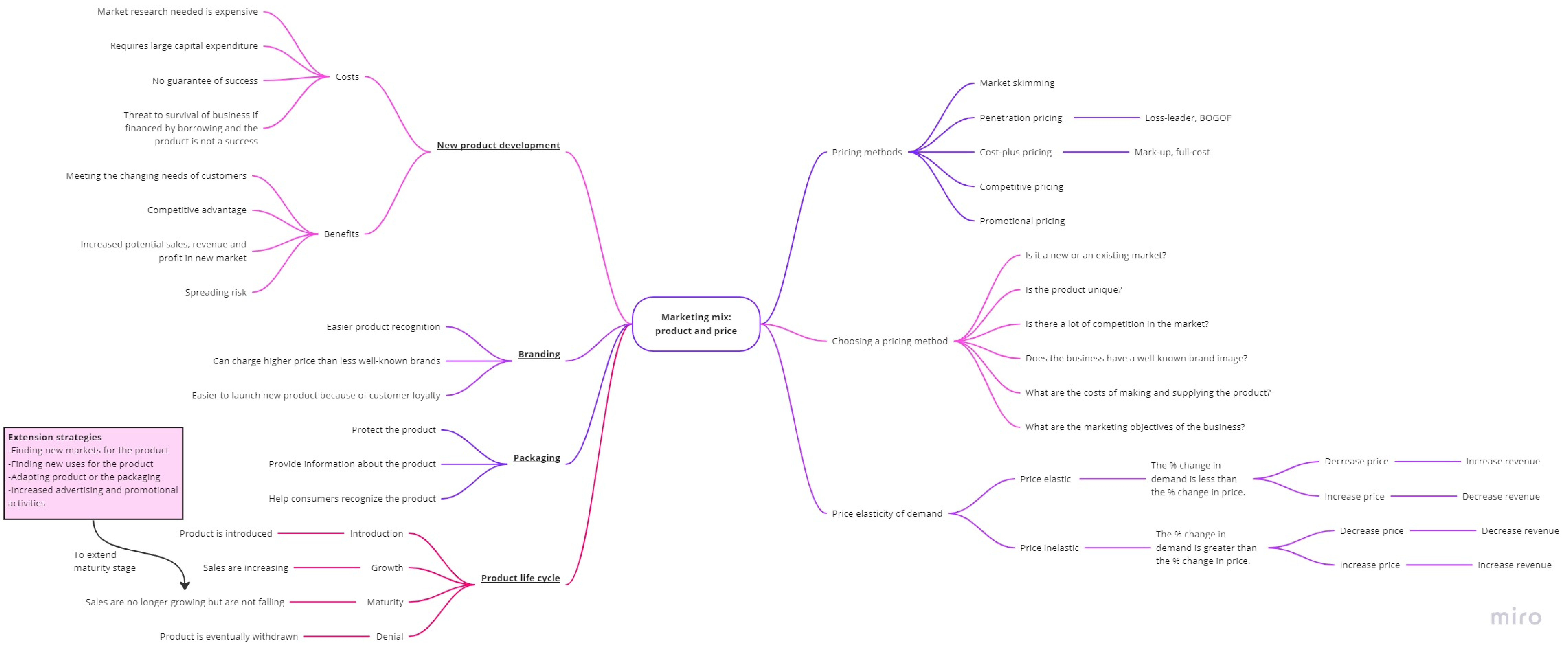
Marketing mix: product and price
New product development
Costs
Market research needed is expensive
Requires large capital expenditure
No guarantee of success
Threat to survival of business if financed by borrowing and the product is not a success
Benefits
Meeting the changing needs of customers
Competitive advantage
Increased potential sales, revenue and profit in new market
Spreading risk
Branding
Easier product recognition
Can charge higher price than less well-known brands
Easier to launch new product because of customer loyalty
Packaging
Protect the product
Provide information about the product
Help consumers recognize the product
Extension strategies
-Finding new markets for the product
-Finding new uses for the product
-Adapting product or the packaging
-Increased advertising and promotional activities
To extend maturity stage
Product life cycle
Introduction
Product is introduced
Growth
Sales are increasing
Maturity
Sales are no longer growing but are not falling
Denial
Product is eventually withdrawn
Pricing methods
Market skimming
Penetration pricing
Loss-leader, BOGOF
Cost-plus pricing
Mark-up, full-cost
Competitive pricing
Promotional pricing
Choosing a pricing method
Is it a new or an existing market?
Is the product unique?
Is there a lot of competition in the market?
Does the business have a well-known brand image?
What are the costs of making and supplying the product?
What are the marketing objectives of the business?
Price elasticity of demand
Price elastic
The % change in demand is less than the % change in price.
Decrease price
Increase revenue
Increase price
Decrease revenue
Price inelastic
The % change in demand is greater than the % change in price.
Decrease price
Decrease revenue
Increase price
Increase revenue
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