



Sustaining Product Sales

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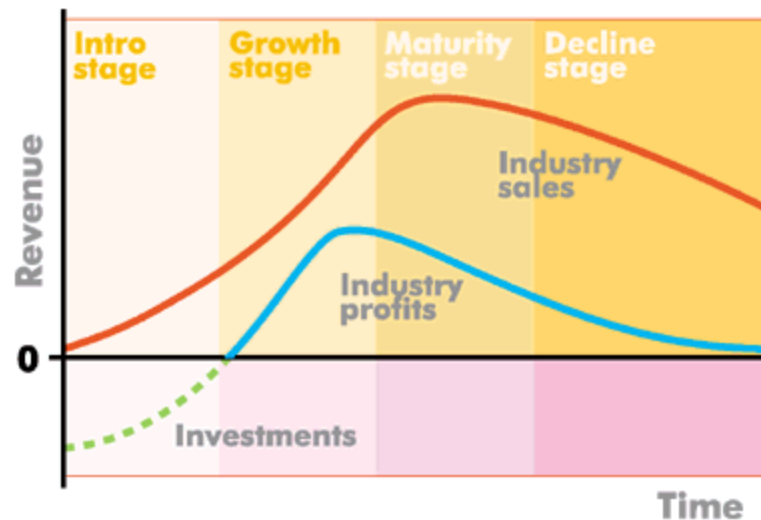
What you'll learn...

- The product life cycle
- The concept of product positioning
- The purpose of category management

Product Life Cycle



- Represents the stages that a product goes through during its life
- At each stage, marketers must adjust their product mix and marketing strategies



Introduction Stage



- Product is introduced to the market
- Efforts focused on promotion and production
- Least profitable stage



Growth Stage



- The product is enjoying success
- Increasing sales and profits
- Competition is aware and is offering new products to compete

Maturity Stage



- Sales level off or slow down
- Most of target market owns product
- Spend a great deal of time and money in efforts to fight off the competition
- Decide whether to continue to improve the product to gain additional sales

Decline Stage



- Profits may be smaller than cost
- Sell or license the product
- Recommit to the product line
- Discount the product
- Regionalize the product – restrict sales of a product to certain local areas.
- Modernize or alter the product offering



Product Positioning – the IMAGE a product projects



- The goal is to set the product apart from the competition.
- “The way you get into your customer’s mind.”
- The efforts a business makes to identify, place, and sell its products.

Positioning by Price & Quality



- Offer economy, mid-priced, and luxury lines



Positioned by Features & Benefits



- Unique characteristics



Positioning in Relation to the Competition



Positioning in Relation to Other Products in a Line



Category Management



- Managing product categories as individual business units.
- Category managers are responsible for all of the profits or losses for one specific product line.
- Manufacturers can customize this category's mix, merchandising, and promotions.

Category Management



- Planogram – A computer-developed diagram that shows retailers how and where products, within a category, should be displayed on a shelf at individual stores.
- Provided by the manufacturer to help the retailer.