Introduction Stage

introduction stage: the first stage of the product life cycle, in which slow growth follows the introduction of a new product in the marketplace

• goal is to get first-time buyers to try the product
• usually does not make a profit because R&D costs and heavy spending for advertising and promotional efforts cut into revenue
• usually many competitors but none has a distinct advantage
• firm may be profitable, but the whole market starts to shrink, profits decline, fewer variations of the product, suppliers pull out
• reason may be obsolescence forced by new technology
• product decision - whether to keep the product at all
  o an unprofitable product drains resources that the firm could use to develop newer products
  o if decide to keep - decrease advertising and other marketing communications to cut costs and reduce prices if the product can still remain profitable
    ▪ anticipated some residual demand for the product for a long time
    ▪ sell a limited quantity with little or no support from sales, merchandising, advertising and distribution
    ▪ now that e-commerce is a significant factor for marketing, products that would've died continues to sell online
      ▪ zero marketing support, high profits for the manufacturer
  o if decide to drop the product, eliminate in 2 ways
    ▪ phase it out by cutting production in stages and letting existing stocks run out or
    ▪ simply dump the product immediately

Branding and Packing: Create Product Identity

What's in a Name (or a Symbol)?

brand: a name, a term, a symbol, or any other unique element of a product that identifies one firm’s product(s) and sets it apart from the competition

• most used and most recognized form of branding
• maintain relationships with consumers
• four "easy" tests
  o easy to say, easy to spell, easy to read, easy to remember
• pass the "fit test" on four dimensions
  o fit the target market
  o fit the product's benefits
  o fit the customer's culture
  o fit legal requirements
• graphics for a brand symbol, name or logo - recognizable and memorable
  o no matter how small or large
  o visual impact - catch attention
• trademark: the legal term for a brand name, brand mark, or trade character; trademarks legally registered by a government obtain protection for exclusive use in that country