Comment

Product Life-Cycle Strategies

After launching the new product, management wants that product to enjoy a long and happy life. Although it does not expect the product to sell forever, the company wants to earn a decent profit to cover all the effort and risk that went into launching it. Management is aware that each product will have a life cycle, although its exact shape and length is not known in advance.

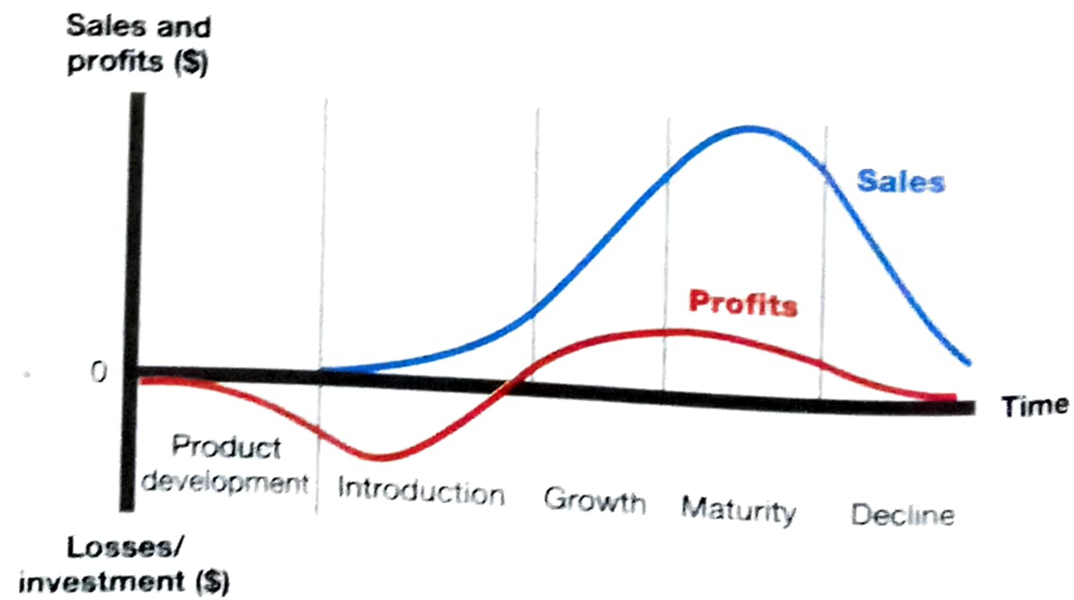
Product life cycle (PLC)
The course of a product's sales and profits over its lifetime.

Figure 9.2 shows a typical **product life cycle (PLC)**, the course that a product's sales and profits take over its lifetime. The PLC has five distinct stages:

1. *Product development* begins when the company finds and develops a new product idea. During product development, sales are zero, and the company's investment costs mount.

FIGURE | 9.2
Sales and Profits over the Product's Life from Inception to Decline

Some products die quickly; others stay in the mature stage for a long, long time. For example, TABASCO sauce has been around for more than 140 years. Even then, to keep the product young, the company has added a full line of flavors (such as Sweet & Spicy and Chipotle) and a kitchen cabinet full of new TABASCO products (such as salsas, marinades, and a chili mix).



2. *Introduction* is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction.
3. *Growth* is a period of rapid market acceptance and increasing profits.
4. *Maturity* is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits level off or decline because of increased marketing outlays to defend the product against competition.
5. *Decline* is the period when sales fall off and profits drop.

● **Product life cycle: Some products die quickly; others stay in the mature stage for a long, long time. Life Savers Mints recently celebrated "100 years of keeping mouths feeling fresh."**

The Wrigley Company

Not all products follow all five stages of the PLC. Some products are introduced and die quickly; others stay in the mature stage for a long, long time. Some enter the decline stage and are then cycled back into the growth stage through strong promotion or repositioning. It seems that a well-managed brand could live forever. Venerable brands like Coca-Cola, Gillette, Budweiser, Guinness, American Express, Wells Fargo, Heinz, Kikkoman, and TABASCO sauce, for instance, are still going strong after more than 100 years. Guinness beer has been around for more than 250 years, ● Life Savers Mints recently celebrated "100 years of keeping mouths feeling fresh," and 147-year-old TABASCO sauce brags that it's "over 140 years old and still able to totally whup your butt!"

The PLC concept can describe a *product class* (gasoline-powered automobiles), a *product form* (SUVs), or a *brand* (the Ford Escape). The PLC concept applies differently in each case. Product classes have the longest life cycles; the sales of many product classes stay in the mature stage for a long time. Product forms, in contrast, tend to have the standard PLC shape. Product forms such as dial telephones, VHS tapes, and film cameras passed through a regular history of introduction, rapid growth, maturity, and decline.

A specific brand's life cycle can change quickly because of changing competitive attacks and responses. For example, although laundry soaps (product class) and powdered detergents (product form) have enjoyed fairly long life cycles, the life cycles of specific brands have tended to be much shorter. Today's

Leading U.S. brands of powdered laundry soap are Tide and Gain; the leading brands 100 years ago were Fels-Naptha and Octagon.

Style
A basic and distinctive mode of expression.

The PLC concept also can be applied to what are known as styles, fashions, and fads. Their special life cycles are shown in **Figure 9.3**. A **style** is a basic and distinctive mode of expression. For example, styles appear in homes (colonial, ranch, transitional), clothing (formal, casual), and art (realist, surrealist, abstract). Once a style is invented, it may last for generations, passing in and out of vogue. A style has a cycle showing several periods of renewed interest.

Fashion
A currently accepted or popular style in a given field.

A **fashion** is a currently accepted or popular style in a given field. For example, the more formal "business attire" look of corporate dress of the 1980s and 1990s gave way to the "business casual" look of the 2000s and 2010s. Fashions tend to grow slowly, remain popular for a while, and then decline slowly.

Fad
A temporary period of unusually high sales driven by consumer enthusiasm and immediate product or brand popularity.

Fads are temporary periods of unusually high sales driven by consumer enthusiasm and immediate product or brand popularity.[19] A fad may be part of an otherwise normal life cycle, as in the case of recent surges in the sales of poker chips and accessories. Or the fad may comprise a brand's or product's entire life cycle. Pet Rocks are a classic example. Upon hearing his friends complain about how expensive it was to care for their dogs, advertising copywriter Gary Dahl joked about his pet rock. He soon wrote a spoof of a dog-training manual for it, titled *The Care and Training of Your Pet Rock*. Soon Dahl was selling some 1.5 million ordinary beach pebbles at $4 a pop. Yet the fad, which broke one October, had sunk like a stone by the next February. Dahl's advice to those who want to succeed with a fad: "Enjoy it while it lasts." Other examples of fads include Silly Bandz, Furbies, and selfie sticks.[20]

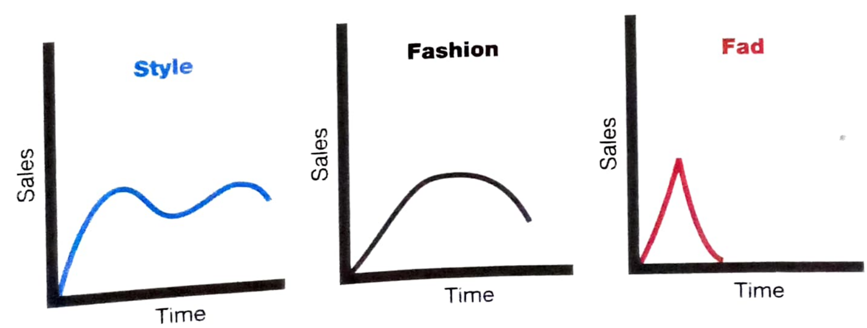
Marketers can apply the product life-cycle concept as a useful framework for describing how products and markets work. And when used carefully, the PLC concept can help in developing good marketing strategies for the different life-cycle stages. However, using the PLC concept for forecasting product performance or developing marketing strategies presents some practical problems. For example, in practice, it is difficult to forecast the sales level at each PLC stage, the length of each stage, and the shape of the PLC curve. Using the PLC concept to develop marketing strategy also can be difficult because strategy is both a cause and a result of the PLC. The product's current PLC position suggests the best marketing strategies, and the resulting marketing strategies affect product performance in later stages.

Moreover, marketers should not blindly push products through the traditional product life-cycle stages. Instead, marketers often defy the "rules" of the life cycle and position or reposition their products in unexpected ways. By doing this, they can rescue mature or declining products and return them to the growth phase of the life cycle. Or they can leapfrog obstacles that slow consumer acceptance and propel new products forward into the growth phase.

The moral of the product life cycle is that companies must continually innovate; otherwise, they risk extinction. No matter how successful its current product lineup, a company must skillfully manage the life cycles of existing products for future success. And to grow, the company must develop a steady stream of new products that bring new value to customers. Toy maker Mattel is learning this lesson the hard way. It has long dominated the world toy industry with classic brands such as Barbie, Hot Wheels, Fisher-Price, and American Girl. In recent years, however, as its core brands have matured, Mattel's sales have stagnated at the hands of nimbler, more innovative competitors (see Real Marketing 9.2).

We looked at the product development stage of the PLC in the first part of this chapter. We now look at strategies for each of the other life-cycle stages.

FIGURE | 9.3
Styles, Fashions, and Fads



Examples of fads
The Pet Rock fad broke out one October but had sunk like a stone by the next February. Low-carb diets followed a similar pattern.

Introduction stage
The PLC stage in which a new product is first distributed and made available for purchase.

Introduction Stage

The **introduction stage** starts when a new product [illegible] hed. Introduction [illegible] and sales growth is apt to be slow. Well-k[illegible] ts such as froz[illegible] and HDTVs lingered for many years before the[illegible] age of more rapid growth.

In this stage, as compared to other stages, profits ar[illegible] low because of the low sales and high distribution and promotion expenses. [illegible] is needed to attract distributors and build their inventories. Promotion spendi[illegible] vely high to inform consumers of the new product and get them to try it. Be[illegible] arket is not generally ready for product refinements at this stage, the company and [illegible] competitors produce basic versions of the product. These firms focus their selling on those buyers who are the most ready to buy.

A company, especially the *market pioneer*, must choose a launch strategy that is consistent with the intended product positioning. It should realize that the initial strategy is just the first step in a grander marketing plan for the product's entire life cycle. If the pioneer chooses its launch strategy to make a "killing," it may be sacrificing long-run revenue for the sake of short-run gain. The pioneer has the best chance of building and retaining market leadership if it plays its cards correctly from the start.

Growth stage
The PLC stage in which a product's sales start climbing quickly.

Growth Stage

If the new product satisfies the market, it will enter a **growth stage** in which sales will start climbing quickly. The early adopters will continue to buy, and later buyers will start following their lead, especially if they hear favorable word of mouth. Attracted by the opportunities for profit, new competitors will enter the market. They will introduce new product features, and the market will expand. The increase in competitors leads to an increase in the number of distribution outlets, and sales jump just to build reseller inventories. Prices remain where they are or decrease only slightly. Companies keep their promotion spending at the same or a slightly higher level. Educating the market remains a goal, but now the company must also meet the competition.

Profits increase during the growth stage as promotion costs are spread over a large volume and as unit manufacturing costs decrease. The firm uses several strategies to sustain rapid market growth as long as possible. It improves product quality and adds new product features and models. It enters new market segments and new distribution channels. It shifts some advertising from building product awareness to building product conviction and purchase, and it lowers prices at the right time to attract more buyers.

In the growth stage, the firm faces a trade-off between high market share and high current profit. By spending a lot of money on product improvement, promotion, and distribution, the company can capture a dominant position. In doing so, however, it gives up maximum current profit, which it hopes to make up in the next stage.

Maturity stage
The PLC stage in which a product's sales growth slows or levels off.

Maturity Stage

At some point, a product's sales growth will slow down, and it will enter the **maturity stage**. This maturity stage normally lasts longer than the previous stages, and it poses strong challenges to marketing management. Most products are in the maturity stage of the life cycle, and therefore most of marketing management deals with the mature product.

The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin marking down prices, increasing their advertising and sales promotions, and upping their product development budgets to find better versions of the product. These steps lead to a drop in profit. Some of the weaker competitors start dropping out, and the industry eventually contains only well-established competitors.

Although many products in the mature stage appear to remain unchanged for long periods, most successful ones are actually evolving to meet changing consumer needs.

[illegible] managers should d[illegible] [illegible] defend their mature [illegible] good offense [illegible] [illegible]sider modifying the market [illegible] offering, and marketing [illegible].

[illegible] modifying the market, [illegible] increase consumption by finding new [illegible] and new market segments [illegible]. For example, brands such as Harley-[illegible] and Axe fragrances, [illegible] targeted male buyers, have created products and marketing programs aimed at women. Conversely, Weight Watchers and Bath & Body Works, which have typically targeted women, have created products and programs aimed at men.

The company may also look for ways to increase usage among present customers. For example, 3M recently ran a marketing campaign to inspire more usage of its Post-it products.[21] The Post-it "Go Ahead" campaign aimed to convince customers that the sticky pieces of paper are good for much more than just scribbling temporary notes and reminders. An initial ad showed people on a college campus blanketing a wall outside a building with Post-it Notes answering the question "What inspires you?" "Share on a real wall," the announcer explained. Other scenes showed a young man filling a wall with mosaic artwork created from multiple colors of Post-it Notes, teachers using Post-it Notes to enliven their classrooms, and a man posting a "Morning, beautiful" note on the bathroom mirror as his wife is brushing her teeth. "Go ahead," said the announcer, "keep the honeymoon going." The ad ended with a hand peeling Post-it Notes off a pad one by one to reveal new, unexpected uses: "Go ahead. Connect," "Go ahead. Inspire," and "Go ahead. Explore."

The company might also try *modifying the product*—changing characteristics such as quality, features, style, packaging, or technology platforms to retain current users or attract new ones. Thus, to freshen up their products for today's technology-obsessed children, many classic toy and game makers are creating new digital versions or add-ons for old favorites. For example, the venerable Crayola brand has souped up its product line to meet the technology tastes of the new generation. With the Crayola My Virtual Fashion Show drawing kit and app, for instance, children first design fashions using the provided color pencils and sketchpad. They then take photos of the designs with their smartphones or tablets and watch their original creations magically come to life inside the app on 3D models who walk virtual runways in Milan, New York, and Paris.[22]

Finally, the company can try *modifying the marketing mix*—improving sales by changing one or more marketing mix elements. The company can offer new or improved services to buyers. It can cut prices to attract new users and competitors' customers. It can launch a better advertising campaign or use aggressive sales promotions—trade deals, cents-off, premiums, and contests. In addition to pricing and promotion, the company can also move into new marketing channels to help serve new users.

● PepsiCo used all of these market, product, and marketing mix modification approaches to reinvigorate its 137-year-old Quaker brand and keep it from sinking into decline. To reawaken the brand, Quaker launched a major new "Quaker Up" marketing campaign, supported by an estimated $100 million budget.[23]

● **Managing the product life cycle: Thanks to the "Quaker Up" campaign, 137-year-old Quaker now has a more contemporary appeal as a lifestyle brand that helps give young families the fuel and energy needed to get through the day.**

Provided courtesy of The Quaker Oat Company

> The "Quaker Up" campaign targets a new market of young mothers under 35, positioning Quaker's lines of hot and cold cereals, snack bars, cookies, and other products as healthy lifestyle choices that help give a young family the fuel and energy needed to get through the day. The campaign advises families to "Quaker Up—with Quaker's good energy for the moments that matter." As part of the retargeting and repositioning effort, Quaker has modernized every element of the brand, from products and packaging to in-store displays and ad platforms. To start, it slimmed down the iconic Quaker man by 20 pounds and gave him a facelift to make him look healthier, stronger, and more contemporary. The brand added new energy-packed products, such as Quaker Medleys—a hearty blend of oats and grains with real fruit and nuts, Quaker Soft Baked Bars—high in fiber, protein, and B vitamins; and Quaker

protein-packed instant oatmeal and baked energy ... the more mobile
and connected lifestyles of today's young parents, the "Quaker ... aign also incorpo-
rates a healthy dose of digital media, including banner ads ... videos, a Facebook
app, a Quaker Up community website, and a full slate of other ... tent. In all, despite
its age, the reenergized Quaker brand now has a much young... "People know the
brand, people love the brand, but we needed to forge a strong ... tion with contempo-
rary moms," says Quaker's chief marketing officer.

Decline Stage

Decline stage
The PLC stage in which a product's sales fade away.

The sales of most product forms and brands eventually dip. The decline may be slow, as in the cases of stamps and oatmeal cereal, or rapid, as in the cases of VHS tapes. Sales may plunge to zero, or they may drop to a low level where they continue for many years. This is the **decline stage**.

Sales decline for many reasons, including technological advances, shifts in consumer tastes, and increased competition. As sales and profits decline, some firms withdraw from the market. Those remaining may prune their product offerings. In addition, they may drop smaller market segments and marginal trade channels, or they may cut the promotion budget and reduce their prices further.

Carrying a weak product can be very costly to a firm, and not just in profit terms. There are many hidden costs. A weak product may take up too much of management's time. It often requires frequent price and inventory adjustments. It requires advertising and sales-force attention that might be better used to make "healthy" products more profitable. A product's failing reputation can cause customer concerns about the company and its other products. The biggest cost may well lie in the future. Keeping weak products delays the search for replacements, creates a lopsided product mix, hurts current profits, and weakens the company's foothold on the future.

For these reasons, companies must identify products in the decline stage and decide whether to maintain, harvest, or drop them. Management may decide to *maintain* its brand, repositioning or reinvigorating it in hopes of moving it back into the growth stage of the product life cycle. P&G has done this with several brands, including Mr. Clean and Old Spice. Over the past decade, P&G has retargeted, repositioned, revitalized, and extended both of these old brands, taking each from near extinction to billion-dollar-brand status. Royal Enfield, one of the oldest brands of motorcycles plying on the Indian roads, revived the decline phase by improving the product and once again moved back to the growth phase. (see Real Marketing 9.2)

Management may decide to *harvest* the product, which means reducing various costs (plant and equipment, maintenance, R&D, advertising, sales force), hoping that sales hold up. If successful, harvesting will increase the company's profits in the short run. Finally, management may decide to *drop* the product from its line. The company can sell the product to another firm or simply liquidate it at salvage value. If the company plans to find a buyer, it will not want to run down the product through harvesting. In recent years, P&G has sold off several declining brands and brands that no longer fit strategically, such as Folgers coffee, Crisco oil, Comet cleanser, Sure deodorant, Noxema, Duncan Hines cake mixes, Cover Girl and Max Factor cosmetics, Duracell batteries, Iams pet foods, and others.[24]

Table 9.2 summarizes the key characteristics of each stage of the PLC. The table also lists the marketing objectives and strategies for each stage.[25]

Table 9.2 | **Summary of Product Life-Cycle Characteristics, Objectives, and Strategies**

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Mainstream adopters	Lagging adopters
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Marketing objectives				
	Create product engagement and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
Strategies				
Product	Offer a basic product	Offer product extensions, service, and warranty	Diversify brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build engagement and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

...a: Based on Philip Kotler and Kevin Lane Keller, *Marketing Management*, 15th ed. (Hoboken, NJ: Pearson Education, 2016), p. 358.

developed a distinctive image through its

Product Life-Cycle Marketing Strategies

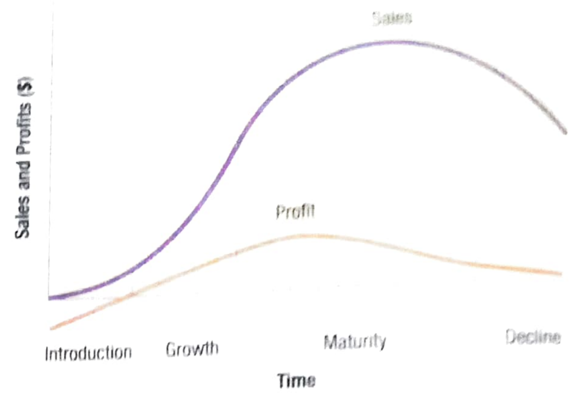
A company's positioning and differentiation strategy must change as the product, market, and competitors change over the *product life cycle* (PLC). To say that a product has a life cycle is to assert four things:

1. Products have a limited life.
2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.

Differentiating through image: An advertisement of a leading ready-made garments and accessory brand

FIG. 11.1

Sales and Profit Life Cycles



3. Profits rise and fall at different stages of the product life cycle.
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.

Product Life Cycles

Most product life-cycle curves are portrayed as bell-shaped (see Figure 11.1). This curve is typically divided into four stages: introduction, growth, maturity, and decline.[18]

1. ***Introduction***—A period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses of product introduction.
2. ***Growth***—A period of rapid market acceptance and substantial profit improvement.
3. ***Maturity***—A slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
4. ***Decline***—Sales show a downward drift and profits erode.

We can use the PLC concept to analyze a product category (fabric washing products), a product form (washing detergent), a product (liquid detergent) or a brand (Godrej Ezee). Not all products exhibit a bell-shaped PLC.[19] Three common alternate patterns are shown in Figure 11.2.

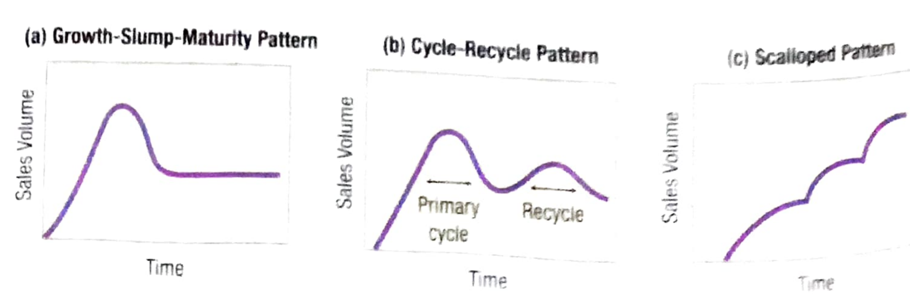
Figure 11.2(a) shows a *growth-slump-maturity pattern*, often characteristic of small kitchen appliances such as handheld mixers and bread makers. Sales grow rapidly when the product is first introduced and then fall to a "petrified" level that is sustained by late adopters buying the product for the first time and early adopters replacing it.

The *cycle-recycle pattern* in Figure 11.2(b) often describes the sales of new drugs. The pharmaceutical company aggressively promotes its new drug, and this produces the first cycle. Later, sales start declining and the company gives the drug another promotion push, which produces a second cycle (usually of smaller magnitude and duration).[20]

Another common pattern is the *scalloped PLC* in Figure 11.2(c). Here sales pass through a succession of life cycles based on the discovery of new-product characteristics, uses, or users. The sales of nylon, for example, show a scalloped pattern because of the many new uses—parachutes, hosiery, shirts, carpeting, boat sails, automobile tires—that continue to be discovered over time.[21]

FIG. 11.2

Common Product Life-Cycle Patterns



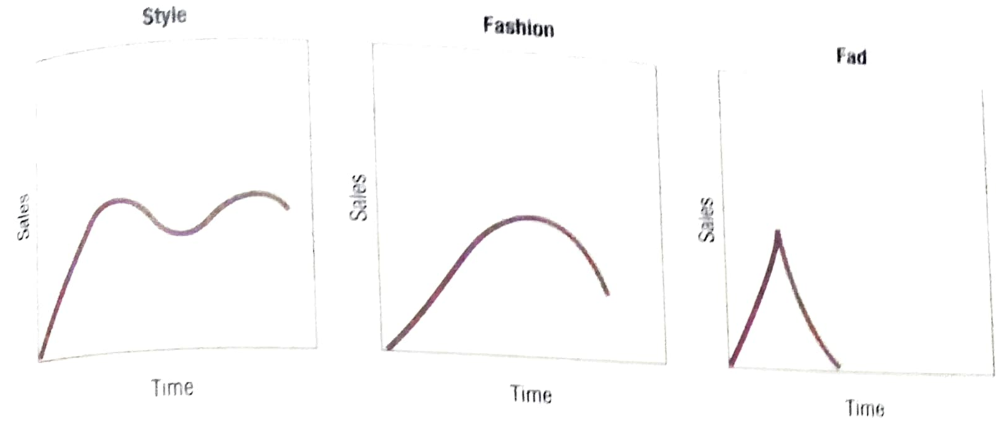


FIG. 11.3

Style, Fashion, and Fad Life Cycles

Style, Fashion, and Fad Life Cycles

We need to distinguish three special categories of product life cycles—styles, fashions, and fads (Figure 11.3). A *style* is a basic and distinctive mode of expression appearing in a field of human endeavor. Styles appear in homes (colonial, ranch, Cape Cod); clothing (formal, casual, funky); and art (realistic, surrealistic, abstract). A style can last for generations and go in and out of vogue. A *fashion* is a currently accepted or popular style in a given field. Fashions pass through four stages: distinctiveness, emulation, mass fashion, and decline.[22]

The length of a fashion cycle is hard to predict. One point of view is that fashions end because they represent a purchase compromise, and consumers start looking for the missing attributes.[23] For example, as automobiles become smaller, they become less comfortable, and then a growing number of buyers start wanting larger cars. Another explanation is that too many consumers adopt the fashion, thus turning others away. Still another is that the length of a particular fashion cycle depends on the extent to which the fashion meets a genuine need, is consistent with other trends in the society, satisfies societal norms and values, and keeps within technological limits as it develops.[24]

Fads are fashions that come quickly into public view, are adopted with great zeal, peak early, and decline very fast. Their acceptance cycle is short, and they tend to attract only a limited following who are searching for excitement or want to distinguish themselves from others. Fads fail to survive because they don't normally satisfy a strong need. The marketing winners are those who recognize fads early and leverage them into products with staying power. Here's a success story of a company that managed to extend a fad's life span:

TRIVIAL PURSUIT

Since its debut at the International Toy Fair in 1982, Trivial Pursuit has sold 80 million copies in 18 languages in 32 countries, and it remains one of the best-selling adult games. Parker Brothers has kept the product's popularity going by making a new game with updated questions every year. It also keeps creating offshoots—travel packs, a children's version, Trivial Pursuit Genus IV, and themed versions tapping into niches tied to various sports, movies, and decades. The game is available in a variety of platforms: an interactive CD-ROM from Virgin Entertainment Interactive; online with its own Web site (www.trivialpursuit.com), and a mobile edition that can be accessed via cell phones. If you're having trouble making dinner conversation on a date—no problem: NTN Entertainment Network has put Trivial Pursuit in about 3,000 restaurants.[25]

Marketing Strategies: Introduction Stage and the Pioneer Advantage

Because it takes time to roll out a new product, work out the technical problems, fill dealer pipelines, and gain consumer acceptance, sales growth tends to be slow in the introduction stage.[26] Profits are negative or low, and promotional expenditures are at their highest ratio to sales because of the need to (1) inform potential consumers, (2) induce product trial, and (3) secure distribution in retail outlets.[27] Firms focus on those buyers who are the most ready to buy, usually in higher-income groups. Prices tend to be high because costs are high.

Companies that plan to introduce a new product must decide when to enter the market. To be first can be rewarding, but risky and expensive. To come in later makes sense if the firm can bring superior technology, quality, or brand strength.

Speeding up innovation time is essential in an age of shortening product life cycles. Being early has been shown to pay. One prior study found that products that came out six months late—but on budget—earned an average of 33% less profit in their first five years; products that came out on time but 50% over budget cut their profits by only 4%.[28]

Most studies indicate that the market pioneer gains the greatest advantage.[29] Companies such as Campbell, Coca-Cola, Hallmark, and Amazon.com developed sustained market dominance. Carpenter and Nakamoto found that 19 of 25 companies that were market leaders in 1923 were still the market leaders in 1983, 60 years later.[30] Robinson and Min found that in a sample of industrial-goods businesses, 66% of pioneers survived at least 10 years, versus 48% of the early followers.[31]

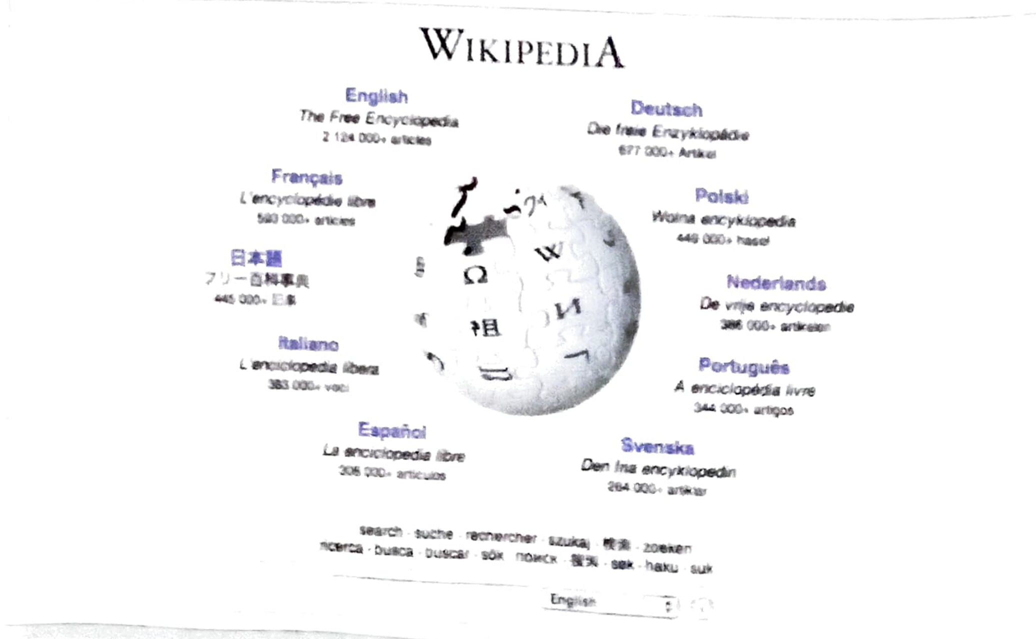
What are the sources of the pioneer's advantage?[32] Early users will recall the pioneer's brand name if the product satisfies them. The pioneer's brand also establishes the attributes the product class should possess. The pioneer's brand normally aims at the middle of the market and so captures more users. Customer inertia also plays a role; and there are producer advantages: economies of scale, technological leadership, patents, ownership of scarce assets, and other barriers to entry. Pioneers can have more effective marketing spending and enjoy higher rates of consumer repeat purchases. An alert pioneer can maintain its leadership indefinitely by pursuing various strategies.[33]

The pioneer advantage, however, is not inevitable.[34] Look at the fate of Bowmar (hand calculators), Apple's Newton (personal digital assistant), Netscape (Web browser), Reynolds (ballpoint pens), and Osborne (portable computers), market pioneers overtaken by later entrants. First movers also have to watch out for what some have called the "second mover advantage."

WIKIPEDIA.ORG, CITIZENDIUM.ORG

Launched in January 2001, the collaborative Internet encyclopedia Wikipedia has ridden its pioneer advantage to become as familiar as eBay and Google. Its 5 million pages of content are created entirely by volunteers and are available, free, to users in 250 languages. It might seem that no other Internet encyclopedia could hope to eclipse Wikipedia's reach and brand equity at this point. Yet, who better than Wikipedia's cofounder, Larry Sanger, to try? Sanger believes his new site, Citizendium, enjoys certain "second mover" advantages that can help it overtake his old site. First, second movers avoid heavy investment in R&D by replicating the first mover's approach. Citizendium will open up as an exact copy of Wikipedia, saving five years of development time. Next, second movers enjoy the advantage of positioning. Because Sanger knows exactly how Wikipedia is perceived, he can use that data to aim Citizendium at what he calls "different social niches." Finally, second movers learn from the pioneer's mistakes. Citizendium is introducing site sponsorship and an editorial team of experts who can prove their expertise in their respective subjects. Wikipedia, watch your back![35]

Wikipedia, the Web's first and most popular reader-created encyclopedia, may soon face competition from second-to-the-market Citizendium, a similar site created by Wikipedia's founder.



Steven Schnaars studied 28 industries where the imitators surpassed the innovators.[36] He found several weaknesses among the failing pioneers, including new products that were too crude, were improperly positioned, or appeared before there was strong demand; product-development costs that exhausted the innovator's resources; a lack of resources to compete against entering larger firms; and managerial incompetence or unhealthy complacency. Successful imitators thrived by offering lower prices, improving the product more continuously, or using brute market power to overtake the pioneer. None of the companies that now dominate in the manufacture of personal computers—including Dell, Gateway, and Compaq—were first movers.[37]

Golder and Tellis raise further doubts about the pioneer advantage.[38] They distinguish between an *inventor*, first to develop patents in a new-product category, a *product pioneer*, first to develop a working model, and a *market pioneer*, first to sell in the new-product category. They also include nonsurviving pioneers in their sample. They conclude that although pioneers may still have an advantage, a larger number of market pioneers fail than has been reported, and a larger number of early market leaders (though not pioneers) succeed. Examples of later entrants overtaking market pioneers are IBM over Sperry in mainframe computers, Matsushita over Sony in VCRs, and GE over EMI in CAT scan equipment.

In a more recent study, Tellis and Golder identify the following five factors as underpinning long-term market leadership: vision of a mass market, persistence, relentless innovation, financial commitment, and asset leverage.[39] Other research has highlighted the importance of the novelty of the product innovation.[40] When a pioneer starts a market with a really new product, as was the case with Segway Human Transporter, survival can be very challenging. In contrast, when the market is started by an incremental innovation, as was the case with MP3 players with video capabilities, pioneers' survival rates are much higher.

The pioneer should visualize the various product markets it could initially enter, knowing it cannot enter all of them at once. Suppose market-segmentation analysis reveals the product market segments shown in Figure 11.4. The pioneer should analyze the profit potential of each product market singly and in combination and decide on a market expansion path. Thus the pioneer in Figure 11.4 plans first to enter product market P_1M_1, then move the product into a second market (P_1M_2), then surprise the competition by developing a second product for the second market (P_2M_2), then take the second product back into the first market (P_2M_1), and then launch a third product for the first market (P_3M_1). If this game plan works, the pioneer firm will own a good part of the first two segments and serve them with two or three products.

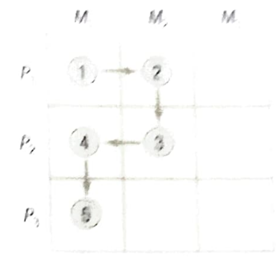


FIG. 11.4

Long-Range Product Market Expansion Strategy

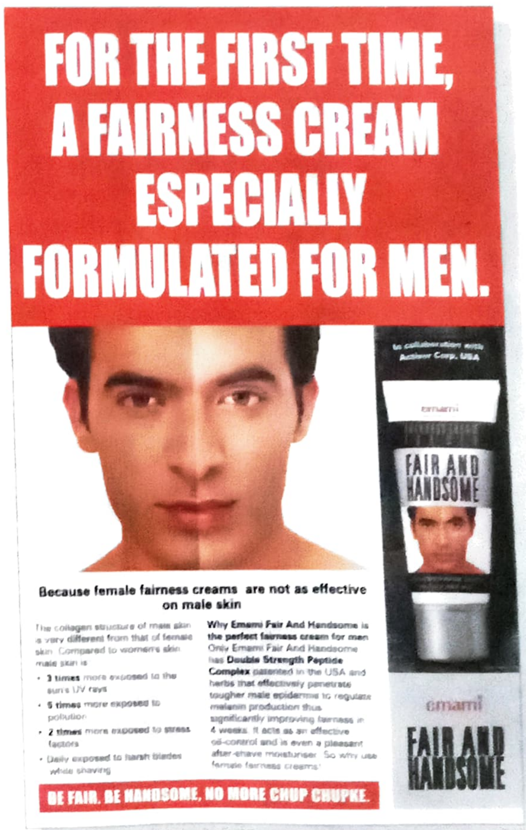
Marketing Strategies: Growth Stage

The growth stage is marked by a rapid climb in sales. Early adopters like the product, and additional consumers start buying it. New competitors enter, attracted by the opportunities. They introduce new product features and expand distribution.

Prices remain where they are or fall slightly, depending on how fast demand increases. Companies maintain their promotional expenditures at the same or at a slightly increased level to meet competition and to continue to educate the market. Sales rise much faster than promotional expenditures, causing a welcome decline in the promotion–sales ratio. Profits increase during this stage as promotion costs are spread over a larger volume and unit manufacturing costs fall faster than price declines, owing to the producer learning effect. Firms must watch for a change from an accelerating to a decelerating rate of growth in order to prepare new strategies. The men's cosmetic market in South Asia in general and the men's fairness (skin-lightening) cream market in India in particular is at this stage of product life cycle.

MEN'S FAIRNESS CREAM MARKET

With a changing attitude of men toward what is considered as "good looks," the men's cosmetic market in South Asia is currently in a growth phase. In India, this growth is largely spurred by the launch of a skin-lightening product, positioned as a fairness cream, specifically targeted at men. Market research indicated that many men use fairness creams targeted for women, led by Hindustan Unilever's Fair & Lovely. In order to utilize this latent need, Emami



Promoting a new product category: an advertisement for one of the first brands in the men's skin lightening product category in India.

launched the Fair and Handsome brand of men's fairness cream in India in 2005. In a recent advertisement for the brand, the well-known Bollywood actor Shah Rukh Khan suggests a disappointed young man to start using the brand to attract the girl he likes. Communications of this nature have evoked criticisms from some sections of society arguing that skin-lightening products for men as well as women reinforce the social prejudice that fairness of skin implies better looks and greater success in personal and professional life. Notwithstanding such objections, this market is growing by over 10% per annum.[41]

During the growth stage, the firm uses several strategies to sustain rapid market growth:

- It improves product quality and adds new product features and improved styling.
- It adds new models and flanker products (i.e., products of different sizes, flavors, and so forth that protect the main product).
- It enters new market segments.
- It increases its distribution coverage and enters new distribution channels.
- It shifts from product-awareness advertising to product-preference advertising.
- It lowers prices to attract the next layer of price-sensitive buyers.

These market-expansion strategies strengthen the firm's competitive position. Consider how Yahoo! has fueled growth.

YAHOO!

Founded in 1994 by Web-surfing Stanford University grad students, Yahoo! has become the number-one place to be on the Web, averaging 129 million unique visitors a month, representing almost 80% of the online population. The company grew into more than just a search engine; it became a portal, offering a full-blown package of information and services, from e-mail to online shopping malls. Yahoo!'s revenues, which exceeded $6 billion in 2005, come from a number of sources—banner ads, paid search, subscriptions for services such as personals, and a broadband partnership with SBC Communications. Yahoo!'s $1.6 billion acquisition of Overture Services in 2003, a key paid-search competitor of Google, helped strengthen its claim as a one-stop shop for advertisers. Subsequent years have seen many additional acquisitions to expand the company's online capabilities and services, including online social event calendar Upcoming.org, online video editing site Jumpcut, and online social contest site bix.com. Yahoo! also continued to grow globally with strong emphasis on Europe and Asia, helped in part by the acquisition of Kelkoo, a European comparison-shopping site, for $579 million and 46% of Alibaba, a Chinese e-commerce company, for $1 billion in cash in 2005.[42]

A firm in the growth stage faces a trade-off between high market share and high current profit. By spending money on product improvement, promotion, and distribution, it can capture a dominant position. It forgoes maximum current profit in the hope of making even greater profits in the next stage.

Marketing Strategies: Maturity Stage

At some point, the rate of sales growth will slow, and the product will enter a stage of relative maturity. This stage normally lasts longer than the previous stages and poses big challenges to marketing management. Most products are in the maturity stage of the life cycle.

The maturity stage divides into three phases: growth, stable, and decaying maturity. In the first phase, the sales growth rate starts to decline. There are no new distribution channels to fill. New competitive forces emerge (see "Marketing Insight: Competitive Category Dynamics"). In the second phase, sales flatten on a per capita basis because of market saturation. Most potential consumers have tried the product, and future sales are governed by population growth and replacement demand. In the third phase, decaying maturity, the absolute level of sales starts to decline, and customers begin switching to other products.

The third phase of maturity poses the most challenges. The sales slowdown creates overcapacity in the industry, which leads to intensified competition. Competitors scramble to find niches. They engage in frequent markdowns. They increase advertising and trade and consumer promotion. They increase R&D budgets to develop product improvements and line extensions. They make deals to supply private brands. A shakeout begins, and weaker

MARKETING INSIGHT | COMPETITIVE CATEGORY DYNAMICS

One of marketing's most astute observers, former U.C. Berkeley professor David Aaker notes that because new categories can represent strategically important threats or opportunities, marketers must be very attentive to the forces that drive their emergence. He cites seven such dynamics that result in new categories.

1. ***A new product or service dimension expands the boundaries of an existing category.*** In the yogurt business, the "eat-on-the-go" trend led Yoplait to develop Go-Gurt, delivered in a colorful nine-inch tube designed to enhance portability and to appeal to kids. Go-Gurt helped Yoplait forge ahead of Danone's Dannon, a brand it had trailed for decades. A new subcategory had been created in which Dannon was not relevant.
2. ***A new product or set of products carves out a fresh niche in an existing category.*** The energy-bar market created by PowerBar ultimately fragmented into a variety of subcategories, including those directed at specific segments (such as Luna bars for women) and some possessing specific attributes (such as the protein-associated Balance and the calorie-control bar Pria). Each represented a subcategory for which the original PowerBar was not relevant.
3. ***A new competitor devises a way to bundle existing categories into a supercategory.*** In the late 1990s, Siebel created Internet-based customer relationship management software by pulling together a host of applications, including customer loyalty programs, customer acquisition, call centers, customer service, customer contact, and sales force automation. In doing so, Siebel rendered irrelevant, for some customers, the more specialized application programs of competitors.
4. ***A new competitor repositions existing products or services to create an original category.*** In the United Kingdom, Ford positioned its Galaxy minivan in relation to first-class air travel—comfortable enough to be suitable for busy executives. By highlighting attributes far different from those that would appeal to a buyer looking for a family vehicle, the automaker created a new minivan subcategory.
5. ***Customer needs propel a new product category or subcategory.*** Dual trends—wellness and the use of herbs and natural supplements—have supported a huge new beverage category, healthy refreshment beverages. It now contains a host of subcategories, including enhanced teas, fruit drinks, soy-based drinks, and specialty waters. The pioneer and category leader is SoBe, which started in 1996 with SoBe Black Tea 3G with ginseng, ginkgo, and guarana and now has an extensive line of teas, juices, and energy drinks.
6. ***A new technology leads the development of a product category or subcategory.*** Asahi reshaped the Japanese beer market by introducing an innovative brewing process that reduced "body" and bitterness while increasing alcohol content. Its new product, Asahi Super Dry, had a very different taste from that of other Japanese lagers and generated a new category, dry beer. As a result, Kirin, for decades the leading brand with a dominant 60% share of market, suddenly was not relevant for the many customers attracted to the new category. Asahi's market share—8% when Super Dry was launched in 1986—rose continually until it took share leadership in 1998.
7. ***A company exploits changing technologies to invent a new category.*** TiVo Inc. created a new category for home television viewing by combining the personal video player, a computer hard drive, and an electronic program guide, changing the way people watch television. Any new entrant must define itself with respect to TiVo.

Sources: Reprinted from David A. Aaker, "The Relevance of Brand Relevance," *Strategy+Business* 35 (Summer 2004): 1–10. See also David A. Aaker, *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity* (New York: Free Press, 2004).

competitors withdraw. The industry eventually consists of well-entrenched competitors whose basic drive is to gain or maintain market share.

Dominating the industry are a few giant firms—perhaps a quality leader, a service leader, and a cost leader—that serve the whole market and make their profits mainly through high volume and lower costs. Surrounding these dominant firms is a multitude of market nichers, including market specialists, product specialists, and customizing firms. The issue facing a firm in a mature market is whether to struggle to become one of the "big three" and achieve profits through high volume and low cost, or to pursue a niching strategy and achieve profits through low volume and a high margin. Sometimes, however, the market will become polarized between low- and high-end segments, and the firms in the middle see their market share steadily erode. Here's how Swedish appliance manufacturer, Electrolux, has coped with this situation.

ELECTROLUX AB

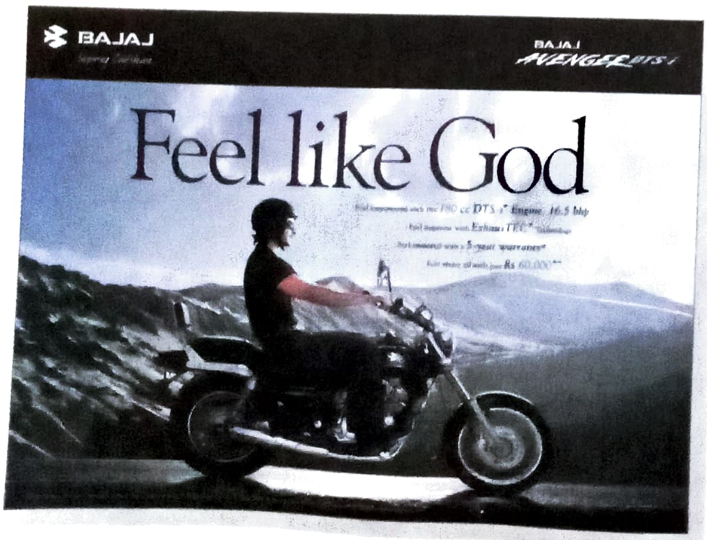
In 2002, Electrolux began facing a rapidly polarizing appliance market. At one end, low-cost Asian companies such as Haier, LG, and Samsung were applying downward price pressure. At the other end, premium competitors such as Bosch, Sub-Zero, and Viking were continuing to grow at the expense of the middle-of-the-road brands. Electrolux's new CEO Hans Stråberg, who took over the reins just as the middle was dropping out of the market, decided to escape the middle by rethinking Electrolux's customers' wants and needs. For instance, rather than accept the stratification between low and high, Stråberg segmented the market according to the lifestyle and purchasing patterns of about 20 different types of consumers—"20 product positions" as he calls them. Electrolux now successfully markets its steam ovens to health-oriented consumers, for example, and its compact dishwashers, originally developed for smaller kitchens, to a broader consumer segment interested in washing dishes more often. To companies finding themselves stuck in the middle of a mature market, Stråberg offers these words of advice: "Start with consumers and understand what their latent needs are and what problems they experience . . . then put the puzzle together yourself to discover what people really want to have. Henry Ford is supposed to have said, 'If I had asked people what they really wanted, I would have made faster horses' or something like that. You need to figure out what people really want, although they can't express it."[11]

Some companies abandon weaker products to concentrate on more-profitable and new products. Yet they may be ignoring the high potential many mature markets and old products still have. Industries widely thought to be mature—autos, motorcycles, television, watches, cameras—were proved otherwise by the Japanese, who found ways to offer new value to customers. Faced with the situation of declining demand for scooters, Bajaj, one of the largest manufacturers of scooters in the world, focused on motorcycles.

BAJAJ

Bajaj has been synonymous with scooters in India, and scooters have been the typical family transportation vehicle for urban middle-class consumers. There was a time when the demand for Bajaj Scooters far outstripped the supply, and the brand enjoyed a near-monopoly status. The policy of liberalization by the government and the changes in the competitive landscape transformed the market for scooters. In addition, economic progress of the country—which improved the income levels of people—and the rising aspirations of the middle class enabled Maruti 800 cars to gradually replace scooters from their role of a middle-class family vehicle. In order to buckle the trend in the market for scooters, the company introduced technologically superior products. The four-stroke engine and a sleeker design helped in slowing down the decline in the demand for scooters. However, the major strategic shift for the company was in the market focus: the company decided to concentrate on the motorcycles—the product category that was increasingly becoming a lifestyle statement for the youngsters. For achieving market dominance, the company introduced an array of motorcycles. This approach helped the company in keeping the brand contemporary and relevant for consumers.

Three potentially useful ways to change the course for a brand are market, product, and marketing program modifications.



Keeping a brand contemporary. Bajaj introduced many models of motorcycles to tide over the declining scooter market

MARKET MODIFICATION A company might try to expand the market for its mature brand by working with the two factors that make up sales volume: Volume = number of brand users × usage rate per user, as in Table 11.4.

PRODUCT MODIFICATION Managers also try to stimulate sales by modifying the product's characteristics through quality improvement, feature improvement, or style improvement.

Quality improvement aims at increasing the product's functional performance. A manufacturer can often overtake its competition by launching a "new and improved" product. Grocery manufacturers call this a "plus launch" and promote a new additive or advertise something as "stronger," "bigger," or "better." This strategy is effective to the extent that the quality is improved, buyers accept the claim, and a sufficient number will pay for it. Freshness is an important attribute that consumers want in food products. In order to ensure freshness, consumers in many regions in India and Pakistan convert wheat into wheat flour (*atta*) once in a week or once in two weeks, using the services of the local flour mills (*chakki*). Well-known wheat flour brands like

TABLE 11.4

Alternative Ways to Increase Sales Volume

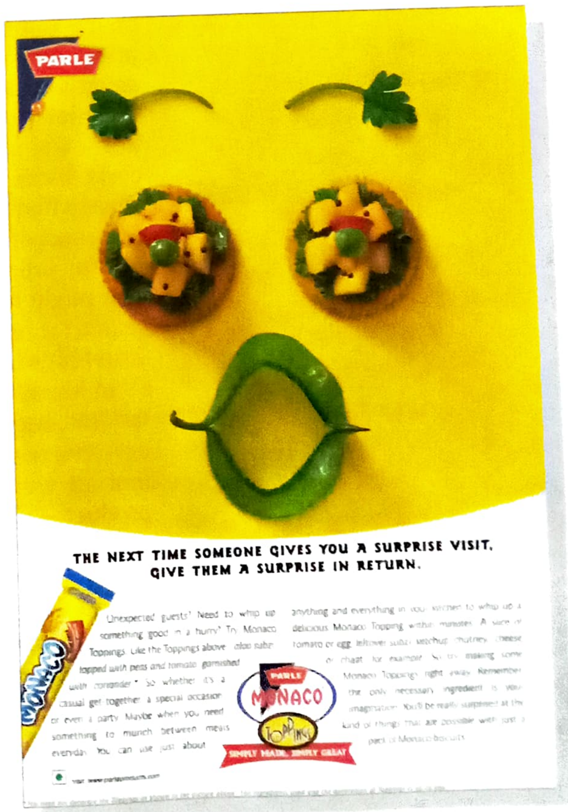
Expand the Number of Brand Users	Increase the Usage Rates Among Users
Convert nonusers. The key to the growth of air freight service is the constant search for new users to whom air carriers can demonstrate the benefits of using airfreight rather than ground transport. The significant growth of the shampoo market in India is attributable to the small-sachet packaging that attracted many nonusers to this category. Small packaging at low-price points is now spurring the growth of many product categories in India by attracting nonusers.	*Have consumers use the product on more occasions.* Use of sweetened condensed milk brands such as Milkmaid (from Nestle) or Mithaimate (from Amul) for making a variety of dessert preparations at home. Serve Monaco biscuits with different toppings as snack food. Take Kodak pictures of your pets.
Enter new market segments. Johnson & Johnson successfully promoted its baby shampoo to adult users. Pears soap has introduced a pink soap specifically targeted at children.	*Have consumers use more of the product on each occasion.* Drink a larger glass of orange juice.
Attract competitors' customers. Marketers of the Surf detergent powder are always wooing Ariel customers.	*Have consumers use the product in new ways.* Use aspirin daily as a medicine for reducing chances of a stroke.

Aashirvaad, Annapoorna, Pillsbury, Naturefresh, and regional brands like Shakthi Bhog face fierce competition due to this consumer preference and habit. Pillsbury, for example, advertises its wheat flour as "chakki fresh atta" and "good for family's heart." Attributes like "fortified with vitamins and minerals," "rich in fiber," "freshness," "more hygienic," are used to differentiate between the various offerings in this market.

Feature improvement aims at adding new features, such as size, weight, materials, additives, and accessories, that expand the product's performance, versatility, safety, or convenience. This strategy has several advantages. New features build the company's image as an innovator and win the loyalty of market segments that value these features. They provide an opportunity for free publicity and they generate sales force and distributor enthusiasm. The chief disadvantage is that feature improvements are easily imitated; unless the marketer realizes a permanent gain from being first, the feature improvement might not pay off in the long run.[44]

Style improvement aims at increasing the product's esthetic appeal. The periodic introduction of new car models is largely about style competition, as is the introduction of new packaging for consumer products. A style strategy might give the product a unique market identity. Yet style competition has problems. First, it's difficult to predict whether people—and which people—will like a new style. Second, a style change usually requires discontinuing the old style, and the company risks losing customers.

Regardless of the type of improvement, marketers must beware of a possible backlash. Customers are not always willing to accept an "improved" product, as the now-classic tale of New Coke illustrates.



Suggesting more occasions of usage: An advertisement for Monaco biscuits

COCA-COLA

Battered by competition from the sweeter Pepsi-Cola, Coca-Cola decided in 1985 to replace its old formula with a sweeter variation, dubbed New Coke. Coca-Cola spent $4 million on market research. Blind taste tests showed that Coke drinkers preferred the new, sweeter formula, but the launch of New Coke provoked a national uproar. Market researchers had measured the taste but had failed to measure the emotional attachment consumers had to Coca-Cola. There were angry letters, formal protests, and even lawsuit threats to force the retention of "The Real Thing." Ten weeks later, the company withdrew New Coke and reintroduced its century-old formula as "Classic Coke," giving the old formula even stronger status in the marketplace.

MARKETING PROGRAM MODIFICATION Product managers might also try to stimulate sales by modifying other marketing program elements. They should ask the following questions:

- ***Prices.*** Would a price cut attract new buyers? If so, should we lower the list price or lower prices through price specials, volume or early-purchase discounts, freight cost absorption, or easier credit terms? Or would it be better to *raise* the price, to signal higher quality?
- ***Distribution.*** Can the company obtain more product support and display in existing outlets? Can it penetrate more outlets? Can the company introduce the product into new distribution channels?
- ***Advertising.*** Should we increase advertising expenditures? Change the message or ad copy? The media mix? What about the timing, frequency, or size of ads?
- ***Sales promotion.*** Should the company step up sales promotion—trade deals, price-off coupons, rebates, warranties, gifts, and contests?
- ***Personal selling.*** Should we increase the number or quality of salespeople? Should we change the basis for sales force specialization? Revise sales territories or sales force incentives? Can we improve sales-call planning?
- ***Services.*** Can the company speed up delivery? Can we extend more technical assistance to customers? More credit?

Marketing Strategies: Decline Stage

Sales decline for a number of reasons, including technological advances, shifts in consumer tastes, and increased domestic and foreign competition. All can lead to overcapacity, increased price cutting, and profit erosion. The decline might be slow, as in the case of sewing machines, or rapid, as in the case of 5.25 floppy disks. Sales may plunge to zero, or they may petrify at a low level.

As sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of products they offer. They may withdraw from smaller market segments and weaker trade channels, and they may cut their promotion budgets and reduce prices further. Unfortunately, most companies have not developed a policy for handling aging products.

Unless strong reasons for retention exist, carrying a weak product is very costly to the firm—and not just by the amount of uncovered overhead and profit: There are many hidden costs. Weak products often consume a disproportionate amount of management's time; require frequent price and inventory adjustments; incur expensive setup for short production runs; draw both advertising and sales force attention that might be better used to make healthy products more profitable; and cast a shadow on the company's image. The biggest cost might well lie in the future. Failing to eliminate weak products delays the aggressive search for replacement products. The weak products create a lopsided product mix, long on yesterday's breadwinners and short on tomorrow's.

In handling aging products, a company faces a number of tasks and decisions. The first task is to establish a system for identifying weak products. Many companies appoint a product-review committee with representatives from marketing, R&D, manufacturing, and finance who, based on all available information, makes a recommendation for each product—leave it alone, modify its marketing strategy, or drop it.[45]

Some firms abandon declining markets earlier than others. Much depends on the height of exit barriers in the industry.[46] The lower the exit barriers, the easier it is for firms to leave the industry, and the more tempting it is for the remaining firms to stay and attract the withdrawing firms' customers. For example, Procter & Gamble stayed in the declining liquid-soap business and improved its profits as others withdrew.

The appropriate strategy also depends on the industry's relative attractiveness and the company's competitive strength in that industry. A company that is in an unattractive industry but possesses competitive strength should consider shrinking selectively. A company that is in an attractive industry but has competitive strength should consider strengthening its investment. Companies that successfully restage or rejuvenate a mature product often do so by adding value to the original offering.

If the company were choosing between harvesting and divesting, its strategies would be quite different. *Harvesting* calls for gradually reducing a product or business's costs while trying to maintain sales. The first step is to cut R&D costs and plant and equipment investment. The company might also reduce product quality, sales force size, marginal services, and advertising expenditures. It would try to cut these costs without letting customers, competitors, and employees know what is happening. Harvesting is difficult to execute. Yet many mature products warrant this strategy. It can substantially increase the company's current cash flow.[47]

When a company decides to drop a product, it faces further decisions. If the product has strong distribution and residual goodwill, the company can probably sell it to another firm. If the company can't find any buyers, it must decide whether to liquidate the brand quickly or slowly. It must also decide on how much inventory and service to maintain for past customers.

Evidence on the Product Life-Cycle Concept

Based on the above discussion, Table 11.5 summarizes the characteristics, marketing objectives, and marketing strategies of the four stages of the PLC. The PLC concept helps marketers interpret product and market dynamics, conduct planning and control, and do forecasting. One recent research study of 30 product categories unearthed a number of interesting findings concerning the PLC:[48]

- New consumer durables show a distinct takeoff, after which sales increase by roughly 45% a year, but also show a distinct slowdown, when sales decline by roughly 15% a year.

TABLE 11.5 Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Marketing Objectives				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
Strategies				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brands and items models	Phase out weak products
Price	Charge cost-plus	Price to penetrate market	Price to match or best competitors'	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

- Slowdown occurs at 34% penetration on average, well before the majority of households own a new product.
- The growth stage lasts a little over eight years and does not seem to shorten over time.
- Informational cascades exist, meaning that people are more likely to adopt over time if others already have, instead of by making careful product evaluations. One implication, however, is that product categories with large sales increases at takeoff tend to have larger sales decline at slowdown.

Critique of the Product Life-Cycle Concept

PLC theory has its share of critics. They claim that life-cycle patterns are too variable in shape and duration to be generalized, and that marketers can seldom tell what stage their product is in. A product may appear to be mature when actually it has reached a plateau prior to another upsurge. Critics also charge that, rather than an inevitable course that sales must follow, the PLC pattern is the self-fulfilling result of marketing strategies and that skillful marketing can in fact lead to continued growth.[49] "Marketing Memo: How to Build a Breakaway Brand" provides 10 rules for long-term marketing success.

MARKETING MEMO

HOW TO BUILD A BREAKAWAY BRAND

Arnold Worldwide marketing experts Francis Kelly and Barry Silverstein define a *breakaway brand* as one that stands out, not just in its own product category but from all other brands, and that achieves significant results in the marketplace. Here is a summary of their 10 tips for building a breakaway brand:

1. Make a Commitment

Your entire organization, from the top down, needs to make a commitment to build and support a breakaway brand. Get your company behind developing new products that have breakaway attributes.

2. Get a "Chief" Behind It

Few breakaway branding initiatives have a chance of success without the enthusiastic support of your CEO, COO, or CMO. A senior executive at your company must play the role of brand visionary, brand champion, and brand architect.

3. Find Your Brand Truth

Ultimately, the DNA of your breakaway brand is its brand truth. It is what defines and differentiates every breakaway brand. It is the single most important weapon a brand will ever have in the battle for increased awareness, profitability, market share, and even share price.

4. Target a Winning Mind-set

The winning mind-set is the potent, aspirational, shared "view of life" among all core audience segments. It becomes the filter through which all of your advertising and promotional activities should flow.

5. Create a Category of One

To be a breakaway brand, your brand needs not only to stand apart from others in its own category but also to transcend categories and open a defining gap between itself and its competitors. Then it becomes a category of one.

6. Demand a Great Campaign

Great campaigns are a team sport—they require a partnership between you and your agency to create a campaign that breaks away. Never compromise on a campaign, because without a great campaign, your breakaway brand can fizzle.

7. Tirelessly Integrate

Integration is the name of the game. Depending on the audience you're trying to reach, your campaign might integrate both network and cable TV, print and online advertising, direct mail, e-mail, radio, and nontraditional media—from street marketing to publicity stunts to contests.

8. Take Risks

Today, 80% of brands are merely treading water in a sea of gray. Only 20% are making waves. You can't afford to have your product sink in the sea—and that may mean taking a calculated risk or two—or three—to ensure your brand rises above the others.

9. Accelerate New-Product Development

Nothing is more important than differentiating a product in the marketplace—but the only way to rise above me-too branding is to innovate and do something different and unique with the product. It may mean throwing away an old product brand and reinventing it. Or it may mean starting from scratch.

10. Invest as if Your Brand Depends on It

Building a breakaway brand is serious business, so it takes a serious business investment. Invest in the product, of course—but also in the packaging and a smart integrated marketing campaign. Invest wisely . . . as if your brand depends on it.

Source: Adapted from Francis J. Kelly III and Barry Silverstein, *The Breakaway Brand* (New York: McGraw-Hill, 2005).