Alliance University
Master of Business Administration

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MARKETING- WEEK 3 HOMEWORK

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Professor Comments:

1. **Briefly describe the stages of the product life cycle.**

   Stage 1: The Introductory Stage
   In the introductory stage, the market growth rate is moderate, the technical changes in product design are high, the segments are few, the competitors are few and the profitability is negative.

   In stage 1, the strategic marketing objectives are to stimulate primary demand, the goal is to improve the quality of products, to narrow the product line, to be selective about channels, to have high levels of communications, and the pricing method that is used is skimming or penetration.

   Stage 2: Growth Stage
   In the growth stage, the market growth rate is high, the technical changes in product design are moderate, the segments are few to many, the competitors are many and the profitability is high.

   In stage 2, the strategic marketing objectives are to build share, the goal is to continue improving the quality of products, to broaden the product line, to reduce the price, to have intensive channels and to have high levels of communications.

   Stage 3: Shakeout Stage
   In the shakeout stage, the market growth rate levels off, the technical changes in product design are limited, the segments, just like stage 2, are few to many, the competitors decrease, and the profitability is high.

   In stage 3, the strategic marketing objectives are to build share, the goal is to rationalize the product and the product line, the goal is to reduce the price, the goal is to have intensive channels and to have high levels of communications.

Stage 4: Mature Stage
In the mature stage, the market growth rate is insignificant, the technical changes in product design are limited, the segments, just like stage 2 & 3, are few to many, the competitors are limited and the profitability is high for market-share leaders.

In stage 4, the strategic marketing objectives are to hold share, the goal is to concentrate on product features, to hold the length of line of product line, to hold or reduce selectively the price, to have intensive channels and to have high levels of communications.

Stage 5: Decline Stage
In stage 5, the strategic marketing objectives are to hold share, the technical changes in product design are limited, the segments are few, the competitors are few and the profitability is low.

In stage 5, the strategic marketing objectives are to harvest, the goal is not to have changes in the product, to reduce the length of line of the product line, to reduce the price, to have selective channels and to reduce the levels of communications.

2. **Chapter 8 describes the market and competitive implications of product life-cycle stages. You briefly described those stages above in question 1. For any one of the stages (your choice), describe a few of the market and competitive implications.**

   Growth stage
   In the shakeout stage, firms enter into a more direct price competition while making every effort to enhance their distribution system. In that stage, promotion costs may increase, particularly for low-share firms.

3. **Repeat question 2, but for a different stage (your choice) of the product life cycle.**

Mature stage
In the mature stage, companies tend to add value to the product that benefits the customer by improving the ease of use by incorporating labor-saving features, or by selling systems rather than single products. In that stage, service becomes of differentiating factor from competitors. In the mature stage, prices and promotion expenditure tend to remain stable. In the mature stage, competition may force prices down, especially when the leading competitors hold similar shares.

4. **There are several categories of new products as defined in Chapter 8. Describe any two of them.**

   New-to-the world products: They are products that create an entirely new market and they are true innovations that are new to a firm.

   New product lines: They are products that are not new to the customers in the target market, but new to the company introducing it.

5. **Describe two strategic objectives attained by successful new market entries. Exhibit 8.5 might assist.**
   Successful new market entries could attain strategic objectives by establishing foothold in the new market (externally driven) and by maintaining position as product innovator (internally driven).

6. **Compare and contrast a pioneer versus a follower.**
   A pioneer is the first choice of market segments and positions while a follower has the ability to take advantage of a pioneer's positioning mistakes. A pioneer defines the rules of the game while a follower has the ability to take advantage of a pioneer's product and marketing mistakes. A pioneer has distribution advantages while a follower has the ability to take advantage of the latest technology. A pioneer

strategy leads to economies of scale and experience while a follower has the ability to take advantage of a pioneer's limited resources. A pioneer has high switching costs for early adopters, the possibility of positive network effects, and the possibility of preempting scarce resources.

7. **Chapter 9 describes several marketing actions and strategies to achieve share-maintenance objectives. Describe the fortress, or position defense strategy. Additionally, simply list the other strategies that exist (no need to define them).**
A fortress is a defensive strategy that is capable of repelling attacks by current or future competitors. It is always almost part of a leader's share-maintenance efforts. Its primary objective is to increase satisfaction, loyalty, and repeat purchase among current customers by building on existing strengths; appeal to late adopters with same attributes and benefits offered to early adopters. In this defense position, the market is relatively homogeneous and the competitors have relatively limited resources and competences.

Aside from the fortress or position defense, the other share maintenance strategies are flanker, confrontation, market expansion, and contraction (or strategic withdrawal).

8. **Chapter 9 describes several marketing actions and strategies to achieve share growth objectives. Describe the frontal attack approach. Additionally, simply list the other strategies that exist (no need to define them).**
The frontal attack strategy is a strategy where the market for a product category is relatively homogeneous, with few untapped segments and at least one well-established competitor. That strategy is likely to succeed when most existing customers do not have strong brand preferences or loyalties, when the target competitor's product does not benefit from positive network effects, and when the challenger's resources and competencies, are greater than the target competitor's resources.

Aside from the frontal attack, the other share-growth strategies are, the leapfrog, the flank attack, the encirclement, and the guerilla attack.

9. **Briefly describe any three dimensions of quality.**

Reliability: It is a quality dimension that refers to the performance consistency from purchase to purchase or to a product's uptime, the percentage of time that it can perform satisfactorily over its life.

Serviceability: It is a quality that refers to customer's ability to obtain quick and competent service when the product has an issue.

Brand name: The quality reputation of the brand name , alongside the promotional activities that sustain that reputation, can strongly influence a consumer's perceptions of a quality product. Brand name alongside psychological factors substantially determine a brand's equity.

10. **How can companies measure customer satisfaction?**
Companies can measure customer satisfaction by setting the standards of performance, by specifying the necessary feedback data, by specifying and obtaining feedback data, by evaluating feedback data and by taking corrective actions.

11. **Chapter 11 discusses some advantages of the digitally networked world for marketers. Please describe two advantages.**

Applications for customer insights: In some industries, keeping track of what customers are saying about a business is crucial. Nowadays, almost everyone checks out TripAdvisor, Yelp or another website before booking a vacation, because users usually like to trust more clients'

experiences rather than sources that come from the property's own site. The applications for customer insights can be advantageous to marketers when they shine a positive light on a product/service.

Applications for customer service and support:
Sometimes a customer service application can be more consistent than human customer services. They, sometimes, replace more inconsistent and error prone human support. Companies from Dell to the Denver Zoo use the web to provide answers to frequently asked questions from technical ones in Dell's case to how to arrange a children's birthday party at the zoo. Marketers know that to acquire new customers, it is important to profitably retain existing ones and that effective, responsive customer service is a key ingredient in doing so. They know that responsive customer service is a competitive necessity, therefore, they will always find new ways to exploit the potential of today's digital data to create value for customers.

12. **Chapter 11 discusses 'critical questions' companies should ask themselves about digital marketing questions. Pick any one of the questions and describe/explain it.**

   Can we reach and build relationships with our target market?
   Digital tools are very important and are extremely and helps the service flow to be faster and to reach more people at the same time. Although digital tools are extremely important and efficient (when used correctly), they may not be enough as not all groups use digital tools. Relying solely on digital tools to connect with one's audience might not be sufficient.