

Product and Brand Management
Professor Vinay Sharma
Department of Management Studies
Indian Institute of Technology, Roorkee
Lecture - 07

Product Management & Concepts Associated with Product

Hello friends welcome back. Moving from terminologies to concepts so that we can take everything towards management of product, let us go ahead with our discussion wherein we were trying to build up our understanding around terms and terminologies. Here are few terms which have a strong overlap to be taken as concepts also, so although I refrained from introducing product innovation and the related elements as concepts, but here there are two elements at least which must be seen as terminologies as well as concepts with reference to a product. First is product positioning. One of the most important elements in marketing and most important element in relation to the existence of a product.

(Refer Slide Time: 01:42)

Terminologies associated with product

- **Product positioning** is the way consumers, users, buyers, and others view competitive brands or types of products. ^[1]
- As determined by market research techniques, the various products are plotted onto maps, using product attributes as dimensions. This use of product positioning is perceptual, and not necessarily valid as based on measured product attributes.
- Reis & Trout^[2]

Source: 1. Common Language Market Dictionary, Marketing Accountant Standards Board. Retrieved November 15, 2021, from <https://marketing-dictionary.org/>
2. Ries, A., & Trout, J. (1981). *Positioning: The battle for your mind*. New York: McGraw-Hill.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 3

Product positioning is the way consumers, users, buyers and others view competitive brands or types of products. A beautiful description is given by Reis and Trout wherein, as determined by market research techniques the various products are plotted onto maps using product attributes as dimensions. This use of product positioning is perceptual and not necessarily valid as based on measured product attributes.

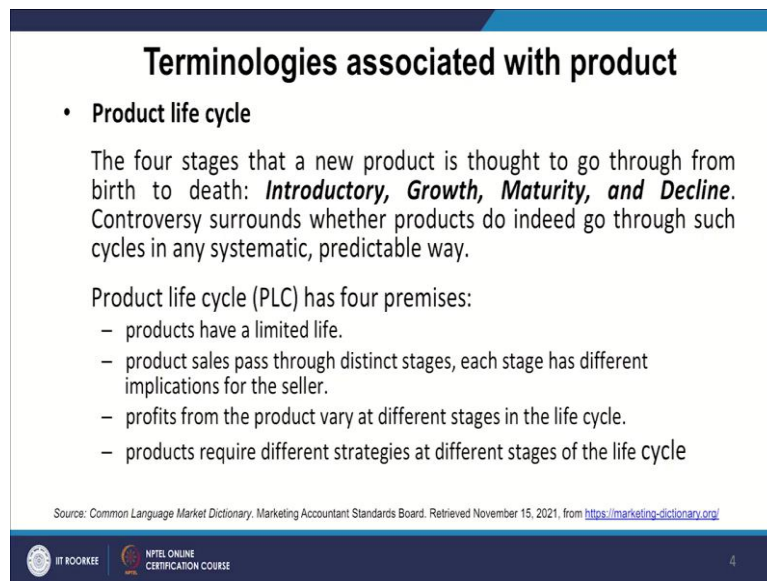
How a consumer actually conceives a product? And when you are conceiving a product that means putting up the image in the minds of the consumers. Positioning a product is about creating an image in the minds of the consumers and that image can connote with a name, symbol, a product itself or let us say generic name also. For example, when you say a pair of

jeans then a particular name and a brand may come to your mind and that is where that brand might enjoy a particular positioning in resonance with the product or generic product itself. For example, one says calcium and one particular brand of calcium comes to your mind. One says protein supplement and one particular brand comes to you and one says tea a particular brand comes to you and that is where you know positioning comes in.

Or let us say when a symbol is brought to you, a name is brought to you and the image of the product comes to your mind. So, that is the perspective around positioning it. It's an important thing or should I say that it is one of the most important concentration points for marketers and especially the product managers. How would this product stay in the minds of my customers? is a prominent question and we will be spending quite a bit of time on this concept later on when we will be talking about management.

Till then just have this thing in mind and try and analyse, when someone says burger, then what comes to your mind and when someone say McDonald's what comes to your mind? So, you look at it with several kinds of perspectives when someone says school, a teacher comes to your mind, the school comes to your mind, the playground comes to your mind but what is coming to your mind, when someone says IIT probably technology comes to your mind and is there any scope for management program because we have a very good management program at IIT Roorkee. So, let us see how things are? Then comes in the product life cycle. The four stages that a new product is thought to go through from birth to decline where it vanishes off the surface or should I say it completely changes the form.

(Refer Slide Time: 04:53)



Terminologies associated with product

- **Product life cycle**
The four stages that a new product is thought to go through from birth to death: **Introductory, Growth, Maturity, and Decline**. Controversy surrounds whether products do indeed go through such cycles in any systematic, predictable way.
Product life cycle (PLC) has four premises:
 - products have a limited life.
 - product sales pass through distinct stages, each stage has different implications for the seller.
 - profits from the product vary at different stages in the life cycle.
 - products require different strategies at different stages of the life cycle

Source: Common Language Market Dictionary, Marketing Accountant Standards Board. Retrieved November 15, 2021, from <https://marketing-dictionary.org/>

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 4

Those stages are related to introductory stage, growth stage, maturity and decline. There are several thoughts around the product life cycle perspective. Is it so predictable or there are (what are those) elements which drive a product's life cycle? We will be talking about that in detail. It is a wonderful concept was propounded and propelled by Theodore Levitt a very eminent management philosopher and a thinker of our times.

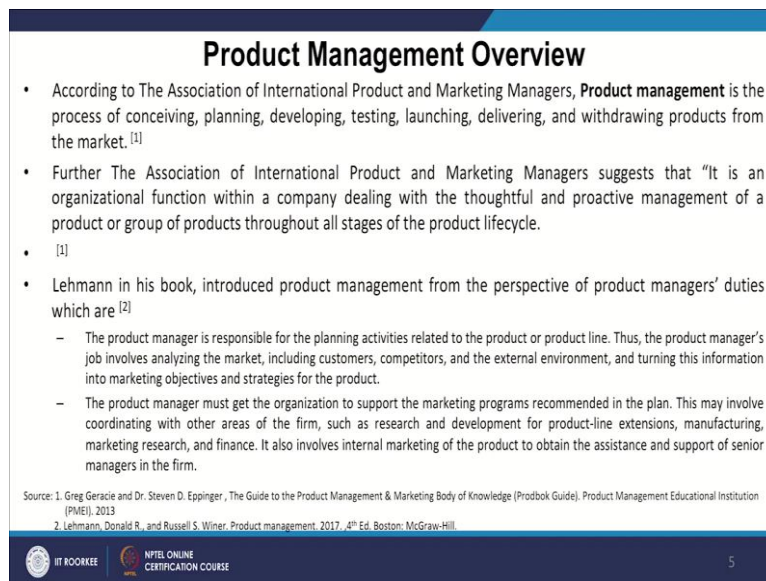
So, you see product life cycle has four premises, wherein, one is that products have a limited life and I am not talking of brand here and when I say product life cycle please do not let your thoughts go away towards a particular kind of a name because there you would find that name stays even when a product is no more there. So, we are talking of product here actually and I will be elaborating that when I would be referring to product life cycle in detail for you.

So, the second element of the four premises we have is that this product's sales pass through distinct stages and each stage has different implications for the seller. So, it is a marketer with the seller's perspective who is associated with the life cycle of a product actually. Then profits from the product vary at different stages in the life cycle. Now, that is again to be discussed and then a product requires different strategies at different stages of a product's life cycle.

Definitely it has to be driven and has to be driven with a different perspective in every stage of the life cycle and we will be talking about this when we talk of how it is introduced, how it grows, how it may stabilize or mature or stay at one point and then many products go through a decline stage and then I will be introducing several elements of some stages between introduction and growth and how decline can be reversed. Can it be done that way?

There are several beautiful stories around that. There are beautiful examples on that and till then just keep thinking on those terms. Till then please also remember that, which of those products are there which, you have seen after a long time, that is they were there, they vanished for a while, they came back and they look like as if they are in a newer form. So, have you noticed these kinds of products around you? If you have then definitely the marketers and the product managers have rejuvenated those products and we will be talking about that. Now let us go for an overview on product management.

(Refer Slide Time: 08:03)



Product Management Overview

- According to The Association of International Product and Marketing Managers, **Product management** is the process of conceiving, planning, developing, testing, launching, delivering, and withdrawing products from the market. ^[1]
- Further The Association of International Product and Marketing Managers suggests that “It is an organizational function within a company dealing with the thoughtful and proactive management of a product or group of products throughout all stages of the product lifecycle.
- ^[1]
- Lehmann in his book, introduced product management from the perspective of product managers’ duties which are ^[2]
 - The product manager is responsible for the planning activities related to the product or product line. Thus, the product manager’s job involves analyzing the market, including customers, competitors, and the external environment, and turning this information into marketing objectives and strategies for the product.
 - The product manager must get the organization to support the marketing programs recommended in the plan. This may involve coordinating with other areas of the firm, such as research and development for product-line extensions, manufacturing, marketing research, and finance. It also involves internal marketing of the product to obtain the assistance and support of senior managers in the firm.

Source: 1. Greg Geracie and Dr. Steven D. Eppinger, The Guide to the Product Management & Marketing Body of Knowledge (Prodbook Guide). Product Management Educational Institution (PMEI), 2013
2. Lehmann, Donald R., and Russell S. Winer. Product management, 2017, 4th Ed. Boston: McGraw-Hill.

IT KOOKEE | NPTEL ONLINE CERTIFICATION COURSE

5

According to the association of international product and marketing managers, (it is a big organization which keeps on talking about product management, they have their website we have given the reference for you so that you can think about this discussion in detail and so that you can visit that website and may further go into the details) product management is the process of conceiving, planning, developing, testing, launching, delivering and withdrawing products from the market.

Further, the association of international product and marketing managers suggests that it is an organizational function within a company dealing with the thoughtful and proactive management of a product or group of products throughout all the stages of product life cycle. That is how they describe product management. So, here we will be focusing upon the stages which they have given and we will be talking about those stages a bit.

But, look at this second element that is organizational function dealing with thoughtful and proactive management of a product or group of products throughout all these stages of product life cycle (which we have just seen that is introductory, growth, maturity and even

decline stages) require management. Now, you see professor Lehmann in his book which is a very important contribution to the field of product management, introduced product management from the perspective of product manager's duties which are: first the product manager is responsible for the planning activities related to the product or product line, and that is how a product manager conceives what a product would be and what the product line would be? That means where and how the product would emanate into a different form and variety.

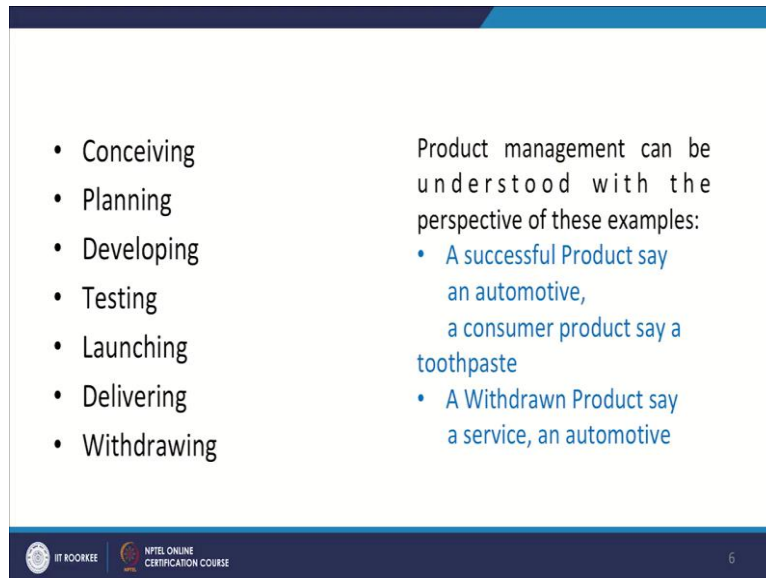
We have talked about a product line and that is what I was referring to when we introduced you with the terms which now are emanating into concepts and the concepts would be going towards our understanding towards the management and I am sure that by this time when I am referring to product line as given in this book you understand what I am talking about.

Now does product manager's job involves analysing the market including customers competitors and the external environment and turning this information into marketing objectives and strategies for the product? It is a composite statement and this is the part of most of the course ahead of us and that is what is product management is actually all about? And we will be talking about this in extensive details.

Second, a product manager must get the organization to support the marketing programs recommended in the plan. This may involve coordinating with other areas of the firm such as research and development for product line and product line extensions, manufacturing, marketing research and finance. It also involves internal marketing of the product to obtain the assistance and support of senior managers in the firm and so on.

So, you see this description with the perspective of responsibilities of a product manager actually describes product management. And please remember, when it says that the job involves analysing the market, the whole scenario including customers, (obviously the king of the scenario) competitors and the external environment, the technological changes, the rules and regulations and so on and many elements associated with that. Now, let's talk about the elements described by international product and marketing managers association.

(Refer Slide Time: 12:28)



The slide is titled 'Product management can be understood with the perspective of these examples:'. It features a list of stages on the left and two examples on the right. The stages are: Conceiving, Planning, Developing, Testing, Launching, Delivering, and Withdrawing. The examples are: 'A successful Product say an automotive, a consumer product say a toothpaste' and 'A Withdrawn Product say a service, an automotive'. The slide also includes logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE at the bottom left, and a page number '6' at the bottom right.

- Conceiving
- Planning
- Developing
- Testing
- Launching
- Delivering
- Withdrawing

Product management can be understood with the perspective of these examples:

- A successful Product say an automotive, a consumer product say a toothpaste
- A Withdrawn Product say a service, an automotive

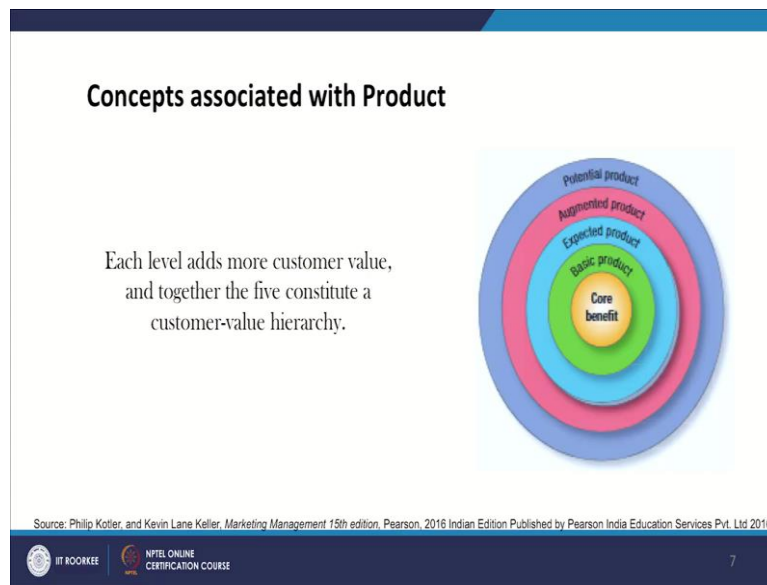
They talked about conceiving, planning, developing, testing, launching, delivering and withdrawing and that can also be understood with the perspective of such examples like an automotive and one of my favourites is Mahindra Scorpio. We will go into the details of that narrative later on as well wherein, there are lots of published stories about how that particular product was conceived and Dr. Pawan Goenka was strongly instrumental in bringing that product alive. A very eminent marketer and a designer, he and his team structured and designed almost everything around a successful automotive. Conceiving, planning, and developing Scorpio, testing it, launching it, delivering it, and not yet withdrawn it is growing actually.

So now, you see a toothpaste for example Dantkanti came into being and actually overwhelmed the market. I remember there was a time whenever I used to ask someone that have you used this toothpaste people used to say 'yes' despite of so many options, we have had. It was conceived well, the product was planned well, developed and tested and brought in, launched well and delivered to the customers. There are narratives about how it happened, which is for the later part.

This is because, we must be talking about such stories to understand how it happened but at this moment just to introduce you with such examples and till that time when I come back to you with those kinds of stories just go and surf on the websites and you would realize what we are referring to here. And then there are several withdrawn products and I cautioned you earlier I would not call them failures.

They were not so well accepted by the consumers and customers somehow because a match in terms of need and the product in the final form could not gel with each other. So, we have several examples around us and you know about those better so just surf through those withdrawn products wherein, I have already given you the linkages and references earlier as well. Now, one of the most important concepts associated with a product.

(Refer Slide Time: 15:13)



The levels associated with customer value generation and these five levels constitute a customer value hierarchy and these five circles wherein, you can see that there is core benefit, basic product, expected product, augmented product and potential product. It is an important description which, must stay in the minds of a product manager all through her life, basically, because one must have his eyes on core benefits for a customer.

(Refer Slide Time: 16:03)

Core Product

Benefit system

- The core product or core benefit is the central benefit or purpose for which a consumer buys a product. The core product varies from purchaser to purchaser (AMA).
- The fundamental need or want that consumers satisfy by consuming the product or service. How? By understanding the benefit of product behaviour performance.
- A core product's benefits range from tangible to intangible.
- For example, A customer who buys an air ticket from an Airlines is looking to fulfill his/her core need to travel from one destination to another destination.

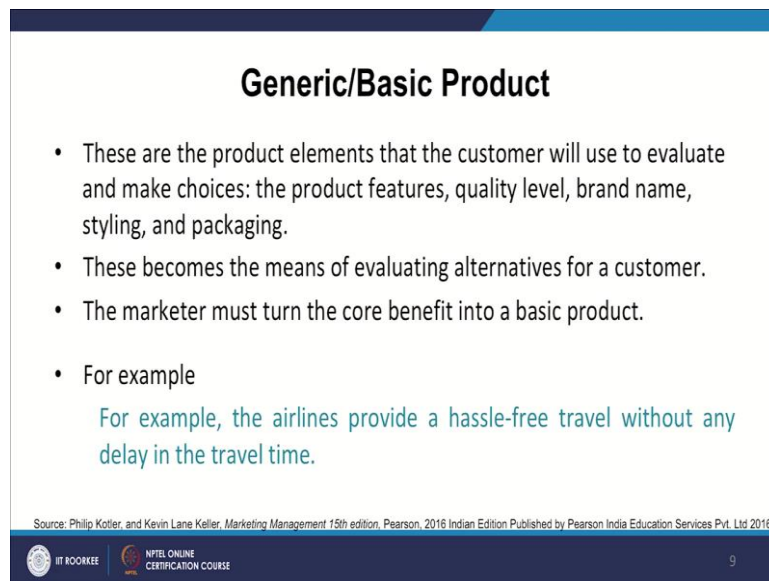
Source: Philip Kotler, and Kevin Lane Keller, Marketing Management 15th edition, Pearson, 2016 Indian Edition Published by Pearson India Education Services Pvt. Ltd 2016

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 8

The core product or core benefit is the central most benefit or the reason or the purpose for which a consumer buys a product. Pencil is bought for writing, pen is bought for writing, so the core product varies from purchaser to purchaser and then this you can find in further details in American Marketing Association website as well. Now, comes the fundamental need or want that consumers satisfy by consuming the product or service.

How is it done? By understanding the benefit of the product behaviour performance. So, core products benefits range from tangible to intangible and that you can feel directly. So, keep the word purpose of the product in your mind. See for example a customer who buys an air ticket from an airline is looking to fulfil his or her core need to travel from one destination to another destination which is fundamental. So, you have to fly from this place to that place that is the core benefit you are looking for.

(Refer Slide Time: 17:18)



Generic/Basic Product

- These are the product elements that the customer will use to evaluate and make choices: the product features, quality level, brand name, styling, and packaging.
- These becomes the means of evaluating alternatives for a customer.
- The marketer must turn the core benefit into a basic product.
- For example
For example, the airlines provide a hassle-free travel without any delay in the travel time.

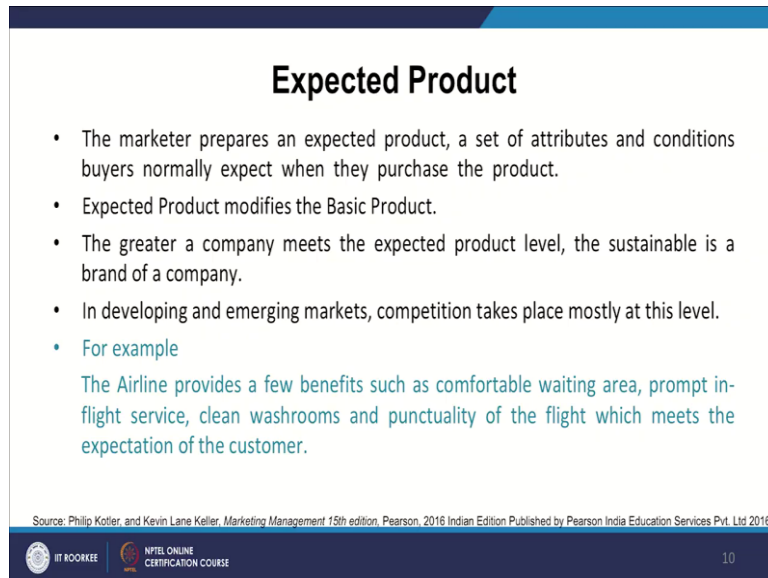
Source: Philip Kotler, and Kevin Lane Keller, Marketing Management 15th edition, Pearson, 2016 Indian Edition Published by Pearson India Education Services Pvt. Ltd 2016

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 9

Then comes in basic product. You see when you say ‘at least this should be there’ that is what is a basic product is. Please take note that once we would be talking about product life cycle, pricing associated with that and how product becomes brand then this concept would be very useful for us also when we would try to say that within the same product line there would be a differentiation between as far as the basic product and the potential product and you can differentiate the target as well. I mentioned that when I was talking about product line. Please look into that video and again that would resonate some thoughts in your minds. So, you see basic product element is that these are the product elements that the customer will use to evaluate and make choices, the product features, quality level, brand name, styling and packaging. These become the means of evaluating alternatives for a customer and the marketer must turn the core benefit into a basic product.

And remember the word as in the case of core benefits the word was ‘purpose’ and here the words are that ‘at least this should be there’ in the product. So, carrying forward the same example when you buy an airlines ticket to travel from this place to that place at least the airlines must provide a hassle-free travel without any delay in travel time. Expecting precision in time! Is it not basic we talk about that and let us see what we find next? So, then comes in expected product.

(Refer Slide Time: 19:05)



Expected Product

- The marketer prepares an expected product, a set of attributes and conditions buyers normally expect when they purchase the product.
- Expected Product modifies the Basic Product.
- The greater a company meets the expected product level, the sustainable is a brand of a company.
- In developing and emerging markets, competition takes place mostly at this level.
- For example
The Airline provides a few benefits such as comfortable waiting area, prompt in-flight service, clean washrooms and punctuality of the flight which meets the expectation of the customer.

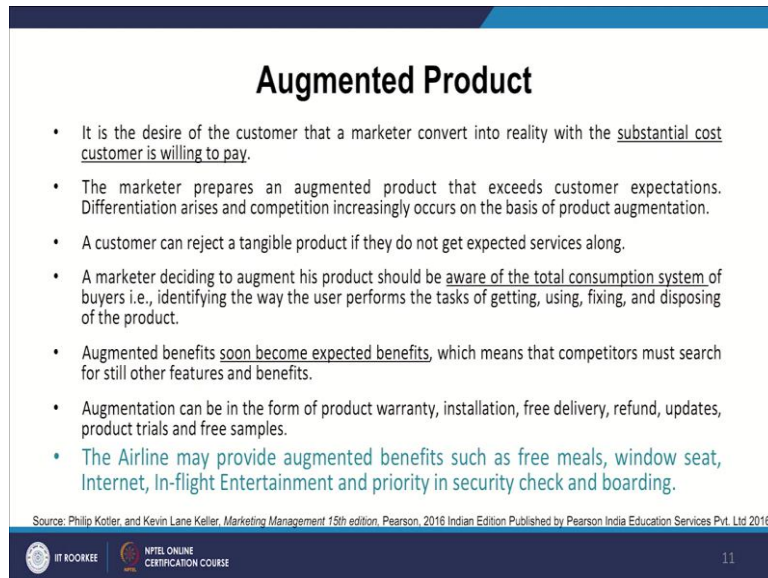
Source: Philip Kotler, and Kevin Lane Keller, Marketing Management 15th edition, Pearson, 2016 Indian Edition Published by Pearson India Education Services Pvt. Ltd 2016

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 10

The marketer prepares an expected product wherein a set of attributes and conditions buyers normally expect when they purchase the product. Expected product modifies the basic product or takes it towards a further kind of a stage wherein at least it moves towards an expression that ‘this I expect’ actually. And the greater a company meets the expected product level the better sustainable is the brand of a company.

Now, in developing and emerging markets competition takes place mostly at this level wherein, marketers try to meet the expectations of the buyers. Again, the same example the same very airlines you are looking at provides a few benefits such as comfortable waiting area, prompt inflight service, clean washrooms and punctuality of the flight which meets the expectation of the customer as always. So, living up to the expectations of the customer.

(Refer Slide Time: 20:16)



Augmented Product

- It is the desire of the customer that a marketer convert into reality with the substantial cost customer is willing to pay.
- The marketer prepares an augmented product that exceeds customer expectations. Differentiation arises and competition increasingly occurs on the basis of product augmentation.
- A customer can reject a tangible product if they do not get expected services along.
- A marketer deciding to augment his product should be aware of the total consumption system of buyers i.e., identifying the way the user performs the tasks of getting, using, fixing, and disposing of the product.
- Augmented benefits soon become expected benefits, which means that competitors must search for still other features and benefits.
- Augmentation can be in the form of product warranty, installation, free delivery, refund, updates, product trials and free samples.
- The Airline may provide augmented benefits such as free meals, window seat, Internet, In-flight Entertainment and priority in security check and boarding.

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

IT ROOKEE NPTEL ONLINE CERTIFICATION COURSE 11

Then comes in augmented product. Now, again it is beyond my expectation wherein ‘I feel happy’ about the product and this is the statement. So, this expression is changing from ‘at least’ to ‘what I expect’ to ‘what it should be’. Now, it is the desire of the customer that the marketer converts into reality with a suitable cost alignment or a price alignment with as far as augmented products. Many a times marketers in tough competition era go for augmented product without any additional cost or price to the customer. Now, it is an expression when you say cost to the customer but it is usually the price to the customer. Now the marketer prepares an augmented product that exceeds customer expectations, differentiation arises and competition increasingly occurs on the basis of the product augmentation.

A customer can reject a tangible product if they do not get expected services along in terms of beyond expectation and we have already talked about expected products. So, you see a marketer deciding to augment his product should be aware of the total consumption system of buyers that is identifying the way the user performs the tasks of getting, using, fixing and disposing of the product.

Augmented benefits soon become expected benefits also because customer gets used to that. Because as marketers are pulling up the benchmark the customers are getting used to those and that is how augmentation in the product is actually gelling up with the expectation of the customer.

So, for example, airlines is very precise always in time, then it is no more an augmented feature, it has become an expected feature. And that is what they are marketing, that, we are usually in time or when you say that we are always in time that is how the difference comes

in when you raise the expectation level of your customers. So, augmentation can also be in the form of product, warranty, installation free delivery, refund, updates, product trades and free samples and so on.

And the same example of an airlines which we were talking of may provide augmented benefits such as free meals, window seat, internet, in-flight entertainment and priority in security checking and boarding and so on. And several kinds of other features and moreover nowadays many airlines as augmented element of the product are using best of the terminals also. So, that is again a very important part. Then comes in potential product.

(Refer Slide Time: 23:35)

Potential Product

- It encompasses all the possible augmentations and transformations the product or offering might undergo in the future.
- Here companies search for new ways to satisfy customers and distinguish their offering.
- It is a promise that is attached to the product overtime.
- Promise can be in the form of financial and aspirational.
- The Airline can add potential in its offerings through free pickup and drop, hotel accommodation during waiting period, porter facilities, lounges for all 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

IT KOOKEE NPTEL ONLINE CERTIFICATION COURSE 12

See it encompasses all the possible augmentations and transformations the product or offering might undergo in the future. Here, I have referred to an important offering which I would be talking in terms of product management later on as well but just to give you a glimpse that offering is largely which can be seen with reference to product, price, place and promotion cumulatively. Whatever is offered in the form of a product is accompanied with a price and the place where you will find the product, the message associated with the product and therefore offering is a bundle. So, that is where when you say product or offering. And here you must get to terms with that product must be seen with reference to offering later on.

Because, when we will be talking about product planning, we will be focusing upon the product elements but when we will be talking about market planning, we will be looking into product as offering, a bundle basically. So, then here companies search for new ways to satisfy customers and distinguish their offering or product actually. And it is a promise that is attached to the product over time.

And here you will find that we using product and offering interchangeably. But, remember offering is a wider term with context of product being a bundle wherein you cannot separate that from its price and distribution or place and message. Promise can be in the form of financial and aspirational perspective also and the same airlines for example can add potential in their offerings through free pickup and drop of customers from their places and provide hotel accommodation during long waiting transit hours.

For example, 4-5 hours they have lounges, they have hotels, associated hotels in the nearby areas wherein they can give you a free place or free room to stay by and porter facilities and so on. So, I will be focusing upon the other aspects of the complete scenario associated with these five elements just to add some aspect of understanding when we talk of a transition from the core benefit to a potential product.

Here there is one interesting aspect which one must notice because we started our discussion from a product manager's responsibility as explained by professor Lehmann, we must realize one thing that what is the desire of a product manager about his products. You see the ultimate desire of a product manager can be seen with two perspectives. One larger number of people use my product and it reaches to so many people for example you design a management program as a product and although I refrain from looking at students as customers but then still you look at management program as a product. So, your desire is to reach to the largest levels of audience that is one and second is that a product manager would think in terms of taking it higher and higher in terms of perceived quality, satisfaction, loyalty it may gain and you may think in terms of adding so many things to it, which definitely would somehow put up a cost element to you and then you will find that you can differentiate the product with reference to the cost you are incurring and you may have two kinds of or three kinds of people for similar kind of a product paying you different kinds of prices. So, wherein you would be charging premium for the augmentation you would introduce to the product and you would be charging probably lesser premium for expected product or you might not charge any premium for that.

And core benefit product is related to every buyer one can think of. Does it ring any bell in your mind? Have you recently gone for trying to purchase an automotive for example and they have suggested you that this is the base model then this is the next stage of the model and this is the premium model and have they categorized that in front of you? and that is precisely we are talking about.

So, within one model you will find this kind of a differentiation and if you will look at that with the perspective of a product line wherein you are addressing larger volumes of customers then it is more interesting. And one last thing in this relation to what we are talking about is that probably your journey as a product manager starting from base product or basic product to expected to augmented product and to potential product will enable you to change the market for yourself completely.

That is you introduced the product for a larger audience and you kept on reducing the size of the market for yourself or number of customers for yourself and kept on reaching to a stage wherein you converted that particular product into a very high premium product earning larger margins from a limited number of customers. That can also be done. How is it done? The same methodology, the same story. So, keep thinking about this I will join you next time with lots of other insights till then good bye.