Product Life Cycle Essay, Research Paper

Product Life Cycle- The course of a product s sales and profits over its lifetime. It involves five distinct stages:

1) Product Development begins when the company finds and develops a new-product idea. During product development, sales are zero and the company s investment costs mount.

2) Introduction is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction.

3) Growth is a period of rapid market acceptance and increasing profits.

4) Maturity is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits level off or decline because of increased marketing outlays to defend the product against competition.

5) Decline is the period when sales fall off and profits drop.

Product class (gasoline powered automobiles) have the longest life cycles- the sales of many product classes stay in the mature stage for a long time.

Product forms (minivans) pass through a regular history of introduction, rapid growth, maturity, and decline.

Brand (Ford Taurus)

External factors that influence pricing decisions include the nature of the market and demand; competitors prices and offers; and factors such as the economy, reseller needs, and government actions. The seller s pricing freedom varies with different types of markets. Ultimately, the consumer decides whether the company has the right price. The consumer weighs the price against the perceived values of using the product; if the price exceeds the sum of the values, consumers will not buy. Therefore, demand and consumer value perceptions set the ceiling for prices. Consumers also compare a product s price to the prices of competitors products. As a result, a company must learn the price and quality of competitors offers.

Many internal factors influence the company s pricing decisions, including the firm s marketing objectives, marketing mix strategy, costs, and organization for pricing. Common pricing objectives include survival,

Internal factors when setting prices:

Marketing objectives

Marketing Mix Strategy

Costs

Organizational considerations

External factors when setting prices:

Nature of the market and demand

Competition

Other environmental factors (economy, resellers, government)

Chapter 14

A customer database is an organized collection of comprehensive data about individual customers or prospects, including geographic, demographic, psychographic, and behavioral data. Companies use databases to identify prospects, decide which customers should receive a particular offer, deepen customer loyalty, and reactivate customer purchases.

Chapter 16

Marketing s impact on individual consumer welfare has been criticized for it s high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence, and poor service to disadvantaged consumers. Marketing s impact on society has been criticized for creating false wants and too much material ism, too few social goods, cultural pollution, and too much political power. Critics have also criticized marketing s impact on other businesses for harming competitors and reducing competition through acquisitions, practices that create barriers to entry, and unfair competitive marketing practices.