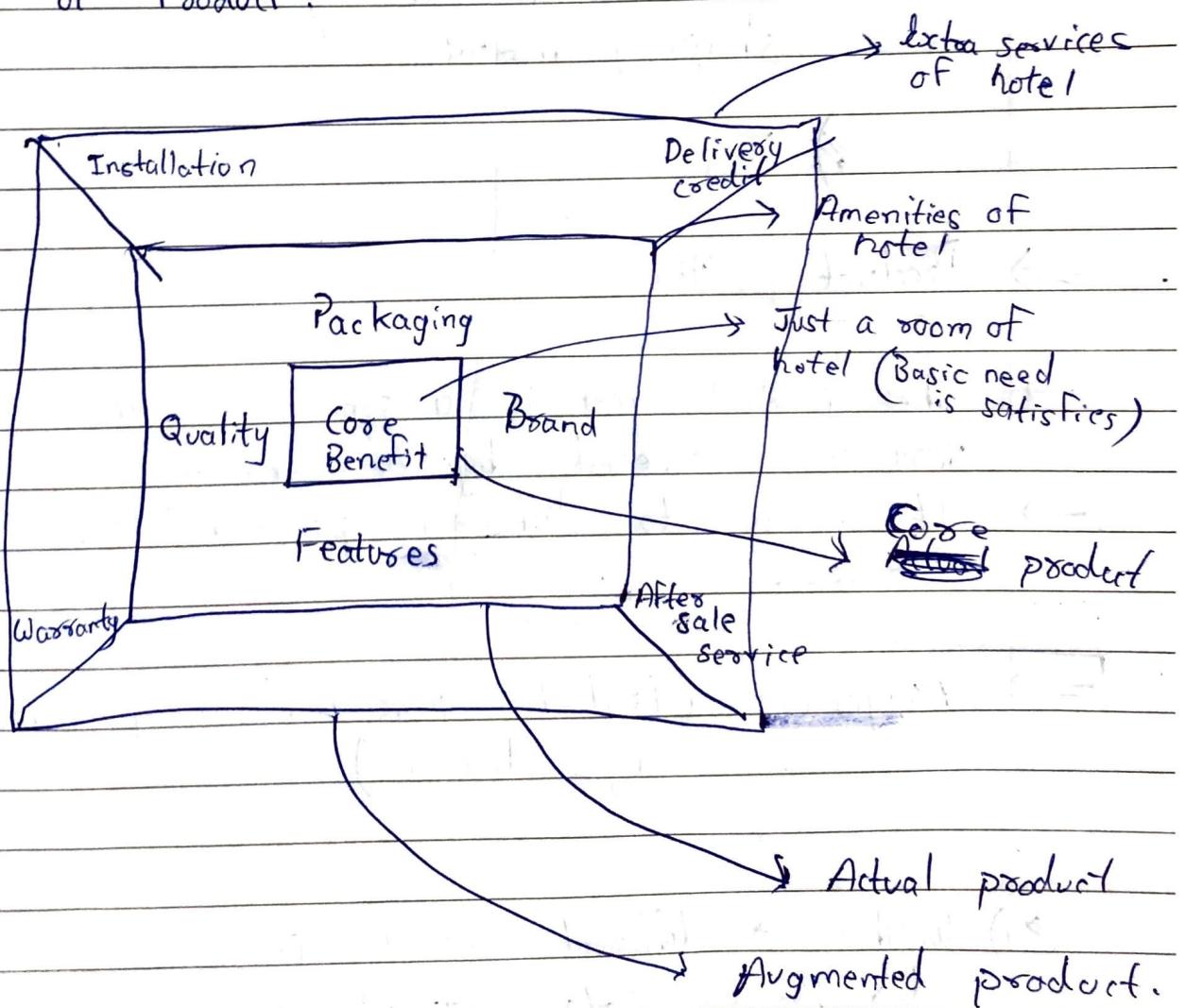


## Chapter 2

- Product is a powerful weapon that carries the image of a company.
- A product is anything that can afford to the market that satisfies consumer needs.
- Product includes physical goods, services
- Levels of Product.



- For e.g. how restaurants compete in market
  - i) Core Benefit :- The customer must get best & good feeling.

- 2) Basic product :- Customer expect bed, ~~bed~~, towel, fan etc.
- 3) Expected product :- Normally expect clean bed, fresh towel, working lamp.
- 4) Augmented product :- Expect some freebies. ~~confetti~~ free breakfast
- 5) Total share product :- Here the competitors go one step ahead their rivals, in offering discount coupons in shopping market.

### ⇒ Product Mix

- The product mix is a sum of all products & variance offered by a company.
- It refers to different product line company carries.

### ⇒ Assignment (Product Mix of any company of eng. domain)

- 1) Width → different product lines
  - ↳ For eg. Tata, automobile, power, consumer goods
  - ↳ Shows empire of company.
- 2) Length →

- Length of a product mix refers to ~~the~~ number of ~~product lines~~ items offered under each product line.
- Eg. for automobile

- 1) Nano
- 2) Harrys
- 3) Indica
- 4) Neron

3) ~~No.~~ Depth  
Number of <sup>variant</sup> ~~persons~~ offer under each product.

4) Consistency :-

- Consistency refers to how closely the various product lines are in end use, production e.g., distribution channel.

⇒ Product strategy .

The main task in product management is called product strategy. It means managing various product lines & answering foll. ques.

- 1) How many diff. follow lines should the firm offer.
- 2) Within each product line, what should be the composition.
- 3) How to position the product.

→ Products are manufactured in the factories but positioned in the heart of consumer.

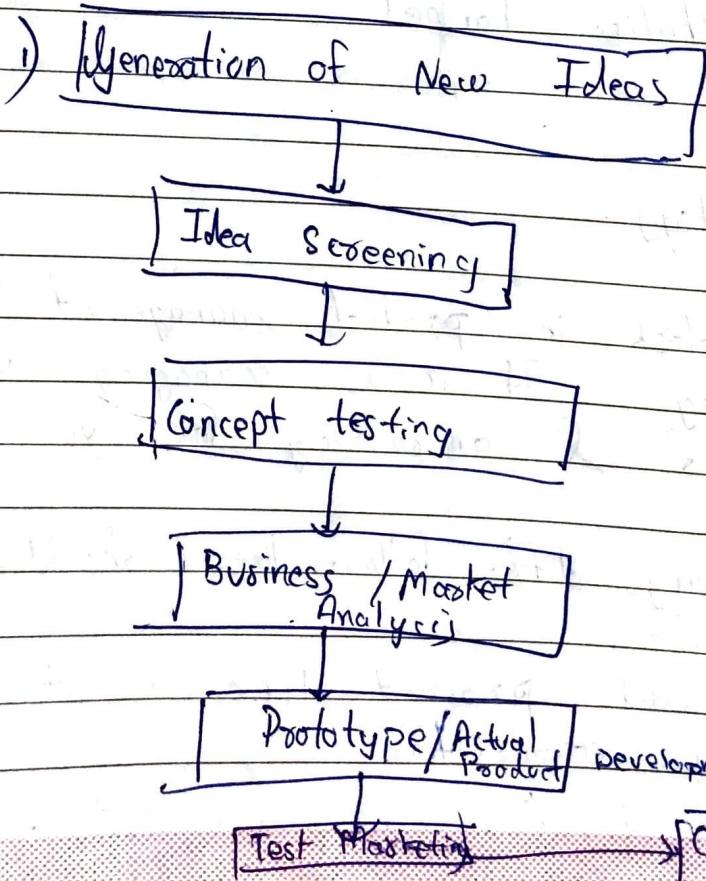
- 4) What should be the brand policy & how to develop brand equity.
- 5) How to plan for new product.
- 6) How to do product differentiation
- 7) How to manage product quality

⇒ New product development.

→ The new product can arise out of technological invention or out of market oriented modification.

Q What are new product development stages.

Ans



## i) Generation of new ideas

- 1) It comes from socio-economic problem.  
(Rural people can generate new ideas because of this problem)
  - 2) A new product can also emerge from substitutes available in the market.
- TRUE PRODUCT MODIFICATION.
- Eg. Mahindra XUV 700.

3) Expert opinion

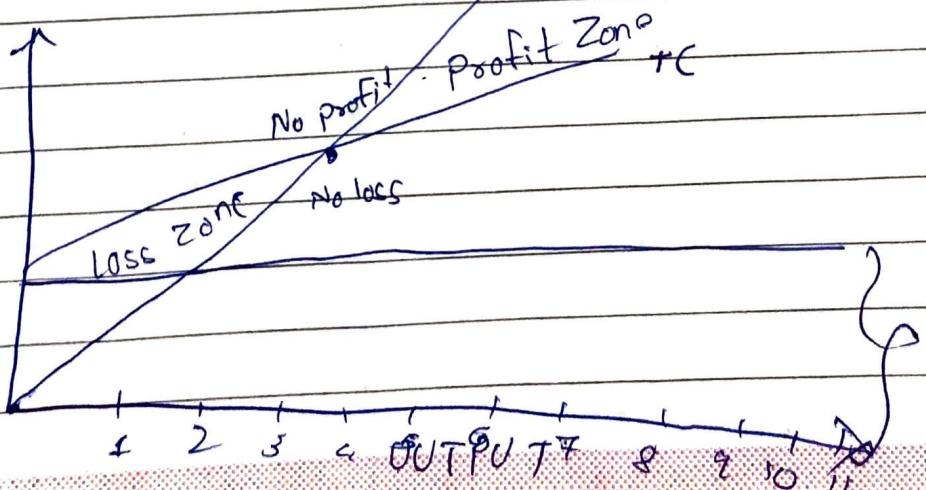
4) Absolute new technology.

## ii) Idea Screening:

1) In this stage new product ideas are evaluated.

2) CBA - Cost Benefit Analysis.

\* → Can our product offer value  
→ Benefit / Cost. ( $\frac{B}{C} > 1 \rightarrow$  generating value)  
 $\frac{B}{C} < 1 \rightarrow$  not generating value)



## ⇒ Marketing strategies across the PLC.

1) Introduction

2) Growth

3) Maturity

4) Decline

→ Idea Screening

→ Prototype

→ Concept testing

→ Test Marketing

→ Business Analysis

→ Commercialization.

Actions/Features	Introduction	Growth	Maturity	Decline
1) Customers	Innovators (early adapters)	Mass Market	Retaining Mass Market	Loyal Customer
2) Competition	Few	Growing	Stable	High
3) Sales	Low	Rapidly rising	Peak	Decline
4) Cost	High cost per customer	Avg. cost per customer	Low cost per customer	Low cost per customer
5) Profit	Low	Rapidly rising	Stable	Declining
6) Price	Cost plus	Penetration	Competitor's Price	Price Cut

## Price Screening

→ Here the product price is very high initially & gradually price will fall.

Eg. Sony TV, Siemens

→ Ideal for super luxurious product with innovation

Consumers :- High  
Surplus :- Low

→ Target Market :- Upper Class / Rich

## Price Penetration

→ Here the strategy is to penetrate a price sensitive market with very low price initiative & then gradually increase price.

→ Ideal for mass consumed products with lot of substitutes in market.

→ Cons Surplus :- Low.

→ Target Market :-