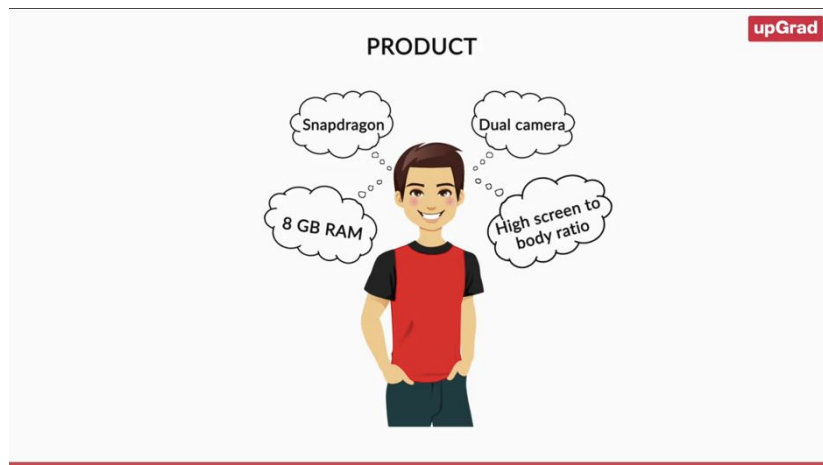


Transcription

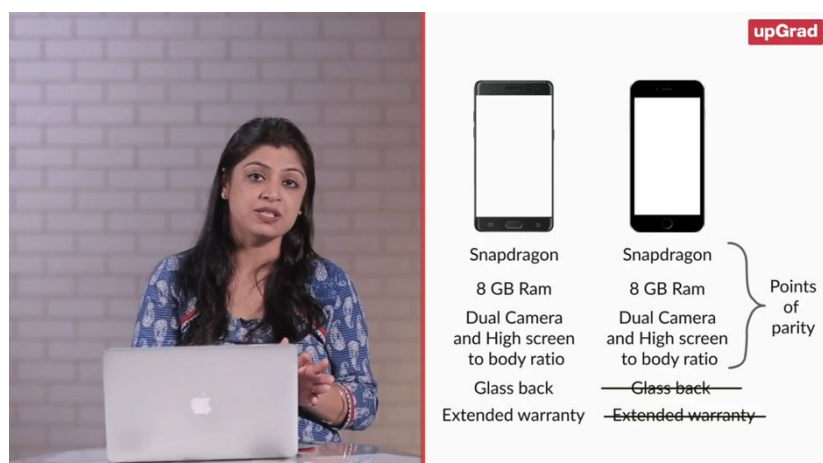
Product Strategy



Imagine you go to an electronics retail outlet to buy a new phone. You have a budget in mind and you're certain about the hardware and software specifications that you want:

- you want the top-of-the-line Snapdragon processor,
- at least 8 GB RAM,
- a dual camera set up and
- a high screen to body ratio.

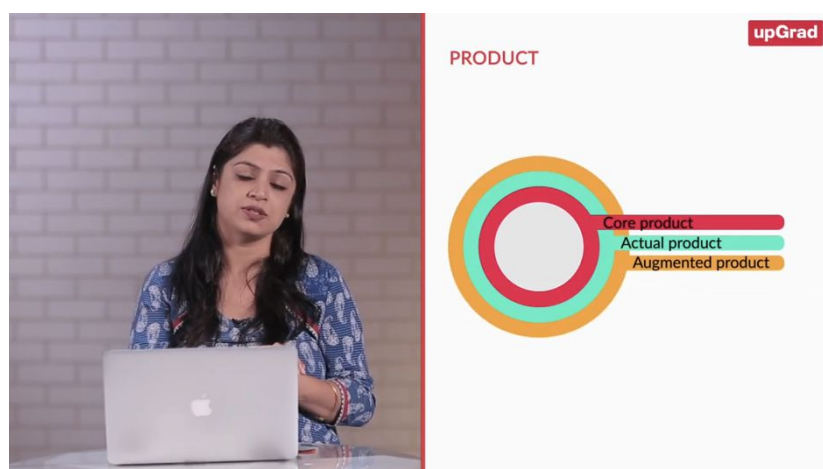
Luckily, you find two phones which match your expectations. But there's a catch! Phone A has a glass back and charges wirelessly while Phone B doesn't. Also, Phone A comes with an extended warranty while you're not sure of Company B's post-sales service. The choice of purchase is simple now, isn't it?



Now that you've gradually begun to think like a marketer you must have understood that the two phones had similar specifications, which were the points of parity. But the purchase decision was made between the two based on the points of difference. In case of Phone A the tangible benefits of better product design and intangible benefits of post-sale customer service that helped in differentiating it from Phone B.

Product level decisions are extremely important in influencing customer purchase decisions. But what exactly is a product? Is it just the physical, tangible good you get in your hands when you make a purchase? What is the product for a service brand like Hilton Hotels or MakeMyTrip?

We discussed earlier that the Product for a brand constitutes of the Design, Features, Brand name, Variety, Quality, Services, Packaging, Payment methods etc. And depending on the category of the product, each of these components satisfies the customers' needs and wants in different ways.

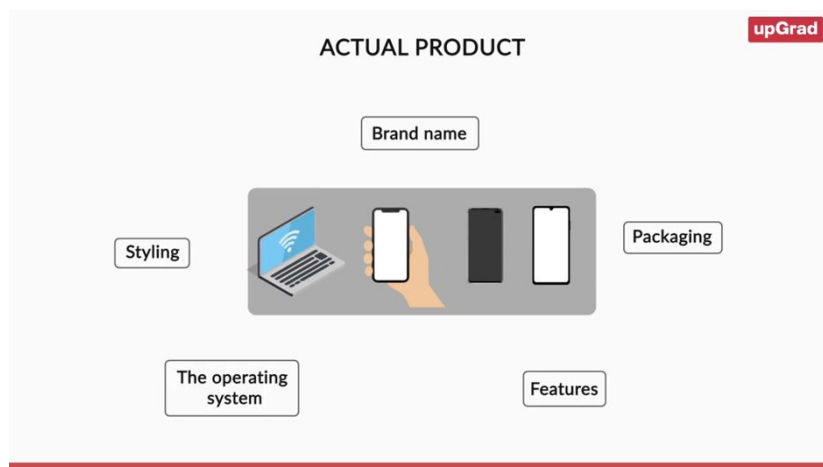


As a brand manager, you will need to think about Product on three levels.

- The most basic level is the core product.
- The second level is the actual product and
- The third level is the augmented product

Let's discuss these levels one by one:

The core product answers the question - What is the buyer actually buying? So, when a customer browses Amazon for a new mobile phone, she is essentially looking for a device that lets her answer calls, send messages on Whatsapp, update her Facebook status on the go and play the new levels of Candy Crush. That's the core product - what the customer is actually looking to buy. At this stage, for a potential customer - all phones that let her do this are the same.



The second level is the actual product i.e. what the customer will get once she purchases. The customer would not get 'an internet device'. She will get an iPhone or a Samsung Galaxy Note or the latest OnePlus phone. The actual product would include the brand name, styling, operating system, features, packaging etc. This is where the brand manager can differentiate his brand from the others.

Finally, the third layer is that of the augmented product. These are the additional benefits or services that the customer will get over and above the actual product. So when Apple offers the iCloud or the Apple Arcade service, that's the iPhone's augmented product offering.

Why are we learning about these layers? That's because when consumers see products - they essentially view bundles of benefits that can satisfy their needs.

As a brand manager, you must identify the core product that consumers seek from the product, design an actual product that addresses the needs from the core product and then build an augmented product that maximises customer value.



We've discussed what a product is and the layers of product that a marketer can tweak to build points of differentiation for their brand. But what are some of the decision areas for a brand manager when designing the product strategy?

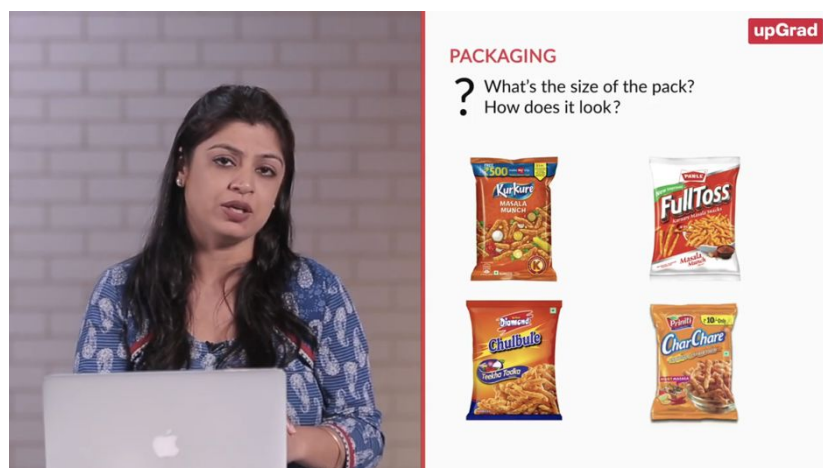
Essentially, there are 4 key decision areas –

- the product attributes
- branding
- packaging and labelling
- support services

Let's understand these four decision areas one by one. Product Attributes

When you pick up a pack of Kurkure, you know that the contents of the pack are standardised and tested. It will taste the same as the last pack you picked and will taste the same as the next. You also expect the same amount of snack in all Kurkure packs.

This is what is called as product attributes i.e. the quality and features of the product. Attributes also include product features, so as a brand manager you can take the call to prioritise certain features over others - like having a better battery versus better camera vs better display for a new phone launch.



The second decision area when defining the product is the packaging. What's the size of the pack? How does it look? The packaging is such a strong influencer when it comes to certain categories that weaker brands would simply try to copy your packaging. The best packaging follows the 4Cs:

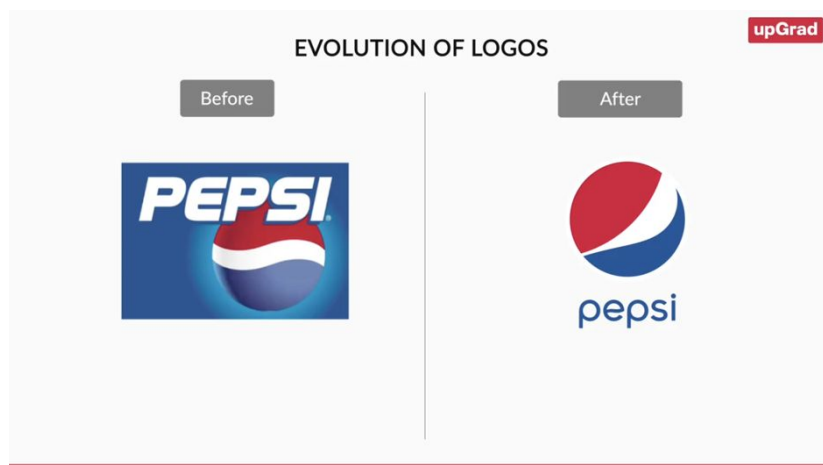
- It's Convenient and practical
- It's Clear and simple
- It Conveys the brand's value proposition
- It Clearly stands out on the shelf

The third decision area is about labelling and logos. You might see a logo as a simple identifier for a brand, but it is much more powerful.



Look at this logo. What comes to your mind? Nike's Swoosh is probably the most iconic logos of all time. It's logo stands for performance and athleticism. The slightly tilted swoosh is as dynamic as the brand itself. You'll see athletes wearing the swoosh on their chest and think about Nike everytime they score a goal and run a marathon.

Over time, the swoosh has come to represent performance, dynamism, energy and quality in line with Nike's brand values - lead, coach, drive and inspire. Logos also evolve with the brand and the consumer.

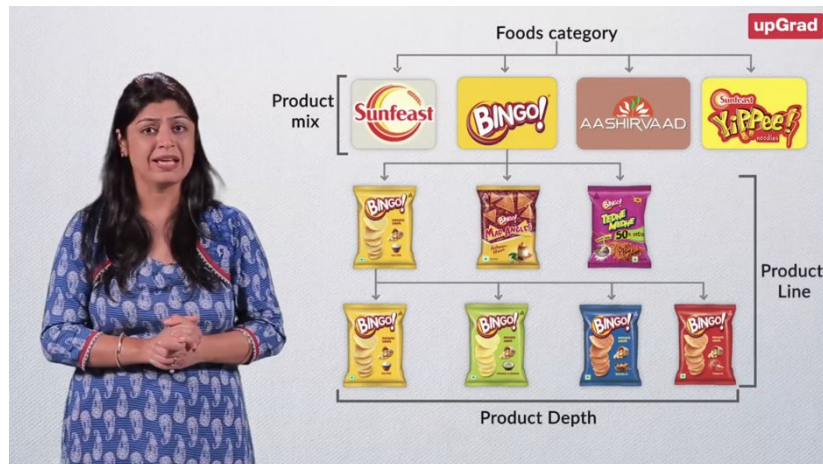


- Close Up changing to a straighter, bolder font.
- Pepsi switching to a cleaner, minimal logo.
- Uber moving to something deeper than the first letter of their name.

Logos are powerful and as a brand manager you need to leverage this decision area wisely.

The final decision area is the support services offered by the brand. Amazon is famous for their customer centricity and pride themselves for being 'Earth's most customer centric company'. Support services - pre and post sales, are an important part of the overall customer experience. Why do some customers prefer a Maruti Suzuki car over any other brand?

Why do some customers shy away from the new Chinese mobile manufacturers? Some brands have built support services into their product offering and that has become a point of differentiation for them.



Let's look at some of the FMCG products marketed by ITC. The larger FMCG portfolio has multiple categories - Foods, personal care, education and stationery, Lifestyle and retailing etc. If you check out the brands inside the 1. foods category – you'll find Sunfeast, Bingo, Aashirvaad, Yippee and many more. The brand, Bingo also has multiple sub-brands – Original style potato wafers, Mad Angles namkeen, Tedhe Medhe namkeen etc.

Even within each of these brands, there are flavour variants – Salted, cream and onion masala, tomato. That's a lot of products! Companies generally organise their product offerings in a brand hierarchy system. The entire offering is called the product mix. The brand - Bingo is essentially a product line.

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MARKETING MANAGEMENT

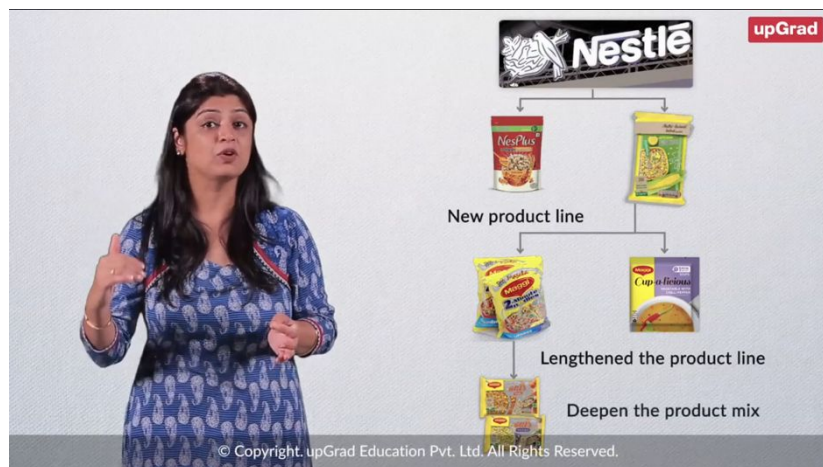
According to Kotler, a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges

Kotler defines a product line as “a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges”.

The more the number of product lines, the wider is the product mix. The length of the product mix refers to the product variants within the brand Bingo. The depth of the product mix refers to the variants within each sub-brand.

How is this product hierarchy important for a manager? A manager can take decisions to expand the business along the 3 axes:

- Add new product lines
- Lengthen each product line
- And deepen the product mix



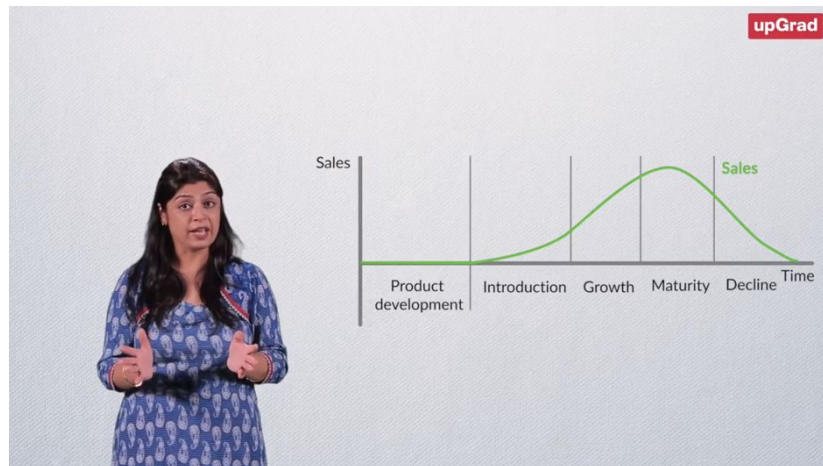
So, when Nestle launched NesPlus, their breakfast cereal brand, they essentially added a new product line, thereby widening their product mix. When Nestle launched Maggi soups, they essentially lengthened the product line, Maggi. And when Nestle launched the Oats variant of Maggi noodles they essentially increased the depth of their product offering under the Maggi noodles category.



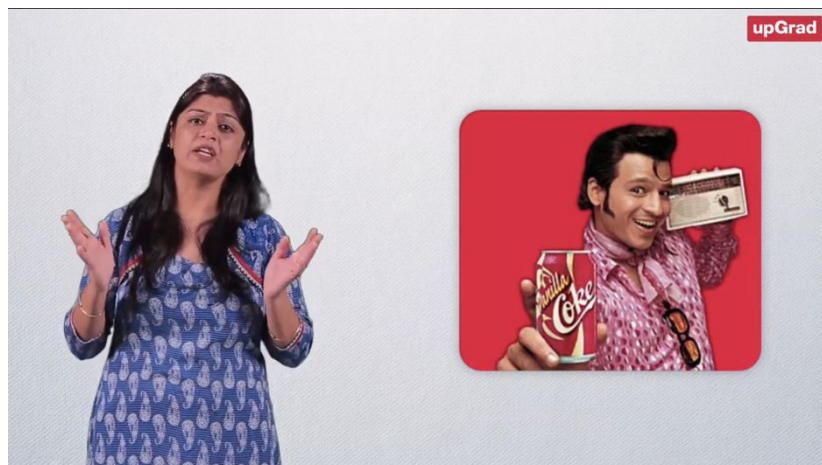
Let's quickly recap what we've learnt till now - we've talked about what the product is, the different elements of a product offering, the decision areas for defining an individual product strategy and the decision areas with respect to a family of products. But, over time, consumers evolve, brands evolve and entire product categories evolve.

Just look at how with the death of film cameras, Kodak became relevant. Or how with the rise of Google's Android and Apple, Nokia and Blackberry quickly faded away. Or how the sales for Patanjali - once the hottest, fastest-growing FMCG brand in the country, have quickly flattened out.

Managers and their product strategies need to be cognizant of this. Each product will have a life cycle, although its exact shape and length is not known in advance. There are essentially 5 stages in a product's life cycle. Let's discuss them one by one.



1. The first stage is product development. In this stage, the company finds and develops the product idea.
2. The introduction stage is the second stage. As you can see, the slope of the sales curve is flat. Product introduction takes time, and sales growth is generally slow in this phase. Brands would spend a lot on promoting the product at this stage. HUL's latest launch, Love & Care detergent is an example of a product in the introduction stage. The communication in this stage is going to focus on building awareness and generating trials for the brand.
3. The third stage in the product life cycle is the growth stage. If the product satisfies the market, it will enter a growth stage in which the sales will start climbing quickly. The early adopters will continue to buy, and later buyers will start following their lead, especially if they hear favorable word of mouth. HUL's fabric conditioner brand, Comfort is in the growth stage. The brand here would spend a lot in ensuring distribution and top-of-mind recall.
4. The fourth stage of the product life cycle is the maturity stage. In this stage, the sales flatten. Brands typically spend a long time in this phase. In this stage, brands will need to take a decision - to rebrand or reposition to stay relevant. For example, Surf was introduced by HUL in the Indian market in 1959. By mid-1990s, the brand had entered the maturity-decline phase. HUL then re-branded and repositioned Surf as Surf Excel with the tagline 'Dirt is Good' or 'Daag Achhe Hain'. This gave the brand a new lease of life! The Cinthol example we discussed earlier is another example of such a marketing decision.
5. The final stage of the product life cycle is the decline phase. Different products will decline at different rates and again, brands have to tweak their marketing strategies to ensure relevance. Companies sometimes also take the conscious call of killing off a brand to replace it with a new brand.



Not all products go through all the five stages of the PLC. Some products are introduced and die off very quickly - remember Coke Vanilla? Others stay in the mature stage for a very long time. And some products, as we discussed, enter the decline stage and are then pushed back into the growth stage through strong marketing or repositioning. And a few well-managed brands like Coke, Gillette and Cadbury Dairy Milk have been and will be around for decades!

Subject Matter Expert: Anuri Mehta

Product: Brooke Bond

Let us understand the marketing mix a little more in detail for the tea category. So let's start with product first. As mentioned earlier - as mentioned earlier since consumer tastes and preferences really differ from geography to geography, Brookebond and its portfolio has a product for almost every taste bud within the country which is why that they have so many products and it's stable. One of the other things that the brand manager really needs to consider while developing the formulation for a - for the tea product or one of the other things that - one of the other things that the brand needs to consider before developing a tea blend or the tea formulation is to keep in mind the quality of water across the country. There are certain areas which have hard water and certain areas which have soft water and that really impacts the end cup of the tea, the flavour, and finally the taste also.

Repackaging: Kissan Squash

Every brand at some point in time goes through a repackaging exercise. Now why does repackaging happen? A) Maybe the brand wants to infuse some newness into the brand and speak about it and communicate some fresh news, B) Could be because the entire proposition of your brand could have completely changed, or C) Maybe there is a most sustainable packaging existing in the market that the brand may wish to move to which would add back to business savings.

Let us take the example of Kissan Squashes. Now Kissan squash has been through many repackaging exercises over the years. In today's day and age when consumers are mainly health-conscious, they are looking at healthier options like fruit juices because of which a product like a squash starts becoming a little irrelevant to consumers. Now for Kissan in order to bring back squash into the --into a relevant set for consumers, it needed to go through a couple of repackaging exercises. So a) it started -- it actually moved from a glass bottle to a PET bottle. Over the years, it has

changed shapes of the bottle to make it look more elegant and more comprehensive and third and most important the use of pack graphics and labels which basically --which basically showed a lot of fruit content on the squash bottles, so that it can connote that it is a healthier option.

Subject Matter Expert: Sabia Gulati

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