

Product Management

What is a Product?

A **product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Products

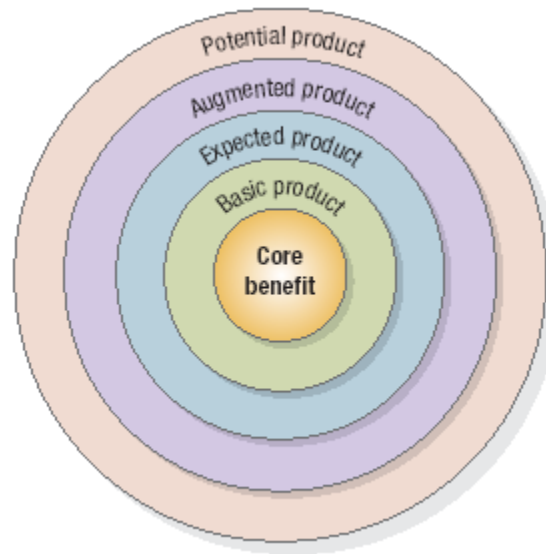


Product Strategies

When an organisation introduces a product into a market they must ask themselves a number of questions :

1. Who is the product ***aimed*** at?
2. What ***benefit*** will they expect?
3. How do they plan to ***position*** the product within the market?
4. What ***differential advantage*** will the product offer over their competitors?

Five Product Levels



Product level of Mobile Hand Set

▣ Core Benefit :- Communication

▣ Basic Product :-

- Feature and design :- small size, sliding, slip open
- Brand Name :- Nokia, LG, Sony, Samsung
- Packaging :- Attractive outer package.

▣ Expected Product :-

- Looks good, Light Weight, Easy to operate, Battery durable with long stand by time, Colour display, Polyphonic ring tones

▣ Augmented Product :-

- With FM radio, MP3, Camera, Voice dialling etc.

▣ Potential Product :-

- With Internet, Email, TV channel etc.

Classifying Products

- **Consumer Products**

- Products purchased to satisfy personal and family needs



- **Business Products**

- Products bought to use in an organization's operations, to resell, or to make other products (raw materials and components)

Consumer Product

▣ Convenience Product :-

- Customer buy frequently
 - Exam :- Soft drink Cigarettes Pan masala etc

▣ Shopping Product :-

- Less frequently purchased
 - Exam :- Furniture, Jewelleries etc.

▣ Specialty Product :-

- With unique characteristics or brand identification
 - Brand car, high priced camera , designer cloths etc.

▣ Unsought Product:-

- Product that the consumer either does not know about but does not normally think of buying
 - Exam :- Insurance, Funeral services etc.

Industrial goods classification

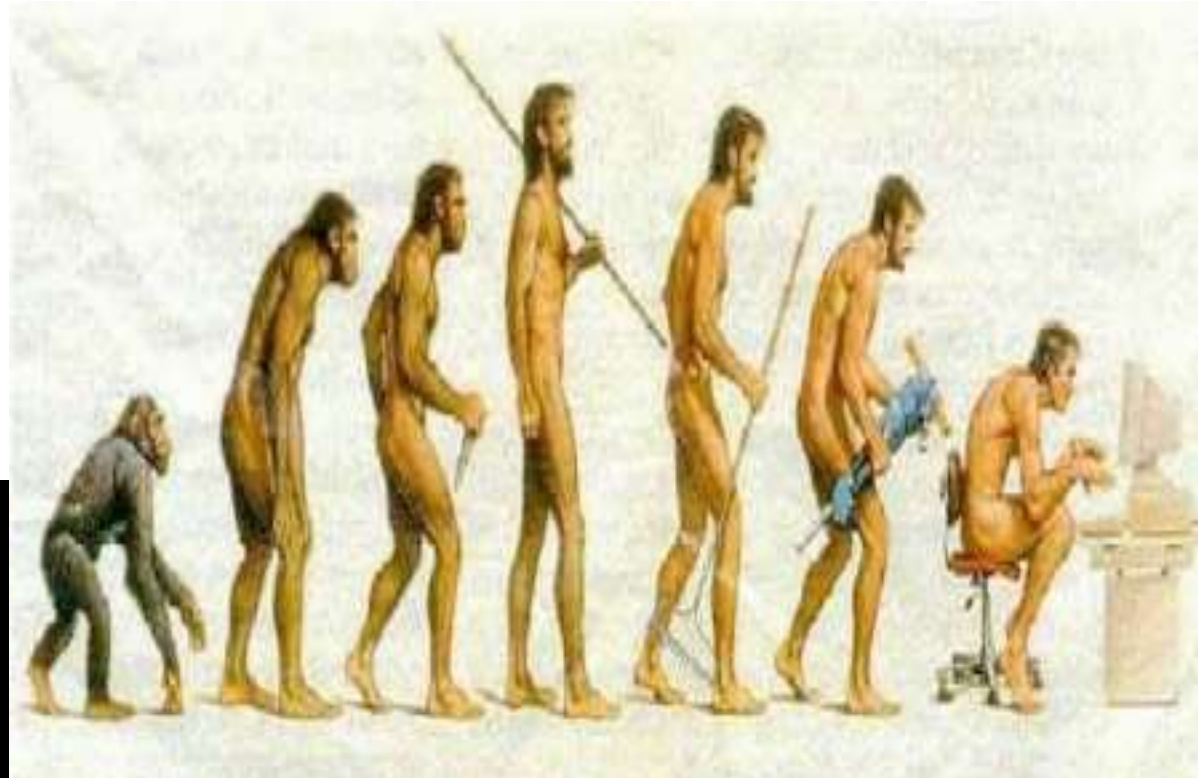
- Materials and Parts
 - Raw materials
 - Manufactured materials and parts
- Capital items
- Supplies and business services

Product Mix & Product Line

- Product Mix – all products offered for sale by a company. Ex- HUL
- Product Line – group of closely related products.
- Product Width – No. of Product lines Ex- Bath Soaps, Fabric Wash, Beverages, Cosmetics
- Product Length – No. of items/ brands in the line. Ex – Lifebuoy, Dove, Pears, Rexona, Hamam, Lux
- Product Depth – Total no. of items under each brand in the line – variants, shades, models, pack sizes

Product-Mix Width and Product-Line Length for HUL

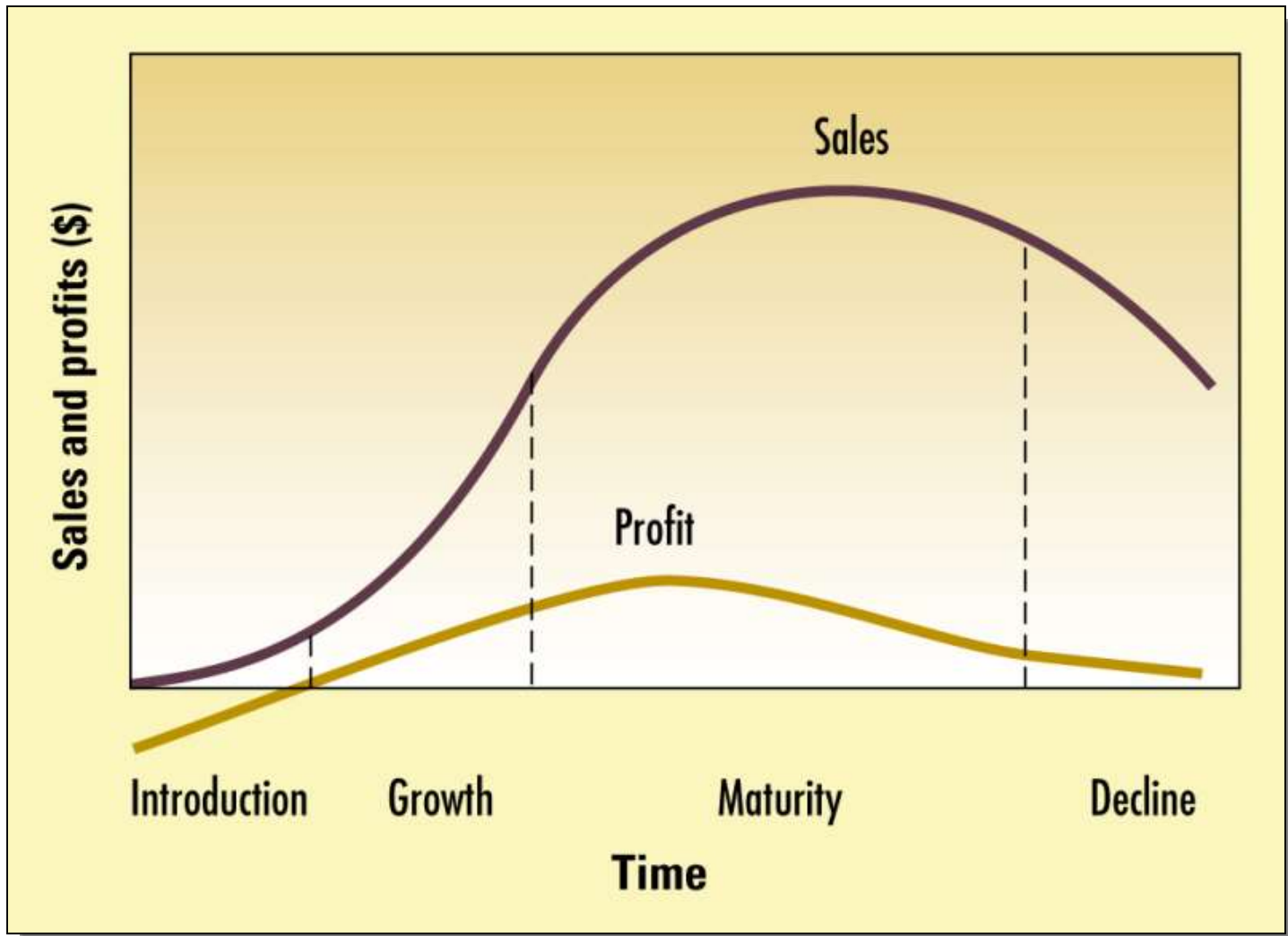
	Product-Mix Width				
	Personal Wash	Laundry	Oral Care	Skin Care	Hair Care
PRODUCT LINE LENGTH	Lux	Surf Excel	Pepsodent	Fair & Lovely	Sunsilk
	Lifebuoy	Rin	Close-up		Clinic
	Liril	Wheel			
	Hamam			Pond's	
	Breeze				
	Dove			Vaseline	
	Pears				
	Rexona				



A new product progresses through a sequence of stages from introduction to growth, maturity, and decline..

..impacting the marketing strategy and the marketing mix

Product Life Cycle



Understanding Stages

- **Introduction Stage-** sales are low, profits are negligible or negative and companies follow a selective distribution strategy.
- **Growth Stage-** the sales grow faster, profits are high and companies follow intensive distribution strategy.
- **Maturity Stage-** sales go flat, profits start declining and competitors start entering into the business.
- **Decline Stage:** sales fall faster, profits often turn negative and companies decide either to drop the product or maintain the markets where they are doing good

New Product Development Process

1.IDEA GENERATION

2.IDEA SCREENING

3.CONCEPT DEVELOPMENT & TESTING

4.MKTG STRATEGY DEVELOPMENT

5.BUSINESS ANALYSIS

6.PRODUCT DEVELOPMENT

7.TEST MARKETING

8.COMMERCIALIZATION

What influences new product success?

- Development of a unique superior product
 - Better quality, new features and greater value
- Clearly defined market and product concept
- Meeting market needs
- Senior management commitment
- Innovation
- New product planning
- Systematic new product development process

Brands



Branding

A *brand* is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Brand Equity

- When a commodity becomes a brand, it is said to have equity.
- The premium a brand can command in the market
- The difference between the perceived value and the intrinsic value

Advantages of branding

- ▣ Easy for the seller to track down problems and process orders
- ▣ Provide legal protection of unique product features
- ▣ Branding gives an opportunity to attract loyal and profitable set of customers
- ▣ It helps to give a product category at different segments, having separate bundle of benefits
- ▣ It helps build corporate image
- ▣ It minimises harm to company reputation if the brand fails

Brand Development

- Line extension – existing brand name extended to new sizes in the existing product category
 - Exam:- Surf, Surf Ultra, Surf Excel, International surf excel
- Brand extension – brand name extended to new product categories
 - Exam:- Amul Powder, Amul Ghee, Amul butter, Amul cheese, Amul Ice cream, Amul chocolate etc.

- Multibrands – New brands in the same product category
 - Exam :- HUL soaps – Dove, Lux, Pear, Liril, Hamam
- New brands – New product in a different product category
- Cobrands – brands bearing two or more well known brand names
 - Exam :- ICICI-Pru. TATA -AIG

Brand Equity – Competitive Advantages

- Reduced marketing costs
- Trade leverage
- Can charge a higher price
- Can easily launch brand extensions
- Can take some price competition

Brand Power

- Customer will change brands for price reasons
- Customer is satisfied. No reason to change.
- Customer is satisfied and would take pains to get the brand
- Customer values the brand and sees it as a friend
- Customer is devoted to the brand

Brand Repositioning

- This may be required after a few years to face new competition and changing customer preferences.

Branding in Rural India

- The concept is a late entrant in rural market.
- Branded consumption now accounts for 80% in 18 product categories.
- Retailer play a major role in brand promotions.
- The first mover brand in rural have become generic brands. Ex- Surf,Dalda etc.
- Brand association not necessarily with the name of the brand.

Brand Association in Rural market

<u>Association</u>	<u>Brand</u>
Colours	Lal dant Manjan, Lal sabun (Lifebuoy), Red battery (Eveready)
Number	302 Pataka bidi, 555 detergent, 502 Pataka chai
Visuals	Ghari detergent, Rath Vanaspati, Bagh bakri tea, Kachua chap mosquito coil etc.

Product Warranty & after sales services

- Rural Consumer attach a great deal of value to the warranty offered on the products.
- Polar fan's 7 year warranty.
- Tractor servicing by organizing service camps in village.
- Project Kissan campaign by Exide for tractors and HCV

Thank You