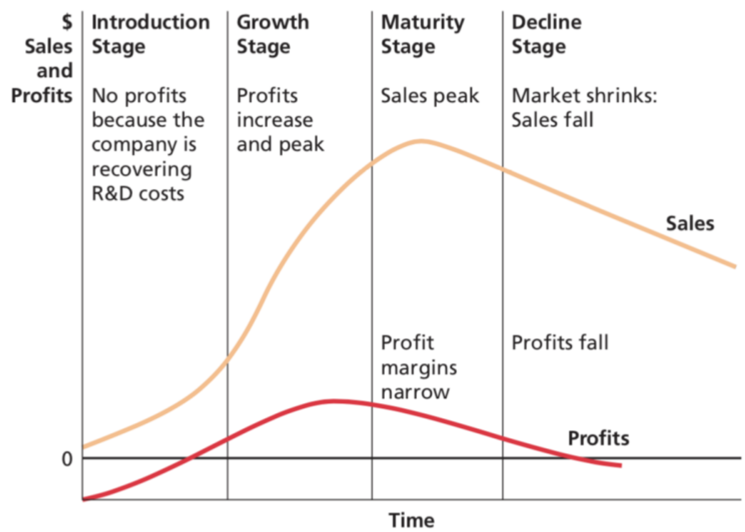

Characteristic	Introduction	Growth	Maturity	Decline
Product	Single company produces single product	New competitors enter the market creating new variations of the product	New features added; sales are mostly replacement products	Number of variations reduced
Goals	Get first-time buyers to try the new product	Encourage brand loyalty	Attract new users	Remain profitable; decide whether to keep or phase out product
Sales	Increase at a steady but slow pace	Rapid increase	Peak, then level off, often decline	Continue to decline
Profits	Negative	Increase and peak	Profit margins narrow	Declining
Pricing	High: recover R&D costs Low: attract large numbers of customers	May need to reduce because of increased competition	Price to maintain market share	May reduce if product can remain profitable
Marketing Communications	Informing customers	Heavy advertising to counter new competition	Reminder advertising	Decreased to maintain profitability

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
  - an unprofitable product drains resources that the firm could use to develop newer products
  - 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, adveristrng 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
  - 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
  - easy to say, easy to spell, easy to read, easy to remember
- pass the "fit test" on four dimensions
  - fit the target market
  - fit the product's benefits
  - fit the customer's culture
  - fit legal requirements
- graphics for a brand symbol, name or logo - recognizable and memorable
  - no matter how small or large
  - 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