

**Industry Dynamics
and
Strategic Change**

by

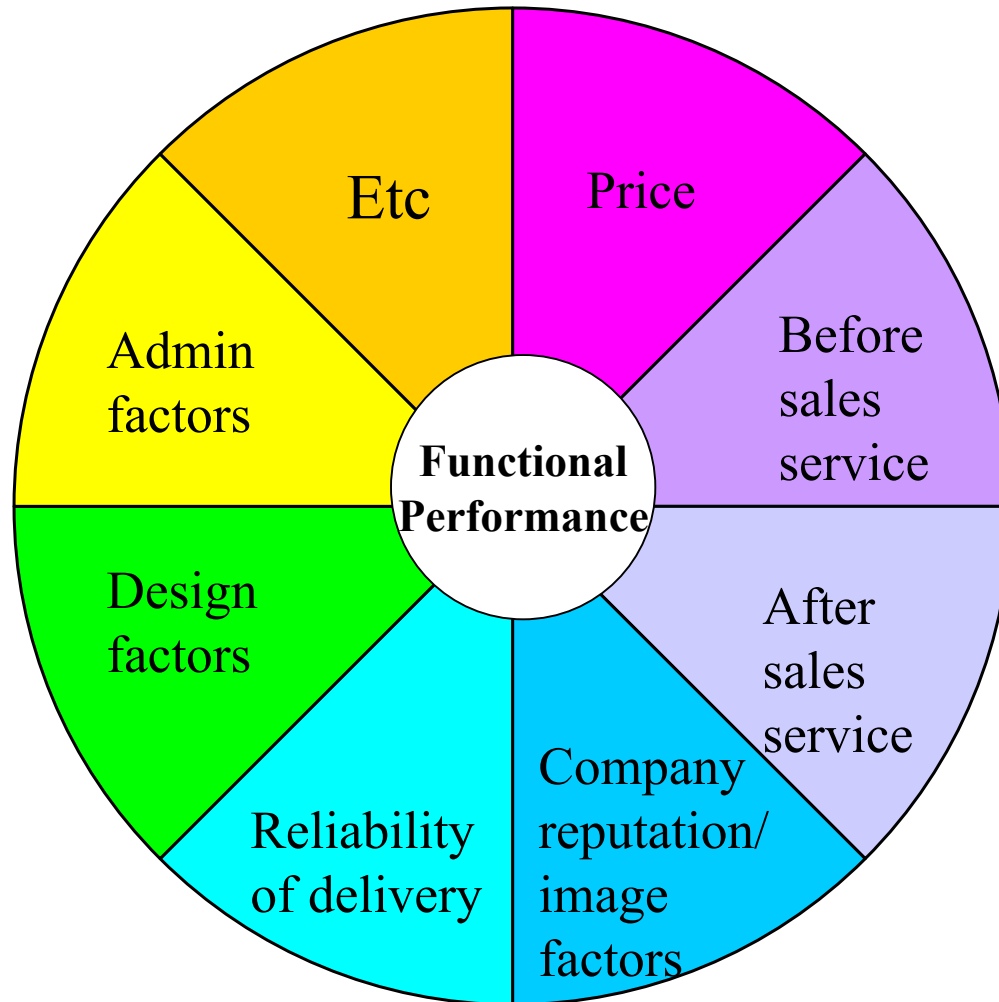
Sebastian Salicru

Results through **INNOVATION**

Introduction

1. What is a Product
 2. Product Life-Cycle
 3. Characteristics and Implications of Product Life-Cycle Stages
 4. Positioning
 5. Controlling Marketing Strategies
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What is a Product?

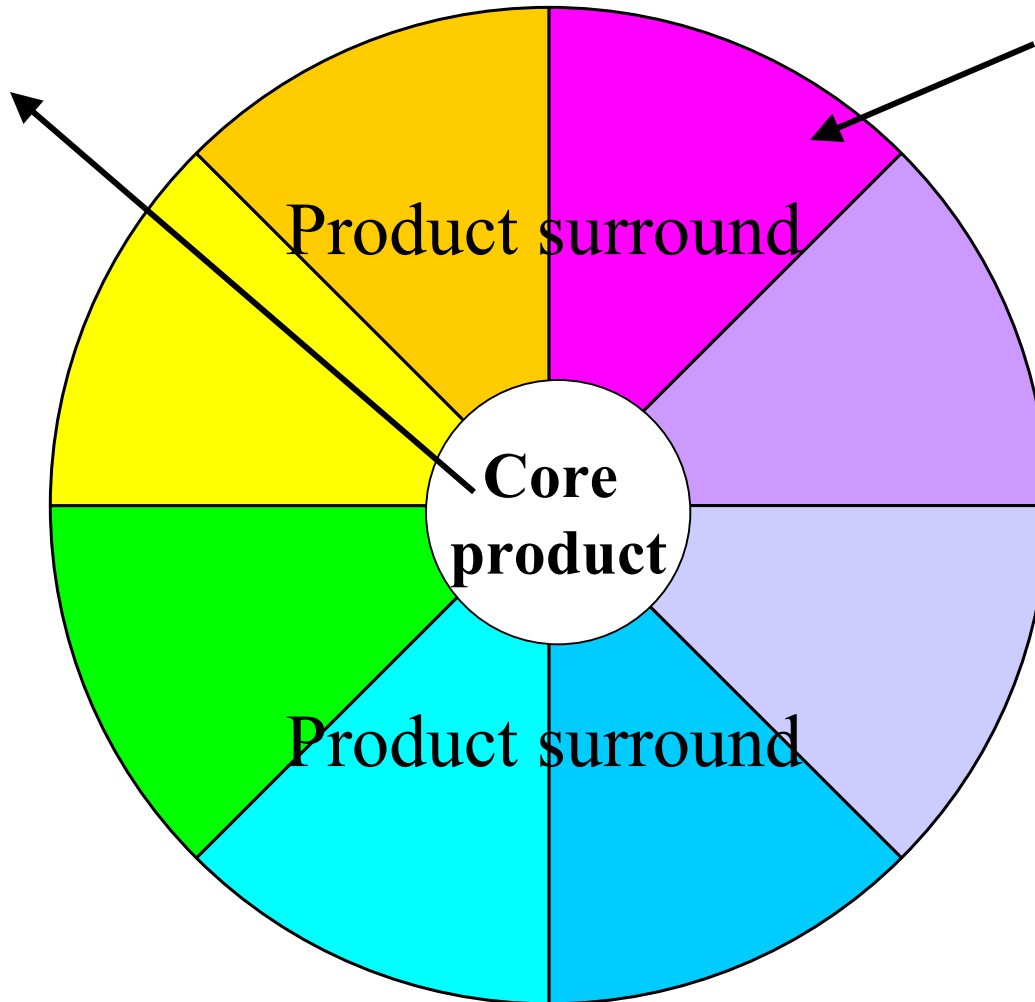


McDonald (1990)

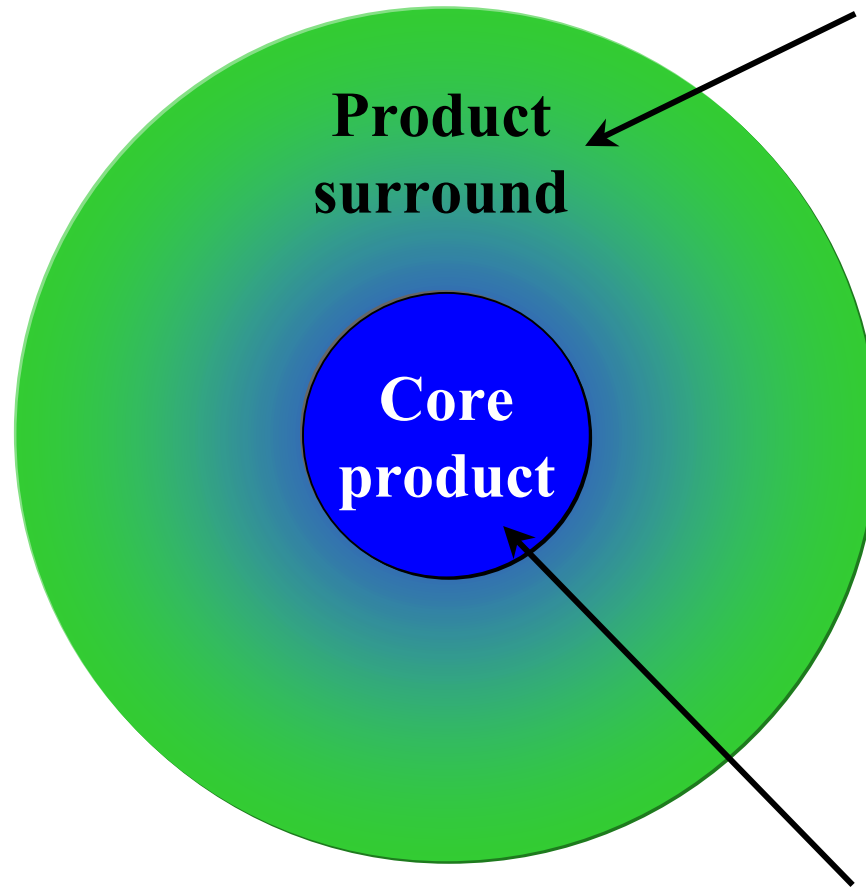
Product Surround

**20% of the
impact, but
80% of the
cost**

**80% of the
impact, but
20% of the
cost**



Product Surround



**80 percent of
the impact but
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The importance of the brand

A brand is one of the best indicators of the value of what we referred to as the ‘product surround’.

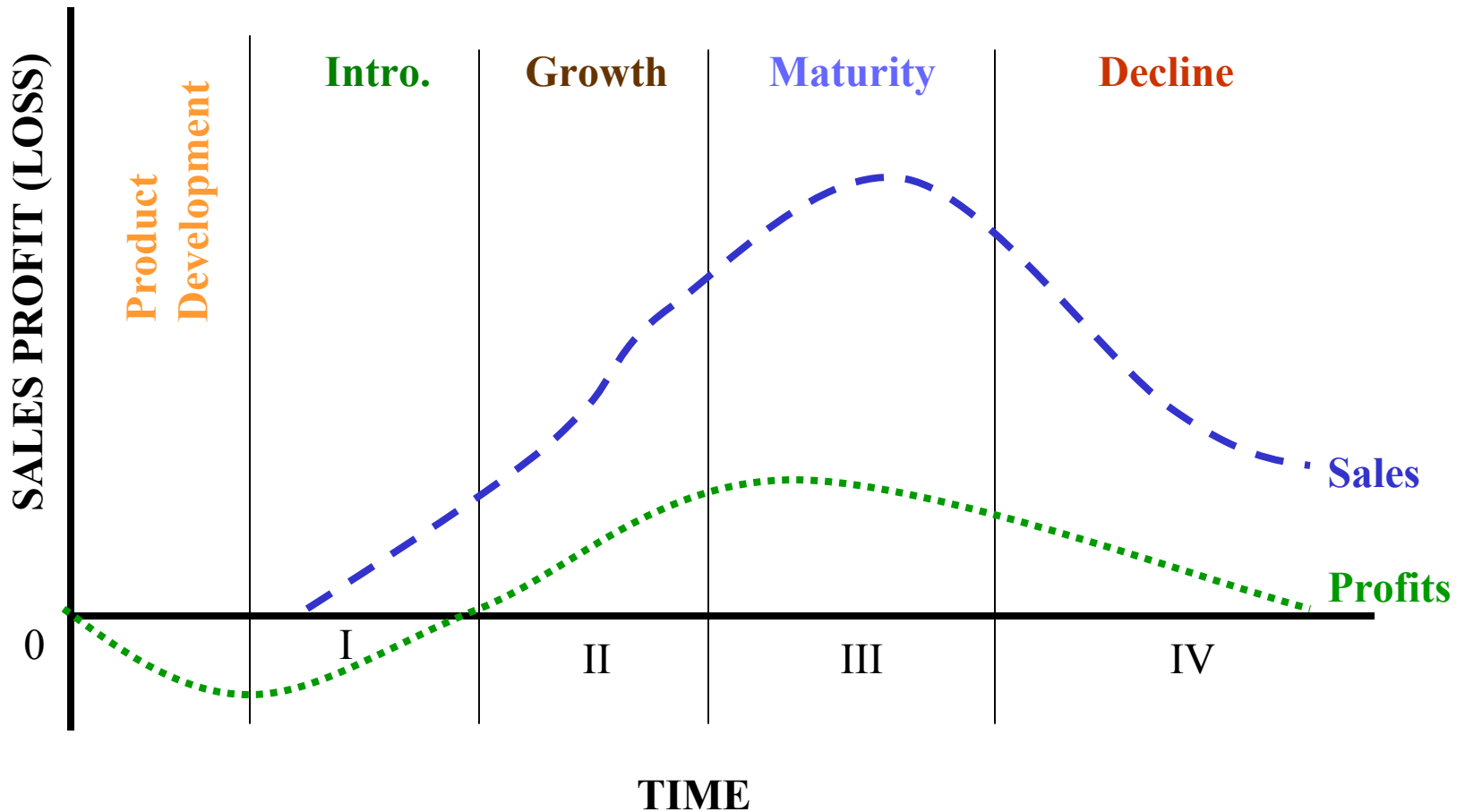
It is the major determinant of commercial success and includes relationships with customers.

The Product Life-Cycle

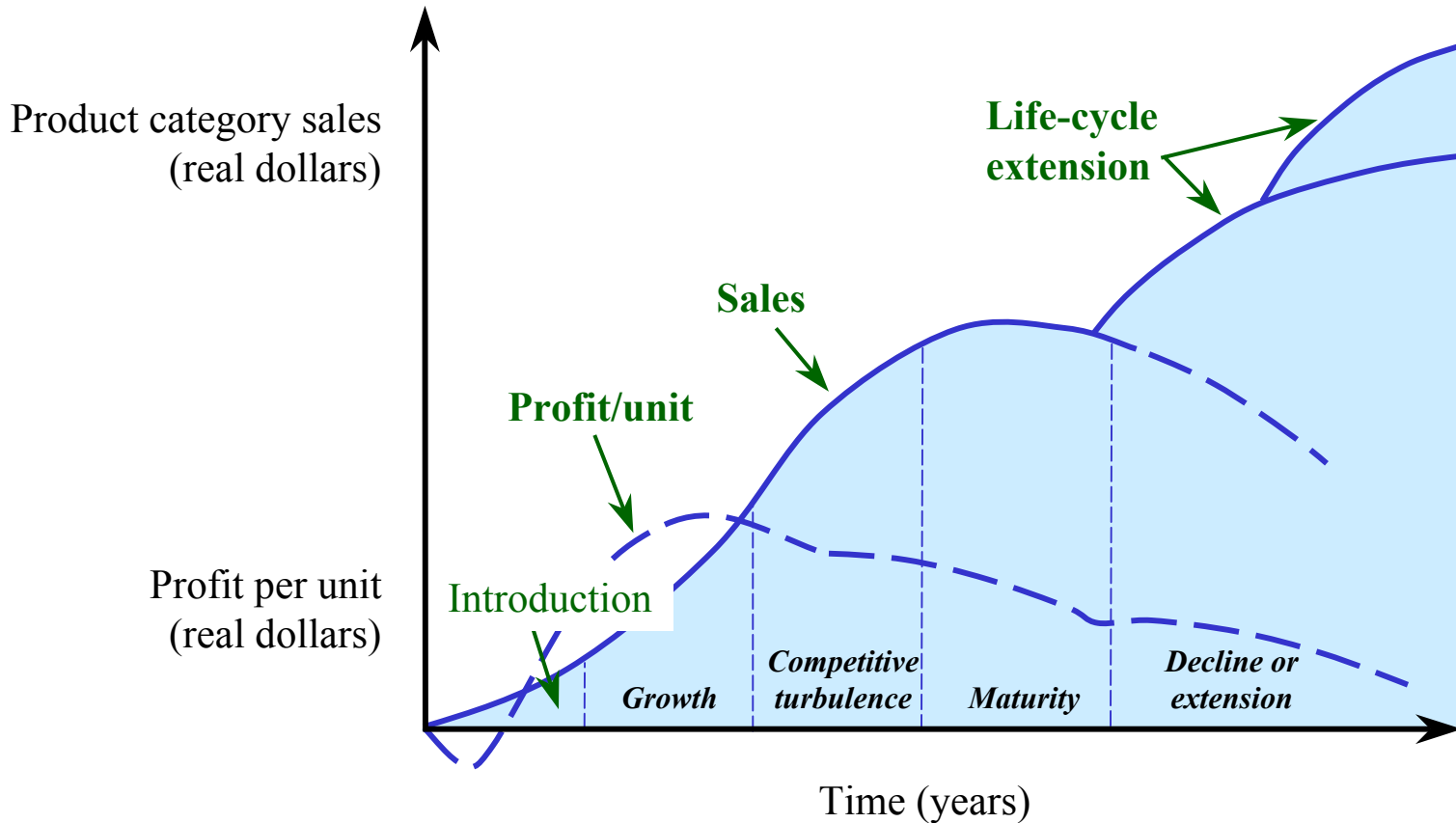
The product life cycle is concerned with the sales history of the product or service.

The cycle postulates that if a new product is successful at the introductory stage (and many fail at this point), then gradually repeat purchase grows and spreads and the rate of sales increases.

The Product Life Cycle



Extended Product Life Cycle



Characteristics and Implications of Product Life-Cycle Stages

Introductory Stage

Marketing Mix:

Skimming is designed to obtain as much margin per unit as possible.

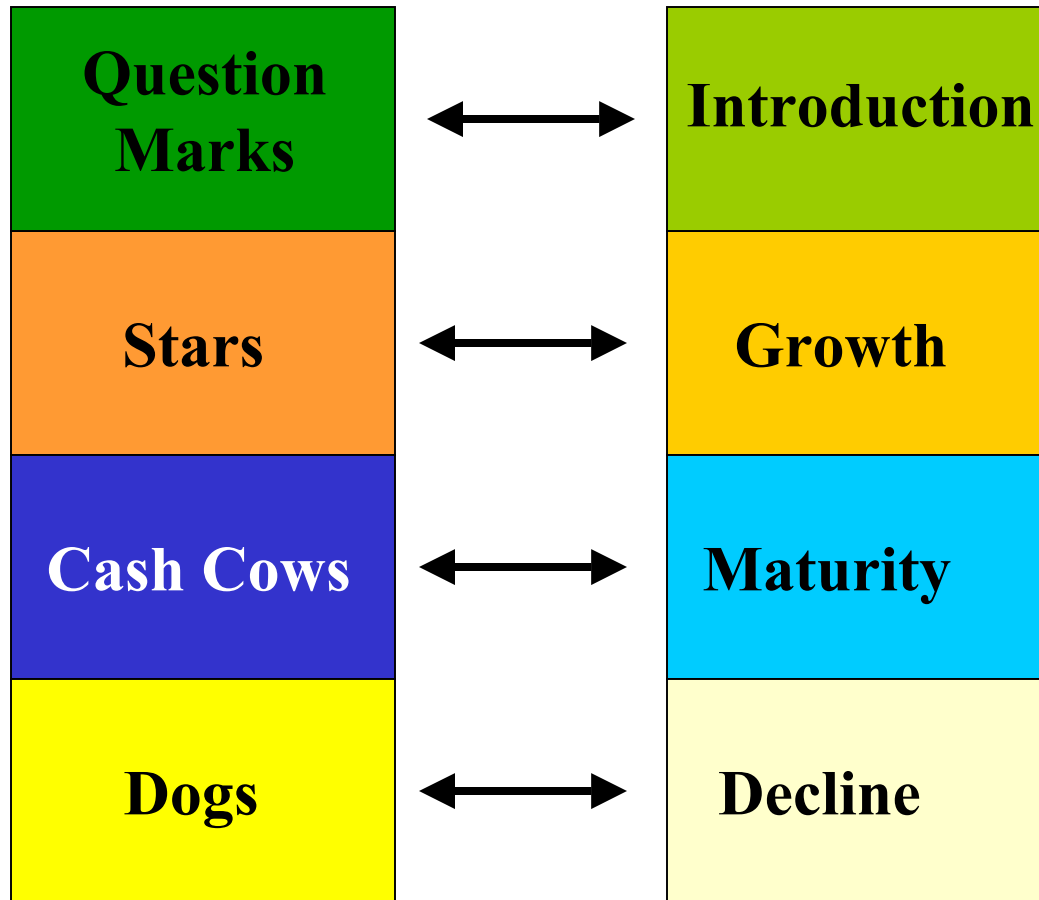
Penetration pricing enables a firm to strive for quick market development and makes sense when there is a steep experience curve (which lowers costs), a large market and strong potential competition.

Introductory Stage (Cont.)

Marketing Mix:

The importance of distribution and channel intermediaries varies substantially from consumer to industrial goods.

Linking the Boston Matrix and the Business Life Cycle



BCG Model

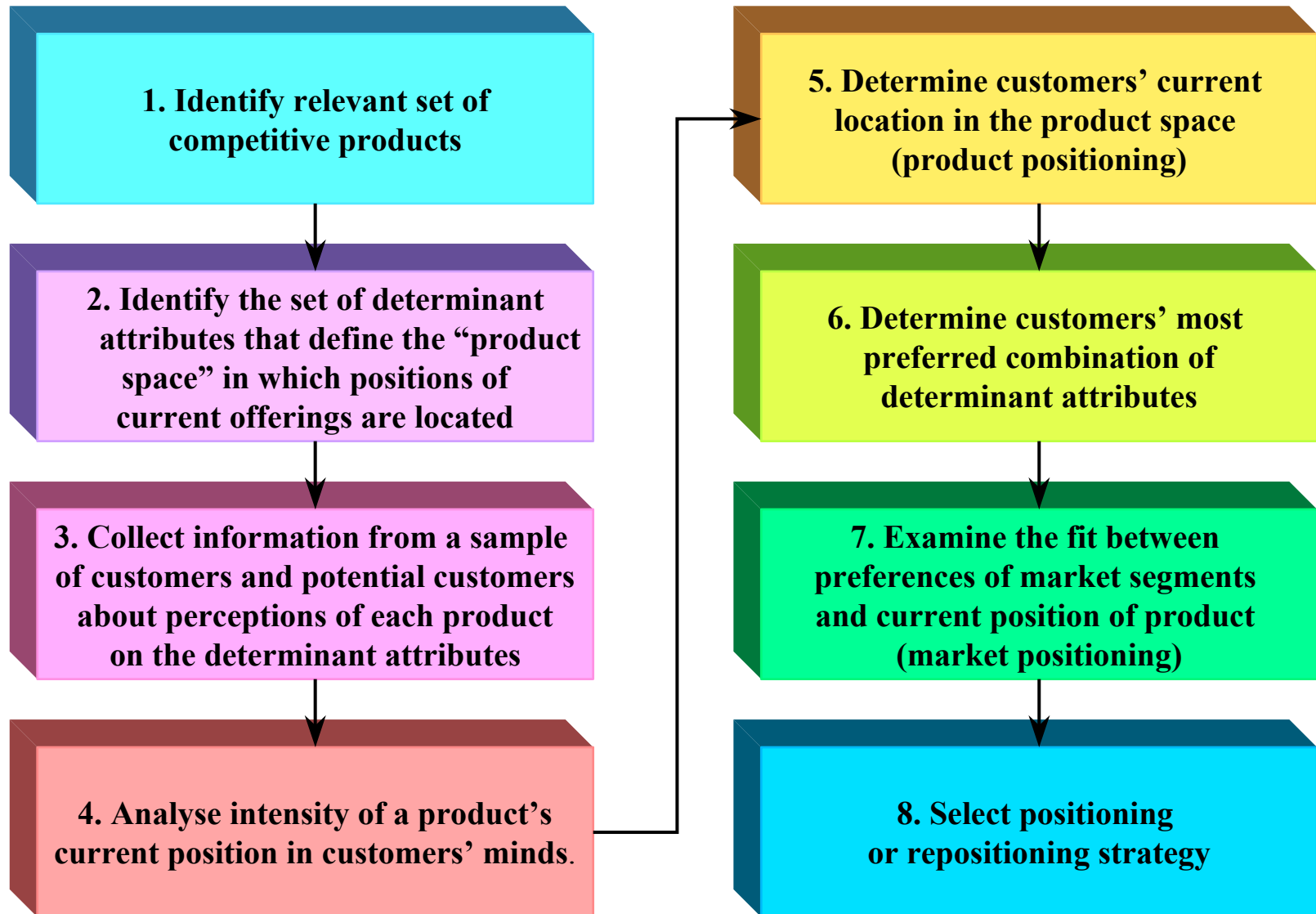
BLC Model

Positioning Decisions

and

The Positioning Process

Steps in the Positioning Process



Strategic Positions in the Market

Market Leader	
<ul style="list-style-type: none"> Largest market share Perceived as industry leader Leads industry moves 	<ul style="list-style-type: none"> Covers mainstream market Maintains share Has the largest profile Protects its profit base Major impact on the market
Market Challenger	
<ul style="list-style-type: none"> No. 2 or 3 in share Perceived as an alternative to leader Innovative and aggressive Seeking leadership 	<ul style="list-style-type: none"> Covers mainstream market Increases share Investing for future profit Major impact on the market
Market Follower	
<ul style="list-style-type: none"> A significant share Adequate quality lower priced alternative Quick to follow industry moves 	<ul style="list-style-type: none"> Covers largest segments of the market Holds or increases share Cost advantage Limited impact on the market
Market Specialist	
<ul style="list-style-type: none"> Large share of a small segment Small share of overall market Perceived as a specialist 	<ul style="list-style-type: none"> Specialises in a market niche Holds share Small, flexible and responsive Little impact on the overall market

Portfolio, Position & Life-cycle Stage

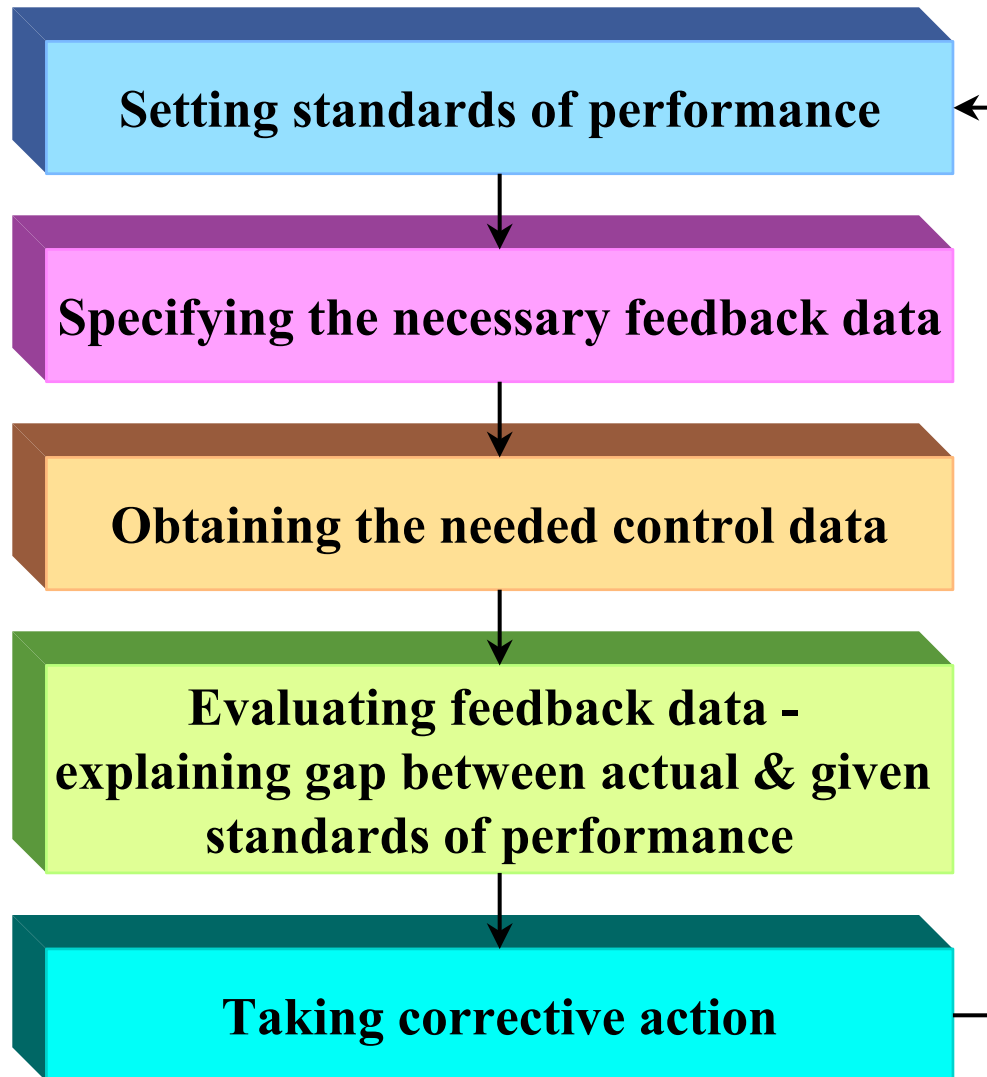
Product Classification	Life-cycle Stage	Product Stage	Strategy Guideline
Question Mark	Growth	Introduction	Investment
Star	Growth	Growth	Maintenance
Cash Cow	Maturity	Maturity	Harvesting
Dog	Maturity	Decline	Withdrawal

Controlling Marketing Strategies

The Control Process

The Contingency Planning Process

The Control Process



The Contingency Planning Process

