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B.Com Honours

Semester I

Calicut University

Entrepreneurial Marketing

Course Code: COM1MN102 • Module 2 Notes

1. Product Development and the Product Life Cycle

Product development is the engine of value creation in any startup, translating market opportunities into tangible solutions. In entrepreneurial ventures, product development must be fast, iterative, and highly responsive to customer feedback. This module covers the core concepts of product management, the stages of the Product Life Cycle, the structured steps in New Product Development, branding strategies, sales pipelines, e-commerce channels, and the formulation of a comprehensive marketing plan.

Concept of Product

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. In product design, managers analyze the product on three levels:

- **Core Customer Value:** The basic problem-solving benefit that consumers are actually buying (e.g., communication and connectivity).
- **Actual Product:** The physical or digital manifestation of the product, including its features, design, quality level, brand name, and packaging (e.g., iPhone hardware).
- **Augmented Product:** The additional customer services and benefits built around the core and actual product, such as warranty, delivery, credit, installation, and customer support (e.g., AppleCare+ and iCloud services).

The Product Life Cycle (PLC)

The Product Life Cycle describes the stages a product goes through from its introduction to the market until its eventual decline. Each stage requires distinct marketing strategies:

PLC Stage	Sales & Profits	Primary Marketing Objective	Key Strategic Focus
Introduction	Low sales; negative or low profits due to high R&D and launch costs.	Create product awareness and trial.	High promotional spending, selective distribution, targeting innovators.
Growth	Rapidly rising sales; peak profits as economies of scale kick in.	Maximize market share and build brand loyalty.	Product improvement, new features, entering new channels, competitive pricing.
Maturity	Sales peak and level off; profits decline due to intense competition.	Maximize profit while defending market share.	Product modifications, market modification, promotional deals.
Decline	Falling sales and evaporating profits.	Reduce expenditure and milk the brand.	Phasing out weak models, cutting marketing budgets, or harvesting.

New Product Development (NPD) Process

Developing a new product requires a structured process to minimize failure rates. The process includes eight stages:

- Idea Generation:** Systematically searching for new product concepts from internal sources (R&D, employees) and external sources (customers, competitors, partners).
- Idea Screening:** Evaluating new ideas to filter out poor concepts early, assessing fit with company goals and resources.
- Concept Development and Testing:** Translating the product idea into a detailed consumer concept and presenting it to a group of target customers to test its appeal.
- Marketing Strategy Development:** Drafting the initial marketing strategy, detailing the target market, value proposition, sales targets, and initial pricing.
- Business Analysis:** Evaluating the financial feasibility, projecting sales, costs, and profit estimates to ensure they meet corporate targets.

6. **Product Development:** Converting the product concept into a physical prototype or functioning software version (e.g., building an MVP).
7. **Test Marketing:** Introducing the product and its marketing program into realistic market settings to test customer response on a small scale.
8. **Commercialization:** Officially launching the product in the full market, necessitating full-scale production, marketing, and distribution.

2. Branding and Positioning Strategies

Branding is the process of creating a unique name, symbol, design, and image for a product in the consumer's mind, establishing identity and trust.

Branding and Positioning

A brand is a promise of quality, consistency, and value. For startups, branding is critical to differentiate from established players and build emotional equity with customers. It involves designing visual assets (logos, typography) and defining brand values and voice.

Branding Strategies for Startups

Startups choose branding strategies based on their product portfolio and resource availability:

Corporate (Parent) Branding

Using the company name across all products (e.g., Google Search, Google Docs, Google Cloud). Builds brand equity quickly but risks spreading reputation issues to all products.

Individual Product Branding

Giving each product a unique name and brand identity (e.g., Procter & Gamble owning Tide, Pampers, and Gillette). Protects the parent company but requires high marketing budgets for each brand.

Co-Branding

Partnering with another established brand to launch a product together (e.g., Nike and Apple creating Nike+). Increases credibility and reaches new audiences.

Private Label (White Label)

Manufacturing products that are rebranded and sold by retailers (e.g., Amazon Basics). Provides high sales volume but lower profit margins and no brand recognition.

3. Sales and Distribution Channels

A business cannot succeed without an efficient mechanism to deliver products to buyers and close sales.

Direct vs. Indirect Distribution Channels

Entrepreneurs choose between direct and indirect distribution networks to optimize profit margins and control customer relationships:

- **Direct Channels:** Selling directly to the consumer without intermediaries (e.g., company website, retail stores, direct sales team). It maximizes profit margins and provides direct customer feedback, but limits reach and requires high setup costs.
- **Indirect Channels:** Utilizing intermediaries such as wholesalers, distributors, brokers, and retailers (e.g., selling through supermarkets or local dealers). It provides rapid scale and broad reach, but lowers profit margins and reduces brand control.

Developing Effective Sales Strategies

Startups must design systematic sales processes (pipelines) to convert leads into paying customers. This involves identifying potential buyers (prospecting), qualifying leads, conducting sales presentations, addressing objections, closing the sale, and managing customer relationships using CRM software (e.g., Salesforce, HubSpot) to optimize conversion rates.

E-commerce and Online Sales for Startups

Online sales channels are ideal for resource-constrained startups:

- **Direct-to-Consumer (D2C) Model:** Selling directly to end-users via the startup's e-commerce website (built on platforms like Shopify or WooCommerce), maintaining full control over brand experience and data.
- **Online Marketplaces:** Leveraging established platforms (e.g., Amazon, Flipkart) to tap into massive existing traffic, sacrificing margins in exchange for volume and logistics support (e.g., Fulfillment by Amazon).
- **Omni-channel Integration:** Integrating online stores, social media shopping tags, and physical retail locations to provide a seamless buying experience.

4. Development of a Marketing Plan

A marketing plan is a structured document that outlines an organization's advertising and marketing strategy for the coming period. It ensures all promotional activities align with business goals.

Steps in the Marketing Planning Process

1. **Situation Analysis (SWOT):** Analyzing internal Strengths and Weaknesses, and external Opportunities and Threats. It also includes analyzing customer profiles and competitor positioning.
2. **Setting Marketing Objectives:** Formulating clear, measurable, and time-bound goals (e.g., "Achieve 5,000 monthly active users within 6 months").
3. **Marketing Strategy Formulation:** Defining the target segments, positioning statement, and the specific adaptation of the 4 Ps (Product, Price, Place, Promotion).
4. **Action Programs (Implementation):** Listing specific tasks, assigning responsibilities, setting timelines, and allocating budgets for each marketing campaign.
5. **Financial Projections:** Estimating expected sales revenues, cost of customer acquisition (CAC), operational marketing expenses, and projected return on investment.
6. **Control and Evaluation:** Establishing key performance indicators (KPIs) and check-points to monitor progress, allowing marketing teams to adapt strategies if targets are missed.

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