Product Concepts

Basic principles on product management
What is a product?

Everything, favorable or unfavorable, that a person receives in an exchange, from money.
Classification of Products
# Product Classifications

<table>
<thead>
<tr>
<th>Business Product</th>
<th>A product used to manufacture other goods or services, to facilitate an organization’s operations, or to resell to other consumers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Product</td>
<td>Product bought to satisfy an individual’s personal wants</td>
</tr>
</tbody>
</table>
What kind of products are these?
Types of consumer products

- Consumer Products
  - Convenience Products
  - Shopping Products
  - Specialty Products
  - Unsought Products

- Business Products
# Types of consumer products

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Product</td>
<td>A relatively inexpensive item that merits little shopping effort.</td>
</tr>
<tr>
<td>Shopping Product</td>
<td>A product that requires comparison shopping, because it is usually more expensive and found in fewer stores.</td>
</tr>
<tr>
<td>Specialty Product</td>
<td>A particular item that consumers search extensively for, generally it has no substitutes, and it’s available only in specific stores.</td>
</tr>
<tr>
<td>Unsought Product</td>
<td>A product unknown to the potential buyer or a known product that the buyer does not actively seek.</td>
</tr>
</tbody>
</table>
Types of consumer products

**Convenience Products**
Buy frequently and immediately
- Low priced
- Many purchase locations
- Includes:
  - Staple goods
  - Impulse goods
  - Emergency goods

**Shopping Products**
Buy less frequently
- Gather product information
- Fewer purchase locations
- Compare for:
  - Suitability & quality
  - Price & Style

**Specialty Products**
Special purchase efforts
- Unique characteristics
- Brand identification
- Few purchase locations

**Unsought Products**
New innovations
- Products consumers don’t want to think about
- Require much advertising and personal selling
Product Item,
Product Line & Product Mix
What is a Product Item?

Product items are various varieties offered within a product line, which are similar in one or other ways. Such varieties are based on quality, size, color, capacity, price, model, performance, and so on.
Product Line & Product Mix

**PRODUCT LINE**
A GROUP OF CLOSELY RELATED RELATED PRODUCTS
- Advertising economies
- Package Uniformity
- Standardized component
- Efficient sales and distribution
- Equivalent quality

**PRODUCT MIX**
INCLUDES ALL THE PRODUCTS SOLD BY THE COMPANY
- Nike sells a wide variety of items under one brand.

**PRODUCT MIX WIDTH**
NUMBER OF PRODUCT LINES A COMPANY OFFERS
- Soups
- Sauces
- Frozen
- Beverages (V8)

**PRODUCT LINE DEPTH**
NUMBER OF PRODUCT ITEMS IN A PRODUCT LINE
- Mushroom soup
- Cream of chicken
- Vegetable soup
- Tomato Soup
- Minestrone
## Example: Gillette Product Line & Mix

<table>
<thead>
<tr>
<th>Blades and razors</th>
<th>Toiletries</th>
<th>Writing instruments</th>
<th>Lighters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mach 3</td>
<td>Series</td>
<td>Paper Mate</td>
<td>Cricket</td>
</tr>
<tr>
<td>Sensor</td>
<td>Adorn</td>
<td>Flair</td>
<td>S.T. Dupont</td>
</tr>
<tr>
<td>Trac II</td>
<td>Toni</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atra</td>
<td>Right Guard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swivel</td>
<td>Silkience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double-Edge</td>
<td>Soft and Dri</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lady Gillette</td>
<td>Foamy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Super Speed</td>
<td>Dry Look</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twin Injector</td>
<td>Dry Idea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Techmatic Brush Plus</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Benefits of Product Lines

Why Form Product Lines?

- Advertising Economies
- Package Uniformity
- Standardized Components
- Efficient Sales and Distribution
- Equivalent Quality
Importance of Product Lines

- Diversifies risk
- Capitalizes on established reputations

Importance of Product Line depth

- Attracts buyers with different preferences
- Increases sales/profits by further market segmentation
- Capitalizes on economies of scale
- Evens out seasonal sales patterns
Adjustments
Marketers must often make product adjustments in order to keep the product competitive and continue to provide satisfaction to the buyer.

There are risks involved with product adjustments: changing the price of the product may price some buyers out, while changing the features may dissuade some from continuing to buy the product.
Product Modification

Types of Product Modifications

- Quality Modification
- Functional Modification
- Style Modification
Examples of Product Modification

New package

New ingredients

Value added features

Value added features

New Product Development
Brand Repositioning
Why should we Reposition a brand?

A brand needs repositioning to minimize the effect of the following factors:

- Changing Demographics
- Declining Sales
- Changes in Social Environment
Examples of Product Repositioning

- Flavor Drops to boost Dasani bottled water
- Cheerful designs to reposition Safeskin Sport wraps
- Refreshment of Taco Bell Logo to Make the brand More contemporary
Product line Extension or Contraction
Examples of Product Line Extension

Four different types of products for every need

Different flavors and package sizes
For every market

Different packages to suit consumption patterns
Product Line Contraction

- Some products have low sales or cannibalize sales of other items
- Resources are disproportionately allocated to slow-moving products
- Items have become obsolete because of new product entries
The planned obsolescence concept
Planned Obsolescense

The practice of modifying products so those that have already been sold become obsolete before they actually need replacement.

Cars and electronic devices are the most representative types of products that practice PO.
Branding
Benefits of Branding

- Branding helps to distinguish products from competition
- Creates Product Identification
- Generate Repeated Sales
- Leads to New Products Sales
**What is a brand?**

A name, term, symbol, design, or combination thereof that identifies a seller’s products and differentiates them from competitors’ products.

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>That part of a brand that can be spoken, including letters, words, and numbers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Mark</td>
<td>The elements of a brand that cannot be spoken.</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>The value of company and brand names.</td>
</tr>
<tr>
<td>Master Brand</td>
<td>A brand so dominant that it comes to mind immediately when a product category, use, attribute, or benefit is mentioned.</td>
</tr>
</tbody>
</table>
An effective Brand Name ...

✓ Is easy to pronounce
✓ Is easy to recognize and remember
✓ Is short, distinctive, and unique
✓ Describes the product, use, and benefits
✓ Has a positive connotation
✓ Reinforces the product image
✓ Is legally protectable
Master Brands

A brand so dominant that it comes to mind immediately when a product category, use, attribute, or benefit is mentioned. Try to see what are your answers to the following:

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Drink</td>
<td>Red Bull</td>
</tr>
<tr>
<td>Sparkling mineral water</td>
<td>Perrier</td>
</tr>
<tr>
<td>Smartphone</td>
<td>Iphone</td>
</tr>
<tr>
<td>A Pick up truck</td>
<td>Hilux</td>
</tr>
<tr>
<td>Canned soups</td>
<td>Campbells</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>Ben &amp; Jerrys</td>
</tr>
<tr>
<td>Crayons</td>
<td>Crayola</td>
</tr>
<tr>
<td>Cola drink</td>
<td>Coca Cola</td>
</tr>
</tbody>
</table>
What is a generic brand?

A no-frills, no-brand-name, low-cost product that is simply identified by its product category.
Branding Strategies

Brand

No Brand

Manufacturer’s Brand

Private Brand

Individual Brand

Family Brand

Combination

Individual Brand

Family Brand

Combination
# Manufacturer´s vs Private Brand

<table>
<thead>
<tr>
<th>Manufacturers’ Brand</th>
<th>The brand name of a manufacturer.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Brand</td>
<td>A brand name owned by a wholesaler or a retailer.</td>
</tr>
</tbody>
</table>
Examples of Manufacturer’s and Private Brands
Advantages of manufacturer’s brands

- Develop customer loyalty
- Attract new customers
- Enhance prestige
- Offer rapid delivery, can carry less inventory
- Ensure dealer loyalty

Advantages of private brands

- Earn higher profits
- Less pressure to mark down prices
- Manufacturer may drop a brand or become a direct competitor to dealers
- No control over distribution of manufacturers’ brands
## Individual vs Family brands

<table>
<thead>
<tr>
<th>Individual Brand</th>
<th>Using different brand names for different products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Brand</td>
<td>Marketing several different products under the same brand name.</td>
</tr>
</tbody>
</table>
Examples of Individual and Family Brands

Different brand names for different category products

An overall brand name for different category products
Types of Cobranding

- Ingredient Branding
- Complementary Branding
- Cooperative Branding
The end