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**TOPIC - PRODUCT PLANNING STRATEGIES,  
STEPS IN NEW PRODUCT DEVELOPMENT PROCESS,  
INTERNATIONAL PRODUCT LIFE CYCLE**

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# PRODUCT PLANNING STRATEGIES


Product planning involves a number of product related decisions such as product design, product-mix, branding, pricing etc. Therefore, the exporter has to adopt various product planning strategies such as-



## (a) PRODUCT DESIGN STRATEGIES

Exporters have the following options in respect of product design strategies.

- (i) **Product Innovation Strategy-** Under this strategy, the exporter develops a new product in response to the demand prevailing in overseas markets. Low cost items for developing countries and high cost items for developed countries may be developed for example readymade garments to take advantage of fashion in different countries.



**(ii) Product Adaptation Strategy-** Under this strategy, both the product and the message are changed to increase the adaptability of the product. This helps to meet the specific needs of the foreign buyers. Products like office machines, health goods, and electrical goods require this strategy. It is a costly strategy. It is generally used to serve large size markets.

**(iii) Product Standardization Strategy-** Under this strategy, the exporter sells the same product all over the world with “One product, One message-worldwide”. For example Coca-cola, Sony etc. The exporters use this strategy when their product is too well known and enjoys global reputation. It is an economical strategy. This is because it does not require any modification. Moreover, it enjoys the economies of large-scale production and marketing.




**(b) PRICING STRATEGIES** As far as pricing strategies are concerned, an exporter may adopt any of the following strategies:

**(i) Skimming Pricing-** Where high price is charged when the product is launched in the market as in the case of innovative products.

**(ii) Differential Pricing-** Where different price are charged in different markets depending upon market and competitive conditions.

**(iii) Standard pricing-** Where the same price is charged in all the global markets, which is quite rare.





**(c) DISTRIBUTION STRATEGIES** Distribution channel includes a set of marketing institution participating in the marketing activities involved in the movement of flow of goods or services from the primary producer to the ultimate consumer. In international marketing, two categories of marketing channels are involved i.e.-


**(i) Direct Exporting-** Direct exporting is a method of exporting goods directly to the foreign buyers by the manufacturer himself

**(ii) Indirect exporting-** Where the manufacturer exports through intermediaries such as Star Export Houses or Merchant Exporters .



**(d) PROMOTION STRATEGIES** The exporter also needs to adopt suitable promotion strategies-

- (i) Standard Promotion Strategy** Where the same promotion-mix is used in all the global markets and with the same promotional theme.
- (ii) Differential Promotion Strategy** Where different promotion-mix is used depending upon market and competitive situation and with different promotion theme.



**(E) AFTER-SALE-SERVICE STRATEGY** After-sale-service is plays very important role in the case of durables, office equipment and machinery. The exporter needs to adopt proper after-sale-service strategy. Exporters may have a tie-up with after-sale-service agencies in overseas markets. They may also depute their own service staff in important markets.


**(F) PRODUCT POSITIONING STRATEGY** The exporter should develop effective product positioning strategy. The exporter may position the brand to create a distinct image by adopting positioning by features, price, use, benefits etc.

**(G) PRODUCT LINE STRATEGY** The exporter should decide whether to concentrate on one product or deal with product line. It is a group of related products. For example, a food items products line may include milk powers, health drinks, fruits etc.




# STEPS IN NEW PRODUCT DEVELOPMENT PROCESS

- (a) Idea Generation** The beginning of successful product is a creative idea. For the generation of new idea, it is necessary to gather information about the unfulfilled needs of the consumer, their attitude and the qualities that a product should possess. New idea may come from brainstorming technique, normal group technique, inviting suggestions from customers, obtaining feedback from dealers.
- (b) Analysing the Ideas** The export marketing manager and his team may analyse the new product ideas. Analysis of benefits, costs must be conducted. The benefit analysis must be conducted in terms of sales, profits, market share etc. costs analysis must be conducted in terms of production and distribution costs.




**(c) Short-listing of Ideas** A detailed investigation of the marks will help the exporter to short list the countries which may be considered for export purpose. The main objective of short listing is to arrive at a list of few countries which are likely to influence the selection decision.

**(d) Investigation** The exporter may conduct a detailed analysis of certain markets. He may collect necessary information in respect of various factors, such as the nature of the customers, the nature and degree of competition, the present and potential demand for the product and the trade policies of the Government and so on. The information can be collected from primary sources as well as from secondary sources.



**(e) Selection of Best Idea** The export manager may select the best idea after detailed investigation. He may select that idea which would provide maximum possible benefits at minimum possible costs. The new product idea must be such that would provide maximum value to the customers and at the same time generate higher return to the exporter.


**(f) Product Development** The export manager must make arrangement for product development. He has to organize necessary resources i.e. physical, capital and manpower. He must also give necessary directions to the production team to design and develop the product that can meet customer's expectations.



**(g) Test Marketing** In this step of product development, market testing of the new product is undertaken. The purpose is to understand its possible success in actual marketing. It is necessary to measure the consumer reaction to the product before large scale production of new product. Market testing includes product quality, features, packaging, price etc. Market testing enables the firm to improve the product and increase the customer acceptance.

**(h) Commercialization** If the test marketing results are positive, the manager may go ahead with the production and marketing on a larger scale. The product will be launched in a large market area. The manager may undertake appropriate promotion-mix which includes publicity, advertising, sales promotion, trade fairs participation etc.





**(i) Review of Product Performance** The most important step in the product development is the review of actual market performance of the product. It is a type of post introduction step. The exporter has to analyse actual market performance of the product. This includes acceptance of the product, market demand and sales position and so on. Here, the exporter can collect information data from consumer, retailer and dealer and so on. If the performance is not satisfactory he has to take prompt remedial measures.

**(j) Changes in Marketing Mix** On the basis of product performance review, the export marketing manager may have to make certain changes in the marketing-mix. Marketing mix changes may be required in respect of product's design features, product pricing, promotion mix and product's distribution.



# INTERNATIONAL PRODUCT LIFE CYCLE

Every product has its life cycle. It is similar to a life cycle of a human being. It starts with birth and ends with death. Similarly, every product has a life cycle which starts when the product is introduced in the market, growth, maturity and decline. These are the stages in the domestic product life cycle. Similar to this, a product which is being sold in an overseas market has its product life cycle called international product life cycle. This life cycle has different stages and each stage has its features.


The theory of international product life cycle (IPLC) is applicable to consumer products, synthetic fabrics and electronic equipment i.e. those products which have long lives in terms of the time span from innovation to eventual high consumer demand.



Following are the stages of product life cycle:


### **(a) Introduction Stage**

The product first takes birth or entry in the market. At this stage, sales pick up slowly and to ensure the survival or to enhance the sales, it is very much necessary to develop brand awareness. Brand awareness and brand loyalty can be developed through advertising and sales promotion technique. This stage involves low sales, high promotional expenditure, loss or negligible profits, higher margin to dealers etc.




**(b) Growth Stage** In the growth stage the product is poised for growth. This stage involves rapid growth in sales, rise in profits, repeat purchases and brand loyalty, increased competition, introduction of more models or variations, intensive promotional efforts etc.

**(c) Maturity Stage** In the maturity stage, the product is well settled in the market along with the competitors. This stage involves stagnation of sales, decline in profits, intense competition, retentive advertising to remind the customers etc.



**(d) Decline Stage** In the decline stage, sales decline due to the entry of new and improved products or due to change in consumer preferences of habits. This stage involves entry of substitutes, decline in sales, decline in profits at a rapid pace, minimum promotional effort, withdrawal or modification in product, repositioning of product etc.





## At international product life cycle the stages are:

- (a) Local Innovation
- (b) Overseas Innovation
- (c) Maturity
- (d) Worldwide imitation
- (e) Reversal

In export marketing the concept of international product life cycle (IPLC) is something different from domestic marketing product life cycle. Domestic product life cycle is quite easy to understand but IPLC is comparatively difficult to understand. But it is cleared by understanding the stages which are stated above .





THANK YOU