

PRODUCT - THE KEY ELEMENT OF MARKETING

TRANSCRIPT OF VIDEO LECTURE:

MARKETING MIX AND PRODUCT

Marketing is a management concept which includes many activities right from identifying consumer needs and wants to fulfil them. Very specifically it includes the activities like marketing research, new product development, distribution management; pricing, promotion, analysis of competition etc.

The activities of marketing can be classified broadly into four general categories known as product, price, place and promotion. Popularly these four activities are called as 4Ps of marketing or the marketing mix. Product is a key element in marketing offering. Products that are marketed include physical goods, services, experiences, events, persons, properties, organizations, information, and ideas.

Products include all the activities related to the conception and planning of the actual product that fulfils consumers' needs and wants. Product related activities are decisions regarding product quality, design, features, sizes, varieties, brand name, warranty, guarantee and other services. Marketing is not limited to the exchange of tangible goods only, but it also includes the exchange of various types of entities like goods, services, people, places, events, properties, organizations, information, experiences and ideas. Most marketing programs have goods and services as the main product elements. Goods are tangible products like biscuits, cars, computers, pens, sweets, books etc. Services are intangible products like healthcare, banks; education, courier, travels etc.

In general the product is defined as a thing produced by labor or effort. In economics and commerce, products belong to a broader category of goods. In marketing, a product is anything that can be offered to a market that might satisfy a want or need. In retailing products are called merchandise. In manufacturing, products are purchased as raw materials and sold as finished goods.

In project management, products are the formal definition of the project deliverables that make up or contribute to delivering the objectives of the project. In insurance, the policies are considered products offered for sale by the insurance company that have created the contract. Here in this program we have considered the meaning of product which is accepted in the field of marketing.

Products Classification

Products can be classified as tangible or intangible. A tangible product is a physical object that can be perceived by touch such as house, automobile computer, pencil etc. An intangible product can only be perceived indirectly such as insurance policy.

Marketers have classified the products on the basis of their characteristics like durability, tangibility and use. Thus there are three classes of products- nondurable goods, durable goods and services.

Nondurable goods are tangible goods that are consumed in one or few uses. Since these goods are consumed quickly and purchased frequently, the appropriate strategy is to make them available in many locations, charge only a small mark up and advertise heavily to induce trials and build preference.

Durable goods are tangible goods that normally survive for many uses. Refrigerators, machine tools, clothing etc. are durable goods. Durable products normally require more personal selling and survive, command a higher margin and require more seller guarantees.

Services are intangible, inseparable, variable and perishable products. As a result they normally require more quality control, supplier credibility, and adaptability. Hair cutting, dry cleaning, repairs etc are services.

Another classification of products can be done like this:

1. Convenience goods also known as fast moving goods (FMCG) have high turnover and low price such as salt shampoo, soaps etc.
2. White goods are common electrical goods named after their white color such as dishwashers, refrigerators etc.
3. Brown goods are commonly known as electrical goods that are not white such as televisions, DVD players, printers etc.
4. Perishable goods have a limited shelf life that must be consumed quickly such as fresh meats fruits eggs etc.
5. Durable goods are also known as hard goods. These are not to be easily worn out and are used for a longer time. Cars, furnitures, white and brown goods are hard goods.
6. Non durable goods are known as soft goods. These goods are used up within a span of three years for example fuel, ink for printers, consumable supplies etc.
7. Green products are eco-friendly products that are not harmful to the environment such as organic manures.
8. Generic products have no brand name which are sold as alternatives to brand name products of the same class such as certain drugs, stationary etc.
9. Healthcare products are beneficial for the wellbeing of the consumers such as vitamin supplements, plasters etc.

A service is a non material products provided by a company or an individual. Some common types of services are:

- Childcare for example child minders, kindergartens, baby sitting etc.
- Cleaning and maintenance such as gardeners, office cleaners etc.
- Consulting like financial and business advisors.
- Entertainment like cinema, theatres.
- Financial services for example banking, insurance, real estate.
- Healthcare such as doctors, hospitals etc.
- Marketing and advertising like consultancies and advertising agencies etc.
- Telecommunication like FAX, Mobile phones, Internet etc.
- Tourism for example hotels, airlines, travels companies etc.

Difference Between Goods And Services

The first criterion for differentiating goods and services is tangibility. Goods are tangible entities while services are intangible. Services cannot be touched, tasted, smelt, seen or heard.

Since consumers cannot judge the quality of services by their appearance, they rely on other cues like communication quality, ambience where services are provided, dressing and mannerisms of service providers, etc. The consumers judge the quality of goods primarily by getting information through senses.

The second criterion on basis of which goods and services can be differentiated is inseparability. Services cannot be separated from both the service provider and the consumer. For example music performances cannot take place without either party.

To ensure that it is worth for a consumer's to spend time while consuming a service. Goods can be separated from both buyer and seller because in selling and buying the involvement of either party is not essential.

The third criterion of differentiating goods and services is variability. Services cannot be standardized like goods. Most of the services are based on human interface. They are likely to be affected by the mood, energy, enthusiasm, skill, experience etc. of the service provider. For example a singer may not be able to deliver the same quality of performance in every music concert.

Training of service providers, standardization of steps in providing services, and quality control can help in minimizing variability. In case of goods such variability is not supposed to occur. The cars of a particular model produced by a particular company do not vary from each other.

The fourth criterion to differentiate goods and services is perishability. Unlike goods services cannot be stored.

Because of perish ability, demand management becomes a problem. However, the consumers can be encouraged and rewarded for using the service in more predictable manner through marketing communication.

For example, restaurants may encourage reservations, movie theatres may offer reduced rate tickets on weekdays, and hotels may offer off-season discounts.

Products With Tangible And Intangible Characteristics

Almost every product has both tangible and intangible characteristics. Here we can take the example of watch. Watch itself is tangible where as intangibles are the repair service, the guarantee or warrantee that one buys along with the watch. A good has more tangible elements where as a service has more intangible elements. There are many products in which a mix of goods and services in varying amounts can be seen. A biscuit is a pure good with no service component. A hair cut is a pure service with no good component. Many products are hybrids. A car is primarily a good with some service components in the form of accompanying maintenance service, car insurance, and added financing services. Air travel is primarily a service with some good components like in flight meals, complimentary pens etc. A restaurant is an excellent combination of goods and service. Foods, snacks and beverages are goods while bringing these goods in a pleasing ambience is service.

Product Symbolism

A product is ultimately a bundle of benefits that satisfy consumers' needs. These tangible and intangible elements of the products satisfy functional needs, where as others satisfy psychological needs. For example the design, fit, material and overall quality of jeans satisfy a teenager's functional needs of comfortable, long-lasting clothing. Whereas the jeans' styling, packaging in the form of the shopping environment , and repute of the brand give the teenager the psychological satisfaction of wearing a cool and trendy pairs of jeans.

The sum total of what a product or brands means to consumers and what they experience in purchasing and using it is known as product symbolism. A number of consumers give more value to the symbolic or psychological characteristics of a brand in comparison to its functional or tangible elements.

Hence, not only design, features and quality of a product but other aspects like service accompaniments, warranties and guarantees, brand name and image, style, package, design etc. are important in product planning. Most of the consumers evaluate all these product related elements and form perceptions about the product.

Product Attributes

The most basic marketing tool is product. Product is the offering of the firm to the market. Generally five attributes of products are considered to drive a marketing communication program. These are product quality, product features, product design, branding and packaging.

Product quality is the ability of a product to perform its functions. It includes the product's overall reliability, durability, ease of operation, repair, accuracy and other valued attributes. Many companies consider quality as a potent marketing weapon.

Product features can be another tool for differentiating a company's offering from that of competitors. Size, shape, weight, dimensions, color, design texture, used materials etc. are the features of tangible products. The features of intangible products are largely found in the service extended by the company. They are product's speed, efficiency, reliability, ambience, people etc. For the sake of example we can take a mobile phone. Its pocket fitting size, integrated camera, integrated FM radio, Bluetooth, WiFi and e mail options, hand free speaker, multimedia messaging service, voice dial, swap game card slot etc. are the main features. On the other hand, a multiplex theatre possesses the essential features like six screens, online and tele-booking, dolly sound, luxurious seating, central location, hyper mall, movie merchandise store, premium price ticket, international film screening on weekends, parking place etc.

Marketing communication programs focus on the unique features of the products. Here it is important to note that the benefits extended by these features are valuable in planning the marketing communication programs.

Another important product attribute is product design which is to be considered by the marketing communicators. The meaning of design here is not related to the products look but also its functionality. Because of good design a product can attract attention, improve performance, and above all give strong competitive advantage.

Branding is the fourth important attribute of a product. A brand is the name, term, sign, symbol, design or any other feature of a product that identifies it as belonging to a particular marketer and differentiates it from other product. A brand is not just a brand name which is composed of some words, letters or numbers. A brand also includes a brand mark, which can be in the form of a logo, design, symbol, character, picture, color, sound, lettering style or anything else that distinguishes the product from other products. A brand is legally registered

with the office of the Controller General of Patents, Designs and Trade Marks becomes a trademark.

A brand identifies the product of a seller. It is a promise of a seller to deliver consistent quality and benefits that have come to be associated with the brand name. Investing a product with the desired attributes of a brand is known as branding.

Branding strategy of a product comprises of taking various decisions related to a brand. These decisions are selection of an appropriate brand name, determination of brand ownership, deciding on the number of products to be included under the brand, positioning the brand, and planning the communication campaign.

For creating the power, value and goodwill, a brand is reflected in the market. This is known as creating and maintaining brand equity. The equity of brand is reflected through the loyalty of its customers, the premium the brand is able to charge for its products, the acceptance of the brand at trade levels, the strength of the image consumers have in their minds for the brand, etc.

The brand equity can be measured by the additional sales a company is able to make and the premium it is able to charge on its price with the brand name. In fact brand equity is a worthwhile intangible asset for a company. Maintaining, reinforcing and increasing the brand equity is one of the important roles of advertising.

Packaging is one more attribute of the product. Normally package is considered as container that holds and protects the product. Also it lends convenience and safety in handling products, and clubs them in certain assortments. Package is also a focus of the communication strategy. The first and foremost quality of package should be the functionality. Juice packs, with easy to open spouts and straws, kid's shampoos with safety lids, recyclable soft drink bottles, microwavable noodle packs, festival bundle packs of chocolates, gusseted grain pouches, detergent boxes with handles and measuring spoons, squeeze tubes of toothpastes etc. are all examples of functionality in packaging.

Along with the functional purposes, a package can also serve as a communication tool by delivering important selling messages at the point of purchase. A package can inform, attract attention, persuade consumers, demonstrate use, describe the product, carry an offer and communicate the corporate brand. Very often people make product judgments based on its package.

The size, shape, color and design of a packaging determine the buying decision of the consumers. Packaging is also a matter of concern for marketers. An effective packaging is done by conceptualizing, designing and producing the container for a product that may serve functional, informational, and persuasive objectives.

Product Levels

There are five levels of products as per the planning requirement of the marketer. Each level add some more customer value, thus five levels constitute customer value hierarchy.

The first level is the **core benefit** which indicates the fundamental service or benefit that the customer is buying. A hotel guest is buying rest and sleep which is the fundamental service bought.

At the second level the marketer turns the core benefit or service into a **basic product**. In a hotel room the bed, bathroom, towels, desk dresser etc. are the basic products.

At the third level the marketer prepares an **expected product** which is a set of attributes and conditions buyers normally expect when they purchase the product. A clean bed, fresh towels, working lamp etc. are expected by most of the hotel guests. If the hotel is providing these expected things and is least expensive guests settle in that hotel.

At the fourth level, the marketer prepares an **augmented product** which is beyond the customers' expectations. A hotel can include a remote control television set, fresh flowers, fine dining and room service etc.

In fact today's competition essentially takes place at the product augmentation level. Product augmentation leads the marketer to look at the user's total consumption system i.e. the way the user performs the task of getting, using, fixing, and disposing of the product.

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The new competition is not between what companies produce in their factories, but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing and other things that people value.
–Levitt (1969)

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The fifth level stands the **potential product** which encompasses all the possible augmentations and transformations the product might undergo in future. At this level the companies search for new ways to satisfy customers and distinguish their offer. All suit hotels where guest occupies a set of rooms represent an innovative transformation of the traditional hotel product.

Today successful business organizations add benefits to their offerings that not only satisfy customers but also surprise and delight them. Delighting is always a matter of going beyond expectations.

Product And Ideal Marketing Mix

To achieve the marketing objectives an ideal mix of four variables namely product, place, Price and Promotion is required. It means right product should be produced and offered through a distribution network suitable for the organization as well as the target market segment. Also the price of the product should be reasonable and it should be offered through a suitable promotion strategy.

Although every P of marketing mix is important for planning and executing an advertising campaign, but product is hub of the marketing mix. Therefore, knowledge about the product to be advertised is a must to make an advertising campaign successful.