



DEVELOPING & PRICING PRODUCTS & SERVICES MARKETING

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LEARNING OBJECTIVES

- PRODUCT DEVELOPMENT & OFFER
- PRODUCT DIFFERENTIATION
- PRODUCT PACKAGING
- BRANDING & EQUITY
- NEW-PRODUCT DEVELOPMENT
- PRODUCT LIFE-CYCLE
- COMPETITIVE PRICING



SPAR



PRODUCTS

With over **1000 products** to choose from, I get great quality and I don't have to pay a fortune. No standing and staring at shelves, struggling to make the right choice. All I have to do is put SPAR Products in my basket. So not only do I save money, I save time too.

Product	Price
SPAR Cake Flour 2.5 kg	15 ⁹⁹
SPAR Super Maize Meal 2.5 kg	13 ⁶⁹
cashews (200 g)	27 ⁹⁹
PILCHARDS in Tomato or Chilli Sauce (425 g)	10 ⁴⁹
SPAR Cream Style Sweetcorn (420 g)	7 ⁹⁹
SPAR Shredded Tuna in Water or Oil (170 g)	9 ⁹⁹
SPAR Fruit Juice Assorted (1.5 Litre)	16 ⁹⁹
SPAR Macaroni or Spaghetti (500 g)	6 ⁸⁹
SPAR Sugar Beans (500 g)	9 ⁹⁹
SPAR Pure Lemon Juice (250 ml)	6 ⁹⁹
LONG LIFE Cream (300 ml)	11 ⁹⁹
SPAR Long Life Cream (300 ml)	21 ⁹⁹
SPAR Macaroni or Spaghetti (500 g)	6 ⁸⁹
SPAR Shaved Chicken or Smoked Ham (125 g)	18 ⁹⁹
SPAR Concentrated Fruit Nectar Assorted (1 Litre)	18 ⁹⁹
SPAR Marinade Assorted (1 Litre)	21 ⁹⁹
SPAR Choice Butter (500 g)	23 ⁹⁹
SPAR Crumbed Fish Burgers (320 g)	16 ⁹⁹
SPAR Fat Cream or Low Fat Fresh Milk (2 Litre)	15 ⁴⁹
SPAR Drinking Yoghurt Assorted (2 Litre)	19 ⁹⁹

My SUPERSPAR

PRODUCT DEVELOPMENT AND TOTAL PRODUCT OFFER

DISTRIBUTED PRODUCT DEVELOPMENT

Distributed product development: Handing off various parts of your innovation process – often to companies in other countries.

Distributed product development is distinct from traditional outsourcing arrangements, which typically involves only a small set of vendors executing on tightly defined specifications over which they have little or no influence.

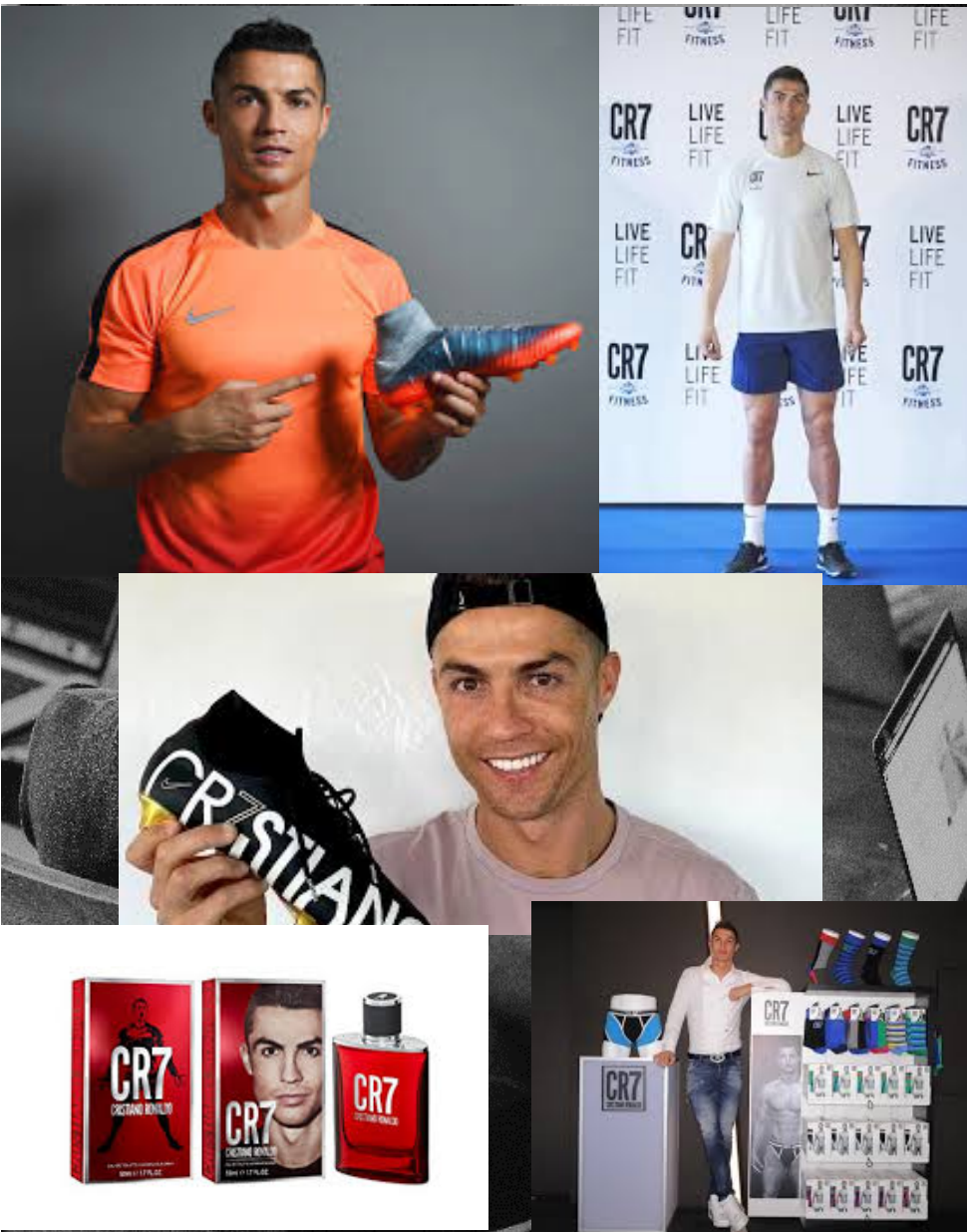
e.g. SPAR

PRODUCT DEVELOPMENT AND TOTAL PRODUCT OFFER

DEVELOPING TOTAL PRODUCT OFFER

A **total product offer** consists of everything consumers evaluate when choosing among **products**, including price, package, service, and reputation.

Product offer that consumers evaluate before making a buying decision.





PRODUCT DEVELOPMENT AND TOTAL PRODUCT OFFER

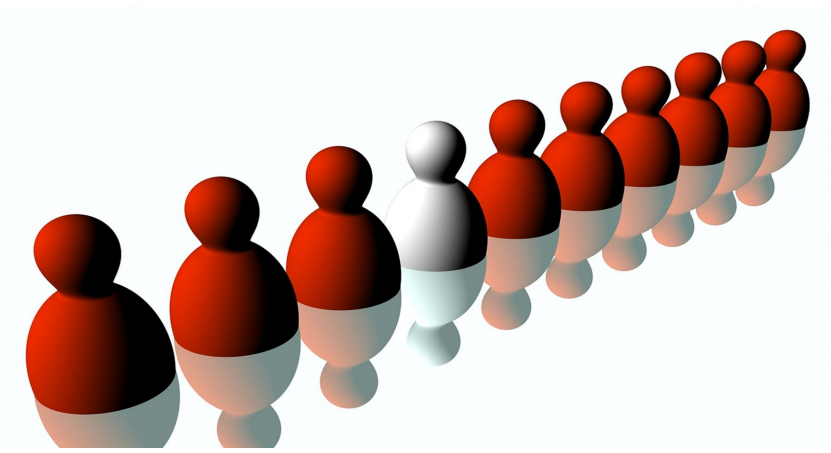
PRODUCT LINE & PRODUCT MIX

The **product line** is a group of closely related **products** manufactured and / or sold by a business(subset of Product mix)
i.e. HELL energy drinks with different flavors

The **product mix**: the combination of product lines offered by a manufacturer.

The **product mix** is a group of everything a company sells.
e.g. Apple products





PRODUCT DIFFERENTIATION

product differentiation

The creation of real or perceived product differences.



MAKING DIFFERENT CLASSES OF
CONSUMER GOODS & SERVICES

MAKING DIFFERENT CLASSES OF CONSUMER GOODS & SERVICES

CONVENIENCE GOODS & SERVICES

PRODUCTS THAT CUSTOMER WANTS TO BUY FREQUENTLY AND WITH MINIMUM EFFORT



SHOPPING GOODS & SERVICES

PRODUCTS THAT CUSTOMER BUYS AFTER COMPARING PRICE, QUALITY, VALUE AND STYLE



MAKING DIFFERENT CLASSES OF CONSUMER GOODS & SERVICES

SPECIALTY GOODS & SERVICES

CUSTOMER BUYS FOR SOMETHING SPECIAL
CONSUMER PRODUCTS WITH UNIQUE CHARACTERISTICS
AND BRAND IDENTITY.



UNSOUGHT GOODS & SERVICES

SOMETHING CUSTOMER BUYS UNWILLINGLY





PRODUCT DIFFERENTIATION

MARKETING INDUSTRIAL GOODS AND SERVICES

Industrial goods (B2B goods) are bought and used for **industrial** and business use. They are made up of machinery, **manufacturing** plants, raw materials, and any other good or component used by **industries** or firms.

e.g. computers, machines, etc.

PACKAGING CHANGES THE PRODUCT

GROWING IMPORTANCE OF PACKAGING

ATTRACT BUYERS ATTENTION

Functional: EASY USE

PROVIDE INFORMATION



BRANDING AND EQUITY

BRAND CATEGORIES

generic goods

Nonbranded products that usually sell at a sizable discount compared to national or private-label brands.

knockoff brands

Illegal copies of national brand-name goods.



CREATING BRAND ASSOCIATIONS

brand association

The linking of a brand to other favorable images.

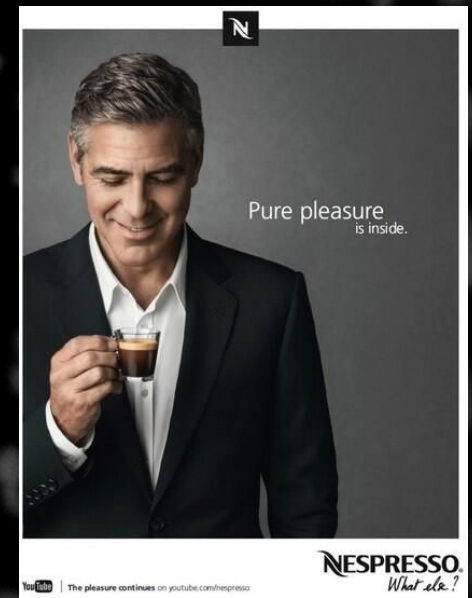
GENERATING BRAND EQUITY & LOYALTY

brand equity

The value of the brand name and associated symbols.

brand loyalty

The degree to which customers are satisfied, like the brand, and are committed to further purchases.





BRANDING AND EQUITY

BRAND MANAGEMENT
COORDINATE PRICE, PRODUCT, PLACE AND PROMOTIONAL DECISIONS



NEW PRODUCT DEVELOPMENT

Idea Generation

Ideas from:

- Customers and users,
- Marketing research,
- Competitors,
- Other markets,
- Company people,
- Middleman, etc

Screening

- Strengths and weaknesses
- Fit with objectives
- Market trends
- Rough ROI estimate

Idea Evaluation

- Concept testing
- Reactions from customers
- Rough estimates of costs, sales, and profits

Development

- R&D
- Develop model or service prototype
- Test marketing mix
- Revise plans as needed
- ROI estimate

Commercialization

- Finalize product and marketing plan
- Start production and marketing “Roll out” in selected markets
- Final ROI estimate



Idea Screening

- Identify good ideas and drop poor ideas
- R-W-W Screening Framework:
 1. Is it real?
 2. Can we win?
 3. Is it worth doing?



NEW-PRODUCT DEVELOPMENT

NEW PRODUCT IDEAS

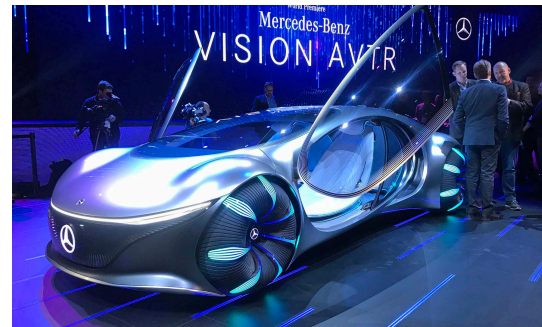
PRODUCT SCREENING

PRODUCT ANALYSIS

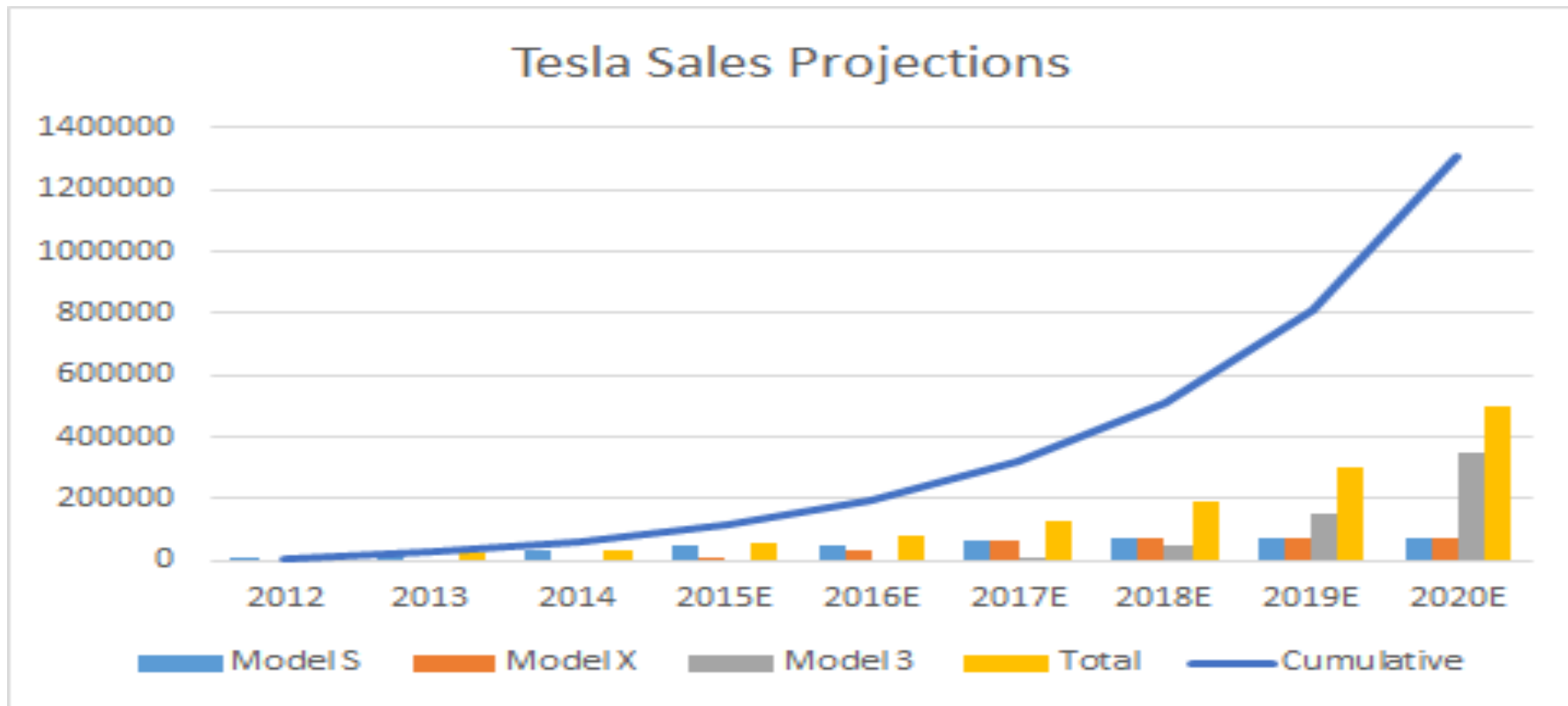
PRODUCT DEVELOPMENT (prototypes)

TESTING

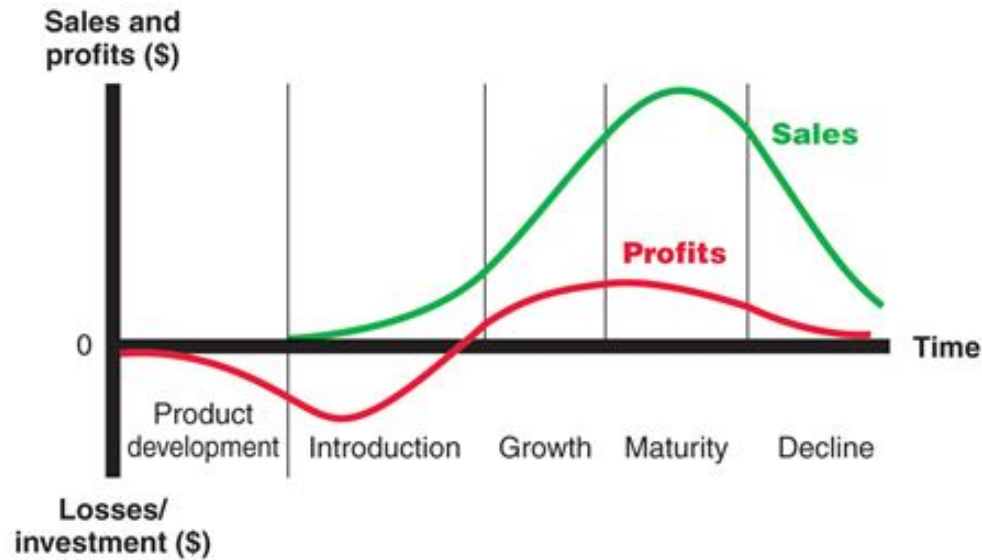
COMMERCIALIZATION



GROWTH PROJECTIONS



PRODUCT LIFE-CYCLE



LIFE-CYCLE STAGE	SALES	PROFITS	COMPETITORS
1. Introduction	• Low sales	❖ Losses may occur	○ Few
2. Growth	• Rapidly rising sales	❖ Very high profits	○ Growing number
3. Maturity	• Peak sales	❖ Declining profits	○ Stable then Declining
4. Decline	• Falling sales	❖ Profits fall becoming losses	○ Declining

PRICE IS WHAT YOU PAY.
VALUE IS WHAT YOU GET.

Warren E. Buffett

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WHAT'S
NEXT



COMPETITIVE PRICING



COST-BASED PRICING

Cost - based pricing involves calculating the **cost** of the product, and then adding a percentage mark-up to determine the **price**

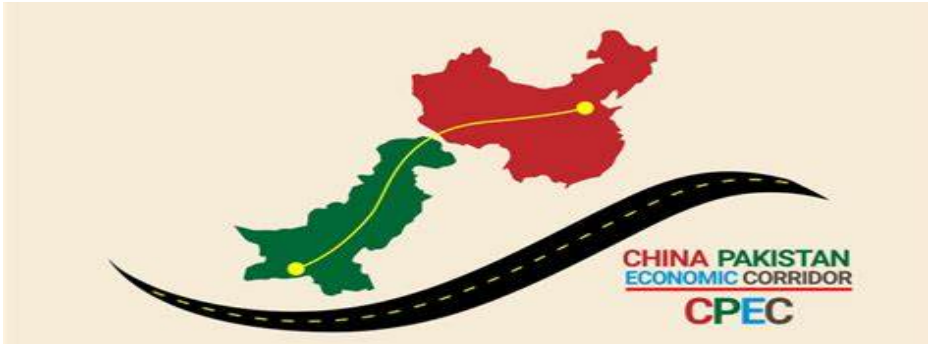
i.e. Iphone

DEMAND-BASED PRICING

Demand - based pricing is pricing a product so that it satisfies the customer and meets the profit margins desired by the firm.

i.e. PS5

COMPETITIVE PRICING



COMPETITION-BASED PRICING

competition-based pricing is a **pricing strategy** based on what other competitors are doing. The price can be set at, above or below competitor's price.

e.g. China vs rest of the world.

BREAK-EVEN ANALYSIS

It is the process used to determine profitability at various level of sales.

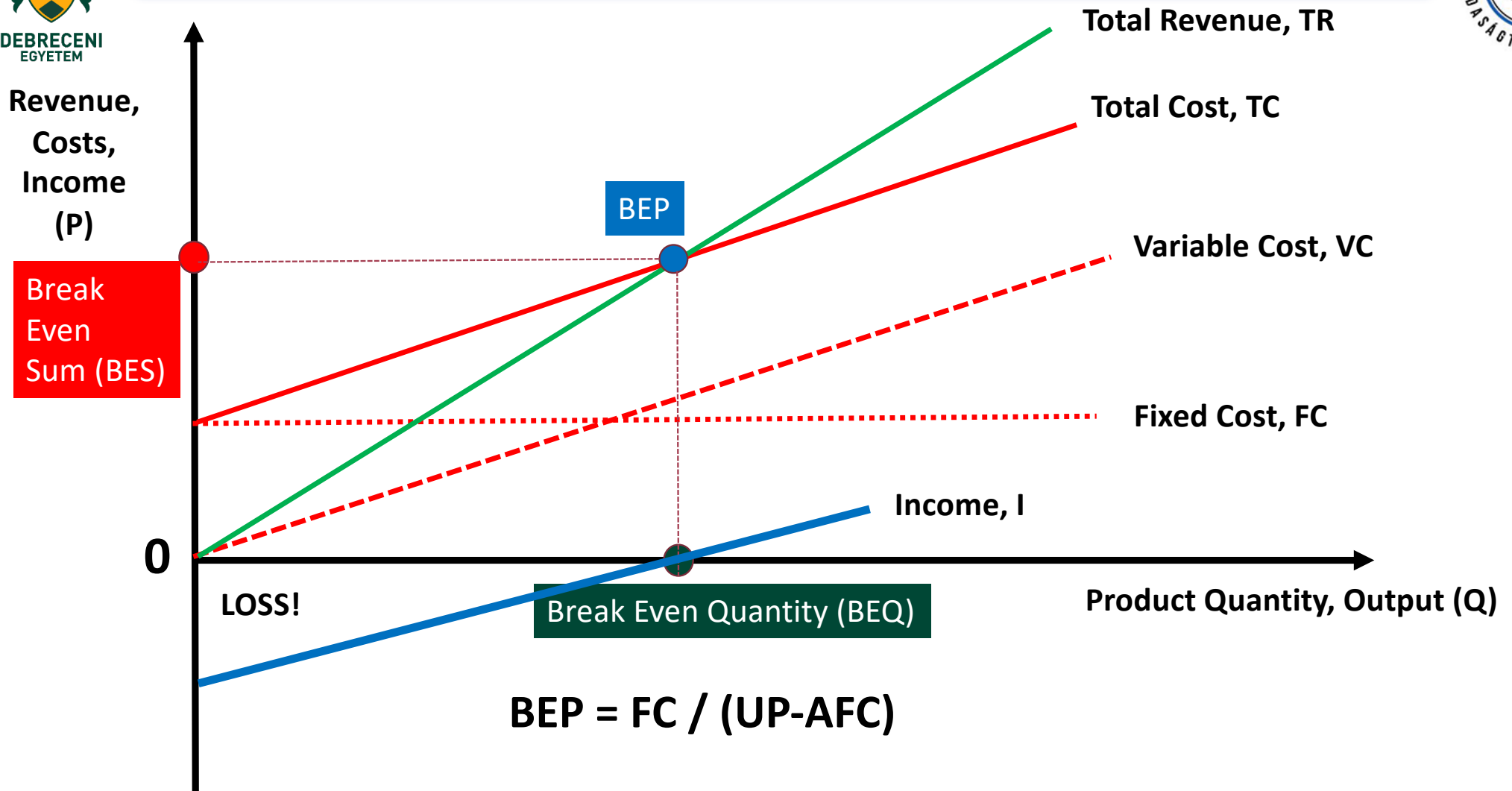
Break-even point is where revenue equals all costs

BEP= Fixed costs/price per unit – variable cost per unit



DEBRECENI
EGYETEM

Calculation of the Break Even Point (BEP) (BEQ and BES)



Calculation of the Break Even Point (BEP)

$$TR = TC = FC + VC$$

$$\text{Unit P} \times \text{BEP} = FC + (\text{AFC} \times \text{BEP})$$

$$\text{BEP} = \frac{FC}{\text{Unit P} - \text{AFC}}$$

NON-PRICE COMPETITION

COMPANIES COMPETE TO OFFER MORE IN SAME PRICE
EASIEST MARKETING STRATEGY TO COPY



MERCEDES

- Better Comfort



AUDI

- Driving Pleasure



BMW

- Bigger Engine

NON-PRICE COMPETITION

COMPANIES COMPETE TO OFFER MORE IN SAME PRICE

The image is a side-by-side comparison of two electric trucks. On the left is the Tesla Cybertruck, and on the right is the GM Hummer EV. A central watermark '@Voltly' is present. The Tesla side lists: 0-60 in 2.9s, 800 hp, 1,000 lb/ft torque, and a price of \$69,900. The GM side lists: 0-60 in 3s, 1000 hp, 1,400 lb/ft torque, and a price of \$70,000 (Unverified). Both vehicles are shown in a desert-like environment.

Model	0-60	Horsepower	Torque	Price
TESLA CYBERTRUCK TRI-MOTOR AWD	2.9 s	800 hp	1,000 lb/ft	\$69,900
GM HUMMER EV	3 s	1000 hp	1,400 lb/ft	\$70,000 (Unverified)

<https://www.instagram.com/p/2236548696344890470/>



QUESTIONS

1. WHAT'S INCLUDED IN TOTAL PRODUCT OFFER?

Price, brand name and reliability in buying decision

2. HOW DO MARKETERS CREATE PRODUCT DIFFERENTIATION?

Using combination of pricing, advertising and packaging to make it look attractive and unique

3. WHAT DO BRAND MANAGERS DO?

Coordinate price, product, place and promotional decisions

4. WHY DO COMPANIES USE NON-PRICE STRATEGIES?

Easiest marketing strategy to copy



THANK YOU FOR YOUR KIND ATTENTION!