12.68 - PRODUCT DIFFERENTIATION AND ADVERTISING

12.68- Demonstrate an understanding of advertising, differentiation, and marketing strategies.

<u> KICKOFF:</u>

- ❖ Go to Google Classroom and complete the assignment "KO- 2/28"
 - ➤ Monopolistic Competition Practice
- Pick up a Nuts and Bolts sheet on your way in
- * Roll Call: Do you have a favorite shirt?

ANNOUNCEMENTS:

- ❖ 3/2- Unit 5 Test (you're going to kill it)
 - > Types of Competition
 - > USE THE NUTS AND BOLTS SHEET
- Knight Time tomorrow
- ❖ VOTE

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PRODUCT DIFFERENTIATION



- Used by both oligopolistic and monopolistic competitors
- ❖ Firms <u>attempt to distinguish their product</u> from that of close substitutes, in the minds of the consumer
 - > Attempt to make products more attractive
 - Often to a <u>target audience</u>
- Done through advertising and physically making products slightly different
 - > Increase demand and decrease elasticity

PHYSICAL DIFFERENTIATION - TYPES





Style or Type

- <u>Restaurants-</u> What makes restaurants different from one another?
 - Cultural, current trends, Breakfast v. Lunch v. Dinner
- Fast Food- What makes Bojangles and Popeye different than Chick-fil-a?
- Clothing- How do clothes differ?
 - Men v. Women, casual v. formal, tight v. loose, age
- Shoes- are there different styles of shoes?
- Casual, running, cleat, basketball, flip-flops, CROCKS!
 Cars- what do you need your car to be able to do?
 - Truck is for hauling, Minivan is for families, sports cars are to look cool
- **➤** HOW CAN I BE DIFFERENT

PHYSICAL DIFFERENTIATION - LOCATION

- ❖ Where is there a need for this product?
 - > Where does it make sense to build hotels?
 - Airport, tourist attractions, busy roads
 - > How does someone decide where to go to the dentist?
 - Near work or house
 - ➤ If gas is 5 cents cheaper, but further away, will you drive there?
 - Probably not
 - What type of people need coffee
 - People with shit to do
 - What type of businesses may take weather, geography into account?
 - Clothing, sporting goods, weather
 - Where can I be different?

PRODUCT DIFFERENTIATION - QUALITY

- Consumers very in what they are willing to pay and in their expectations
 - ➤ Is selling a higher quality product always better?
 - NO!
 - > How important is good toilet paper?
 - > Quality v. Quantity
 - Hand stitched socks v. 6-pack
 - > Steak from The Capital Grille v. TGI Fridays
 - Customer service?
 - Chick-fil-a v. Bojangles, Target v. Walmart

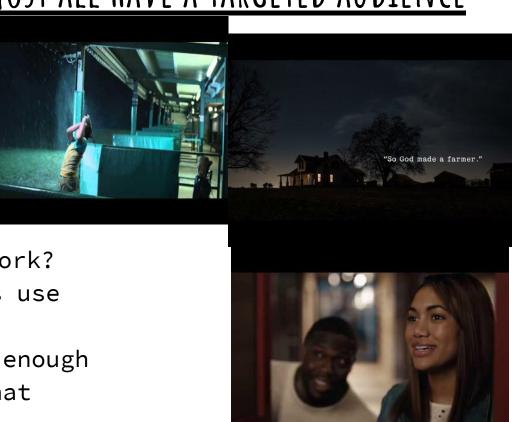
<u>ADVERTISING</u>



- Non-price competition that attempts to mold consumer perceptions about products
 - > Print, TV, Radio, Events, Etc.
- Not needed in perfect competition or for monopolies.
- Purpose— To inform consumer about a product and try and convince them to purchase the product
 - > Typically has a target audience

PROPAGANDA TECHNIQUES - ALMOST ALL HAVE A TARGETED AUDIENCE

- Bandwagon
- Glittering Generalities
- Just plain-folks
- Mudslinging & Stacked Cards
- Symbols
- Endorsements- Why do they work?
 - Maybe the celebrity does use the product
 - The company clearly has enough money to pay them, so that must mean something!!!



BRAND NAME / BRAND LOYALTY

- i'm lovin' it
- How companies try and carve out market share over time
- Why do people prefer brand names?
 - Consistency/Expectations
 - > You know what you're going to get at Starbucks vs. Joe's Cup of Joe
- ❖ Logo- why are we attracted to a logo?
 - ➤ Nike v. Champion

MC SAMPLE PRACTICE:

- ❖ Mastery and Informal
- ♦ 15 minutes
- ❖ Your business partner
- None of these questions are directly on your test, but do give a good sample of questions you could be asked
- Once you and your partner are happy with your score, work on the Nuts and Bolts

<u> 25 MINUTES:</u>

- What is going to help you best prepare for the test Monday?
 - ➤ Sample MC Questions → Google Classroom
 - ➤ Nuts and Bolts → made with test in mind
- Work by yourself, with a partner, or small group

NUTS AND BOLTS

<u>Closure</u>

- Voting!
 - > Extra Credit
 - ➤ 4 points on Test
- Review materials: Progress Check, Google Classroom, Nuts and Bolts, Video Links
- Use the Nuts and Bolts