Product life cycle, portfolio and marketing mix

Product life cycle is an important concept to know as it describes the stages a product will typically go through. The main stages are:

- Introduction
- Growth
- Maturity (sales are near their highest at this stage and the rate of growth is slow)
- Decline

Generally, a positively branded good can enjoy continuous growth since the product is being constantly improved for maintaining a strong brand loyalty. Extension strategies can also be used to extend the life of the product before it is dead.

The existence of a range of products means there is a portfolio of products. Generally, a portfolio of products can be analyzed using the Boston Group Consulting Matrix for determining proper resource allocation between the individual product lines, based on:

- Market share – a low or high market share at present?
- Market growth – potential customers keep growing in numbers?

"Marketing mix" describes how a business uses price, product, distribution and promotion to market and sell product. The 4 Ps are:

- Product
- Price

- Place
- Promotion

An effective marketing mix must achieve a proper balance between the Ps, be able to meet customer needs and achieve marketing objectives. Very importantly, it must be able to produce competitive advantage for the business.

Market analysis and the 5C framework

A typical market should be analyzed based on a number of dimensions. Market size should be measured both in terms of $ value and number of units QTY. Both the current and the future market growth rate must also be considered. You also want to know the profitability of players that are currently in the market, their cost structures, distribution channels and success factors. The main framework in use for analyzing market situation is the 5C framework. It focuses on five key areas, including the company, the collaborators, the customers, the competitors and the climate. Climate analysis focuses on the overall macro-environmental factors that affect the market. It uses the PESTEL framework - political, economic, social, technological, ecological and legal.

Market targeting strategies and the various sales strategies

A single segment strategy involves choosing a single preferred market segment and targeting it with a single marketing mix. You are trying to serve only this segment and nothing else as well as possible. A differentiated strategy involves targeting different products at a variety of different segments using different marketing mixes. A product specialization strategy aims to use a particularly attractive product and tailor it to a variety of slightly different market segments. A market specialization strategy involves targeting one market segment and sell to it a variety of different products. Full market coverage means serving all segments in an entire market.

An account targeting strategy is NOT a market segment targeting strategy. Instead, it is the first element of a sales strategy. It involves classifying accounts within a target market into manageable categories for developing the proper strategic approaches for selling to each of these accounts. What is next is the determination of the type of relationship to be developed with different accounts. This is what we call relationship strategy. A planned selling approach for each relationship strategy should then be developed and executed, and that it is essential to use proper channel strategy to ensure that all the targeted accounts are actually receiving the needed selling effort coverage in a manner which is effective and efficient. When targeting large account, team selling is often necessary. It involves having multiple individuals from the selling organization working closely together to develop and expand relationships with the big accounts. A salesperson is typically in the position of coordinating the team's selling efforts.

Market segmentation and differentiation

A market can be broken down into segments for better focus. Demographic segmentation looks into factors such as age, gender, and family income ...etc. Geographic segmentation divides markets using addresses such as regions, countries, population density...etc. Some divide markets based on the perceived social status of the target customers. In fact, possibilities are endless. Product differentiation aims to make one's product different from those of the competitors. An important term to know is Unique Selling Point USP, which is a feature that separates a product from its competitors. When customers are switching to competitors or making purchase purely on price, chance is that USPs are lacking in the products.