

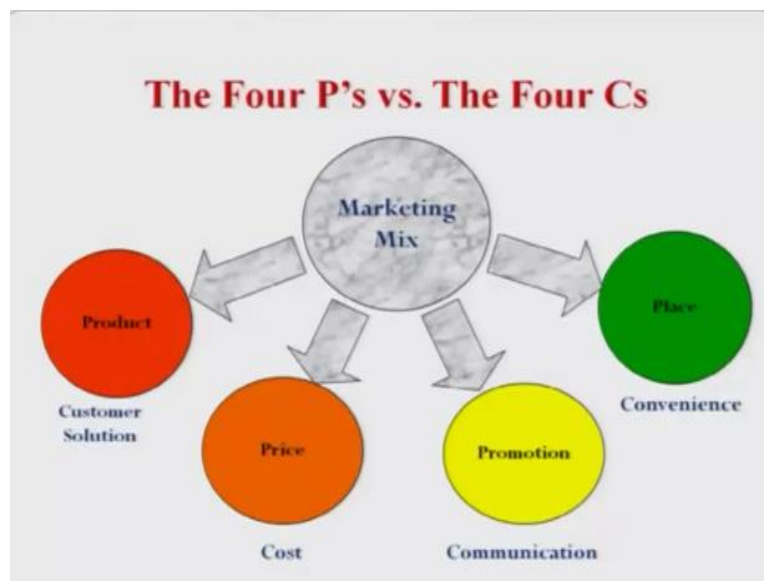
Marketing Management II
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Lecture No. W1-L3
Product - An Important Component of the 4P

Hello and welcome to our third session of this course Marketing Management part II. I am Shashi Shekhar Mishra from department of Industrial and Management Engineering at IIT Kanpur. This course is being offered by me and professor Jayantha Chatterjee along with me and my senior colleague.

So, in the previous two session I have talked about, I provided you the recap of what we have already discussed in marketing management part I and where am going to start from where I have left in the previous session. So, we have discussed about the entire marketing process and organizational function, what happens in the marketing.

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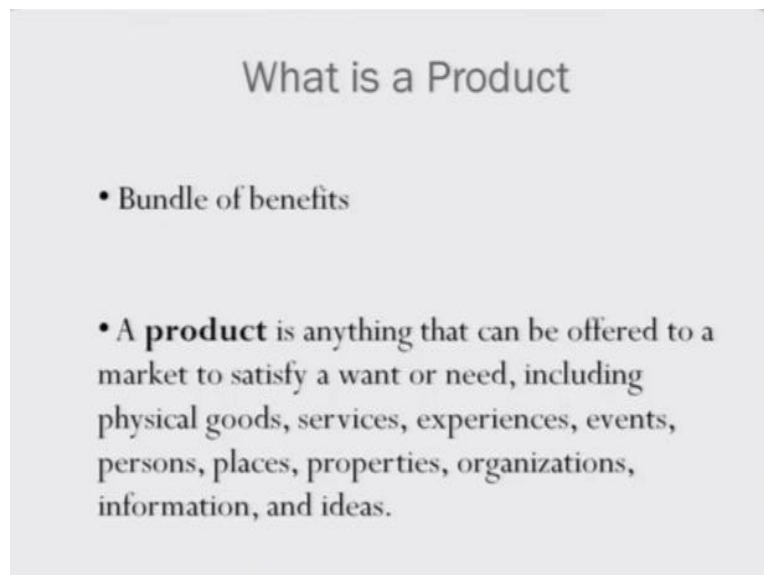


And there, we have discussed into the strategic marketing process, where we discussed about the business analysis, marketing strategy and the marketing mix. And in the last class we have discussing about, the execution of our marketing strategies through 4P's. In case of product and it will get transform in to 7P's in cases of services. So, a taking about marketing mix 4P we said includes product price place.

And promotion and it get transform from the costumer perspective in costumer solution cost convenience and communication. So, we start first with a product. So, what is the product? Product as we conceptualize is a basically a bundle of benefits. It is a market offering from seller side, that provides certain benefits to the costumer. And these benefits come along with the cost to the costumer and overall, if they provide a positive value to the costumer.

Customer will like to consider these product in consumption with the competitive offering. And in case, your product provides overall higher value than the competing offering then your product is going to be preferred by the costumers. So, this is how we conceptualizes a product.

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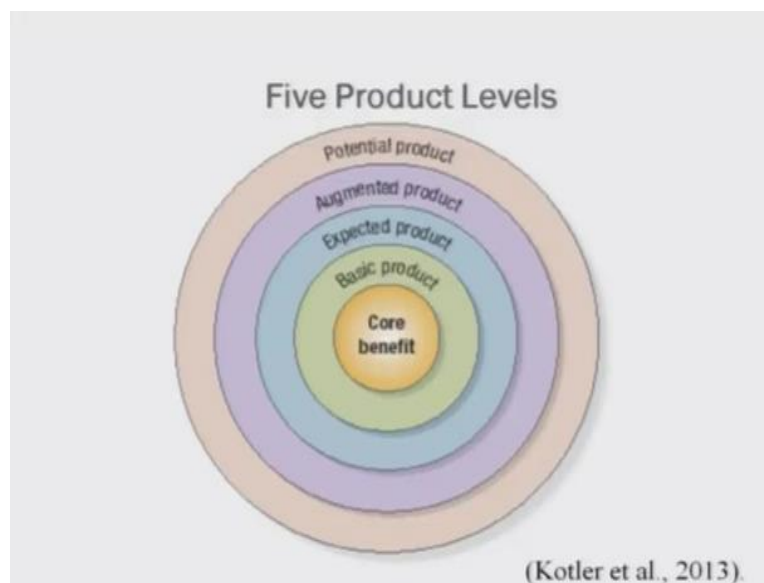
Another definition given by professor Kotler is like, a product is anything that can be offered to a market to satisfy a want or need, including physical goods. So, it talks about the different types of offerings likes physical goods, services, experiences, events persons places properties organizations information and ideas. So, you will see that all of these things comes in a market or offered by different seller's a in the form of their products. So, these include physical goods manufacture goods the services like education, the legal service, the various other types of consulting services.

The experiences, the events, persons are also marketed, places are also market and many garments are involved in marketing of the places, to generate the revenue and the jobs, that basically contributes to the betterment of the society, property organization information and ideas.

Now when we talk about the product basically, the product can be conceptualized as providing different level of benefits or the products have a different levels.

So, at the base or at the core of the product, is the core benefits, the basic need that the product. When this core benefits is soft through a product offering, then it takes a form it has to take basic product form and when a costumer expect in a competitive scenario that the product will have certain kind of features or it will includes certain things in the products. It takes in the form of expected products. then the next thing is the Augmented product.

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That sellers act to the expected product, so that their offering is differentiate from the competitive offering and the last level of the product is basically potential product which is the future product changes that seller can bring in, so that we remain differentiate from the other competitive offerings. So, these five products levels that I have try to explain in these slides with an example that, in case of these hotel industry what is the core benefits.

The core benefits that the costumer seeks is an overnight sleep or you want to have a sleep and rest and that is why you purchase the overnight stay in the form of hotel room so this is a core benefits know if this sleep and stay has to be the basic need has to be served then it has to be served through a product form or basic product which is like a hotel room and these hotel room will come with a basic communities and then these the next level of these basic product is the expected product.

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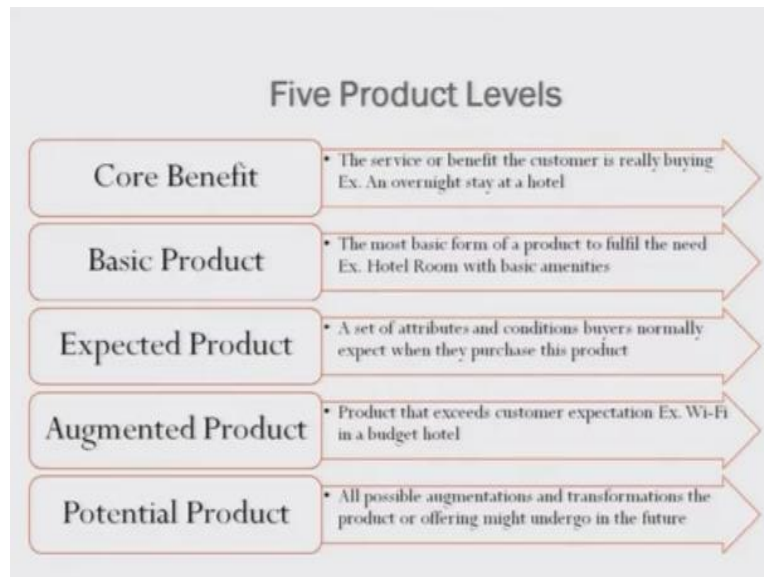


The state of attributes and conditions buyers normally expects because that become the norm in the market everybody in the market at least offer that level of benefits in their offering. So, when we purchase a hotel room this could be in the form of the hotel room, but the hotel room that the costumer will expects that it will have a bed with probably attached toilet and it will have a fan and it will have a certain other things which will basically help a costumer to have a pleasant overnight stay in that hotel room

Then what happens is to differentiate since you can understand that the expected product is something like a standard product which is being offered by everyone in the market sellers have to differentiate their product from the competitors and that is why the augmented product level comes in to the picture. Product that exceeds costumer expectations sellers add something to the expected product level.

And to a basic hotel room accommodation, it could be in the form of free WIFI, in the budget hotel. And this augmentation of the product can be done, by adding various different kind of features or enhancing the existing features in the current product offering. The last level of the product is potential product.

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I talked about this is all possible augmentation and transformations the product are offering might undergo in the future. So, what could be the possible changes or the possible add on existing product offering so that the product being offered is remain differentiated from the competitive offerings. So, that's the basically potential product now in these products the products labels one has to understand that what is today the augmented product will not remain or it will become a expected products.

As you can understand when I was taking about this example of a Wi-Fi, free Wi-Fi in a hotel. Earlier their use to the few hotels which will provide these facility, but this is become a market norm that that a free Wi-Fi is available in all most all hotels these days. So, what is basically a augmented products today will become a expected products tomorrow. Another thing that one has to understand that, when you are augmenting your market offering that you have to come, you have to understand that each augmentation will come at cost.

Now one has to understand whether the cost being added to the product is being compensated by the costumer value created if the costumer value created is on higher side then the cost added then this augmentation make sense otherwise ah it will not make sense to costumer's point of view and overall probably your offering will lose in terms of its value to the costumer with respect to the competitive offering.

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In this the product, we also want to understand that different types of product classification so there are different way of classifying the product. One way of classifying the product based on durability and tangibility. So, based on durability and tangibility, you can classify the costumers in three different types, non-durable goods, durable goods and the services. Non-durable goods are something, tangible goods but they have limited shelf-lines.

Generally, you will see that, they are purchased on a regular basis. So, those are basically the product like cloths or the product which are used as food items they comes in non-durable product. On other side, you have a durable goods, purchased probably very few times in the overall life cycle of a costumer. So, an example of durable goods would be car a new car or probably a refrigerator, these are something which are not purchased very frequently.

Or sometimes new you will see that in the entire lifecycle of a customer that they will purchasing only once of these durable goods. And then you have a third type of, based on durability tangibility and services we will talk about in much more detail in as we dedicate one module on this, so we discussed about it then there. And then the other way of classifying the product would be in the form, the market if that is whether it is for a costumer market or whether it is for B2B market so that B2C versus B2C classification.

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Consumer Goods Classification



In B2C market you will see that the consumer goods can be classified in probably four different types of goods. First type is the convenience good, that we, convenience goods are something which we purchased very frequently and you see that in this kind of product we would like to have the product, we would like to get the product as or as immediately or as less time and effort as it is possible.

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So, this Convenience good has basically three different classes or you can say that three types that is staple goods. As the name suggests these are the goods which are purchased on regular basis like grain, toothpaste, soap, as you can understand the costumer purchases them on regular basis. And some of these things like consumable items they are purchased on daily basis in a family.

Then the second type of convenience good includes, the impulse goods, which is like the customer has no preconceived notion that he will go and purchase a product when he is going to the shop but when you go and see the product, then you purchase it without any planning or efforts. So, a consumer purchasing a chocolate candy bar and chips when they go to a shopping place is an example of an impulse goods or then impulse purchase.

And then you have third type of good which is emergency good these are purchased when in need is urgent. So, when you have a monsoon season coming you would like to purchase umbrella because you feel the need in that point of time, that this is the thing which you need at this point of time or when the winter comes you purchase the woolen clothes because of the weather change.

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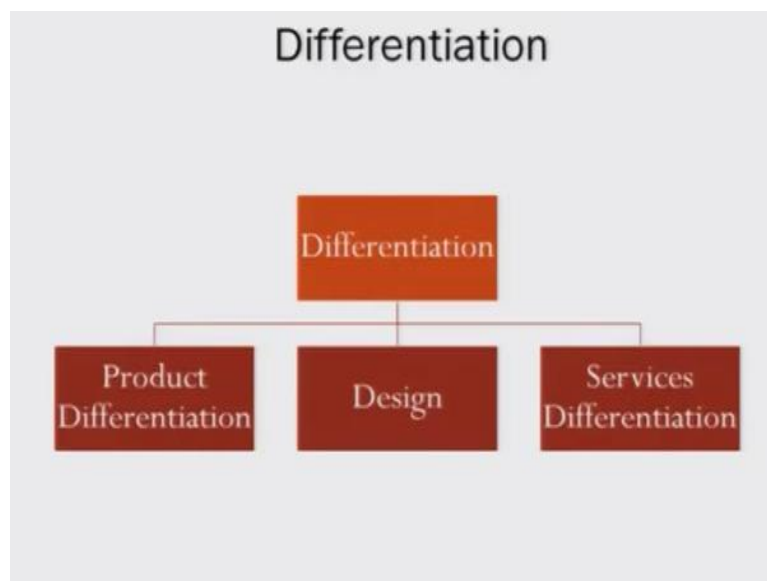
The other type of consumer goods are shopping goods which are purchased based on the suitability, quality, price and style like cloths is an example of a shopping good. Then you have third type of consumer goods in the form of specialty goods. These are basically very differentiate offering and consumer will be ready to put an extra effort to purchase this kind of product.

So, you will see that the product has unique characteristics and brand identification is high for such kind of product. consumer who wants to purchase a luxury car the consumer, who wants to purchase a car like Ferrari, he would like to go from one city to other city if the car is not available, or some feature as that kind of color that seeking is not available. In those cases,

customer will be ready to put extra effort, they will be ready to spend some extra time, in the form they will be ready to wait for the kind of thing that they want.

Then you have the last type of consumer goods in the form of unsought consumer goods which are about which the consumer lacks the information it does not think about mind in the usual cases. Like an insurance policy is something which is sort of unsought product, you will not be knowing much about it will not be like to will not be thinking about the purchasing it in normal conditions.

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Then you will also understand that we are talking about product offerings in the market how these offerings are differentiated. So, the offerings different offerings can be differentiated in the form through the different ways, so there could be product differentiation, there could be design differentiation, design based differentiation, there could be a service based differentiation.

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In the product differentiation, you will see that the product can be differentiated on seven of these, basis which can be used to do different differentiate the product. So, the product can be differentiated in the type of form so one of the very good example I came across recently was, if you see the Odomos a mosquito repellent cream, use to come in the market in the form of what you say, cream which is there in a tube form and then you take out rub it in hand and you apply it your body.

Now this thing is not probably very good, once you have it in your hands, where you have to wash it before eating something. So, the company came out with the different form of the similar product, that without rubbing it on the hand and then applying in the body, they came in a different form that, you can just put this kind of packaging across. wherever the you want to apply in the body and this were probably you do not need to use your hands, it is basically form based differentiation of the product then you see the other basis of the product differentiation could be the features.

So, any product will have certain kind of features and then you can add certain features to differentiate a product or enhance the existing level of the features in the product to differentiate it. Then you have performance and conformance quality. So, the product can be differentiated on its performance quality and conformance quality. Conformance quality is that whatever is basically that standard how good probably each and every unit that comes in a market conform to that quality is specification.

And then you can also differentiate the product based on its durability, reliability, reparability and the style. Some of the example is like, reparability, where you see these days that many of these devices, electronic device manufacture like laptop manufacture, comes out with self diagnostic tool inside the product.

And if a product is not functioning well, the costumer will run those diagnostic or they can contact the call center, the designated call center of the company and the costumer assistantship side people can interact with the costumer with the help of those self diagnostic tools to let the costumer repair the equipment or in their own.

This is the basically clear very fast way of maintain the product or repairing the product which help the costumer and the company both in terms of saving the time as well as monitoring cost in case of any breakdown.

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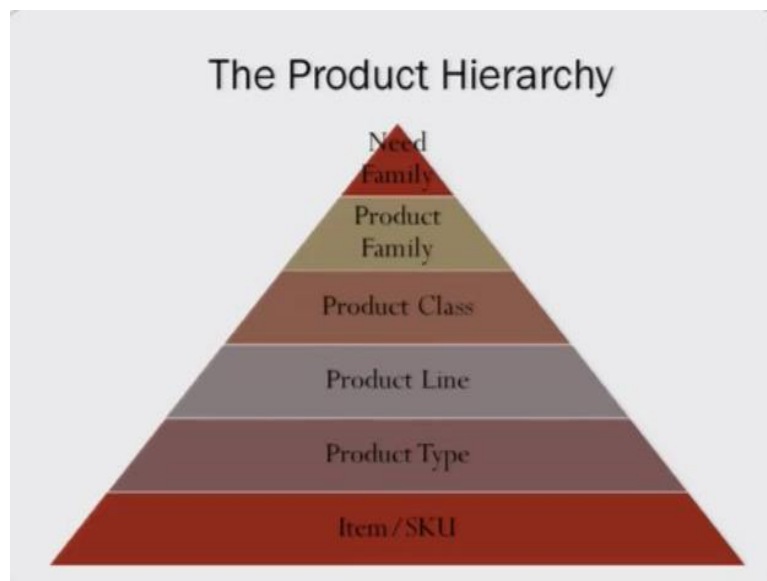
Then the other form of differentiation could be the service differentiation, that how easily the product can be ordered is one way of differentiating the products. So, the many companies many companies is in the banking sector are coming out with the these mobile banking and other forms of things that makes the costumer, who operates or order the things much easier way.

Then delivery base thing, pizza company claim that, the pizza will be offered will be delivered in probably 30 minutes. If it is not delivered in 30 minutes then the pizza can be, the costumer can have the pizza for free. Then you have installation costumer training,

customer consulting, maintenance and repairer. These are the basically service based differentiation that can exist in the market.

And the third type of differentiation besides product differentiation and the service differentiation is design differentiation that designs of the product makes it easier for its customer to use the product. The styling of the product that the looks of the product more static to the customer.

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Another concept in the case of the product is, product hierarchy. So, you will see that quite often the companies might not be having one single product, they will have a product portfolio. That can, in the case of product portfolio, this product hierarchy helps us to understand this product portfolio better. That generally you will see that there is need family there is a basic code need is fulfill by assert of product family, that in the form of, one of the core need of the humans is that for security.

That financial security is being fulfilled through either the saving or the regular income. So, these are the different product that within each product family there are different product class that helps to fulfill or they have a similar for and functional uses and the provides similar kind of need fulfill. Corresponding to this financial security you have the financial instrument that full fill need through this they are the one product class and within these each product class you will see there is a there are a different kind of the product lines, product type and within at the base you have item. Probably it will become more clear when I will show you through an example of an product mix of an company.

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Now you can see this is an example of a product mix company Hindustan unilever limited. There this you will see that these are the product line. Detergent is the basically one product line, soap is the second product line and shampoo is the third product line from the company. In this case you will see that, within these three types of product lines, this is called the width of this I can explain to you that this entire different type of product line in basically consist of the width of the company's offering.

Then within each product line, the number of offering you have the different type of products you have, that gives to the idea of the length of the product line and the within these each product line, you will see that the different products line will have different depth so that is basically the depth of each product line. Now you see that there is a concept of average product line so in this case in this example.

Which is a partial product is department of a Hindustan unilever product mix you will see that they are eleven products, eleven type of products. You have three different product lines see that average product line length is 2.67. Then you will see that, there is another concept of consistency, which comes in to picture in case of product mix is like, how well each of these product line or what kind of similarities are there between different product line, in terms of their production in terms of their distribution.

So, whether the similar the one type of product line can be produced along with the other type of product line is this is an example of consistency. So, this is an example of product mix

with these I end this product part and then we will meet in to the next session, we will talk about the new product development process and various issues with related to new product process Thank You very much.