

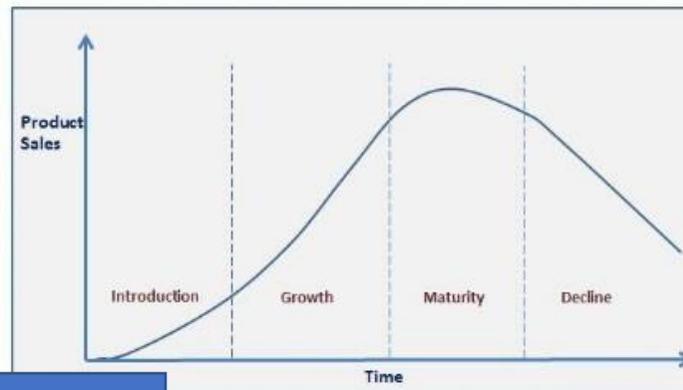
3.5.4 Using the Marketing Mix Product and Pricing

The Product - Is what the customers buy. Points to consider about the product.

- Does the performance match what is promised in the advert?
- Does the product represent value for money?
- IS the design appealing?
- Does the product have a USP?
- Can you differentiate the product amongst its competitors?

Product Life Cycle

- A business will change its products overtime as customer needs and wants evolve.
- New product development follows a Process



Extension Strategies – to avoid decline

- Cutting the price to make products better value for money.
- Spend more on advertising
- Update the packaging
- Adding new features

Types of Pricing decision

Price penetration

Loss Leader

Price skimming

Cost plus pricing

Competitive pricing

Keywords you need to learn the meaning of

Product portfolio	A product portfolio is the collection of all the products or services offered by a company.
Boston Matrix	The Boston Matrix is a model which helps businesses analyse their portfolio of businesses and brands
Product Life cycle	Product life cycle is the progression of an item through the four stages of its time on the market.
Extension strategies	An extension strategy is a practice used to increase the market share for a given product or service and thus keep it in the maturity phase of the marketing product lifecycle rather than going into decline. Extension strategies include rebranding, price discounting and seeking new markets.
USP	Unique selling point that differentiate your product from others.

Pricing – How much does it cost ? Is it worth it ?

- Increase in price will lead to a fall in demand for product
- If a product has a strong USP/brand image prices can be set independent of competition.
- If sales fall, a business can still make money by raising the price
- Lower prices can attract can customers