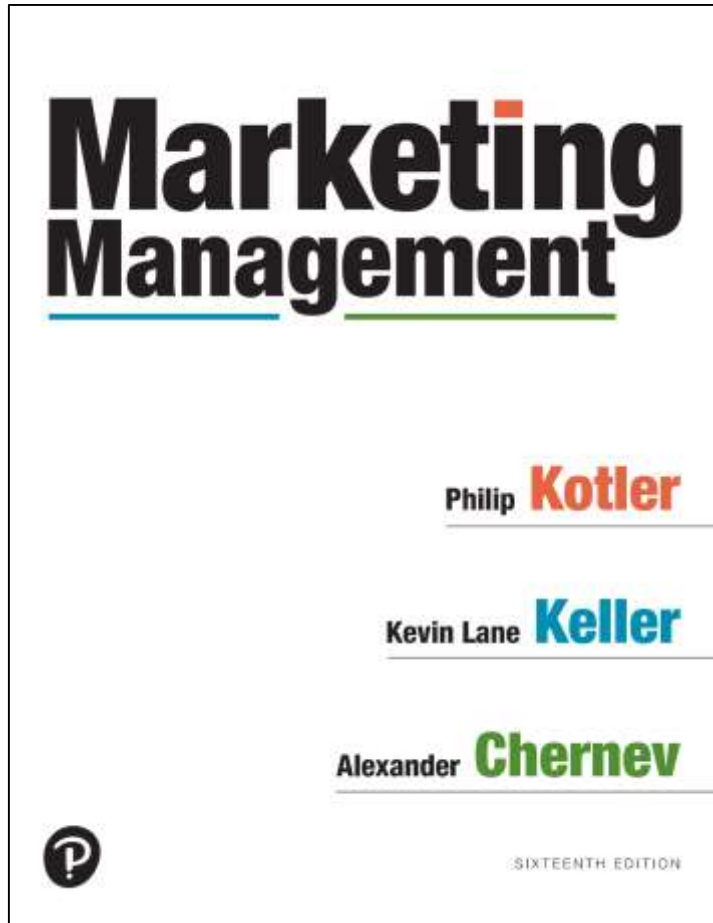


# Marketing Management

Sixteenth Edition



## Chapter 17

Driving Growth in  
Competitive Markets

# Learning Objectives

**17.1** Summarize how a company assesses its growth opportunities.

**17.2** Explain how a company gains market position.

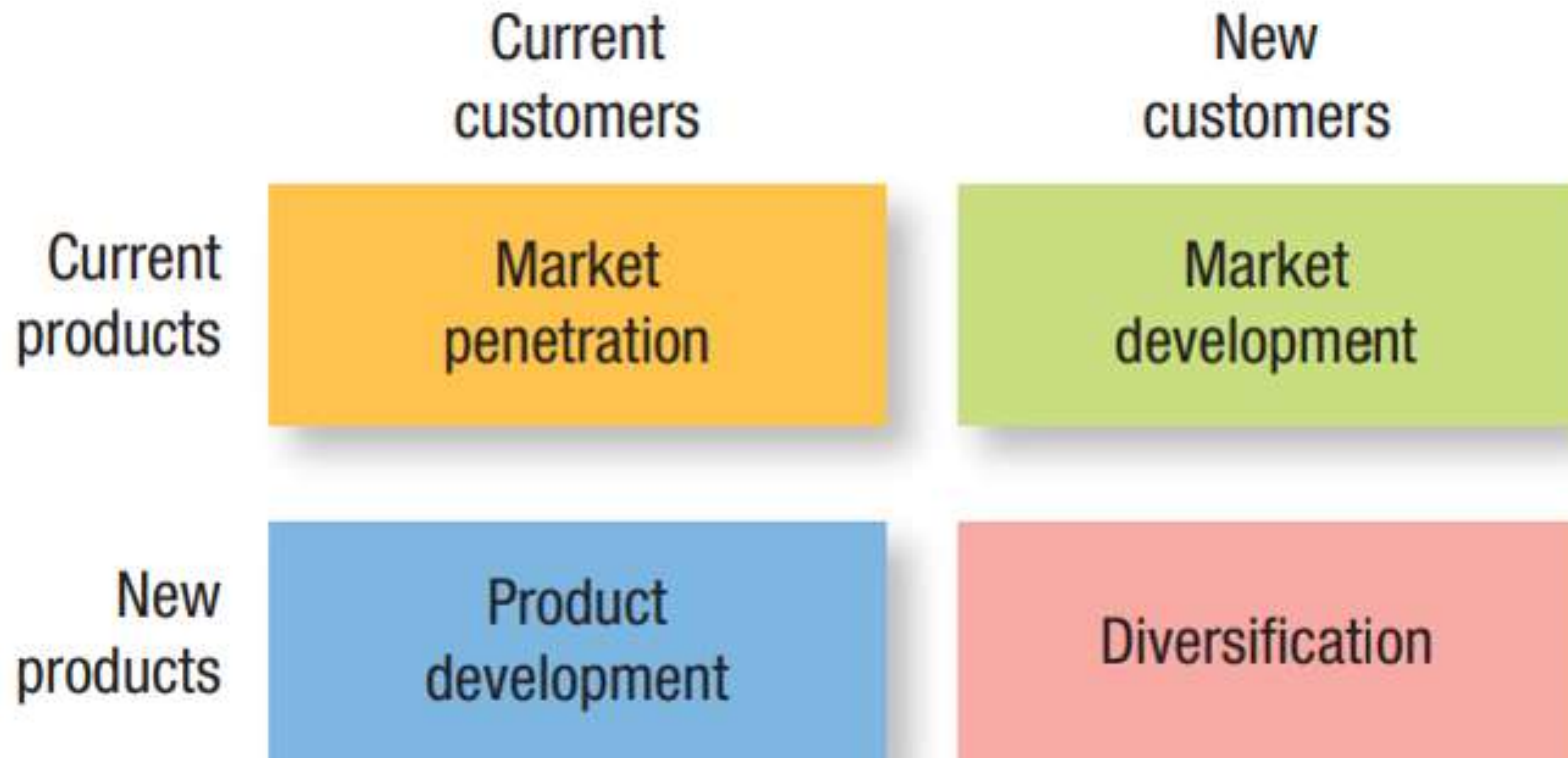
**17.3** Summarize the strategies a company can use to defend its market position.

**17.4** Discuss the key product-cycle marketing strategies.

# Assessing Growth Opportunities

- Consider:
  - The types of products and markets a company should focus on
  - The ways in which a company can manage its product–market growth strategy over time

# Figure 17.1 Product–Market Growth Framework



# Product–Market Growth Opportunities

- Product–Market Growth framework
  - Market penetration strategy
  - Market development strategy
  - Product development strategy
  - Diversification strategy



# Growth Through Mergers and Acquisitions

- **Organic growth** vs mergers and acquisitions
- Using mergers and acquisitions to grow:
  - Backward integration
  - Forward integration
  - Horizontal integration



# Growth Through Innovation and Imitation

- Product imitation vs product innovation
- Follower strategies:
  - Cloner
  - Imitator
  - Adapter

# Gaining Market Position

- Market position
  - Share of market
  - Share of mind
  - Share of heart





# Growing Sales to Current Customers

- Increase the amount, level, or frequency of consumption
  - Identifying new occasions for usage
  - Identifying new uses



# Creating New Markets

- Gaining a pioneering advantage
- Identifying niche markets
  - Customer specialist
  - Product or service specialist



# Expanding Existing Markets

- New market segment strategy
- Geographical expansion strategy



# Defending Market Position (1 of 2)

- Responsive marketing
  - Find a stated need and fill it
- Anticipative marketing
  - Look ahead to new needs
- Creative marketing
  - Find solutions to needs consumers didn't ask for but like getting



# Defending Market Position (2 of 2)

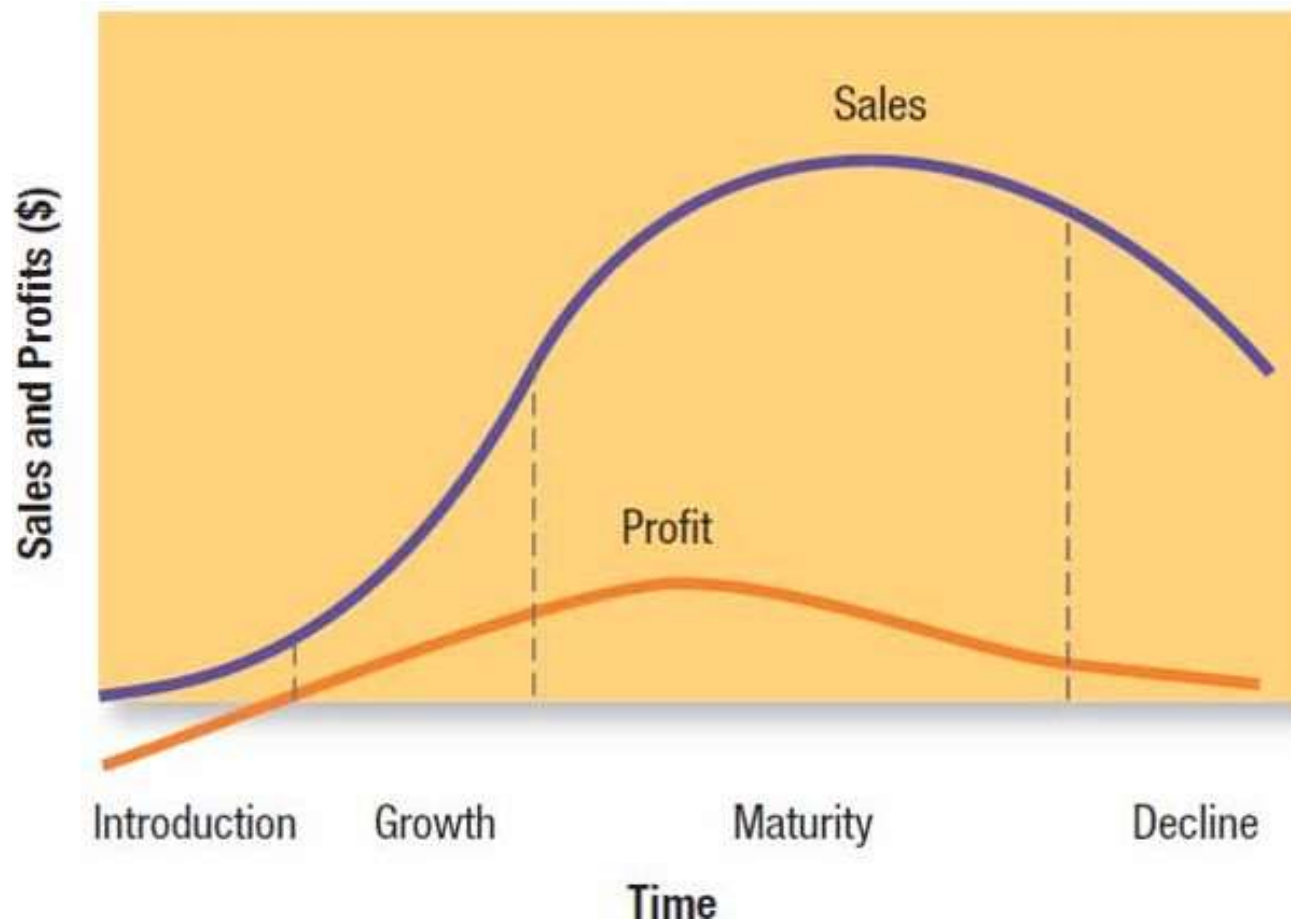
- Defense strategies
  - Position defense
  - Flank defense
  - Preemptive defence
  - Counteroffensive defense
  - Repositioning defense
  - Contraction defense



# Product Life Cycle Marketing Strategies

- **Product life cycle**
  - Introduction
  - Growth
  - Maturity
  - Decline

# Figure 17.2 Sales and Profit Life Cycles



# Table 17.1 Summary of Product Life Cycle Characteristics, Objectives, and Strategies (1 of 2)

## Characteristics

	Introduction	Growth	Maturity	Decline
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per unit/ customer	Average cost per unit/ customer	Low cost per unit/ customer	Low cost per unit/ customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Mainstream	Laggards
Competitors	Few	Growing number	Large number	Declining number

## Marketing Objectives

	Introduction	Growth	Maturity	Decline
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and harvest the market



# Table 17.1 Summary of Product Life Cycle Characteristics, Objectives, and Strategies (2 of 2)

## Strategies

	Introduction	Growth	Maturity	Decline
Product	Offer a basic product	Improve the product and develop product-line extensions	Diversify product offerings	Phase out weak products
Price	Charge cost-plus	Price to penetrate market	Price to match or beat competitors' Price	Cut price
Communications	Build product awareness and trial among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits and encourage brand switching	Reduce to minimal level needed to retain customers
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Phase out unprofitable outlets

# Introduction Stage

- Sales growth is low
- Profits are negative or low
- Promotional expenditures are high
- Prices are higher
- Focus is on buyers who are the most ready to buy

# Growth Stage

- To sustain rapid market share growth now:
  - Improve product quality and add new features
  - Add new models and flanker products
  - Enter new market segments
  - Increase distribution coverage and enter new distribution channels
  - Shift from awareness and trial communications to preference and loyalty communications
  - Lower prices to attract the next layer of price-sensitive buyers

# Maturity Stage (1 of 3)

- Growth
- Stability
- Decaying maturity



# Maturity Stage (2 of 3)

- Strategies:
  - Market growth
    - Convert nonusers
    - Attract competitors' customers
    - Increase usage among current users
      - Increase the number of usage occasions
      - Increase consumption with each occasion
      - Create new usage occasions

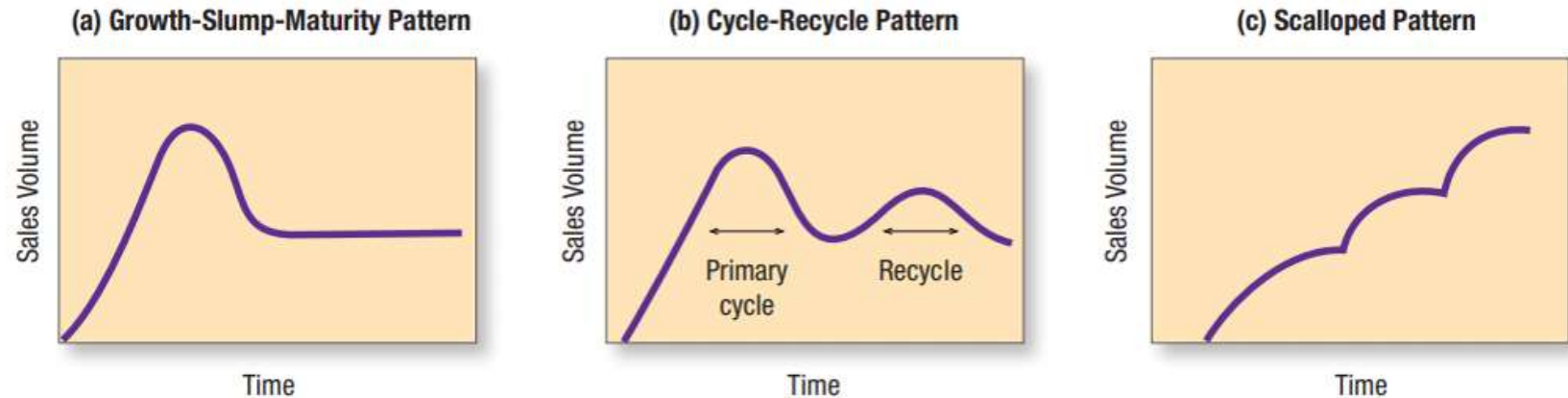
# Maturity Stage (3 of 3)

- Strategies:
  - Product modification
    - Quality improvement
    - Feature improvement
    - Style improvement

# Decline Stage

- Harvesting and Divesting
  - **Harvesting**
  - **Divesting**
- Eliminating Weak Products

# Figure 17.3 Common Product Life Cycle Patterns





# Alternative Product Life Cycle Patterns

- Fads
- Trends



# Discussion Questions (1 of 2)

- A few years ago, the arrival of Bird electric scooters to college campuses and cities generated huge excitement. Some people even tracked the Birds as they migrated across the country.
  - How would you characterize the Bird? Was it a fad or a trend?
  - In which stage of the PLC is the Bird today?

# Discussion Questions (2 of 2)

- After falling in popularity and being all but replaced with music streaming services, vinyl records are once again gaining in popularity.
  - Follow the vinyl record through the product life cycle.
  - In which stage is the vinyl record in now?

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