

**Product and Brand Management**  
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**Lecture No. 16**

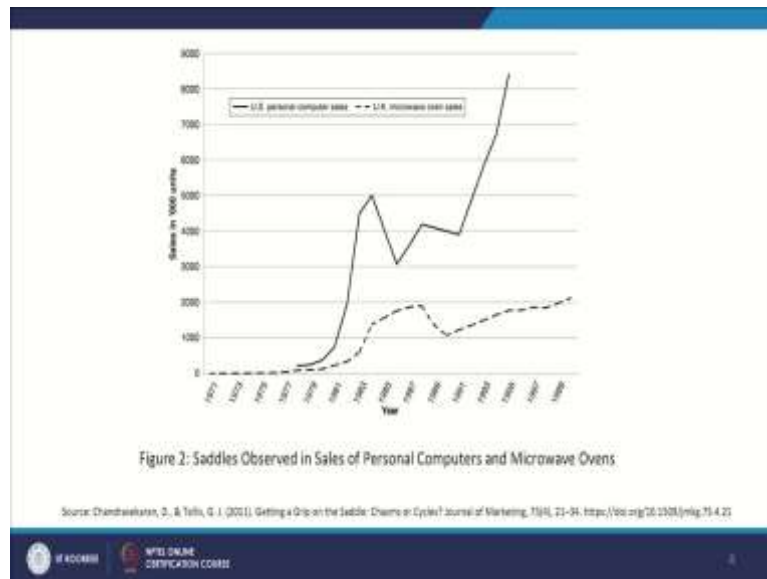
**Saddle Effect & Relationship of Product with Marketing Mix Elements**

Welcome back, friends. Last session I took you towards an understanding of a stage wherein organizations work on the revival of their products. I shared a few examples with you and there can be 'n' number of examples for this. In consumer products, you will find lot many examples where the product has reached at a verge of a decline or has already declined and then the organization lifted it up. There can be several examples in candies, in any salt, one or two cases you will find that in sugar. I may be wrong here and there, but if you will observe you just have to go to the past sales of all these products and the time period associated with that and then you will realize how organizations have picked up the situation.

Now, we were talking about the saddle when I left you in the last session. The saddle is wherein, there is a dip between growth and growth.

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This picture that is in front of you, which I also shared with you last time, shows a saddle, and we are talking about the saddle effect. You see again this figure or this picture talks about saddles observed in sales of personal computers and microwave ovens during a particular period of time by the authors. I have already given you the reference of the research paper, which I have referred to for this kind of a discussion.

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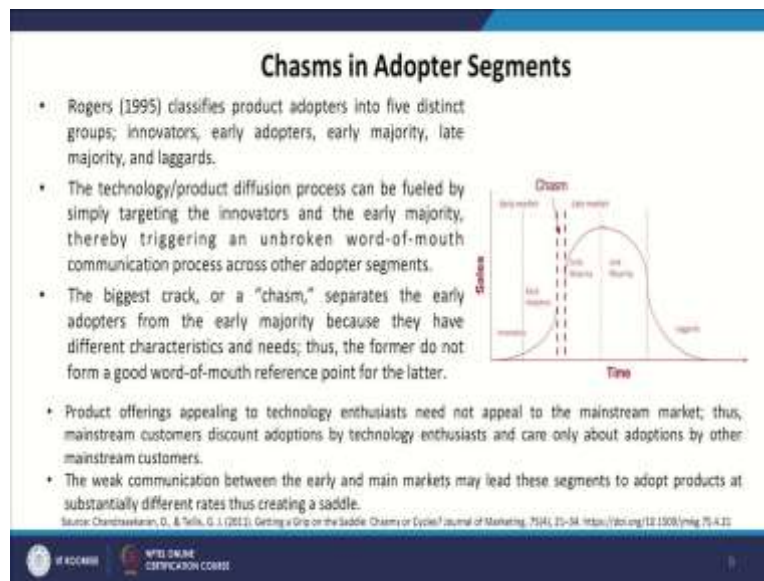
### Rival Theories of the Saddle

- Saddle may occur due to:
  - Chasms in Adopter Segments
  - Business Cycles
  - Technological Cycles

Source: Chandyakalan, D., & Tolia, G. J. (2011). Getting a Grip on the Saddle: Chasms or Cycles? Journal of Marketing, 75(4), 23-34. <https://doi.org/10.1002/jm.114.21>

You see there are some rival theories of saddle. Those rival theories as the author have mentioned have three elements from that side. The saddle may occur due to chasms in adopter segments, business cycles, and technological cycles. I will not be taking you into much deeper detail about every element, you may refer to that paper while moving ahead.

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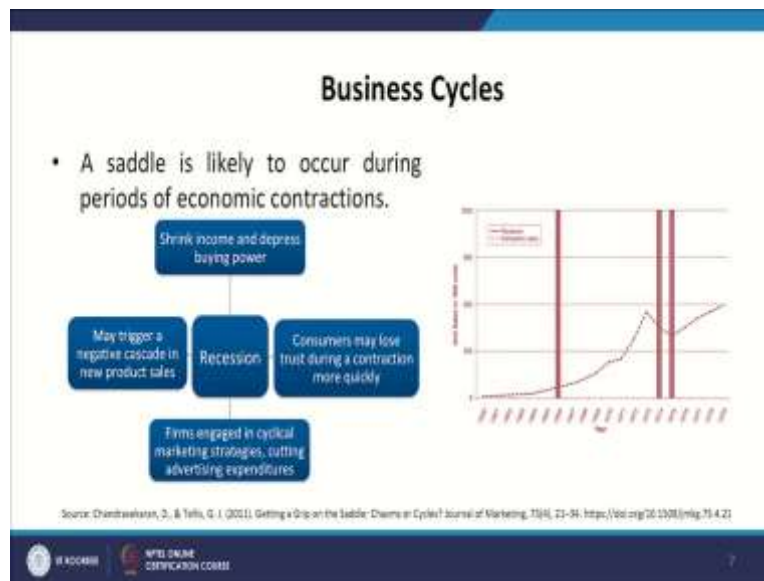
Rogers in 1985 classified product adapters into five distinct groups, innovators, early adopters, early majority, late majority and laggards. This figure talks about the point of discussion which we are pursuing in terms of chasms in adopter segments because this description says that the saddle comes because of this.

The technology or public product diffusion process can be fueled by simply targeting the innovators and the early majority, thereby, triggering an unbroken word-of-mouth communication process across other adopter segments. The biggest crack or chasm separates the early adopters from the early majority because they have different characteristics and needs. Thus, the former does not form a good word-of-mouth reference point for the latter.

Next is product offerings; appealing to technology enthusiasts need not appeal to the mainstream market. Thus, mainstream customers discount adoptions by technology enthusiasts and care only about adoptions by other mainstream customers. The weak communication between the early and main markets may lead these segments to adopt products at substantially different rates, thus creating a saddle.

This is one of the descriptions of how the saddle may come. Before I go to what the author found out, let us see another description. I will not be taking you into specific technology-based descriptions, but it gets infused here in this one and the earlier description that I have just given you.

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The business cycles-based kind of description says that a saddle is likely to occur during periods of economic contractions. Herein, income shrinks and buying power is depressed. Then you see recession is at the heart, at the core, that is, the recessionary phase is going on somehow. Then the other element is that consumers may lose trust during a contraction more quickly. Another element is firms engaged in cyclical marketing strategies cutting their advertising expenditures and so on. Lastly, it may trigger a negative cascade in new product sales as you see recession at the heart. So, the recession may generate a cascading effect on product sales. Then the graphical representation talks about a picture which is as good as a saddle. This is also one of the explanations for that. Key findings on the effect of the saddle, as far as the research done in this paper goes, are related to that the saddle is pervasive across countries.

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**Key findings on effect of saddle**

- The saddle is pervasive across countries. The onset of the saddle occurs in 148 of 156 product-country combinations.
- The average time from takeoff to start of the saddle is 9 years and average depth of the saddle is 29%.
- The duration of the saddle is 6.6 years for the 36 information /entertainment products and 8.5 years for the 84 kitchen/laundry products.
- There is a growing convergence in the year of the saddle and the time from takeoff to saddle over time and across countries.
- For the start of the saddle, results support the explanations of chasms and technological cycles for information/ entertainment products and the explanations of business cycles and technological cycles for kitchen/laundry products.

Source: Chaudhry, D., & Tello, G. J. (2021). Getting a Grip on the Saddle: Chasms or Cycles? *Journal of Marketing*, 75(4), 23–34. <https://doi.org/10.2306/jmkg.75.4.23>

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The onset of saddle occurs in 148 of 156 product-country combinations, which they studied and analyzed. The average time from takeoff to the start of the saddle is 9 years and the average depth to the saddle is 29%. The duration of the saddle is 6.6 years for 36 information/entertainment products which they studied and 8.5 years for the 84 kitchen/laundry products which they studied.

There is a growing convergence in the year of the saddle and the time from takeoff to the saddle over time and across countries. For the start of the saddle, results support the explanations of chasms and technological cycles for information and entertainment products and explanations of business cycles and technological cycles for kitchen/laundry products. This is how authors try to project their findings.

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**Key findings on effect of saddle**

- The results indicate that a recovery for information/ entertainment products is influenced by the year of commercialization and technological cycles, but not economic expansions; in contrast, a recovery for kitchen/laundry products may be influenced by economic expansions.
- Main implications of these findings are:
  - ✓ Saddle is a fairly pervasive phenomenon that affects most new products.
  - ✓ There is a dramatic convergence in some aspects of the saddle across countries.
  - ✓ Technological innovations are an important driver of the recovery from a saddle.

Source: Chandrasekaran, D., & Telin, G. I. (2021). Getting a Grip on the Saddle: Churns or Cycles? *Journal of Marketing*, 75(4), 23–34. <https://doi.org/10.1002/jmkg.75421>

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Again, continuing on that, they say that the results indicate that recovery for information/entertainment products is influenced by the year of commercialisation and technological cycles, but not economic expansions. In contrast, a recovery for kitchen/laundry products may be influenced by economic expansion.

There are two different sets of conditions, wherein, recovery can be seen or they may be seen as the reasons for recovery. The main implications of these findings are that saddle is a fairly pervasive phenomenon that affects most new products. There is a dramatic convergence in some aspects of the saddle across countries and finally, technological innovations are an important driver of the recovery from the saddle.

The perspective which the authors have shared with us is related to that there is a stage wherein products have been growing well, and then suddenly, the sales start dipping. There are several explanations, but the phenomenon is observed across several countries and categories of products.

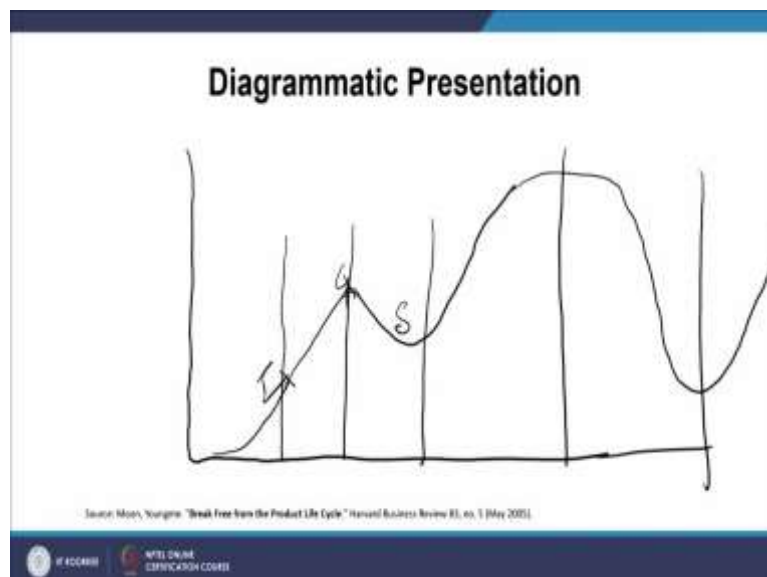
Because this is a primary study during a period of time, results are varied across several parameters and are pervasive. There can be further studies which can further think in terms of going ahead with a longitudinal perspective associated with several other categories of products and several other combinations of parameters which can be checked upon. But the results are indicative of a stage.

Now, let us look at it from a positive perspective. Intelligent authors through primary study have observed such kind of a thing, and we as marketing students and future marketers must

take clues from that. I talked about some of the elements of that, for example, how we should think in terms of advertising or retailer confidence. If we are taking clues from this kind of a research, there can be an elaborate thought process around our conclusion that saddle may come. When we can get prepared in terms of several elements, we can begin to enhance our liquidity in terms of product revenue goals.

We can offset the dip in sales with an additional kind of a support to the product through whichever means. We may or can bring in some innovation in the product at that particular time because the paper talks about technological innovation and support of innovation too, as far as reviving of product goes. Why should not we be focusing on or pre-empting this? is the main aspect which we are catering to at this moment.

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I will leave you with this thought, but from now onwards, I would be suggestive of the fact that, if somehow you think in terms of developing a product lifecycle graph, then you should be focusing on drawing it slightly in a composite manner. Here you can think in terms of accommodating these two elements, which we have discussed, apart from introduction growth, maturity and decline. What can you think in terms of? You can think of putting up an introduction perspective here, and then you can think in terms of carrying forward with, let us say, a growth element here.

Then you can think in terms of talking about a saddle phase here, and then you can think in terms of going for growth again. Then you see, this is where you can accommodate a phase where in saddle, growth, introduction kind of somewhat like this. Then you can think in terms of talking about maturity. Then somewhat decline and then rejuvenation as such. So, you can

always accommodate these elements in your thought process as a marketing researcher, marketing scholar, future marketer and so on.

Now onwards, you start plotting the products you have in mind. Whatever changes you are observing in terms of the sales and the graph of the products around you, then you may think of this composite picture to use as the basis for putting up products on different stages, during our discussion in the strategy part, especially, the product strategy part, and remember, we are talking about product management. So, product strategy and product-related strategies are integral to product management.

When we are talking about that part, I would specifically be urging, putting this in front of you, that you should start acknowledging the stages where the products lie, because that only would direct the strategy associated with the product. Now, as I suggested that I will be giving you a brief insight, again based on a very good paper, which I have referred to earlier, as well, written by Moon that says break free from the product lifecycle, published in Harvard Business Review in May 2005.

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**Break Free from the Product Life Cycle**

- The concept of PLC had been, and it still is in many cases, at the center of most firms' marketing and positioning strategies, helping them to manage the methodical progress of their offerings along a bell-shaped curve, from introduction and growth to maturity and decline.
- Though the concept has its advantages, it has given marketers 'tunnel vision'. How? They see only one trajectory: an *inexorable advance along the curve*.
- This tunnel vision leads to competitive reflex to augment product as they mature.
- However, the augmented product becomes the expected product and company start losing their competitive edge. E.g., Now even the generic toothpastes comes with the promise of whiter teeth and "removes plaque".

Source: Moon, Youngsoo. "Break Free from the Product Life Cycle." Harvard Business Review 83, no. 3 (May 2005).

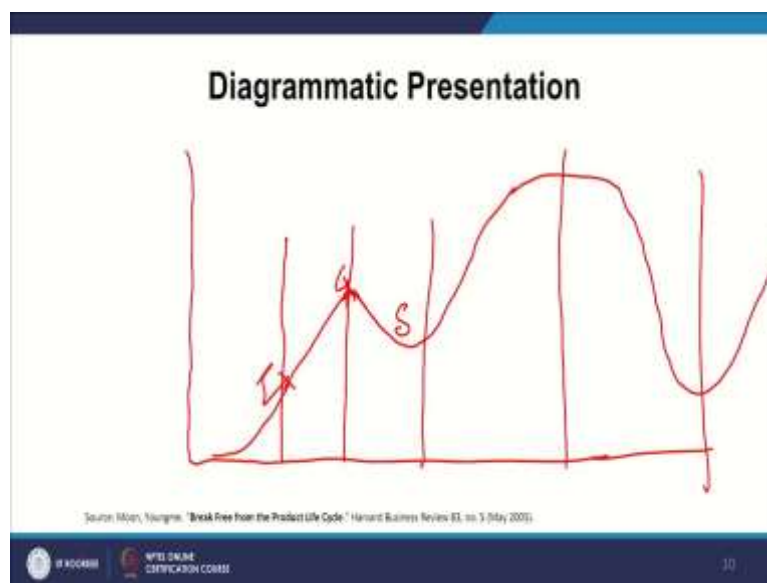
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This paper talks about a few important elements, which I have enumerated for you here. It says that the concept of PLC had been and still is in many cases at the centre of most firms, marketing and positioning strategies, helping them to manage the methodical progress of their offerings along a bell-shaped curve, from the introduction and growth to maturity and decline. From my side now, start saying that introduction, growth, saddle, growth, maturity, decline, and rejuvenation. You may talk like that.

Then the paper further says that though the concept has advantages, it has given marketers a tunnel vision. Probably the author has observed how they see only one trajectory: an inexorable advance along the curve. This tunnel vision leads to a competitive reflex to augment products as they mature. However, the augmented product becomes the expected product and companies start losing their competitive edge, and we have talked about this earlier as well, how customers start raising their expectations.

Now, for example, as the paper says, even generic toothpaste comes with the promise of whiter teeth and removing plaque. This is an example of how expectations get raised.

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Look at this distorted figure, which I made for you. This is how you should think about how to pursue lifecycle.

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Next part I will be taking you towards understanding the relationship of product with marketing mix elements. A very broad discussion on this point because I would be specifically focusing on the strategy part later on, but here it is very pertinent for us to imagine a concentric relationship between all these elements while putting the product at the center. Here we are talking about product and brand management and many times we are compelled to put other elements at the center. Still, our effort would be focusing on a product as the core reason for driving the other three elements.

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**Product Defined Once Again**  
**Domain of a Product/Something for being a Product**

- **Product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, person, places, properties, organizations, information and ideas.

Physical goods	Services	Experiences	Events	Persons	Places	Properties	Organizations	Information	Ideas
• Automobiles • Refrigerators • Washing machines • Mobile phones • Toys, etc.	• Education • Transportation • Healthcare • Hospitality services • IT services, etc.	• Virtual Diner • Virtual Mall • Virtual travel • Virtual shopping • Virtual events, etc.	• Sports • Conferences • Community events • Festivals, etc.	• Artists • Celebrities • Athletes • Musicians, etc.	• Cities • Villages • Regions • Countries, etc.	• Real Estate • Intellectual Property • Patents, etc.	• Non-profit organizations • Government • Corporations, etc.	• News • Research • Data, etc.	• Trends • Ideas • Concepts, etc.

Source: Philip Kotler and Kevin Lane Keller, Marketing Management 15th edition, Pearson, 2016 Indian Edition Published by Pearson India Education Services Pvt. Ltd 2016

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Before that, I am sure that you would remember the definition of a product. We talked about products being physical goods, services, experiences, events, persons, places, properties, organization, information, ideas and so on.

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Just keep that in mind, and you definitely would be remembering, all the terms and concepts which we discussed, attributes and classification of products and concepts related to products and several terms and terminology related to products.

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Recalling our focus on this, just look at that figure, and you see marketing mix, target, and positioning are at the core. All the four P's that is offerings, target the customer you have in mind, and the positioning of the product, which you are doing in the minds of the customer is

at the core. Product is the basic reason for that because that is what you are projecting in front of the customer.

How does that product have a two-way or multi-way relationship with other elements actually? Product, for example, has a particular kind of positioning in the target's mind. The related pricing would be there, and it would demand an appropriately synchronous promotion through specific modes of communication, which would be required to reach the customer for sending a very specific message that the customer needs. The place, that is the retail outlets or the place you would be actually meeting the customer with your product has to be in consonance with as far as the whole scenario goes.

In some places, you say that place would come first, or promotion would come later and so on. But, again this is how it would go. For example, you have a very specific automotive, let us say, Mercedes Benz. It has a particular kind of a positioning in the minds of the customer, which is a specific target for this product. We may talk of different models here, but I am talking of, different automotive models of this brand.

We very well understand that while looking at the product, then its target market and positioning we cannot get away from specific pricing and then in consonance with the price it cannot be taken to all the cities and all the places available. You see, it has to be there at larger places where such kind of a customer actually would buy that. For obvious reasons, the promotion has to be in consonance with everything.

There can be a high-priced product but with universal usage and universal acceptability. That can be thought of from a different kind of a perspective. There can be a not so high-priced product, a common consumer good, which is liked by people with high buying power or not so much high buying power and so on. For example, Bajaj. I have seen people with very high buying power who like that product. That has to be taken to the doorsteps of almost everyone, and that is precisely what I am saying. Everything has to be in consonance with each other. I will be talking about the specific elements later on as well.

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**Relationship of 'Product' with Marketing Mix Elements**

- Product is the basic element of marketing mix because all other elements are required only when there is product.
- All the marketing mix elements have to reinforce each other to enhance the experience of the customer.
- The elements of the marketing mix are tangled and sensitively related to each other.
- When a change is proposed to be made in one of the elements, it has to be checked if the changed element still fits with and reinforces other elements, or has it started contradicting other elements, making the marketing mix less effective in serving customers.
- Managers' decisions on marketing mix are based on various dimensions of each mix elements.

Source: Curry, D. I., & Rice, R. C. (1988). Prices and Price/Quality Relationships: A Longitudinal Analysis. *Journal of Marketing*, 52(2), 36-51.

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What I want to say here is that product is the basic element of the marketing mix because, all other elements are required only when there is a product. All the marketing mix elements have to reinforce each other to enhance the experience of the customer. The elements of the marketing mix are tangled and sensitively related to each other. When a change is proposed to be made in one of the elements it has to be checked if the changed elements still fit with and reinforces the other element or elements or have started contradicting other elements which means it is not fitting so much, I should not say contradict but make the marketing mix less effective in serving the customers.

Here, the objective is to understand why we are trying to understand the coherence in the relationship or dependability of all the elements of marketing mix on each other especially, while putting the product at the center because we want the effectiveness of the marketing mix. That is the major objective of a product manager and we would realize the intensity of this fact when we will be talking about brand management. Managers' decisions on marketing mix are based on various dimensions of each mix element.

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Just to recall, these are marketing mix elements. Under product, you have quality, features variants, services/support, image, positioning, substitutes and so on till design. Then you have the price, and there are elements of price. Then you have promotion with the elements and place with its own elements.

Now, briefly, this discussion can take so much time if I start correlating every element from the product with almost all the elements which are related to being brought into the picture when we are talking about one aspect of a product. But just to give you an example, we talk about increasing the features of a product. As soon as we think in terms of enhancing the features and the capability of a product, let us say an automotive, apparel or any other example or even a newspaper wherein, if you are enhancing the features that may require a cost. An underpriced cost element would get raised as soon as the cost element would get raised to offset it. Now you have to raise the promotion levels, should we be focusing on advertising, or should we be focusing on direct marketing or sales or sales force-based kind of a promotion? Or should we choose one or two or in combination?

This is precisely what I am talking about, if and then that may enable us or help us in recalling the fact that if we are moving from a basic product to a potential product, that is precisely what we are doing. We are recalibrating the combination of all the four Ps in consonance with each other, so as to bring in the effectiveness actually. For example, if we are enhancing the kind of warranties, product strength has to be enhanced, and some production changes have to be brought in, and that may also increase the cost.

For example, if we are bringing in design changes, then we definitely have to emphasize that, those design changes require promotion to be done further, and it contributes to the cost and so on. You see, there are triggering effects which have to be offset or equated with the equal intensity from the other elements of other 'Ps' that is precisely the message here. Take Decathlon example, and I will give you a composite structure while mentioning this example.

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### Decathlon

- Decathlon's product portfolio includes all the sports equipment (more popular, or less popular), their accessories, clothing, footwear and everything required. The wide collection is spread over various categories of sports namely, football, basketball, baseball, cricket, badminton, archery, billiard, darts, field hockey, roller skates, volleyball, scuba diving, and many more. **In short, each and everything of your requirement is present, for both men and women.** (Product)
- Decathlon keeps its prices 20 percent lower than its competitors, without compromising on quality. **The pricing is low because of the optimization of internal processes in design and logistics.** (Price)
- Decathlon has an immensely distributed network with over 800 stores all over the world because it has attracted customers of almost every sport towards its attractive product portfolio. (Distribution)
- Decathlon also has products of all kinds from its own brands, which it heavily promotes. Decathlon has a very high product-quality relation, because of its affordability factor with its quality as its differentiator. The customer's in-store experience, where people spend their time in knowing more about the sport, is also spread by the word-of-mouth, the most delicate form of promotion. (Promotion)

Source: <https://www.decathlon.in/>  
<https://www.marketing91.com/branding-strategy-using-which-decathlon-has-become-the-elite-in-sportswear-market/>

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Decathlon's product portfolio includes all the sports equipment, their accessories, clothing, footwear and everything required. The wide collection is spread over various categories of sports, namely football, basketball, baseball, cricket, badminton, archery, billiard, darts, field hockey, roller skates, and so on. Just visit the store. I am not one of the representatives, I am just an academician using this example. In short, each and everything of the requirement is present for both men and women. It is a wonderful store.

Now, Decathlon keeps its prices 20 % lower than its competitors without compromising on quality. The pricing is low because of the optimization of internal processes in design and logistics. Decathlon has an immensely distributed network with over 800 stores all over the world because it has attached customers of almost every sport towards its attractive product portfolio that is related to its distribution.

Decathlon also has products of all kinds from its own brands, which it heavily promotes. Decathlon has a very high product-quality relation, because of its affordability factor, with its quality as its differentiator. The customer's in-store experience, where people spend their time knowing more about a particular sport is also spread by word of mouth, the most delicate form of promotion or one of the most delicate and desired forms of promotion.

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**Lets take some more examples**

- A News Paper---Hindi---English
- Price of Copy---Price of Space
- Target--- Promotion -----Positioning—Place---
- Let's take a Tourist Destination say Bangkok and Singapore
- Price of Facilities and Spots
- Target--- Promotion -----Positioning—Place---

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Then there are several other examples, such as a newspaper, Hindi or English. The price of a copy and the price of space, there are two prices a customer pays. The reader pays the price of a copy and the advertiser pays for the price of the space. But, those are related to each other. The higher the readership, the larger the number of advertisers who can get associated and it cuts both ways.

You can reduce the price for the advertiser, or you can raise the price for the advertiser because you can charge a premium on your high readership as well, which in most cases newspapers do. Then there are specific elements of target customers related to a particular newspaper, for example, it is a Hindi newspaper. Definitely, Hindi readership is associated you say English newspapers and English readership is associated with that.

Then, it depends on how many people are reading one copy of that newspaper. That is where the readership perspective comes in. How do you promote a newspaper for advertisers as well as readers? How have you positioned that and if you have positioned that, where do you want them to read? Do you want them to digitally read the newspaper, or do you want them to physically read the newspaper?

The same can be the terms of several tourist destinations. You have several kinds of positionings associated with different kinds of tourist destinations. Bangkok, for example is specific in its positioning in terms of tourist attractions. Singapore is very specific as far as the tourist attraction goes, and when you have specified that in terms of your positioning, you would have differentiated the target as well. Although lots of overlap would definitely be

there. But, then pricing differences, promotion differences, and some other differences would definitely be evident.

I am talking of tourist destinations, which are not so easily differentiable in terms of kind of attraction and experience. There is lots of difference between the places obviously, but again, the point is that the tourists may like both of the places. Still, you have a different perspective, working in terms of a fruitful and meaningful combination of all the four Ps together.

I will leave you with this thought of imagining almost everything we have discussed till now, especially positioning, product lifecycle and all the stages or intermediary stages, or should I say stages and supporting arguments, along with an intense relationship between all the four Ps. Focus on this as a composite picture from now onwards, because after this, we will be going more intense in terms of thinking about analysis and strategy. I will come back to you. Till then, goodbye.