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

- Competitive
- Economic
- Legal
- Political
- Technology
- Social
- Product
- Promotion
- Place
- Price
- Consumer

B. Marketing Strategy

"THE MARKET"
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. The Product Life Cycle

IV. Product Life Cycle

IV. PLC Characteristics and Implications

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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
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.

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

Animé – 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
Cia Pets – 1980s
Checkers – 1980s
Cowboys caps – 1950s
Crazy Frog
Designer jeans – 1980s
Devil sticks
Dyson
Disco – 1970s
Droolies – 1950s
Flash mobs – 2000s
Furry Garbage Pail Kids
Hair Metal – 1980s
Homestay Runner
Hula hoop – 1950s
Hypercolor
Internet music downloading – 2000s
JNCOs/ultra wide-leg jeans – 1990s
Kirk's Khan scream from Mac
Lo Bo Mo MP No
Office olympics; 2004
Pacifiers for teens – 1990s
Pet rocks – 1970s
Pogo balls – 1980s
Pogs
Pokemon – 1990s-2000s
Puka Shell Necklace – 1970s
Quiff
Razor (scots) Nuva's Cube – 1980s
V. Length of Product Life-Cycle

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

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?

Entry Strategies

Managing on the Rise

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

Introduction  Growth  Maturity  Decline

VI. Product Life-Cycle Management

3) Issues:
A. When to Enter?
   • An Imitation Strategy may be better

Entry Strategies

Managing on the Rise

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

Introduction  Growth  Maturity  Decline

VI. Product Life-Cycle Management

3) Issues:
A. When to Enter?
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!
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 Product--Close Up Toothpaste

Primary Characteristics: basic features of the core product

ESSENTIAL BENEFITS
- Clean Teeth
- Prevent Tooth Decay
Augmented Product -- Auxiliary Dimensions

Core Product--Close Up
Toothpaste
Flip top package
Brand Name--Close Up
800 help phone line
Flavor
Tartar Control
Fluoride

Benefits of the Augmented Product

Social Confidence; Romance; White Teeth
Convenient Storage
Tartar Control
Cleaner Teeth
Fluoride
Good Taste Fresh Breath
800 help phone line
Core Product--Close Up Toothpaste
Flip top package
Brand Name--Close Up

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)
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

<table>
<thead>
<tr>
<th>Good</th>
<th>Good/Service</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shovel</td>
<td>Restaurant</td>
<td>Employment Agency</td>
</tr>
</tbody>
</table>

**Consumer Goods**

2. Based on CONSUMER’S Interest

- Willingness to Expend Effort for Product
  - Low: Convenience Product
  - High: Shopping Product
  - Speciality Product

**CONVENIENCE PRODUCTS**

**Characteristics:**
1. Relatively Inexpensive
2. Purchase is regular and recurring
3. Little Thinking Involved
4. Minimal Shopping Effort
5. Bought at a most convenient location
6. Bought on impulse

**Strategy:**
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
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

<table>
<thead>
<tr>
<th>Hair Care</th>
<th>Salty Snacks</th>
<th>Dental Care</th>
<th>Soft Drinks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shampoo</td>
<td>Chips</td>
<td>Toothbrush</td>
<td>Colas</td>
</tr>
<tr>
<td>Conditioner</td>
<td>Nuts</td>
<td>Toothpaste</td>
<td>Ginger Ale</td>
</tr>
<tr>
<td>Hair Spray</td>
<td>Crackers</td>
<td>Dental Floss</td>
<td>Root Beer</td>
</tr>
<tr>
<td>Comb</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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!!

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/

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

<table>
<thead>
<tr>
<th>Goodyear</th>
<th>Dunlop</th>
<th>Kelly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cust.</td>
<td>Family Centered</td>
<td>Euro-cool</td>
</tr>
<tr>
<td>Audience</td>
<td>Mirror of Active America</td>
<td>On the way up</td>
</tr>
<tr>
<td>Age</td>
<td>34-54</td>
<td>24-34</td>
</tr>
<tr>
<td>Price</td>
<td>High end</td>
<td>Mid-range</td>
</tr>
<tr>
<td>Slogan</td>
<td>Serious Technology. Freedom from worry</td>
<td>Point of Departure</td>
</tr>
<tr>
<td>Brand</td>
<td>Positioning</td>
<td>Share</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>TIDE</td>
<td>Tough, powerful cleaning</td>
<td>31.1%</td>
</tr>
<tr>
<td>CHEER</td>
<td>Tough cleaning, color safe</td>
<td>8.2%</td>
</tr>
<tr>
<td>BOLD</td>
<td>Detergent + Fabric Softener</td>
<td>2.9%</td>
</tr>
<tr>
<td>GAIN</td>
<td>Sunshine scent &amp; odor protection</td>
<td>2.6%</td>
</tr>
<tr>
<td>ERA</td>
<td>Stain removal</td>
<td>2.2%</td>
</tr>
<tr>
<td>DASH</td>
<td>Value priced</td>
<td>1.8%</td>
</tr>
<tr>
<td>OXYDOL</td>
<td>Whitening</td>
<td>1.4%</td>
</tr>
<tr>
<td>SOLO</td>
<td>Liquid detergent &amp; softener</td>
<td>1.2%</td>
</tr>
<tr>
<td>DREFT</td>
<td>For baby clothes &amp; tender skin</td>
<td>1.0%</td>
</tr>
<tr>
<td>IVORY</td>
<td>Simple, basic, no frills soap</td>
<td>.7%</td>
</tr>
<tr>
<td>SNOW</td>
<td>Safe for fine fabrics &amp; babies</td>
<td>.7%</td>
</tr>
<tr>
<td>ARIEL</td>
<td>Tough cleaner, Hispanic market</td>
<td>.1%</td>
</tr>
</tbody>
</table>

**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.