

Subject Content	What students need to learn?
2.2.1	The design mix
Product	The product life cycle
	The importance to a business of differentiating a product/service

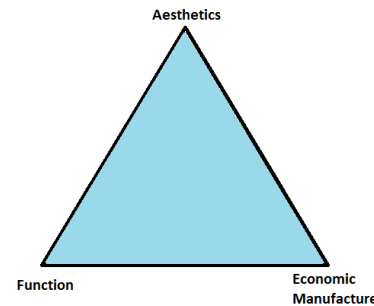
### Design and the Design Mix

The design mix uses a pyramid diagram to encourage managers to decide on the main design priorities for a new product.

Economic manufacture: Making sure that the design allows the product to be made cost effectively

Function: The design must make sure that the product works well and works every time

Aesthetics: How well does the product appeal to the senses?



### The Importance of Differentiating the Product/Service

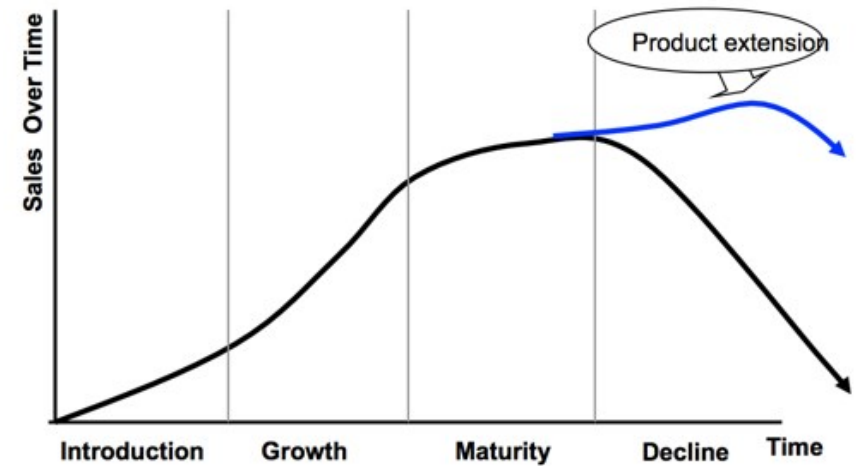
Product differentiation means making a product stand out from the competition. This can help the product become a market leader, may allow the business to charge higher prices or may encourage a loyal customer base.

The design of a product will play a crucial part in this process, either through the branding, the distinctive looks or making it appealing to wear, which increases brand awareness and ensures the product is different from its competitors.

### Extension Strategies

Firms may try to prevent sales going into decline by using extension strategies, here are some examples of possible strategies:

- Find new uses for the product e.g. Lucozade
- Change the appearance, format or packaging e.g. Coca cola
- Encourage use of the product on more occasions e.g. cereal not just for dinner or ice cream in winter
- Adapt the product; make it new and improved e.g. iPhone 6S



### Product Life Cycle

A product's life cycle is the amount of time a business expects the product to sustain profitable sales.

1. Introduction: After the product has been well researched, tested and prepared, it will be launched. Sales are low because it is an unknown product, distribution will be low because suppliers will not know if it will be successful, costs will be high due to advertising and production costs. If the product has a USP there is likely to be a high price.
2. Growth: The product becomes more known in the market. Sales, distribution and profits are likely to be rising. Costs will still be high due to advertising still being needed and the price is likely to still be high.
3. Maturity: the market has become more saturated with copycat products. Sales have reached a peak and are likely to flatten out, distribution will be wide as the product is more known and successful. Costs will be low as there will be less need for advertising and profits are likely to be high assuming the product is still popular compared to competitors
4. Decline: the product is no longer popular, it is not offering what customers want anymore. Sales and profits are declining and suppliers are no longer wishing to display the product. Businesses need to make a choice about whether to try an extension strategy or to scrap the product all together. Costs will depend on the level of advertising and profits are likely to little to none.