

ACTIVITY 7-A PRODUCT STRATEGY

What product(s)/service(s) is being offered? _____

What are the main attributes (features) of the product(s)/service(s) being offered? _____

What are the main benefits (functional & symbolic as opposed to features) of the product(s)/service(s)? _____

What services are being packaged with the product(s)/service(s), (guarantees, installation, credit, return policy, etc.)? _____

Is there anything exceptionally unique about your product(s)/service(s)? _____

How does your product(s)/service(s) differ from the competition? _____

Why would consumers buy your product(s)/service(s) rather than your competitors? _____

ACTIVITY 7-B

PRICING STRATEGY

In choosing a price strategy, consideration should be given to the target market, the nature of the product, the competition, seasonality, etc. Keep in mind that you may want to use a different strategy for different products and vary your strategy at different times of the year. Once these decisions are made then one or more of the following strategies may be implemented.

SKIMMING: Involves charging a price relatively higher than the competition. Used when introducing a new product that has little competition. Also used to recoup high development costs. Works best when the product is protected by a patent.

EXAMPLE: introduction of a new medical drug

PENETRATION: Involves charging a price that is below the competition. Used when introducing a new product into the market where there are many other competing products and the goal is create awareness and gain market share. Once this is accomplished, price is raised to be more competitive.

EXAMPLE: introduction of a new shampoo at 20 percent below competitors price for first two months

**EVERYDAY
LOW PRICING:**

Involves consistently pricing products below competitors on a daily basis.

EXAMPLE: Wal-Mart and K-Mart

**PRESTIAGE
PRICING:**

Involves a significantly high price based on the perceived value of the product to the consumer taking into account such factors as status, self-esteem, image, etc.

EXAMPLE: Rolex watch, Rolls Royce

ACTIVITY 7-C STORE DESIGN

Illustrate the interior layout of your place of business in the space provided below:

ACTIVITY 7-C (Cont'd)

Illustrate the exterior of your place of business in the space provided below:

ACTIVITY 7-D LOCATION STRATEGY

Proximity to target market: _____

Condition of the neighborhood: _____

Crime rate in the area: _____

Availability of public services: _____
(police/fire protection/etc.) _____

Condition of the property: _____

Parking: _____

Traffic patterns: _____

If leasing reliability of the landlord: _____

Rental costs: _____

Conditions of the lease, (or purchase if buying): _____

Square footage available: _____

Storage space: _____

Access to employees: _____

Local area business climate: _____

Location of competitors: _____

Zoning: _____

Taxes: _____

Additional information/observations: _____

ACTIVITY 7-E PROMOTIONAL STRATEGY

Target Market(s): _____

Area(s) to be covered: _____

General theme/emphasis of ads/promos: _____

Advertising:

Television:

Newspapers:

Magazines:

Radio:

Phone directories:

Billboards:

Bus Signs

Matches:

Pens/Pencils

Key Chains:

Book Covers:

Direct Mail:

Flyers:

Catalogs:

Samples:

Promotions:

Coupons:

Cents off:

Add ons:

Gifts:

Sales:

Self-liquidators:

On-site radio:

VISUAL 7-1

CLASSIFICATION OF PRODUCT ATTRIBUTES

Physical Attributes:

- Features
- Size
- Color
- Shape
- Weight
- Quality

Functional Attributes:

- Performance
- Durability
- Reliability

Service Attributes:

- Guarantee
- Installation
- Credit
- After sale service

Symbolic Attributes:

- Self-esteem
- Social recognition
- Status
- Achievement
- Individual performance
- Price
- Independence

VISUAL 7-2

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**COMPETITIVE
PRICING:**

Involves pricing products at the same level as competitors. The reasoning here is to take the emphasis off of price, since all competitors are similar, and focus on non-price selling points. Such as product attributes and service.
EXAMPLE: personal computers.

**COST PLUS
PRICING:**

Determining the cost of the product and then adding a desired profit.
Example: home building.

VISUAL 7-3 DISTRIBUTION METHODS

<u>DISTRIBUTION METHOD</u>	<u>EXAMPLE</u>
Wholesale	Chicago Merchandise Mart (furniture)
Retail	The Gap
Mail Order	Lands End
Direct Selling	Tupperware
TV shopping programs	QVC
Automatic merchandising	Pepsi

VISUAL 7-4 FACTORS INFLUENCING CHOICE OF LOCATION

Proximity to target market	Location of competition
Condition of the neighborhood	Conditions of the leases
Crime rate in the area	Taxes
Availability of public services (police/fire protection/etc.)	Square footage available
Condition of the property	Storage space
Parking	Access to employees
Traffic patterns	Local area business climate
Reliability of landlord if leasing	Rental costs
Zoning	

VISUAL 7-5 DEFINITION OF PROMOTION

Promotion: any form of communication used to inform persuade or remind customers about your products or services.

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The four basic types of promotion are:

Advertising: any paid form of nonpersonal communication, i.e., TV, magazines, etc.

Publicity: any nonpersonal form of communication that is not paid for, i.e., news stories about the product or firm on TV, newspaper, etc.

Personal Selling: involves verbal communication between the customer and sales person for purposes of making a sale.

Sales Promotion: involves marketing activities, other than advertising, publicity, and personal selling, that stimulate customer sales, i.e., demonstrations, coupons, etc.

VISUAL 7-6 ADVERTISING MEDIA AND TYPES OF PROMOTIONS

TYPES OF ADVERTISING:

Television
Newspapers
Billboards

Direct mail
Match books
Placemats in restaurants
Yellow Pages
Athletic Arenas
Clothing

Radio
Magazines
Bus signs (exterior &
interior)
Telemarketing
Pens/Pencils
World Wide Web
Park Benches
Movie Theaters

TYPES OF SALES PROMOTIONS:

Coupons
Point-of-purchase discount
Contests
Trade-ins
Self liquidators
(Travel bag for cost with
the purchase of perfums)

Demonstrations
Free samples
Video tapes
Rebates
Free weekend
(used to sell vacation
homes)