

Chapter 12 product and promotion: creating and communicating value

[Business](#)



Creating and Communicating Value A product is an idea, process, selected information, or service created as a result of market forces of demand.

Products are designed to satisfy a need or a want. It combines both tangible attributes (goods) and intangible attributes (services). Each product is later sold at a price. Price is determined by the market segment targeted by the product offered or by forces of demand and supply (Bulmer, p50). Marketers define product broadly to adequately include every aspect of the product.

Since product can be tangible or intangible, the definition ought to be broad enough to cover both elements of a product. A good definition of a product ensures adequate information to the potential consumers (Bulmer, p135).

The product life cycle can be divided into four stages depending on the revenue and sales generated among other factors. They include;

I. Introduction stage. The new product is introduced to the market, the biggest task to the marketer is advertising the product to the consumers. During this phase, the firm incurs additional costs in distribution and advertising. The primary goal in this phase is establishing a market share and building demand.

II. Growth stage. Increased sales volume and revenue marks this stage as a result of increased product awareness. The marketer in this phase should seek additional market segments and expansion of distribution channels.

III. Maturity stage. This phase is the most profitable in the whole product life cycle. Sales volume and revenue in this phase increase at a lower stage than in growth stage but with more profit. Advertising costs in this stage are reduced as the product is well known.

IV. Decline stage. In this phase, sales volumes begins to decline as a result of

saturation, absolute, or changes in customer taste and preferences. The market in this phase has the option of discontinuing the product or improve and maintain the product.

Different stages of the product life cycle require different strategies. In the introduction stage, the marketer needs to increase advertisement and awareness of the new product. During the growth stage, the marketer should expand distribution as well as gaining the consumer preference. Marketers in maturity stage should focus on strategies that encourage consumers to switch to their product and conversion of new consumers. Finally, in decline stage, the marketer strategies should concentrate on remaining relevant in the market, improving the product, or ways of profitable discontinuation of the product (Bulmer, p180).

Good and service spectrum

Pure goods pure services

Motorcycle, designer shoes, and snowboard

A nightclub

Internet search engine and a photography class

Motorcycle, designer shoes, and a new snowboard are pure goods. They have only tangible attributes thus do not have service element. A nightclub is a hybrid product, it has both tangible (goods) and intangible (services) attributes. Finally internet search engine and photography class are pure services. They only offer the intangible component of a product.

Works Cited

Bulmer, J., and J. Bulmer. Product Marketing. Westmead, N. S. W.: Bulmer, Chapman, 1992.

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