

Product & Service

1. Meaning of Product

A **product** is **anything that can be offered to a market** to satisfy a need or want. It can be a **physical good, service, idea, or experience**.



Example:

A smartphone, toothpaste, or a car are all products.

2. Meaning of Service

A **service** is an **activity or benefit** that one party offers to another that is **intangible** (cannot be touched or owned).



Example:

Haircut, banking, teaching, hotel stay, and medical treatment are services.



3. Product Classification


Products can be classified into **two main categories**:

A. Consumer Products

Products bought by final consumers for personal use.


Types:

1. Convenience Products


- Bought frequently and with minimal effort.
- Low price, easily available.
 Example: Soap, toothpaste, snacks.

2. Shopping Products


- Consumers compare quality, price, and style before buying.

- Higher involvement than convenience goods.
 Example: Clothes, furniture, electronic items.

3. Specialty Products

- Unique or luxury products with strong brand preference.
- Buyers make special effort to purchase them.
 Example: Rolex watch, iPhone, luxury car.

4. Unsought Products

- Products that customers don't think about until needed.
- Require strong promotion.
 Example: Life insurance, fire extinguisher, medical checkup.

B. Industrial Products

Products bought by businesses for **further processing or for use in business operations**.

Types:

1. **Raw Materials & Components** – Used in production. (e.g., steel, wood)
2. **Capital Items** – Long-term goods used in production. (e.g., machines, tools)
3. **Supplies & Services** – Short-term items like cleaning materials or repair services.

4. Product and Service Differentiation

Differentiation means **making a product or service different and more attractive** than competitors.

A. Product Differentiation

Companies differentiate their products through:

1. **Features** – Adding new functions (e.g., camera quality in phones)

2. **Design and Style** – Attractive look or packaging
3. **Quality** – Better durability and performance
4. **Branding** – Creating strong brand image (e.g., Nike, Apple)
5. **Price** – Offering value at competitive rates

Example:

Coca-Cola and Pepsi are both soft drinks, but they differ in taste, packaging, and brand image.

B. Service Differentiation

Since services are intangible, companies differentiate based on:

1. **Quality of Service** – Speed, reliability, courtesy
2. **Delivery Process** – How easily and quickly service is provided
3. **Customer Care** – Support after purchase
4. **Personalization** – Tailoring services for individual needs
5. **Technology Use** – Online booking, apps, or chat support

Example:

- **Swiggy vs. Zomato** – both deliver food, but differ in speed, offers, and app experience.
 - **Banks** – differ in customer service, online facilities, and interest rates.
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5. Key Differences Between Product and Service

| Basis | Product | Service |
|------------------|--------------------------------|--------------------------------|
| Nature | Tangible (can be seen/touched) | Intangible (cannot be touched) |
| Ownership | Can be owned and stored | Cannot be owned or stored |

| | | |
|-------------------------------------|-----------------------------------|------------------------------------|
| Production & Consumption | Separate (made first, used later) | Happen at the same time |
| Quality Check | Can be tested before buying | Depends on delivery and experience |
| Example | Phone, clothes, car | Banking, teaching, repairing |

6. Summary

- **Product** = Tangible good that satisfies a need.
- **Service** = Intangible offering that provides value.
- **Classification** helps in planning marketing strategy.
- **Differentiation** creates uniqueness and customer preference.

Product Levels, Product Mix, Product Life Cycle & New Product Development

1. Product Levels

According to **Philip Kotler**, a product has **five levels** — from the basic benefit to the full experience offered to customers.

| Level | Meaning | Example |
|-----------------------------|---|------------------------------------|
| 1. Core Benefit | The main need or benefit the customer seeks. | Communication (for a phone) |
| 2. Basic Product | The actual product with its basic features. | A mobile handset |
| 3. Expected Product | The features and conditions buyers normally expect. | Camera, battery life, warranty |
| 4. Augmented Product | Extra services or benefits added to attract buyers. | Free delivery, after-sales service |
| 5. Potential Product | All future possibilities and improvements. | Foldable screen, AI features |



In short:

👉 A product is not just the item itself — it's everything that gives value to the customer.

2. Product Mix (Basic)

Product Mix means the **total range of products** a company offers to its customers.

Four Dimensions of Product Mix:

1. **Width** – Number of product lines.
👉 Example: Samsung has phones, TVs, laptops, washing machines.
2. **Length** – Total number of items within all product lines.
3. **Depth** – Variations in each product (size, color, model).
4. **Consistency** – How closely related the product lines are.

Example:

Colgate's product mix includes toothpaste, toothbrush, mouthwash, and dental floss — all related to oral care (high consistency).

3. Product Life Cycle (PLC)

Every product goes through **stages from launch to decline**, known as the **Product Life Cycle**.

| Stage | Features | Marketing Focus |
|------------------------|--|--|
| 1. Introduction | Product launched, low sales, high cost. | Create awareness through promotion. |
| 2. Growth | Sales rise, profits increase, competitors enter. | Improve quality, expand market. |
| 3. Maturity | Sales peak, competition high, prices drop. | Differentiate and promote brand loyalty. |
| 4. Decline | Sales fall, product becomes outdated. | Reduce cost, discontinue or innovate. |

💡 Example:

- DVD players are in **decline stage**.
- Smartphones are in **maturity stage**.

4. New Product Development (NPD)

Definition:

New Product Development is the **process of bringing a new product or service to the market** to satisfy customer needs or replace an old product.

5. Reasons for Developing New Products

- To meet changing customer needs
 - To keep up with technology
 - To increase sales and profit
 - To replace old or declining products
 - To beat competitors
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6. New Product Development Process

The process involves **8 main steps** 📌

| Step | Explanation |
|----------------------------------|--|
| 1. Idea Generation | Collecting new product ideas from employees, customers, or competitors. |
| 2. Idea Screening | Filtering out weak or unprofitable ideas. |
| 3. Concept Development & Testing | Developing the idea into a product concept and testing it with target customers. |
| 4. Business Analysis | Checking if the idea will be profitable and fits company goals. |
| 5. Product Development | Creating a prototype (sample) of the product. |
| 6. Market Testing | Introducing the product in a limited area to see customer response. |
| 7. Commercialization | Launching the product in the full market. |

8. Review & Improvement

Monitoring product performance and making improvements.

7. Example of NPD

Example: Apple develops a new iPhone model each year:

- New idea (better camera, chip, design)
- Prototype creation → testing → full launch.

Product and Service Decisions




When companies design and market a product or service, they must make several key decisions about its **features, branding, packaging, labelling, logo, and support services**. These decisions help create **value**, build **brand identity**, and ensure **customer satisfaction**.

1. Product and Service Attributes

Meaning:

Attributes are the **characteristics or features** that define a product or service and influence customer choice.

Main Attributes:

1. **Quality** – How well the product meets customer expectations.
 - Includes durability, reliability, and performance.
 *Example:* Toyota cars are known for reliability.
 2. **Features** – Special characteristics that make the product different or better.
 *Example:* A smartphone with multiple cameras or fast charging.
 3. **Design and Style** – The product's appearance and ease of use.
 - Design attracts customers and improves functionality.
 *Example:* Apple products are admired for sleek design and user-friendly interface.
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2. Branding

Meaning:

Branding is the process of **giving a name, sign, symbol, or design** to identify a product and distinguish it from competitors.

Key Elements:

- **Brand Name:** The word part of the brand (e.g., Nike, Pepsi).
- **Brand Mark:** The symbol or design (e.g., Nike's ✓ swoosh).
- **Trademark:** Legally protected brand name or symbol.

Importance of Branding:

- Helps customers **recognize** products.
- Builds **trust and loyalty**.
- Allows **premium pricing**.
- Creates **brand identity and emotional connection**.

**Example:**

Coca-Cola and Pepsi both sell soft drinks, but branding differentiates their market image.

3. Packaging

Meaning:

Packaging means **designing and producing the container or wrapper** for a product.

Functions of Packaging:

1. **Protection:** Keeps the product safe during transport and storage.
2. **Attraction:** Good design grabs customer attention on shelves.
3. **Information:** Contains details like ingredients, quantity, and expiry.
4. **Convenience:** Makes the product easy to carry and use.
5. **Promotion:** Serves as a marketing tool with color, design, and logo.

💡 **Example:**

Pringles' cylindrical box protects chips and looks appealing.
Apple's simple, elegant packaging adds to its premium feel.

4. Labelling and Logos

Labelling:

Meaning:

Labels are **printed information** attached to the product or its package.

Functions:

- Identifies the product and brand.
- Describes the product (ingredients, use, warnings, etc.).
- Promotes the brand with attractive graphics or taglines.
- Meets legal requirements (e.g., MRP, expiry date, FSSAI code).

💡 **Example:**

A shampoo label shows its name, ingredients, manufacturing date, and usage instructions.

Logos:

Meaning:

A **logo** is a **symbol or design** used by a company to represent its brand identity.

Purpose:

- Helps customers easily recognize the brand.
- Creates a lasting impression.
- Reflects brand personality (modern, luxury, eco-friendly, etc.).

💡 **Example:**

- Apple's bitten apple logo = innovation & simplicity.
- Nike's swoosh = movement & speed.

5. Support Services

Meaning:

Support services are **additional services** provided to increase **customer satisfaction** before, during, and after the purchase.

Examples:

- Installation and training
- Product warranty or guarantee
- After-sales service
- Technical support or helplines
- Return and exchange facilities

Importance:

- Builds **customer loyalty**
- Reduces **complaints and dissatisfaction**
- Creates a **competitive advantage**

Example:

Samsung and LG provide home installation and repair services for appliances, improving customer experience.

Product Line Decisions

1. Meaning of Product Line

A **product line** is a **group of related products** offered by a company under a single brand name that serve similar needs or functions.

Example:

- **PepsiCo's** product lines: soft drinks, snacks, juices.

- **Samsung's** product lines: smartphones, TVs, refrigerators, washing machines.

Each product line may have several versions, models, or sizes.

2. Meaning of Product Line Decision

Product line decisions involve **determining how many products to include in a line** and **how to manage or modify them** to meet customer needs and company goals.

3. Major Product Line Decisions

a) Product Line Length

It refers to the **number of items** in a product line.

Companies decide whether to **add**, **remove**, or **modify** products.

- **Product Line Stretching:**

Expanding the line beyond its current range.

1. **Downward Stretch:**

Adding lower-priced products to attract more customers.

👉 Example: Apple launching the iPhone SE (a cheaper model).

2. **Upward Stretch:**

Adding higher-priced or premium products.

👉 Example: Toyota creating the luxury brand Lexus.

3. **Two-way Stretch:**

Adding both lower- and higher-end products.

👉 Example: Maruti Suzuki offering budget cars and premium Nexa models.

b) Product Line Filling

Adding **more items within the same price range** to fill gaps or meet customer demand.

💡 **Example:**

Colgate adding new toothpaste flavors or variants (mint, herbal, whitening) within the same price level.

Purpose:

- To satisfy different customer preferences.
 - To prevent competitors from entering the market gap.
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c) Product Line Modernization

Updating or improving existing products to keep up with new trends or technologies.



Example:

Samsung frequently updates its Galaxy phone series.

d) Product Line Featuring

Focusing on promoting one or more **best-selling or high-profit products** in the line.



Example:

Apple heavily advertises its latest iPhone model every year.

e) Product Line Pruning

Removing **unprofitable or outdated** products from the line.

This helps reduce costs and focus on better-performing items.



Example:

Automobile companies discontinuing old car models that have low sales.

4. Summary Table

| Decision Type | Meaning | Example |
|---|--|---|
| Stretching (Upward/Downward) | Expanding product range above or below current line | iPhone SE (downward), Lexus (upward) |
| Filling | Adding products within existing range | New Colgate variants |

| | | |
|----------------------|--------------------------------|------------------------------|
| Modernization | Improving or updating products | New Galaxy phones |
| Featuring | Promoting key items | iPhone 15 promotion |
| Pruning | Dropping weak products | Discontinuing old car models |

5. Conclusion

Product line decisions help companies **balance variety, quality, and profitability**.

By stretching, filling, or pruning their product lines, firms can **better meet customer needs** and **maintain a competitive edge** in the market.

Branding Strategy

1. What is a Brand?

A **brand** is a **name, symbol, design, or combination** that helps identify a product or company and **distinguish it from competitors**.

It represents what the product **stands for** and what customers **expect** from it.

 **Example:**

- **Nike** → symbol of athletic performance.
 - **Apple** → symbol of innovation and premium quality.
 - **Coca-Cola** → symbol of happiness and refreshment.
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2. Importance of Branding

- Helps customers **recognize** products easily.
- Builds **trust and loyalty**.

- Creates **emotional connection** with customers.
 - Allows **premium pricing**.
 - Supports **long-term business growth**.
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3. Brand Image

Meaning:

Brand image is the **perception or impression** of a brand in the **minds of consumers**. It is what people **think and feel** about the brand.



It is formed through **advertising, experience, quality, design, and word of mouth**.



Example:

- **Volvo** → safety and reliability.
- **Rolex** → luxury and success.
- **Dove** → natural beauty and care.

In short:



Brand image = Public perception of a brand.

4. Brand Identity

Meaning:

Brand identity is how a company **wants customers to perceive** its brand. It includes **name, logo, design, colors, slogans, packaging, and tone of communication**.



Example:

- **Apple's identity:** simple, modern, and elegant.
- **Coca-Cola's identity:** happiness, red color, friendly design.



Difference:

- **Brand Identity** → what the company *creates*

- **Brand Image** → what the customer *perceives*
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5. Brand Equity

Meaning:

Brand equity is the **value a brand adds** to a product in the market.

It is built through **positive brand awareness, loyalty, and trust**.

If two products are the same, customers choose the one with stronger brand equity.

Example:

- Customers pay more for **Nike shoes** than an unknown brand — because of strong brand equity.
 - **Apple** has high brand equity due to quality, innovation, and loyal customers.
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6. Components of Brand Equity

1. **Brand Awareness** – How well customers recognize the brand.
(e.g., Everyone knows McDonald's logo.)
 2. **Brand Associations** – Qualities people connect with the brand.
(e.g., Mercedes = luxury, reliability.)
 3. **Perceived Quality** – Customers' perception of overall quality.
(e.g., Sony = durable electronics.)
 4. **Brand Loyalty** – Customers repeatedly buying the same brand.
(e.g., People upgrading only to new iPhones.)
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7. Summary Table

| Term | Meaning | Example |
|--------------|--------------------------------------|-------------|
| Brand | Name or symbol identifying a product | Nike, Apple |

| | | |
|-----------------------|--------------------------------|------------------------------|
| Brand Image | Customer's perception of brand | Volvo = safety |
| Brand Identity | Company's desired image | Coca-Cola = happiness |
| Brand Equity | Value added by strong brand | Apple = high loyalty & value |

8. Conclusion

A strong **branding strategy** builds recognition, trust, and loyalty — turning ordinary products into **powerful brands**.

It helps companies stand out, charge premium prices, and create **long-term customer relationships**.

Brand Value and Brand Positioning

1. Brand Value

Meaning:

Brand value is the **financial and strategic worth** of a brand. It represents the **premium a company gains** because of its brand reputation, customer loyalty, and recognition.

Key Points:

- Strong brand value increases **customer preference** and **willingness to pay more**.
- Helps in **market expansion, partnerships, and investor confidence**.

Example:

- **Apple** has high brand value, allowing it to charge more for iPhones compared to other smartphones.
- **Coca-Cola** can sell products globally at premium prices due to strong brand value.

Difference from Brand Equity:

- **Brand Equity** = customer perception and loyalty.
 - **Brand Value** = monetary and market value attached to the brand.
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2. Brand Positioning

Meaning:

Brand positioning is the **strategy of placing a brand in the minds of customers** in a way that makes it **distinctive, desirable, and different from competitors**.

💡 Key Steps in Brand Positioning:

1. **Identify Target Audience** – Who are your customers?
2. **Analyze Competitors** – What do competitors offer?
3. **Define Unique Value Proposition (UVP)** – What makes your brand special?
4. **Communicate Brand Promise** – Through ads, packaging, social media, and service.
5. **Maintain Consistency** – Keep the message clear across all touchpoints.

Example:

- **Volvo** → positioned as the **safest car brand**.
 - **Nike** → positioned as the **brand for performance and motivation** (“Just Do It”).
 - **Dove** → positioned as the **brand for natural beauty and self-care**.
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3. Importance of Brand Positioning

- Helps customers **easily recognize** and **remember the brand**.
- Differentiates the brand from **competitors**.
- Guides **marketing and communication strategy**.
- Builds **long-term customer loyalty**.

