

6.3_A

Word	Pronunciation	Part of speech	Similar word(s)
potential	/pə'tenʃl/		
merchandise	/mɜ:tʃəndaɪs/		
tangible	/'tændʒəbl/		
include	/ɪn'klu:d/		
cash	/kæʃ/		
revenue	/'revənju:/		
identify	/aɪ'dentɪfaɪ/		
evaluate	/ɪ'væljuet/		
situation	/,sɪtu'eɪʃn/		

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Answers

Word	Pronunciation	Part of speech	Similar word(s)
potential	/pə'tenʃl/	<i>adj</i>	likely, probable
merchandise	/mɜ:tʃəndaɪs/	<i>n</i> [U]	products, goods
tangible	/'tændʒəbl/	<i>adj</i>	physical
include	/ɪn'klu:d/	<i>v</i> [T]	come with
cash	/kæʃ/	usually <i>n</i> [U]; here part of compounds <i>cash flow</i> and <i>cash cow</i> , so in adjectival position	funds
revenue	/'revənju:/	<i>n</i> [U]	income
identify	/aɪ'dentɪfaɪ/	<i>v</i> [T/I]	be aware of
evaluate	/'ɪvæljuet/	<i>v</i> [T]	assess, analyze
situation	/,sɪtʃu'eɪʃn/	<i>n</i> [C]	position

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Answers

The product is the key!

Central to the marketing mix is the product itself. As well as being aware of its target markets, a company must fully understand the qualities of its products. Thus, before it can draw up a marketing strategy, a company must assess the potential success of its merchandise. Three of the many ways in which a product can be analyzed will be described here.

To begin with, what is a product? One way to define a product is to look at it on three different levels. Firstly, there is the product which you can touch, see, hear and so on. For example, if you buy a smartphone, the *actual* product is the **physical** object – the phone itself – which you carry around in your pocket. However, the **tangible** product includes intangible benefits, which are an important part of what you buy. In the case of the smartphone, as well as communicating with people by speaking and in writing (by email or messaging), you can access the internet with all its various capabilities. This feature is so beneficial that it played a crucial role in the speed at which the smartphone market developed. These tangible and intangible benefits are known as the 'core product'. Lastly, a product often **comes with** 'extras' that may have to be paid for. Like the core product, the extras are also intangible and **include** things such as warranties, customer support services, finance services and so on. These extras are known as the 'augmented' product.

Having defined the product, the company will also need to **be aware of** its **probable** life cycle. For example, some **goods**, such as computer software, may have a very short lifespan, whereas other products, such as Coca Cola, can carry on selling well for many years. Understanding the **likely** product life cycle helps a company to plan its finance and manage its **cash** flow – that is, when it may need to invest **funds** and when **revenue** may grow or fall.

A business also needs to **identify** where a product is in its life cycle once it has been introduced. At what point will the market stabilize? If sales start to fall, does this indicate a decline phase? If so, the company may have to take action to extend the lifespan of the product. There are many steps which can be taken, including developing new versions of a product, finding new markets, rebranding and repackaging. Some companies may change their packaging to keep their products looking up to date and attractive. For example, McDonald's children's 'Happy meals' are often linked to popular children's films. Another extension strategy is to add to the brand range. In 2019, Unilever launched a new environmentally friendly dishwasher product named 'Quix' which extended their range of cleaning products. Nissan's risky 2008 decision to add to its existing small cars with an electrically powered car was very successful. By 2018, the Nissan *Leaf* had become the top-selling electric car worldwide.

Finally, a company should **analyze** its product portfolio. A well-known method of doing this is the 'Boston Matrix', which **evaluates** products in terms of their market share and the rate of growth of the market in which they are positioned. As shown in Figure 1, there are four categories. A 'cash cow' has a large market share of a market that is mature or not growing. This means **income** and profits are good and investment can be minimal. A 'star' product is obviously in a desirable **position**. However, it may continue to need investment in promotion, and rivals will need to be defeated. A 'question mark' product has a low market share of a growing market. It may well be profitable in the future, but will need heavy promotion to ensure a larger market share. Finally, there is the 'dog'. As can be seen, it has a low share of a market that is not growing, which is not an advantageous **situation** to be in. The best thing to do with dogs is to sell them off!

