

Your semester paper follows different goals. It should increase your analytical abilities and skills, support your creativity, wider your managerial competences and assessment skills. You should try to collect information about chosen product and its market situation, analyze this information and on base of your findings prepare strategy for improved product or changes in existing products. Because you are working in a group your must co-operate and communicate within a group what creates some group dynamics. Reviewing and assessing group dynamics (work of your members, work of your leader) you collect additional managerial skills.

Product situation analysis

As by every strategic decision is analysis first step in decision making process by product related strategy creation too. In our case has this analysis several levels, which are dependent and can be only difficult differed. As basic levels for analysis we can divide:

- Product and his attributes and characteristics,
- Product and its links to other products and goods offered to the market by a company,
- Product and its situation on the market and links to other marketed products,
- Product perception by consumer and his/her decision making process.

Seminar Nr. 6

Product market analysis and situation on the market

Product market situation must be analyzed from two aspects. First is result of competition on the market and activities of different companies and producers. Second part of market analysis is product market requirements as result of state intervention and market regulation. In both cases are that difficult analysis requiring numerous data and information, which you can't obtain. Use obtained and known information and answer following questions and tasks:

- Competition of products we can follow on different levels. Besides of products with different brands (i.e. shampoo with dandruff protection) company must look after competition of product types brands (i.e. hair shampoo) product assortment (i.e. hair care), and need satisfaction (i.e. body and hair care). For different products different level of competition can be important. How would you characterize different levels of competition by your product?
- Another approach to product market is based on relationship among different products. Sale of some products supports sale of other products (complements), it excludes sale of other products (competitors), or it negatively influence sale of other products with direct dependence (substitutes). Which products can you use as example of such group of products? How could you measure character of relationship among products?
- Use results of previous question and try to explain situation on the market using Porters five forces of competition as instrument. Which information would be necessary to increase plausibility and credibility of such analysis?
- Another Porters approach deals with different competition strategies. He suggests four basic strategies – cost leadership, differentiation and two strategies of focusing with orientation on cost leadership or on differentiation. Find examples of differentiation and focusing alternatives and possibilities for selected product type.

- Product market is more or less regulated by state intervention. Some products have stronger requirements for market entry, other are less limited with regulation. How would you characterize situation of your product from point of view of state intervention?
- Identify and describe the most important state interventions, which influence or can influence situation at selected product market! Which activities (production, distribution, sale, international business, advertising and promotion, product entry) are the most regulated?

Product portfolio and product mix analysis

Majority of companies offers on the market not only one product, but variety of products with different brands, target groups, attributes and benefits. We expect that producer manufacturing or offering your selected product has in his portfolio other products too. Describe shortly other products of the company and characterize them. If they have big number of product lines and product items characterize only product lines. On base of obtained information answer following questions:

- How would you define the basic strategic orientation of the company? In lecture were mentioned three basic orientations of a company, **problem- needs** oriented structure of supply, product- **technological based portfolio structure and knowledge –marketing base d structure**? This orientation will influence your decision about alternatives of diversification. How would you argue your choice?
- To important portfolio characteristics belong width, length and depth of product mix. How would you characterize these attributes of product portfolio by your product? Which are the main instruments of product variation, and which alternatives you could use for length and depth extension?
- In product portfolio are important links among products. Which product in your case you consider as complements, which compete with each other, which are in your opinion substitutes? What criteria and data would you use for quantification of these relationships?
- One form biggest risks in new product launch is cannibalization – new product sales made at the expense of original product sales. Can you see such risk in your product portfolio and how you would quantify it?
- Although different products in portfolio can have same or similar characteristics and can belong to the same product type, they are not always in competition. Way how to achieve these is differentiation of products for different target groups, which decision is based on different characteristics. What are possible differentiated market segments for your products? Can you quantify differentiation and if how would you deal with it?
- Which tools can you use for product portfolio analysis and which information it will offer you? Choose one from available instruments and try to identify, which information were necessary and how you would continue by this tool?

Overall situation analysis

Answering previous questions you obtained some information about situation of the product. As result of this information you can summarize them in final comments. How would you describe the overall situation of your product?

SWOT analysis belongs to the most common analytical instruments. Try to use obtained information and analysis results and create SWOT for selected product!

Product (new product) strategy proposal

Product analysis and innovation source

Innovation and new product development belongs to the crucial activities in new product management. Its role depends on the situation of the company. Innovation is first step in product strategy in the case, that company enters the market with new product. By normal situation company already has some products on the market and uses innovation process for product improvement. Therefore innovation can build first stage of products strategy (development of a new product with further decisions about its brand, promotion, quality and service strategy) as goods as last step in innovation (improvement of existing product with existing attributes). Ask following questions and tasks according to situation of your product:

- Characterize your selected product from different points of view, i.e. as result of marketing approach, in form of product benefits and subjective attributes and as materialized object, in form of objective attributes, which can be measured, evaluated and compared.
- Which objective attributes and characteristics belong to the most important attributes for product type evaluation and characterization? Which utility functions and attributes are crucial in consumer decision making process? How would you identify and quantify them?
- Life cycle curve belongs to the most important and most used tools of product analysis. Which criteria would you use by creation of product life cycle and why. Declare in which stage would you put your product and why. Other life cycle forms are life cycle of brand, assortments, technology and company. Can you find product life cycle stages by such form of life cycle?
- First stage in innovation process is idea generation. You can find sources of idea in internal environment and outside of company. Which external sources of ideas would you consider as the most important?
- New product means various things. Product described as new can create new product segment because is new to the world; it can be new for the producer, if it enters new category; it can have improved attributes or positioning. If you can characterize your product as new, describe it newness.
- If you deal with existing product, find and create ideas for new product. If you will choose new category entries, look at your answer to question of substitutes; by addition to product lines you can use findings by product lines length analysis, by product improvements variety in product line depth, by repositioning analysis of consumers and customers. Choose one example and prepare plan of product innovation for next period.
- Choose one idea and write new product concept, as it is describe in handouts, i.e. what is new on this product, what are new benefits for customer etc.

Consumer and consumer behavior analysis

Basic requirement of market success is to find and satisfy customer for your product. Decision making process is result of different subjective and objective factors. We cannot identify and quantify consumer requirements and decisions making process, because it can be quantified only on the base of market research, and that is not goal of the topic. Following tasks and question you can fulfill without exact information about target group and its behavior:

- Maslow hierarchy of needs belongs to the most popular and most used approaches to consumer decision analysis. Maslow theory says that individuals can satisfy needs on different levels of the hierarchy consuming one product. Which needs on which level of the hierarchy would your product satisfy?
- In lecture were other sociology theories of consumption mentioned, which try and can explain some part of consumption. Use one selected theory, find and describe example where they can explain consumer choose of your product type! How you would use the consequences of this theory in marketing?
- Identification of consumers target group belongs to the most important tasks in marketers job. They are result of analysis of main factors influencing consumer behavior. Which factors (demographics, sociological, psychological, economical) would you use for consumer segmentation?
- Which segment from you segmentation would you consider as the most interesting for you product and why? How would you quantify the potential of these groups?

Brand strategy

Brand strategy belongs to the most important part of product strategy. As we mentioned sometimes is role of brand so important, that marketing activities are organized on their base in form of brand managers. Answer following tasks and question:

- Look at your analysis of product portfolio and compare it with different types of brand strategy. Which brand strategy does your company use for portfolio branding and product line branding?
- We mentioned that product name could have different sources. Try to identify sources for name of your product, it is using name of company, product description, target group benefits etc.? In handouts you have some criteria for good brand name. Fulfill your brand name these criteria? Can you characterize your brand name as good according to these criteria? Why?
- In previous topic of innovation you proposed new product. Which brand name would you use for this product? Would you use product line branding, why?
- One alternative, how to decrease costs of promotion and brand support is brand sponsorship. Can you use sponsorship in case of your product? Who would be good sponsor for your product (i.e. in form of special edition or new product) and why?
- If brand name is successful it can and must be protected as trademark. But to be accepted by trademark office in must fulfill specific requirements. In your opinion fulfill your existing brand name, or your proposal for new product name requirements for trademark protection?

Promotion and advertising

- Which promotion tools would you consider as the most useful and beneficial by your product and why? You should use your findings by product analysis and consumer behavior analysis. If you have information about existing promotion support, evaluate it. Consider you existing marketing promotion as sufficient and good?
- Which sales promotion instruments would you use for your product? Take into consideration results of your analysis of consumer behavior and product analysis.

- How would you organize advertising of your product? Which media would you use and why?
- Make script proposal of product advertising in selected media, or evaluate existing advertising according to target group requirements, product analysis and other findings from analysis.

Services and quality perception

- Quality perception depends not only on product attributes, but also on services, which are offered together with product. Which services would you consider as necessary for sale of your product and which could in your opinion create competitive advantage for your product?
- As we mentioned we can identify different approaches to quality term. Can you find examples of different perception of quality by different product or producer in your assortment? Use advertising and promotion material. If you do not have enough material to find examples, according to your information about your product, how is perception of quality by your product?
- Low acceptance of subjective quality sentences leads to attempts increase credibility of quality using objective proofs of quality. Which level would you consider as best for your company: product based, process based or company base proofs of quality and why? Use results in portfolio analysis about differentiation and diversification of product portfolio etc...
- Which objective proofs of quality would you consider as the most important and most effective and why?