



Product Differentiation

USP = Unique Selling Point

- **Product differentiation** is the attempt by firms to convince buyers that their products are different from those of other firms in the industry.



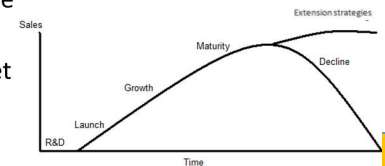
A new product progresses through a sequence of stages from introduction to growth, maturity, and decline. This sequence is known as the **product life cycle**

Product life cycle overview:

Extension strategies

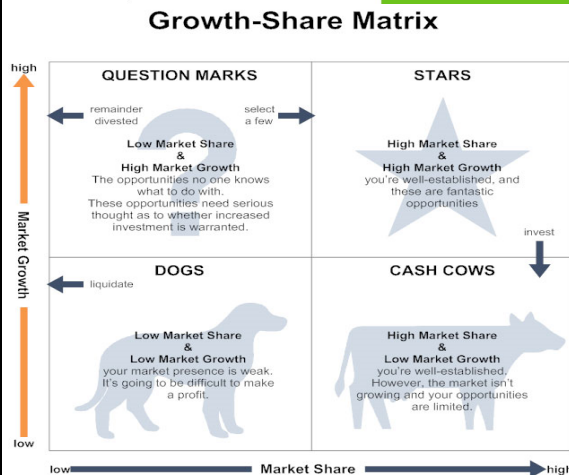
Extension strategies should maintain or increase sales. They include:

- Modifying the product
- Reducing the price
- Adding a feature
- Promoting to a different market sector



Pricing strategies:

The factors that influence pricing decisions, include: costs, nature of the market, degree of competition, product life cycle.



A **Boston Matrix** can be used to analyse a businesses products, to decide if they should introduce new products or scrap products - it help them review all of their products/brands.

Price skimming

Price skimming is the practice of selling a product at a high price, usually during the introduction of a new product when the demand is high.

price penetration

Penetration pricing is the practice of initially setting a low price for goods or services, with the intent of enteroing a market with high competiton

competitive pricing

Competitive pricing is setting the price of a product or service based on what the competition is charging. This pricing method is used more often by businesses selling similar products

loss leader

A loss leader is a product or service at a price that is not profitable but is sold or offered in order to attract new customers or to sell additional products and services to those customers.

cost-plus.

Cost-plus pricing is a pricing strategy in which the selling price is determined by adding a specific £ amount markup to a product's unit cost

Other strategies include: Differential pricing, destroyer pricing and psychological pricing



Promotional Methods

Advertising	Newspapers, magazines, television, internet, billboards.
Public Relations (PR)	Public Relations (PR) is often free publicity. This can either be good or bad, but the outcome is the same: it helps a business get their name well known. Large companies may have a PR department, which makes sure that any new stories about the company show it in a good light
Sales Promotions	Point of sales displays, 2 for 1 offers, free gifts, samples, coupons, competitions.
Sponsorship	A business will sponsor an event, team or individual in order to build brand awareness.
Social Media	When used effectively, social media can have all the benefits of word of mouth, just on a larger scale! It can help reach a high number of potential customers. But it needs

How does a business decide on its promotional mix (of activities)?

- How much finance is available?
- Who are the target market and what will attract them?
- What are competitors doing?

Promotional Mix - A businesses combination of promotional activities

PLACE:

the process of moving products from the producer to the intended user is called **place**. In other words, it is how your product is bought and where it is bought.

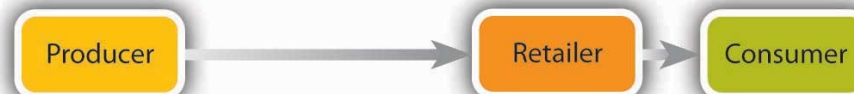
What is a distribution channel?

A distribution channel moves a product from production to consumption

Selling Directly to Consumers



Selling through Retailers



Selling through Wholesalers



E-commerce is the buying and selling of goods and services using an electronic network, such as the internet.

M-Commerce (*mobile commerce*) is the buying and selling of goods and services through wireless handheld devices such as mobile telephone and personal digital assistants (PDAs)