

# **Marketing Systems and Environments: Marketing in Innovation**

# Marketing in Innovation

Companies, beside the need of a strategy, which is explicated by the analysis of the external environment and the analysis of the interaction of that with their strengths, must have an operative plan that can be implemented.

- Marketing Mix
- Segmentation / Targeting
- Distribution

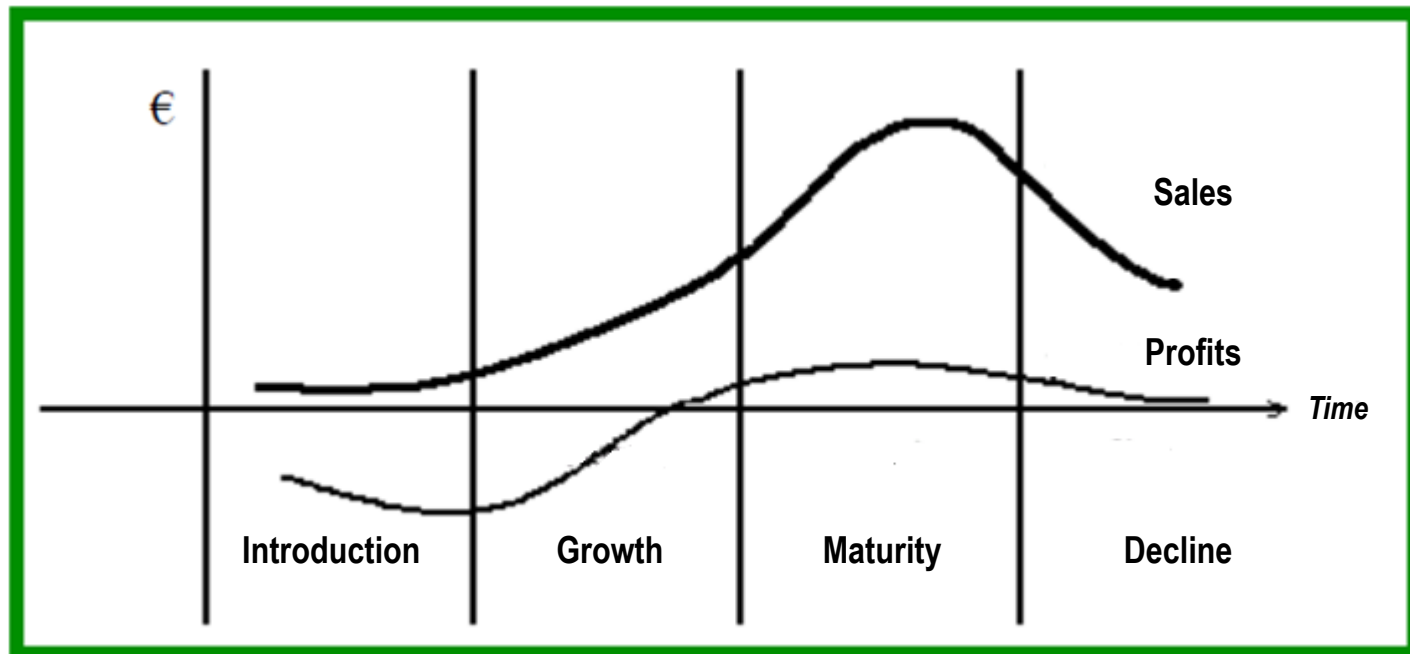
On the same level of the strategy and of the operativity of the marketing (i.e., marketing mix), a company must not forget the innovative aspects, linked to the production and organizational processes, of products and services.

The marketing action is both in the strategy and in the innovation.

# Product lifecycle

There are 4 stages:

1. Introduction
2. Growth
3. Maturity
4. Decline



# Product lifecycle

Introduction:

- Speed of diffusion:
  - Higher or lower complexity of the product
  - Level of novelty
  - Needs reply
  - Presence of fungible products
  - Entity of the Marketing effort
  - Positioning of the product
  - Brand power
- High communication costs and high risks (relatively to the volume sold)
- Price:
  - High (to rapidly amortize the investment)
  - Low (to discourage the potential competitors)

**Marketing action is aimed at allowing the trial and convincing**

# Product lifecycle

Growth:

- If the product has success, it has a more rapid growth, up to the market saturation.
- The number of competitors increases.
- Some begin to practice lower prices, using technological developments, or being content of lower profits in order to intensify the sales.
- The distribution channels increase.

**Marketing action is aimed at convincing to prefer the own brand**

# Product lifecycle

Maturity:

- It lasts till substitutes appear.
- It lasts till radical changes in the consumers appear.
- It lasts till technological changes make the product obsolete.

**Marketing action is aimed at increasing the loyalty of the customer**

# Product lifecycle

Decline:

- Decline of the sales on different speeds
- Depression of prices and profits
- Frequent adjustments of the prices
- Exit of the competitors

**Marketing action aimed at «collecting to the best of possibilities»  
(Revitalization or Discover of new applications)**

# Product lifecycle

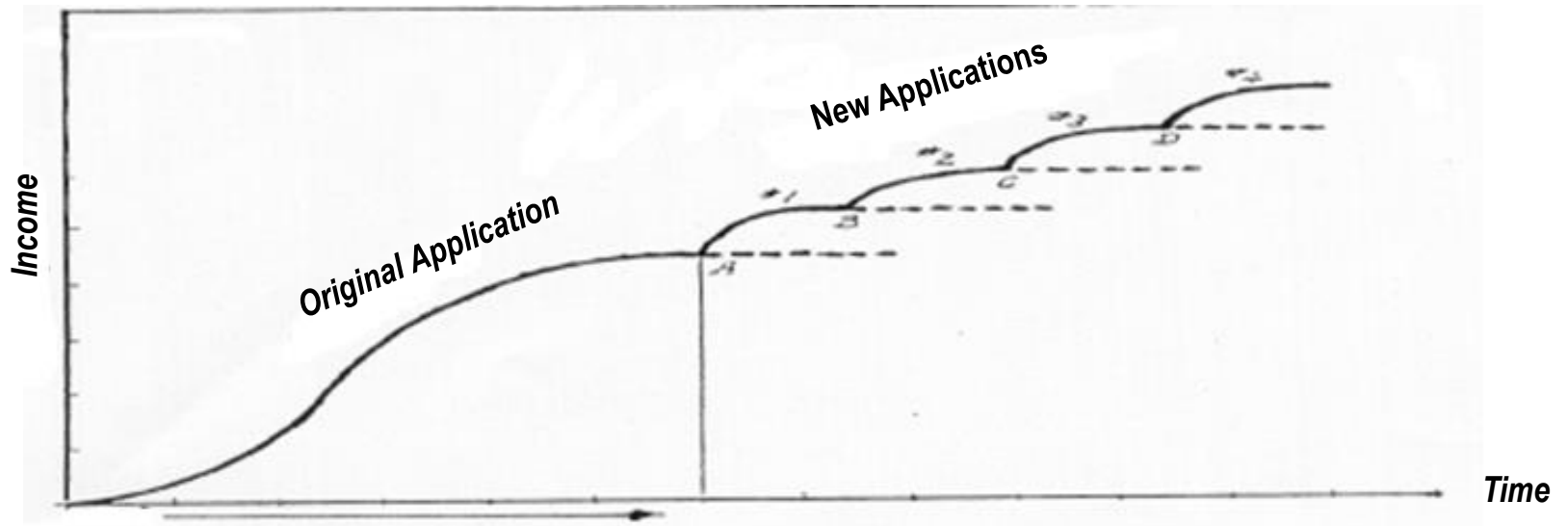
Revitalization:

- Increasing the value of the product for the customer by adding new services
- Enrichment of functionalities
- Change of the design

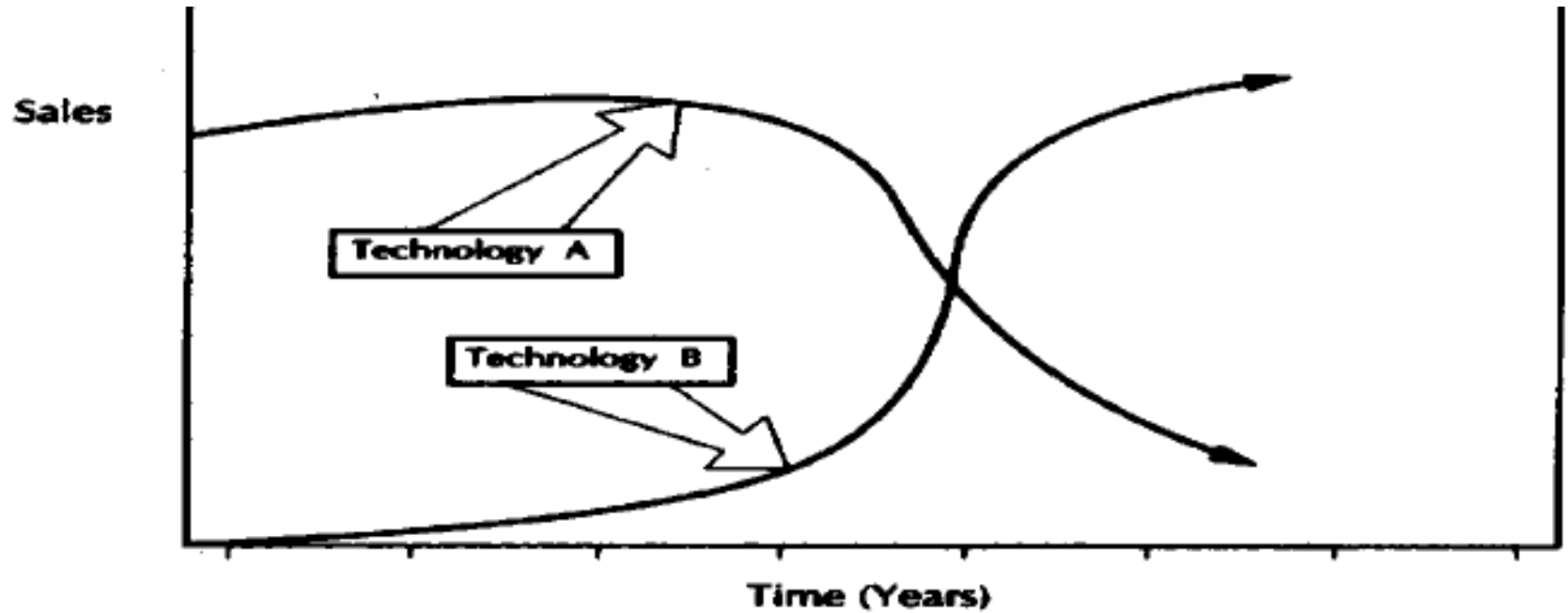


# Product lifecycle

Discover of new applications



# Technological discontinuity

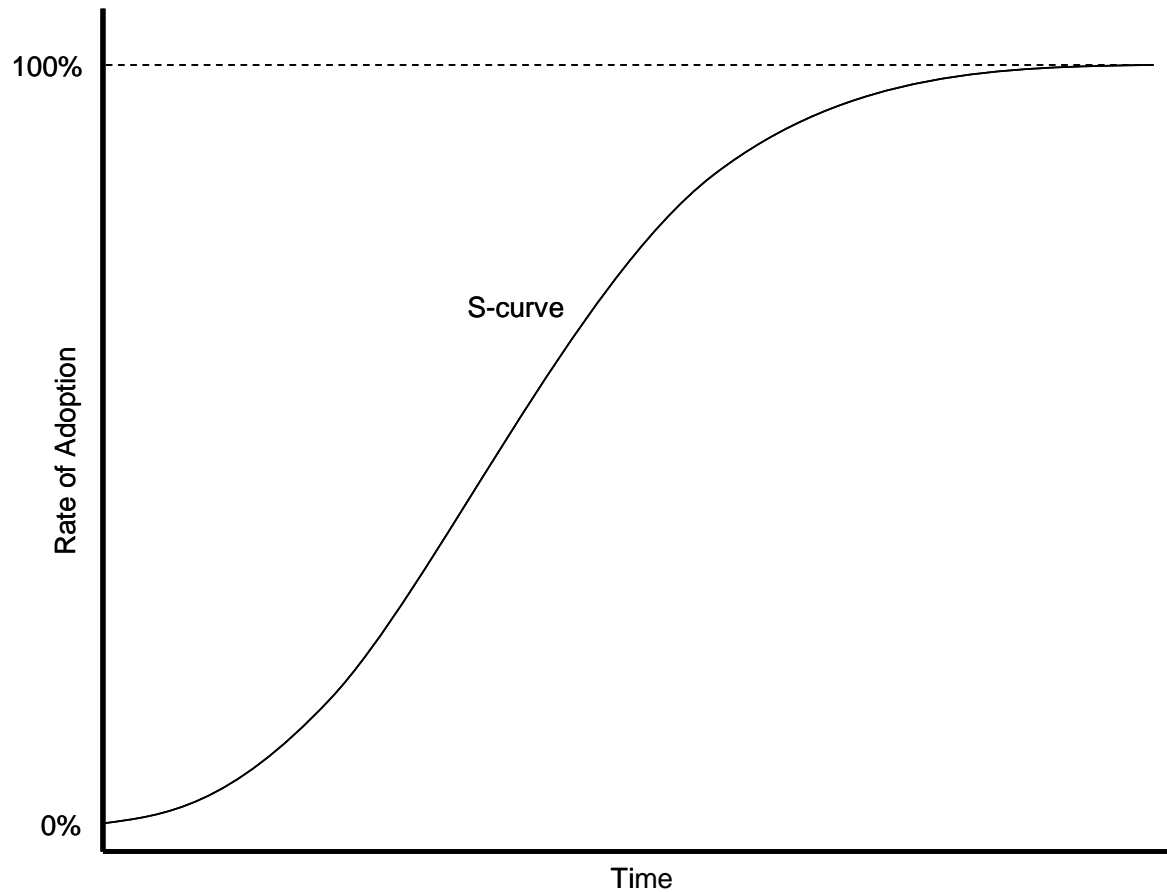


Sudden replacement of a technology

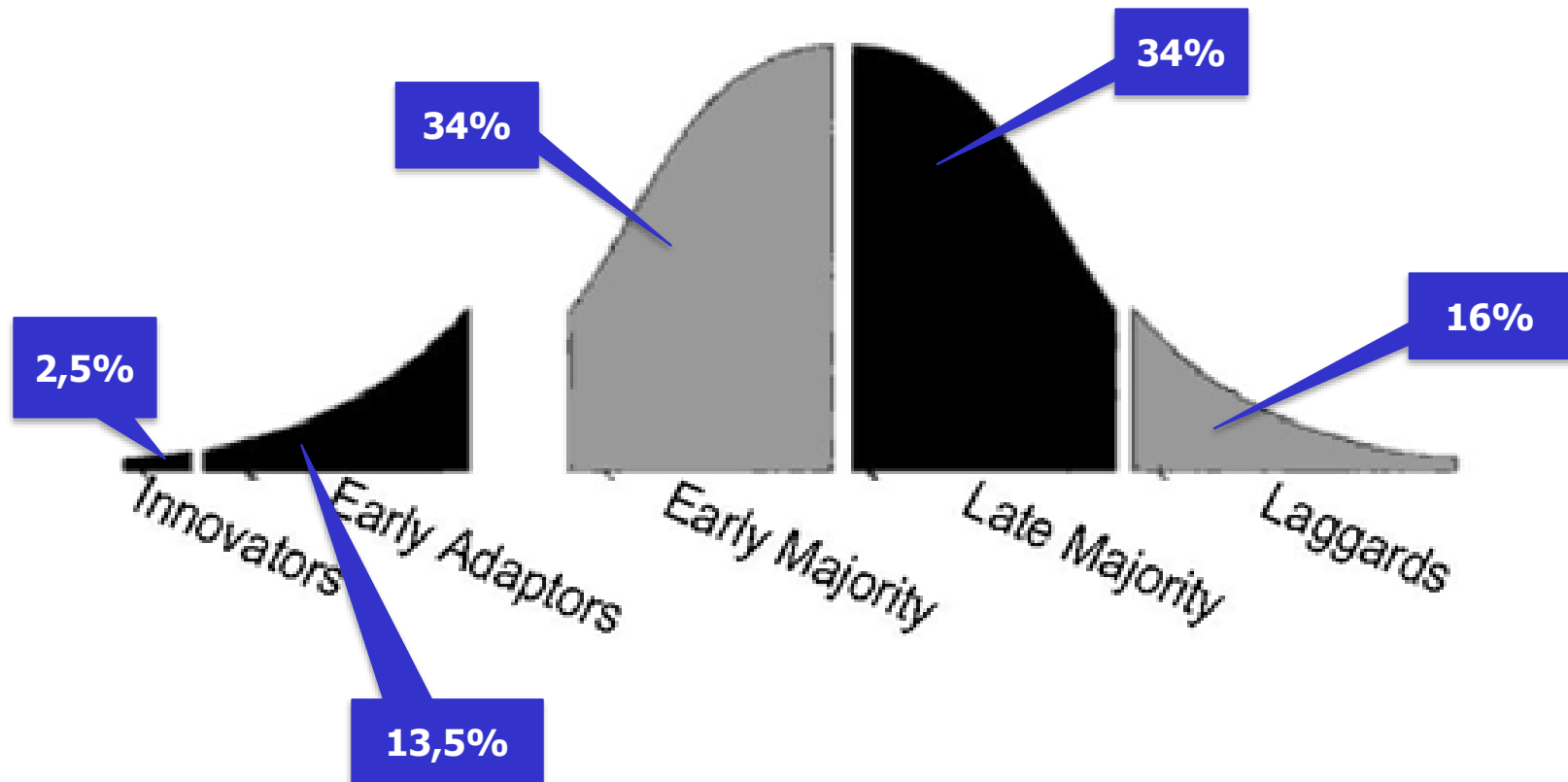
## Models of innovation diffusion:

The models of innovation diffusion have the goal to represent the trend of the sales (and therefore the adoption of the innovation) over time, on the basis of a certain number of parameters that can be either evaluated on the basis of past experiences (i.e., *market tests*) or on the basis of the trend of sales in a period close to the launch on the market.

# Models of innovation diffusion: the S-curve

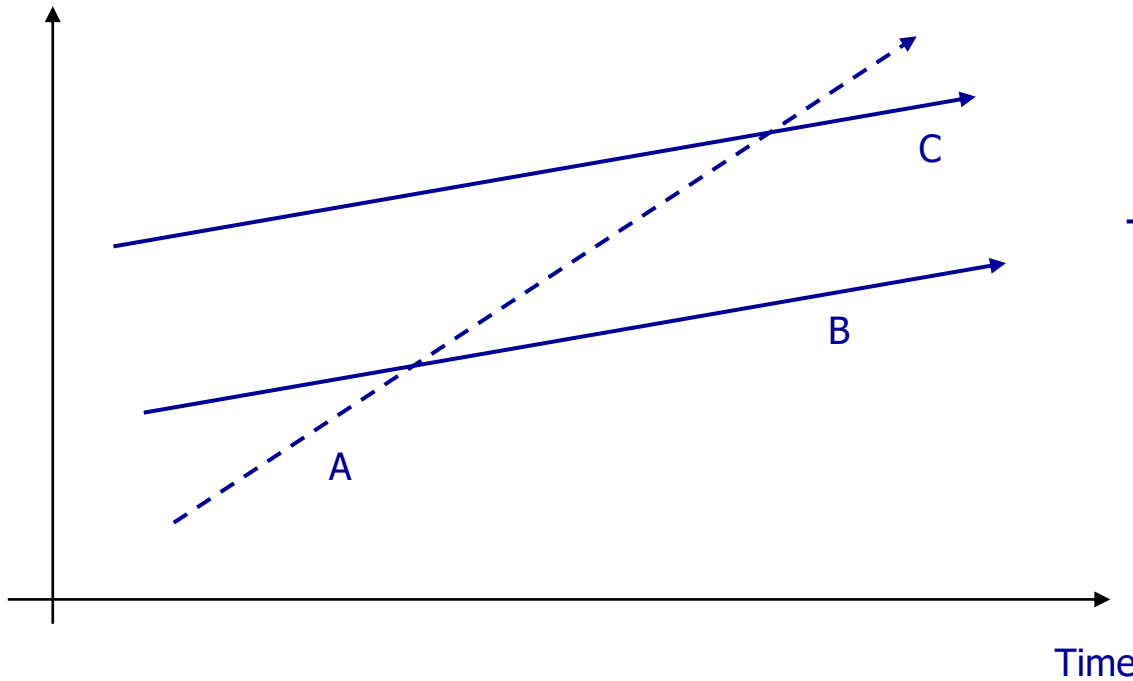


# Models of innovation diffusion: the bell-curve



# Models of innovation diffusion: the linear paths

Performance



—————> Performances  
required by  
markets B and  
C

- - - - -> Technological  
performances  
by A