

Product and Brand Management
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Lecture 09
Product Differentiation & Its Elements -1

Hello friends, welcome back to Product and Brand Management. Up till now, we have tried to build up our concepts and conceptual understanding through terminologies, brief understanding on some product related concepts and philosophical perspective and as of now, I feel that you are aware of the fundamentals, which would come up in due course of time in most of our discussions starting from today.

Because, today onwards we will be talking about the strategic and management perspective of product and later on product being a brand and branding and it is going to become more interesting in due course of time wherein, it will create a picture in your mind wherein you would be observing everything around yourself with the perspective of product management and branding.

Whenever you would be looking at a water bottle now, the design and the appeal would come to your mind and the perspective would come to your mind about what the marketer would have thought of when developing this product. Is it be related to ease of how you drink water? Did he have this thing in mind? Did he have the element of durability? Did he have the element of ease of carrying this bottle when he conceived or she conceived that you would be carrying this bottle all along? Would it have been related to actually how you would hold this bottle in your hands? How would you open up the lid or the cap and the way you would drink?

For example, someone wants to drink water in a hurry and while walking. Would it be feasible and what if children would be handling the bottles? So, for example, I remember I was talking to a senior executive of a manufacturing company, which manufactures water bottles for school kids. Now, he told me an interesting thing actually. He told me that when they were producing water bottles for kids in general there was a sales perspective which was growing and sales was rising and so on and then they were marketing it with an emphasis on how water would remain cool or hot as per the requirement.

But, when they started distributing or marketing the same product in the rural areas, lots of complaints started coming in, especially with reference to kind of the durability of the product, that the product is not durable and it is getting broken in a very short span of time, and it was not very unique to rural areas, when they started expanding in the smaller cities, rural areas and so on.

So, now a very different kind of an input was given to them about the behavioral perspective of kids there in different kinds of schools, which they started getting interested in after that. I am not saying that there is a differentiation between urban schools or rural schools, but there was a behavioral difference wherein the children in those schools where they started marketing their product. They started playing with water bottles actually, now, they started using it as a temporary bat or something. They were found hitting the walls with the water bottles and so on and the that is how the complaint started pouring.

Now, that very interestingly motivated the product manager to take this up with the production team and then they created a sturdy form of that water bottle for almost all the kids realizing the fact that this can be a behavioral change in any of the kids, whether it be rural, semi urban or urban in whichever way. So, this can be a behavioral perspective, which must be addressed. It should be safer, this should be sturdy, it should not break.


Now, that was for the first time they considered that and that is where the need of product differentiation and those kinds of elements come in. Here in this brief description, I wanted you to imagine that continued touch with consumers and customers through marketing research. A product manager gets a view of how product is behaving in the market, how it is being accepted and so on. Then looking at the perspective he or she tries to create a differentiation with the help of the production team and projecting that differentiation in front of the customer.

Now, starting the story that is where product differentiation comes into being all the products and remember all the products are thought of being different by their producers and product managers. Basically, that is the ultimate objective of every product manager to project whichever product they are developing or driving to be different. How different is just a challenge, because there is a scope of differentiation in all the products.

In larger products, for example, you can create lots of difference and for example an aircraft. In subsequent session you would realize that there is not a huge scope of differentiation, when you are talking of a water bottle. So what kind of differentiation elements you choose, which is a very big challenge, because that differentiation element can (as I talked) earlier also can alter the complete supply chain at the backend production processes on the one side (that is a tedious process) but on the other side, how to protect that even if you have brought that particular kind of a change.

For example, in an aircraft, you have brought in a particular kind of a change in the seat, and that change can be experienced by the customer, he feels happy, delighted, but, neither customer can express that he is feeling happy and delighted because of the seat curvature nor you have projected that way if you are a product manager. So, how actually to project it that is also a perspective and here in product management course, we are largely focusing on the marketing part of how to bring in differentiation, how to project a differentiation, although it is intensely related with the production part as such.

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Product Differentiation

- To be branded, products must be differentiated.
- Differentiation can be physical (features, form, style, etc.) and services (delivery, returns, ordering ease, etc.).
- Physical Difference is important which is the reason for organizations focusing on research on design and design thinking.
- There are products which has-
 - Low Variations: Aspirin, Groceries, etc.
 - High Variations: Automobiles, Commercial buildings, Furniture 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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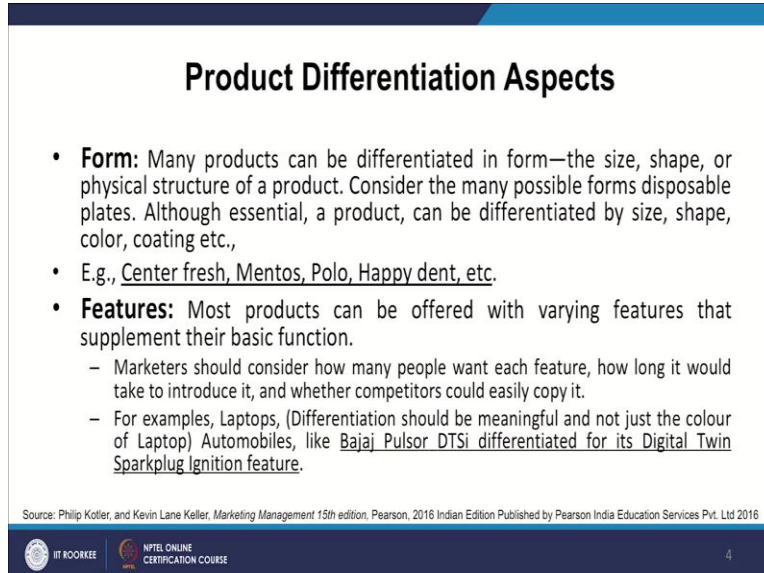
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So, to be branded, products must be differentiated, however, indifferentiable they are the differentiation can be seen with the physical perspective features, form, style etc. and services, which can also be differentiated with the perspective of how service is rendered.

Now, physical difference is important, although service differences are equally important, but physical difference in product is very visible and the importance of visibility actually is carried along with that. That thing, which is the reason for organizations focusing on research on design and design thinking and I will be talking about that later on through several kinds of examples, wherein, I would be suggesting few organizations. I would be talking about them, which are specifically working upon design, design, development, design thinking and those kinds of elements and there are a whole lot of designers around the world, who are actually focusing upon product development, product management and as such. India is very rich nowadays, as far as, these kinds of design organizations, which work in their design studios day in day out.

So, there are products, which have low variations, for example, aspirin, some grocery products. So, how to differentiate them? You have to actually project the differentiation in the perspective and we will see that when we will talk about positioning elements, and then there are high variation products as I said automotive, commercial buildings, furniture and that can be expressed well. So, there you have a larger scope of as far as differentiation goes.

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Product Differentiation Aspects

- **Form:** Many products can be differentiated in form—the size, shape, or physical structure of a product. Consider the many possible forms disposable plates. Although essential, a product, can be differentiated by size, shape, color, coating etc.,
- E.g., Center fresh, Mentos, Polo, Happy dent, etc.
- **Features:** Most products can be offered with varying features that supplement their basic function.
 - Marketers should consider how many people want each feature, how long it would take to introduce it, and whether competitors could easily copy it.
 - For examples, Laptops, (Differentiation should be meaningful and not just the colour of Laptop) Automobiles, like Bajaj Pulsor DTSi differentiated for its Digital Twin Sparkplug Ignition feature.

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Now, let us look at a few of the elements of differentiation, for example form. Now, many products can be differentiated in form, the size, the shape or physical structure of the product. You would have noticed that many mobile phone manufacturers have actually been projecting the mild slightest change in the size of the mobile phone with reference to that, it has brought in more visibility in terms of whatever you are watching on the mobile phone with reference to kind of many mobile phone manufacturers are projecting the changes which they have brought in terms of the lenses of cameras, the cameras which they are fitting in. Someone says that there are three, someone says there are four even to make it more enable in terms of for the people who like to click from their mobile phones, who often take photographs and who love to capture the scenes videos and photography and so on.

So, that smallest of the size also matters if you can project it well. Now, that is the perspective which we are carrying here, shape, definitely, matters a lot. People work upon shapes with so much of intensity, how aesthetic it can be? What are the curvatures? How would it look actually, what would it resemble? And, this element definitely resonates with the discussion we have had in personality, when we were talking about personality.

So, consider many possible forms, disposable plates may have and you would know the difference, you would notice the difference, it is an interesting kind of a thing and disposable spoons, for example, many times you go to picnics and you have packaged food and if your

spoon is not having that kind of a curvature, you would not actually enjoy eating that is the slightest of the thing basically, which actually matters a lot at the end of the day.

So, try and notice these things all around you. Although essential a product can be differentiated by size, shape, color coating, etc for example. There are chewing gums, there are chocolates, toffees wherein, there are several kinds of elements which can be incorporated there and I would not repeat on larger products.

Features, most products can be offered with varying features that supplement their basic function, marketers should consider how many people want each feature, how long it would take to introduce it, and whether competitors could easily copy it or not, because we are talking of differentiation, we want to keep up the differentiation. And we want to project that particular differentiation with relevance carry the relevance for the customer. So that is what the effort is.

And I am trying to emphasize here that differentiation has to be made noticeable and relevant for people, for example there is a notebook, the page is very smooth white, now, it has to be projected in front of the child or the person who is using that particular notebook that this page actually would give him satisfaction when he writes on it. Now, it is a very simple thing, we might not have noticed this for a long time, but again, this is a thing which has to be projected by the marketer and the Product Manager.

Now, let us take some examples, further to this for example, laptops. Differentiation should be meaningful and not just the color of the laptop here, it is very important, because I have seen many organizations projecting the colors, so, that matters a lot, but again, the point is laptop has a fundamental relationship with the kind of efficiency that laptop may carry.

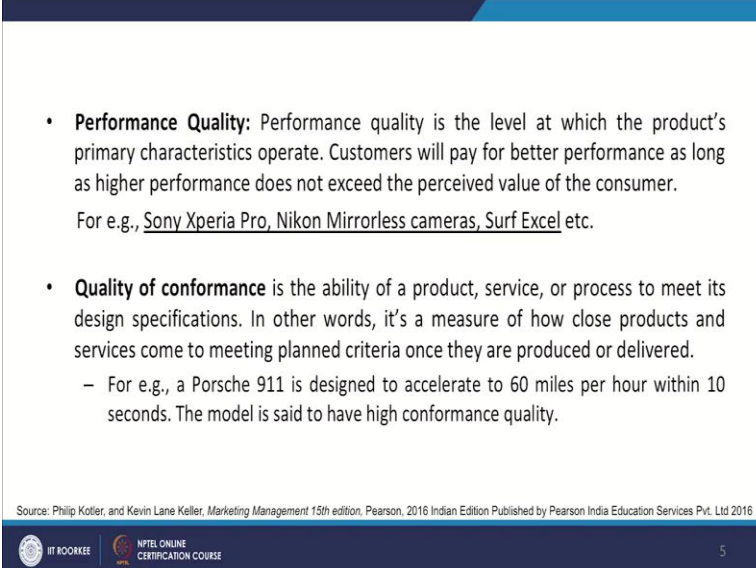
So, that meaningfulness must be projected before the looks and the aesthetics and so on and definitely many organizations have been projecting, for example, the laptops getting converted into tabs and then one model is yoga laptop marketed with that kind of a perspective. So, that is a very interesting part, and people do like that.

And, and that is why it is so intelligent of product managers to actually think of these kinds of things. But again, meaningfulness has to be projected. Automobiles like, Bajaj Pulsar DTSi differentiated for its digital twin sparkplug ignition feature. Now, this is slightly difficult to

project, but, I commend that Bajaj has done it well. Their advertising partners or agency, they have done very well when they projected DTSi with a branding perspective.

I do not know how many of you would remember the full form of DTSi or you would actually know but, that connotes something in your mind, which is related to efficiency, power, strength and so on, and it has become a brand in itself. So, that is what we are talking of and I will be unfolding so many things related to this in due course of time when we will talking of brand management.

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• **Performance Quality:** Performance quality is the level at which the product's primary characteristics operate. Customers will pay for better performance as long as higher performance does not exceed the perceived value of the consumer.
For e.g., Sony Xperia Pro, Nikon Mirrorless cameras, Surf Excel etc.

• **Quality of conformance** is the ability of a product, service, or process to meet its design specifications. In other words, it's a measure of how close products and services come to meeting planned criteria once they are produced or delivered.

- For e.g., a Porsche 911 is designed to accelerate to 60 miles per hour within 10 seconds. The model is said to have high conformance quality.

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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Now, comes in performance quality; quality related to performance of the product. See performance quality is the level at which the product's primary characteristics operate. Again, remember however we project the product, it cannot be differentiated from the core value which it should carry in due course of time. So, customers will pay for better performance as long as higher performance does not exceeds the perceived value of the consumer.

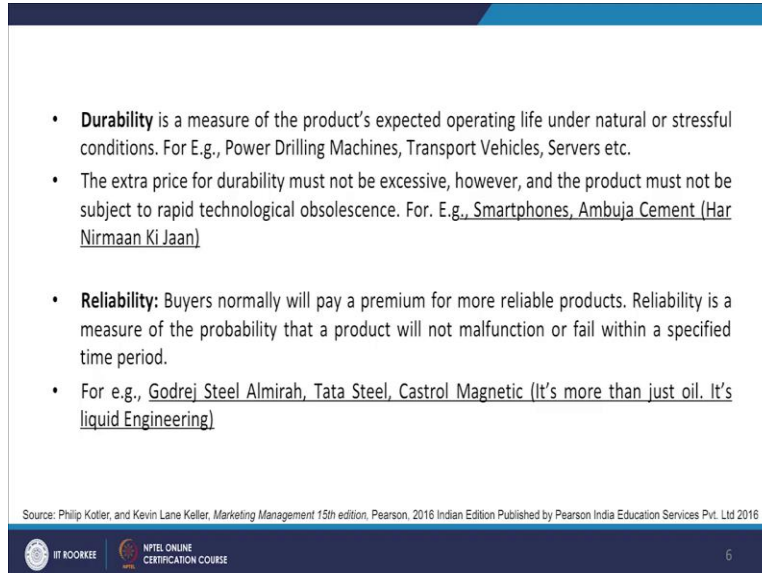
Sony Xperia Pro, Nikon mirrorless cameras, Surf Excel, several kinds of examples are there. Many a times talking of Surf Excel (or any detergent for that matter), it has been very strongly projected. Similarly, "Tide Hai to White Hai". That kind of thing, that is very efficient of them and that has worked for them.

But, that is from the side of advertising and integrated marketing communication manager or person who is driving the message actually, but for product manager, when you say that it is driving the whiteness on a cloth, then product manager's intensity lies in generating the relevance related to that statement, which has been released, that means the customer should feel that the detergent has actually created that particular difference. So, that is why they always show you that dip it there and you bring it up and it is sparkling white. Do you actually feel that way? I do that sometimes, I wash my own clothes many a times. I have been telling you that.

So, now, quality of conformance; do not think that I have to wash my clothes always. Now, quality of conformance is the ability of a product, service or process to meet its design specifications. It confirms to the design and in other words, it is a measure of how close products and services come to meeting planned criteria once they are produced or delivered.

Example can be a Porsche 911 which is designed to accelerate 60 miles per hour within 10 seconds, just push the pedal and it goes to almost at 84-85 kilometers per hour speed within 10 seconds. It is a very high speed basically the model is set to have high conformance quality although they might have increased the speed and today rapidly that function is going very high. I have been told that many automobiles probably this one also has gone to 100 kilometers per hour in 4 seconds, 5 seconds. It can be relative and can be cross checked also but just to give you an insight that high speed within a few seconds. Now, that is where conformance with their kind of quality comes in or whatever it is projected in front of the customer, whatever customer expects from such kind of products and so on.

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• **Durability** is a measure of the product's expected operating life under natural or stressful conditions. For E.g., Power Drilling Machines, Transport Vehicles, Servers etc.

• The extra price for durability must not be excessive, however, and the product must not be subject to rapid technological obsolescence. For. E.g., Smartphones, Ambuja Cement (Har Nirmaan Ki Jaan)

• **Reliability:** Buyers normally will pay a premium for more reliable products. Reliability is a measure of the probability that a product will not malfunction or fail within a specified time period.

• For e.g., Godrej Steel Almirah, Tata Steel, Castrol Magnetic (It's more than just oil. It's liquid Engineering)

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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Durability; every product is supposed to be durable. I do not think that you take your woolen suits as perishables. So, while designing woolen suits, coat and pair of pants and those kinds of the cloth, the fabric related to that, the producers the product manager when talking to production managers or their research and development team, focus upon that people would love to have this for long number of years.

However, the stitching becomes out of fashion or something though people would not like to just throw it away because that requires lots of effort for selecting a particular fabric and design for you and then getting it stitched up to your mark and so on. So, even in case of fabric, which is itself is perishable after a particular kind of stage except for silk, which is long lasting, if maintained, well, wool definitely, but, again, the point is in such cases also the durability matters.

And when you are talking of automobiles, when you are talking of machines, when you are talking of refrigerators in your homes, you want that to be flawless, you want that to be having or carrying a particular kind of a strength, which stays there and see to that what extent you would give it that kind of a strength.

Because ultimately you have to think in terms of cycles, it's own life cycle, the lifecycle of the product and the associated usage and then customer preferences which would keep on changing.

You have to project those things as well. But regardless of that, even if customer wants something new within a very short span of time customer would still not be compromising on the durability element and please remember this.

Many manufacturers have tried to confirm the durability element. With the time span the customer would change his mind in terms of usage of that product. They have tried these kinds of things, but that has not worked, because there is a huge variation between the behavior of customers within the same bracket with regards to durability.

For example, within one target segment, you would find let us say 30 percent, 40 percent, 50 percent people who would like to change their automobiles in 5, 6 years, but within the same target segment 30, 40, 50 percent would be who would carry forward their automobiles for another 5, 6 years. But for both of them durability matters.

So, that is a very strong element of a product and it is a measure of the products expected operating life under natural or stressful conditions. It is checked on factory floors for with so many dimensions and it is the domain of production and operations management which you can study from one of those courses.

For example, power drilling machines. How strong it is? How durable? Also, when we are talking of the element of the involvement of a particular product in the safety of let us say your house for example, electrical wires, you want strong durability element there. Another example is tires. Today, when you go to a super highway, you can drive very fast for a longer span of time and tires get heated up now, that is where durability perspective comes in. You would never like your customer to suffer just because of undurable tires. That is what so, many companies are projecting nowadays. You got my point. You would have watched the advertisements related to the durability of tires in recent times and it is in consonance with the upgradation of highways India is going through which is excellent.

So, now, when we are talking of durability perspective, the extra price for durability must not be excessive, however, and the product must not be subject to rapid technological obsolescence also examples are Smart phones, Cement for example, Ambuja cement says “har nirman ki jaan” it will stay forever.

Reliability; buyers normally will pay a premium for more reliable products. Reliability is a measure of the probability that a product will not malfunction or fail within a specified time period. Godrej Steel Almirah is one of those products you would find stories around. This product is present in almost every home is possessed and people would say that it is there for 30 years, 40 years and it has been known for the strength. They have enjoyed this kind of feedback all through.

Tata Steels produce so many products related to that, and Castrol magnetic is more than just oil. It is liquid engineering, as they say. Now, that is an extreme kind of an assurance to the customer which Castrol lives up to definitely. So, that reliability perspective that you depend upon which assures that product is very important and these elements are catered to by product management, product managers and projected as the elements of brand which we will talk about later on and are conveyed through integrated marketing communication which we will be talking about in brand management as well for a little while.

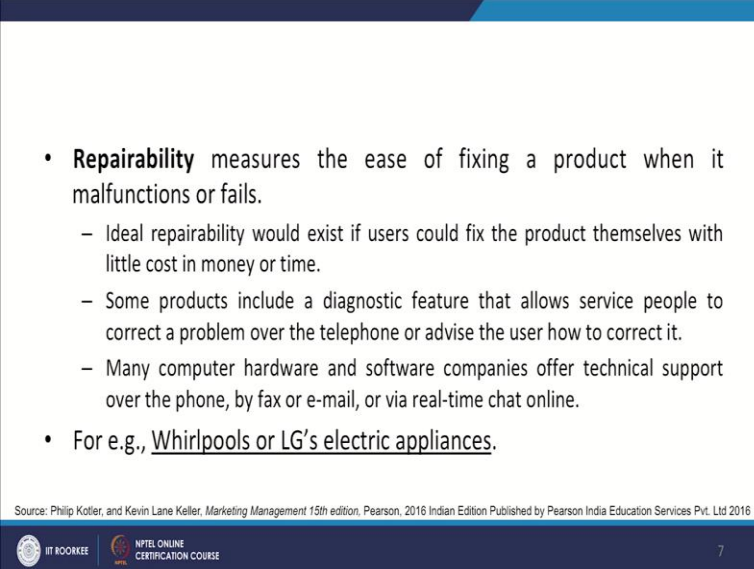
Repairability, measures the ease of fixing a product when it malfunctions or fails. You would not like any product to be frequently repaired and especially those products, which you depend upon. Remember the earlier days of laptops and computers. There were so many things. Though these organizations have come a far way when your laptop, somehow one of the applications is not working and they get to know that in real time. They try to infuse support from their itself and while doing your job the file does not get corrupt. It gets stored at the back end and when you switch it on, once again, the file in its due form comes back. I remember in earlier days when I used to type data used to get lost somehow and so on. So many things were there.

And I am talking of software repairability which is a very important element of our lives today. And when we talk of repairability of other products, for example, in summers, if air conditioning is not working well, if your air conditioner always malfunctions, then you would not like that somehow. There are several case studies on that, air conditioning, refrigeration, televisions in today's era, no one wants to remain away from a display screen.

Now, if the display screen gets blackened out, it is TV or a mobile phone or a computer, what would you feel, shut off from the world that is where the durability, reliability, repairability aspect of these products are important. Because, if it goes off once, you would never look

towards that kind of a product, further you will feel dejected actually, so that is the job of a product manager who actually tries to assure that with the help of their research and development team and at the back end and production teams and so on, who is working day in day out on that.

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• **Repairability** measures the ease of fixing a product when it malfunctions or fails.

- Ideal repairability would exist if users could fix the product themselves with little cost in money or time.
- Some products include a diagnostic feature that allows service people to correct a problem over the telephone or advise the user how to correct it.
- Many computer hardware and software companies offer technical support over the phone, by fax or e-mail, or via real-time chat online.

• For e.g., Whirlpools or LG's electric appliances.

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, see repairability measures the ease of fixing a product when it malfunctions or fails as I said, ideal repairability would exist if users could fix the product themselves with a little cost in money or time. And many, many organizations give you guides which work very well and then there are software guides also.

So, some products include a diagnostic feature that allows service people to correct the problem over the telephone or advise the user how to correct it. And many computer hardware and software companies offer technical support over the phone by fax or email or via real time chat online and they keep on guiding you how to best use it and so on.

Sometimes, there are compatibility issues and nowadays when so, many new applications are coming there are several compatibility issues when one of the applications is not working, because you have downloaded the other application which is not complementing the existing application at the back end and so on. And this makes you puzzled on because you do not know about this. So, you just go to the site of that organization and then FAQs, they will advise you

and we have referred to FAQs as a point of discussion earlier as well, examples are Whirlpool or LG, and several electrical appliances and so on.

So, I will end this part of the discussion in this session here itself and I will be coming back to you with some more elements of differentiation. And remember that these elements however sublime in character or nature they are, but are one of the most important differentiating factors when you start using a product and when you become loyal to a product. So, you see that is how product management is related to gaining the loyalty of the customers in long term and converting a product into a brand. So, I will be coming back to you next time till then, goodbye.