

COURSE: FUNDAMENTALS OF MARKETING

LECTURE 7: PRODUCT

LECTURER: DR LUCY KARIMI KIRIMA

Lecture learning outcomes:

At the end of the lecture, you will be able to:

- 1. Understand what is a product**
- 2. Discuss essential attributes of a Product**
- 3. Examine classification of Goods**
- 4. Discuss new product development**
- 5. Examine product life cycle**

PRODUCT

Product is a physical or a non-physical good or service, made by a company to be sold to a customer fulfilling specific customer's stated or unstated needs. A product has a benefit which completes a customer need and for which a customer pays. A finished set of goods or input materials or even services are classified as products. A product is not complete in itself and requires other factors of business like marketing, distribution, sales, service etc. to be successful. A product is something that is manufactured for sale in the market. Customer needs are met by the usage of products. Product is one of the main components of marketing—all marketing activities revolve around the product. Products can be tangible or intangible. Tangible products are known as goods while intangible products are called services. The term product can be understood in narrow as well as broad sense. In a narrow sense, it is a set of tangible physical and chemical attributes assembled in an identifiable and readily recognizable form. Ordinarily speaking, product or goods is a word which means any commodity which can be recognised by its certain shape, quality or quantity for example a car, book, watch, clothes. Actually this meaning of the product is narrow in sense. In a broader sense, it recognizes each separate brand as a separate product. The word 'Product' is taken in wider perspective in marketing. Here, every brand is considered a separate product i.e., Lux and Lifebuoy—both are soaps, but are treated as separate products. In narrow sense, these will be considered as merely soaps. A product can be defined as “A good, idea, method, information, object, or service that is the end result of a process and serves as a need or want satisfier. It is usually a bundle of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers to a buyer for purchase.”

Every business firm undertakes the function of product selling, though it may or may not be visible. A laundry firm provides the clothes-washing service. This function is similar to product selling which a retailer performs. Firms while selling their products, sell services too which are related to their products. A consumer buys a product because he gets psychological and physical satisfaction from that product. Thus a seller not only sells his products rather he enters into marketing of such psychological and physical satisfaction. For example, a person while purchasing a product does not bother about the inputs by which that product is manufactured. He is rather interested in the fact as to what utility or satisfaction, he will gain by using that product. In this context, the ideas of George Fisk are worth describing. According to him, "Product is a cluster of psychological satisfaction." (Chahat, DSPMU).

A product is what a seller has to sell and what a buyer has to buy. It satisfies the needs of customers. Customers purchase products because they are capable of realizing some benefits to the purchaser. A marketer can satisfy the needs and wants of his customers by 'offering something' in exchange for money. And this 'offering' is basically a product. The product is one of the important elements of the 4Ps of the marketing mix. It consists of a bundle of tangible and intangible attributes that satisfies consumers. Product is an important component in marketing-mix. Other elements of marketing-mix i.e. price, promotion and place are complementary to it. A product is central to the marketing operations in an organization. Most of the time product fails not because of poor quality but because they fail to meet the expectations of the customers. It is not just a bundle of physical attributes, but a bundle of perceived benefits which satisfy consumer's needs. Hence, utmost care should be taken to handle product decisions. A bad product not only generates bad name for the firm but also affects negatively the price set for the product, dissuades the channel members and reduces the believability of the promotional measures.

- In a narrow sense, "A product is a set of tangible physical attributes in an identifiable form" (W.J. Stanton). But in marketing, product is used in a broader form.
- According to W. Alderson "A product is a bundle of utilities consisting of various product features and accompanying services".
- According to Philip Kotler "A product is anything tangible or intangible that can be offered to a market for attention, acquisition use or consumption that might satisfy a need or want".
- According to Cravens, Hills and Woodruff "Product is anything that is potentially valued by a target market for the benefits or satisfactions it provides, including objects, services, organizations, places people and ideas".

Stanton defines, “A product is a set of tangible and intangible attributes, including packaging, colour, price, manufacturer’s and retailer’s services, which the buyer may accept as offering satisfaction or wants or needs”.

- According to Philip Kotler, “A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organization and ideas”.

From the above definitions, it is clear that product has the want satisfying attributes which drive a customer to purchase the product. It is nothing but a package of problem solving devices and is something more than a physical product. This is because a product encompasses a number of social and psycho-logical attributes and other intangible factors which provide satisfaction to the consumer.

Features of a Product:

- i. **Tangibility:** Products are tangible in nature, customers can touch, seen or feel a products. For example, car, book, computer etc.
- ii. **Intangible Attributes:** Service products are intangible in nature, services like, consultancy, banking, insurance etc. The product may be combination of both tangible and intangible attributes like restaurants, transportation, in case of a computer it is a tangible product, but when we will talk of its free service provided by dealer, then the product is not only a tangible item but also an intangible one.
- iii. **Associated Attributes:** The attributes associated with product may be, brand, packaging, warranty, guarantee, after sales services etc.
- iv. **Exchange Value:** Irrespective of the fact that whether the product is tangible or intangible, it should be capable of being exchanged between buyer and seller for a mutually agreed price.
- v. **Customer Satisfaction:** A product satisfies the customer needs and wants of customers, value of products is also determined by the level of satisfaction given by a product after purchase.

Description of a product

A product needs to be relevant: the users must have an immediate use for it. A product needs to be functionally able to do what it is supposed to, and do it with a good quality.

- A product needs to be communicated: Users and potential users must know why they need to use it, what benefits they can derive from it, and what it does difference it does to their lives. Advertising and 'brand building' best do this.
- A product needs a name: a name that people remember and relate to. A product with a name becomes a brand. It helps it stand out from the clutter of products and names.

- A product should be adaptable: with trends, time and change in segments, the product should lend itself to adaptation to make it more relevant and maintain its revenue stream.

Features of Product Concept of Marketing:

1. **Emphasis on Product Quality** Product concept of marketing gives emphasis to produce quality goods in large quantity.
2. **Reasonable Price** The product concept believes that no hard effort needs to sell quality products at reasonable price.
3. **No Concern with Customers' Need** The product concept does not care for customers' needs, wants or interest, preference etc. rather it focuses attention on producing quality and durable goods at lower cost.
4. **Quality Improvement** The product concept believes that quality product should be improved to attract customers.

Essential Attributes of a Product

1) **Tangible or Intangible:** It may be capable of being touched, seen and felt. For example, products like a refrigerator and motor cycle are tangible. At the same time, a product need not necessarily be tangible. It can be intangible but capable of providing a service. For instant repairing, hair-dressing and insurance, etc. are intangible but provide satisfaction to the customers.

2) **Associated Attributes:** A product consists or various product features and accompanying services. Thus, a product is comprised of attributes including colour, package, brand name, accessories, installation, instruction to use, manufacturing prestige, retailer's prestige, after sale service, etc. These attributes differentiate the products from each other.

3) **Exchange Value:** A product must be capable of being exchanged between a buyer and seller at a mutually acceptance cost.

4) **Satisfaction:** It should be capable of providing, satisfaction to the buyers both real and psychological. As far as the seller is concerned, it should provide the much needed business benefit (According to Rashmi (Principles of marketing),

The product concept has three dimensions:

i. Managerial Dimension:

It covers the core specifications or physical attributes, related service, brand, package, product life-cycle, and product planning and development. As a basis to planning, product is second only to market and marketing research The product offering must balance with consumer-citizen needs and desires. Product planning and development can assure normal rate of return on investment and continuous growth of the enterprise.

ii. Consumer Dimension:

To the consumer a product is actually a group of symbols or meanings. People buy things not only for what they can do, but also for what they mean. Each symbol communicates a certain information. A product conveys a message indicating a bundle of expectations to a buyer.

Consumer's perception of a product is critical to its success or failure. A relevant product is one that is perceived by the consumer as per intentions of the marketer. Once a product is bought by a consumer and his evaluation, i.e., post-purchase experience is favourable, marketers can have repeat orders.

iii. Social Dimension:

To the society salutary products and desirable products are always welcome as they fulfill the expectations of social welfare and social interests. Salutary products yield long-run advantages but may not have immediate appeal.

Desirable products offer benefits, immediate satisfaction and long-run consumer welfare. Society dislikes the production of merely pleasing products which only give immediate satisfaction but which sacrifice social interests in the long-run.

Marketers have to fulfill the following social responsibilities while offering the products to consumer:

- i. Conservation and best use of resources,
- ii. Safety to users,
- iii. Long-run satisfaction of consumers,
- iv. Quality of life, concern for better environment,
- v. Fulfilment of government regulations relating to composition, packaging and pricing of many products.

Levels of product

Kotler defined a product as anything that could meet consumer needs or wants. It's important to note that a lot of needs and wants are not related to product functionality. That is, the needs and wants of the consumer are more abstract in nature. Offering products with abstract value is the goal of any business. Since the consumer receives this value on top of the functional value of the product, their buyer satisfaction is higher. Satisfaction is also increased when the perceived value of a product matches the actual value of owning it. Once a product has high perceived value, the brand behind the product forms an emotional bond with the consumer. This increases brand equity and ensures that a business is top-of-mind the next time a consumer needs to make a purchase.

The Five Product Levels model was developed by Philip Kotler in the 1960s. It can be useful in helping organizations understand their customers. The five product levels are:

1) **Core benefit:** The first and the basic level is the core product/benefit the customers look at. It is the basic good or service purchased, aside from its packaging or accompanying services. The core benefit is the fundamental need or wants that the customer satisfies when they buy the product or service. For example, the core benefit of a hotel is to provide somewhere to rest or sleep when away from home.

2) **Generic product:** The generic product is a basic version of the product made up of only those features necessary for it to function. In our hotel example, this could mean a bed, towels, a bathroom, a mirror, and a wardrobe.

3) **Expected product:** The expected product is the set of features that the customers expect when they buy the product. In our hotel example, this would include clean sheets, some clean towels, Wi-fi, and a clean bathroom.

4) **Augmented product:** The augmented product refers to any product variations, extra features, or services that help differentiate the product from its competitors. In our hotel example, this could be the inclusion of a concierge service or a free map of the town in every room.

5) **Potential product:** The potential product includes all augmentations and transformations the product might undergo in the future. In simple language, this means that to continue to surprise and delight customers the product must be augmented. In our hotel, this could mean a different gift placed in the room each time a customer stays. For example, it could be some chocolates on one occasion, and some luxury water on another. By continuing to augment its product in this way the hotel will continue to delight and surprise the customer.

Product Classification

1. Convenience Goods

Convenience Goods, usually of semi-durable nature, refer to those comparatively high value items which the customers buy after paying consideration as to quality, price, design, etc. The buying motives of the customers exhibit a high degree of differentiation in the purchase of these items. Examples are; shoes, ready-made garments, cosmetics, etc.

2. Speciality Goods

Speciality goods refer to those items which possess unique characteristics and/or brand identification and for which a significant group of buyers are habitually willing to make a special purchasing effort. These are usually of durable nature and high unit value, and the customers' brand preferences dictate their buying motives. Examples are; T.V., radio, refrigerators, steel furniture, etc.

3. Industrial Goods

Industrial Goods refer to those goods which are destined to be sold primarily for use in producing other goods or rendering services as contrasted with the goods destined to be sold primarily to the ultimate consumers.

a) Raw Materials:

Raw materials may be agricultural items (e.g. cotton) or items of semi-finished nature (e.g. steel) or parts for the finished product to be assembled (e.g. parts of a motor vehicle).

b) Equipment's:

Equipment's may be basic installations (e.g. boiler, turbines) or accessory products (e.g. calculator, time clocks). These items move directly from the producers to the industrial users.

c) Fabricated Items:

Fabricated items consist of those parts that are used in the assembly of finished goods like automobiles, etc.

d) Operating Supplies:

Operating supplies such as fuel, coal, etc. neither form a part of nor enter into the product but are necessary for the running of industries.

New Product

New products are "new" in varying degrees. They may be minor or major modifications of a firm's existing products. They may be new to the particular firm but not new to the market. If new to the firm, they may be closely related, loosely related, or totally unrelated to the firm's existing products. Or a product may be new to the market, something not previously available in any form. If a product is both new to the market, so that there is nothing by way of guidance to be found in the experience of others, and also unrelated to a firm's existing products, so that there is little carry-over of experience from these, then the risks of product innovation are great. New products, therefore, for our purposes will include original products,

improved products, modified products, and new brands that the firm develops through its own Research and Development efforts.

Booz, Allen and Hamilton identified six types of new products in terms of their newness to the company and to the marketplace. They are:

- **New-to-the-World Products:** New-to-the-world products are those products that create an entirely new market.
- **New-Product Lines:** If a company can enter an established market for the first time with a product it is called new-product line.
 - **Additions to Existing Product Lines:** New products that supplement a company's established product lines are called additions to existing product lines.
 - **Improvements in / Revisions to Existing Products:** New products that provide improved performance or greater perceived value and replace existing products are referred to as improvements in/revisions to existing products.
 - **Repositioning:** Repositioning is modifying the existing products/brands in some way so as to widen their appeals or direct appeals to other market segment (s).
 - **Cost Reductions:** New products that provide similar performance at lower cost is termed as a cost reduction.

Challenges in New-Product Development Considering the extreme competition in contemporary business, companies are exposed to greater risk that fail to develop new products. Changing needs and tastes of consumer, new technologies, shorter product life cycles, and increased competition at home and abroad have made existing products vulnerable and side by side new-product development can be very risky. It was found in a study that new-product failure rate was 40% for consumer goods, 20% for industrial goods, and 18% for service products. Several reasons are responsible for this high rate of failure. They may be as follows:

- If a high-level executive pushes a favorite idea through disregarding negative research findings of the marketing department.
- If there is an overestimation of the market size of a good product idea.
- If the actual product is not designed appropriately.

- If it is overpriced, not positioned correctly, or advertised ineffectively.
- If development costs go beyond the expected costs.
- If competition is found stronger than anticipated. New product development may be affected by several other factors in addition to the factors mentioned above. They could be as follows:
 - **Faster Development Time:** With the fear that competitors may work the same new idea, many companies compress development time by using computer aided design (CAD) and manufacturing techniques, early concept tests, and advance marketing planning which may not suit the needs and tastes of the customers.
 - **Shortage of Important New-Product Ideas in Certain Areas:** Some of the basic products such as steel, detergents etc. have got few opportunities for improvements.
 - **Costliness of New-Product-Development Process:** After generating many new-product ideas, a company finds just one or a few worthy of development for which it has to spend substantial amount of money for Research and Development , manufacturing, marketing and other areas.
 - **Shorter Product Life Cycles:** In this age of imitation, a new product is immediately copied by the competing companies which makes the life cycles of the product really short, so short that at times a company cannot even realize the cost of development of the product.
 - **Fragmented Markets:** Markets are getting fragmented day by day due to keen competition which forces a company to target its product to a smaller segment not worthy to make profit.
 - **Social and Governmental Constraints:** Due to consumer safety, ecological compatibility, government restrictions and regulation, new product development in certain areas has become more difficult.

New Development Process

Developing new product is a real challenge for any firm . The reason is that if the product is not well accepted by the target consumers, investment goes into ashes. New product development process involves eight sequential stages. Companies face challenge in each of the stages. Marketing manager should, therefore, proceed very

carefully along the new product development process. Development of product, in essence, is the process of fitting the proposed product to the requirements and opportunities of the market. Although organizational structures companies may use for new product development vary, the processes they go through are somewhat alike. The new product development process involves eight stages each of which has major marketing challenges.

Idea Generation

The first step in developing new products is idea generation. Usually, the marketing executive will create or obtain a pool of ideas that can be examined for possible commercialization. But, it is to mention here that, this pool is not always easy to develop. There could, many potential sources of new product ideas. One of the most valuable is the company's customers. A marketing executive can actively solicit suggestions, formally study consumer needs through research, or simply observe their behavior. The other source of new product ideas is the company's sales people. Sales people have some appreciation of the company's capabilities and customer's needs. Another source is the other departments of the company (research, production). Starting from top executives down to the lowest paid employees, ideas for new products frequently come from the inside. Sources for new product ideas can also come from competing firms, company's scientists, engineers, designers, inventors, trade associations, trade and professional publications, commercial development companies, patent attorneys, university and commercial laboratories, industrial consultants, advertising agencies, marketing research firms, idea people and many others.

1. Idea Generation Techniques:

Following techniques can be used by individuals and groups to generate new ideas:

- **Attribute Listing Technique:** Under this technique, major attributes of a product are first listed and then efforts are taken to modify attribute (s) to give the product a new shape we mean an improved product.
- **Forced Relationships:** In this technique, number of objects are first listed and then each of the object is considered in relation to every other object to create a new product having multiple use, for example a torch light, a clock, a radio, and a rechargeable light all in one.

- **Morphological Analysis:** Under this method structural dimensions of a problem is identified and relationships among different dimensions are examined to find ideal combinations of a product, for example a videophone.
- **Need / Problem Identification:** This technique takes into account problems faced by consumers using a particular product complaints made by them with regards to a particular product. Product can be modified or a completely new product may be developed that fit well with consumers' need.
- **Brainstorming:** This technique is based on the idea "the more the merrier". Here a group of eight to ten people discusses a problem in order to generate as many ideas as possible and to pick the best one from among them. Following guidelines should be followed as identified by Osborn in order to make the conference effective:
 - **Criticism to be ruled out:** Avoid negative comments on ideas until the time comes.
 - **Freewheeling is welcomed:** Encourage wilder ideas in order to pick the best one.
 - **Quantity is encouraged:** The concept of "the more the merrier" is pursued.
 - **Combining and improving ideas is encouraged:** In the brainstorming session, participants should coordinate with each other to combine ideas to get synergistic results.

2. Idea Screening

In this step the marketing executive will try to eliminate all those ideas that do not appear to hold reasonable promise. Through this the executive can reduce the cost of further studying ideas that may never reach commercialization. Moreover, the process can be speed up for ideas having merit. Idea screening should be based on a well-developed program to determine if the ideas fit with company objectives and resources. Ideas should be measured against nine criteria in order to identify their relative weight. They are: compatibility with objectives, compatibility with company image, compatibility with other lines, compatibility with manufacturing processes, compatibility with cost limits, identified target market, marketable through existing channels, degree differs from competition, and legally protectable. The relative weight should be measured on a three point scale showing good (1.0), fair (0.5), and poor (.0).

Concept Development and Testing Ideas considered attractive, must be converted into product concepts that are testable. If the product idea is converted into meaningful consumer terms it can be considered as a product concept. The reason for concept development is that consumers buy product concept, not product ideas. For example, an automobile manufacturer gets the idea of producing a solar-power automobile. A product idea to be converted into product concept and a particular idea may be converted into quite a number of concepts. In this case, one of the concepts could be an electric automobile which can operate up to 100 miles without recharging and seats five passengers; the second concept could be an electric lorry which can operate up to 200 miles without recharging and goods carrying capacity of 10 tons and so on.

The next step is concept testing.

Out of the original product ideas, only about 20 percent will survive the preliminary screening. The other 80 percent will be eliminated because they did not fit the company's objectives, production, financial, or marketing criteria. In the concept development phase the survived ideas were turned into specific product concept. In the testing phase they will be tested with an appropriate group of target consumers presenting the concepts physically or symbolically. To do this, the marketing executive must decide on a limited number of concepts, estimate their costs, designs, and retail prices, and then obtain potential consumer reaction. Respondents here are presented with a detail of each of the concept to be tested and are requested to answer following questions:

Q.1. Are the benefits clear to you and believable?

Q.2. Do you see this product as solving a problem or filling a need for you?

Q.3. Do other products currently meet this need and satisfy you?

Q.4. Is the price reasonable in relation to the value?

Q.5. Would you (definitely, probably, probably not, definitely not) buy the product?
and,

Q. 6. Who would use this product and how often would it be used?

The above questions are asked to measure the concept's communicability, believability, need level, gap level, perceived value, purchase intent and user targets

and purchase frequency. The marketer at this stage summarizes the responses of the respondents in order to see whether the concept if converted into physical product will largely be favored by the target consumers. Such of research will provide the marketing executive with some reasonable data so he can decide whether or not to proceed. Research can also provide some ideas for improving or otherwise modifying the product concept before any further development is undertaken.

3. Marketing Strategy Development

As soon as the concept testing is done, product manager, in order to introduce the product in the market will develop a preliminary marketing strategy plan which may be further modified depending on the necessity. There are three parts of such a strategy plan each of which describes separate aspects. For example, the first part is concerned with the description of behavior, size and structure of the target market; product positioning that has been planned; and first few year's sales, market share and profit targets. Product's planned price, distribution strategy, and marketing budget for the first year is described in the second part of the strategy, while the long run sales, profit goals and marketing mix strategy over time are described in the third part of the marketing strategy plan.

4. Business Analysis

After the product concept and marketing strategy is developed, attractiveness of the proposal is evaluated by the management to see whether company's objectives will be attained considering cost involved, sales to be made and profit that may be generated from this sales. Product development stage starts if management gets positive answer to the above question.

Business analysis consists of

Estimating total sales (including estimation of first-time sales, estimation of replacement sales, and estimation of repeat sale), and

Estimating cost and profits: Estimating Total Sales: It is necessary for management to know whether estimated total sales of the proposed product will warrant satisfactory profit to decide on product development. By summing up the estimated first-time sales, estimated replacement sales, and estimated repeat sales, a company

arrives at estimated total sales figure. Since product life-cycles sales vary according to the type of product, methods used for sales estimation also vary.

Estimating Costs and Profits: The next step in business analysis is estimation of costs and profits. When sales forecasts are prepared, management wants to see the costs that may involve in making the estimated sales as well as the profits that may be generated from such sales. By preparing a statement showing a couple of years' costs and revenues to be generated by the proposed product, management arrives at the decision whether the product is worth developing or not. Preparation of such a statement is facilitated by different estimates prepared by finance, marketing, manufacturing, and research and development departments.

To evaluate the merit of a new product proposal, companies use different financial measures such as break-even analysis in order to estimate how many units it should sell to reach a position where costs and revenues are same i.e. no profit no loss situation. Later companies go for estimating profit through risk analysis.

5.Product Development

At this stage a prototype is developed for each of the relatively few product concepts that survive business analysis. They are expensive, but essential for marketing executives to more completely define the final characteristics and features of the product concept, ensuring that the idea can be translated into a product. Here any engineering or general production problems will be uncovered and examined. The concept will be eliminated if such problems cannot be resolved. After the prototype is created, it can be tested for quality, durability, consistency, and other function related criteria. Additionally, it can be consumer tested on a small group to determine how they will use it, how well they like it, and any further changes they consider useful.

Market Testing The marketing executive cannot be sure just how consumers will react to the product once it is in the marketplace even if the preliminary work is done. It is therefore advised that the product may be tested in a limited number of areas, for a short period of time, with a relatively large marketing budget. It involves the sale of a proposed new product under conditions as near normal as possible in a test market that is as representative as possible of the target market. Some evidence can then be obtained as to how well the product will perform when launched. If the

product can be easily copied by competitors, or if it is a copy of a product already on the market, the marketing executive may by-pass this step. The need for market testing of new products stems from the inherent limitations of concept testing. Concept testing is artificial in varying degrees as far as market conditions are concerned. Concept testing usually involves only some, and not all, aspects of the new product.

It is to be remembered that, however, market testing is not a foolproof method for evaluating a product. The basic problem of sampling error is an important one. Cost limitations usually prevent the use of a truly representative sample of the total market. Usually only one or a few cities are chosen for test marketing. Also, the cost of arranging for the gathering of maximum information in the test market is high. Expensive store audits and consumer surveys may be necessary to do this. The marketing expenditures tend to be large in order to get more speedy consumer usage, and competitors often alter their normal marketing strategies in order to confuse the test market results and give themselves additional time to prepare their strategies for the new product. Because of cost, as well as for other reasons, the time that can be devoted to test marketing is usually limited. It is questionable whether sales in a short time period are fully representative of longer-term sales experience. The difference between initial sales and repeat sales is particularly critical. Initial sales may indicate a high customer interest in a new product, but only repeat sales indicate the presence of the sort of customer satisfaction on which long-term success must be built.

6.Commercilization

When a product reaches this stage in the development process, it is completed. Marketer reaches this final decision based on the results of market testing and the decision is launching the product. Number of decisions must be taken before the product is launched in the marketplace and they are : when to launch, where to launch, who should be the target markets, what should be the introductory market strategy relating to distribution, promotion, and pricing. During commercialization, plans for full-scale manufacturing and marketing must be refined and settled, and budgets for the project must be prepared. In the early part of commercialization phase, marketing manager analyzes the results of test marketing to find out what changes in the marketing mix are needed before the product is introduced. The

results of test marketing may tell the marketers, for example, to change one or more of the product's physical attributes, to modify the distribution plans to include more retail outlets, to alter promotional efforts, or to change the product's price.

An organization gears up for large-scale production during the commercialization phase. This activity may require sizable capital expenditures for plant and equipment, and the firm also may need to hire additional personnel.

During this phase marketers often spend enormous sums of money for such promotional efforts as advertising, personal selling, sales promotion, and publicity. These expenses, coupled with capital expenditures, can make the commercialization phase extremely costly. If the customers accept the product rapidly, commercialization becomes significantly easier. If marketers can make the customers aware of the products' benefits and motivate them, their chances of success in the marketplace increase significantly (Blangedish Open University)

Product Life Cycle

A product has a life of its own and goes through cycles. Although different products have different types of life cycles. Products typically go through four stages during their lifetime. Each stage is different and requires marketing strategies unique to the stage.

Introduction Stage

This stage involves introducing a new and previously unknown product to buyers. Sales are small, the production process is new, and cost reductions through economies of size or the experience curve have not been realized. The promotion plan is geared to acquainting buyers with the product. The pricing plan is focused on first-time buyers and enticing them to try the product.

Growth Stage

In this stage, sales grow rapidly. Buyers have become acquainted with the product and are willing to buy it. New buyers enter the market and previous buyers come back as repeat buyers. Production may need to be ramped up quickly and may require a large infusion of capital and expertise into the business. Cost reductions occur as the business moves down the experience curve and economies of size are realized. Profit margins are often large. Competitors may enter the market but little rivalry

exists because the market is growing rapidly. Promotion and pricing strategies are revised to take advantage of the growing industry.

Mature Stage

In this stage, the market becomes saturated. Production has caught up with demand and demand growth slows precipitously. There are few first-time buyers. Most buyers are repeat buyers. Competition becomes intense, leading to aggressive promotional and pricing programs to capture market share from competitors or just to maintain market share. Although experience curves and size economies are achieved, intense pricing programs often lead to smaller profit margins. Although companies try to differentiate their products, the products actually become more standardized

Decline Stage

In this stage, buyers move on to other products and sales drop. Intense rivalry exists among competitors. Profits dry up because of narrow profit margins and declining sales. Some businesses leave the industry. The remaining businesses try to revive interest in the product. If they are successful, sales may begin to grow. If not, sales will stabilize or continue to decline.

References

Fundamentals of marketing, Marilyn, A, S, John, D, Routledge (Taylor and Francis)
London New York,2007

Principles of marketing. Rashmi. R. Das.
https://ddceutkal.ac.in/Downloads/UG_SLM/Commerce/Principle_Marketing.pdf

Marketing Fundamentals, University of New South Wales, Spoonfeedme

Principles of Marketing, Pearson. 17th edition, Kotler P. and Armstrong G,2017

Essentials of Marketing 17th Edition, William Perreault, Joseph Cannon, E. Jerome McCarthy , McGraw-Hill Education,2021

Marketing, Polese, Francesco, and Evert Gummesson, ProQuest Ebook Central,
[http://ebookcentral.proquest.com/lib/aunke_ebooks / detail. action? docID
=4856363,2017](http://ebookcentral.proquest.com/lib/aunke_ebooks/detail.action?docID=4856363,2017)

Rashmi R Das .Principles of Management
(<http://ddceutkal.ac.in/Download/UG.SLM/Commerce/Principle-Marketing.pdf>

Chahat Azam .Concept of products.
[https://dspmuranchi.ac.in/pdf/Blog/1\)%20PRODUCT%20CONCEPT.pdf](https://dspmuranchi.ac.in/pdf/Blog/1)%20PRODUCT%20CONCEPT.pdf).Faculty
of Commerce DSPMU.

Bagladesh Open University .New Product Development .
http://www.ebookbou.edu.bd/Books/Text/SOB/MBA/mba_3313/Unit-06.pdf