

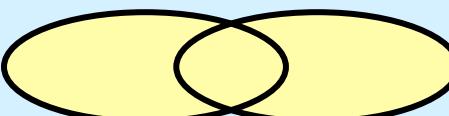
Chapter 11: Managing Products and Brands

Marketing Strategy Overview

– Basic Structure

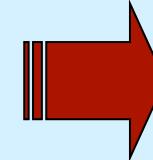
Analyze the environment and set the strategy

Company
(strengths &
weaknesses)



Customers

Competition



Segment the market
Target your customers
Position your product

Product

Price

Promotion

Place

Leveraging real tools to implement strategic objectives

Trivia:

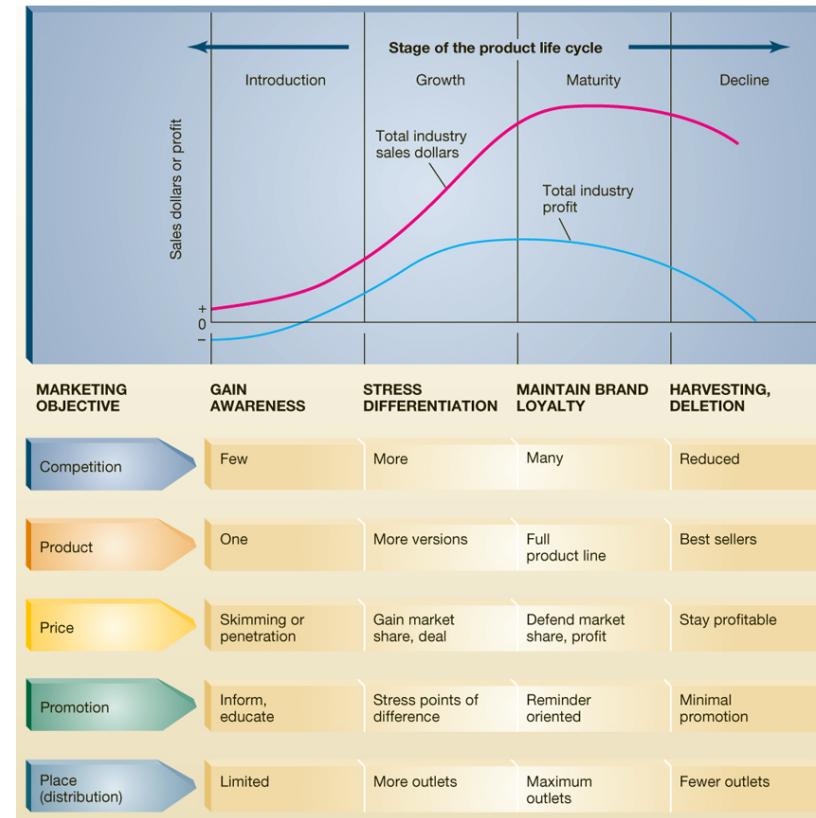
- What is the most recognized logo in the world?
- What color was Coca-Cola's brand originally?
- What percent of Americans eat McDonalds each day?
- How many possible drink combinations are offered at Starbucks?

Preview

- Product Life Cycle
- Diffusion of Innovation
- Branding

Product Lifecycle

- Different stages the product goes through in the marketplace
 - Introduction
 - Growth
 - Maturity
 - Decline



Introduction Stage

- Occurs when product is first introduced
 - Slow sales growth
 - Profit is minimal
 - Create Consumer TRIAL



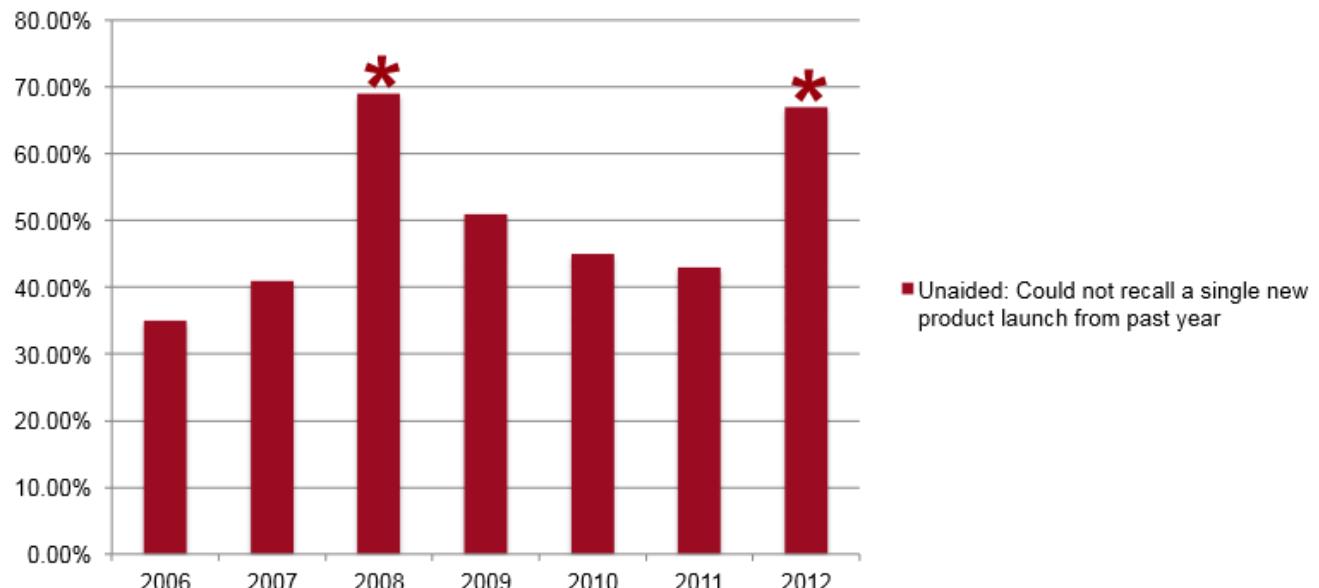
Introducing A New Product is Difficult: Consumers Aren't Always Paying Attention



**Unaided: Consumers who could not recall
a single new product launch**

Q: Please name up to five new products you can recall being introduced
in the past twelve months?

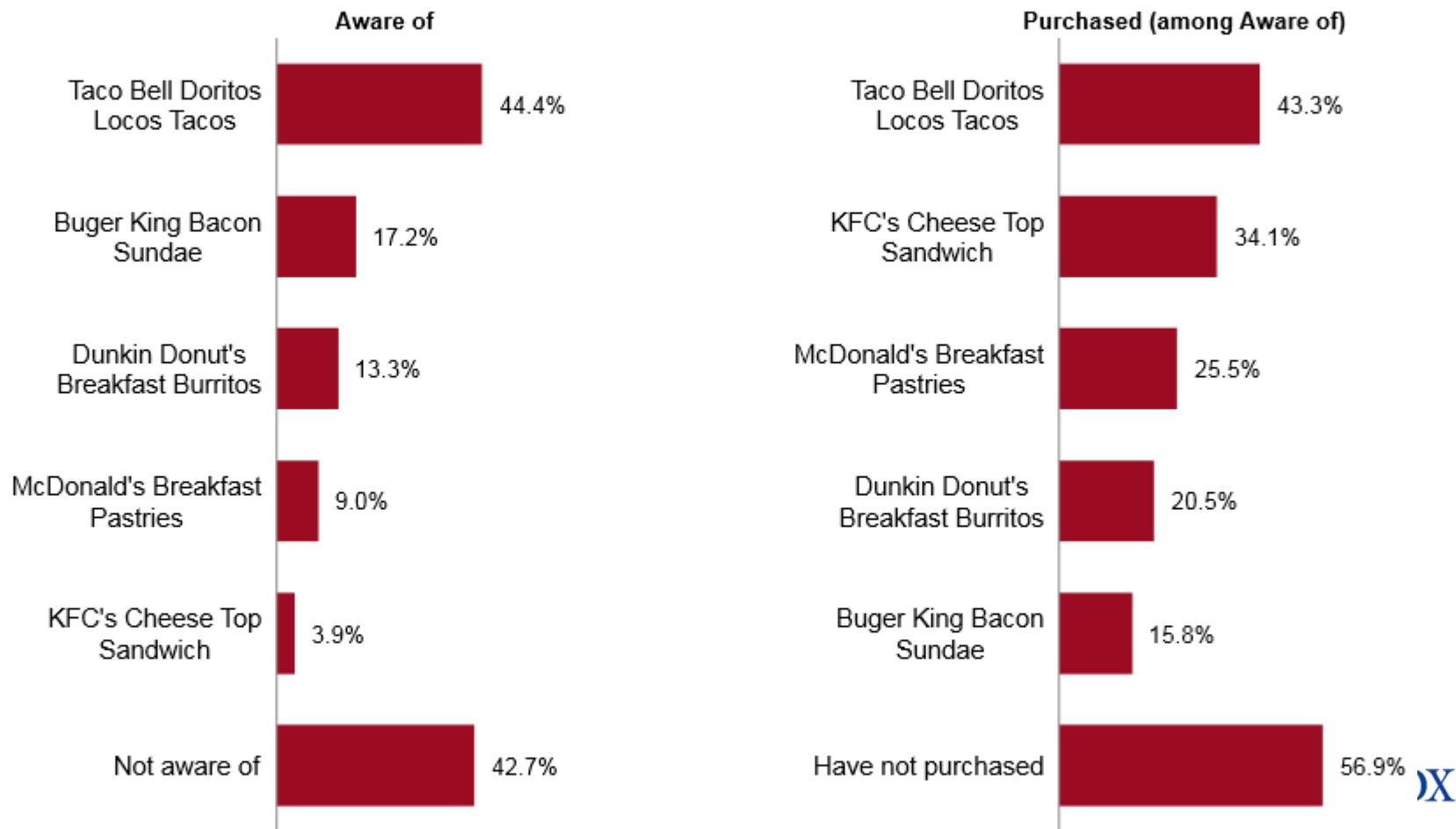
*** Launching a new product during
an election year is difficult**



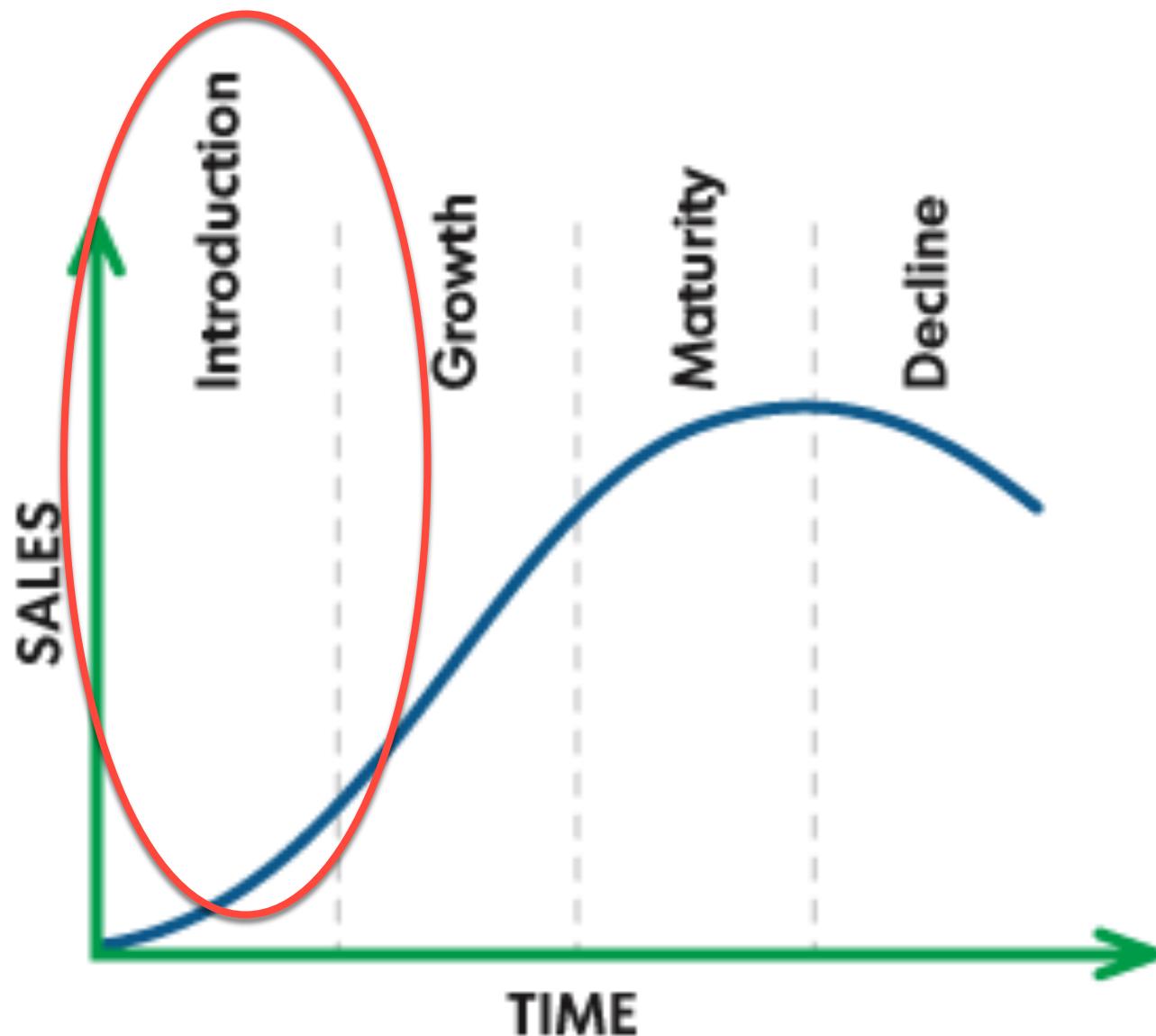
Products Launches That People Remembered 2012

- Amazon's Kindle Fire - 30% remember the launch
 - [How Did They Launch the Most Memorable New Product of 2012?](#)
- Taco Bell's Doritos Locos Taco (18.8%) – biggest success for brand
 - *sold 100 million Doritos Locos Tacos in about 10 weeks*
- Tide Pods (15.6%),
- Pepsi Next (13%)
- Samsung Galaxy Note (11.7%)
- the all-new iPod Nano (10.6%)
- Nintendo's Wii U (8.2%)
- Taco Bell Cantina Bowl (7.1%)
- Duncan Hines Frosting Creations (5.7%)
- McDonald's Chicken McBites (4.9%).

In Fast Food: *Taco Bell Doritos Locos Tacos* is the clear new product launch winner, dominating both awareness and conversion



Product Life Cycle Curve



The Overnight Test Drive

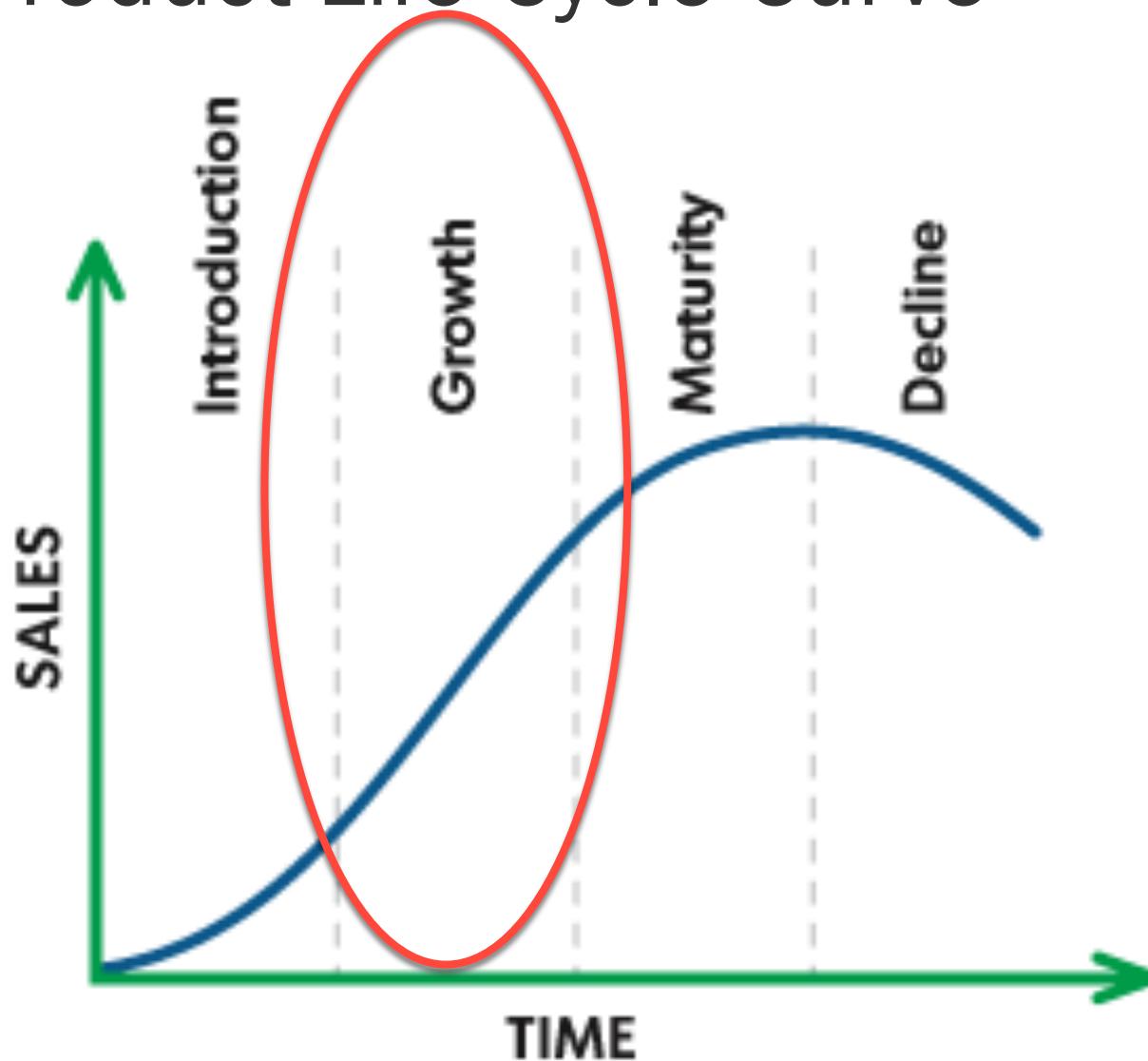
- House Hunt



consideration of GM products is 50% higher once a customer takes home a vehicle for a test drive



Product Life Cycle Curve



Growth Stage

- Rapid increases in sales
- Competitors appear
 - More aggressive pricing → profit usually peaks
 - Product sales grow as a result of people using the product and repeat users
 - Increase distribution

If the brand can't generate repeat purchase
→ brand death

During the Growth Stage

- Oftentimes brands differentiate their brands during this time in order to separate from competition



New Toothpaste – 2012 (Luxury)



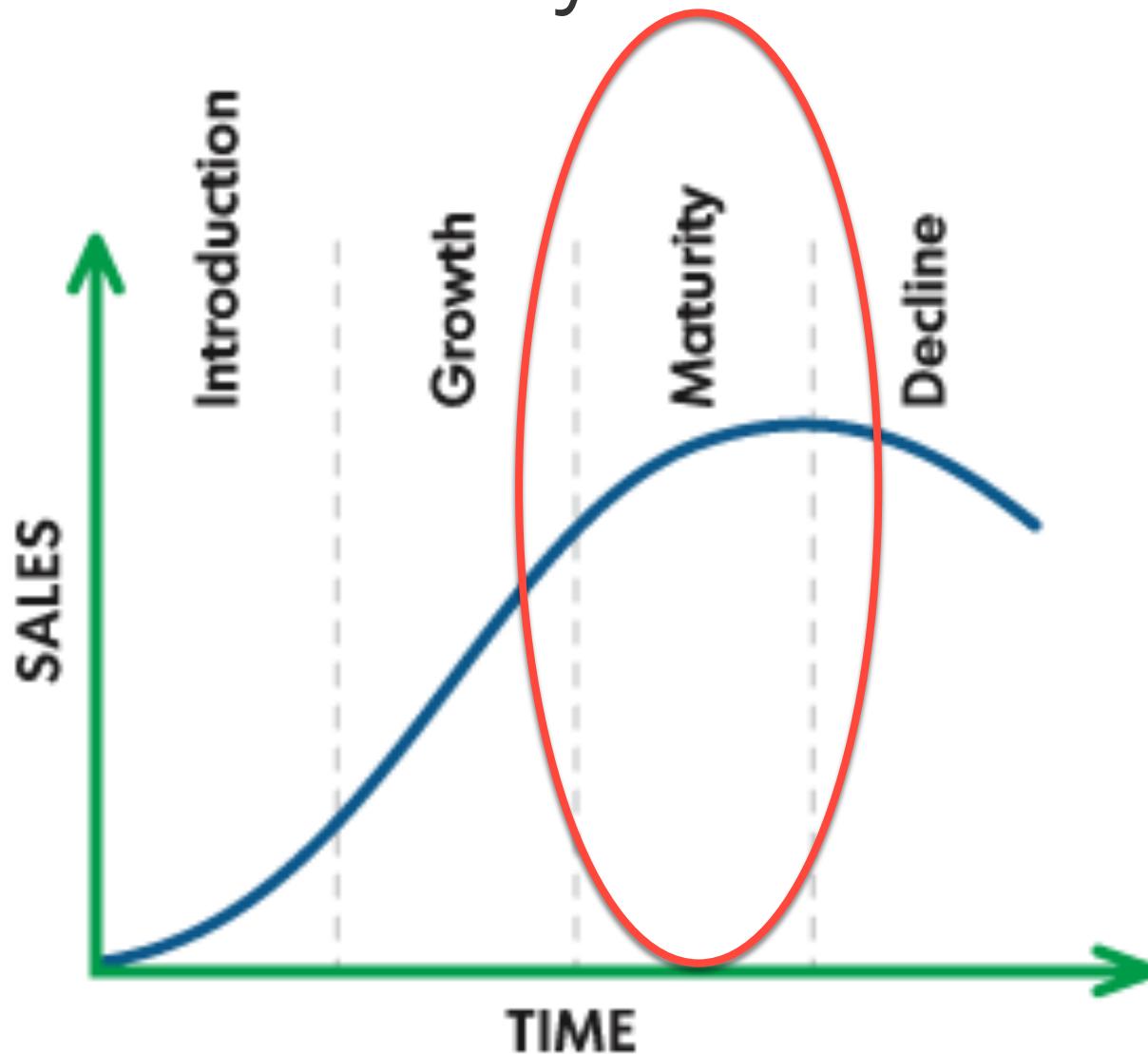
Theodent
regrows your
tooth enamel

\$9.99



Contain hydrated silica
to polish away surface
stains and fluoride to
fight cavities and
strengthen enamel
\$39.00

Product Life Cycle Curve

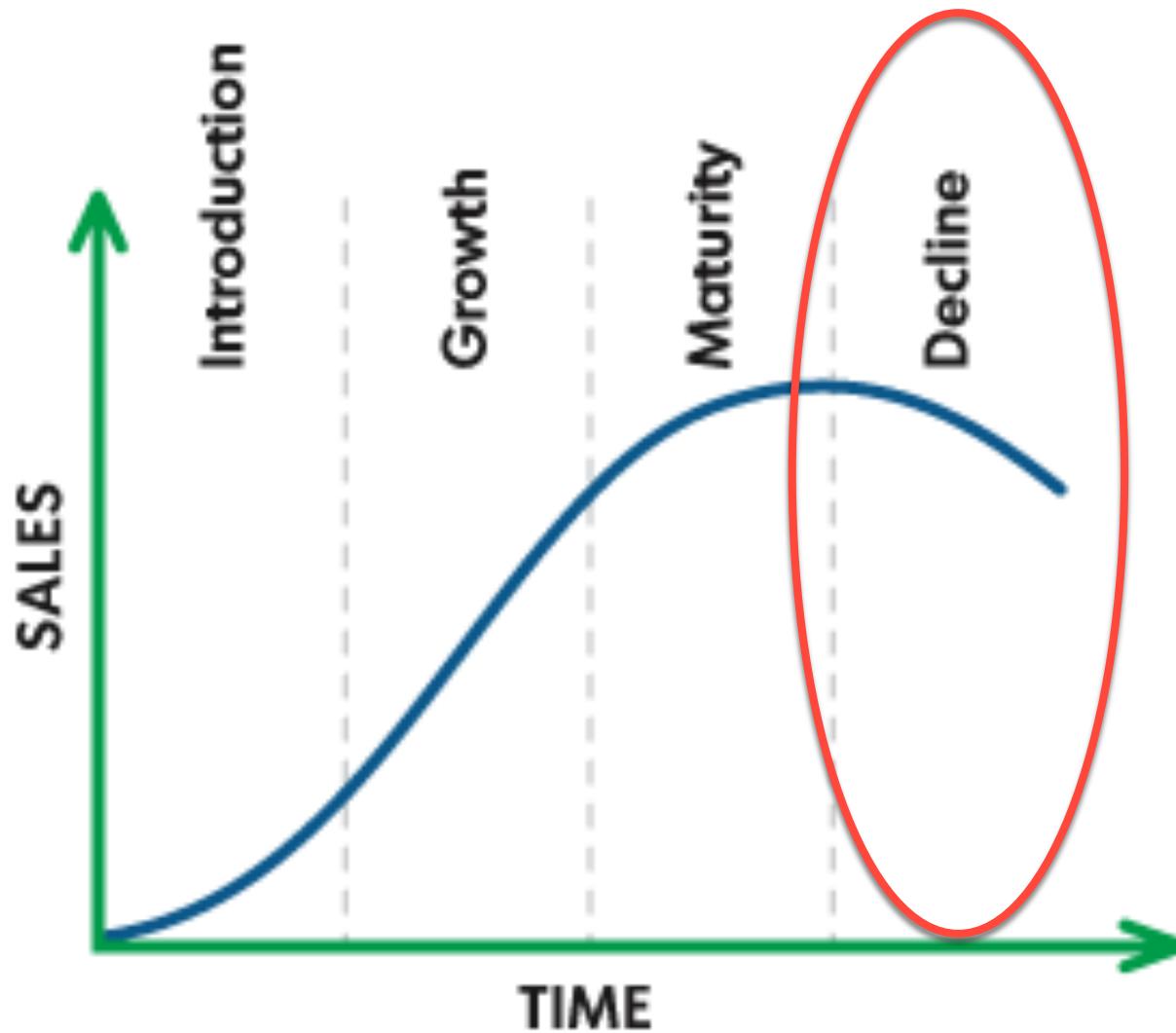


Maturity Stage

- Slowing of total industry sales
- Marginal competitors exit the market
 - Most consumers have tried (and abandoned the product)
 - Profit declines



Product Life Cycle Curve



Decline Stage

- Sales and profits decline
 - Often occurs due to environmental factors



JCPenney

- What did JCP do to deal with their decline?
 - Changing Brand



New Logo

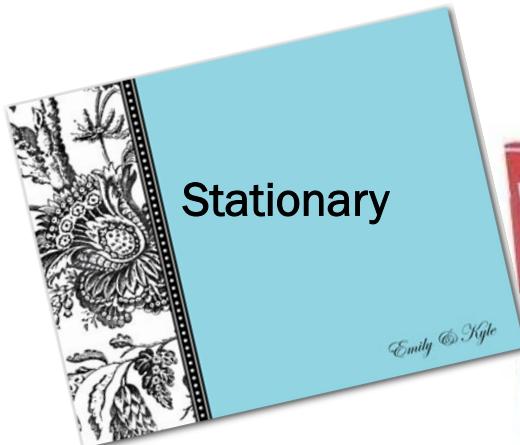


Old Logo



Deletion and Harvest

- Product Deletion
 - Drop the product from the product line
- Harvesting
 - Company retains the product but reduces the costs of marketing
 - Less worthy segment



Starbucks

- Where is Starbucks in the Product Life Cycle?
- How is the company dealing with the changes?

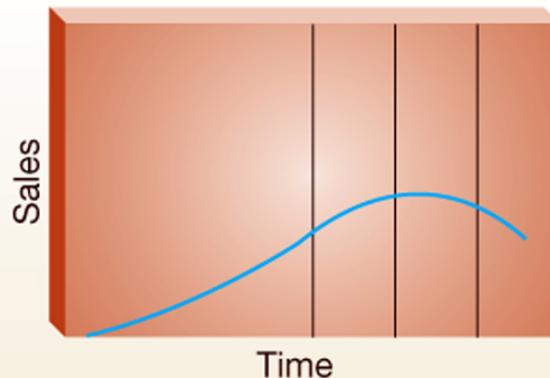


Dimensions of Product Life Cycle

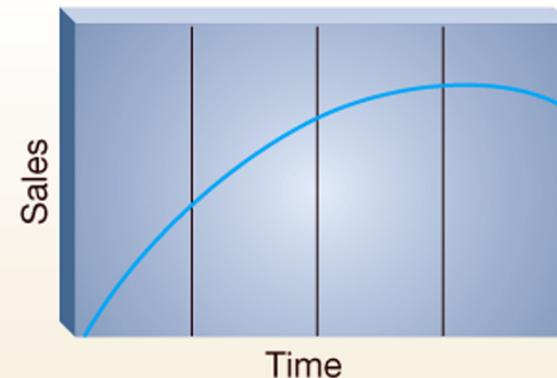
- Length
- Shape of sales curve
- How they vary with different level of product
- Rate at which consumers adopt product

PLC for different product types

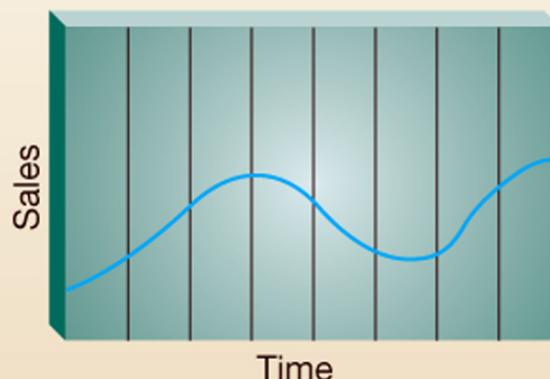
A. High-learning product



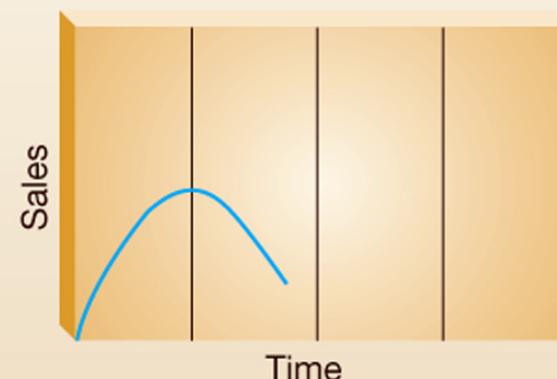
B. Low-learning product



C. Fashion product



D. Fad product



High VS. Low Learning Product



Fashion Product

COVERSTORY LADY GAGA



Fad vs. Trend?

- Fashion product – long(er) term trend
- Fad – rapid incline and subsequent decline in trend

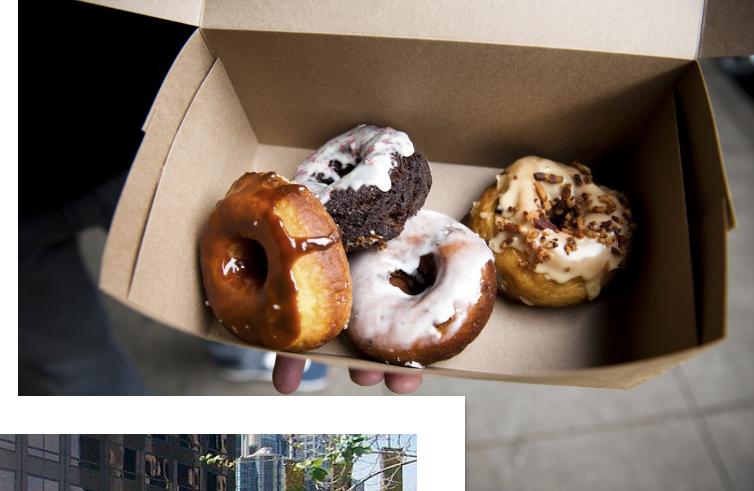


VS.



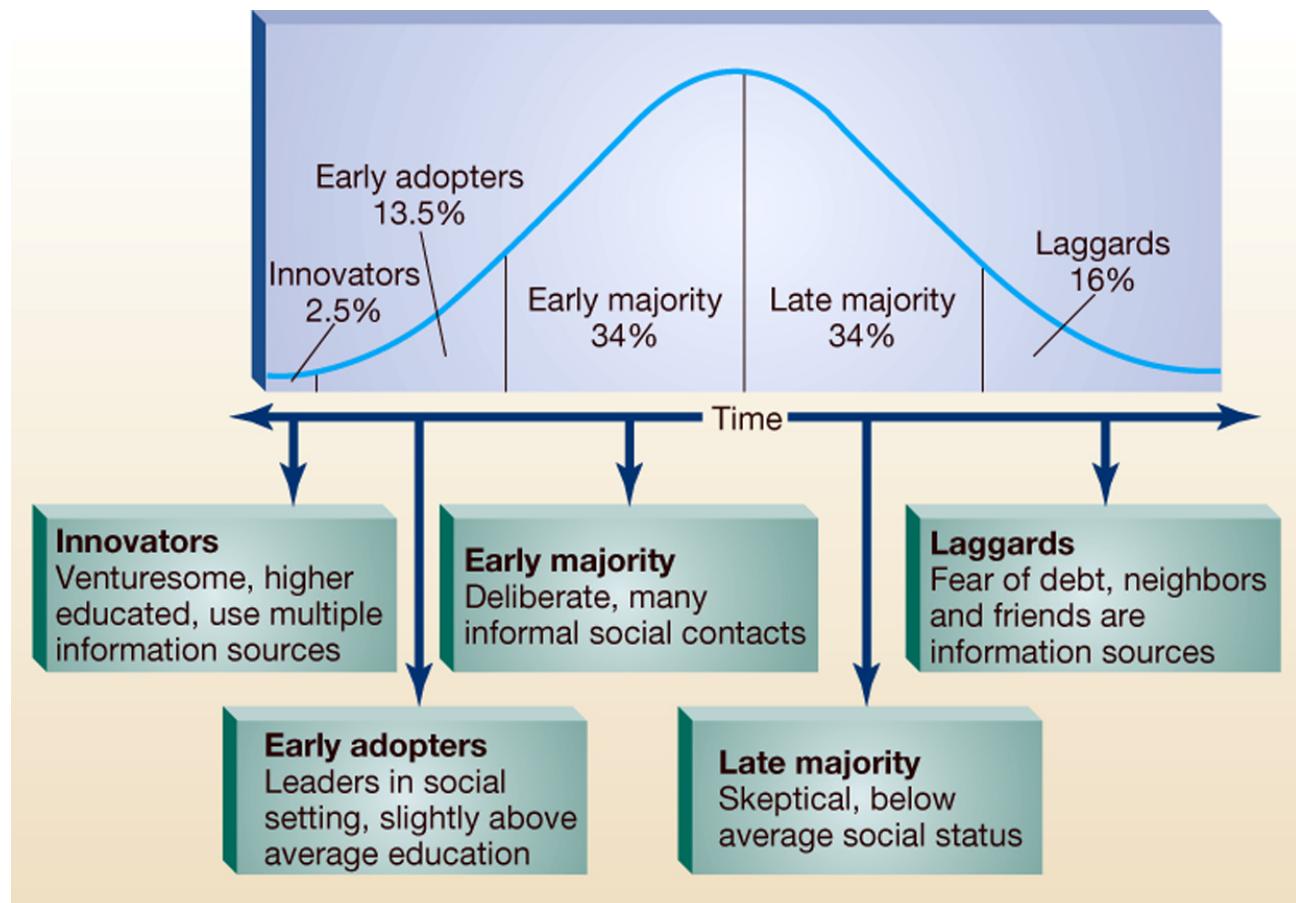


VS.



Diffusion of Innovation

- Not all buyers purchase in the introductory stage
 - The product “diffuses” into the population



Factors Affecting Adoption Rate for Innovations

- Relative advantage
 - how much improvement over current option
- Compatibility
 - compatible with existing systems, values, beliefs, ideas
- Complexity
 - how hard is it to use the innovation
- Trialability
 - ability of potential users to try on a limited basis
- Observability
 - degree to which innovation and results are observable by others

Factors Affecting Product Adoption

- Usage Barriers
 - Existing habits
- Value Barriers
 - No reason to change
- Risk Barriers
 - Physical, economic, social
- Psychological Barriers
 - Cultural differences or image



Managing the Product Lifecycle

- Role of Product Manager
 - Manages the marketing efforts of the products or brand in
 - Modifying the Product
 - Modifying the Market
 - Repositioning the Product

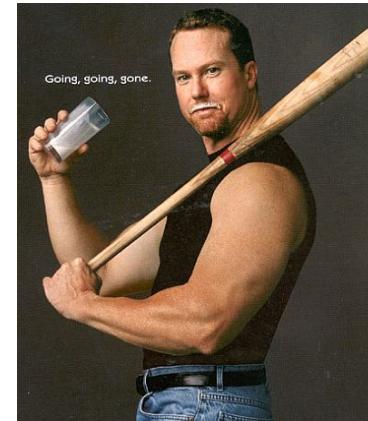
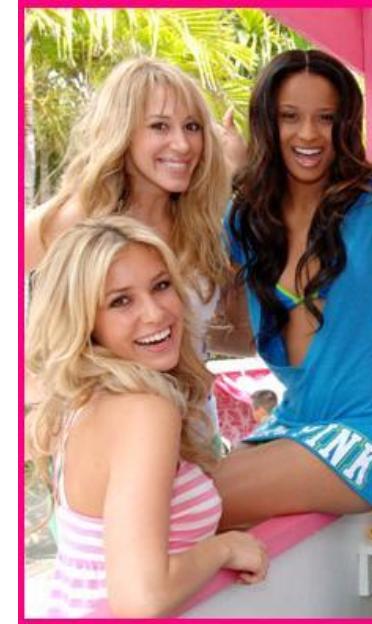
Modifying the Product

- Changing the product's characteristics



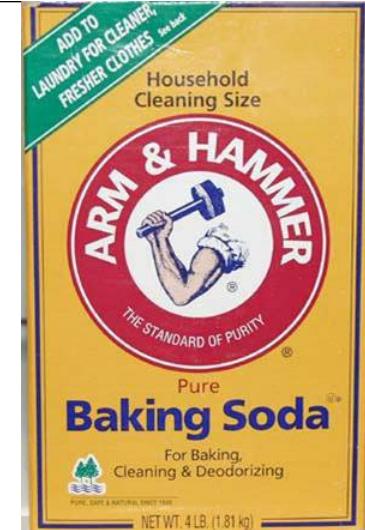
Modifying the Market

- Finding new users
 - E.g., VSC found a new customer that was introduced to the brand – younger, lower salary,
- Increasing use
 - Use the product more frequently



Modifying the Market

- Creating New Use Situations
 - New use for existing product
- Repositioning the Product
 - Change the place a product occupies in consumers' minds FUBU becomes FB
- Reacting to competitor position
 - A competitor's ad is affecting you



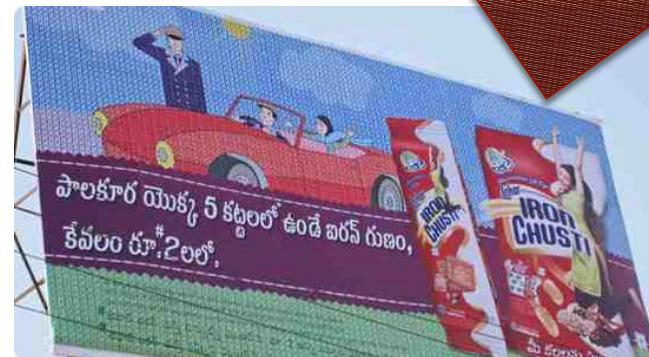
Mercedes

BMW - Beats the Bends

Modifying the Market

- Reaching a new market
 - New customer base without prior experience with brand
- Catching a rising trend
 - (Re)positioning in order to capture a strong market trend
- Changing the value offered
 - Trading up or down

PepsiCo India is test-marketing two products: Lehar Gluco Plus, a beverage with electrolytes and glucose, and Lehar Iron Chusti, a fortified iron snack. Both are aimed at consumers at the bottom of the pyramid — in urban (and rural) areas



Branding and Brand Management

- Branding
 - When an organization uses signals to articulate itself to customers (e.g. name, phrase, symbol)



Brand Personality & Equity

- Brand Personality
 - Human characteristics associated with the brand



THE RITZ-CARLTON®
SANYA



Describe the “Personality” of

- TIME Magazine – loves politics, full of ‘fun facts,’ masculine, enjoys debating and bringing up loaded issues to see how people react
- ESPN
- Dell
 - Flying Girl
 - Mac vs PC personality
- Whole Foods

Brand Equity

- The added value a brand name gives to a product BEYOND the functional benefits provided
 - Similar to “goodwill”
- Benefits of Brand Equity
 - Competitive advantage
 - Higher \$\$\$



Brand Equity + Brand Personality

- While many trends are all about the new, it's always worth remembering that success in business in the end is about **being aligned with consumer culture** than just being aware of 'new' techniques and technologies.



July 2011, US based fast food retailer no's launched a month-long promotional npaign in New York. Hiring out a huge oard space in Times Square, the brand estreamed (good and **bad**) customer feedback given via Twitter

Picking a Good Brand name

- Product Benefits
- Memorable, Distinctive, Positive
- Fit the company
- No legal restrictions
- Simple (possibly emotional)

Which ones of these work? Why or Why not?

- | | | |
|-----------------------|-----------------|-------------------------------------|
| -Apple | - Pantene | - Tiguan by Volkswagen |
| -Starbucks | - Old Spice | - Yatt'it (online travel community) |
| -St. Bernard's Sports | - The "W" hotel | |

Branding Strategies

- Multiproduct Branding
 - Uses one name for all of its Branding



Multiproduct Branding

- Advantages
 - If customer has 1 positive experience, transfer of positive attitude to other products
 - Enables line extensions
- Disadvantages
 - Brand confusion
 - One bad experience can ALSO bleed over to all other brands

Branding Strategies

- Multibranding Products
 - Each product has distinct name

P&G employs this strategy



Multibranding

- Advantages
 - Each brand is unique and no risk that one failure would affect another products
 - Products don't all have to “work together”
- Disadvantages
 - Company has to generate marketing and consumer recognition of each brand individually

Branding Strategies

- Private Branding
 - Manufacturers sells the brand under the brand name of wholesaler or retailer

Wal-Mart has private labels including:

Great Value

Equate

Sam's Choice

Wal-Mart

Member's Mark (Sam's Club)



Branding Strategies

- Mixed branding
 - The firm markets products under own name and that of the reseller b/c the segment is “attached” to the reseller

Review

- What are the stages of the product life cycle?
- What are the factors affecting product adoption?
- What is brand equity?