

International Marketing



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Cultural Research

Overview: This lesson will examine how companies strategically research and develop a cultural understanding of a country before entering a foreign market.

Time Required: 30-60 minutes

Materials required: Computer(s) with sound, Internet (to access youtube.com videos) & Presentation Software

Target Audience: 8th graders

Cross-curricular Connections: Language Arts, Foreign Languages, Marketing, Business

Lesson Objectives:

- ✓ Demonstrate proficiency in applying communication and technology skills.
- ✓ Demonstrate an understanding of global advertising and promotion.
- ✓ Demonstrate respect for the opinions, customs, and individual differences of others.
- ✓ Recognize simple themes, ideas, or viewpoints on social behavior or social interaction in various settings (such as school, family, and immediate community).
- ✓ Identify and discuss various aspects of the target culture (e.g., educational systems or institutions, means of transportation, and various regulations).

Vocabulary:

Emerging Markets - nations with social or business activity in the process of rapid growth and industrialization¹

Industrialization - the process of social and economic change that transforms a human group from a pre-industrial society into an industrial one.²

Outsourcing – the procuring of services or products, such as the parts used in manufacturing a motor vehicle, from an outside supplier or manufacturer in order to cut costs³

Third Party (3rd party) – A third party is typically a company that provides an auxiliary product not supplied by the primary manufacturer to the end user

Class Discussion:

When a company is considering selling more products outside of their familiar and smaller domestic market to a vast global market, there are several things for that company to consider:

- Is there a market for their product?
- Is there an incentive for the company to move to a particular country?
- How large is the population?
- Are there enough prospective consumers to market the product to?
- Who is your competition?

- Will the company use their own manufacturing capability or will they look to another company to manufacture the product or service?
- Is the cost of labor to produce the product cheaper in another country?
- If so, should the company outsource some of their jobs to reduce costs at the risk of increasing the number of jobless citizens in their home country?

Case 1: Product Research

An example of a U.S. company going abroad to produce a popular product would be BCP Imports. They are the parent company of the widely popular bands Silly Bandz. Throughout 2010, the colorful bands were the latest craze among the youth within the United States and have spread into markets overseas. Silly Bandz, which was founded in Toledo, Ohio by Robert Croak, was only making \$10,000 two years ago and is now generating over a \$100,000,000 in revenue⁴. Silly Bandz is currently a huge success in other markets such as China and Latin America. Production for this product is outsourced to a *3rd party* manufacturer to reduce costs, but it is more beneficial for the company BCP Imports to be located in the United States than in another country.

Case 2: Understanding the Importance of Cultural Customs

Once one understands the market in the country they are moving operations to, it is important to understand the culture and business etiquette. Business etiquette is a code of behavior that delineates expectations for social behavior according to contemporary conventional norms within a society, social class, or group.⁵ Every country has its own way of interacting personally and professionally. For example, in Japan, the exchange of a business card is considered to be an extension of the individual, not just a business card you place in your back pocket. The exchange of business cards, *meishi*, is an essential part of Japanese business etiquette. The Japanese expect you to take the time to carefully read and memorize all pertinent information.⁶ Never make the mistake of not becoming familiar with the business etiquette when doing business internationally.

Teaching Activity/Assessment:

Team Activity – 2 Students Per Group

Cultural Research

Name: _____

Date: _____

Resources:

KWINTESSENTIAL

<http://www.kwintessential.co.uk/articles/interesting-facts-information-cultures.php>

<http://www.kwintessential.co.uk/resources/country-profiles.html>

World Atlas

<http://www.worldatlas.com/webimage/countrys/sa.htm>

Select One Country:

Brazil	Argentina	Chile	Mexico
Columbia	Italy	Germany	China
Japan	South Africa	Morocco	Saudi Arabia
India	France	Russia	Singapore

Directions:

It is important that before one markets a product one must know how to conduct business within that country and understand the country from all aspects. You are to research one of the following countries listed below and create a PowerPoint presentation based on your country. You may use additional resources to conduct your research. Your research should include the following information on each slide:

- ✓ **Title Slide**
 - Picture of the Country
 - Picture of the Flag
 - Name of the Country and Capital
 - Your Name
- ✓ **Slide 2 – About (Name of Country)**
 - Official Language(s)
 - Country Motto
 - Flag and Symbolism and a Picture of Flag
 - Name of Currency and Picture of Symbol
 - Demographics (Language, Population, etc.)
- ✓ **Slide 3 – Traditions & Customs**
 - Annual Traditional Customs/Traditions
 - 1 Traditional Food Dish

- 2 Pictures Showing the Custom or Tradition
- ✓ **Slide 4 – Fun! Fun! Fun!**
 - 2 Fun Facts about the Country
 - 2 Fun Places to Visit in the Country
- ✓ **Slide 5 – Country Products**
 - 2 Imports and 2 Exports of a Popular Product
 - Provide a picture of each product
- ✓ **Slide 6 – Business Etiquette**
 - 2 Points about Relationships & Communications
 - 2 Points about Business Meeting Etiquette
 - 2 Points about Business Cards
- ✓ **Slide 7 – References**
 - Use www.Easybib.com (copy and paste the hyperlink into the citation box “CITE THIS” and it will generate the proper citation for the website. Copy and paste the citation onto the reference slide



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International Product Cultural Sensitivity: Services and Products

Overview: This lesson will examine how countries react differently to products that may be successful in one country, yet be unsuccessful in another due to cultural differences.

Time Required: 30-45 minutes

Materials Required: Computer(s) with sound, Internet (to access youtube.com videos), & Word Processing Software or Paper Copies for the activity

Target Audience: 8th graders

Cross-curricular Connections: Language Arts, Foreign Languages, Marketing, Business

Lesson Objectives:

- ✓ Use analytical skills to identify cultural differences between the international advertising of services and products.
- ✓ Define Direct-To-Consumer.
- ✓ Define cultural sensitivity.
- ✓ Assess the interrelationship of politics, governments, and global commerce.
- ✓ Distinguish between product and service adaptation vs. standardization.

Vocabulary:

Direct-To-Consumer Advertising (DTC or DTCA) - The most recognizable in the pharmaceutical industry but is used in other industries as well. This type of advertising markets directly to the consumer rather than to the health care professional or wholesaler. Direct-to-consumer advertising can use a variety of advertising mediums including television, print, radio or Internet.⁷

Cultural Sensitivity – being aware of cultural differences and similarities that exist which can have an effect on one’s values, behaviors, and learning.

Class Discussion:

In order for a company to be successful in selling a product and/or service it is imperative to understand the regulatory and cultural differences between nations. For instance the United States and New Zealand are the only two countries that allow pharmaceutical companies to engage in *DTC* by way of television, newspaper, magazine, television and internet marketing (example: Advair (Asthma Product - Commercial By GSK)⁸. If one had a pharmaceutical company in Sweden, then they would have to find another creative way to reach their audience.

While the marketing of a product may be successful in one country, it does not mean that it will be successful in another because people may respond to the product differently. People may need to be educated about the product before it can succeed.

(Take a poll of the class to determine how many students eat Oreo Cookies with Milk)

For example, when Nabisco introduced the Oreo cookie into China, it was not as successful as the company had hoped it would be. The reason for this was an assumption made by Nabisco that the Chinese consumer drank milk often. Furthermore, the Chinese consumers did not think to dunk the cookie in milk like many Americans know from childhood to do. In order to solve this problem, Nabisco organized many on-site advertising campaigns to teach people how to eat the cookie with milk.

(Take a poll of the class to determine how many students eat at McDonalds and what they typically order, then take another poll to determine how many students drink Coca-Cola Products)

Explain to students that every culture's tastes buds are not the same. For example, McDonalds most popular items within the following countries are the following⁹:

- ✓ Philippines - McSpaghetti Pasta
- ✓ Hong Kong – Beef, Chicken, & Pork Burgers
- ✓ Indonesia – Sells More Fried Chicken than Burgers

Coca-Cola is headquartered in Atlanta, Georgia and sells more than 230 brands of beverages in more than 185 countries and controls more than 50 percent of the international soft-drink market for a total equivalent to about two percent of the world's daily fluid intake¹⁰. Who would have guessed that McDonald's and Coco-cola would offend any countries with their advertising?

Well, the problem started when both companies innocently enough decided to reprint the flags of the 24 nations participating in the World Cup Soccer competition in Los Angeles, California on pieces of disposable packaging and advertised using holy inscriptions to sell their products. Muslims from Europe and the Middle East were outraged and the response was immediate and explosive because their national emblems are considered religious and sacred were being crumpled up and thrown away. "As the Saudi flag contains the Muslim Shahada [declaration of faith], the Saudi government never allows its use for commercial or promotional activities, or in any way that is not consistent with the respect due the Shahada."¹¹ This example goes to show that it is important to always consider religious differences when introducing a product in another country even though it may have been successful domestically, into another country.

Teaching Activity/Assessment:

Team Activity – 2 Students Per Group

Product Cultural Sensitivity & Education Pertaining to Services and Products

Name: _____

Date: _____

Directions: Students are to answer the following questions by choosing and analyzing one of the following two categories pertaining to the Coco-Cola YouTube commercial videos. Remember when advertising a product on TV to make sure it reflects the behavior of the culture so that the culture can identify with it.

Category 1

China	http://www.youtube.com/watch?v=GoODQs0MErk
Latin America	http://www.youtube.com/watch?v=mtK-x-2mQ1M

Category 2

Philippines	http://www.youtube.com/watch?v=Ourx95ng5uk&feature=related
United States	http://www.youtube.com/watch?v=EnUKurl7Fog

1. Does this commercial apply to all age groups? Yes or No
2. Select one of the adjectives that best describes each of your country's commercials [Conservative, Extreme, Humorous, Radical, Gender Bias, Flirtatious, Offensive]. Briefly explain why you feel this way.
3. Are there any sounds or music playing in the background? If so, what types of music or sounds are playing in the background?
4. Describe the difference in the locations of the commercial settings. (For example: Playground in a rural area with a few children.)
5. If you selected **Category 1**, what is the difference in the approach to selling the product to the young consumers?
6. If you selected **Category 2**, why do you think Coca-Cola chose that particular cartoon to assist in selling its product? Do you think this advertisement would receive the same positive and huge publicity success in other countries? Why or Why not?

Internet Marketing & Social Media

Overview: This lesson will examine how companies market their products/services to different ethnic groups when advertising on the Internet to audiences in different countries.

Time Required: 30-45 minutes

Materials Required: Computer(s) with sound, Internet (to access youtube.com videos), & Word Processing Software or Paper Copies for the activity

Target Audience: 8th graders

Cross-curricular Connections: Language Arts, Foreign Languages, Marketing, Business

Lesson Objectives:

- ✓ Demonstrate proficiency in applying communication and technology skills.
- ✓ Demonstrate an understanding of global advertising and promotion.
- ✓ Demonstrate respect for the opinions, customs, and individual differences of others.
- ✓ Discuss importance of developing networking skills to expand business contacts.
- ✓ Recognizes the simple themes, ideas, or viewpoints on social behavior or social interaction in various settings (such as school, family, and immediate community).
- ✓ Identify and discuss various aspects of the target culture (e.g., educational systems or institutions, means of transportation, and various rules).

Vocabulary:

Traditional Media – consists of radio, newspapers, television, billboards.

Site Traffic Analyzer – shows the number of visitors that visited that daily, monthly, hourly, and the type of browser the user used.

Cookies – short messages given to a web browser by a web server when you visit the website, some cookies track visitor's habits.

Traffic Log – monitors the amount of users on a website.

E-commerce – (commonly known as *e-commerce* or *e-business*) consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.¹²

Class Discussion:

How important is developing a brand and marketing that brand's product and/or service? It is extremely important in order for a product and/or a service to be successful. Before the explosion of the Internet, consumers had to read the newspapers, listen to the radio, view billboards, or

watch TV to see new products and/or services. Now consumers can order products on-line, “product comparison” shop, check-out the latest products, and pre-order products before they are even available in the store. Audiences are now reached through traditional media and the Internet.

**Survey the class to see how many students have Facebook, Twitter, and MySpace Accounts. Then, play the following YouTube Video: Social Media Revolution 2 (Refresh) - <http://www.youtube.com/watch?v=1FZ0z5Fm-Ng>. Upon finishing the video, discuss with the class the advantages and disadvantages of social networking, advertisements, and its impact on the student’s daily lives.)*

One example of social media is Facebook, It is expected to generate at least \$1.4 billion dollars in revenue this year (2010 or 2011) and is becoming the new location to advertise on the Internet. During the 2010 FIFA World Cup, Nike won the top branding advertiser title with its three minute commercial “Write the Future.” Before Nike launched its commercial through the traditional media, it aired the video on Facebook and was viewed and commented on more than 9 million times. Nike paid a few million dollars to advertise the video on Facebook, but the feedback was free from the users. In a single weekend, the Nike Facebook page went from having only 1.6 million fans to 3.1 million fans¹³.

Companies can advertise, create their own groups, monitor visitor traffic, track users through cookies, and link their current websites to Facebook in order to sell products domestically and globally. However, it is important to understand that there are many cultural differences in consumer preferences for aesthetics in advertisements made for on-line viewing. Colors and page layout play an important role in on-line advertisement. One example is how Korean commercial websites tend to have lighter pastel colors. Layout is important because some cultures are used to busy and crowded white spaces for advertisements like the Chinese.

Another important aspect of website marketing is understanding the content and language on a website. If the product’s website is translated into the national language incorrectly, then people may be offended and choose not to purchase products or services.

- **General Motors** was perplexed on why its Chevrolet Nova model (car) was not selling well in Latin America, only to discover that "no va" means "it won't go" in Spanish
- **Pepsi's** expensive "Come Alive" advertising campaign in China was a disappointment since the message came across as, "Pepsi brings back your ancestors from the dead."
- **Gerber** baby food did not realize that in Africa many people associate the picture on a container label with its content. Therefore, when Gerber started selling their baby food using the Gerber baby pictured on the baby food jars, Africans interpreted the labels as jars of human babies¹⁴.

It is important when businesses are marketing on the Internet, that they identify and define their target market, understand their culture, and provide a positive experience for the consumer.

Teaching Activity/Assessment:
Individual Activity

Internet Marketing & Social Media

Name: _____

Date: _____

Overview:

In the United States, the vast majority of businesses have e-commerce websites. Some businesses have international websites that allow users to visit and buy products within their country and/or the content is converted to the language of that country to allow for a more comfortable shopping experience.

Directions:

Answer the following questions below pertaining to the Nike and Mercedes-Benz websites.

Nike – www.nike.com

Upon entering Nike's home page, the website asks the user what language they would like to view their website in. You will be visiting the Nike home pages in the following languages: English, Spanish, and Korean **한국어**.

1. Compare and contrast the layout of each home page and the relevance of the images.
2. Does the home page have a video or is it an image?
3. Is the navigation bar the same for the various versions of the website? Yes or No
4. Is the color scheme the same? Yes or No
5. Is there an icon or hyperlink on the screen that allows the visitor to Change Regions (switch between languages)? Yes or No
6. Are the advertisements of the products at the bottom of the home page consistent on all of the various home pages? Yes or No
7. Does the home page allow for you to follow them on Twitter, Facebook, or MySpace? Yes or No

Mercedes-Benz – www.mercedesbenz.com

Upon entering the Mercedes-Benz website, the website language might be in German (Deutsch). Change the language in the bottom right hand corner of the home page to *English*. You will be visiting the following Mercedes-Benz home pages for the following countries: United States, Saudi Arabia, Argentina, China, and Brazil.

1. Describe the consumer that Mercedes-Benz wants to attract.
2. Is the home page layout the same? Yes or No
3. Is there flash animation (pictures rotating in and out)? Yes or No
4. Are all of the countries selling the same model Mercedes-Benz's?
 - a. Which countries are advertising multiple vehicles besides using the standard silver color for the car?
 - b. Which country's cars do you find more appealing?
5. Is the navigation bar the same for the various versions of the website? Yes or No
6. Is the color scheme the same? Yes or No
7. Is there an icon, hyperlink, or drop down menu on the screen that allows the visitor to Change Regions (switch between languages or countries)? Yes or No
8. Does the home page allow for you to follow them on Twitter, Facebook, or MySpace?
Yes or No

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Factors of Pricing

Overview: This section will examine the various ways prices are affected for products sold around the world.

Time Required: 30-45 minutes

Materials required: Access to the Internet and foreign websites and Word Processing Software (i.e. M.S. Word) or Paper Copies for the activity

Target Audience: 8th graders

Cross-curricular connections: Math, Foreign Languages, Finance, Marketing, & Business

Lesson objectives:

- ✓ Understand costs concerns for a company using the *Zbox* example
- ✓ Define psychological pricing.
- ✓ Identify different foreign currencies and understand risks with selling a product in a different currency.
- ✓ Calculate basic financial calculations.

Vocabulary:

Selling Price –The amount a retailer charges a consumer in order for that consumer to purchase the product. The price normally includes the per-item cost and a profit amount.

Cost – The amount of money that is needed to make and sell a product.

Profit – The amount that is made after the costs are subtracted from the price of product.

Currency – The physical representation of a nation’s money supply.

Tariffs – A tax applied to imports into a country.

Class Discussion:

Pricing Basics

There are many different factors involved with producing a product and selling that product to consumers internationally. Similar to domestic selling, one needs to think of all of the items that are needed to make the product or service, how much those items *cost*, and then determine a *selling price* that gives the producer an acceptable *profit*.

For example, if a U.S. company named *HC Games* wanted to internationally produce a state of the art gaming system that enabled the user to play games in 3D, called the *ZBox*, then HC Games would have to examine their needs and the assumed costs to build the console: (See “*The Cost to Make a ZBox*” Chart)

The Cost to Make a ZBox

<u>Need?</u>	<u>Description</u>	<u>Cost Per ZBox</u>
Materials	Wires, computer chips, plastic casing, metal etc.,	\$90.00
Labor	Workers to assemble the Zbox	\$20.00
Shipping	Shippers to transport the Zbox to stores all over the world	\$40.00
Retail	Store keepers to Zbox and keep the stores presentable	\$10.00
Marketing & Advertising	Commercials, advertisements or posters to tell people about Zbox	\$30.00
Extra Costs	Foreign Exchange Risk, Research & Development, tariffs etc.	\$10.00
TOTAL COST		\$200.00

In this example, the *costs* add up to \$200.00 to make a ZBox console. In order to calculate how much HC Games company would make from the sale of one console, one would use the formula $\text{Price} - \text{Cost} = \text{Profit}$. Therefore, a producer might make the price of the gaming console \$300.00 in order to have a \$100.00 profit.

How to Calculate the Profit

$$\text{Price} - \text{Cost} = \text{Profit}$$

$$\$300.00 - \$200.00 = \$100.00$$

Psychological Pricing – (Use *Activity 1* when explaining this concept)

If a consumer saw the Z-Box and thought that \$300.00 was slightly expensive, then HC Games may want to switch the price to \$299.00 in order to make the customer feel more comfortable about buying the console. This is an example of psychological pricing. Psychological pricing involves changing the digits of a price in order to convince the prospective consumer that the

price is not too high (\$200.00 to \$199.96 or \$199.99, etc). It has been scientifically proven that these techniques often work in convincing the consumer to purchase the product.¹

Psychological Pricing Example

Price – Cost = Profit

\$299.00 – \$200.00 = \$99.00

International Pricing (*Use Activity2 when explaining this concept*)

The world has multiple countries and these countries have their own currency. *Currency* is the physical representation of a nation's money supply. If one country tends to have a money supply that has a higher value than another country's, then that difference will be represented in the currency exchange rate. For example, using websites like <http://www.xe.com/ucc/> or <http://www.google.com/finance/converter> would help one understand how much their currency is worth in another countries currency. (*Show students how to use the currency converter.*)

To better understand the value of currency one can look at the 2007 Big Mac Index that was produced by the UK publication, *The Economist*. <http://bigmacindex.org/wp-content/uploads/2007/01/2007-Big-Mac-Index-Feb-1.gif> (*Zoom in on the chart, using the magnifying glass*) Looking at the chart, the price of a Big Mac in America in 2007 was \$3.22 and the price of a Big Mac in Japan is \$2.31 whereas in Japan's currency, it costs ¥280. To find the value difference would require calculations and chart understandings that go more in depth than is needed for this lesson.

Since countries have different currencies valued at different rates that change daily and can change greatly over time, a company needs to be mindful that when they convert a foreign currency into their home currency, that they have the equal worth from both currencies. Therefore, the pricing for products in different countries may have to be different in order for a company to not have to absorb the lost currency value at the time of conversion.

¹ http://en.wikipedia.org/wiki/Psychological_pricing This website talks about Psychological pricing.

Teaching Activity/Assessment

Individual Activity

Activity 1: Psychological Pricing

Name: _____

Date: _____

Psychological Pricing: This activity should be used during the Psychological Pricing Discussion

Directions: Go to <http://www.bestbuy.com>. Look for Televisions and examine the prices.

Then go to the <http://espanol.bestbuy.com/enes/>, find televisions. (Click “Productos”, click “Tv y video”, then click “Televisores”)

Even though Bestbuy is an American company, it still uses the same psychological pricing to sell products on its Spanish language website.

Where else in the vast day to day marketplace does one see examples of psychological pricing?

Activity 2: International Pricing

Name: _____

Date: _____

International Pricing: This activity should be used during the International Pricing Discussion then move on to the Big Mac discussion.

Directions: Go to <http://www.xe.com/ucc/> and perform the following conversions:

1 US Dollar = _____ Mexican Pesos

1 US Dollar = _____ Indian Rupees

10 US Dollars = _____ Chinese Yuan

Individual Activity:

International Pricing

Name: _____

Date: _____

Overview:

Many countries have websites that people can purchase items from in a certain currency. Sometimes these websites will take credit cards from different countries but sometimes they will not in order to avoid any extra fees from banks with international taxes or converting currencies.

Directions:

Research online and find each country's currency symbol/name.

Thailand	_____	Great Britain	_____
South Korea 원	_____	China	_____
Japan	_____	India	_____
Brazil	_____	Nigeria	_____
Mexico	_____	Canada	_____

Directions:

Visit each website listed below and determine which currency is used on these international shopping websites.

http://www.paipai.com/	_____
http://www.shoes.fr/	_____
http://www.mercadolibre.com.mx/	_____
http://www.zalando.de/	_____

Directions: Visit the following websites and see the differences in prices.

www.bananarepublic.co.jp - Go to "New Products" and select an item of interest to you and place the item name and the price below:

Item name _____ Japanese Price ¥ _____

www.bananarepublic.com - Go to "New Arrivals" and find the same item found on the Japanese site and place the item name and the price below:

Item name _____ American Price \$ _____

Use the currency converter. Enter the American price (\$) and convert it to Japanese Yen.

Question: Is there a price difference between the Japanese and American website once converted? _____

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Product Life Cycle

Overview: This section will examine how a product transitions through different stages and how through those different stages, allows for a business to generate more sales. Students will also learn how companies use this theory to avoid failure.

Time Required: 30 minutes

Materials required: Access to the Internet and foreign websites.

Target Audience: 8th graders

Cross-curricular Connections: Foreign Languages, Marketing, Business, & Product Development

Lesson Objectives:

- ✓ Understand the Product Life Cycle
- ✓ Understand how to classify general products in the Product Life Cycle.
- ✓ Understand the components necessary for research development and product innovation.
- ✓ Understand selected economic, political, and social events that have shaped the target culture and its relationship with the United States across time

Suggested Video: Competition for Online Video Content Heats Up

- ✓ <http://www.npr.org/2011/03/14/134538106/competition-for-online-video-content-heats-up>

Class Discussion:

The Product Life Cycle

New products are created everyday and with the growth of these new products, there is a pattern that follows their existence in the marketplace. The pattern or cycle is known as the Product Life Cycle. Below is a chart of the traditional Product Life Cycle. Within the cycle there are five different stages: Product Development, Introduction Phase, Growth Stage, Maturity Stage, and Decline Stage.

xv

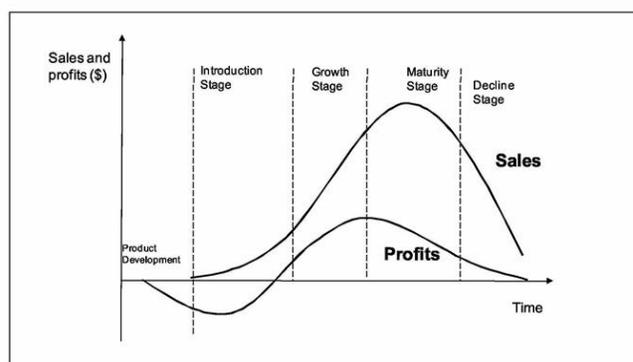


Figure 1: Traditional product life cycle

Product Development

During the Product Development stage, a company invests money into searching for an idea in order to develop a new product. For example, due to the U.S.' desire to move away from fossil fuel usage, companies like General Electric have invested money into the research and development of new alternative energy technologies.^{xvi} At any given time, many companies may have developed many new ideas for products but are waiting for the right time to launch those products.

Introduction Stage

Once the company has developed an idea for a product and has created it, the product will then be introduced to the open market. During the introduction stage, products take a while to gain popularity and people that are less apprehensive to new products are often the people that purchase the products at this time. The cost of making the product tends to be high as well. Therefore, a company may not make a profit because of low sales and high costs for the product. For example, as of 2010 LED Televisions are fairly new to the TV market and they tend to be the most expensive of TV's. Yet, as more LED TV's are made and the market becomes crowded with those TV's, the price for them will decrease.

Growth Stage

During this stage the company will have many more people purchasing the product and the product begins gaining popularity. People are buying the product for the first time and there is an increase in sales. Marketing campaigns are most prevalent during this time. Also, competitors are entering that product market and trying to introduce different versions of a product in order to steal market share. At this level, the profits for the product are significantly growing and more than likely at the best level the product will be at in sales. For example, looking at the Google HTC cell phone, consumers will see many similarities with the appearance of that phone and that of the highly popular iPhone. (Large flat touch screen and use of applications). The Google HTC was an example of a company trying to take the market share from the market leader who introduced a successful product and possessed the highest market share.

Maturity Stage

The product will slowly move into the maturity stage which is where the products will reach high levels of sales but will also be met with high levels of competition. Since there will be lots of different versions of the product, many competitors will try to appeal to those that have not purchased the product due to the price. Therefore, the companies will start to lower the price of the product in order to sell more while some manufacturers will choose to stop producing the product because it is no longer profitable. Also, profits earned during the maturity stage can be used to fund products that are in the introductory stage. For example, when Intel makes computer processor chips that are faster than previous models after a year or so those processors are obsolete and then the new versions are released.

Decline Stage

During this final stage, sales of the product will more than likely begin to decline for many reasons. One may be that the technology is obsolete so the product cannot handle the consumer

needs (Floppy Disks). Another reason may be people have just lost interest and are not spending as much on the product. Therefore, a company may stop contributing funds from their budget to that product gradually or completely. An example of a product in the decline stage is the Pokemon product line. Back in the early 2000's, *Pokemon* was a tremendously popular product. People all over the world were following the slogan "gotta catch em' all!" by purchasing and trying to collect items such as the cards, video games, and books. During this time a competitor show called *Yu-Gi-Oh* came out trying to achieve the same success. After a while, the craze faded and now people barely purchase *Pokemon* cards or *Yu-Gi-Oh* products like they used to. As a result, many of the competing companies that tried to enter into that market have exited/abandoned it completely.^{xvii}

Teaching Activity/Assessment

Team/Individual Activity

Product Life Cycle: "Where are they at now?"

Activity 1

Directions: Students are to research the following products listed below in the chart. As a class determine what phase of the Product Life Cycle the product is currently in.

<u>Product Name</u>	<u>Product Life Cycle Stage</u>	<u>Why?</u>
The 1 st Generation iPod		
Playstation 3		
McDonalds Big Mac		
Barbies		
Bratz Dolls		
Starbucks		
The TV show "Glee"		
Halo Video Game		
Apple iPad		

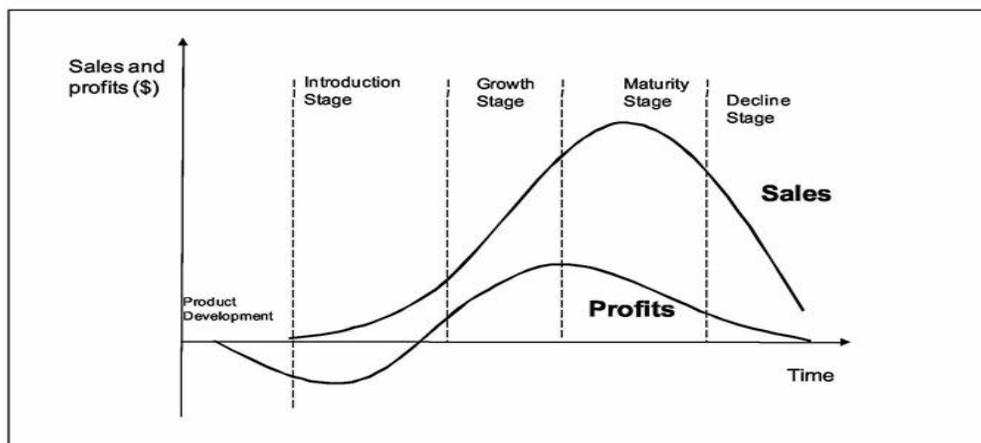


Figure 1: Traditional product life cycle

Activity 2 - “I want to compete”

Directions: Think of a product or service that is very popular in the world marketplace right now. Students are to analyze how they could make that product better and more attractive to consumers so that more people would want to buy it. After completing their drawing and explanations, have students determine the phase the product has entered on the Product Life Cycle.

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