

Episode 83: What are product extension strategies?

Rather than let your product die, you can try and extend its life.
Here are 6 ways to extend life (again we use product to cover service too).

1. Add or change the product's function for existing customers

The simplest strategies change the value proposition for existing customers.
Your customer may then buy more from you (or less from someone else).
Growing existing customers is always cheaper than adding new customers.

2. Launch in new market

Rather than changing your product, you can change whom you sell it to.
Can be expensive, particularly if you don't do businesses in that market today.
Sometimes the easiest way to change market is to change industry vertically.

3. Change its price positioning

Many new products that solve new problems charge a premium for their solution.
This is a great way to extract value in the market but may limit the customer set.
Resetting your price point may open up new opportunities but do not damage the long-term value of your product.

4. Alter your distribution strategy

Many companies look at new channels to get new customers with an existing market.
TV Home Shopping may sound strange but they can dedicate time to your product.
Exploit the Internet for sales? Look at Amazon or build an ecommerce site but don't fight with your existing channels.

5. Look at the packaging and redesign it

In the consumer world we see people repackage and redesign all the time.
While some may think this is a fad or a product trying to be trendy, there may be value in 'being green.'
Sometimes it's good to be new and sometimes your new customers want new things.

6. Increase your promotional budget

Depending on what your advertising or promotion budget is, spend more. It's not about spending less but spending smarter.

Bottom line: Product extension strategies can lengthen the life of your product and improve your returns but timing the change is key to maintaining your business case.

