

ELEVENTH EDITION

# MARKETING

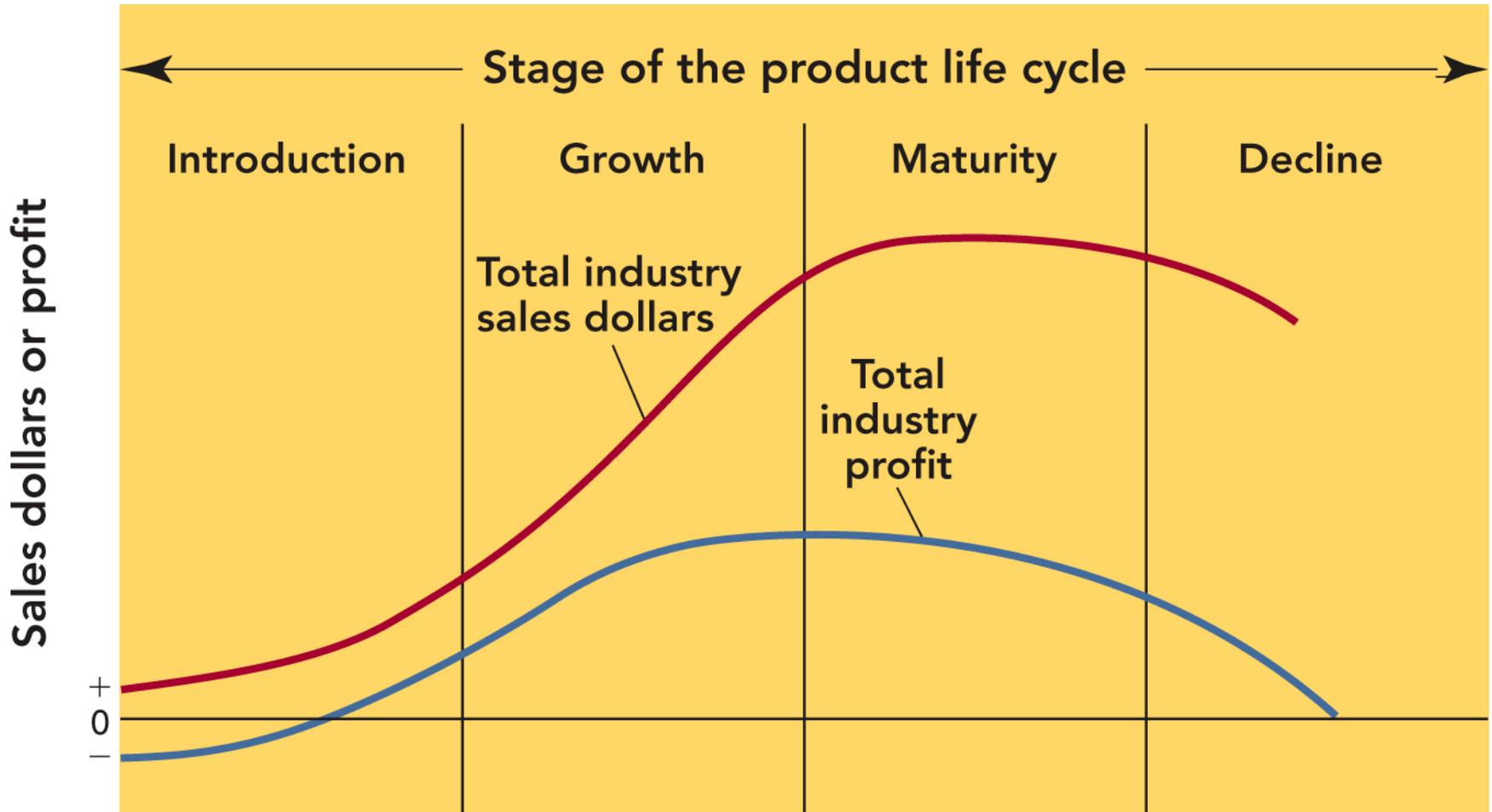
KERIN HARTLEY RUDELIUS

CHAPTER

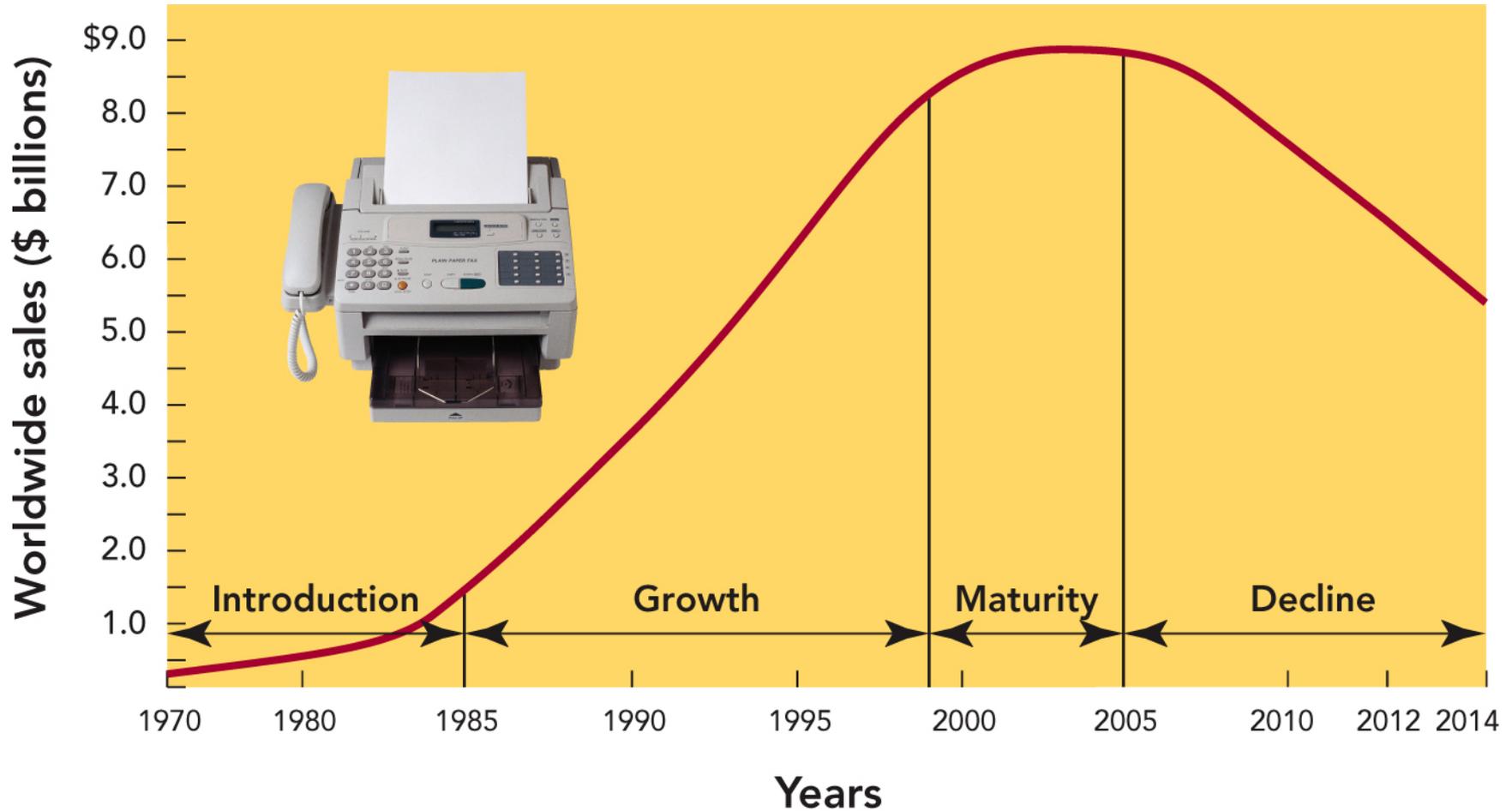
11

MANAGING  
SUCCESSFUL  
PRODUCTS,  
SERVICES, AND  
BRANDS

# FIGURE 11-1A Stages of the product life cycle and its total industry sales and total industry profit



**FIGURE 11-2 Product life cycle for the stand-alone fax machine for business use: 1970-2014**



# CHARTING THE PRODUCT LIFE CYCLE

## GROWTH STAGE

- **Rapid Sales Growth**
- **More Competitors**
- **Repeat Purchasers**
- **New Features**
- **Broad Distribution**



# CHARTING THE PRODUCT LIFE CYCLE

## MATURITY STAGE

- **Industry/Product Sales Slow**
- **Profit Declines**
- **Product Differentiation**
- **Fewer Competitors**



LO1

# CHARTING THE PRODUCT LIFE CYCLE

## DECLINE STAGE

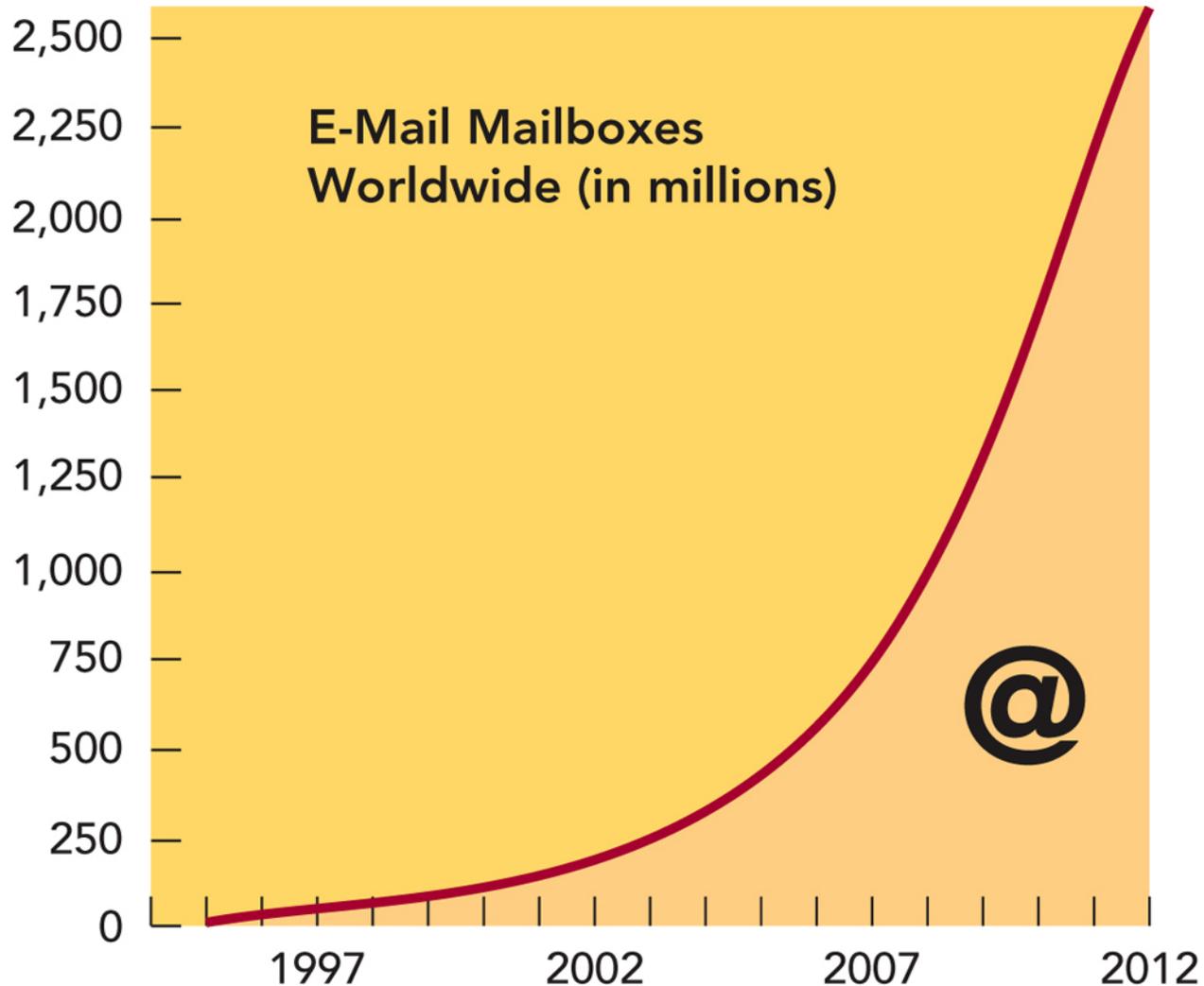
- **Industry/Product Sales Drop**
- **Environmental Changes**
- **Deletion**
- **Harvesting**



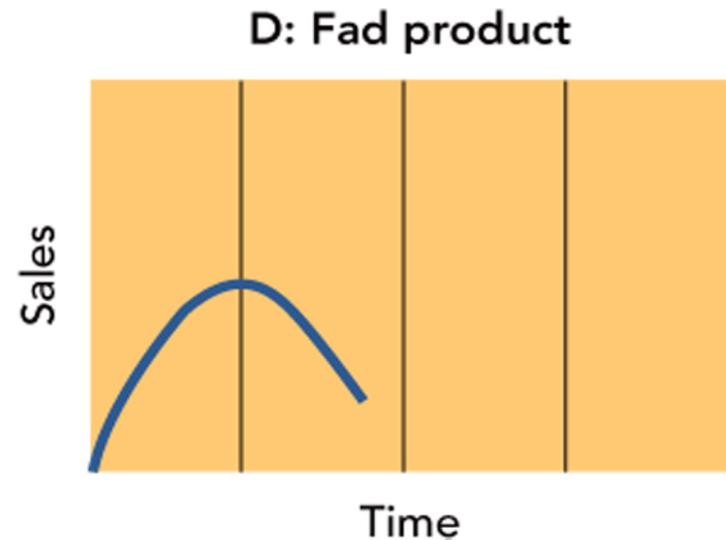
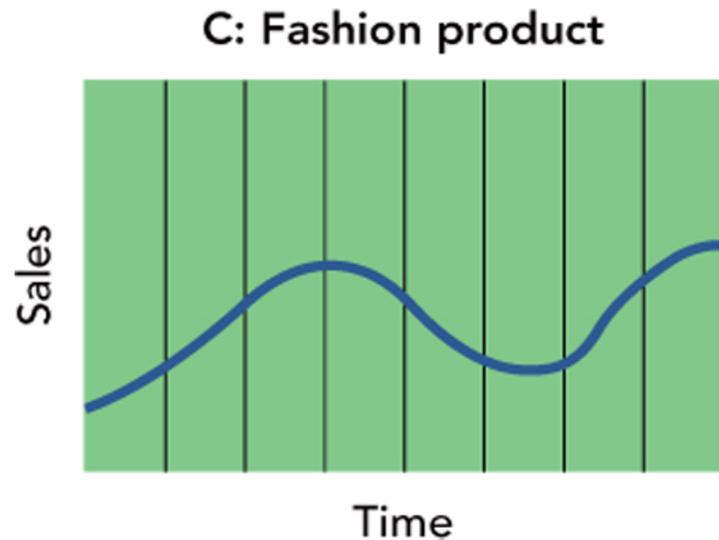
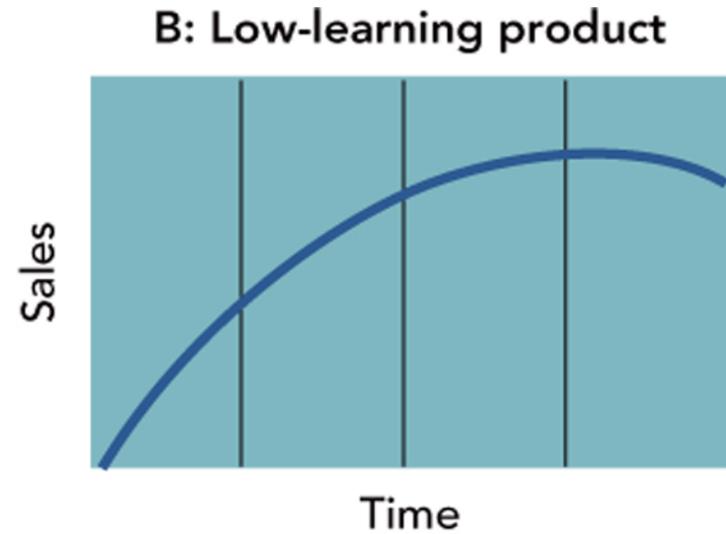
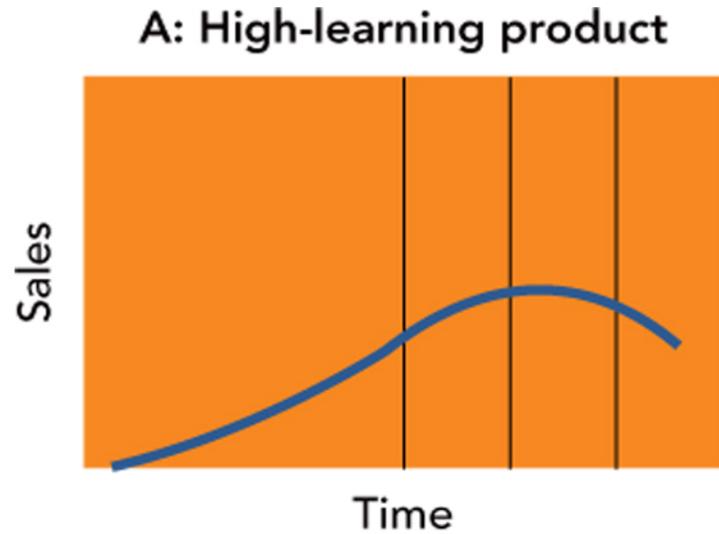
# MARKETING MATTERS

LO1

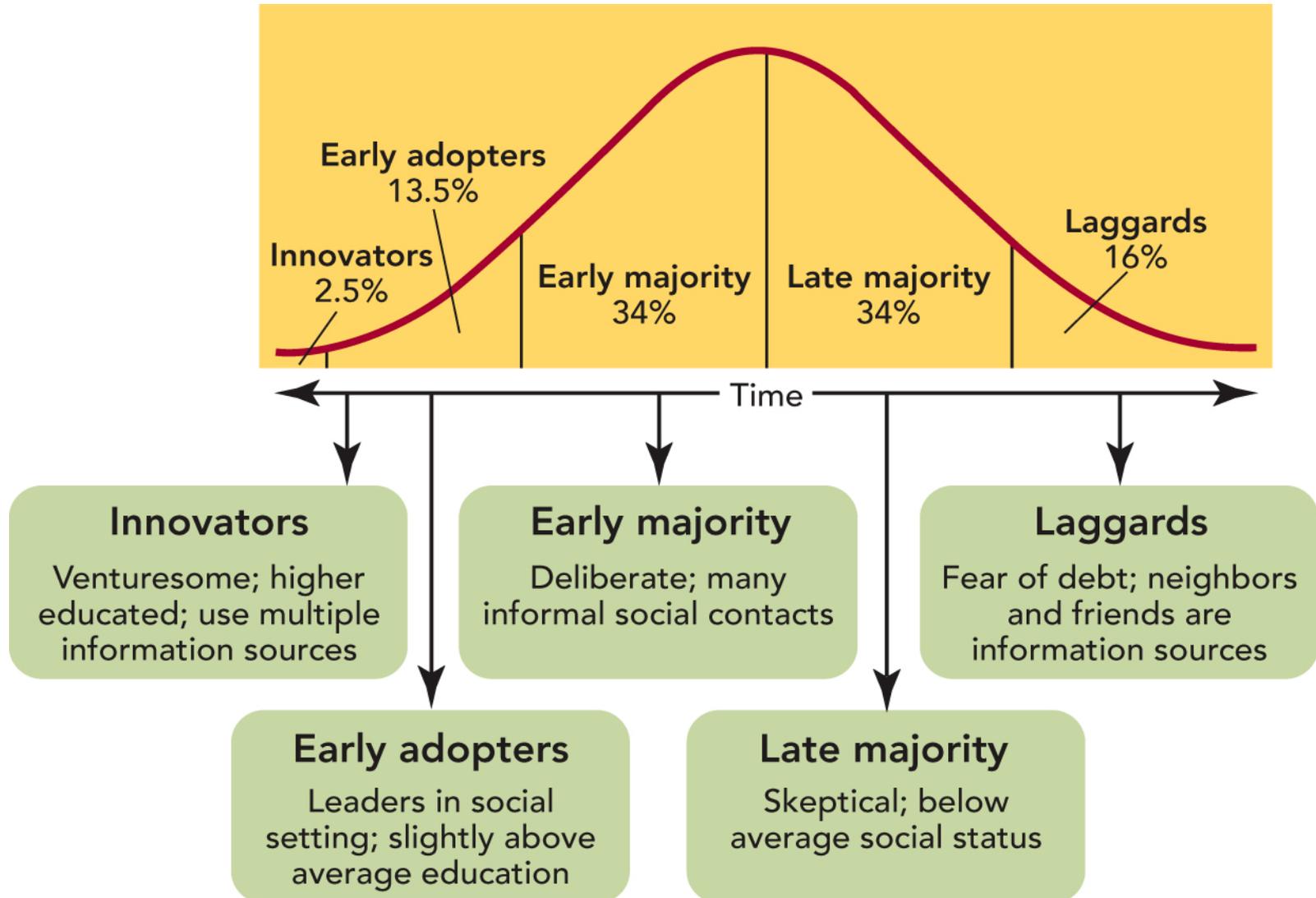
## Will E-Mail Spell Extinction for Fax Machines?



# FIGURE 11-3 Alternative product life cycle curves based on product types



# FIGURE 11-5 Five categories and profiles of product adopters (diffusion of innovation)



# MANAGING THE PRODUCT LIFE CYCLE

## MODIFYING THE PRODUCT OR MARKET

### ➤ Product Modification

- Product Bundling
- New Characteristics

### ➤ Market Modification

- Finding New Customers
- Increasing a Product's Use
- Creating a New Use Situation



Dockers  
Ad



# MANAGING THE PRODUCT LIFE CYCLE

## REPOSITIONING THE PRODUCT

### ➤ **Changing the Value Offered**

- **Trading Up**
- **Trading Down**
- **Downsizing**

# MAKING RESPONSIBLE DECISIONS

LO2

## Consumer Economics of Downsizing— Get Less, Pay More



➤ **Branding**

➤ **Brand Name**

- **Logotype (Logo)**



➤ **Trade Name**

➤ **Trademark** ® ™

- **Product Counterfeiting**

# BRANDING AND BRAND MANAGEMENT

## BRAND PERSONALITY AND BRAND EQUITY

### ➤ Brand Personality



### ➤ Brand Equity

- **Provides a Competitive Advantage**
- **Consumers Willing to Pay a Premium**

# **BRANDING AND BRAND MANAGEMENT**

## **PICKING A GOOD BRAND NAME**

- **Should Suggest Product Benefits**
- **Should Be Memorable and Positive**
- **Should Fit the Company or Product Image**
- **Should Have No Legal or Regulatory Restrictions**
- **Should Be Simple and Emotional**

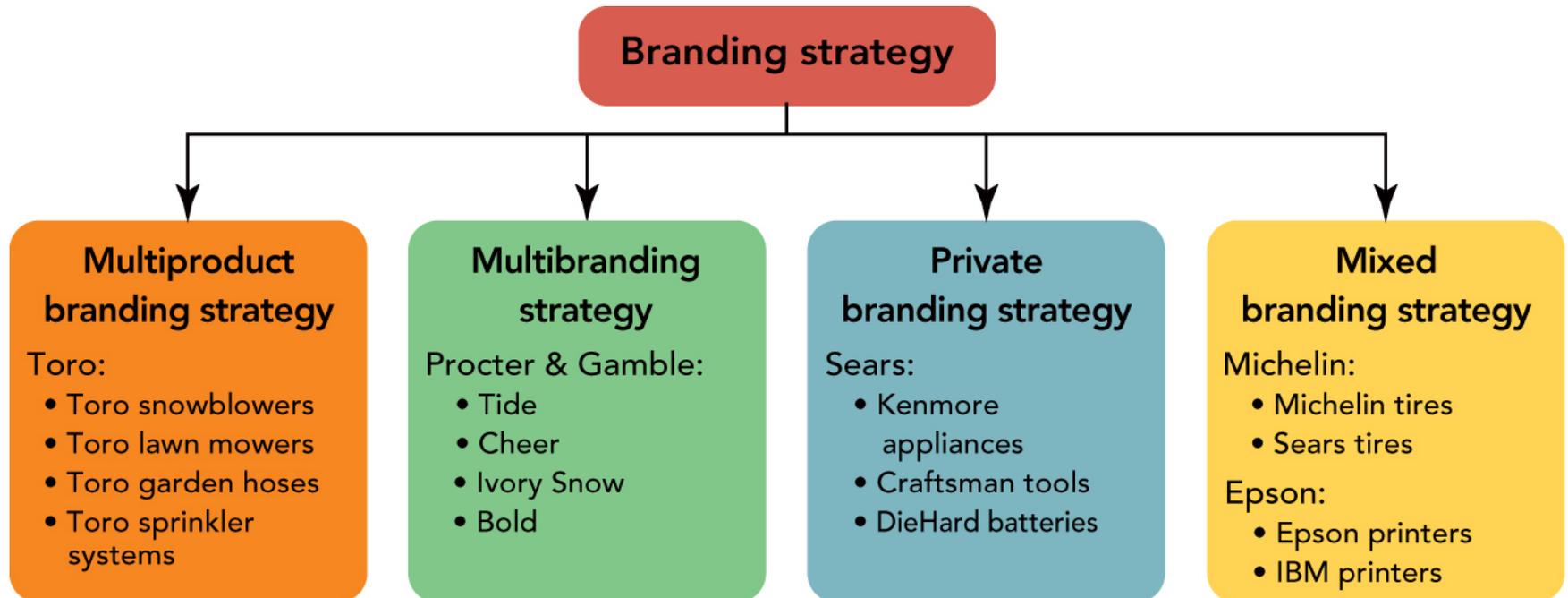
# GOING ONLINE

L03

**Have an Idea for a  
Brand or Trade Name? Check It Out**



# FIGURE 11-7 Alternative branding strategies



# PACKAGING AND LABELING PRODUCTS

## CREATING CUSTOMER VALUE AND COMPETITIVE ADVANTAGE

LO4

- **Packaging**
- **Label**
- **Communication Benefits**
- **Functional Benefits**
- **Perceptual Benefits**

# MARKETING MATTERS

LO4

**Creating Customer Value Through Packaging—  
Pez Heads Dispense More Than Candy**



# PACKAGING AND LABELING PRODUCTS

LO4

## PACKAGING AND LABELING CHALLENGES AND RESPONSES

- **Connecting with Customers**
- **Environmental Concerns**
- **Health, Safety, and Security Issues**
  - **Shelf Life**
- **Cost Reduction**

## ➤ Warranty

- **Express Warranties**
- **Limited Coverage Warranties**
- **Full Warranties**
- **Implied Warranties**



# VIDEO CASE 11

## MARY KAY, INC.: BUILDING A BRAND IN INDIA



**When you want to experience beauty in a whole new way ...**

**think about pink.**  
MARY KAY

America's best-selling brand\* Now in India

When using the Mary Kay PureWhite™ System as a regimen, you'll see noticeable improvement in skin's radiance in two weeks, with remarkable improvement by eight weeks (based on clinical studies).

Meet the company with a heart and known for the color pink. At Mary Kay, it's our mission to enrich women's lives. And we've been doing just that around the world for 45 years. With captivating color and powerhouse skin care that deliver results backed by research, personalized service and a 100 percent satisfaction guarantee. Now it's time for you to experience beauty at its best.  
**Think about pink. Think Mary Kay.**

\*Mary Kay was once again the best-selling brand in the combined categories of facial skin care and color cosmetics in the U.S. in 2005. Based on the most recent industry sales data according to Kline & Company, Inc.'s "Cosmetics & Toiletries USA 2006" study.

[www.marykay.co.in](http://www.marykay.co.in) or 1-800-11-7733



# VIDEO CASE 11

## MARY KAY

	India 2007	China 1995
Population (million)	1,136	1,198
Population age distribution		
• 0 – 24	52%	43%
• 25 – 49	33%	39%
• 50 +	15%	18%
Urban population	29.2%	29.0%
Population per square mile	990	332
Gross domestic product (U.S. \$billion)	\$3,113	\$728
Per capita income (U.S. \$)	\$950	\$339
Direct selling sales percent of total cosmetic/skin care sales	3.3%	3.0%

# VIDEO CASE 11

## MARY KAY

1. What information should be included in a written positioning statement for Mary Kay?

## VIDEO CASE 11

### MARY KAY

2. How would you draft a formal, written positioning statement for Mary Kay using the information detailed in question 1?

# VIDEO CASE 11

## MARY KAY

3. Is Mary Kay a global brand?  
Why or why not?

## VIDEO CASE 11

### MARY KAY

4. How has Mary Kay, India, focused on the different steps in the customer-based brand equity pyramid described in Figure 11-6?

# Product Life Cycle

A **product life cycle** describes the stages a new product goes through in the marketplace: introduction, growth, maturity, and decline.



# Product Class

A **product class** consists of the entire product category or industry.



# Product Form

A **product form** consists of the variations of a product within the product class.



# Product Modification

**Product modification** is a strategy that alters one or more of a product's characteristic, such as its quality, performance, or appearance, to increase the product's value to customers and increase sales.



# Market Modification

**Market modification** is a strategy in which a company tries to find new customers, increase a product's use among existing customers, or create new use situations.



# Trading Up

**Trading up** involves adding value to the product (or line) through additional features or higher-quality materials.



# Trading Down

**Trading down** involves reducing the number of features, quality, or price.



# Branding

**Branding** is a marketing decision in which an organization uses a name, phrase, design, or symbols, or combination of these to identify its products and distinguish them from those of competitors.



# Brand Name

A **brand name** is any word, device (design, shape, sound, or color), or combination of these used to distinguish a seller's goods or services.



# Trade Name

A **trade name** is a commercial, legal name under which a company does business.



# Trademark

A **trademark** identifies that a firm has legally registered its brand name or trade name so the firm has its exclusive use, thereby preventing others from using it.



# Brand Personality

**Brand personality** is a set of human characteristics associated with a brand name.



# Brand Equity

**Brand equity** is the added value a brand name gives to a product beyond the functional benefits provided.



# Brand Licensing

**Brand licensing** is a contractual agreement whereby one company (licensor) allows its brand name(s) or trademark(s) to be used with products or services offered by another company (licensee) for a royalty or fee.



# Multiproduct Branding

**Multiproduct branding** is a branding strategy in which a company uses one name for all its products in a product class.



# Multibranding

**Multibranding** is a branding strategy that involves giving each product a distinct name when each brand is intended for a different market segment.



# Private Branding

**Private branding** is a branding strategy used when a company manufactures products but sells them under the brand name of a wholesaler or retailer. Also called *private labeling* or *reseller branding*.



# Mixed Branding

**Mixed branding** is a branding strategy where a firm markets products under its own name(s) and that of a reseller because the segment attracted to the reseller is different from its own market.



# Packaging

**Packaging** is a component of a product that refers to any container in which it is offered for sale and on which label information is conveyed.



# Label

A **label** is an integral part of the package that typically identifies the product or brand, who made it, where and when it was made, how it is to be used, and package contents and ingredients.



# Warranty

A **warranty** is a statement indicating the liability of the manufacturer for product deficiencies.

