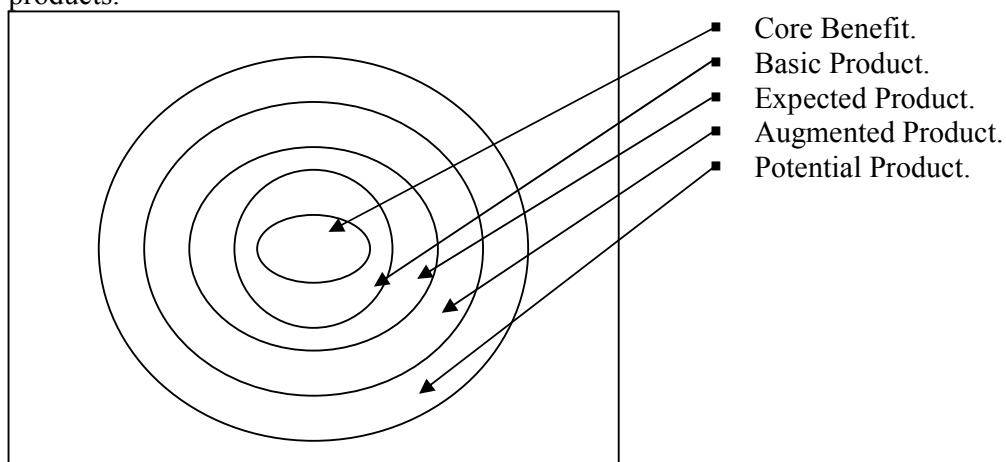


**Chapter:- 8.**

**MANAGING PRODUCT, PRODUCT LINES, BRANDS, PACKAGING:**

- A product is anything that can be offered to a market to satisfy a want/need.
- Products could be:
  - Physical Goods : Car, Soap.
  - Services : Entertainment.
  - Persons : Sachin Tendulkar.
  - Places : Goa.
  - Organizations : Territorial Army.
  - Ideas : Family Planning / Safe Driving.
- While planning its market offerings, marketer needs to think through five level of products.



- Each level adds more customer value of the five constitute a customer value hierarchy.
- Core Benefit:
  - Fundamental service/benefit that customer is really buying.
  - Marketers must see themselves as benefit providers.
  - Example: Hotel Guest – Buys rest/sleep.
- Basic Product:
  - At the second level, marketer has to turn a core benefit into a basic product.
  - Example: Hotel room includes bed/bathroom/table/chair/closet/towels.
- Expected Product:
  - At the third level, marketer prepares an expected product.
  - Expected product is a set of attributes & conditions that buyers normally expect & agree to when they buy the product.
  - Example: Hotel Guest expects:
    - Clean Bed.
    - Fresh Towels.
    - Working Lights.
    - Quiet Room.

- Augmented Product:

- At the 4<sup>th</sup> level marketer prepares an augmented product that meets customer's desires beyond expectations.
- Example: Hotel provides:
  - CCTV.
  - Fresh flowers.
  - Toiletry kit.
  - Room service.
  - Multi cuisine dining.
- In a competitive mkt, competition usually takes place at the product augmentation level.
- Augmented benefits may become expected benefits in a competitive market.

- Potential Product:

- Encompasses future augmentation
- Possible evolution of product is analysed & provided by marketers to obtain customer's delight.
- Example: Hotel provides:
  - Fresh fruit.
  - Stocked Refrigerator.
  - Personal Valet.
- Successful marketers add benefits to not only retain customers but to surprise & delight them.
- For this normal expectations are exceeded.

Product Hierarchy:

- Each product is related to obtain other products.
- Product hierarchy lists out levels to identify product from basic needs to particular items that satisfy those needs.
- Product hierarchy levels are:
  - Need Family:
    - Core need that underlines the existing of a product family.
    - Example: Feel good/Look good.
  - Product Family:
    - All product classes that satisfy a core need with reasonable effectiveness.
    - Example: Toiletries.
  - Product Class:
    - Group of products within product family recognized to have certain functional coherence.
    - Example: Cosmetics.
  - Product Line:
    - Group of products within product class that are closely related because:
      - They perform similar functions.
      - They are sold to same customer group.
      - They are marketed through same channels.
      - They fall within given price range.
        - Example: Lipstick.

- Product Type:
  - Group of items within a product line that share one of several possible forms of product.
  - Example: Tube lipstick.
- Brand:
  - Name associated with one/ more items in the product line that is used to identify the source/ characteristics of items.
  - Example: Lakme.
- Variant/ Stock Keeping Unit (SKU):
  - Distinct unit within a brand/product line that is distinguishable by size/ price/ appearance/ other attribute
  - Example: Frosted lipstick (pink).

*Example:*

	<u>Colgate</u>	<u>Pulsar</u>	<u>Lux</u>
<b>Need Family</b>	Feel Good	Personalized Transport	Feel Good
<b>Product Family</b>	Toiletries	Two wheeler	Toiletries
<b>Product Class</b>	Dental Care	Motorized 2-Wheeler	Skin Care
<b>Product Line</b>	Toothpaste	Bike	Soap
<b>Product Type</b>	Gel Toothpaste	Power Motorcycle	Bar Soap
<b>Brand</b>	Colgate Gel	Bajaj Pulsar	Lux
<b>Item/Product Variant/SKU</b>	Colgate Gel Red 125 grams.	Bajaj Pulsar 150 DTSi black	Lux Pink 100 grams

**Product System:**

- Group of diverse but related items that functions in compatible manner.
- Example: Computer CPU/ keyboard/ monitor/ printer/ UPS.

**Product Mix (Product Assortments):**

- Set of all products/ items that a particular seller offers for sale to buyers.

**Product Classification:**

- Products classified based on:
  - Durability & Tangibility:
    - Non Durable Goods.
    - Durable Goods.
    - Services.
  - Use:
    - Consumer Goods.
      - Convenience Goods.
        - Staple Goods.
        - Impulse Goods.
        - Emergency Goods.
      - Shopping Goods.
      - Specialty Goods.
      - Unsought Goods.
  - Industrial goods.
- Non Durable Goods:
  - Tangible goods that are consumed in one/ few uses.
  - Example: Soap/ Toothpaste/ Soft drinks.

- Durable Goods:
  - Tangible goods that survive many uses.
  - Example: TV/Refrigerator/ Two wheeler.
- Services:
  - Intangible/Inseparable/ variable/ perishable offerings to market.
  - Example: Hair cut/ Banking.
  
- Consumer Goods:
  - Classified on the basis of consumers shopping & habits
  - Consumer goods could be:
    - Convenience Goods:
      - Goods that customer purchases frequently/ immediately with min. effort.
      - Example: Soap/ Cigarettes.
      - Convenience goods could be:
        - Staple goods:
          - Purchases on regular basis (Toothpaste/ Ketchup).
        - Impulse goods:
          - Purchases on impulse without any planning/search (chocolates).
        - Emergency goods:
          - Purchases when a need is urgent (umbrellas/raincoats/medicines).
    - Shopping Goods:
      - Goods that customer in the process of selection/ purchases co. on basis such as:
        - Suitability
        - Quality
        - Price
        - Style
    - Specialty Goods:
      - Goods with unique characteristics/brand identification for which a significant group of buyers are willing to make a special purchasing effort.
      - Example: Cars/ Two wheelers/ Music systems.
    - Unsought Goods:
      - Goods that either
        - Customer does not know about **or**,
        - Customer knows about but doesn't think of buying.
        - Example: Kitchen chimney/ Vacuum cleaners/ Insurance.
      - Unsought goods require substantial marketing effort in the form of:
        - Advertising.
        - Personal Selling / Direct marketing.

- Company's decision making on product relates to:
  - Product Mix Decisions.
  - Product line Decisions.
  - Individual product/brands.

**Product Mix Decisions (Product Assortment):**

- **Product Mix:**
  - Set of all products/items that a part sellers offers for sale to buyers.
  - Example: HLL offers different product lines such as:
    - Soaps.
    - Detergents.
    - Toothpaste.
  
- A company's product mix has a certain:
  - Width:
    - How many different product lines the company carries?
  - Length:
    - Product mix length: Total number of brands in its product.
    - Product line length: Total no. of brands within special product line.
    - Example: HLL soaps:
      - Lifebuoy.
      - Lux.
      - Liril.
      - Pears.
      - Dove.

↓  
LENGTH
  - Depth:
    - Product variants offered of each product in the line.
    - Example: Lux: 3 steps / 2 formulations.
    - Hence depth =6
    - Average depth for product mix/ product line can be calculated.
  - Consistency:
    - How many related various product lines are in terms of:
      - End use or,
      - Distribution channel or,
      - Production requirement.
      - Example: Reliance, LG electronics.

<b>Hindustan Lever Limited</b>							
<b>Product Mix : Width = 4; Length = 13; Total Depth = 74; Average Depth = 5.7</b>							
<i>Soap (Length = 5)</i>		<i>Detergent (Length = 4)</i>		<i>Shampoo (Length = 2)</i>		<i>Toothpaste (Length = 2)</i>	
Lifebuoy	(D = 8)	Wheel	(D = 4)	Clinic	(D = 8)	Close-Up	(D = 4)
Lux	(D = 6)	Rin	(D = 4)	Sun-Silk	(D = 12)	Pepsodent	(D = 6)
Dove	(D = 2)	Surf	(D = 6)				
Breeze	(D = 12)	Surf Excel	(D = 2)				
Pears	(D = 2)						
<b>T Depth:</b>	<b>30</b>	<b>T Depth:</b>	<b>16</b>	<b>T Depth:</b>	<b>20</b>	<b>T Depth:</b>	<b>10</b>
<b>Av Depth:</b>	<b>6</b>	<b>Av Depth:</b>	<b>4</b>	<b>Av Depth:</b>	<b>10</b>	<b>Av Depth:</b>	<b>5</b>

- Company's product strategy is defined along these four dimensions of product mix.
- Company can expand business in 4 ways:
  - Widen product mix by adding product lines.
    - Example: HLL added toothpaste.
  - Lengthen one/more product lines.
    - Example: Colgate added Colgate Herbal.
  - Add depth by adding product variants.
    - Example: HLL: Surf in sachets.
  - Company may decide to pursue:
    - More product line consistency.
    - Less product consistency.
  - Depends on thinking of company to either:
    - Acquire strong reputations in one field.
    - Participate in several fields.
  
- Product mix planning is important aspect of company's overall strategy. Hence, normally done by persons with experience with understanding of market oriented strategic planning.

**Product Line Decisions:**

- Product line group of products that are closely related because:
  - They perform a similar function.
  - Are sold to the same customer groups.
  - Are marketed through same channels.
  - Fall within given price range.
  
- Normally a product line is managed by a group of persons/ one person (product manager) to manage product line, starting point is product line analysis.

**Product Line Analysis:**

- Product line managers needs to know:
  - Sales.
  - Profits.of each product in their product line.
- Also they may take decisions on:
  - Building.
  - Maintaining.
  - Harvesting.
  - Divesting, a particular product.
  
- For this, analysis consists of:
  - Sales & profits analysis.
  - Product line mkt profile/map.

**Sales & Profits Analysis:**

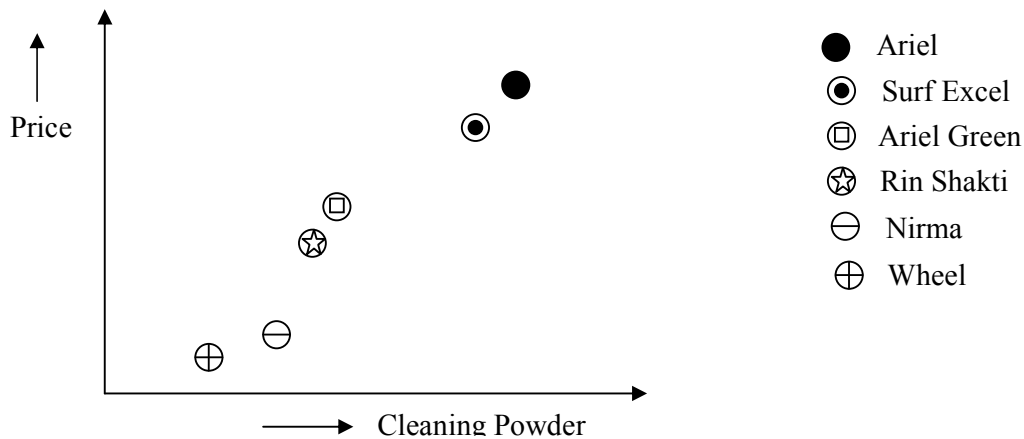
- Percentage of total sales & profits contributed by each item line is tabulated.
- High consumer of sales/ profits on few items individual line vulnerability. In such cases, those few contributors need to be monitored carefully.
- Low contributors are evaluated for growth potential. If growth is not possible they may be dropped.

Product Line market profile/Map:

- Product line needs to be reviewed in terms of product's positioning against competitor's product line.
- Based on analysis marketer market determinants/ differentiators are identified a product map is created.
- Indicating position of own products & competition.
- Product map created using two differentiators at a time as the axes.
- Product map helps to:
  - Identify Market Segment.
  - Design product line marketing company.

• Example:

- Detergents : Differentiators.
- Wheel : Cleansing power.
- Rin : Fragrance.
- Surf : Soft on hands.
- Surf excel : Color lasts.



- Based on product line analysis decisions to be taken could be on:
  - Product Line Length (Line Enlargement).
  - Line Modernization.
  - Line Featuring.
  - Line Pruning.

Product Line Length (Line Enlargement):

Q: What is the optimal product line length?

A: Product line is too short if profits can be increased by adding items to product line.  
Product line is too long if profit can be reduced by dropping items from product line.

- Company's objectives also influence product line length.
  - If objective is increased market share: Longer product line length.
  - If objective is increased profit: Shorter product line.
- Product line may be enlarged through:
  - Line Stretching.
  - Line Filling.

Line Stretching:

- Every product line covers a certain /full part of total possible range.
- Line stretching occurs when a company lengthens its product line beyond its current range.
- Line stretching could be:
  - Downward Stretch:
    - Moving from upper mkt to segment below.
    - Example: Splendor to CD Dawn.
    - Reasons could be:
      - Growth is slow at higher end.
      - Initial highly priced product stability.
      - Quality image & stretch decreases brings in volume.
      - To counter competition.
      - New low end product may cannibalize current product to some extent but this is preferable than move out of competition.
  - Upward Stretch:
    - Moving from low priced product to upper end/ premium products.
    - Example: HLL's Lifebuoy/ Lux: Dove.
    - Reasons could be:
      - Higher margins at premium Product levels.
      - Increased growth rate.
      - Positioning as full line manufacturers.
  - Two Way Stretch:
    - companies serving middle market may stretch up & down.
    - Example: HLL's Surf/RIN to Surf Excel/ Wheel.

Line Filling:

- Product line may be lengthened by adding products /items within lines present range. This is called line filling.
- Example: Colgate Herbal/ Maruti swift, Getz.
- Reasons could be:
  - Reaching for incremental profits.
  - Satisfy dealers/distribution who complains of lost sales due to missing products.
  - Utilization of excess capacity.
  - Keep out competition/ increased competitiveness.
  - To be leading full line company:
  - Each item should possess a just notable difference.
- Normally customers are more attentive to relative differences rather than absolute difference.



Line Modernisation:

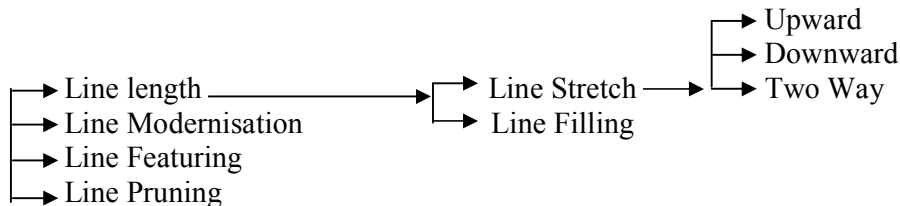
- Product line modernisation refers to:
  - Change in product with technology.
  - Change in looks/ style of product.
  - Example: Intel: Continuously change PC chips.  
Maruti: Change in style of 800 cc car.  
Hero Honda: Splendor to Splendor +
- In *Line Modernisation*, new products are launched and old are discontinued.
- In *Line Enlargement*, new products are in market along with old products.
- Timing of line modernisation is important:
  - If it is too soon : Current product line may get damaged.
  - If it is too late : Competition may have already reached.

Line Feature:

- Product line manager may select one/few items in the line to feature i.e. to be considered as Traffic Builders/ Flagship products.
- This could be done:
  - By a premium marketer with a low price but quality product.
    - Example: Mercedes Benz economy at Rs. 18 Lakhs.
  - By a mass marketer to lend prestige to product line.
    - Example: Bajaj Eliminator.

Line Pruning:

- Product line needs to be reviewed periodically for pruning/ dropping markets.
- Pruning could be due to:
  - Dead products that depress profits.
  - Company being short production capacity in this case, company should concentrate on higher margin products.
- In general:
  - If Demand is slow: Product line is lengthened to increase customer base.
  - If Demand is high: Product line is shortened to earn maximum profits.



**Brand Decisions:**

- A Brand is a name/ term/ sign/symbol design or combination of them intended to identify the good/services/ ideas of one seller /group of sellers & to differentiate them from these of competition.
- Essentially, Brand identifies seller/maker.
- It can be a name/ trademark/logo/symbol.
- As per law, seller is granted exclusive rights to the use of the brand name in perpetuity i.e. there is no expiry date.
- A brand is essentially a seller's promise to consistently deliver what it stands for to the buyer. This is to meaning to consumers.
- A Brand may convey up to 6 levels of meaning:
  - Attribute:
    - A brand first brings to mind certain attribute/features.
    - Example: Mercedes:
      - Expensive.
      - Well Engineered.
      - High Prestige.
      - High Resale Value.
      - Durable/Fast/Safe.
    - The company may use one/more of these attributes to advertise the car. "Engineered like no other car in the world".
  - Benefits:
    - Customer don't buy attributes, they buy benefits.
    - Attributes need to be translated into final/emotional benefits.
    - Example: Expensive: Mercedes helps me feel important/admired.
  - Values:
    - Brand makes a statement about producer's values.
    - Example: Mercedes: High Performance /safety/ prestige.
    - Brand marketer needs to identify customer groups who are seeking these values.
  - Culture:
    - Brand may represent certain culture.
    - Example: Mercedes: German efficiency/precision.
  - Personality:
    - Brand may project certain personality
    - If brand was an animal what animal comes or what object? or which personality?
    - Example: Mercedes:
      - No Nonsense Boss
      - King of the Jungle (lion)
      - Place
  - User:
    - Brand suggests kind of consumer who buys/uses product.
    - Users are those who respect/conform to product's values/ culture /personality.
    - Example: Mercedes: Chief Executives.
- If the audience can visualize all 6 dimensions of a brand then the brand is DEEP otherwise it is SHALLOW.

- Given the 6 levels: Brand meaning marketer must decide which level to promote.
- Normally
  - Attributes may not be the right level, reasons could be:
    - Buyers are less interested in attribute. Normally, buyers are interested in benefits.
    - Attribute may be copied by competitor.
    - Attributes may become less important/ less valuable later on. In such situations, brand tied to an attribute may get damaged.
- Promoting on benefits may also be risky due to last two reasons in the long run.
- Hence, it is better to promote brand based on:
  - Values.
  - Culture.
  - Personality.

These are more enduring & define the essence of a brand.

**Brand Equity:** *(Brand Power in Market Place):*

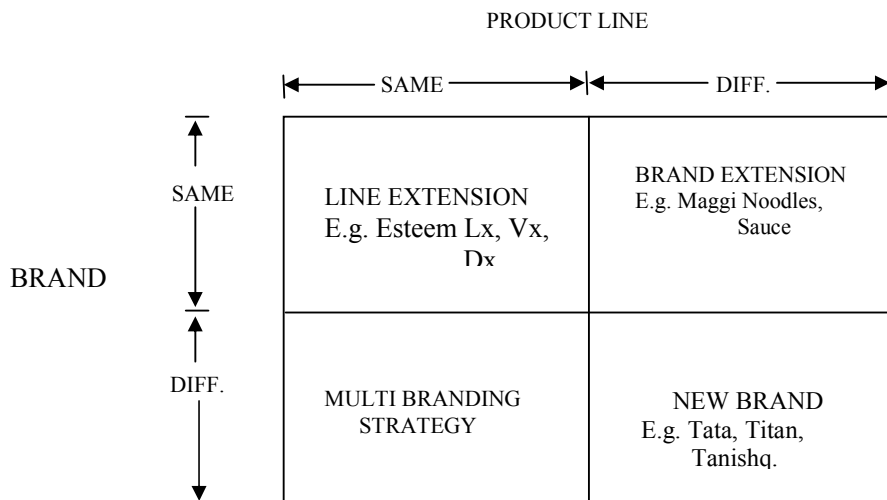
- Brands vary in the amount of power/value they have in the market place.
  - Some brand may be unknown to most buyers in the market place.
  - Some brands may have fairly high degree of brand awareness measured by brand recall/ brand recognition.
  - Few brands have high degree of brand acceptability i.e. most customer could not resist buying them.
  - Some brands enjoy a high degree of brands preference i.e. they are selected over others.
  - Few brands command brand loyalty i.e. if the brand is not available at one store they would go to another store for it, without buying a substitute product.
- Brand equity is related to:
  - Degree of Brand recall /recognition.
  - Perceived brand quality.
  - Strong mental/ emotional association.
  - Strong channel relationship.
  - Percentage(%) of customer who are:
    - Satisfied with brand (Brand acceptance).
    - Value the brand (Brand preference).
    - Denoted to the Brand (Brand loyalty).
- Brand Equity is difficult to measure, but it can be learned through:
  - Price premium that Brand commands.
  - Extra volume brand generates over that of an augmented brand.
  - Other aspects listed above.
- High Brand equity provides competitive advantage in the form of:
  - Reduced market costs due to high customer awareness & loyalty.
  - More trade coverage with distributors/ retailers.
  - Company may be able to charge a premium to customer.
  - Brand extension may help increase profits by passing credibility of brand to other products.
  - May help defend against price competition

- Example: Head & Shoulders Vs Clinic All Clear (when clinic all clear reduced its price H& S didn't reduced its price because of brand equity).
- Example: Maggi Noodles helped Foods Specialty of India build image for Maggi Ketchup sauce, an altogether new product.

**Brand Name Decision:**

- To select Brand name, company may follow any of the four strategies:
  - Individual Brand names.
    - Example: HLL's Lux, Dove.
  - Blanket family name for all products.
    - Example: Philips.
  - Separate family names for all products.
    - Example: Videocon /Kenstar: (premium range).
  - Company's name combined with individual product's name.
    - Example: Kellogg's Cornflakes.
  
- Brand Name should be:
  - Distinctive
  - Easy to pronounce/ recognize/ remember
  - Should suggest something about pdt's benefits /pdt's qualities such as color/action
  - Should not carry poor meaning in multiple languages

**Brand Strategy Decision:**



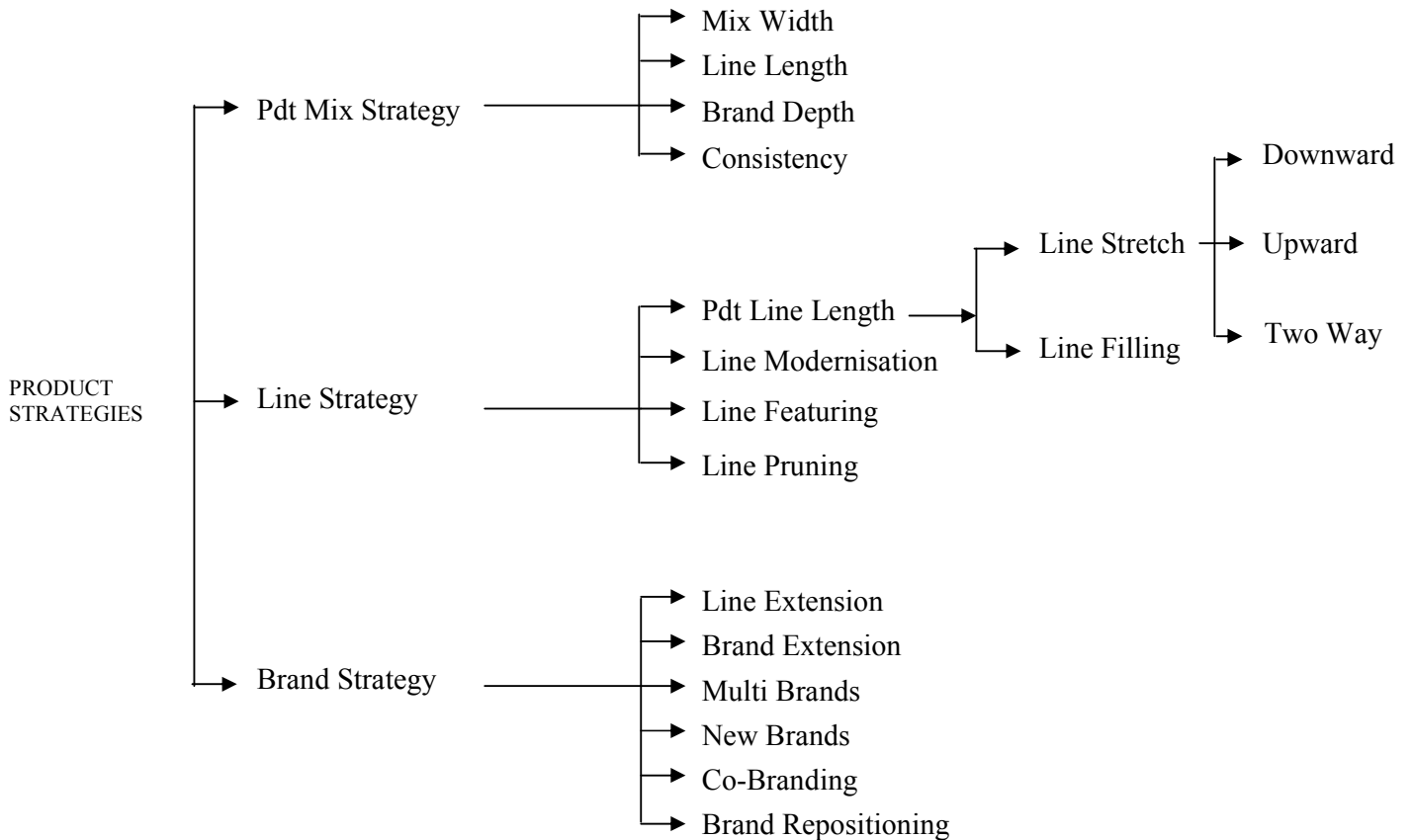


Co-Branding (Dual Branding):

- Two/more brands are combined in a product offering.
- Example:
  - Hero Honda.
  - Wipro Spectramind.
  - Swaraj Majda.
- Co-branding could be:
  - Components co-branding.
    - Example: Zenith/Compaq PC with Intel Inside.
  - Joint venture co-branding.
    - Example: Mahindra British Telecom.
  - Multiple branding.
    - Example: Mobile Communication.

Brand Repositioning:

- Over a period of time, market dynamics change.
- As a result, a brand may need to be repositioned.
  - Example: Bajaj Caliber- Hoodi Baba.
- Repositioning due to:
  - Decrease sales of Brand.
  - Mkt Evolution.
  - Competition.



**Packaging:**

- Packaging includes the activities of designing a product (the container/wrapper for a product).
- Container/wrapper is called the Package.
- Package could be:
  - Primary: Old spice after shave bottle (P&G).
  - Secondary: Cardboard box.
  - Shipping: Corrugated box of 6 dozen Old Spice
- Well designed packages created for:
  - Consumer: Convenience value.
  - Producer: Promotional value.
- Various factors have contributed to packaging's increasing used as a marketing tool.
- These are
  - Self Service:
    - In many outlets today, self service is growing in importance hence good packaging is important in order to:
      - Attract Attention.
      - Describe product/ product feature.
      - Create consumer's confidence.
      - Make favorable overall impression.
  - Consumer Affluence:
    - With increase affluence, consumers are willing to pay a little more for convenience/ appearance/ dependability/ prestige of better packaging.
  - Company Brand/ Image:
    - Well designed packaging has the power of instant co./ brand recognition this is being understood by most companies.
  - Innovation packaging:
    - Innovative packaging can bring benefits to consumer & profits to companies.
    - Example: Pidilite: Fevistick.
- Developing an effective packaging for a product requires several decisions.
- Steps involved in developing a suitable packaging are:
  - Establish Packaging concept:
    - This defines what purpose is primarily served by the package
    - Purposes could be:
      - Product protection.
      - Dispensing method.
      - Suggest product/ company quality.
      - Product visibility.
    - Other packaging elements should be finalized these could be:
      - Size.
      - Shape.
      - Material.

- Colors.
  - Text.
  - Brand mark
- 
- Package once designed needs to be tested:
  - Test could be:
    - Engineering test:
      - To ensure package stands up to normal/ Stress conditions.
    - Visual test:
      - Script/text is legible.
      - Colors are harmonious.
    - Dealer test:
      - Dealers to be able to handle easily.
      - Dealers should find package attractive.
    - Consumer test:
      - Consumer should give positive response.
  - Final package created based on above process

**Labeling:**

- The silver foil in dairy milk chocolate is the Package, while the written material cover is the Labeling.
- Labeling is a subset of packaging.
- Labels are mandatory for package products.
- Labels could range from a single tag attached to a product, to an elaborately designed graphic that is part of packaging.
- Function of Label could be:
  - Identify product.
  - Describe product.
  - Grade product.
  - Promote product.
- Current consumer law requires label to convey:
  - Product price.
  - Grade (if applicable).
  - Manufacturing date.
  - Percentage label (% of important ingredients).
  - Batch Number.