

SUBJECT – MARKETING MANAGEMENT

UNIT II – PRODUCT AND PRICING DECISIONS (PART – II)

PRODUCT DECISIONS

Types of Product

There are some common product classifications in marketing: convenience, shopping, specialty and unsought products, according to “The Advanced Dictionary of Marketing,” by Scott Dacko.

1. Convenience Products

- Convenience products involve items that don't require much customer effort or forethought.
- Food staples often fall into this category, because customers can buy them nearly everywhere and at roughly the same prices.
- Marketing convenience products can be a challenge if there are many similar products competing for the customer's attention and driving down the price.

2. Shopping Products

- Customers are willing to invest time and effort to buy shopping products.
- For example, a customer might compare ingredients, prices and safety information for a variety of deodorants before making a final purchase.
- Often, the most effective marketing approach is to use advertising and heavy promotions to develop brand preference and loyalty among customers, according to the book “Principles of Marketing,” by Ashok Jain.

3. Specialty Products

- Specialty products require significant thought or effort.
- For example, a well-known luxury car model might be available at just a few local dealerships, meaning an interested customer has restricted options.
- Specialty products tend to be expensive, durable goods, often involving authorized dealerships and personal selling.

4. Unsought Products

- Unsought products are items customers aren't aware of or don't often think about.
- New products that have no brand recognition fall under this classification, as do certain types of insurance.
- The marketing problems presented by an unsought product are as follows.

- First, you must convince customers they need the product or service. Second, you must convince customers to buy the product or service from you and not your competitor.

Product Mix

Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. In other words, the number of **product lines** that a company has for its customers is called as product mix. The product mix, also called product portfolio, is the set of all product lines and items that a company offers for sale.

Dimensions of Product Mix

The four dimensions to a company's product mix include width, length, depth and consistency.

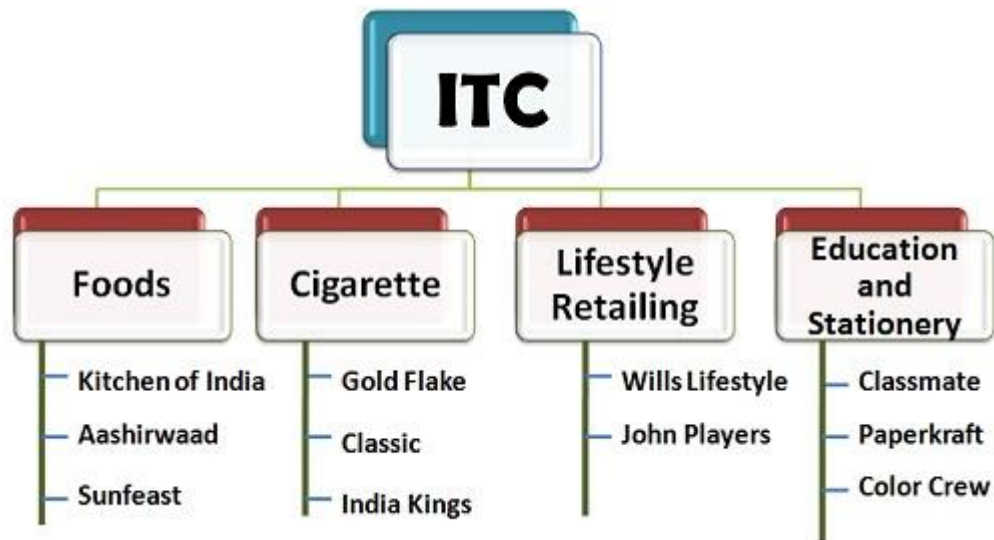
1. Product Mix Width/Breadth:

- An organization creates a number of product lines.
- The total number of their's product line is called product mix width.
- The width of a company's product mix pertains to the number of product lines that a company sells.
- For example, if a company has two product lines, its product mix width is two.
- Small and upstart businesses will usually not have a wide product mix.
- It is more practical to start with some basic products and build market share.
- Later on, a company's technology may allow the company to diversify into other industries and build the width of the product mix.
- The **Breadth of a product mix** shows the different kinds of product lines that firm carries.
- Simply, it shows the number of items in the product line.
- This dimension of the product mix represents the extent to which the activities of the firm are diversified.
- In the example below, there are 4 product lines that show the width of the ITC.



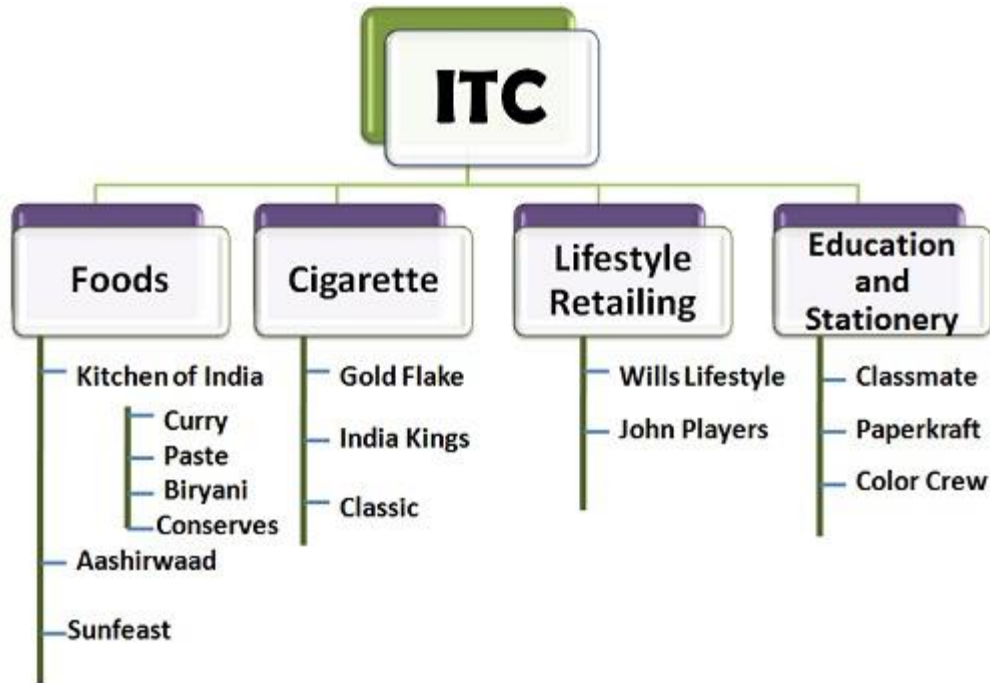
2. Product Mix Length:

- Product mix length pertains to the number of total products or items in a company's product mix.
- The **Length of a Product mix** refers to the number of items in the product mix.
- In the example below the length is 11. As in the foods line, the number of items is 3, in cigarettes is 3 and so on..
- On adding all the items, we get the length of a product.



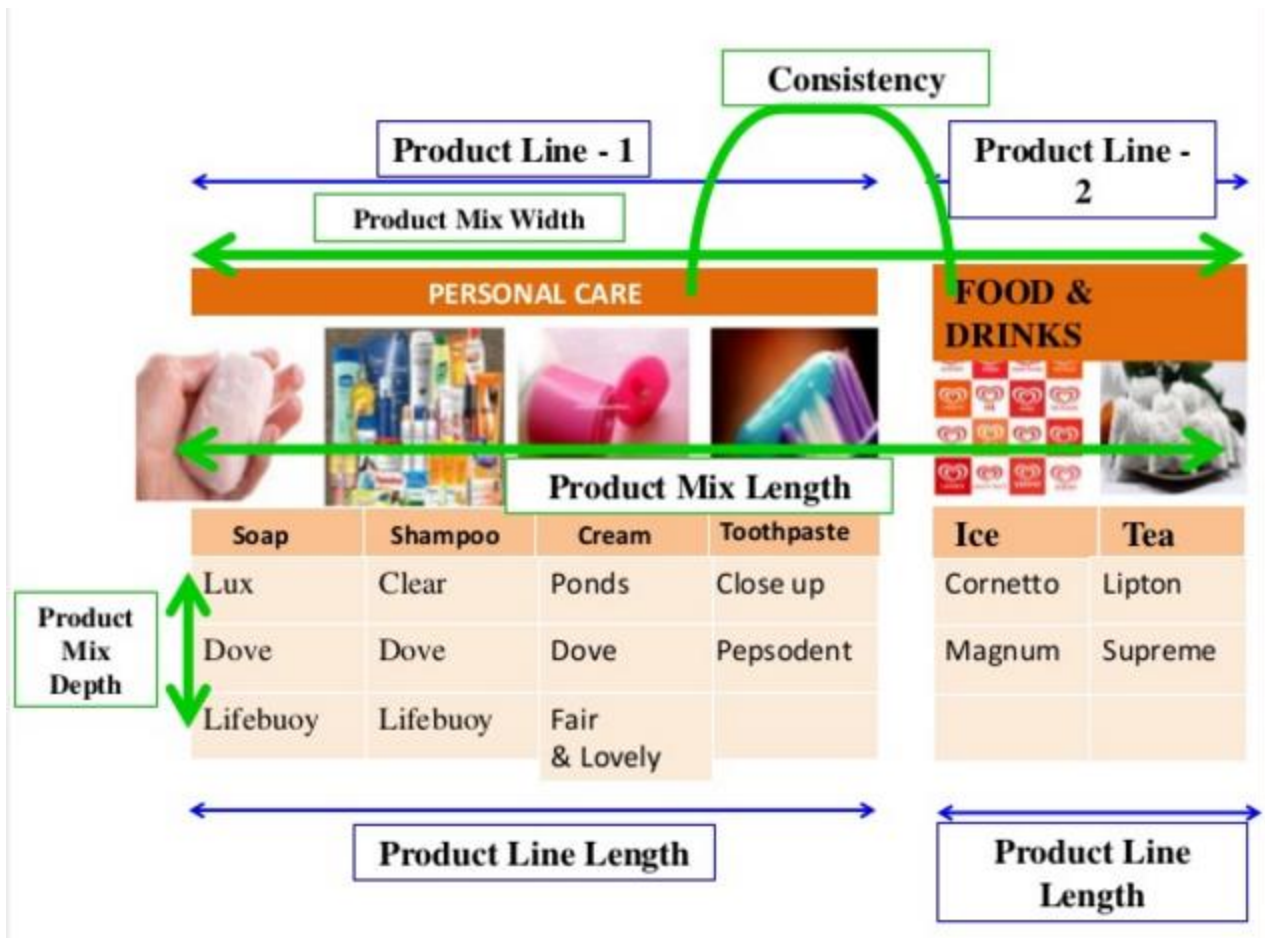
3. Product Mix Depth:

- The **Depth of a product mix** refers to the variants of each product in the product line.
- For example, in the example below, curry, pastes, biryanis, conserves, etc. shows the depth of the foods product line.



3. Product Mix Consistency:

- The **Consistency of a product mix** shows the extent to which the product lines are closely related to each other in terms of their end-use, distribution requirements, production requirements, price ranges, advertising media, etc.
- In the above example, it is clear that ITC's product lines are less consistent as these perform different functions for the buyers.
- A company's product mix may be consistent in distribution but vastly different in use.



Product Market Mix Strategy

- Small companies usually start out with a product mix limited in width, depth and length; and have a high level of consistency.
- However, over time, the company may want to differentiate products or acquire new ones to enter new markets.
- A company can also sell the existing products to new markets by coming up with new uses for their product.
- Certainly, these four product mix decisions are interrelated.

4 Ways to Increase Business With Product Mix Decisions

We can identify four ways in which a company can increase its business on basis of the four product mix decisions determined above.

1. Add new product lines à widen the product mix. New lines benefit from and build on the company's reputation in its other lines.
 2. Lengthen the existing product lines. More items in the product lines may result in a more full-line company.
 3. Add more versions of each product à Deepen the product mix.
 4. Make product lines more consistent (or less). This depends on whether the company wants to have a strong reputation in a single field or in several fields of business.
- As you can see, the four product mix decisions are more than a strategic issue that has some impact on the company's success.
 - To be precise, the product mix is one of the most critical instruments the company has.
 - It is the centre of its offerings.
 - Therefore, the right product mix decisions should be taken, in line with customer needs.
 - Since customer needs may change rapidly, product mix decisions need to be taken more than once at the beginning – product mix decisions are part of an ongoing process.
 - Only if product mix decisions are taken on an ongoing basis, maximum value for customers can be created.

Product Line

- The Product Line refers to the list of all the related products manufactured or marketed by a single firm.
- The product line is a subset of the product mix.
- The product line generally refers to a type of product within an organization.
- As the organization can have a number of different types of products, it will have similar number of product lines.
- Thus, in Nestle, there are milk based products like milkmaid, Food products like Maggi, chocolate products like Kitkat and other such product lines.
- Thus, Nestle's product mix will be a combination of the all the product lines within the company.
- The number of products within the product line are called as the items, and these might be similar in terms of technology used, channel employed, customer's needs and preferences or any other aspect.
- For example, the product lines of ITC are FMCG, Hotels, Paper Board and Packaging, Agribusiness.

1. Product Line Length

- If a company has 4 product lines, and 10 products within the product line, then the length of the product mix is 40.
- Thus, the total number of products against the total number of product lines forms the length of the product mix.
- This equation is also known as **product line length**.

2. Product Line Width

- The width of the product mix is equal to the number of product lines within a company.
- Thus, taking the above example, if there are 4 product lines within the company, and 10 products within each product line, then the product line width is 4 only.
- Thus, product line width is a depiction of the number of product lines which a company has.

3. Product Line Depth

- It is fairly easy to understand what depth of the product mix will mean.
- Where length and width were a function of the number of product lines, the depth of the product mix is the total number of products within a product line.
- Thus if a company has 4 product lines and 10 products in each product line, then the product mix depth is 10.
- It can have any variations within the product for form the product line depth.

4. Product Line Consistency

- The lesser the variations between the products, the more is the product line consistency.
- For example, Amul has various product lines which are all dairy related.
- So that product mix consistency is high. But Samsung as a company has many product lines which are completely independent of each other.
- Like Air conditioners, televisions, smart phones, home appliances, so on and so forth.
- Thus the product mix consistency is low in Samsung.

5. Product Line Extension-

- Not a modified in their characteristics product , but a total new one, added to an organization's product line produces an extension of that product line.