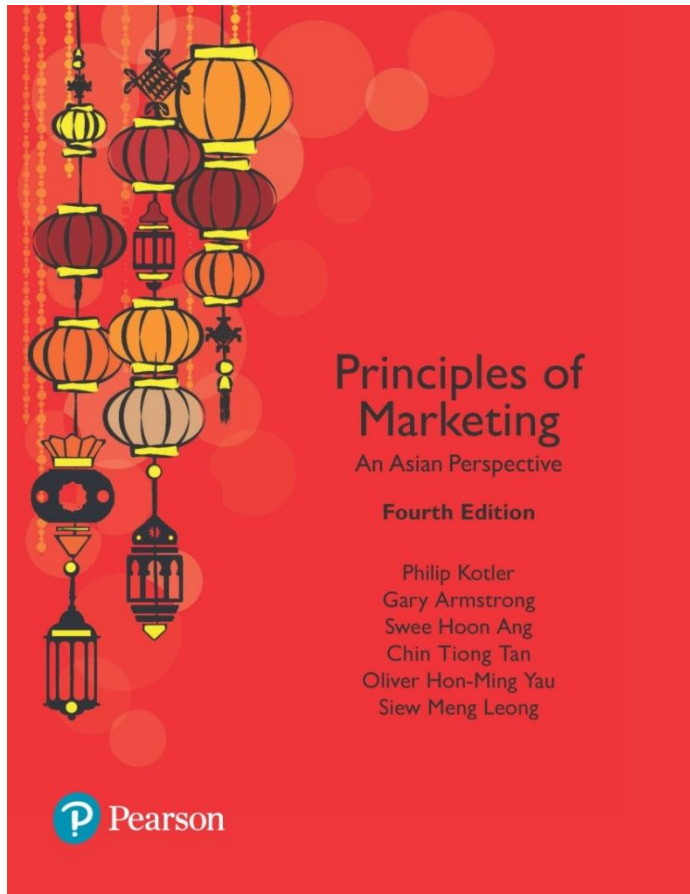


Principles of Marketing: An Asian Perspective

Fourth Edition



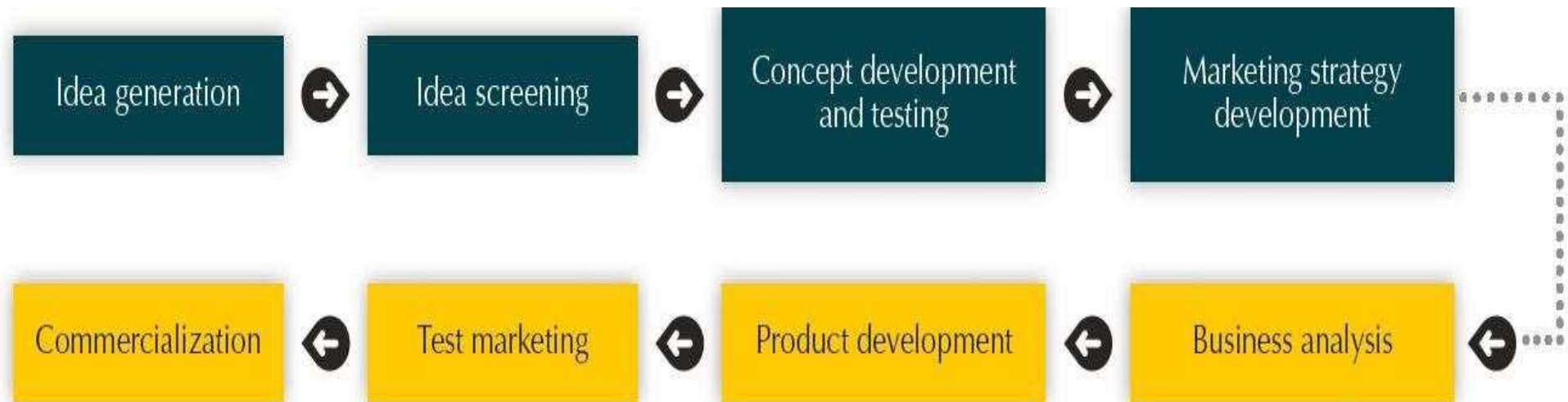
Chapter 9

New Product Development and Product Life-Cycle Strategies

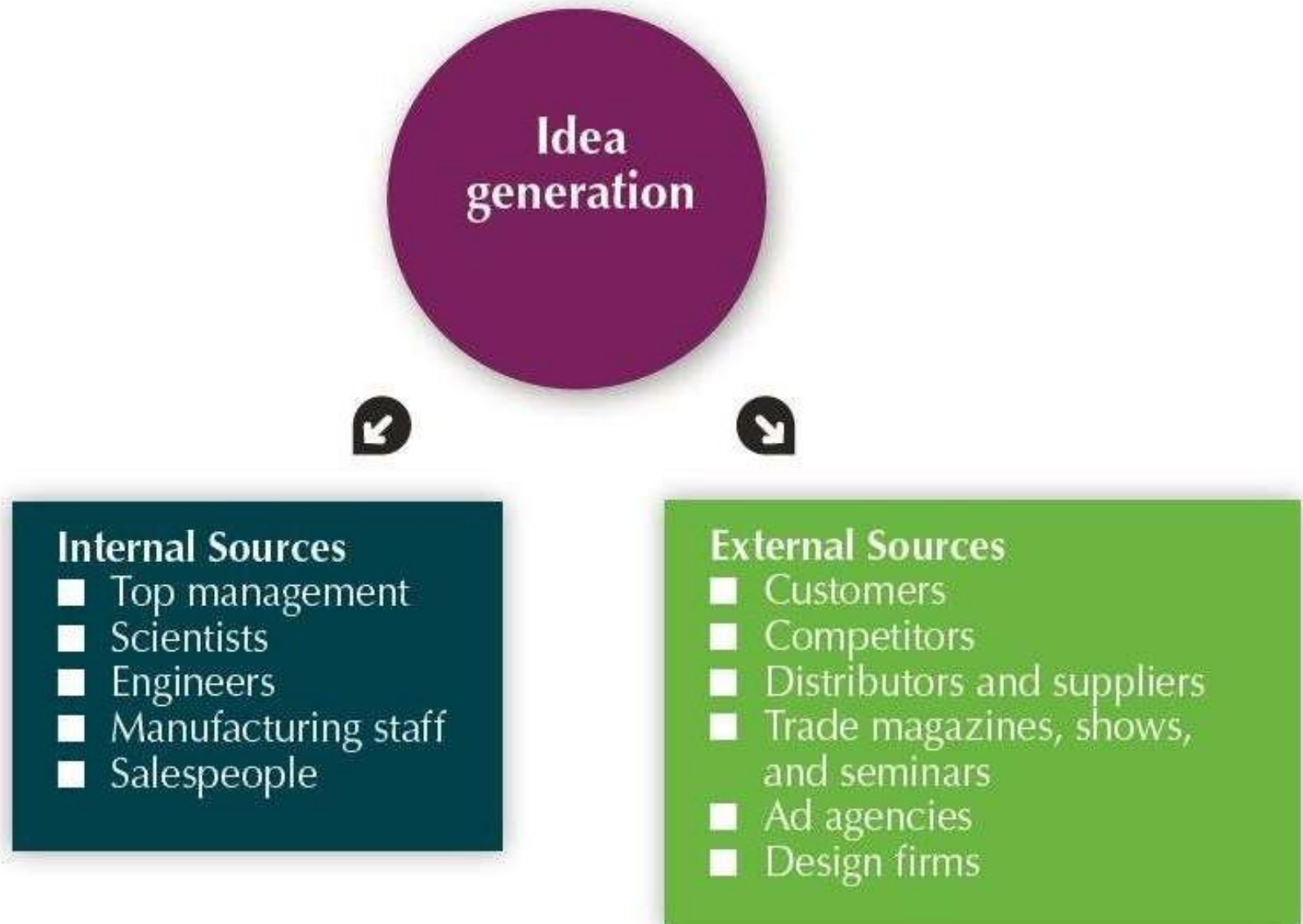
Outline

1. New Product Development Process
2. Managing New Product Development
3. Product Life-Cycle Strategies

1. New Product Development Process

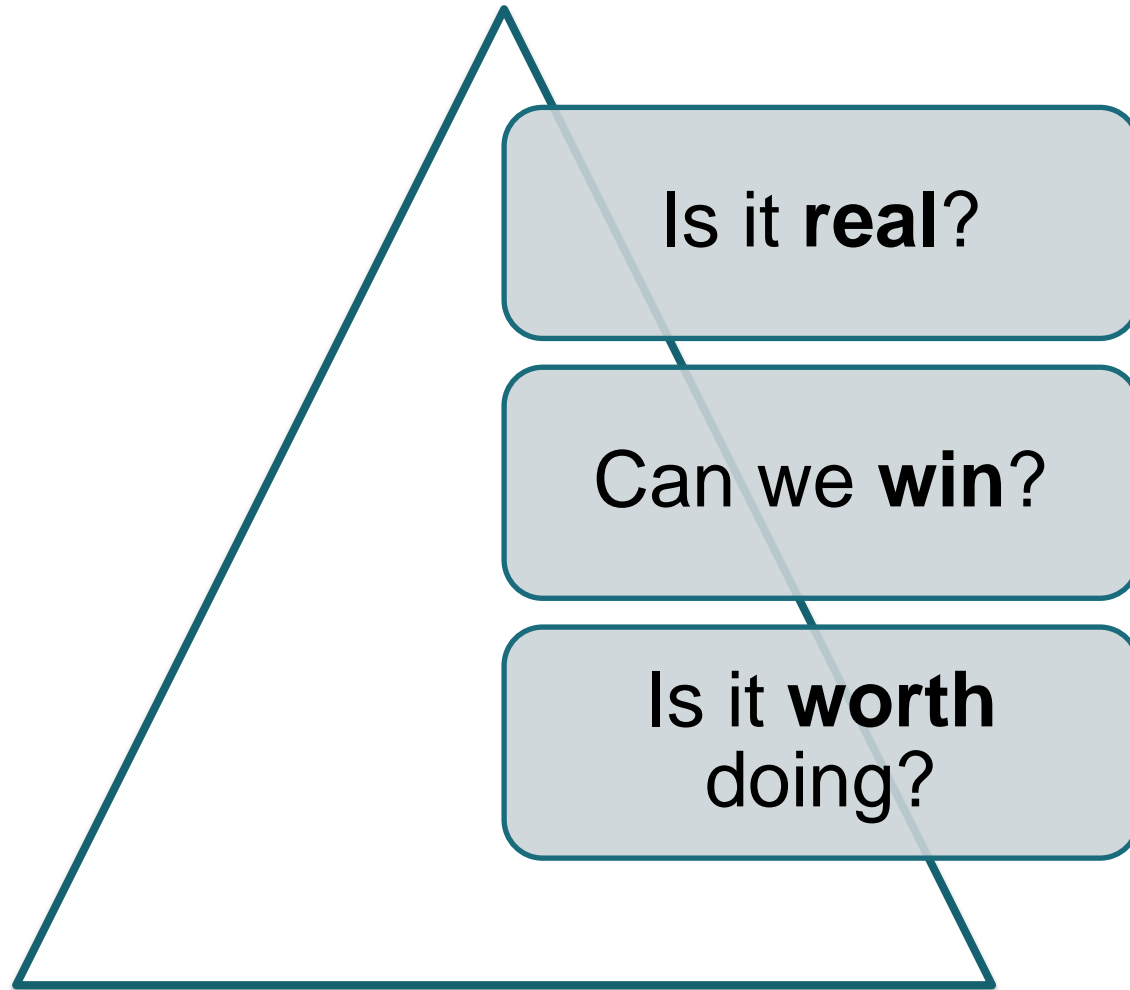


Idea generation



Idea Screening

R-W-W screening framework:



Concept Development and Testing



Product idea is an idea for a possible product that the company can see itself offering to the market.



Product concept is a detailed version of the idea stated in meaningful consumer terms.



Product image is the way consumers perceive an actual or potential product.



Concept testing refers to testing new product concepts with groups of target consumers.

Questions for the All-Electric Car Concept Test

1. Do you understand the concept of a battery-powered electric car?
2. Do you believe the claims about the car's performance?
3. What are the major benefits of the battery-powered electric car compared with a conventional car?
4. What are its advantages compared with a battery-powered electric car?
5. What improvements in the car's features would you suggest?
6. For what uses would you prefer a battery-powered electric car to a conventional car?
7. What would be a reasonable price to charge for the car?
8. Who would be involved in your decision to buy such a car? Who would drive it?
9. Would you buy such a car (definitely, probably, probably not, definitely not)?

Marketing Strategy Development




Business Analysis

- Business analysis is a review of the sales, costs, and profit projections for a new product to find out whether these factors satisfy the company's objectives.



Product Development

- Developing the product concept into a physical product to ensure that the product idea can be turned into a workable market offering.



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- Họa tiết Đôi Chim Uyên Ương**

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Test marketing

- The stage of new product development in which the product and its proposed marketing program are tested in realistic market settings.



Commercialization

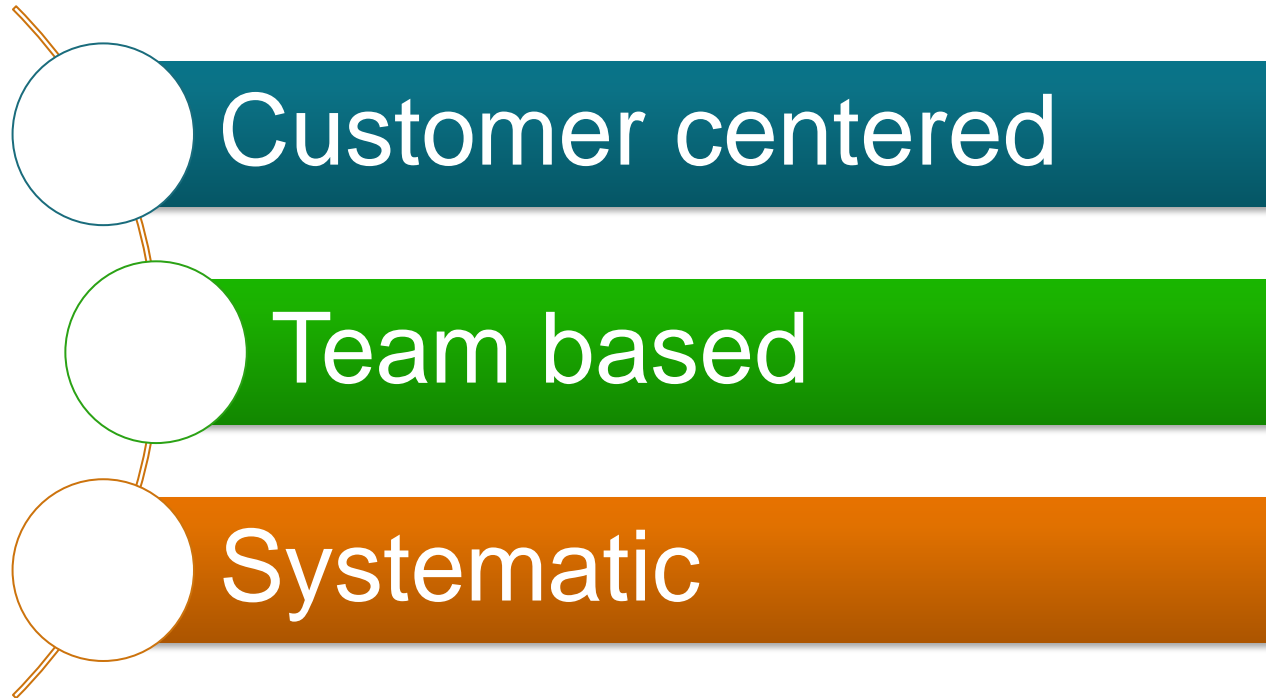


Commercialization involves introducing a new product into the market.

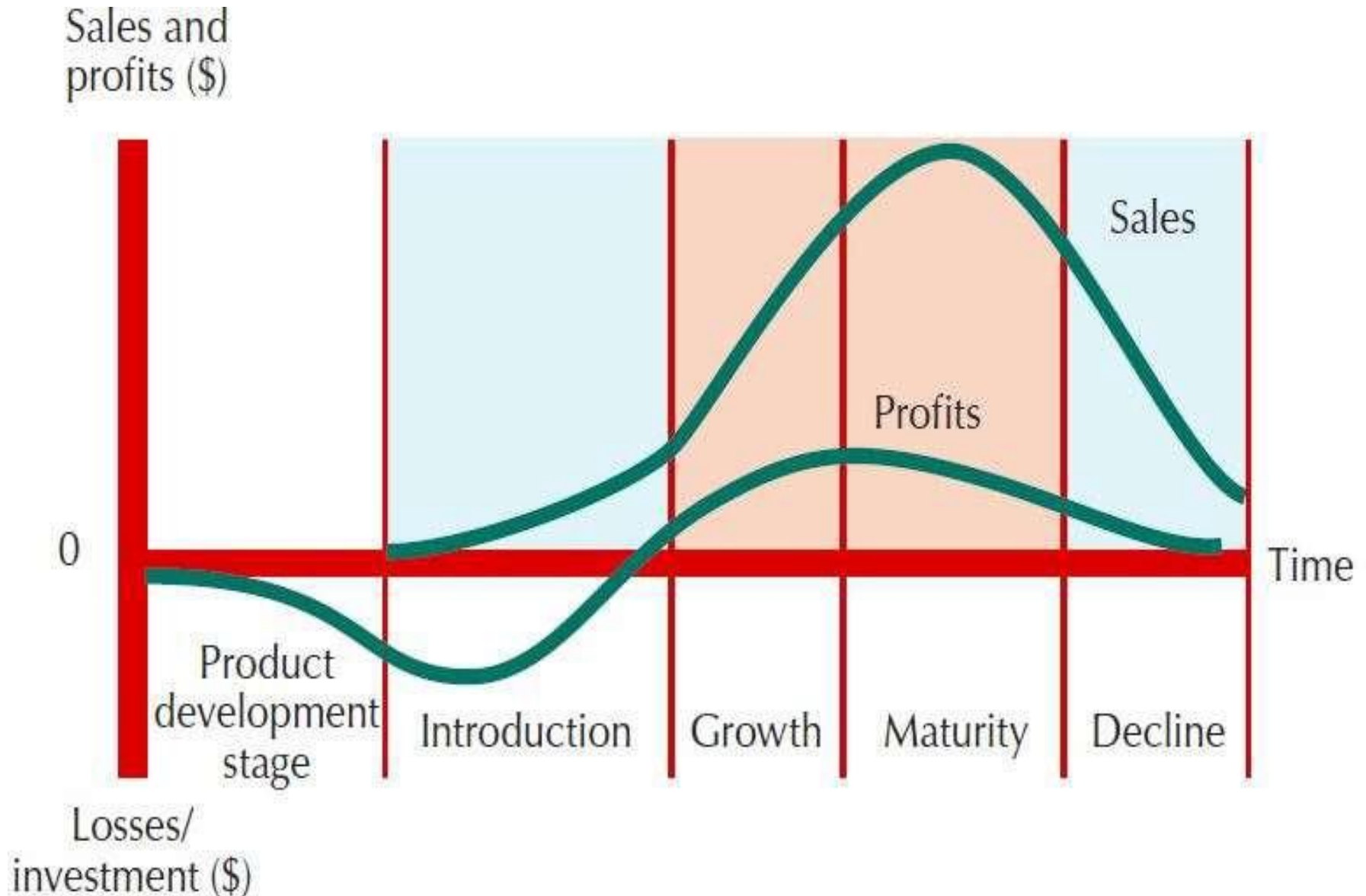
- When to launch?
- Where to launch?
- Planned market rollout?

2. Managing New Product Development

Successful new product development should be:

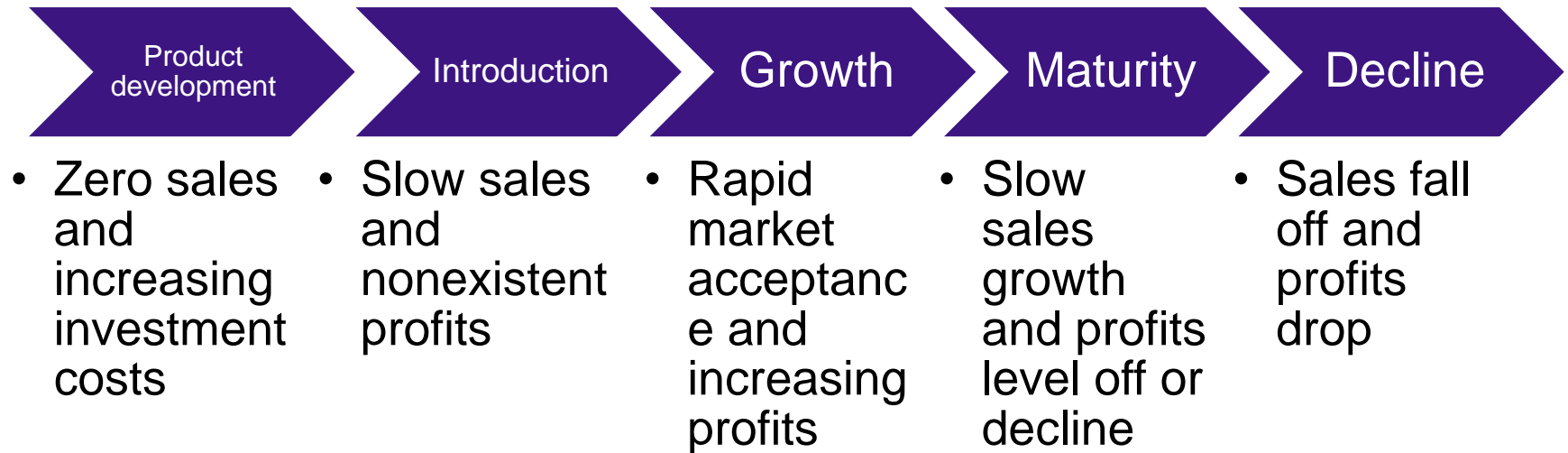


3. Product Life-Cycle Strategies



Sales and Profits over the Product's Life from Inception to Decline

Product Life-Cycle Strategies



Product Life-Cycle Strategies

Characteristics/ PLC	Introduction	Growth	Maturity	Decline
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising Profits	High Profits	Declining profits
Customers	Innovators	Early Adopters	Middle Majority	Laggards
Competitors	Few	Growing Number	Stable number beginning to decline	Declining Numbers
Marketing Objectives				
	Create product awareness and trial	Maximise market share	Maximise profit, while defending market share	Reduce expenditure and Milk the brand
Strategies				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brands and item models	Phase out weak products
Price	Charge cost plus	Price to penetrate market	Price to match competition	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective : phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard core loyals
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

(Source : Chester R. Wasson, Dynamic Competitive Strategy and Product Life Cycles, Austin Press, 1978; John A. Webber, Planning Corporate Growth with Inverted Product Life Cycles, Long Range Planning, October, 1976; Peter Doyle, The Realities of the Product Life Cycle, Quarterly Review of Marketing, Summer, 1976)