



# Product and Product mix

Definition: A product is anything that can be offered to a market to satisfy want or need .

OR

A product is anything that can be offered to a market for attention, acquisition ,use or consumption that might satisfy a want or need.

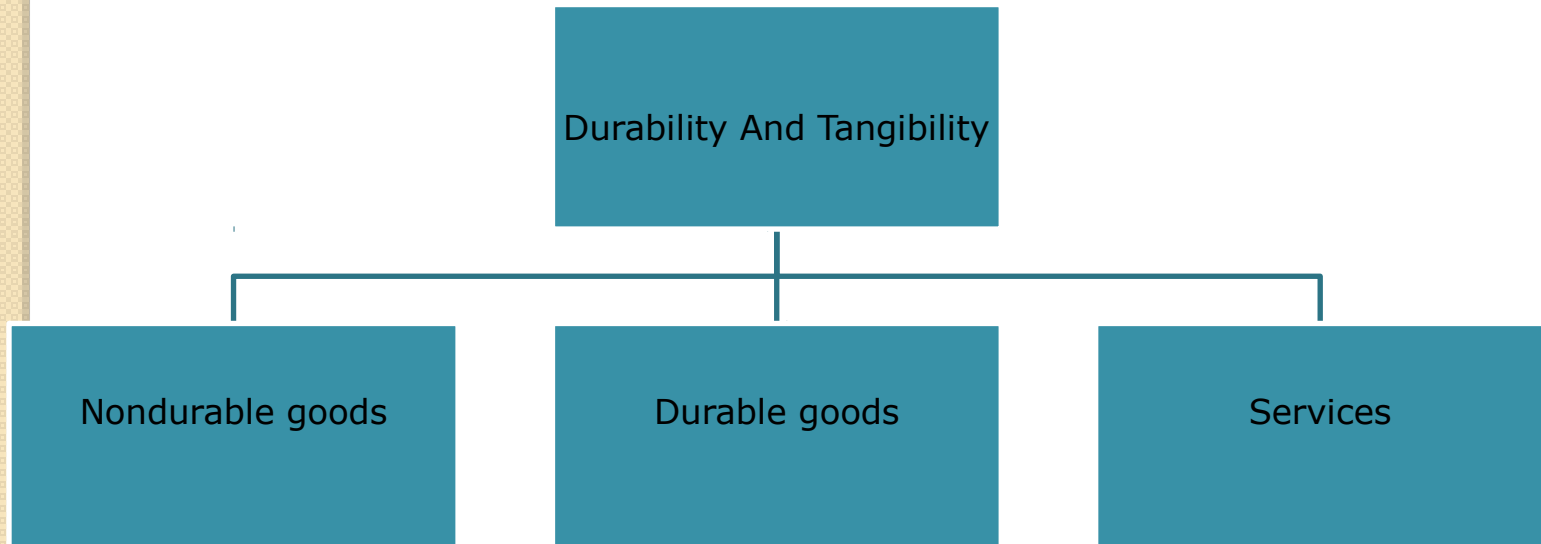
# Product

- Physical product
- Services
- Ideas
- Organizations
- Places
- Persons
- Information
- Events
- Properties

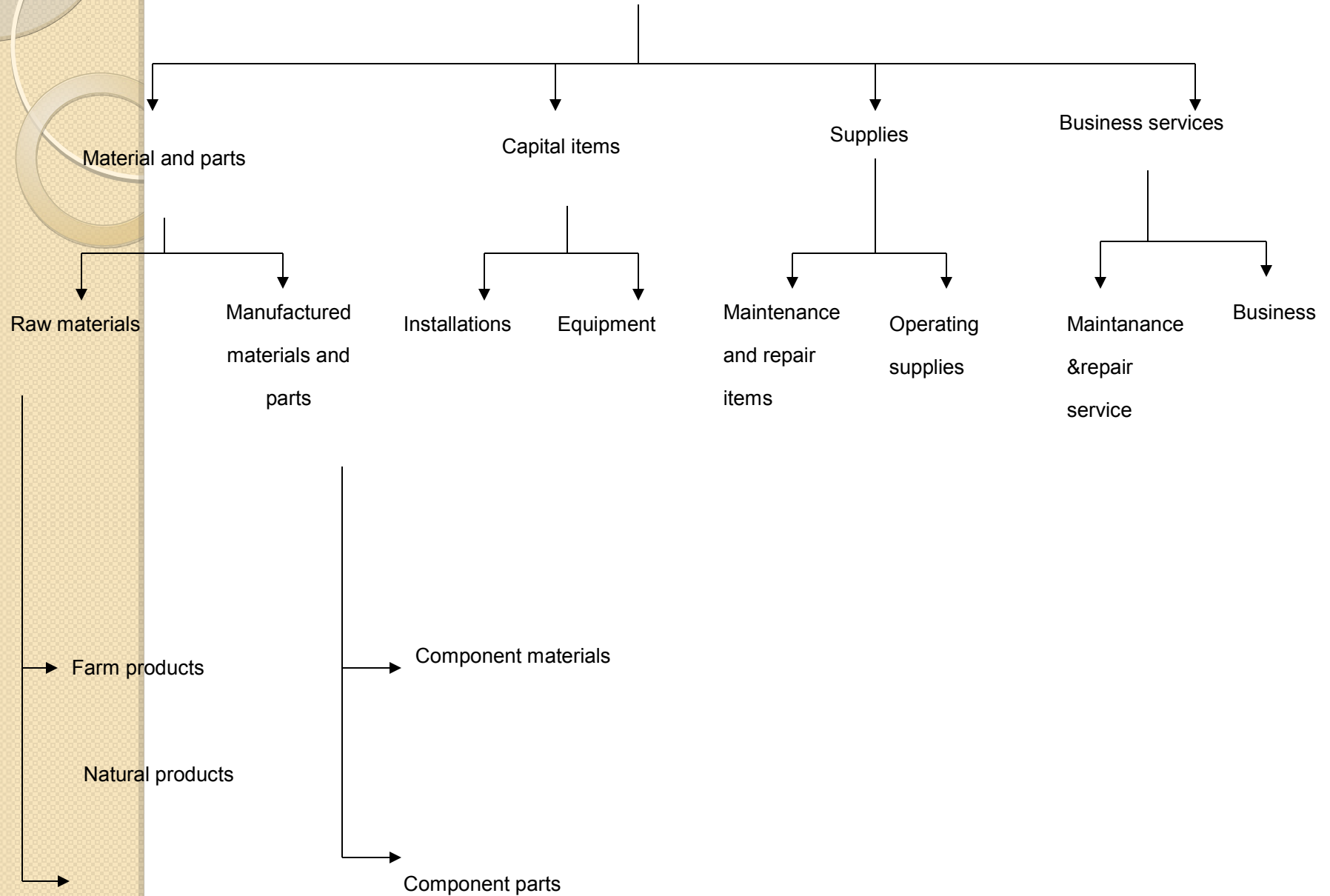
# Why people buy a product?

- Physical attributes or qualities
- Want satisfying capacity or utility.
- Brand package, label
- Product features such as colour,size,shape,finish,style etc.
- Prices
- Services offered –before and after the sales.
- Reliability of the manufacturer ,dealer and retailer etc.

## Product classifications



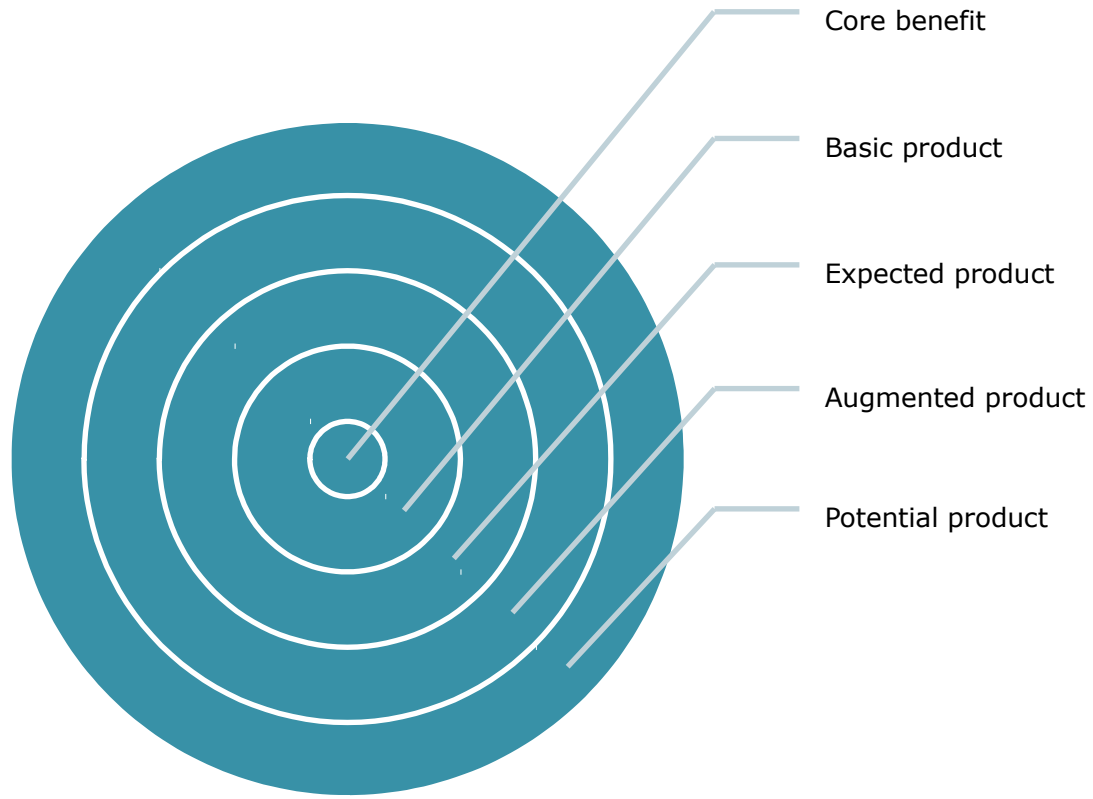
# Industrial goods classification



# Consumer goods classification



# Levels of a product



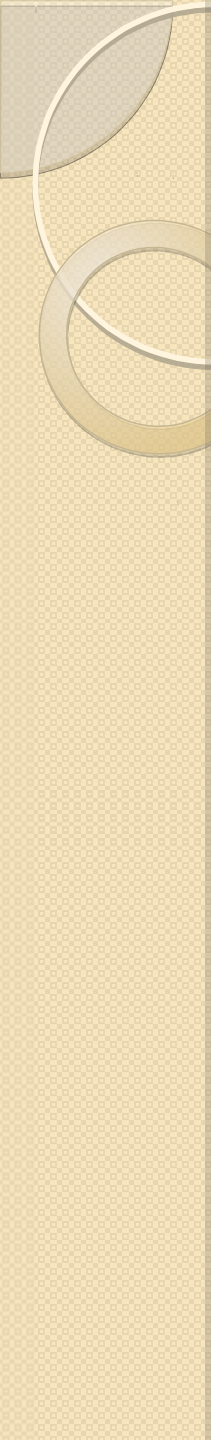
## According to Levitt:

- “The new competition is not between what companies produce in their factories ,but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value.”

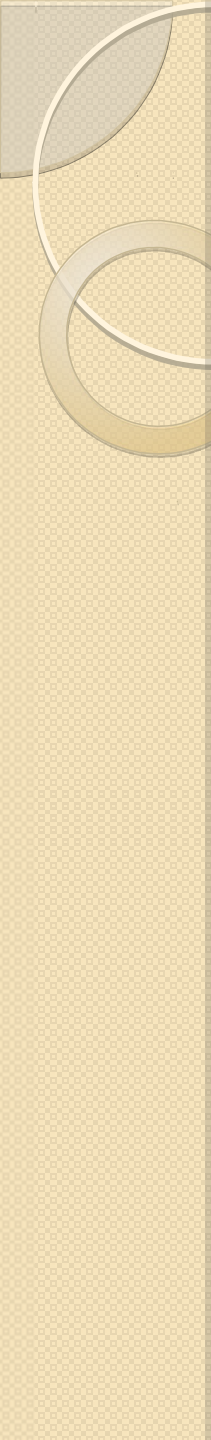


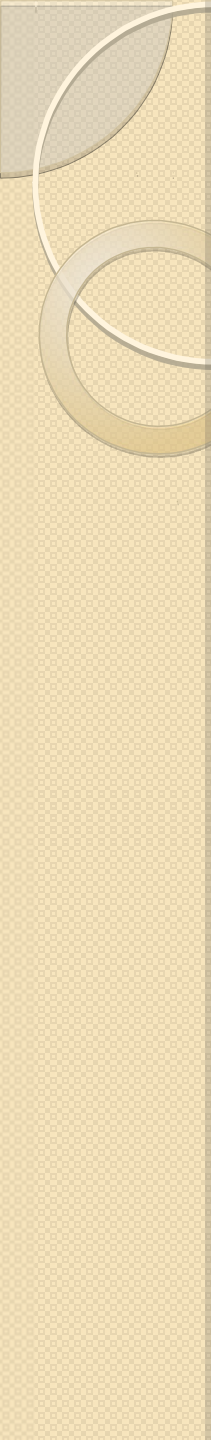
## Product hierarchy

- 1. Need family-the core need that underlines the existence of a product family.
- 2. Product family- all the product classes that can satisfy a core need with reasonable effectiveness.
- 3. Product class-a group of products within the product family recognized as having a certain functional coherence, also known as a product category.

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- 4. Product line: a group of products within a product class that are closely related because they perform a similar function, are sold to the same customer groups, are marketed through the same outlets or channels, or fall within given price ranges.

A product line may consist of different brands, or a single family brand, or individual brand that has been line extended.

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- Product type: A group of items within a product line that share one of several possible forms of the product.
  - Item/SKU: A distinct unit within a brand or product line distinguishable by size, price, appearance, or some other attribute.

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- Product mix/product assortment
  - The width of a product mix
  - The length of a product line
  - The depth of a product line
  - The consistency of product mix

- 
- **Brands from P&G**

Detergents	TP	Soap	Diapers	Paper tissue
Ivory snow	Gleem	Ivory	Pampers	Charmin
Dreft	Crest	Kirk's	Luvs	Puffs
Tide		Lava		Banner
Cheer		Camay		Summit
Oxydol		Zest		
Dash		Safeguard		
Bold		Coast		
Gain		Oil of olay		
Era				

- **Products of HUL:-**
- **Personal wash:-**Lux, Lifebuoy, Liril , Hamam, Breeze, Moti , Dove, Pears and Rexona
- **Laundry:-**Surf Excel, sun light, Rin ,Wheel & Ala bleach
- **Dishwasher :-**Vim
- **Disinfectants:-**Domex, cif
- **Foods:-**Kissan(Jam,Ketchup,Squashes),Annapurna(Aata and salt), Knorr Soups, Modern Bread

- **Ice-cream:-**Kwality Wall's
- **Beverages:-**  
**Tea:-**Brooke bond, Lipton, taj mahal
- **Coffee:-**Brooke bond, bru
- **Beauty Products:-** Fair & Lovely, Lakme, Ponds,Vaseline and Aviance
- **Hair-Care:-**Sunsilk naturals, Clinic , Dove
- **Oral-Care:-**Pepsodent and Close-up
- **Deo spray:-** Axe and Rexona
- **Water Purifier:-** Pureit
- **Ayurvedic Personal & health care:-**Ayush



# Product line decisions

- Product line analysis
- Product line length
  - Line stretching
    - Down-market stretch
    - Up-market stretch
    - Two-way stretch
  - Line filling
- Line modernization and pruning



# Product Life Cycle



## Product Life Cycle

**Product Life Cycle**— shows the stages that products go through from development to withdrawal from the market.

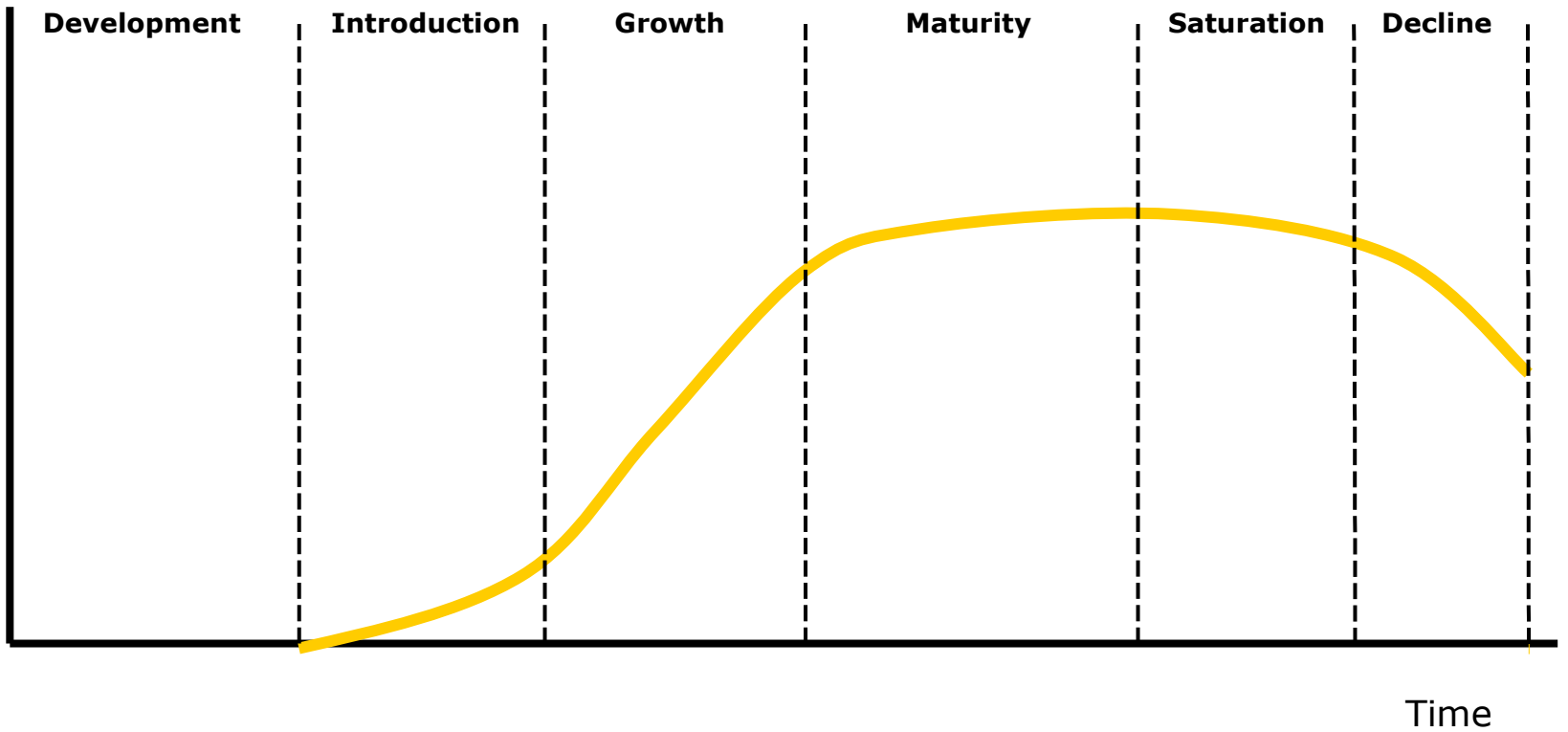
# Product Life Cycle

- **The Stages of the Product Life Cycle:**

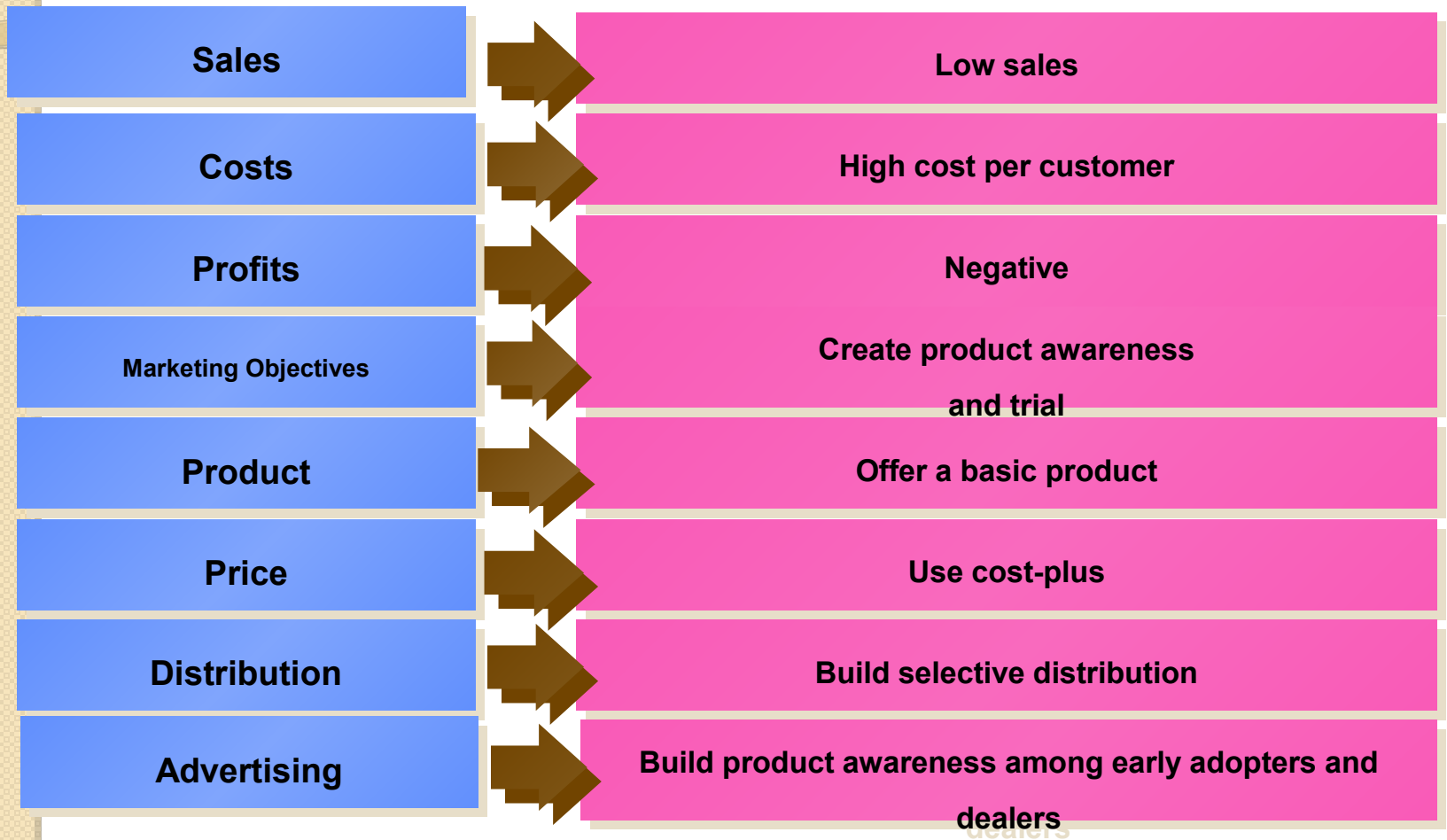
- Development
- Introduction/Launch
- Growth
- Maturity
- Saturation
- Decline
- Withdrawal

# Product Life Cycle

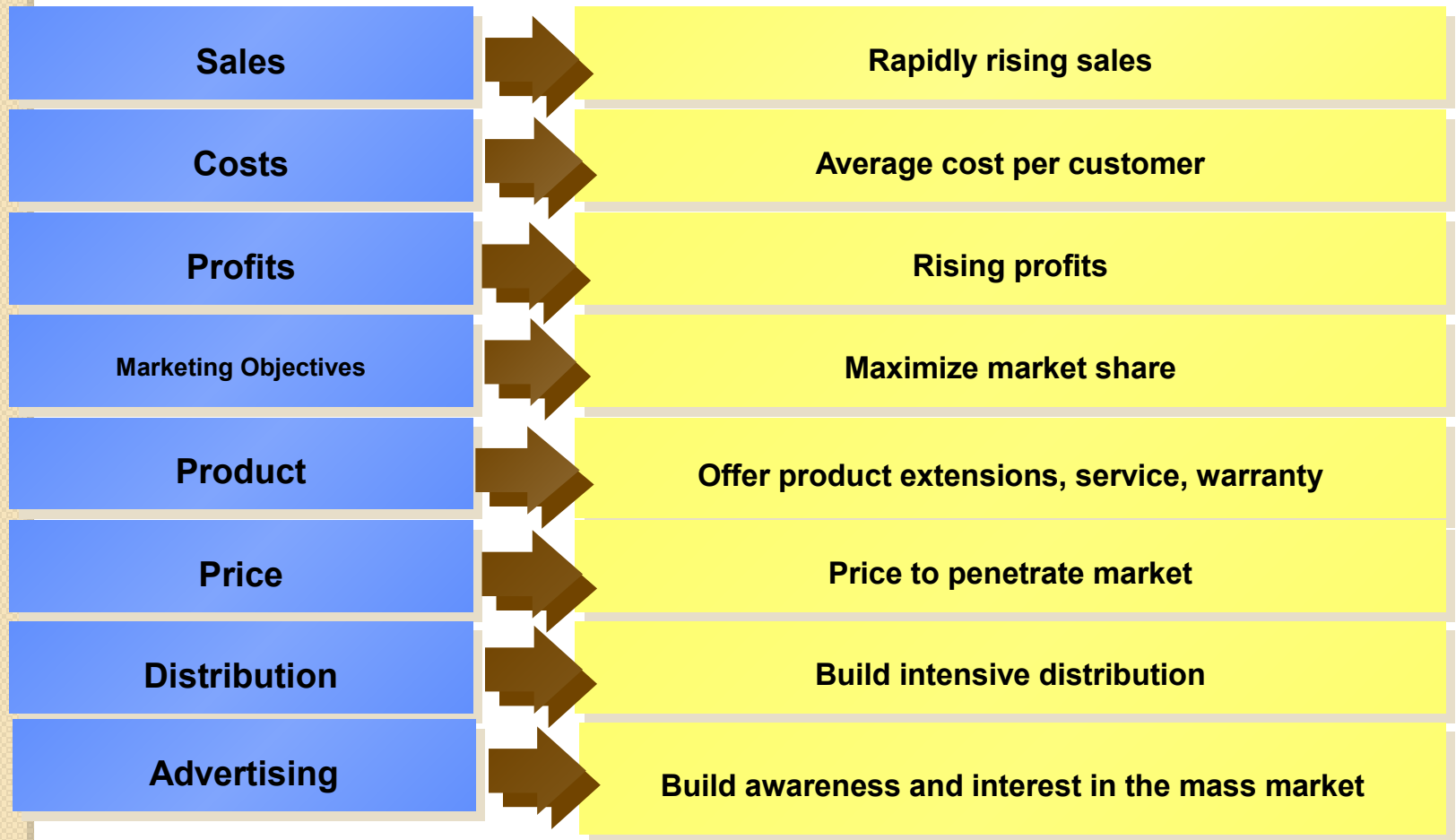
Sales



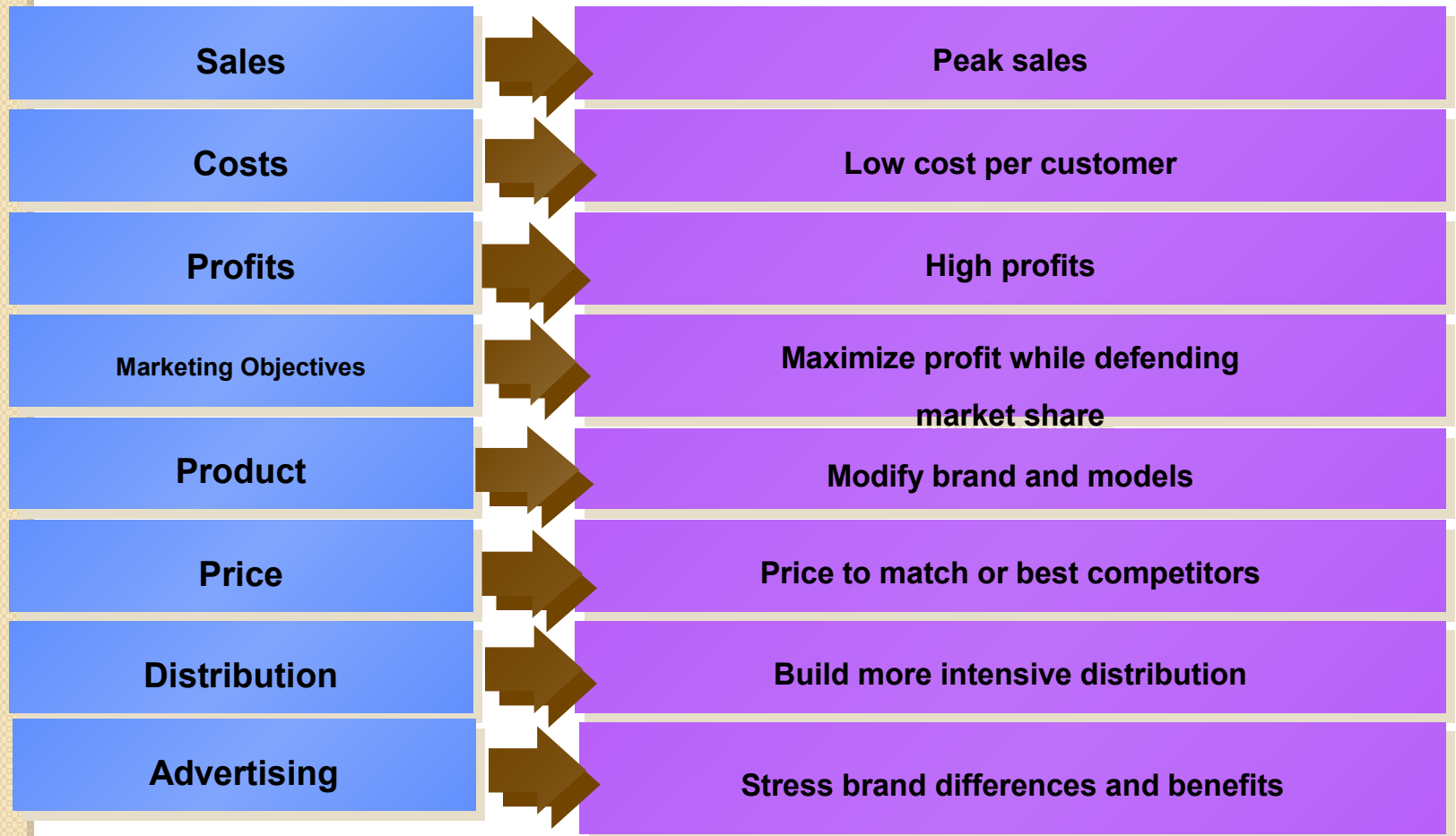
# Introduction Stage of the PLC



# Growth Stage of the PLC

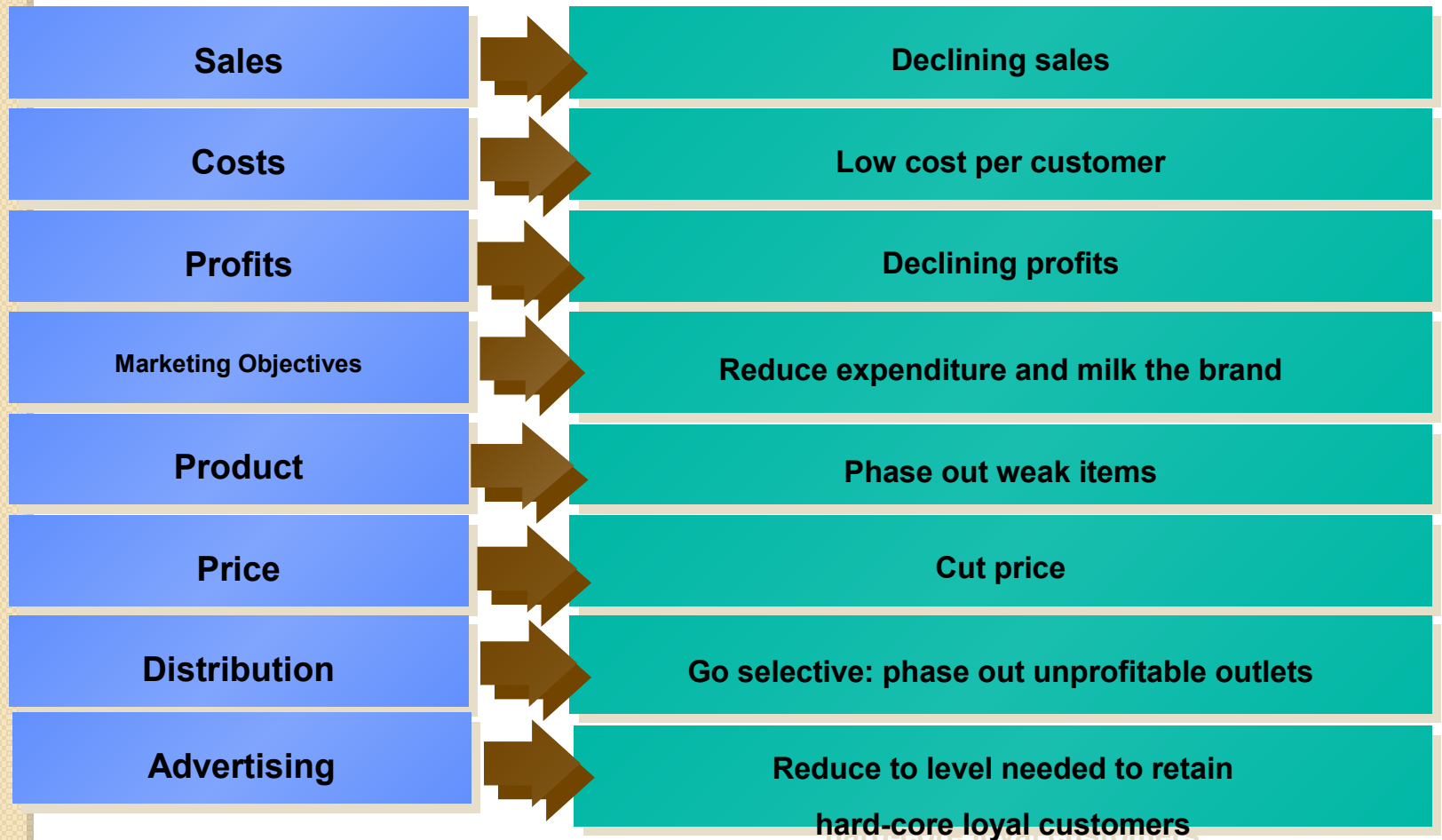


# **Maturity Stage of the PLC**



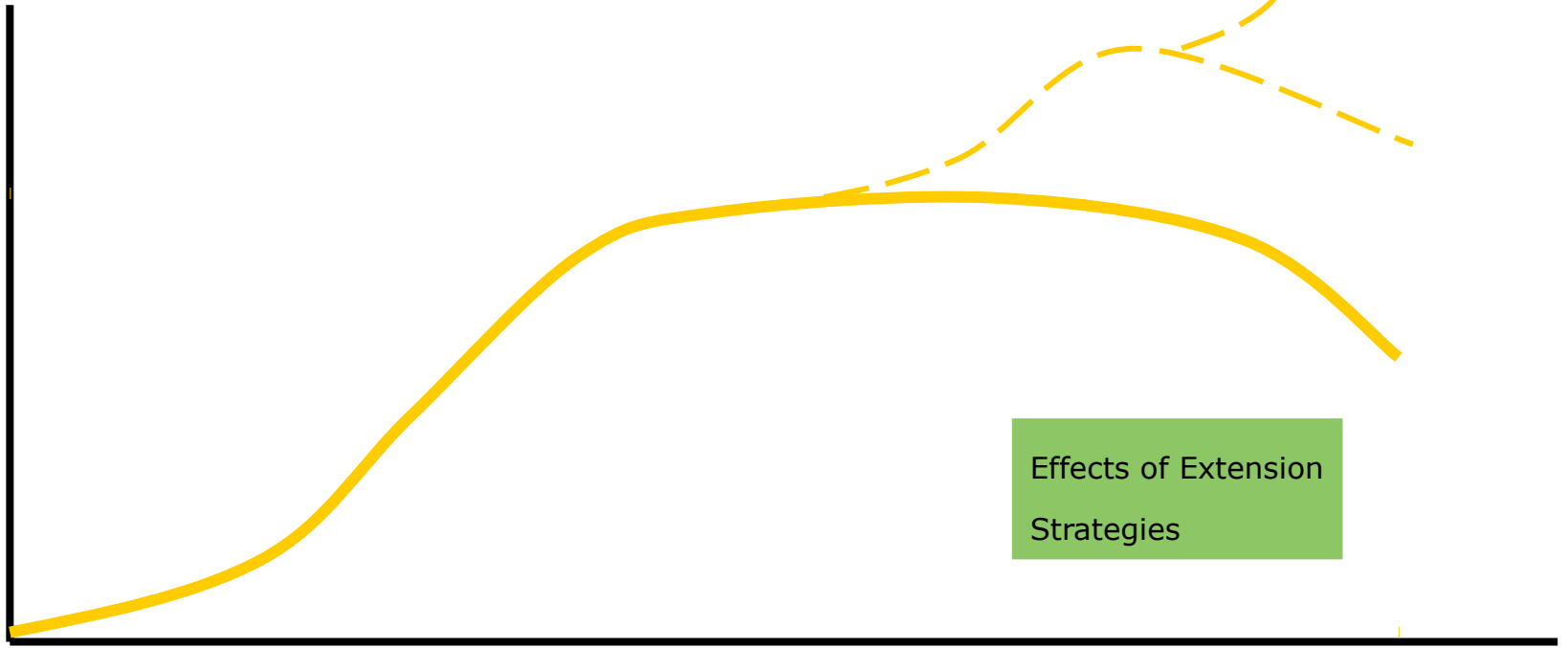


# Decline Stage of the PLC



# Product Life Cycle

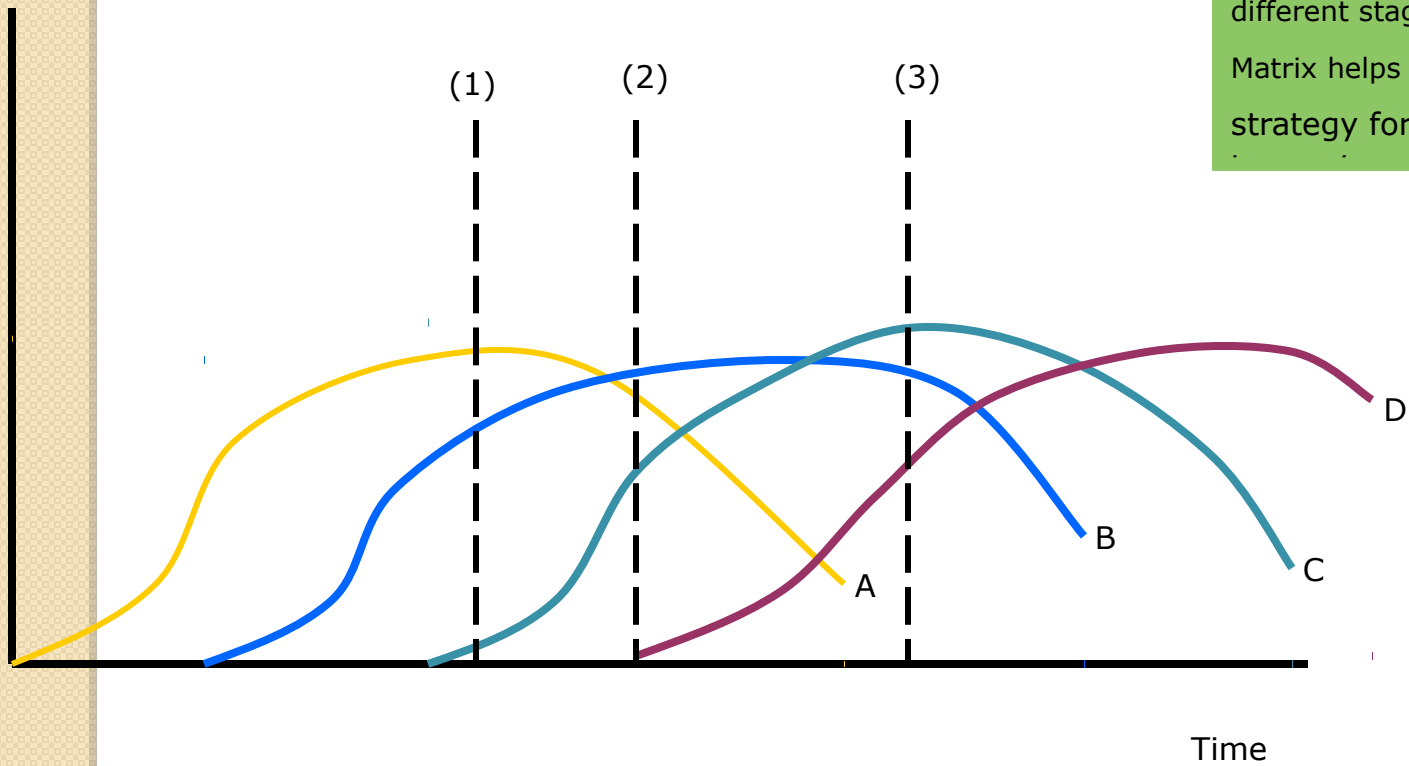
Sales



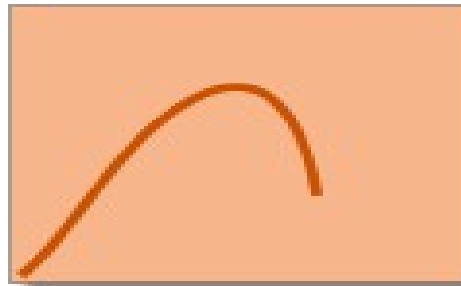
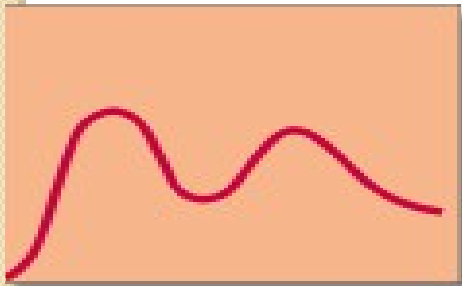
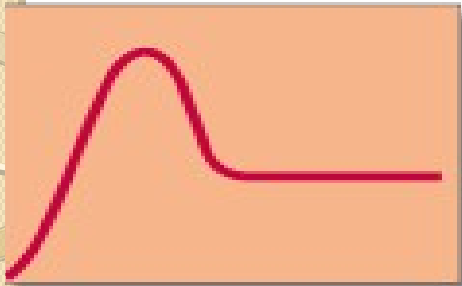
Time

# The Product Life Cycle

Sales



Importance of maintaining a balance of products in the portfolio at different stages of the PLC – Boston Matrix helps with the analysis strategy for 'B'?



1. Growth –slump –maturity pattern
2. Cycle recycle pattern
3. Scalloped pattern

1. Style= a basic & distinctive mode of expression
2. Fashion=currently accepted or popular style
3. Fad=fashions that peak early, decline fast..

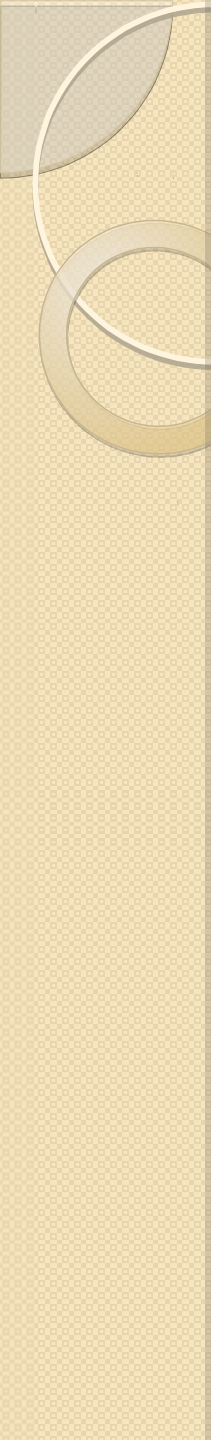
# New product development

- Need for new product development
- Objectives of business
- Products have a limited life
- Competition
- Consumer wants and preferences
- Technology



## Causes of New Product Failures

- Overestimation of Market Size
- Product Design Problems
- Product Incorrectly Positioned, Priced or Advertised
- Costs of Product Development
- Competitive Actions

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- Factors responsible for success of New Industrial Products
    - Product superiority and uniqueness
    - Product meets needs and wants of target markets.
    - Technical and commercial functions.

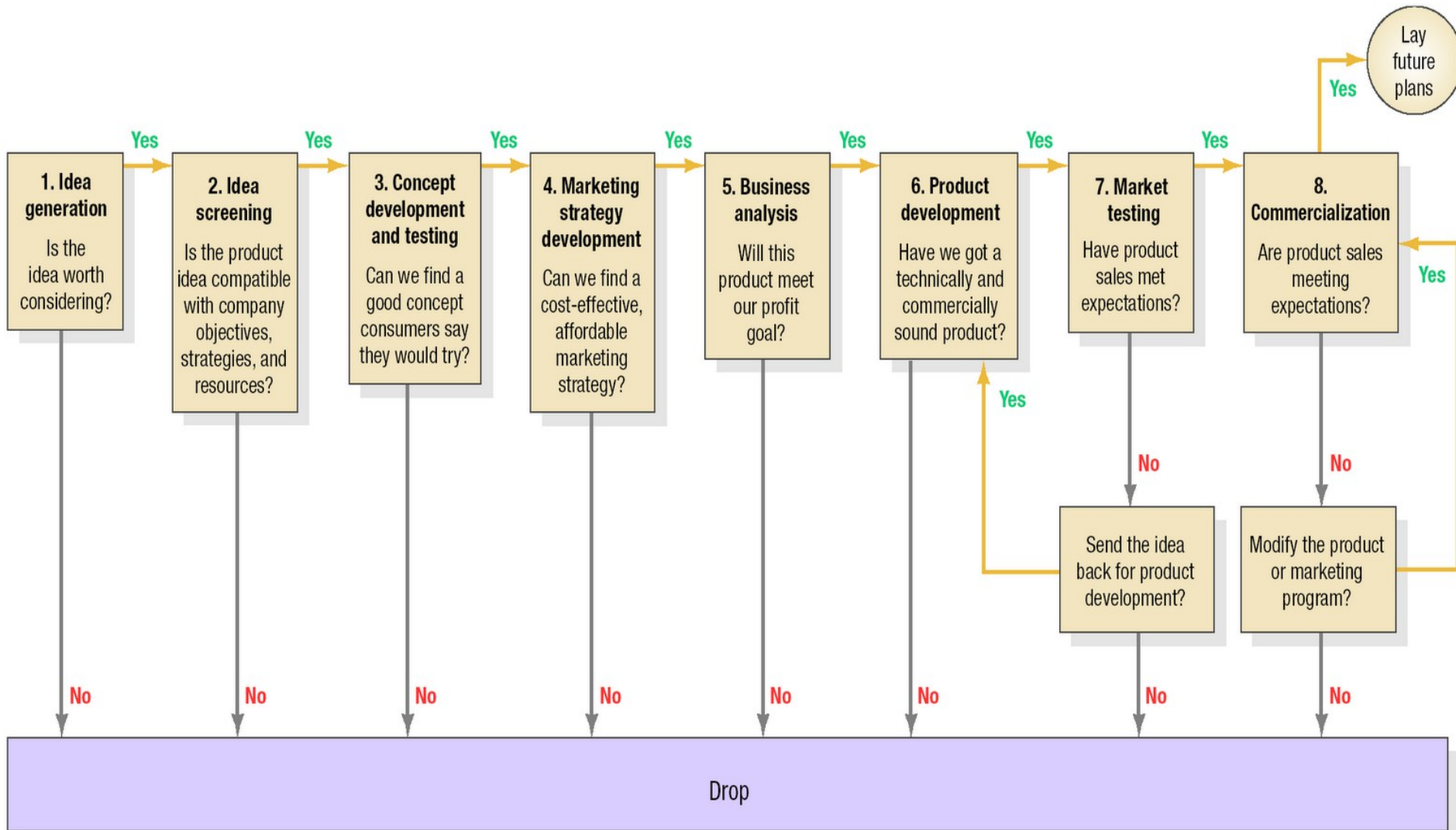


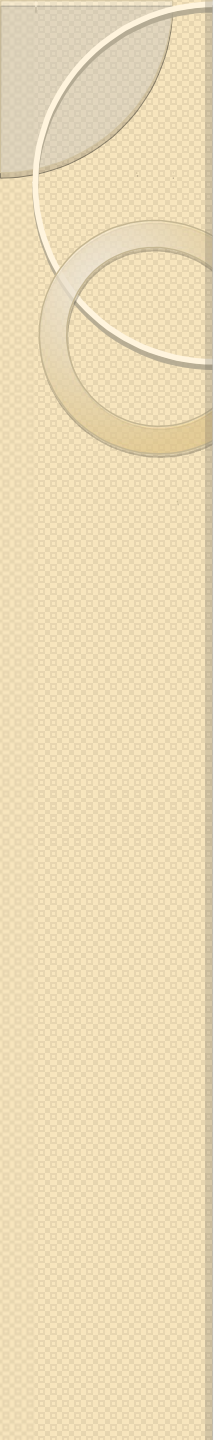
# New Product Development Process

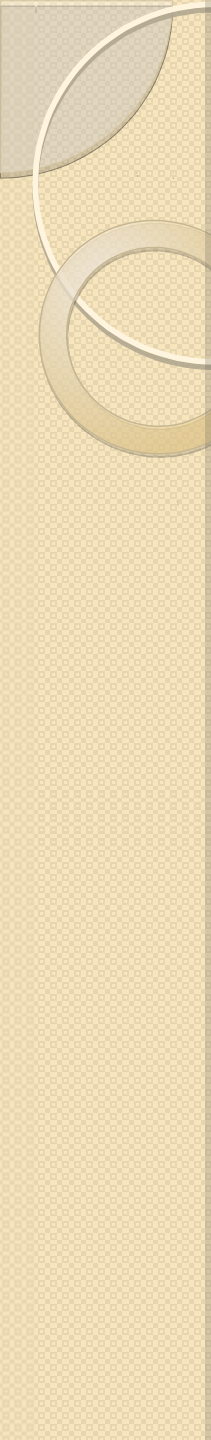
- Idea Generation
- Idea evaluation
- Technical research
- Business Analysis/Feasibility analysis
- Prototype development/Product Development
- Test Marketing
- Commercialization



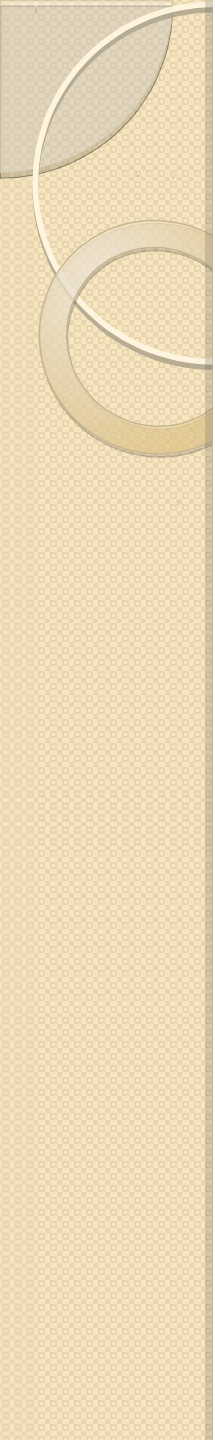
# The NPD Process





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- Common sources of new product ideas
  - Changing customer needs and trends in consumer markets
  - Competitors
  - R&D scientists
  - Laboratories
  - Foreign markets and media
  - Employees
  - Trade channels
  - Top management



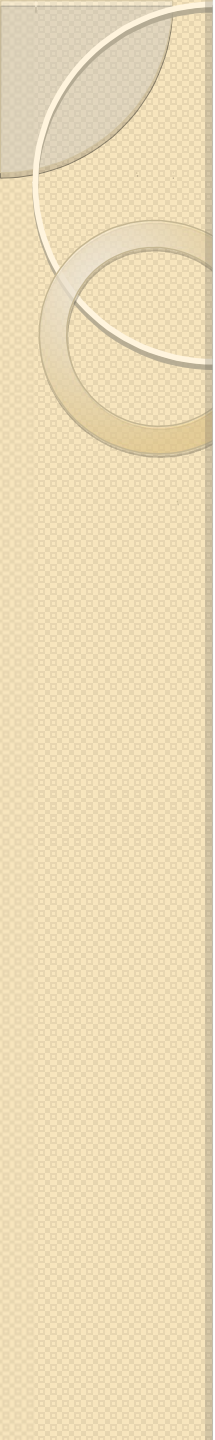


## Products-IBM

- Systems and servers-blade servers, cluster servers
- Software-Lotus,Rational,Websphere,Tivoli,DB2
- POS and self service offerings-Kiosks, POS, printers and displays
- Storage systems-Disks, Tapes

## Services-IBM

- Business continuity and Resiliency services
- End user services
- IT strategy and Architecture services
- Maintenance and technical support services.



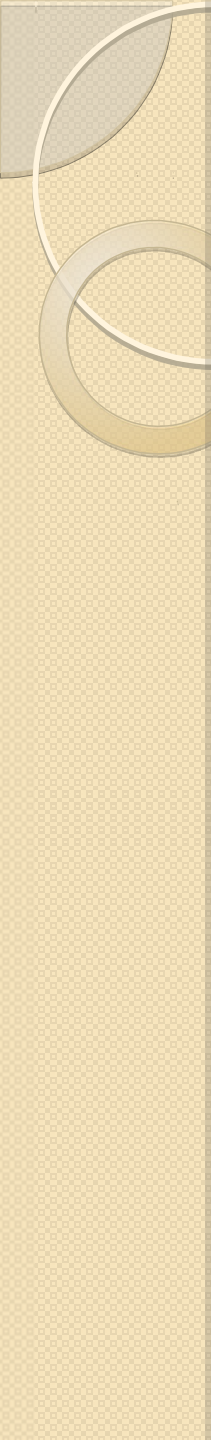


# Products

- Products are tangible and discernible items that the organization produces, including digital file-based output.
- Examples of products from the Digitization Services Branch:
  - digital files sent to a network storage system
  - new prints of motion picture film elements
  - prints for exhibit purposes
  - reference copies on DVD/CDs for the Reading Rooms or other clients

## Services

- A service is the production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange, satisfies an identified need.
- Sometimes services are difficult to identify because they are closely associated with a good; such as the combination of a diagnosis with the administration of a medicine.

- 
- Examples of services from the Digitization Services Branch:
  - consulting with clients on appropriate products for specific purposes
  - providing advice on risk assessment and priority setting
  - working on standards committees
  - conducting training and other educational outreach

- 
- Product and services differentiation

## WHO COMES TO WHOM

- Products come to customers whereas customers come to services. Product benefits are embedded inside the product / package and can be transported to their customers through distribution channels. Services are location-based and the customers need to travel to these service locations or the service personnel has to come to the customer location

## STANDARDIZATION OR CUSTOMIZATION ?

- Customers like many of their products to be standardized but they want most of their services to be customized. This is also because a product can be pre-inspected whereas a service cannot be.
- A service needs to be experienced and , when a customer is being serviced, it is natural for him to want it customized based on his feedback.

## QUALITY DELIVERY

- The quality expected from a product is mostly embedded in the product itself at the time of its manufacture and depends in turn on the quality of the materials used and the setting of the machines. Both materials and machines, being inanimate, can be standardized.
- On the other hand the qualities that people expect from service are different : customization and variation is appreciated in service and this depends a lot on the experience, skill and motivation of the service-giver on the spot.

# TANGIBILITY

- The products are tangible and can be inspected / sampled before buying. Service on the other hand is experiential and sometimes based on a belief.



# SCALABILITY

- The product business is scaled up by expanding the manufacturing capacity , distribution and sales reach, and access to more customers.
- On the other hand, the service business is not easy to scale up - it needs a supply of trained service providers and this involving either poaching people from the competitors or increased activity of recruitment, induction, training and motivation. Attrition of trained manpower is a danger to service business.

# OWNERSHIP

- A product ( flat, car, machine) can be owned and can go into your balance sheet as an asset and is re-salable and you can accumulate it to build your wealth.
- A service ( degree, surgery, haircut) cannot be owned as is always shown as an expense. It is not resalable and cannot be transferred to someone else

# THE SOURCE OF VALUE

- The customers buy "products" essentially for the value they find inside the box - whether a soap or a TV .
- On the other hand, the customers buy "services" for the value of they find in the "encounter" with the service provider - whether doctor, waiter or a consultant.
- The quality of the products depend essentially on how materials are chosen and converted.

# THE ROLE OF SENIOR MANAGEMENT

- In product business the managers are the heroes. In service business the front line employees are the real heroes.
- The process of creating a market-driven design in a product business involves many months of work by expert manpower and managers before the product is produced.

# THE POSITION OF THE CUSTOMER

- In the product business, the customer is outside the manufacturing process and hence two processes need to be created (1) The process of bringing the voice of the customer in the process of product creation (2) The process of physically taking the products to market where the customers are.
- In the service business the customer is inside the business and cannot be ignored – his requests and demands force your front line service providers to understand and adapt to him. That is why, in service business, it is worthwhile to treat the front line service givers as the customers themselves.

# MECHANISATION

- In product business the role of the machines is primary and the role of the workers operating those machines is secondary.
- On the other hand in the service business, a company is managed in a reactive mode by asking customers on-line/offline what they desire and then the company tries to deliver it in an individualized manner in real time at the front line.

# Product Marketing Mix



Product

Pricing

Promotions

Placement



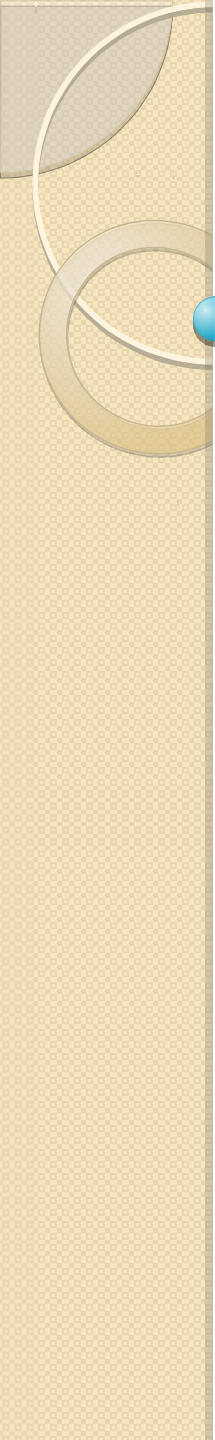
People

Process

Physical evidence



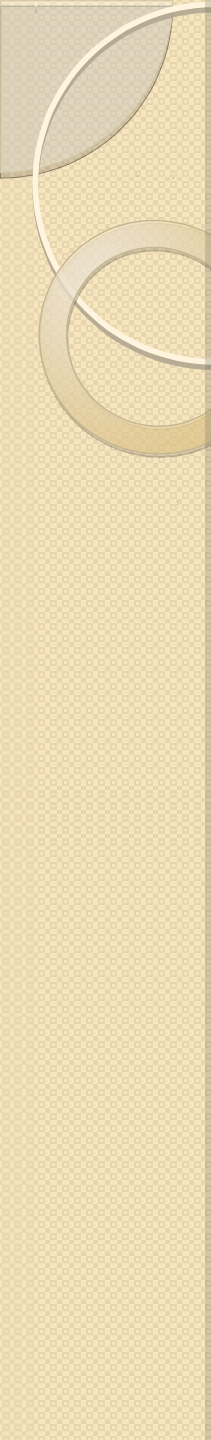
Services Marketing Mix

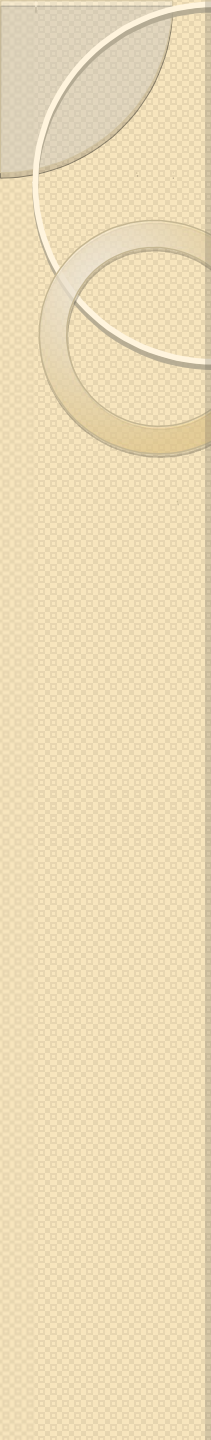


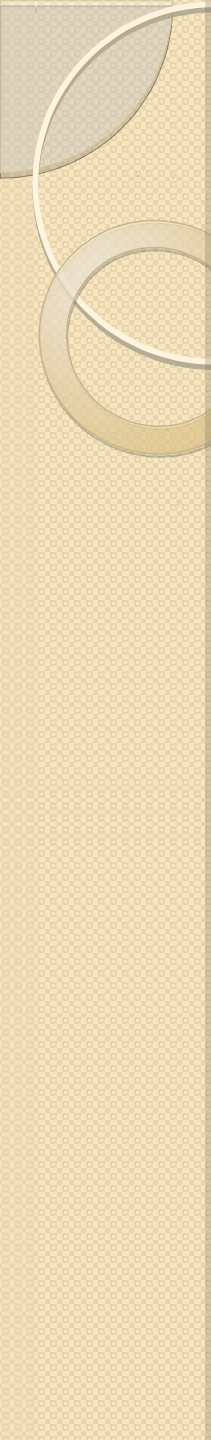
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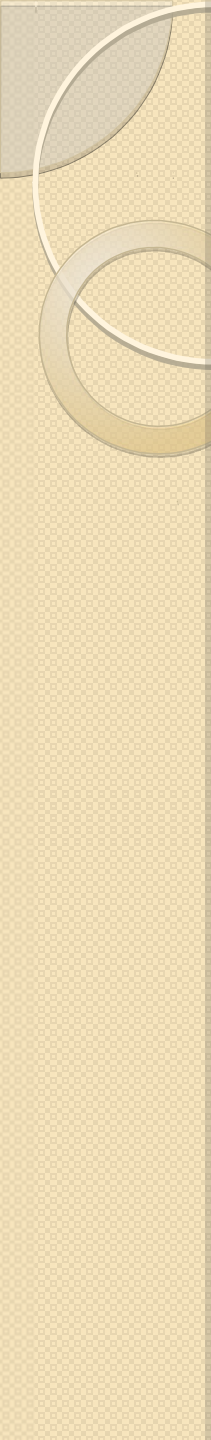




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- **Services are sold exclusively on the basis of benefits they offer.**
  - word of mouth publicity and a good reputation are some benefits which are critical to make a service brand over time.

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- **Services cannot be made available in advance**
  - They can be given only when a purchase of the services has been made.

- 
- **Time utility is critical :**
  - In services, you charge by the amount of time a person consumes. Thus the way you utilise your time is critical to the profitability of your business. A restaurant which does not have any customers today, will have lost a lot of money in keeping the restaurant open, in labour charges etc

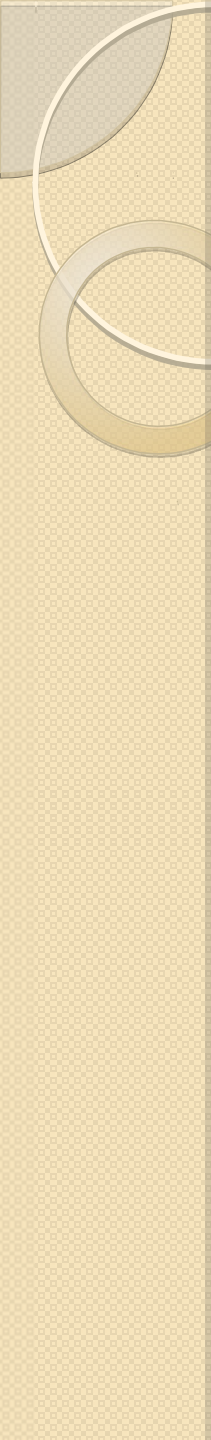
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- **Services cannot be transferred**– Outsourcing is the best example of non transference of services. If you wanted to outsource your calls, can you bring the call center to your country?
  - You cannot separate the process from the source.

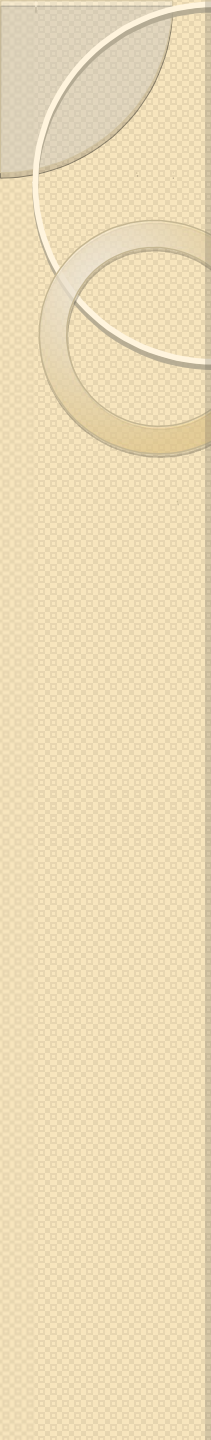


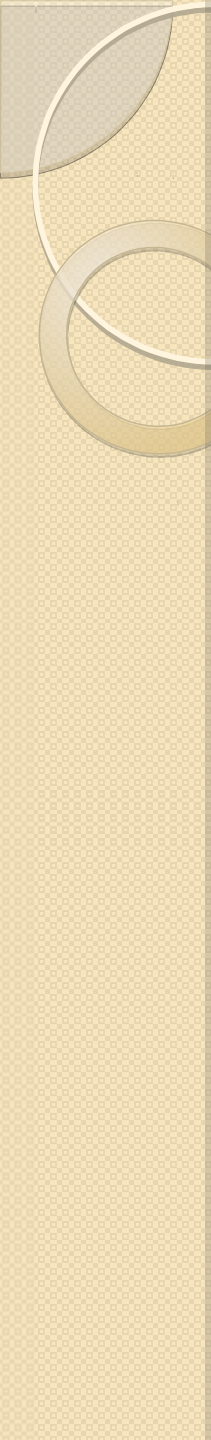
- **Services perish–**

- If you do not watch the movie now, you won't get a refund of the ticket.

If you do not board your plane or your train, you cannot ask back for the charges of the ticket. A service once ordered, perishes, if it is left unused.

- 
- **A service once consumed cannot be returned**– You pay a doctor for consultation and medicines. But your illness does not get cured or he is unable to find the source. Can you ask your money back?

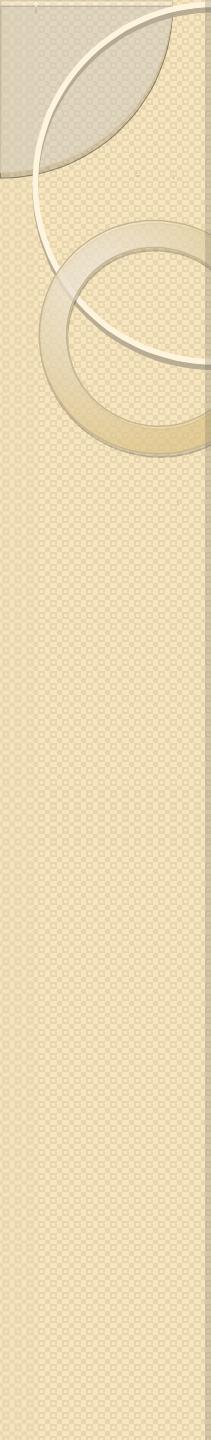
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- **Controlling the quality of services is difficult**– Few local auto service centers has one rule for loyal customers – Do not give your bikes on weekends. The reason is quite simple. He has a heavy workload on weekends as a result of which the quality of service is low. This is human factor and the owner can hardly do anything. Even in a restaurant, the quality of food served or the service given will vary during peak hours..

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- Furthermore, as services are intangible, it is not possible to measure the quality of service given. Thus controlling the quality of services over time is very difficult as long as the human element is involved

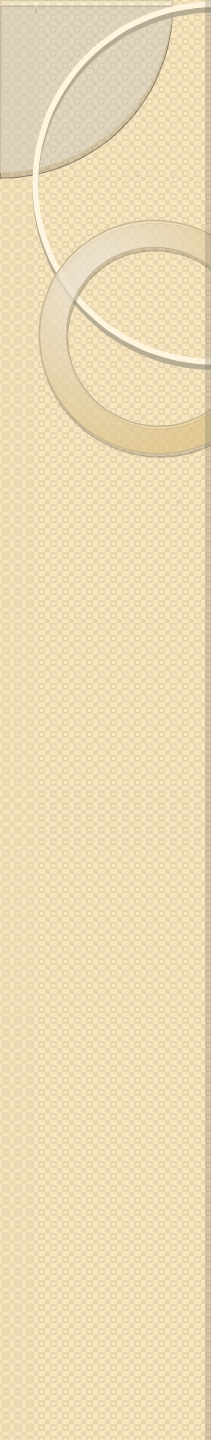


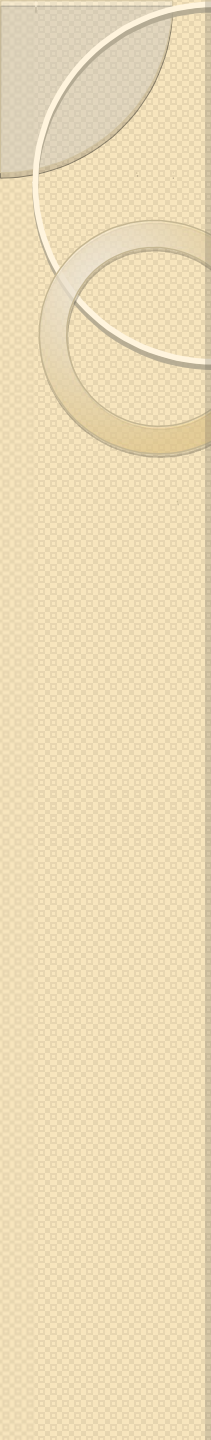


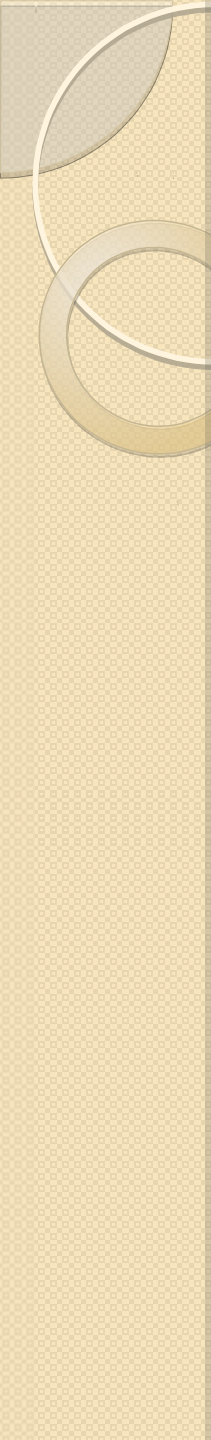
# QUIZ

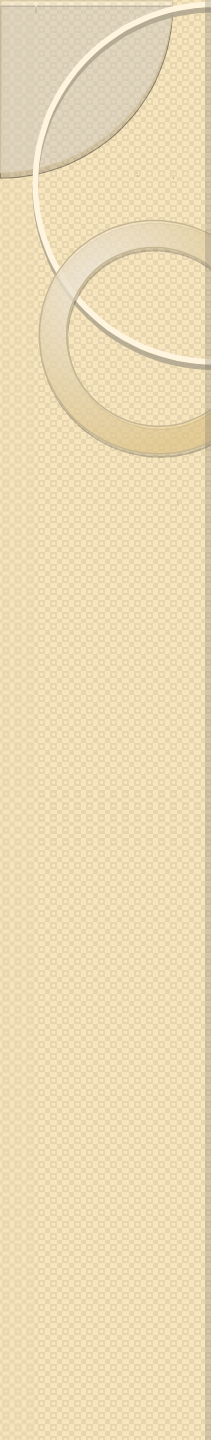
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- Services are primarily intangible and tend to be an experience which is consumed at the point of purchase; they cannot be owned since they quickly ....., and once they have occurred they cannot be repeated in exactly the same way.

- (a) perform
- (b) perish
- (c) persevere
- (d) persist

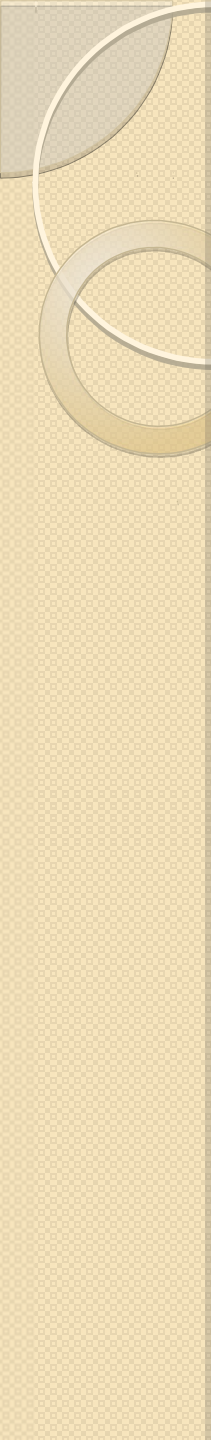
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- Marketing personnel often speak of the nature of a service as ..... from the point of consumption and from the service provider.
  - (a) inseparable
  - (b) insuperable
  - (c) irreducible
  - (d) irreplaceable

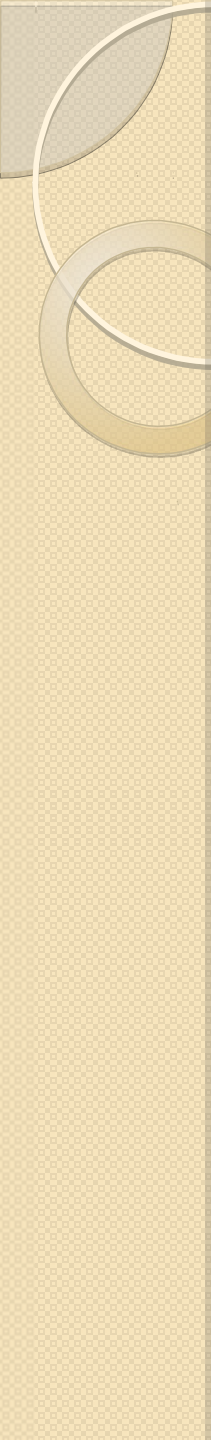
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- The right of ..... is not extended to services, since we merely experience them; we cannot sell them once they have been consumed.
  - (a) ownership
  - (b) salesmanship
  - (c) stewardship
  - (d) upmanship

- 
- The Western economies have seen ..... of the traditional manufacturing sectors and growth of the service economies.
  - (a) degradation
  - (b) denigration
  - (c) deterioration
  - (d) determination

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- People are the key ..... in any service: services are usually produced and consumed simultaneously, and aspects of the customer experience are adjusted to serve the needs of the individual consuming them.

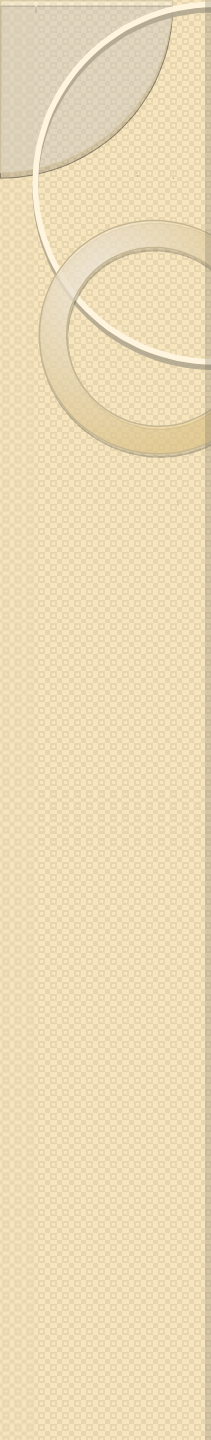
- (a) argument
- (b) cement
- (c) element
- (d) sentiment

- 
- Many of us can recall a situation in which the personal service offered has enhanced or ..... a vacation, an overnight stay or a restaurant meal.
  - (a) tainted
  - (b) tested
  - (c) tormented
  - (d) twisted

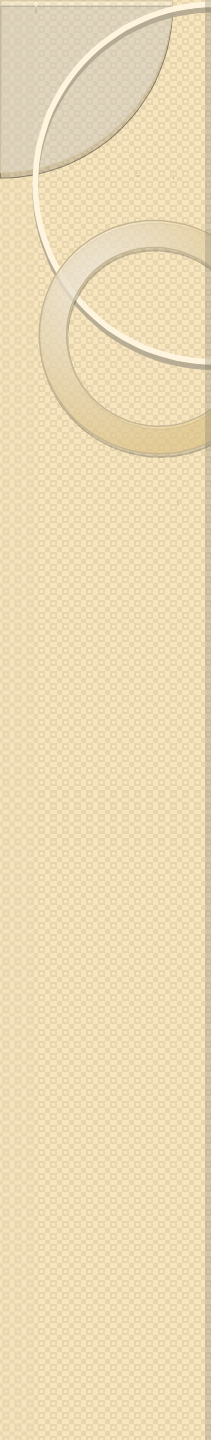
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- Every customer ..... staff member needs training and development in order to maintain high quality personal service.

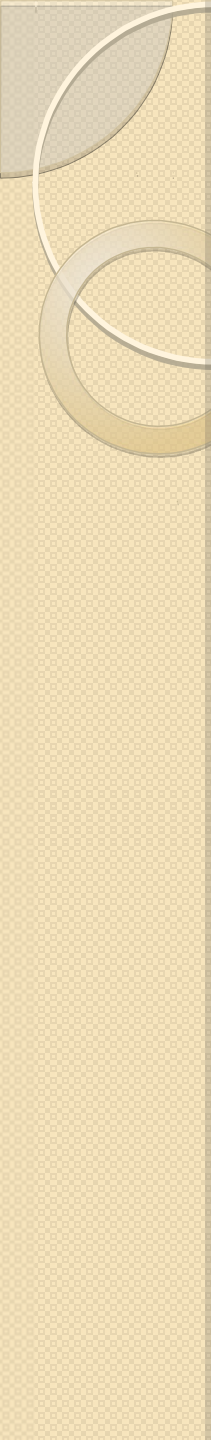
- (a) facing
- (b) fronting
- (c) orientating
- (d) originating



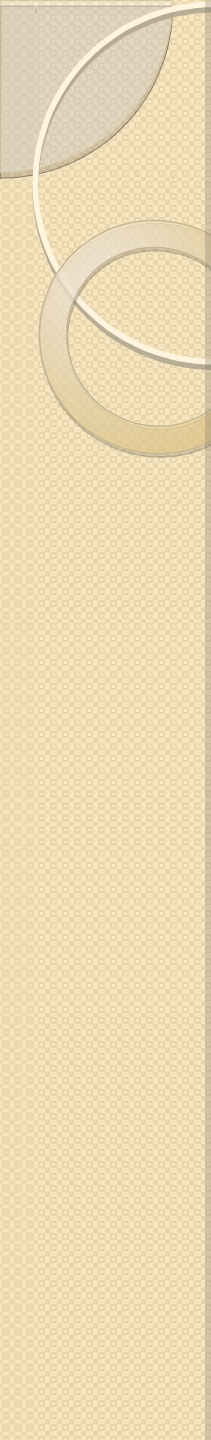
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- This training ought to start during ..... into the company, which will involve the new staff in the organization's culture for the first time and brief them on operating policies and procedures.

- (a) inclusion
- (b) incursion
- (c) induction
- (d) insertion

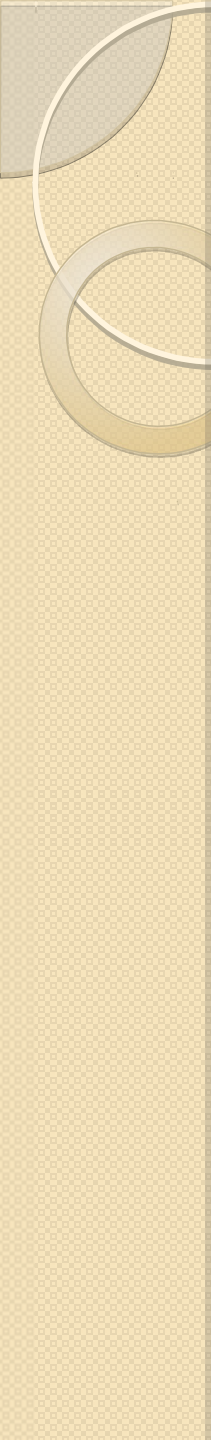
- 
- The organization must also pay attention to Continuing Professional Development, in which every staff member sees his or her professional career as ..... process of training and growth.
  - (a) a lifelong
  - (b) a long-lived
  - (c) an interminable
  - (d) an unending

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- The ..... and attitude of these service personnel is critically important: the way that complaints are dealt with can mean the difference between keeping and losing customers or between making and destroying the company's reputation.

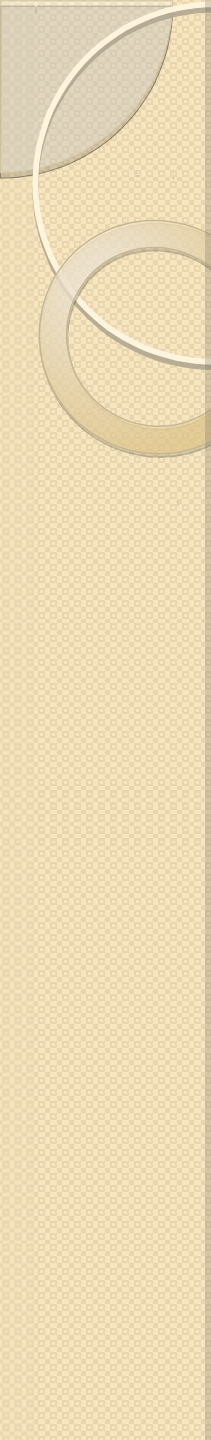
- (a) disposition
- (b) exposition
- (c) imposition
- (d) supposition

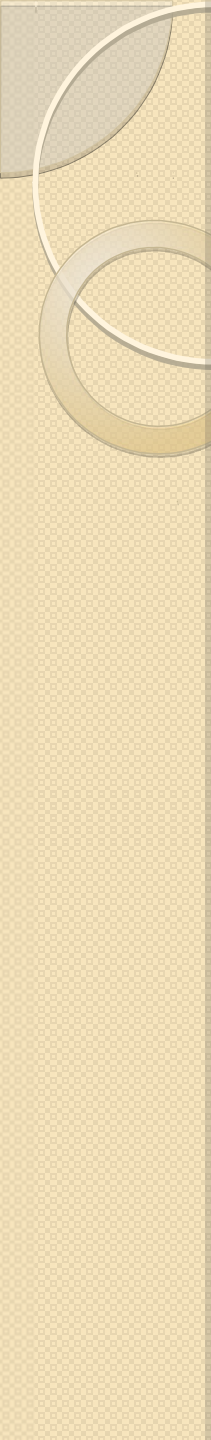
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- The development of its marketing strategy is critical for a business, because without one, its efforts to draw customers are going to be ..... and ineffectual.

- (a) hackneyed
- (b) haphazard
- (c) hazardous
- (d) heedless

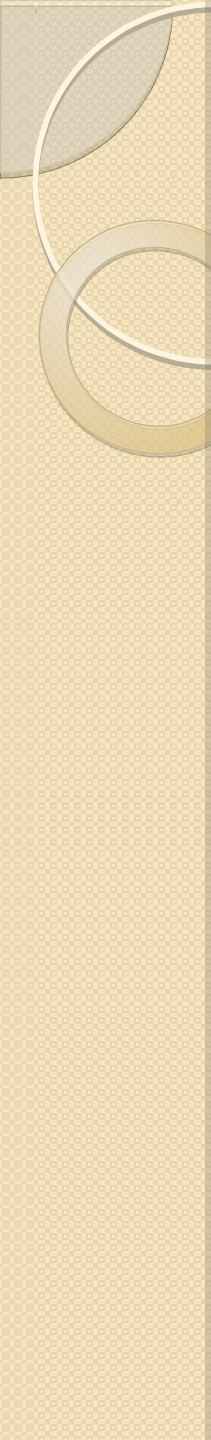
- 
- The focus of its strategy needs to be on ensuring that its products or services ..... customer needs better than do its competitors', as well as on the development of long-term, profitable customer associations.

- (a) confront
- (b) face
- (c) meet
- (d) solve

- 
- The business should identify whole new markets to target: ..... to a successful marketing strategy is understanding one's customers and their needs.
  - (a) adjacent
  - (b) central
  - (c) peripheral
  - (d) tangent

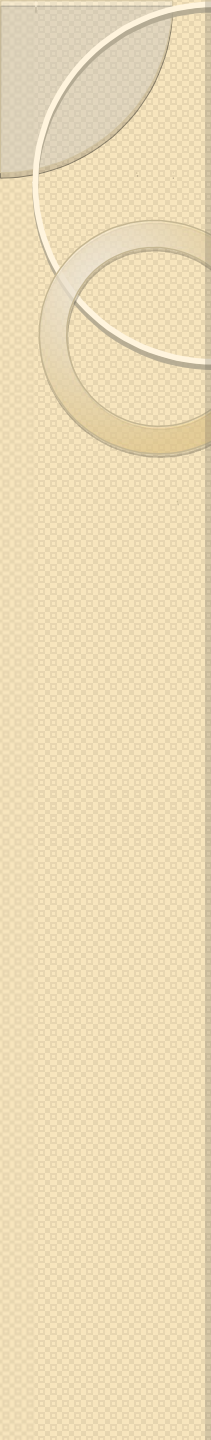
- 
- One key to successful marketing is the understanding that both existing and potential customers will ..... into specific segments or groups identified by their needs.

- (a) drop
- (b) fall
- (c) plunge
- (d) veer

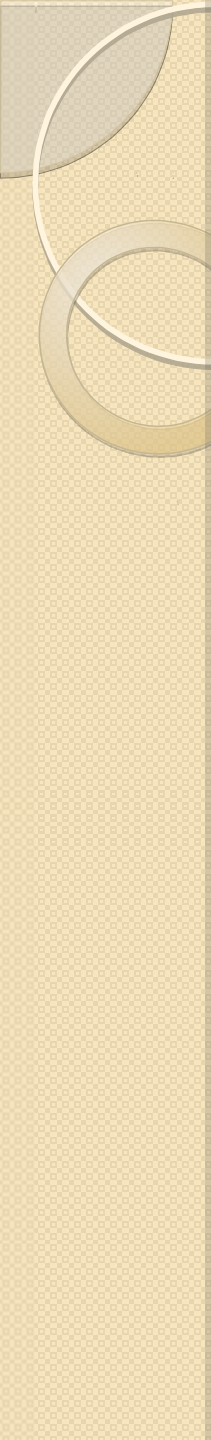
- 
- The focus of a company's strategy ought to be to identify such groups with their needs and then ..... them more successfully than its competition.

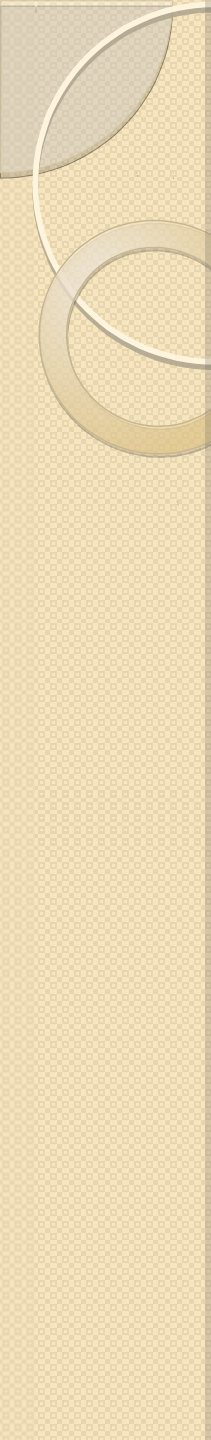
- (a) address
- (b) affront
- (c) assist
- (d) attack

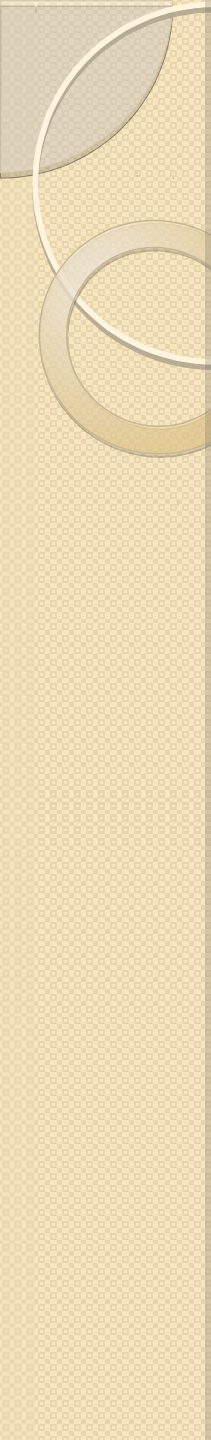


- 
- In this way, the business is able to create a marketing strategy which ..... the most of its strengths and then matches them with the needs of the customers it plans to target.

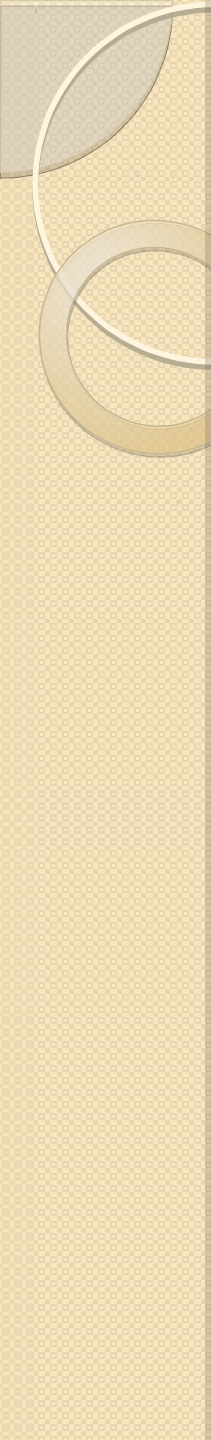
- (a) builds
- (b) finds
- (c) makes
- (d) sees

- 
- If, for instance, a specific customer segment wants quality first and ....., then marketing efforts aimed at them needs to direct their attention to the business's high quality service.
  - (a) finally
  - (b) foremost
  - (c) most
  - (d) last

- 
- For maximum efficiency, the business should limit its activities to the methods that it thinks will work best, and thus avoid ..... its marketing budget too thinly.
  - (a) sharing
  - (b) spending
  - (c) splurging
  - (d) spreading

- 
- Often forgotten is the necessity to monitor and evaluate the effectiveness of the marketing strategy; this control helps the company check how it is performing in practice and also helps to ..... its future strategy.

- (a) inform
- (b) ingrain
- (c) install
- (d) invest

- 
- One simple ..... is to inquire of each new customer as to how they found out about the company.
  - (a) apparatus
  - (b) device
  - (c) gadget
  - (d) utensil

## Designing and managing services

- Superior service providers consciously strive to create a memorable customer experience by nurturing a culture for “serving”.
- They go beyond efficient and effective service design and responsiveness to bring some degree of spirituality in service.

“Compassion with care”.

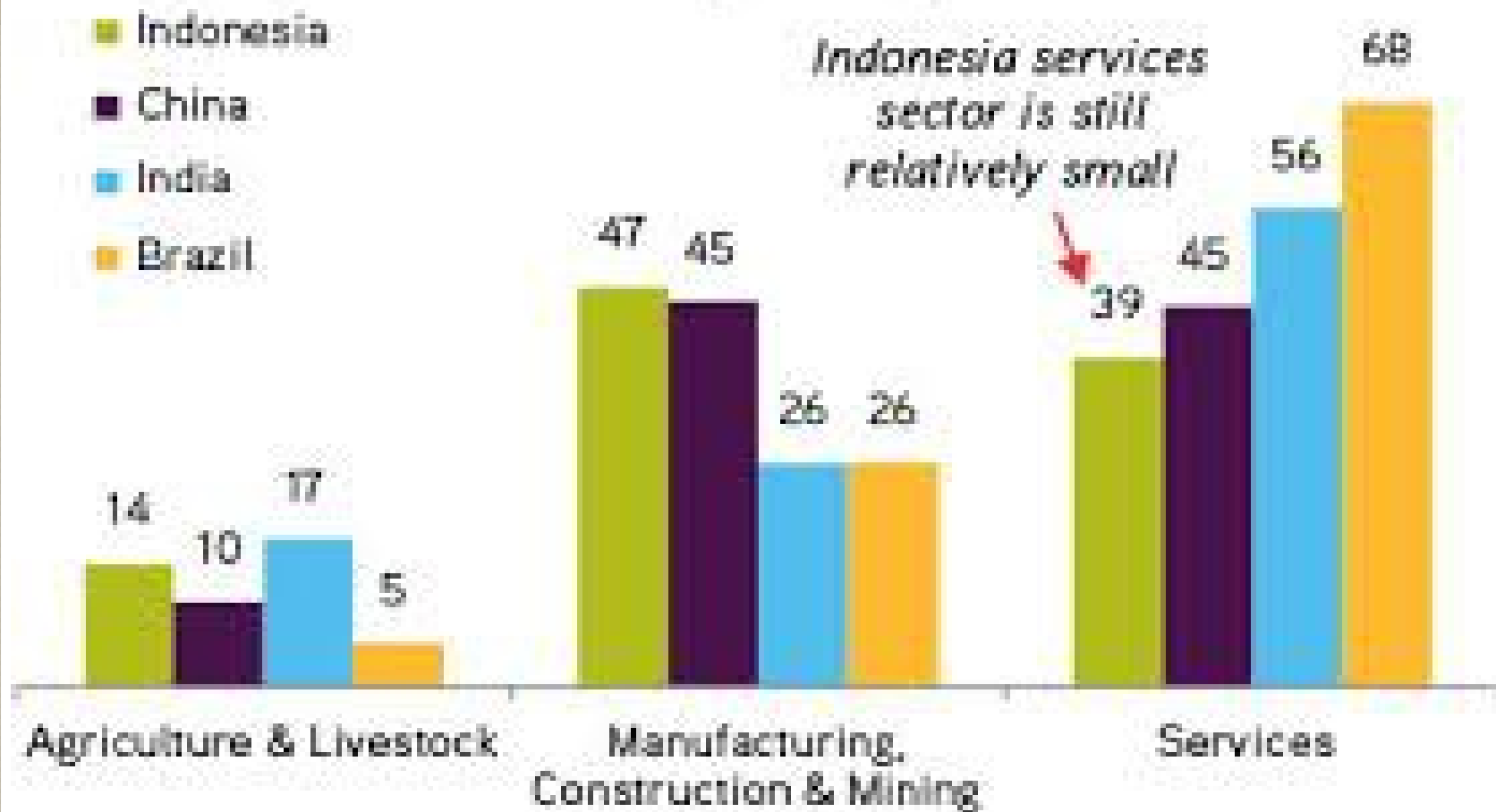


## The nature of services

- Service industries are everywhere.
- The government sector: Courts, employment services, hospitals, loan agencies, military services, police and fire departments, postal service, regulatory agencies, and schools, is in the service business.
- The private nonprofit sector: Museums, charities, colleges, foundations, and hospitals.
- Business: Airlines, Banks, Hotels, Mgmt consulting, motion picture companies, Plumbing repair companies.



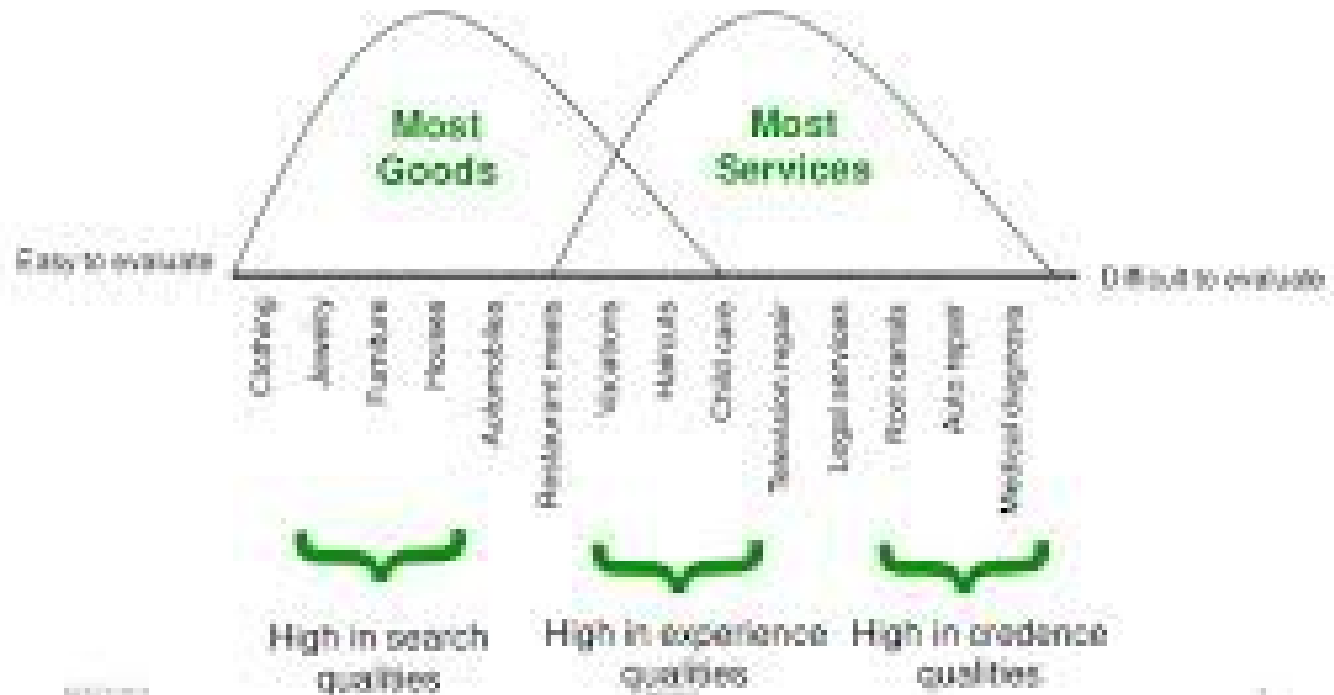
2012 GDP by Industry (%)



## Categories of service mix

- Pure tangible goods
- Tangible good with accompanying services- A tangible good, like a car, computer, or cell phone, accompanied by one or more services.
- Hybrid: an offering, like a restaurant meal, of equal parts goods and services.
- Major service with accompanying minor goods and services: air travel with additional services or supporting goods.
- Pure Service: Primarily an intangible service, such as babysitting ,psychotherapy, or massage.

# Continuum of Evaluation for Different Types of Products



## Experience with the Brand

The brand is important for me and it gives me confidence to work with this company

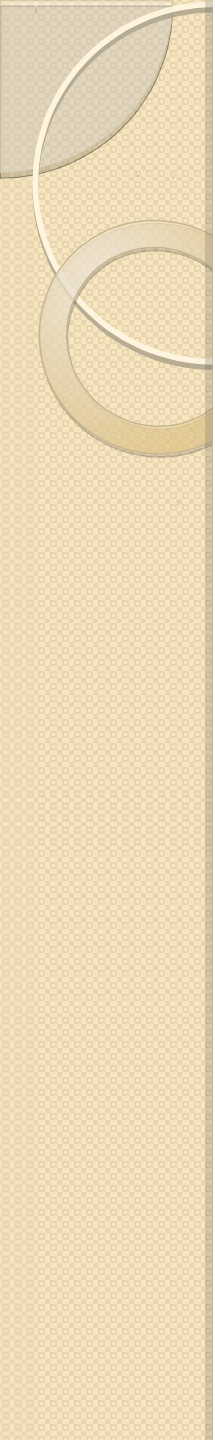
## Experience with the Product

The products and services meet my needs

**BEST  
CUSTOMER  
EXPERIENCE**

## Experience with the Service

Interactions with the company are easy and enjoyable











## Dimensions of brand experience

- Sensory:
- This brand makes a strong impression on my visual sense or other senses.
- I find this brand interesting in a sensory way.
- This brand does not appeal to my senses.

## Dimensions of brand experience

- Affective:
- This brand induces feelings and sentiments.
- I do not have strong emotions for this brand.
- This brand is an emotional brand.

## Dimensions of brand experience

- Behavioral
- I engage in physical actions and behaviors when I use this brand.
- This brand results in bodily experiences.
- This brand is not action-oriented.

## Dimensions of brand experience

- Intellectual
- I engage in a lot of thinking when I encounter this brand.
- This brand does not make me think.
- This brand stimulates my curiosity and problem solving.

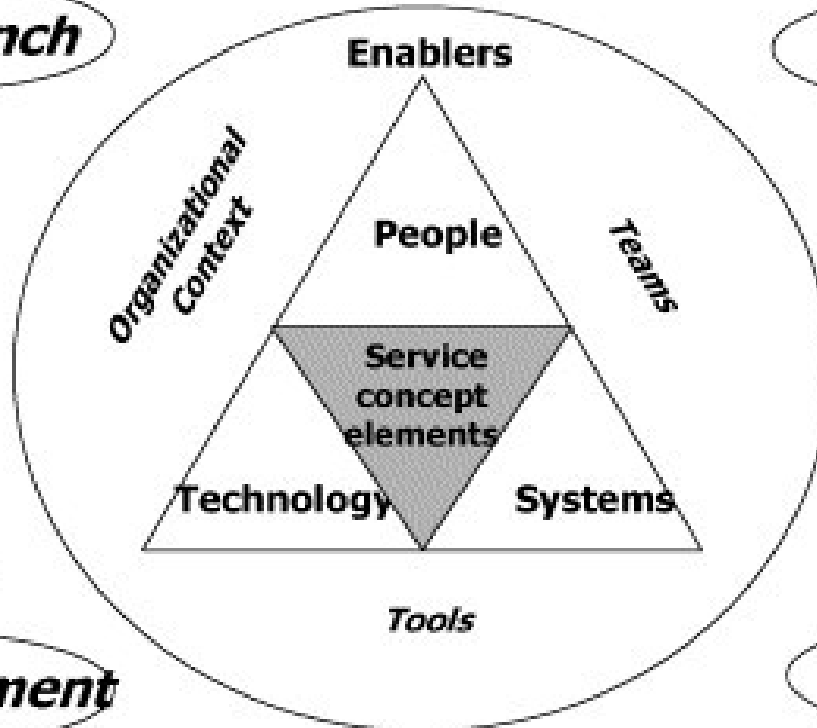
# NSD

- Full - scale launch
- Post-launch review

**Full Launch**

- Service design and testing
- Process and system design and testing
- Marketing program design and testing
- Personnel training
- Service testing and pilot run
- Test marketing

**Development**



**Design**

- Formulation of new services objective / strategy
- Idea generation and screening
- Concept development and testing

**Analysis**

- Business analysis
- Project authorization

## The new services realities

- A shifting customer relationship
- Customer empowerment
- Customer coproduction
- Customers play an active role in its delivery.
- Satisfying employees as well as customers

## Best Practices

- Strategic concept
- Top management commitment
- High standards
- Profiteers'
- Monitoring systems

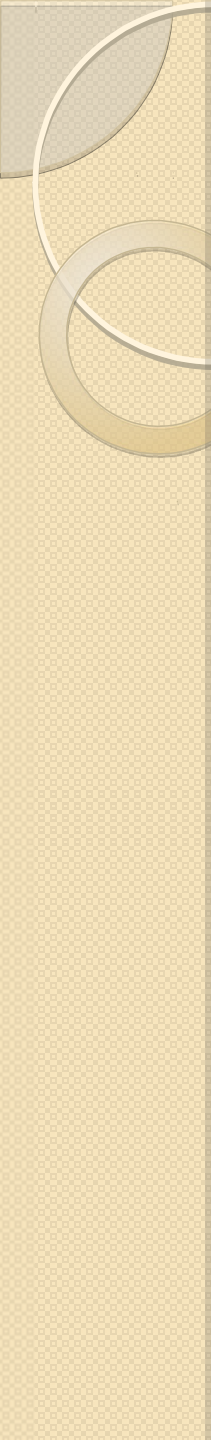
# Managing service quality

- Creation
- Communication
- Delivery



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border="0"allowfullscreen></iframe>`

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- Servicescapetactics
  - Servicescapeof universalorlando

# Blueprint for Overnight Hotel Stay Service

