

# Product and Pricing Strategies

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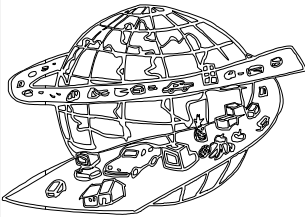
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## Product Characteristics



Types of Products

Stages of Products

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## The Product Continuum

Goods  
Products

Ideas  
Services

Salt Shoes VCR Auto Fast Food Cruise Consulting Insurance Education

Tangible  
Dominant

Intangible  
Dominant

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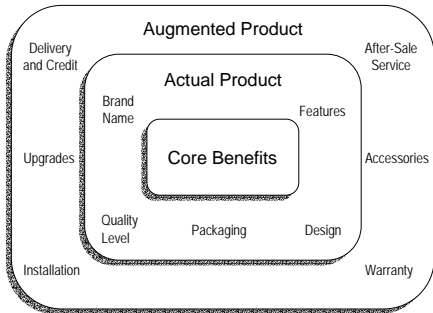
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## Augmenting the Basic Product



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## Characteristics of Service Products

**Intangible Quality**

**Perishable Nature**

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## Consumer Products

**Convenience Products**

**Shopping Products**

**Specialty Products**

**Unsought Products**

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# Industrial Products

## Expense Items

### Short-Term

Pencils

Printer Cartridges

## Capital Items

### Long-Term

Copy Machines

Computers

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# Products and Their Uses



- Raw materials
- Components
- Supplies
- Installations
- Equipment
- Business services

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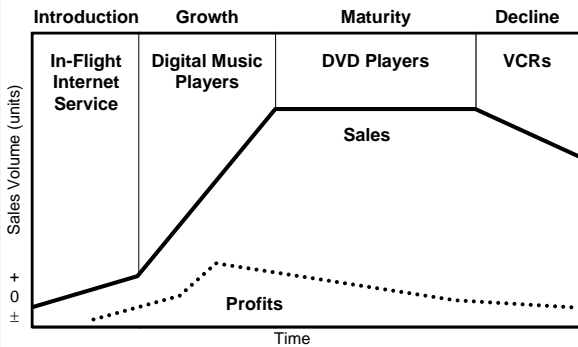
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# The Product Life Cycle



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# Product Makeovers



Reinvigorated Designs

Refreshed Marketing Efforts

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# New Product Development



1. Screening of ideas
2. Business analysis
3. Prototype development
4. Test marketing
5. Commercialization

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# Idea Generation

Customers

Competitors

Employees



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# Idea Screening

Industrial Products

Feasibility Study

Consumer Products

Concept Testing



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# Business Analysis

Forecast Sales

Estimate Costs

Project Profits



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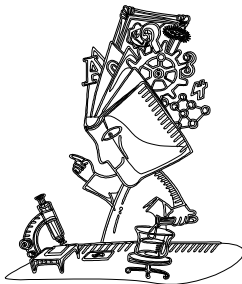
# Prototype Development

Packaging

Marketing Mix

Production

Resources



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# Test Marketing

Introduce the Product

Monitor Customer Reactions



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# Commercialization

Production

Distribution

Manufacturing

Packaging

Distribution

Pricing

Promotion

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# Product Identities

Recognizing Products

Specifying Products

The Product Brand

Marketing Products

Valuing Products

Unique Name, Symbol or Design

Legal Protections

Company or Organization Brand

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# Branding of Products

Equity	Name Selection	Sponsorship
Brand Loyalty	Brand Names	National Brands
Brand Awareness	Brand Marks	Private Brands
Brand Preference	Trademarks	Generic Products
Brand Insistence	Public Domain	Co-Branding and Licensing

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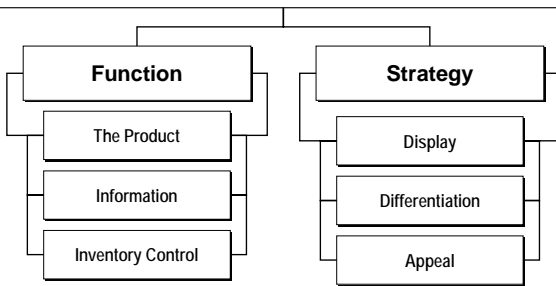
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# Packaging and Labeling



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# Product Strategies

Product Line	Product Mix
Product Expansion	International Markets

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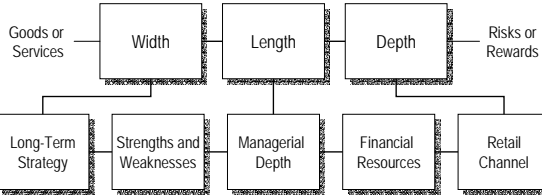
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## Product Line and Product Mix



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## Product Expansion

Add Items in a Product Category Under the Same Brand Name

Add New Products with the Same Product Name

Apply a Successful Brand Name to a New Category

Translate a Successful Brand in a Different Product Format

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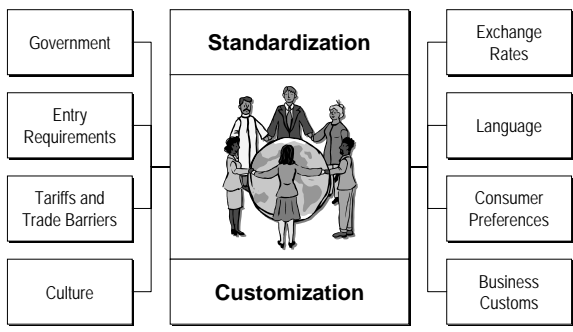
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## International Markets



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# Product Positioning

<b>Features</b>	Size, ease of use, style
<b>Services</b>	Convenience, customer support
<b>Image</b>	Reliability, sophistication
<b>Price</b>	Low cost or premium
<b>Category</b>	Leading online seller

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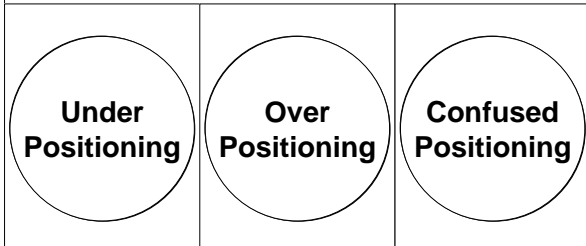
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# Product Positioning Errors



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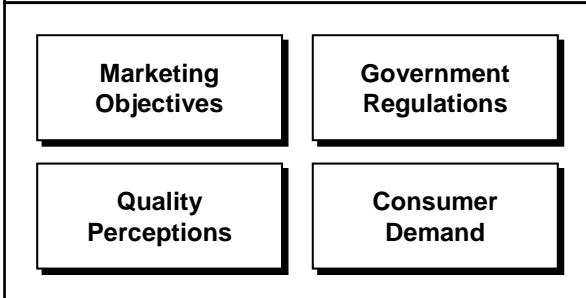
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# Developing Pricing Strategies



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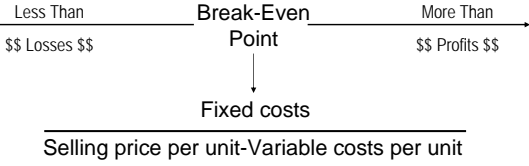
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# Cost-Based Pricing

## Break-Even Analysis



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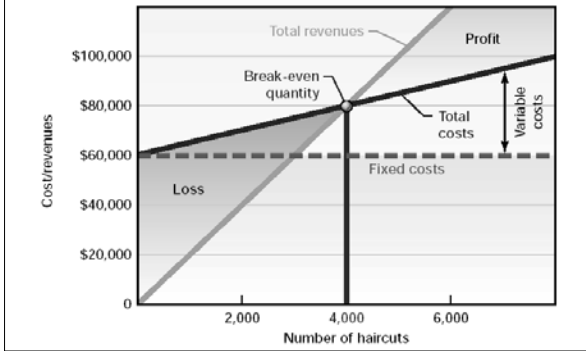
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## Break-Even Point Haircuts at \$20 Each



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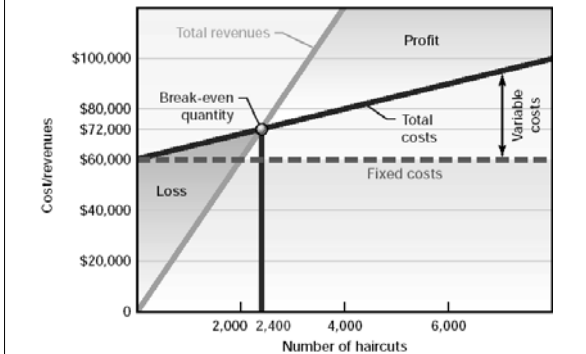
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## Break-Even Point Haircuts at \$30 Each



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## Other Pricing Strategies



**Price-Based**

**Optimization**

**Skimming**

**Penetration**

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## Price Adjustment Strategies



**Discount Pricing**

**Bundling**

**Dynamic Pricing**

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