

Product and Brand Management
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Product Strategy and Decisions - 1

Hello friends, welcome back to product and brand management. Now, I would be taking you towards the strategic perspective of product and the associated decisions. It is an interesting discussion and you would realize at the end of the day that how you should be thinking in terms of a product strategist and we have been referring to product management as a composite art.

We have been building upon the terms and the concepts which we have learned, we have talked about planning and analysis in extensive details and we are continuously building up everything block by block to reach to the strategic understanding and then we will look at the management perspective and this understanding would take us towards brand management. So, managing brands or managing products as brands, but with a focus on the branding perspective there.

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Product Strategy

- Product Strategy should address three related questions:
 - Where are we headed? (Objectives)
 - How will we get there? (addresses issues such as whether to focus on existing versus new customers)
 - What will we do? (specific programs to be employed in order to implement the core strategy)

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.

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So, let us begin our discussion on product strategy and decisions wherein, product strategy should address three related questions; where are we headed? (objectives). We have been mentioning about objectives in due course of time. In planning session also, we talked about objectives, and here, because strategy is related to execution, we have a composite plan in place,

we are actually taking it further in terms of implementation, execution and formulation perspective that we have thought of while we were planning.

Although strategy has a component of formulation, but here we would be focusing more on execution and implementation. That is why we have to revisit the objectives and that gives us a direction and a timeframe and it is the most important element when we are talking of strategy although strategy has a long-term connotation to it.

For example, you look at the situation with the perspective of Parle G. How long it has been serving us? How long we have been liking that product? For example, if you look at several insurance products by LIC, or several products by SBI (State Bank of India) or other long-lasting banking organizations and other organizations having a long history for example, Tata Steels.

Strategy, fundamentally is a very long-term kind of an aspect wherein, you visualize the steps you would be following and that is related to as I said timeframe and direction. How will we get there? Now, this addresses issues, such as whether to focus on existing versus new customers and we are talking of product strategy here, or how we would be developing the whole lot of a market in terms of a particular product.

It is a very genuine dream of a product manager, that there is a product which sells by itself for a long-long, time. And that is why in the last discussion, I mentioned a product like Boroline, a very effectively placed product. It is selling continuously for a number of years and with a very satisfied customer lot.

For example, I mentioned, Nivia cream, Kesri Marham, Khana Khazana. So, that is where, the dream of a product manager is and you would have several such products in your own city. And I am not talking of branding span or those things as of as of now.

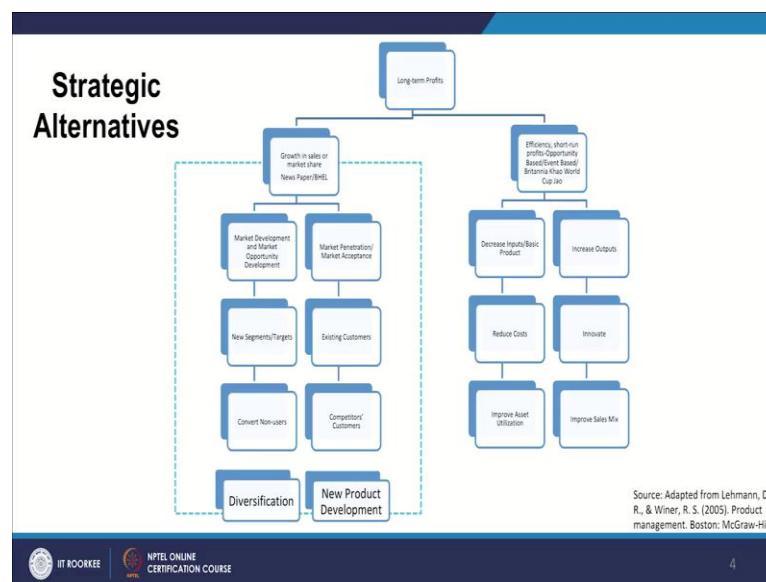
You would have specific policies, an insurance policy running for 'n' number of years, which has been purchased generationally by customers. You have several products by Amul, for example products by Bata, you have several products by consumer goods companies, which have been marketing those for 'n' number of years and one of my favorites is Dabur Dant Majan being sold for "n" number of years. Then there is a beautiful product called Odomoss, for example, Vicco Vajradanti and I can name them continuously after all, we are talking about product management.

So, specific programs to be employed in order to implement the core strategy. So, and this is fair if we think in terms of intermediary timeframes as we are talking of a long-long time. We are talking of steps to be taken, we are talking of specific activities, we are collating almost everything through the eyes of the plan, which we have developed and we are revisiting the plan continuously and now, we are talking of specific timeframes of next 2 years or next 4 years.

For example, when Dainik Jagran started printing their newspaper the kind of technology they were using at that moment and now, the kind of advanced technologies which they are using. And for that matter, many other publications printing newspapers or many publication houses actually.

For example, book publishers, the kind of technology they were using long back and now, what they are doing? So, in terms of production, in terms of product itself, the larger form of the product and so on. It is an interesting discussion, which encompasses so many things.

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And here is a larger picture of strategic alternatives broadly divided into two parts. Long term profits and that is what this box says long term. I want to earn money through this product for a long time.

The other one says short term, but again, that is a complimentary thing and when I say short term not too short, but short specific terms that can be divided into many shorter terms and whichever

way you want to look at it. I am not putting up timeframes here, examples can justify themselves, when we talk of timeframes in such cases.

Now, when you look at one of the portions in terms of growth in sales or market share please do look at the examples and try to build up every scenario here with the point of view of examples actually.

So, try to look at a newspaper, for example, Dainik Jagran or let us say in an industrial organization, a Maharatna company in India, BHEL, a wonderful organization, which is doing exceptionally well in terms of their contribution in engineering and especially focused on power and several other contributions, and then high-end devices also. So, they have so many divisions.

And, once you look at in terms of their growth in sales, you would look at what kind of product development they have done in due course of time and what kind of market share they have built up all through and what kind of readership they have acquired, and what kind of industrial scale production BHEL has acquired in terms of their product specifications and usage at the end of the day. In high capacity generators, they are a very large contributor actually.

And then, this further gets divided into further two parts. One is market development and market opportunity development. When I say market development, that means, you are actually responsible for developing the complete scenario, that is, you are actually a category puller that means, your capacities, your acumen, your intelligence would actually build up the space for your competitors as well many a times, but that is what you have to do. You have to expand and one thing which a product manager must remember is that they would not be able to reach to all the customers of the world as there would be capacity limitations.

So, developing the market and then increasing the depth and then, enhancing the length of the line and then increasing the width is an intelligent move by companies, but, after that also competition would still have some space to occupy and it is not a harmful thing because it will keep the industry alive and that is what newspapers like Dainik Jagran and BHEL are doing.

And then market opportunity for different kinds of, for example, if you look at Dainik Jagran or other newspapers, they are media organizations newspaper plus, because they are gathering content from all the sides, so, they have different avenues to release that content and those avenues can be one of the radio or that content can be an additional newspaper also, that content

can be a newspaper in a different language also, that content can be released through a television if they have.

So, that is where market opportunity development in different kinds of spaces can be seen. And we can talk about this with a different perspective also, for example, a banking organization can think in terms of microfinance, that is again market opportunity development and that can develop an opportunity for different kinds of enterprises, which, otherwise would not grow. Grameen Bank Bangladesh specifically did that and they created a model which world is following now, thanks to Professor Muhammad Yunus.

So, now other element parallelly which comes to us is market acceptance and I always refrain to call it market penetration. Market penetration to me individually (with a disclaimer that I do not doubt the intelligence of people who call it this way) but to me, it feels like, pushing the product, wherein acceptance is wherein the customer is willing for the product. So, that is how I differentiate it and that is why I have written penetration slash acceptance.

Now, then comes in new segments and targets; how to add on customers, can there be a product which can be useful for younger children and elders also. Johnson and Johnson did that. There are several products by Johnson and Johnson's, which, they took forward further from kid-space to elder space, and for several kinds of customers.

So, we are focusing on today's era, wherein we have been talking about TV shows. Different kinds of shows are being produced, wherein, a larger range of audience is targeted.

And there are automotives, Honda Activa is one of my favorite examples, where in age groups starting from as soon as they are eligible to ride an automotive, starting from that stage to elderly stage up till the stage where they can comfortably ride. So, all the age groups, all the genders are included in their target segment and which is a very good deal.

So, on the other side existing customers; how to retain existing customers and how to motivate them for repeated purchases? That is again a very important thing and you would realize that. I have been naming so many products for example, Tata salt, Lipton tea and you can put up several kinds of customers who are loyal, satisfied and they go for repeated continued sales or purchase.

Just go to a departmental store now, and do this exercise in one or two days after watching this video and just look at several products, which are there forever, and then think of that, which products you have been purchasing repeatedly and you have stopped giving yourself a reason to purchase those products and that is what we are referring to.

And then you go for, the next stage of converting non-users, people who have not been thinking in terms of reading newspapers, for example. Then a newspaper which is a wonderful product, I can think of, how did they conceive that and incidentally, I was told by one of their senior most executives, one of the founders of that product, he is a very intelligent marketer, a very eminent personality, he himself told me once that he was thinking about that, there is a reader segment, which is available between a particular time period of a day and this reader segment likes to talk in a bilingual mode that is their own local language especially and their product is targeted towards people who talk in Hindi and English mix and they have this kind of a tendency towards particular kind of a news, they want to look at almost every news item, but, still focusing on particular kind of a news.

So, keeping that reader in mind, he conceived along with other partners in his organization or members of the organization with definitely a good support from the leadership this newspaper, named it “inext” and printed it, published it, and it is a success story.

So, BHEL also, their senior management was once talking about, what kind of futuristic products they are looking for. They are coming up with wonderful products and you would soon see those products evident in almost every city. Such kind of products are being brought which, I cannot reveal that as of now. Then comes in competitors’ customers, because you are talking of non-users, but, you are still focusing on pulling the competition, pulling their customers from the competition, attracting them towards your product, giving them comparison, the benefits and so on.

And, lastly, which is actually the segment which, you would be focusing upon is diversification. And this session, which we would be focusing upon is new product development. Ultimately you come to a stage wherein you realize, okay, existing lifecycle is doing well in terms of the existing product or everything is going on fine, let me develop a new life cycle for a newer product i.e. new product development.

So, it is a whole lot of a process, which requires lots of insights, and I will be talking about that sequentially in times to come. Diversification, wherein you go for a varied type of products, focusing upon similar customers, many a times different customers as well, but having a universal brand connotation. So, many times, without that as well, (we will be talking about that in branding) but diversification is wherein you are traversing towards different kinds of customers with different products actually.

Now, coming to the other side, wherein efficiency, starting from long term profits or perspective efficiency, short run profits, or should I say opportunity based, event-based segment for example, “Britannia Khao World Cup Jao”. Now, wonderful campaign by Britannia, wherein they focused upon an event for short run games and they capitalized upon that they devise the complete product strategy around that. They devised almost all the elements of marketing mix around that and they went all in for that.

Here, there are two parallel aspects, one goes through decreasing the inputs, that is going for the basic product, reducing the cost and improving the asset utilization, maximizing the profit, reduction of the cost and convincing the customer, this level of product is fine, it is wonderful and on the other side, you have to increase the output that is to go for larger production, but for that, either you have to innovate upon your marketing proposition or product as such and product innovation is not a short term thing. So, marketing proposition; innovation is largely focused upon that.

You may say that, slightly improved aspects related to features or positioning of the product, you cannot change, you cannot reposition it, but you can put up a newer perspective to it and then comes in improving the sales mix, the modes through which you are reaching to the customer in terms of your sales exercise and efforts. So, these are largely the strategic alternatives, which we are trying to focus upon here.

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Selection of Strategic Alternatives

- Product Strategies can further be explained through **Growth Vector Matrix**.
- The Product-Market Growth Matrix or Ansoff Matrix is a strategic planning tool developed in 1957 by Igor Ansoff to help firms recognize if there was any advantage to entering a market. (New Courses)

		Product	
		Existing	New
Market	Existing	Market Penetration/ Acceptance	Product Development
	New	Market Development and Opportunity Development	Diversification Opportunity Development
		Process Innovation	Product Innovation

Source: <https://marketing-dictionary.org/>

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Now, I will be taking you towards selection of strategic alternatives, enumerating those, selecting those, but there should be a basis of selection of strategic alternatives. And let us structure this in the form of a matrix. It contributed a lot as far as marketing literature goes. Ansoff a very eminent thinker and philosopher gave growth vector matrix.

Product strategies can further be explained through this matrix. And product market growth metrics or Ansoff matrix, which it is called usually is a strategic planning tool, which was developed in 1957 by Igor Ansoff to help firms recognize if there was any advantage to entering a market and I have quoted an example of a new program or a new course.

For example, at masters level or a bachelor's level and I will be carrying forward this example later on, when I would be deciphering the quadrants of this matrix wherein one on horizontal, you have product, vertical, you have market and then both ways you have existing or new and existing, for example, product is existing and market is also existing, then you have to focus upon market acceptance more.

So, here I would remind you of looking at the lifecycle situation and positioning once again, because that has to be done in consonance with the positioning and lifecycle situation, if it is a matured situation and you cannot go for aggressive advertising at that moment so, you have to increase your sales efforts, that is what we are talking about and at this particular moment, I will be using examples later on to decipher these things.

So, if you have existing market and a new product, so, product development in the sense of product development and market development go hand in hand in consonance with each other, focusing on the product development as such. So, you have to think in terms of existing customer with a newer kind of a product that is an alternative or substitute.

Then comes in a new market and an existing product. So, there comes in market development and opportunity development, which I have been referring to and these elements of existing product, existing market and existing product and new market comes under largely if you look at that, they would be focusing upon process innovation at length. Although this can be discussed in with convergent or divergent views as well.

But, here in this quadrant, where in market is new and the product is existing then market development has to be done, that means, you have to reach to the customers with the proposition so that it can be further developed as their habit as in terms of their usage.

And then, last, wherein market is new, product is new, you have lots of scope for diversification and opportunity development as such. Market related opportunities, that means, you bring in newer product to a newer market with a newer kind of a perspective and here both these elements wherein new product, existing market, new product, new market, that comes under Product Innovation largely. So, that is where, the matrix situation is, it tells many things by itself. I will be deciphering this for a short while, in a few minutes from now.

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Market Development Strategies

- These strategies are aimed at noncustomers of the product (i.e., customer acquisition).
- Pursue nonusers in segments already targeted.
- Developing segments previously ignored by the product category.
- Example of Market Development Strategies-
 - ✓ Asian Paints after analysing the issues pertaining to the use of chuna in houses, introduced 'Utsav' to pursue nonusers in rural market. (A cement paste is another example)
 - ✓ Starbucks has stepped beyond selling their coffee beans into only coffee stores. Now they sell them at grocery stores too for non-coffee store goers.
 - ✓ Courses-MBA to Engineers-Senior Executives-Leaders

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.
Image Source: Google



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Now, let me take you through different stages for example, now, market development strategies. We have been focusing upon the discussion under a matrix kind of a situation. So, let us look at market development strategies. These strategies are aimed at non-customers of the product that is customer acquisition wherein, you have to pursue non-users in segments already targeted or different segments many a times, different target altogether, for example, medical insurance.

So, there have been different reasons for people to get medically insured, but people in good age and good health avoid, so, there could have been ways like that you have been motivating organizations to motivate their employees. So, there you have to focus in terms of developing customer's acumen or perspective around that I should not say acumen, but perspective around that product.

Developing segments previously ignored by the product category; I should not say ignored, overlooked, you may say example of market development strategies can be there, for example Asian Paints after analyzing the issues pertaining to the use of Chuna (lime) in houses, introduced Utsav to pursue non-users in rural market.

Now, this is a product which can be a cost-effective product, which can be used by rural people to paint their houses effectively other than usage of lime which is not so durable on walls.

And, I remember another example, wherein a cement organization developed a semi solid paste of cement which can be mixed with little water and can be pasted on the floor of the houses. In

India and many parts of the world in rural areas people traditionally paste their floors with cow dung paste to give it a clean look and so that it can be there for a while and to avoid dust actually.

This cement company actually prepared a paste which can be pasted and then you can let it dry for a while and it is as good as a cement floor definitely with a lesser life, but the price is much less and equal to the effort and the cost you would bear for bringing in cow dung and then pasting it and then doing that exercise. It is very easy and low cost. So, that is where market development strategies come in. Why should a large cement manufacturing organization think about this? To develop the market as such.

Then Starbucks steps beyond selling their coffee beans into only coffee stores. Now, they sell them at grocery stores to and for non-coffee store goers as such. And then you can think of as I said, I would be talking about a course and a program, for example, MBA program to engineers, MBA program to senior executives, MBA program for business leaders. So, that is where newer market development strategies can be thought of.

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Product Development Strategies

- New MIM
- Newer MBA special
- New Usage MBA for Home makers

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Now, I will be talking about product development at length, but just to give you a very brief aspect here, for example, when you talk of a new product and with management perspective, there can be a wonderful course which IIT Roorkee is running under Department of Design as of now, Master of Innovation Management, for example, it is a two years program, a wonderful

program, and then not entirely new but can be a newer, special MBA program, MBA with artificial intelligence perspective can also be thought of with the same reasoning.

So, that can be a newer kind of a thing in accordance with the contemporary usage of artificial intelligence which is prevalent and new usage. Now, that can be varied, for example, MBA for homemakers, that can be a beautiful program spaced for 4-5 years and that can have a very innovative content in local language with story books, with examples from their side and giving them a perspective that they can be managers there and putting up the whole lot of an element of that course structure.

And I remember one organization which introduced a very short course for females who are rural entrepreneurs who do not have formal education and are educated to an extent there. They do not have formal degree-based qualifications, but this organization structured a management program for them.

So, that is where product development strategies can be thought of, when we are talking of the matrix-based imagination in terms of strategic product strategy development all together. So, I leave you here with this thought. I will be coming back with two other quadrants and several other insights in my later discussions till then, goodbye.