Product – any good or service that satisfy consumer needs and wants

Product means product variety, product quality, design, features, brand name, packaging, sizes, services, warranties

Value added

- Selling price less the cost of goods sold
- Adding value to the product
- E.g. new use of the product, new features, product reliability, product performance
- Can lead to production costs being increased for the firm
- Successful products should have value added to them

Product life cycle – show the different phases which products passes through its lifetime

- Research and development (R&D)
  - Sales is negative
  - Cost to company is high
- Launch
  - Cost to company is high – marketing money
  - Negative profits
  - Informative promotion – explain what the product is about
  - Pricing: penetration (for most products), high price (products that people will queue for. E.g. iPhones, Yeezys)
  - Place: May have a specific place to launch, because you are unsure of who will want to buy your product
- Growth
  - Cost to company is high – promotion
  - Low profits
  - Competitors are eyeing your product (e.g. Apple and Samsung)
  - Persuasion promotion – persuading consumers to buy your product (e.g. sponsorship/ endorsements)
  - Pricing: Removing the limited time offer, mark up price
- Maturity
  - People know about the product
  - Established customer base
  - Cost to company is low – less marketing budget needed
  - Sales are high
  - Profitability is high
  - Very high competition
  - Company may consider extending the product life cycle at this stage to gain advantage over competitors
  - Reminder Promotion – (E.g. The company has been established since 19XX)
  - Pricing: the prices are generally stabilised (competitive pricing)
- Decline
  - When the product is in decline, it does not mean that the producers have stopped producing
  - Could be seasonal
  - Could be because it is out of fashion

    - Promotional pricing

Diffusion theory

By Everett Rogers. Shows how, why, and at what rate new ideas and technology spread through cultures. He developed types of consumers based on high socio economic standings etc.

- Innovators – 2%
    - High socio economic standing
    - Prepared to pay high price
    - Marketing should be focused on the “newness” of products
- Early adopters – 15%
    - Consumers buy later than the innovators
    - Marketers allow testers, trials and samples for limited time
- Early majority – 34%
    - Novelty of the product reduces
    - Prices may also reduce
    - Firm may have achieved EOS due to big market
- Late majority – 34%
    - Conservative buyers who purchase only when they are confident
    - Prices generally falls
- Laggards – 15%
    - They fear new technology
    - Late group

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