

## Use of instruments of product market analysis

### Example 1

Newspaper Future wrote about four different marketing strategies in lightning industry. The journalist writing columns about specific strategies and their use in business featured them under following headlines that specify the given strategies as positions in Ansoff (product/market) matrix:

- X. Light on the way to the new horizon**
- XI. Light is not everything! We know more!**
- XII. In the Spotlight of new knowledge**
- XIII. Consumer satisfaction shows us light for future**

The strategies of four producers were described in the text more in detail. In one case, the producer entered new geographical market, in another case, the producer developed and successfully launched new innovation on the market. In the third case, the light equipment producer expanded into new business – furniture production and in the last case, the producer showed successful impact of change in product strategy and improvement in market position thanks to better marketing use. Looking at short description of the cases, we can assume these four products featured in the article can be characterized as four positions in market/product matrix, known as Ansoff matrix.

*Question 1.1: What are the basic positions of Ansoff matrix? Please, name them.*

*Question 1.2: Which position fits to which headline mentioned above and why? Please, explain.*

The following table summarizes comparable information about four selected products.

*Question 1.3: Which product from table would you connect to which position in Ansoff matrix and why?*

	PRODUCT A	PRODUCT B	PRODUCT C	PRODUCT D
<b>Investment into research &amp; development per unit</b>	36	12	4,2	3,5
<b>Investments into production preparation per unit</b>	7	37	7	1,5
<b>New customers (Nr.)</b>	6	30	18	6
<b>Distribution costs per unit</b>	15	20	40	3

Notice: numbers per unit are in comparable form and do not depend on size and character of company.

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### Example 2

One instrument for market situation analysis is matrix based on two factors – price and quality. Factors in the matrix are measured in three levels – high, medium and low. So we finally reach 9 alternatives - 9 price/quality strategies that are featured in the next table:

**Table: Strategies based on price/quality matrix**

		Price		
		High	Medium	Low
Product quality	High	Leadership strategy	High price strategy	Exceptional value strategy
	Medium	Overpriced strategy	Strategy of Average	Good value strategy
	Low	Make the sale & run strategy	False economy strategy	Economic value strategy

Source: Kotler, P.-Amstrong,G.: Marketing. 1.vyd, SPN, Bratislava 1993, s. 255

Company analyzed four products on the market belonging to the corners of the matrix. First product was evaluated from utility and technical view as very good and was sold for high price. Second product was expensive, but it had low quality parameters and low reliability. One from cheaper products belonged to the best quality products on the market and the last evaluated product was of poor quality and low price.

*Question 2.1: Which strategies from the matrix are these four products representing?*

*Question 2.2: In next table there are selected economic measures for these four products.*

*Which would you consider as price and quality criteria?*

*Question 2.3: Which strategy represents which product from the table?*

Characteristic	Product V	Product X	Product Y	Product Z
Failure rate (%)	0,15	0,01	0,1	0,2
Quality criteria fulfillment ( 0-100 max)	65	90	80	60
Production cost per 1 unit (EUR)	70	80	80	100
Overhead costs per unit (EUR)	15	40	10	20
Repair parts on overall turnover (%)	3,5	1,4	0,35	1,6
Margin(profit) per unit (EUR)	15	40	20	40

Relation among price and quality was chosen and documented by following slogans, which match the strategic situation of products:

- 01. You are unique, stay so!**
- 02. Exceptional product for exceptional people!**
- 03. Best value for you is our product**
- 04. Our price is our specific!**

*Question 2.4: Which slogan according your perception meets the best selected relations among price and quality and why?*

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### Example 3

Life cycle assessment belongs to the most often mentioned instruments for product situation analysis. Theoretically, it is very easy instrument to understand but practically, it is very difficult to create lifecycle curve in real environment.

In our case we expect existence of four different products. One was launched seven years ago and its best years of big sales have already passed away. Second product achieved during last years very good sale numbers and now, new product variations are introduced regularly by producer although they are not improving sale rise. Third product is relatively new and during several years it has achieved relative high sales growth. And last product is new product, which was launched only few months ago.

*Question 3.1: If we expect that above mentioned products are in different stages of the life cycle, which stages are here described?*

*Question 3.2: In table there are some economic and statistical numbers about mentioned products. In which stage of life cycle would you put these products and why (describe your way of analysis)?*

Characteristic	PRODUCT R	PRODUCT S	PRODUCT T	PRODUCT U
Research & development expenses per unit in period	5	10	1	30
Market share growth (%)	-1,5	+5	-3,5	+ 1
Turnover growth to previous period (%)	-0,5	55	- 2,8	n.a.
Average annual growth during last three years (%)	1,5	86	-0,5	n.a.
Marketing expenses (% of turnover)	1,5	3,5	1,5	0,5

Notice: numbers per unit are in comparable form and do not depend on size and character of company. n.a. – not available

Different stages of product life cycle should influence the marketing campaigns. In our case we expect that all producers used the product life cycle position as content of their communication campaign. Result is four different slogans, from which every represents one stage of life cycle:

- I. **Traditional but innovative!**
- II. **Success is out engine!**
- III. **Our solution for successful future!**
- IV. **We believe in that what you know for years!**

*Question 3.3: Which slogan would you allocate to which stage of product life cycle and why?*

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### Example 4

Boston Consulting Group matrix belongs to the most mentioned and best known instruments for product portfolio analysis. It uses two factors for matrix creation – market growth and market share on product market. It uses symbolic description for featuring all four alternative situations. We assume situation of a company with four different product lines, each in different field of BCG matrix.

**Question 4.1: What are the positions in BCG product/market matrix called?**

In the following table you have selected information about some market conditions of particular product lines. Every position in BCG matrix should be represented by one product line.

**Question 4.2: On the base of previous information decide, which product line is positioned in which position in BCG matrix?**

UKAZOVATEL	Product line I	Product line J	Product line K	Product line L
Own market share to market share of main competitor	1,1	0,4	3,7	0,6
Market growth of product line in last period (%)	12,2	1,1	2,2	11,4
Economy growth in countries of sale	7,7	8,3	2,8	8,8
Strategic orientation of product policy	Differentiation	Elimination	Variation	Innovation
Strategy according market/Product matrix	Market penetration	Market penetration	Market penetration	Product development

Understanding of position of these product lines was base for choice of communication strategy resulting in the following slogans, which point out the situation of product line in company portfolio:

- i. **Goals cannot be always reached**
- ii. **Our jewel in market battle**
- iii. **Confidence for our business**
- iv. **Space to look over business potentials**

**Question 4.3: Which slogan would you connect with which position in BCG matrix and why?**

Product strategy 2007/2008  
Tasks for seminar 2:

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