

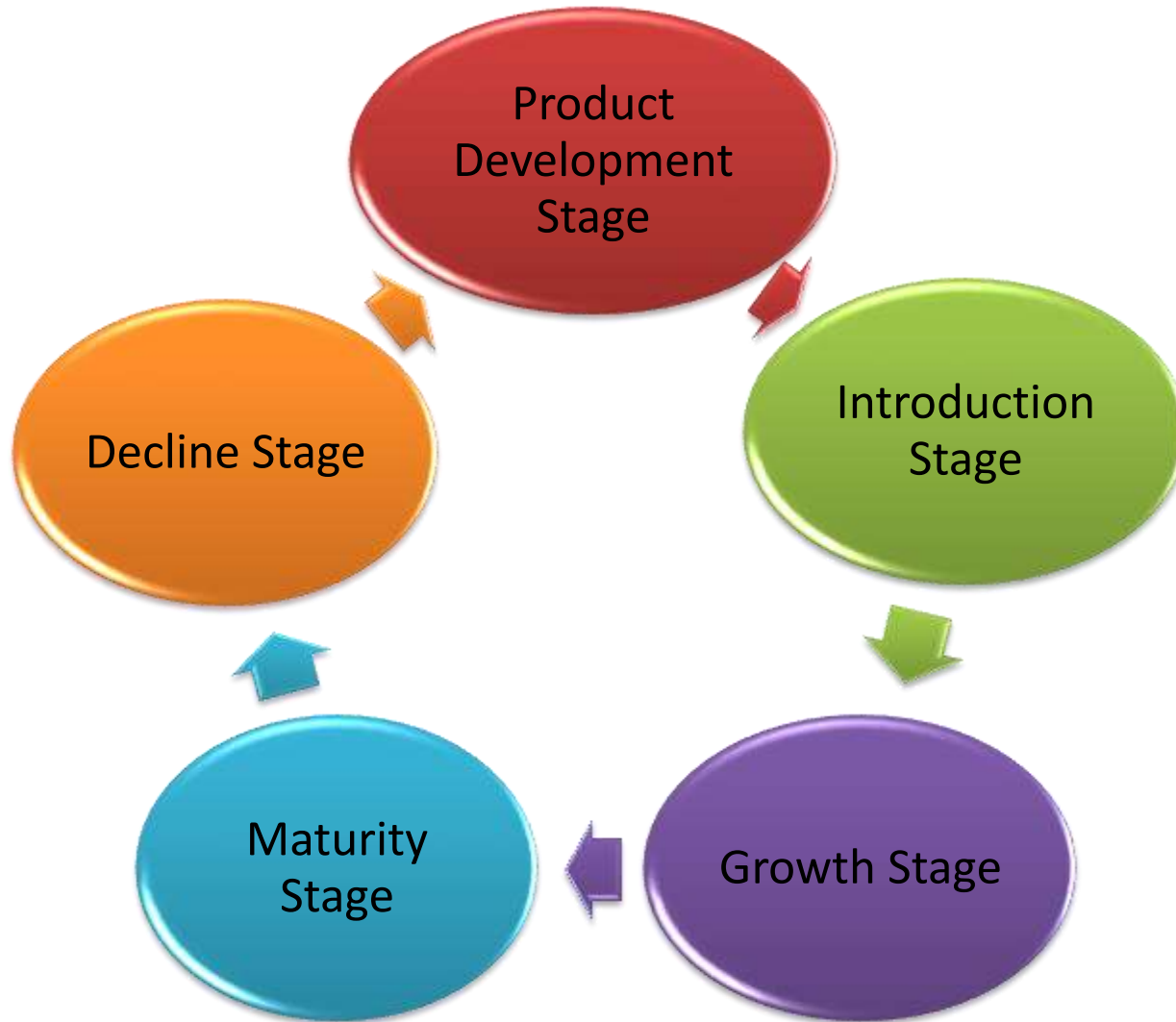
Module II

Marketing Decision 1

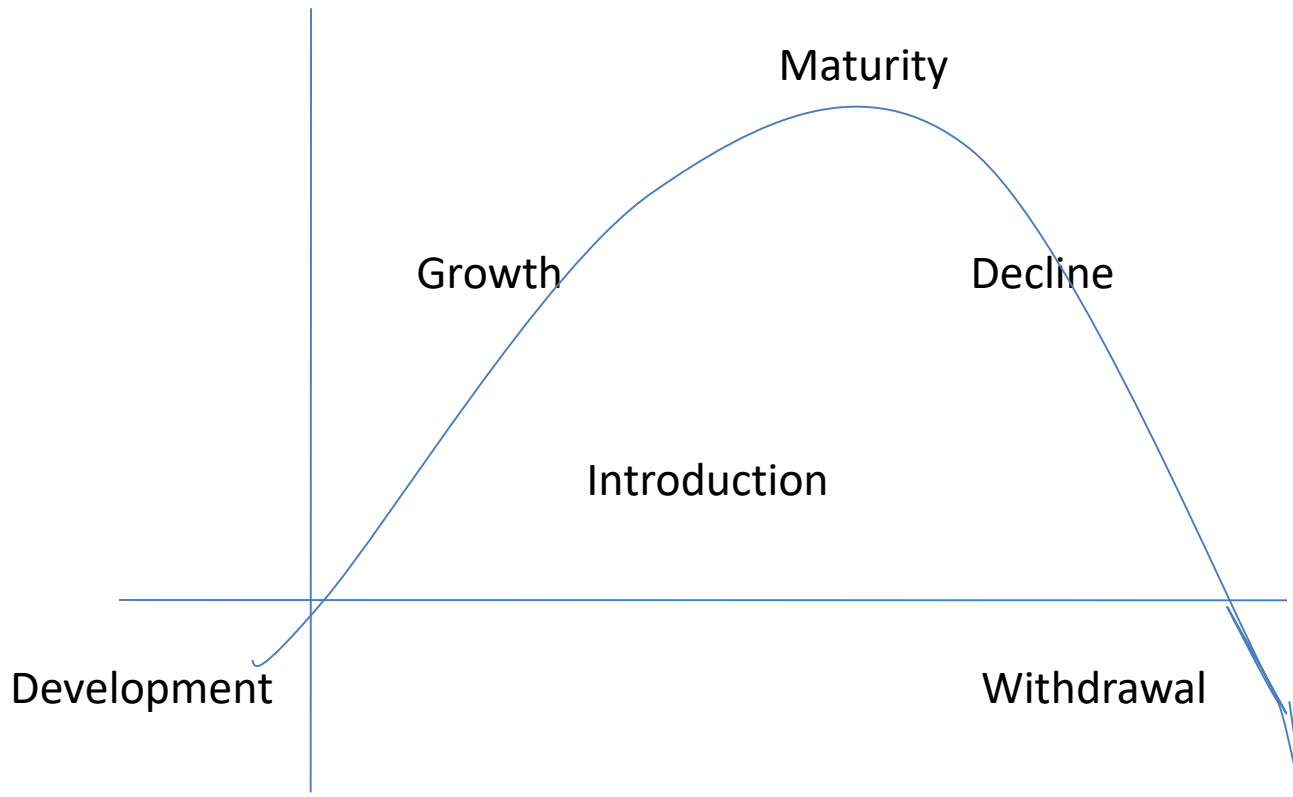
By

CA Dr. Vishwanathan Iyer

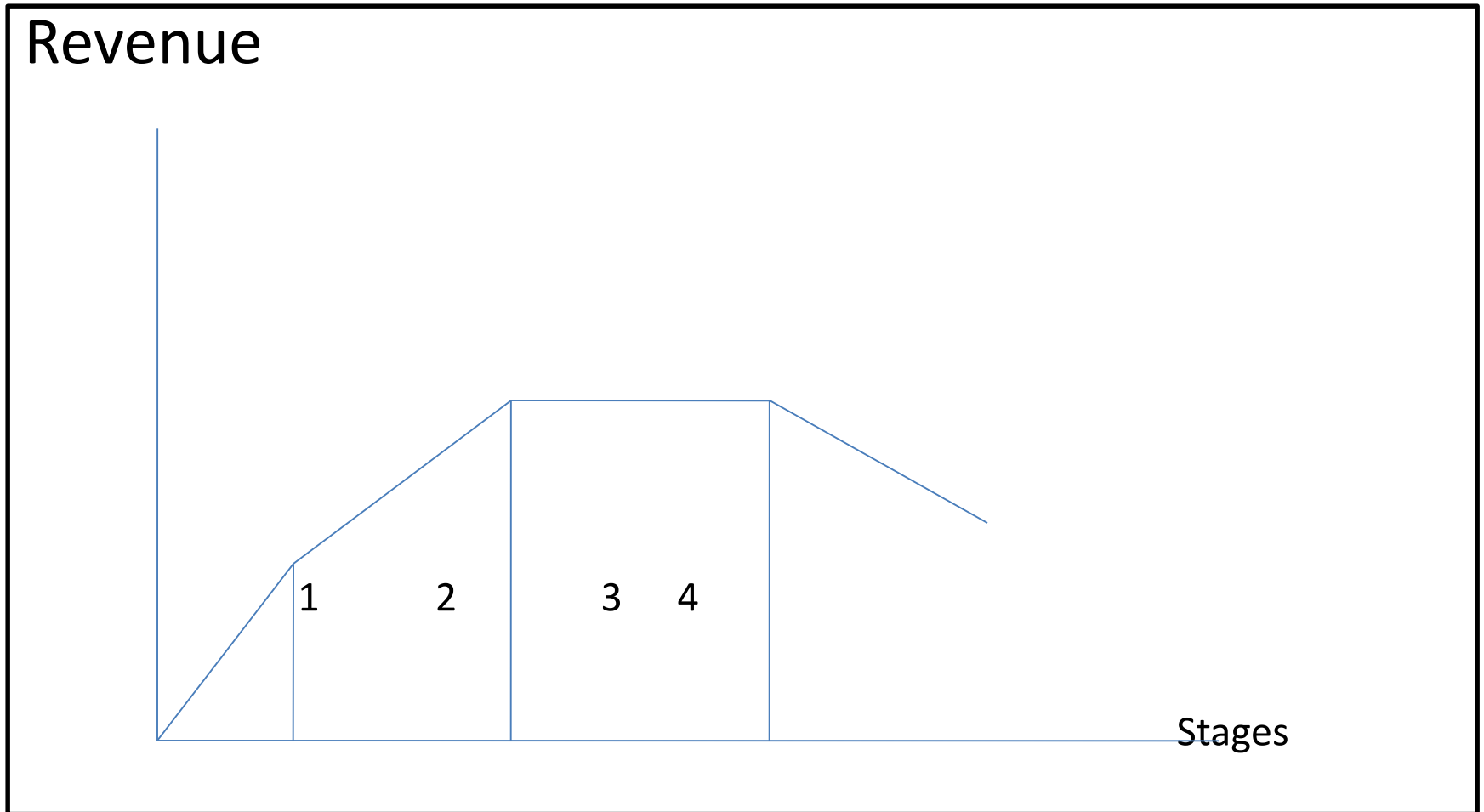
Product Life Cycle - Stages



Product Life Cycle- Concept



Product Life Cycle - Stages



Management - PLC Stages

- **I. At the Introduction Stage**

Strategies:

- **Product Strategy**

- **Pricing and Promotion Strategies**

- Rapid Skimming



- Slow Skimming



- Rapid Penetration



- Slow Penetration



- **Distribution Strategies**

- Concentrated Distribution

- Mass Distribution

Management - PLC Stages

- **II. At the Growth Stage**

Strategies:

- **Product Strategy**

- Product Improvement
- Introduction of New Product

- **Pricing and Promotion Strategies**

- Penetration Pricing
- Push and Pull Promotion

- **Distribution Strategies - Place**

- New Market Segments
- Increase in Distribution Coverage
- New Distribution Channels

Management - PLC Stages

- **III. At the Maturity Stage**

Strategies:

- **Product Modification**
- **Pricing and Promotion Strategies**
 - Penetration Pricing
 - Push and Pull Promotion
- **Distribution Strategies**
 - Focus on Profitable Segments
 - Focus on Important Channel of Distribution
 - Exit from Unprofitable Market Areas

Management - PLC Stages

- **IV. At the Decline Stage**

Strategies:

- **Product Strategies**

- Withdrawal of Weaker Brands
- Introduction of New Product
- Wait and Watch Strategy

- **Pricing and Promotion Strategies**

- **Distribution Strategies**

- Continued Focus on Profitable Segments
- Emphasis on Selective Segments
- Distribution through Selective Channels

Branding - Components

- Brand Personality
 - Brand Functions
 - Brand Benefits
 - Brand Associations
 - Brand Image
- **Excitement:** carefree, spirited, and youthful. **Sincerity:** kindness, thoughtfulness
 - Cleanliness, food, enjoyment
 - Good looks, elegant, status
 - Beauty-film stars, Kerala-backwaters, Ayurvedic
 - Dream bike,

Branding - Components

- Brand Name
- Brand Logo
- Brand Features and Design
- Brand Packaging
- Brand Equity
- Individual, corporate, umbrella
- Nike, Mercedes-Benz, Mcdonald's
- Rolex, Lamborghini
- French perfumes
- Incremental value

Brand logo



Brand Equity – Concept

- Every brand has a value, and the value of a brand is brand equity.
- “The incremental value of a business above the value of its physical assets due to the market position achieved by the brand and the extension potential of the brand.”
- Edward Tauber

Brand Equity – Factors

- Brand Loyalty
- Brand Name Awareness
- Perceived Quality of the Brand
- Brand Associations
- After-sale-service
- Brand Ambassadors
- Brand Patent
- Brand Logo

Packaging - Concept

Packing refers to protective covering used for transportation of goods, whereas, Packaging refers to the containers in which products reach to the ultimate consumer.



Essentials of a Good Package

Suitability

Attractive

Buyer's Specification

Convenience to Customers

Convenience to Dealers

Dependable

Ease in Identification

Ease in Displaying

Economy

Conform to Standards

Re-Use Value

Handiness

Handling Instructions

Supplementary Packing

Product Positioning

“The act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market.”

- Philip Kotler

Product Positioning Strategies

Product Features

- Loreal – No Amonia

Price and Quality

- Big Bazaar – “Isse Sasta Aur AcchaKahin Nahin.”

Positioning by Product Class

- Dove – Cleansing Cream

Positioning by Product Benefits

- Maggie Noodles – “Fast to Cook, Good to Eat” (bus 2 minutes)

Positioning by Use

- BMW – “The Sheer Driving Pleasure”

Positioning by User Category

- Lux Soap - “Beauty Soap of Film Stars”

Product Positioning Strategies

Positioning by Competitor

- Avis – “We are only number 2. We try harder”

Positioning by Cultural Symbols/Names

- Marlboro Cigarettes – American cowboy

Positioning by Corporate Image

- IBM, Philips, Sony, Nestle, Tata

Positioning by Emotions

- Cadbury’s Dairy Milk – “Shubh Aarambh”

Positioning by Highlighting Social Issues

- Tata Tea – “Jaago Re”

Service Positioning - Parameters

Reliability

• An airline – always on time

Safety

• An airline – good safety record

Performance

• FEDEX – fastest delivery service

Status

• Hotel – a luxury hotel

Demographics

• Club for youngsters

Special Features

• An airline that have direct flights

Quality

• Media with best original contents

Value

• Resort with best service – value for money

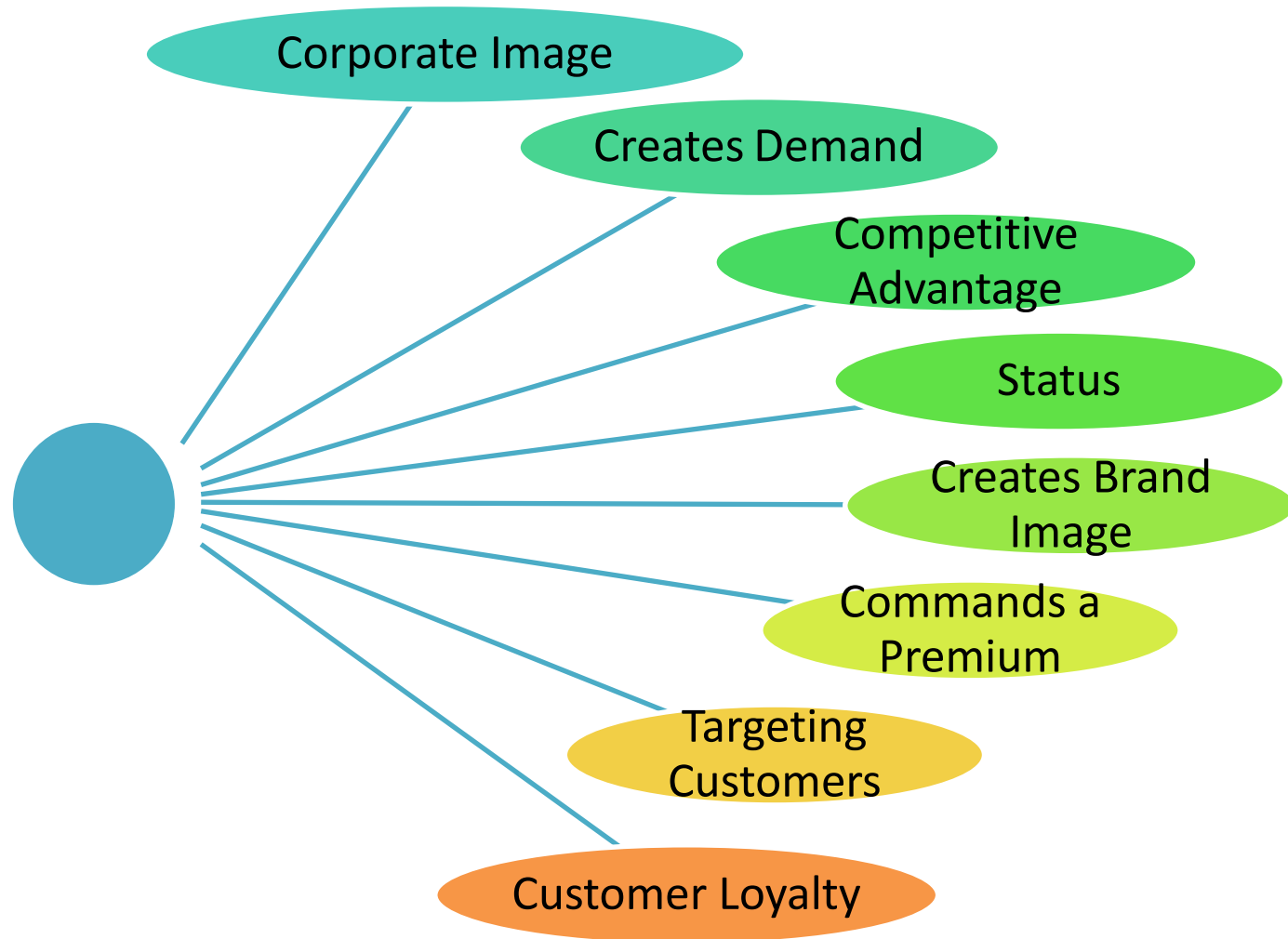
Legacy

• Hotel serving over 100 years

Gratitude

• Restaurant that remembers customer's choice

Importance - Service Positioning



Pricing Objectives

- Survival
- Profit Objectives
 - Return on Investment
 - Profit Maximization
- Sales Objectives
 - Market Share Growth
 - Sales Growth
- Competitive –Effect Objectives
- Image Differentiation
- Market Skimming Objectives
- Early Cash Recovery
- Market Entry Barrier Objective
- Customer Satisfaction Objective
- Social Responsibility Objectives

Factors Influencing Pricing

Internal Factors

- Costs
- Corporate Image
- Objectives of the firm
- Product
- Product Life Cycle
- Brand Image
- Promotional Expenses
- Credit Policy

External Factors

- Competition
- Consumers
- Demand
- Economic Conditions
- Financial Incentives
- Government Control
- Channels of Distribution
- Taxes

Pricing Strategies

- Skimming Pricing Strategy
 - ❖ Rapid Skimming
 - ❖ Slow Skimming
- Penetration Pricing Strategy
 - ❖ Rapid Penetration
 - ❖ Slow Penetration
- Standard Pricing Strategy
- Probe Pricing Strategy
- Differential Trade Margins Pricing Strategy

Pricing Strategies

- Differential Pricing for Different Markets Strategy
 - ❖ Expenses
 - ❖ Costs
 - ❖ Competition
 - ❖ Demand
 - ❖ Attitude of buyers
- Trial Pricing
- Follow the Leader Pricing Strategy
- Flexible Pricing Strategy