

# Introduction to Product Management

# Basic Concepts

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# **Product**

# Product

- A goods or service that uses to exchange or trade in a market.
- A product is anything that can be offered to a market for attention, acquisition, use or consumption that would satisfy a want or need. It includes physical objects, services, persons, places, organization and ideas.

# **Product Classification**

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- **Consumer Products:** Those used by household consumers for non-business purposes.
- **Business Products:** Those intended for resale.

Soft drink 'Coke' is categorized as **Consumer Product** even if they are in the producing warehouses or in a freight line's truck where as 'Coke' sold in restaurants are categorized as **Business Product**.

# Types of Consumer Products/Goods

- **Convenience Goods:** Widely distributed and relatively inexpensive goods which are purchased frequently and with minimum of effort, such as gasoline(petrol), newspaper, and most grocery items.
- **Shopping Goods:** Usually high risk products where consumers like to shop around to find the best features and price for that product. Examples: Buying refrigerators, freezers or washing machines.
- **Speciality Goods:** Products that are expensive and are purchased infrequently. The consumers extensive research to make sure that their purchase decision is right. Example: Fancy items, car, etc.

# Types of Business Products/Goods

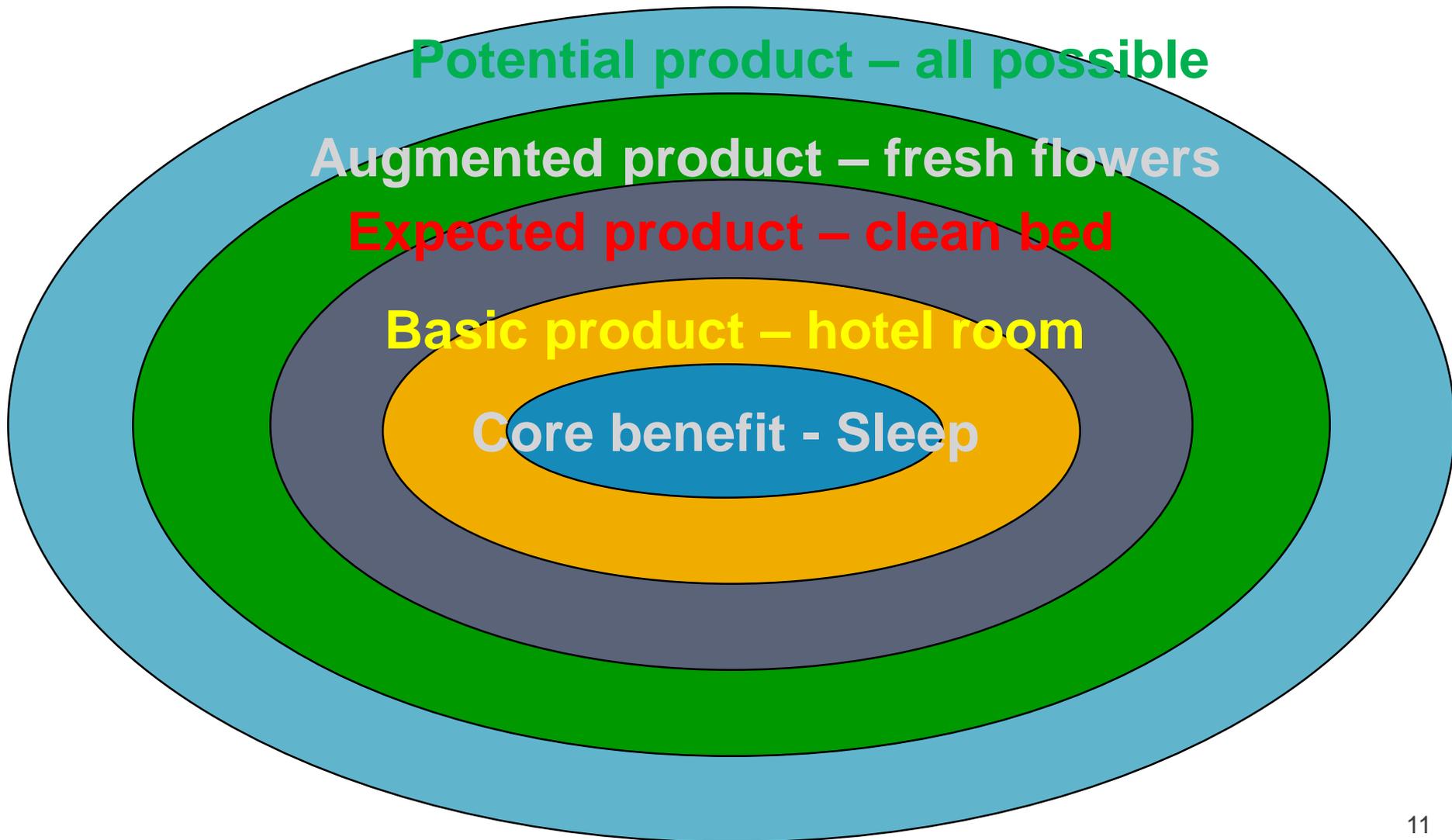
- **Raw Materials:** Most of the semi-manufactured goods (ex- steel), agricultural products and parts of assembly goods (ex- computer parts).
- **Equipments:**
  - Installation (ex- Boiler etc.)
  - Accessory Equipments (ex- Welding equipments)
  - Plants & Buildings
- **Fabricated Materials:** Industrial goods which become a part of finished goods. These products reach the ultimate buyer only when they are assembled or combined with other products. Ex- Automobile parts.
- **Operating Supplies:** Quite useful for industrial users but do not form a part of finished product. Ex- Fuel, coal, etc.

# **Product Levels**

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Different phases of product which the marketer should understand before the product is offered in the market. Each level adds more customer value.

# Five Product Levels



# 5 Levels of a Product

- **Core Benefit:**  
The fundamental service or benefit that the customer is really buying.
- **Basic/Generic Product:**  
Actual product that offers the core benefit
- **Expected Product:**  
A set of attributes and conditions that buyers normally expect and agree to when they purchase this product.
- **Augmented Product:**  
Product that meets customers' desires beyond their expectations.

# 5 Levels of a Product

- **Potential Product:**

Encompasses all the augmentations and transformations that the product might ultimately undergo in the future.

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**Augmented describes the product today.  
Potential points to its possible evolution.**

# *Important Types of Products/Companies*

# FMCG

- A type of goods that is consumed every day by the average consumers and need to be replaced frequently.
- Products that are sold quickly at relatively low cost.
- They represent a market that will always have consumers, it is highly competitive due to high market saturation and low consumer switching costs.
- Companies dealing with these products (FMCG Companies) are;  
Hindustan Unilever Limited, ITC (Indian Tobacco Company), Nestle India, GMMF (Amul), Dabur India, etc.

# Durables

- Products whose usefulness continues for a number of years and that are not consumed or destroyed in a single usage. Also known as **hard goods**.
- Long-lasting merchandise such as televisions, appliances, hardware, furniture, or recording equipment; also called hard goods.
- Companies dealing with these products are; Electrolux-Kelvinator, Godrej, Haier India, Hitachi Ltd., Khaitan India Ltd., etc.

# Non-Durables

- They may be defined either as goods that are used up when used once, or that have a lifespan of less than 3 years.
- Otherwise called as **soft-goods**.
- Examples of non-durable goods are; Cosmetics, food, cleaning products, fuel etc.

# Industrial

Products or services purchased for use in the production of other goods or services, in the operation of a business, or for resale to other consumers. Industrial products include heavy machinery, raw materials, typewriters, tools, and cash registers.

# Services

- Work done by one person that benefits another.
- Type of business that sells assistance and expertise rather than a tangible product. For example, the field of management consulting is a service industry.