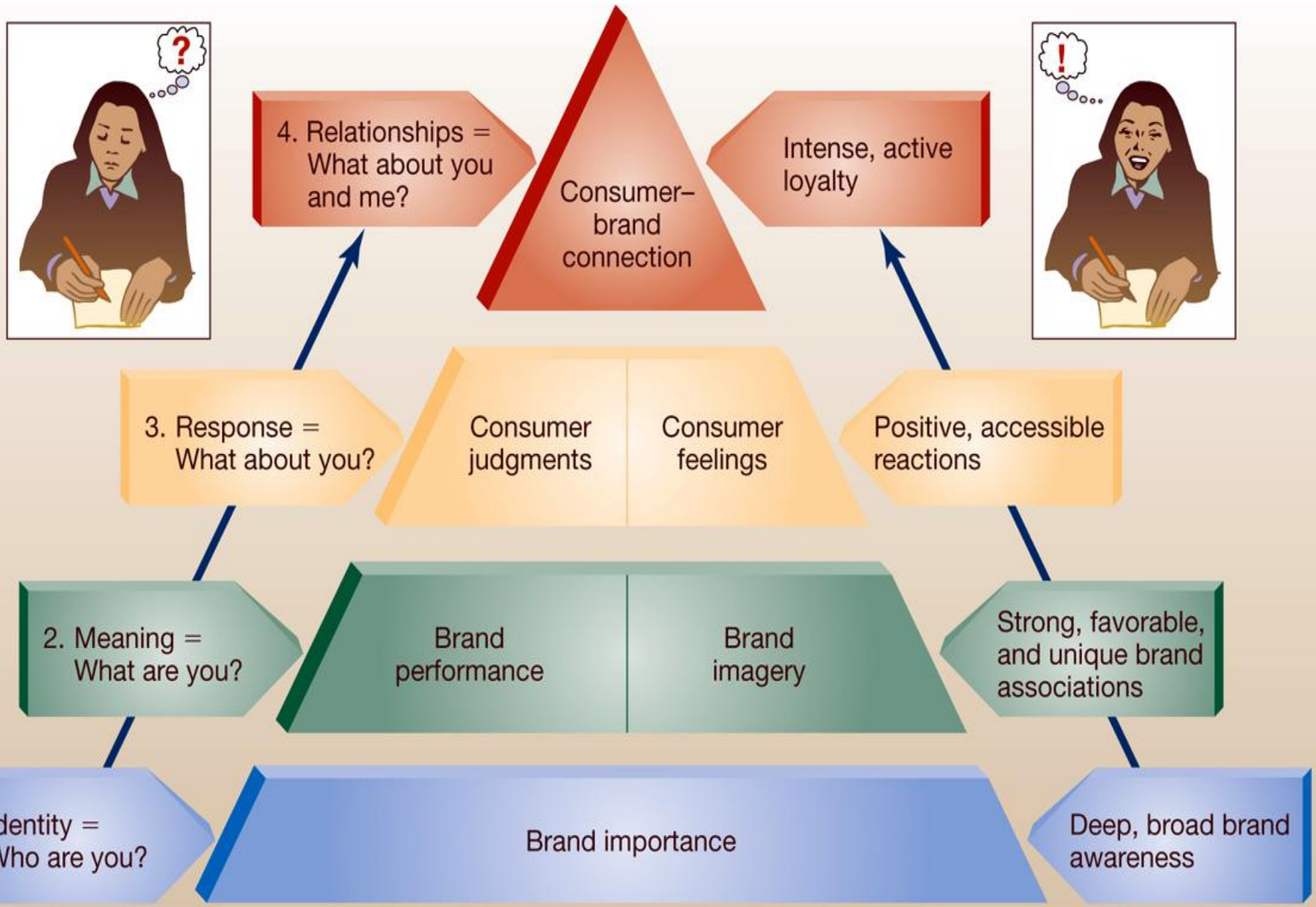


Brand Equity

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



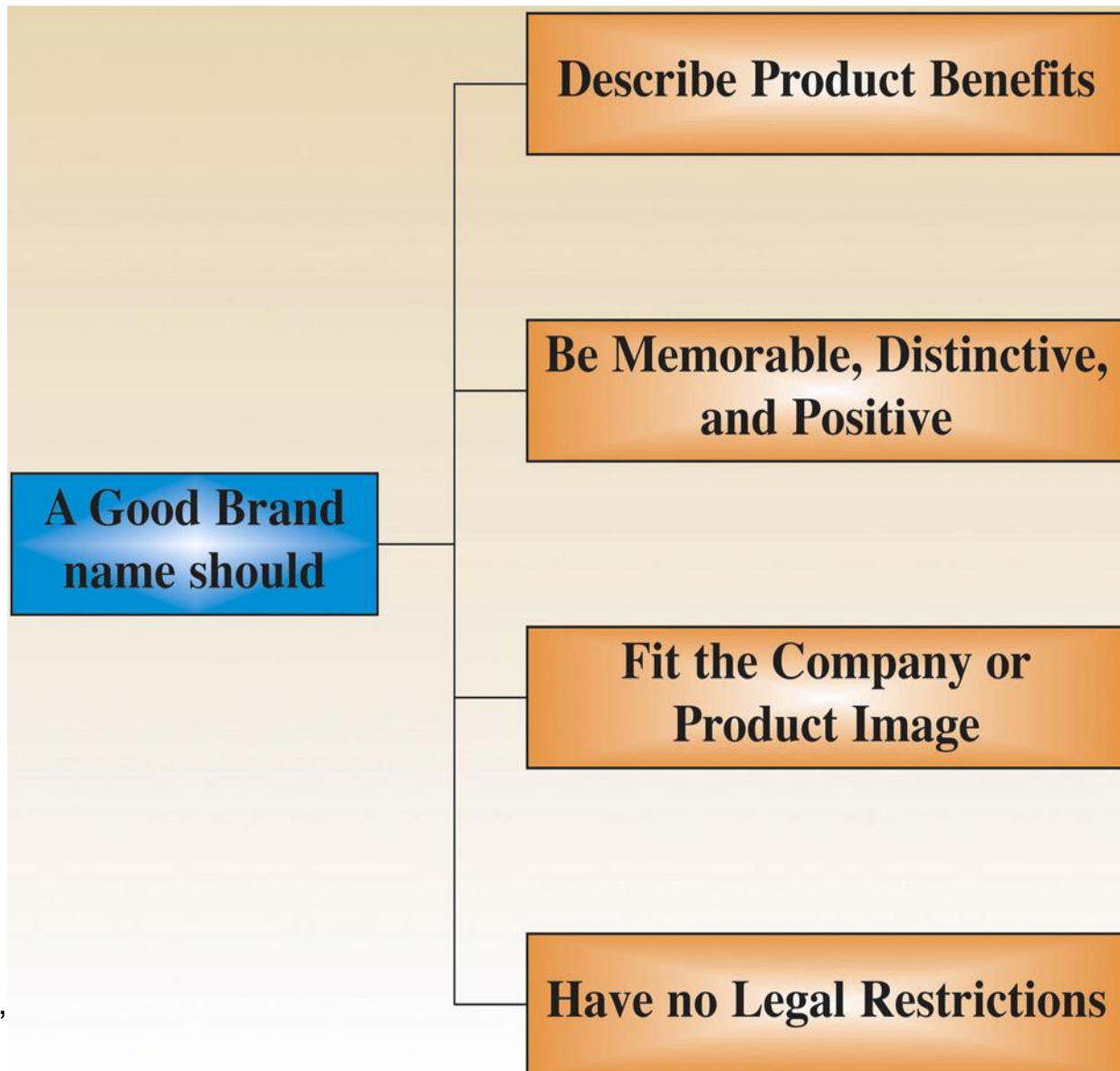
Customer-based brand equity pyramid



BRANDING AND BRAND MANAGEMENT

- **Picking a Good Brand Name**
- **Branding Strategies**
 - **Manufacturer Branding**
 - **Multiproduct Branding**
 - **Line Extension**
 - **Subbranding**
 - **Multibranding (blanket) strategy**
 - **Brand Extension**

Four criteria for picking a good brand name



marketing,



Alternative branding strategies



Branding strategy

Manufacturer branding strategy

Multiproduct branding strategy

Toro makes:
Toro snowblowers
Toro lawn mowers
Toro garden hoses
Toro sprinkler systems

Multibranding strategy

Procter & Gamble makes:
Tide
Cheer
Ivory Snow
Bold

Private branding strategy

Sears has:
Kenmore appliances
Craftsman tools
DieHard batteries

Mixed branding strategy

Michelin makes:
Michelin tires
Sears tires
Epson makes:
Epson printers
IBM printers

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.



Concept Check

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.

Concept Check

2. Explain the role of packaging in terms of perception.

A: A package can communicate status, economy, and product quality to prospective buyers.

Concept Check

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 **service.**

Brand Personality

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

