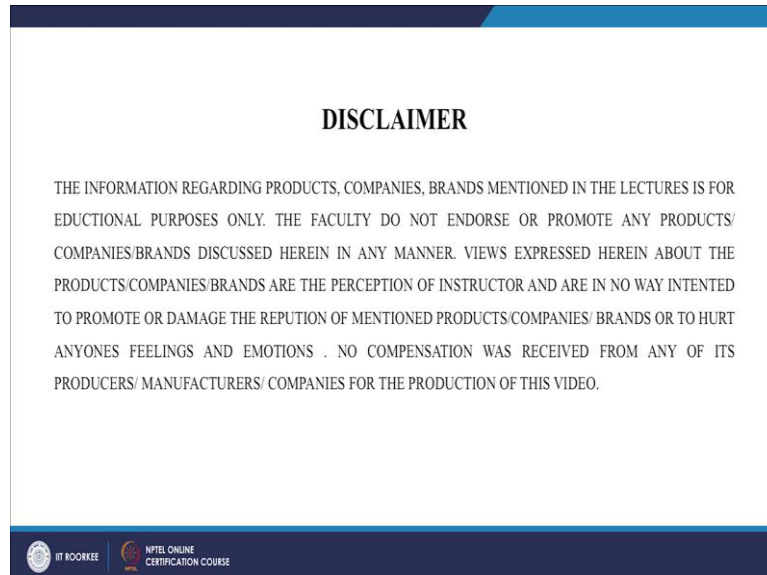


Product and Brand Management
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Lecture 04
Terminologies Associated with Product - II

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Welcome to this session friends. We will be focusing upon product hierarchy, elements of product hierarchy as we discussed in the last session, wherein I focused upon ‘need’ as the fundamental most element of product hierarchy, and although it is very simple to understand for us what ‘need’ is basically, but, it is the originating point of looking at the satisfaction of a need in terms of products and that is the originating point of a large puzzle for marketers, I would not say unsolvable puzzle, but that is a long path which marketers have been taking in terms of categorizing, re-categorizing and calibrating on how a customer should be reached with what kind of a product.

We referred to few examples of computing and dental care and those kinds of things in due course of time and by now, you would have started thinking about what ‘need’ is?. For example, hunger as a need and shelter as a need and so on. But then you would realize that, it is a starting point of a complex kind of a thinking, when we look at it with the perspective of a marketer. Let us look at some other terms and I will be coming back to this conceptual perspective in due course of time and we will be looking at product management with a strategic perspective.

But, let us start making it more interesting and start understanding few specific terms. So, next in product hierarchy comes in product family, a family of Apple products, for example. And when you say this is an Apple family, now, it is very interesting and someone from the marketing side of Apple would say that we have a family of products, wherein they have desktops, they have laptops, they have smart phones, musical devices and so on. So, a huge Apple family. You go to some showroom of Apple, and you would realize that you are meeting Apple family there. So, the person would greet you and he would say, welcome to the Apple family of products.

Now, that is very interesting basically, when we talk of a family of products. Then here again, I would say that there is a categorical reference to a definitional perspective wherein we have been continuously referring to Philip Kotler and Kevin Lane Keller, marketing management fifteenth edition published by Pearson, 2016, India Edition published by Pearson India education services Private Limited, 2016. But, again, you see, there is an evolving perspective around these terms. So, I will not take you to that evolving perspective discussion, because that will subsequently be followed, when we will be understanding whole of the scenario.

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Product Hierarchy Levels

2. Product family: All the product classes that can satisfy a core need with reasonable effectiveness (Reference to being an Alternative). This means that the attention should not be on the individual market but rather the entire business market.

For example,

If travelling is the core need, then it can be satisfied by planes, trains or ships.

Multiple devices such as Laptops or Smartphones or Computers/ Desktops can help in satisfying the computational need of a customer.

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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So, product family, wherein all the product classes (and I will come to classes later on), that can satisfy a core need (need we have talked about with reasonable effectiveness). So, there are several classes within a family. Now, at this juncture, you see, and I have always been suggestive of a fact to my marketing students that in many core concepts and terminologies, used in marketing, there is a backdrop of what we would have understood in economics.

I will not take you there, but just a reference then there is an understanding related to language also, the perspective also.

So, those kinds of several things constitute a good marketing understanding, now, when we talk of a product family, it may have a reference to alternatives, alternative products, which may solve the same kind of a core need though those products might not be similar, but they would be solving a particular need for example, a protein rich diet. For example, a person needs protein. So, the core need here is associated with protein, so, protein rich diet, wherein home cooked meal can also solve that purpose.

Now, a protein supplement can also solve that purpose. If a marketer has these two options with him, basically, he can put up those things in a family, but it is slightly a complex kind of thing. That is why I chose the example of Apple to explain a family of products, wherein they have processes at the backdrop and similar kinds of process based understanding and processes associated with the production of the product are being used to address the core needs, wherein, that family can be projected in front of the customer.

There are multiple devices such as laptops or smartphone's or computers and desktops, which can help in satisfying the computational need of the customers and so on, and now onwards, I would request you to think in terms of about which of the products can be understood with reference to being a family. Remember, they should solve a core need, and they should belong to different product classes. This is how we will go into understanding product hierarchy.

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Product Hierarchy Levels


3. Product class: A group of products within the product family recognized as having a certain functional coherence. (Reference to being a Substitute)

For example,

1. Consider '*Computer*' we come across various product classes such as Personal Computers, Server Computers, Mainframes etc.,
2. In roadways, there are several transport options like Passenger cars, Trucks, Buses, Motorcycles etc.,
3. In '*toothpaste*' Colgate has several products such as Colgate Total, Colgate Max fresh, Colgate 360.

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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Then, comes in product class, as I said a group of products within a product family recognized as having a certain functional coherence. A functionality perspective of similarity has to be there and you see here, there is a reference of substitution as such, so, you have a replacement in terms of substitution, when we talk of a product class for example, when we come to look into computing devices or computers, we come across various product classes such as personal computers, PCs, it is a subclass of computers, basically, then you have servers, then you have several, several classes here, the point is that there has to be a functional coherence.

So, one can substitute the other in almost equal way and that is where the class comes in, and these classes would constitute family and family is related to coordinate and that is how the hierarchy starts coming our way. You see, it is slightly confusing when we talk of a fundamental generic term and then we say that there the organization has to be same but do not get confused at this particular stage. Just think in terms of examples, which can enhance your understanding. As an example of toothpaste, Colgate has several products such as Colgate Total, Colgate Max fresh, Colgate 360 and so on. You can go on but again the point here is about core need family.

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Product Hierarchy Levels

4. Product line: A group of products within a product class that are closely related because they perform a similar function, are sold to the same customer groups, are marketed through the same outlets or channels, or fall within given price ranges.

- A product line may consist of different brands.
For example,
 1. Detergents is a Line
 2. Automotive
 3. Scooters
 4. Bar Soaps

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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Terminologies associated with product

- **Production** refers to the addition of utilities to goods or the rendering of services possessing utility. It specifically refers to the creation of form utility, i.e., all activities used to change the appearance or composition of a good or service with the intent of making it more attractive to potential and actual users. ^[1]
- **Production line** is an arrangement of machines in a factory where the products pass from machine to machine until they are finished. ^[2]

Source:[1] Common Language Market Dictionary, Marketing Accountant Standards Board, Retrieved November 15, 2021, from <https://marketing-dictionary.org> American Marketing Association, AMA Dictionary.
[2] A. Ivanovic & P H Collin, Dictionary of Marketing, Bloomsbury Publishing Plc, 2003

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Now comes in a very interesting term and this is used very commonly and very emphasizingly actually and it has several linkages and connotations in whole of the marketing literature and marketing understanding. Let me introduce you to 'product line', so ladies and gentleman, it is a group of products within the product class and now, to reiterate that what we have talked about up till now i.e. within the product class wherein those products are closely related because they perform a similar function, (mark this similar function) are sold to the same customer group or you may say that the target is similar and are marketed through the same outlets or channels or fall within given price ranges. Now, product line is something where in product, price, place and promotion comes together for similar customer, same customer group whom you want to serve and that is where line comes into being. So, you see that is a very important thing for us to understand and it is a part of

product class. So, when we talk about product class, we refer to different kinds of toothpaste they can become substitution for a customer, but then you have marked those products separately towards different kinds of target customers, Colgate for kids is specifically marketed towards kids.

Now, if you bring a variation in that toothpaste, that is where a line comes in. Let us say a particular model of a car targeted towards particular kinds of customers. Now, if you have a slight variation in that car, but still you are targeting similar customer group, that is where product line is, you have surf and surf excel or let us say excel matic. So, you say that the same customer can use excel matic in a washing machine and same customer should buy a slightly different variant, if they want to wash their clothes with their own hands.

Now, this kind of a categorization, this kind of a variation actually focused upon same customer group having similar functionality is called product line. We will just be talking about how it is associated with production line perspective, but till then, just remember these fundamental elements and why am I emphasizing upon these terms. So, we have just talked about detergents, automotives, now, you can think in terms of scooters. For example, you have a variation in Honda Activa and some other model of Honda scooters so a young girl, a woman and a male go to purchase Honda Activa and they suddenly get introduced to a particular kind of a scooter which is parked there and then the salesman says that it is under similar kind of a price bracket sir but it has different slightly different features, some innovative colors, some extra boot space, and under this again is as a newer variant of what has been offered till now. You do not mind because it is not away from your price bracket. Same outlet is offering you that particular scooter. It has the similar functionality perspective and you are the target customer. See that is what I am trying to suggest here, when we talk of a product line. Bar soaps, you can talk about world of soaps for a long, long time, but, if you have purchased different kinds of soaps recently, especially, by similar or same marketer and if those soaps are stacked somewhere in your cabinet, just go and watch that. You would have purchased different variants of the same soap under the same price bracket.

So, if you are watching your cabinet where you have stacked the soaps and you just looked at different variants of a soap you would have purchased for yourself, might be with a slight variation in the fragrance itself and that is all. So, that can also be as far as the line thing goes basically and this has to be why a marketer might be doing that. We will be going into specific details extensively throughout this course, and then probably, you want that

variation, probably, if the market goes for same kind of product, probably the customers would look for options, all around competition would come in with a variation of your kind of a soap with a different kind of a name and it is not uncommon.

So, you see, you have to look at the competition, you have to look at the customer, you have to look at the customer attention, you have to look at the customer multiplication and so on. So, that is a strategic part which I will keep on retreating, but I will be focusing on that strategic part in a sequence in a structured manner later on as well. Now, let us go to understand two associated terms although specifically different, as far as the meaning goes, production, so, production is an associated a term because product is produced, but here because we are referring to line, family, classes, production must be understood when it refers to the addition of utilities to goods or the rendering of services possessing utility.

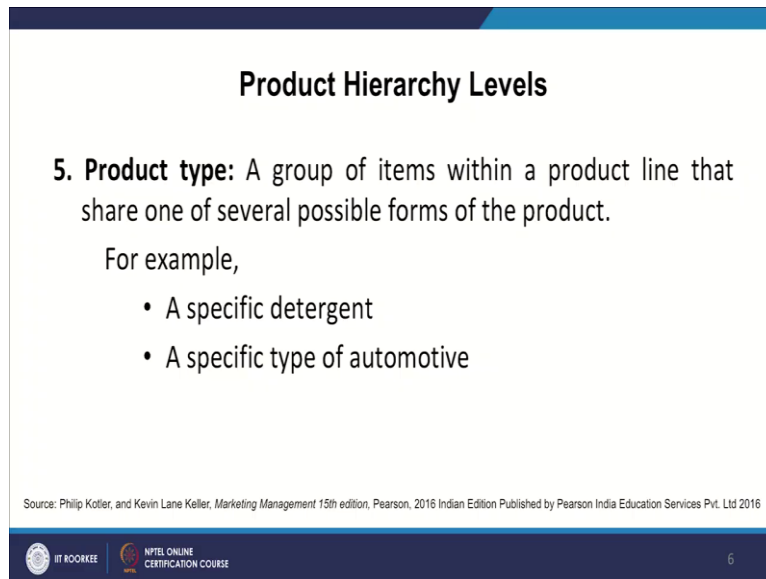
In marketing, it specifically refers to the creation of form utility that is all activities used to change the appearance or composition of a good or service with the intent of making it more attractive to potential and actual user. It is an important thing because later on, we would be focusing briefly upon a discussion on how things are produced, because we will be referring to design thinking element briefly, innovation element briefly and so on. For example, going back to one of my favorites Ikea furniture's have a coffee table which is very lightweight. As, the kind of technology, the material which they have used is light though wood, it is sturdy and very strong and it is heat resistant, because you use it for drinking tea and so on and there are chances that something may fall on that. So, that kind of a thing definitely is associated with as far as the product perspective goes. For example, Barbie should not be made with any material which is harmful to our young girls. That is an important thing. Many times young kids feel like chewing parts of their toys many times, I remember when my daughter was very young she used to chew few things, especially when she was growing her teeth or her teeth were emerging, Lego toys definitely looks at it and they produce the toys with the material which is not harmful to the health of children actually, because any child may go on chewing the product. So, see that is an important thing which has to be considered here. And further details can be found on the references which we are extending to you continuously and those references would be giving you further clues as well. So, keep watching those websites and the references which we have extended in due course of time and thanks to my team which is supporting me here in this effort Manvi Goel and Rakesh Nair. I should take their names, because they have been extensively supportive in due course of time.

So, now, comes in production line. It is again a very important thing. We talked about product line, when we talked about similar functions and same customers and same customer group. Production line is an important aspect. It is an arrangement of machines in a factory where the products pass from machine to machine until they are finished. Now, imagine automobiles belonging to the same line being produced on a production line. So, you see, several different production lines cannot be engaged in production of one product line. Might not be if demand is too high. Then you have similar production lines, but again the point is that here the logic is associated with justifying the production line with product line and that is where the understanding has to be focused upon.

I will be coming back to this concept wherein I would be using product line and production line association briefly to explain the strategic perspective associated with marketing wherein when many times you have a huge capacity and market demand about a particular kind of or for a particular kind of a product in a product line is low, you create a variant on the same production line. So, that will justify the production capacity and on the other side would increase a target group for you and that is how production line and product line have a systematic relationship. Many times it is production line capacity directing marketing exercise and many times marketing feedback directs production line changes.

So, there are several kinds of production systems, flexible production systems and similar kinds of courses are there which will tell you about those kinds of systems and you would better understand about how this production line systems works but here, we are focusing upon the marketing element of production line. Now comes in product type, you see, you would feel like that, starting from need and family and classes and line and coming to types now, but again, this is the existing demarcation which is used by marketers, and why this demarcation has come up? This has evolved, because you have to understand what you are doing. And remember one thing about how a marketer is addressing his customers or her customers? Through categorization, through product, physical product or let us say experience or let us say, whichever way we have talked about but in totality a marketer is reaching to the customer through a product. So, we have to understand how to categorize that hierarchy.

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Product Hierarchy Levels

5. Product type: A group of items within a product line that share one of several possible forms of the product.

For example,

- A specific detergent
- A specific type of automotive

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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A group of items within the product line that share one of several possible forms of the product. Now, here one specific form of that product is a product type. This is again a very thin line kind of a demarcation basically and many times it is debated also, because apparently it makes kind of a difference in the customer choices, but still, there is a similarity of function. For example, same engine is used to manufacture two entirely different models of automotives. And that is what I am referring to when I say product type.

So you see, how is it categorized? You are using the same kind of a production line and you are using the same engine type and technology. For example, you are using a same compressor, the same power of a refrigerator to develop a specifically different model of an air conditioner or a refrigerator. So, that can also be and many times you only change a grill largely kind of casing is similar or interior is similar, the power is similar, intensity is similar, the grill of the window is different and that is you see, because apparently the grill is in front of you always, you forget about what kind of compressor power is there and what kind of a compressor is being used in air conditioners.

Then comes in product item wherein, and again this is slightly technical, which is usually used by marketers for their sake, but still it has to be understood because what are we? Prospective marketers, we are marketing students.

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Product Hierarchy Levels

6. Product item : *(also called stock-keeping unit (SKU) or product variant)*
One particular product in a product line, with a distinct size, appearance, price, etc.
For example,

1. The smartphones product type comprises of various brands, out of which iPhone 11 has three SKUs based on the internal storage (64, 128, 256 GB), among which *iPhone 11 64 GB, White* is one SKU, *iPhone 11 64 GB, Grey* the other and so on.
2. In the product type, Colgate Sensitive Prevent and Repair, it has 3 SKUs based on the weight, Colgate Sensitive Prevent and Repair 30 gm, Colgate Sensitive Prevent and Repair 70 gm, Colgate Sensitive Prevent and Repair 120 gm 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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Product item is also called SKU, stock keeping unit or a product variant where in there is one particular product in a product line with a distinct size, appearance price etc. You may call model also when we talk of packs of same food supplement like different packs of Bournvita or you may think in terms of different sizes of the same toothpaste. You may think in terms of two different sizes of a soap bar as well. So, here for example a smartphone product type comprises of various brands out of which for example, iPhone 11 has three SKU's based on internal storage, 64, 128 and 256 GB. And we all know that they have a different kind of price bracket also.

Customer is paying depending upon that how customer wants to purchase that with what kind of usage element and what kind of a price bracket she has in mind for that kind of a particular product. It's not that 128 GB customer would not be able to pay for 256 GB and wherein for example iPhone 11, 64 GB white is one, SKU iPhone 11, 64 GB Grey is the other one and so on. So, again very specific categorization when you talk of an item.

And you see in the product type Colgate sensitive, prevent and repair is a specific kind of a product. It has three SKU's based on the weight, Colgate sensitive prevent and repair 30 grams and 70 grams and 120 grams. Am I sounding like a salesman of Colgate and Apple iPhones? So, now comes in some other aspects of terminologies associated with product. But I will start from product mix discussion in our subsequent session. Just remember that we have been talking of hierarchy all through in due course of time. And that hierarchy basically directs our thought process of looking at same customer type, similar customer type and different customer type. And that is our focus.

We are an organization which is an expert on producing something. We have a technological background, we have a capacity and capability in terms of human resource and production capability. But we want to serve different types of customers and that is where this hierarchy is very helpful for us to understand. Look around Apple, look around Samsung, they have televisions, they have Smartphone's, they have laptops and so on. Try to think in terms of potentiality as well.

And I will be coming up with a discussion on marketing mix in the subsequent discussions, and on other related terminology associated with product. Till next time, goodbye.