

Kent State University
College of Business Administration

K-31
Introduction to Consumer Behavior and
Product
Lecture 2
Dr. Lawrence J. Marks

I. Introduction of Consumer Behavior

- “Setting up” an understanding of the topic
- “Demonstrating” how it is important to Marketing
- Showing its complexities

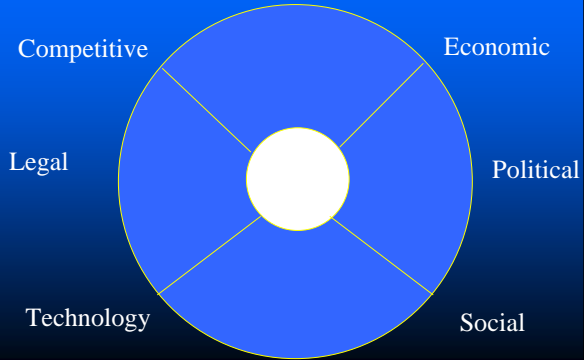
II. Consumers in the Context of:

- A. The Marketing Environment
- B. Marketing Strategy
- C. The Marketing System
- D. A “Simple” Example

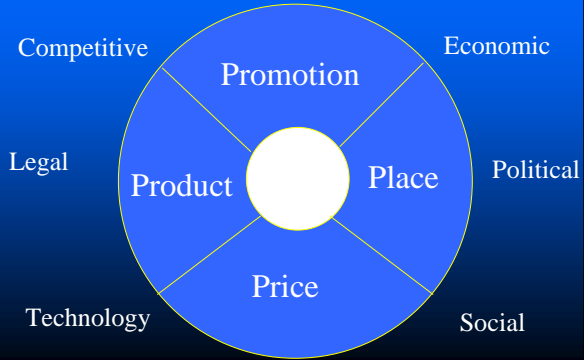
A. The Marketing Environment



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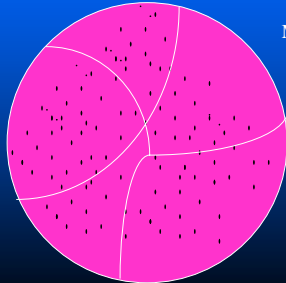






B. Marketing Strategy

"THE MARKET"

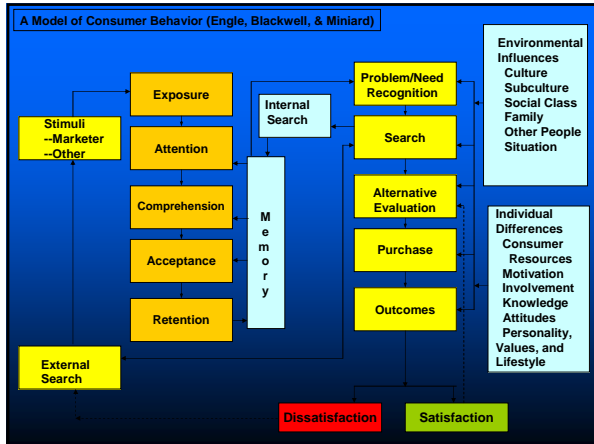


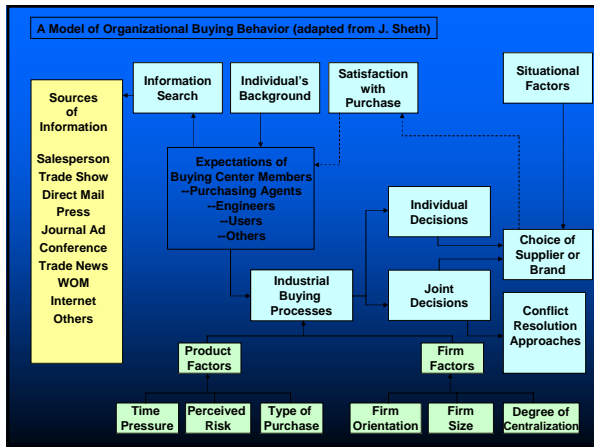
Market Segmentation
&
Target Marketing

C. The Marketing System

II. Consumers in the Context of

D. A "SIMPLE" Example



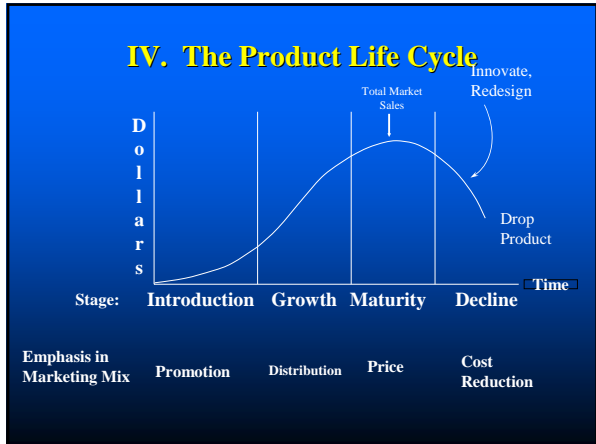


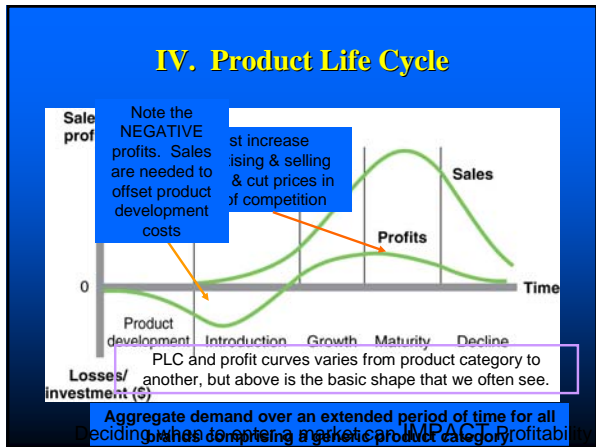
III. Product Development

A. The development of new products

B. The continuous improvement of existing products

C. WHY bother?





IV. PLC Characteristics and Implications

	PLC STAGE	
Characteristics	Introduction	Growth
<ul style="list-style-type: none"> > Customers > Competition > Sales > Profits 	<p>Innovators</p> <p>Little, if any</p> <p>Low levels, rising</p> <p>None</p> <p>offers.</p>	<p>Mass Market</p> <p>Increasing</p> <p>Rapid Growth</p> <p>Strong then peak</p> <p>rather than a single brand</p>
<p>Marketing Implications</p> <ul style="list-style-type: none"> > Overall Strategy > Costs > Product Strategy > Pricing Strategy > Distribution Strategy > Promotional Strategy 	<p>Market Development</p> <p>High per unit</p> <p>Undifferentiated</p> <p>Most likely high</p> <p>Scattered</p> <p>Category Awareness</p>	<p>Market Penetration</p> <p>Declining</p> <p>Improved Items</p> <p>Lower over time</p> <p>Intensive</p> <p>Brand Preference</p>

PLC Characteristics and Implications

PLC STAGE

Decline

Loyal customers
Decreasing
Declining
Low/none

differentiate themselves need.

2. Need for product disappears due to product development.

abandon the market.

Defensive positioning

Stable or increasing
Differentiated
Lowest
Intensive
Brand loyalty

Marketing Implications





- Overall Strategy
- Costs
- Product Strategy
- Pricing Strategy
- Distribution Strategy
- Promotional Strategy

Characteristics

- Customers
- Competition
- Sales
- Profits


Board Games

Pink Flamingo

As the cycle turns.....

THE PRODUCT LIFE CYCLE AT WORK!!





February 13, 2008, Polaroid Ends Instant Film Production

V. Length of Product Life-Cycle

a) The PLC diagram suggests that stages are of **EQUAL** length (this may not be accurate)

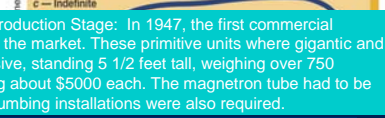
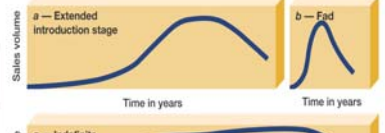
➤ **BUT**, certainly its overall length may vary!

- Consider Fashion vs.
- The telephone

V. Length of Product Life-Cycle

Product life-cycle variations

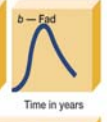
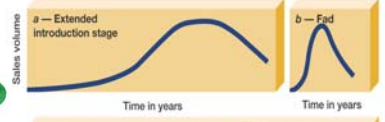


b. An Extended Introduction Stage: In 1947, the first commercial microwave oven hit the market. These primitive units were gigantic and enormously expensive, standing 5 1/2 feet tall, weighing over 750 pounds, and costing about \$5000 each. The magnetron tube had to be water-cooled, so plumbing installations were also required.

It was not until 1975 that sales of microwave ovens, for the first time, exceeded that of gas ranges! 28 years after their introduction.

V. Length of Product Life-Cycle

Product life-cycle variations



c. Fad - Bungee Balls: March of 2003, broke after 4 - 7 hours of play, concern about...



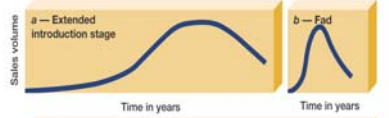
V. Length of Product Life-Cycle

- Anime - 2000s
- Beanie babies - 1990s
- Bungee Balls - 2003
- Badger Badger Badger - 2003
- Cabbage Patch dolls - 1980s
- Calculator wristwatches - 1980s
- Cargo pants - late 1990s
- Celebrity Air; 2005
- Chia Pets - 1980s
- Clackers - 1980s
- Coonskin caps - 1950s
- Crazy Frog
- Designer jeans - 1980s
- Devil sticks
- Digimon
- Disco - 1970's
- Doodles - 1950s
- Flash mobs - 2000s
- Furby
- Garbage Pail Kids
- Hair Metal - 1980's
- Homestar Runner
- Hula hoop - 1950s
- Hypercolor
- Internet music downloading - 2000s
- JNCOs/ultra wide-leg jeans - 1990s
- Kirk's Khan scream from Mac
- Mac pre
- Mod
- MP
- Nerf
- Nur
- Office olympics; 2004 -
- Pacifiers for teens - 1990s
- Pet rocks - 1970s
- Pogo Balls - 1980s
- Pogs
- Pokemon - 1990s-2000s
- Puka Shell Necklace - 1970s
- Quiff
- Razor (scooter)
- Rubik's Cube - 1980s

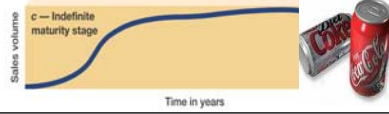


V. Length of Product Life-Cycle

Product life-cycle variations



d. And some products seem to have an Indefinitely Long Maturity State



V. Length of Product Life-Cycle

- e. The Product Life Cycle seems to be getting shorter for most products. This is because of:
 - i. “Me-Too” Products, and
 - ii. Rapid Technological Advances

VI. Product Life-Cycle Management

Marketing Success:

- a) Predicting the shape and the timing of the PLC, and
- b) Stage Recognition & Adaptation

VI. Product Life-Cycle Management

3) Issues:

A. When to Enter?

- To Realize a Pioneering Advantage?



VI. Product Life-Cycle Management

3) Issues:

A. When to Enter?

- An Imitation Strategy may be better



VI. Product Life-Cycle Management



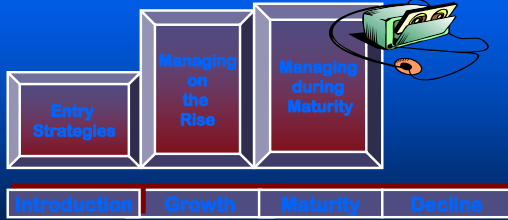
Differentiation



-Technological Leap Frog – More video, audio and graphics capacity while controlling prices



VI. Product Life-Cycle Management



Managing During Maturity

Innovative Packaging

Dutch Boy's packaging innovation offers paint in plastic containers with twist-off tops. The paint container is easy to carry, doesn't need a screwdriver to pry open, doesn't dribble when poured, and doesn't take a hammer to bang the lid shut.



VI. Product Life-Cycle Management

Surviving the Decline
Might be the greatest PLC stage challenge

During the decline, it is a key ingredient in making
1) Ensure that man



2) F
dec
3) F
profits or
4) F



Civil War Innovation!

VII. The “Total Product”

A. Defined:
 Broad spectrum [bundle] of tangible and intangible benefits

B. Primary Characteristics:
 basic features of the core product

C. Auxiliary Dimensions:
 supplementary benefits

Core and Augmented Product Example

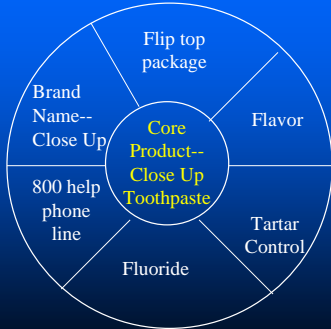
Core and Augmented Product Example

Primary Characteristics: basic features of the core product

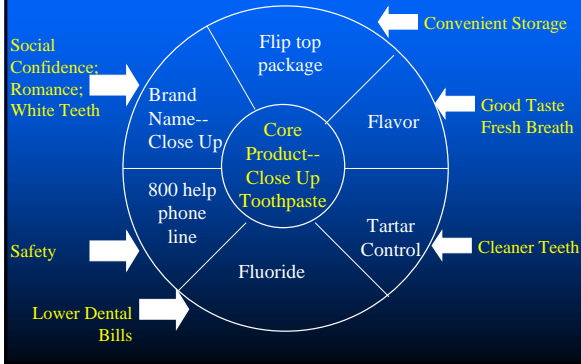
ESSENTIAL BENEFITS

- Clean Teeth
- Prevent Tooth Decay

Augmented Product -- Auxiliary Dimensions



Benefits of the Augmented Product



VIII. Classifying Products

A. End Use Market

1. Agricultural Products & Raw Materials
2. Organizational Goods
3. Consumer Goods

Agricultural & Raw Materials

- For example: Ingredients (zinc, pig iron, cotton)
 - Rather Homogeneous
 - Sold in bulk
 - Low value per unit

Organizational Products

1. Manufactured materials and component parts: (electrical resistors, screws, electric motors)
2. Process materials: used in production, not part of finished product (chemicals)
3. Installations: primary production equipment and major capital items (buildings, computer hardware, assembly lines)

Organizational Products

4. Accessory equipment: (word processors, trucks)
5. Operating Supplies: facilitate routine operations (writing paper, hand tools)
6. Services: work provided by others (maintenance, repairs)

Consumer Goods

1. Based on Durability/Tangibility Classification

SHOVEL	RESTAURANT	EMPLOYMENT AGENCY
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Consumer Goods

2. Based on CONSUMER'S Interest

LOW
Willingness to Expend Effort for Product
→
 HIGH

CONVENIENCE PRODUCT	SHOPPING PRODUCT	SPECIALTY PRODUCT
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CONVENIENCE PRODUCTS

<p>CHARACTERISTICS:</p> <ol style="list-style-type: none"> 1. Relatively Inexpensive 2. Purchase is regular and recurring 3. Little Thinking Involved 4. Minimal Shopping Effort 5. Bought a most convenient location 6. Bought on impulse 	<p>STRATEGY:</p> <ol style="list-style-type: none"> 1. Make available in every possible place 2. Must be visible inside the store 3. Distribution is a major marketing mix factor 4. Easy substitution by similar brands 5. Extensive advertising is used
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Shopping Products

CHARACTERISTICS:

1. Product comparisons occur
2. Consumer seek information
3. Decisions are based on thought
4. Relatively higher prices
5. Often fashion oriented
6. Monetary & social risks
7. Brand loyalty may be found

STRATEGY:

1. Selective distribution
2. Consumers will seek products in less visible locations
3. Quality is important
4. Product differentiation is possible

Specialty Products

CHARACTERISTICS:

1. Substitutes are not accepted
2. Infrequently purchased
3. Extensive Search
4. Brand loyalty may be strong
5. Loyalty to retailer may be as important as brand selection
6. May travel great distances to acquire

STRATEGY:

1. Limited distribution
2. Consumers will seek products regardless of location
3. Extensive product and price differentiation
4. Strong brand image

IX. Does your product offer Quality or Value?

QUALITY--

--degree of excellence or superiority your product has (or service provides)

--CUSTOMER'S perception of quality is key

--TQM and ISO 9000

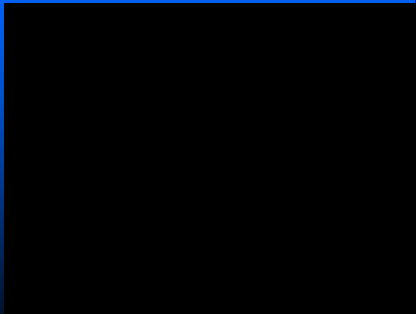
VALUE--

--what the customer gets in exchange for what the customer gives.

--"Am I satisfied?" "How much did it cost?"

Muller on Timken—Industries & Focus

Growth for Timken
 Focused on Heavy Industries
 Steel
 Power Generation
 Cement Production
 Aggregate
 Wind Energy
 We can deliver value AND they are growing!
 e.g., Iron Ore, Coal, Oil
 vs. Automotive!



X. Product Mix Terminology

Product Mix
 All of the products we offer for sale

Product Line
 A group of closely related products

Width of Product Mix
 The number of product lines carried

Depth of Product Mix
 Average Number of Products in each line

Consistency of Product Mix
 How similar are our product lines?

Product Mix Example

Width (Number of Product Lines) →

	Hair Care	Salty Snacks	Dental Care	Soft Drinks
Depth # of Items ↓	Shampoo	Chips	Toothbrush	Colas
	Conditioner	Nuts	Toothpaste	Ginger Ale
	Hair Spray	Crackers	Dental Floss	Root Beer
	Comb			

XI. Brand Equity

- A. Branding identifies and distinguishes one marketer's product from another's
- Customers use brand information as important buying cues.

1. A BRAND is any name, term, symbol, sign, design, or unifying combination of these that identifies a product.

XI. Brand Equity

a. A BRAND NAME is the verbal part of the brand.

b. A BRAND MARK is a unique symbol that is part of the brand.

c. A logo, or logotype, is a brand name or company name written in a distinctive style.

XI. Brand Equity

2. Brand equity is the “value” of the brand caused by goodwill and brand reputation.

- It is a valuable asset that must be managed!
- Strong equity makes market position easier to defend.
- Strong equity makes new products easier to introduce.



PROTECT your product!!

Polaroid was awarded damages of \$909,457,567!!



Polaroid Square Shooter 2 Camera




Champ Kodamatic

Of course, the PLC STILL Holds

Polaroid may have defeated Kodak in the instant camera business, but it can't beat a sagging economy. Polaroid (or Polaroid Corp to be precise) just filed for Chapter 11 bankruptcy protection for the second time in 7 years. ●

“Impossible” to make Polaroid film (maybe)

<http://www.the-impossible-project.com/> (or <http://the-impossible-project.com/>)



Polaroid's PoGo Instant Digital Camera

XII. Family Branding

A. Family branding is a strategy that uses a single brand name for different items in a product line

– e.g., Heinz, Del Monte, General Electric

XIII. Individual Brands

A. Use of Separate Brand Names for each product.

Example:

--Goodyear

--Dunlop

--Springfield

Goodyear Target Markets

	Goodyear	Dunlop	Kelly
Cust.	Family Centered	Euro-cool	Blue collar
Audience	Mirror of Active America	On the way up	Taking Care of Basics
Age	34-54	24-34	??
Price	High end	Mid-range	Lower end
Slogan	Serious Technology. Freedom from worry	Point of Departure	Honest tires, Honest Prices

Proctor & Gamble's Portfolio

<i>Brand</i>	<i>Positioning</i>	<i>Share</i>
TIDE	Tough, powerful cleaning	31.1%
CHEER	Tough cleaning, color safe	8.2
BOLD	Detergent + Fabric Softener	2.9
GAIN	Sunshine scent & odor protection	2.6
ERA	Stain removal	2.2
DASH	Value priced	1.8
OXYDOL	Whitening	1.4
SOLO	Liquid detergent & softener	1.2
DREFT	For baby clothes & tender skin	1.0
IVORY	Simple, basic, no frills soap	.7
SNOW	Safe for fine fabrics & babies	.7
ARIEL	Tough cleaner, Hispanic market	.1

XIV. Warranties

- A. A product warranty provides a written guarantee of a product's integrity and the manufacturer's responsibility for repairing or replacing defective parts.
- B. Warranties reduce customers' perceived risk by suggesting product quality.
- C. HONOR THY WARRANTY to create customer satisfaction!

XV. Packaging

- A. Packaging contains the product and protects it, aids in usage, identification, promotion, and ecology.
- B. Packaging involves decisions about labeling, inserts, instructions, design, and sizes.
- C. Packages serve as cues to customers as they purchase.

XVII. The Product Audit

Think Product Portfolio Management, ala the Boston Consulting Group Matrix:

--Review products to determine whether they should be continued as is, improved, modified, or deleted.
