

Product strategy

dk

product

AMA: anything that can be offered to a market for attention, acquisition, use or consumption that may satisfy a need or want

It includes:

1. Physical goods: TV
2. Service: airline
3. Experience: amusement park
4. Event: trade show
5. Person: celebrity
6. place: tourist spots
7. property: real/financial
8. organization: TATA
9. information: books
10. idea: blood donation

Levels of pdt

1. Generic-core benefit, hotel: rest, sleep

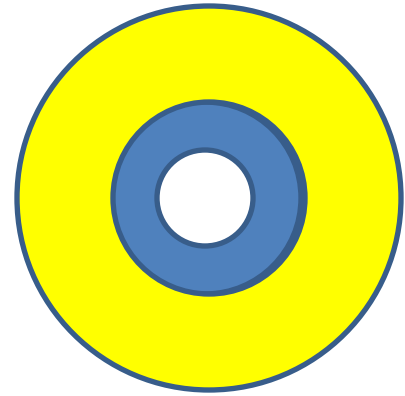
2. Basic: combn of features & attributes that would deliver the benefit, H: bed, washroom, towel, soap

3. Expected-conditions that one normally expects, H: clean bedsheet, fresh towel

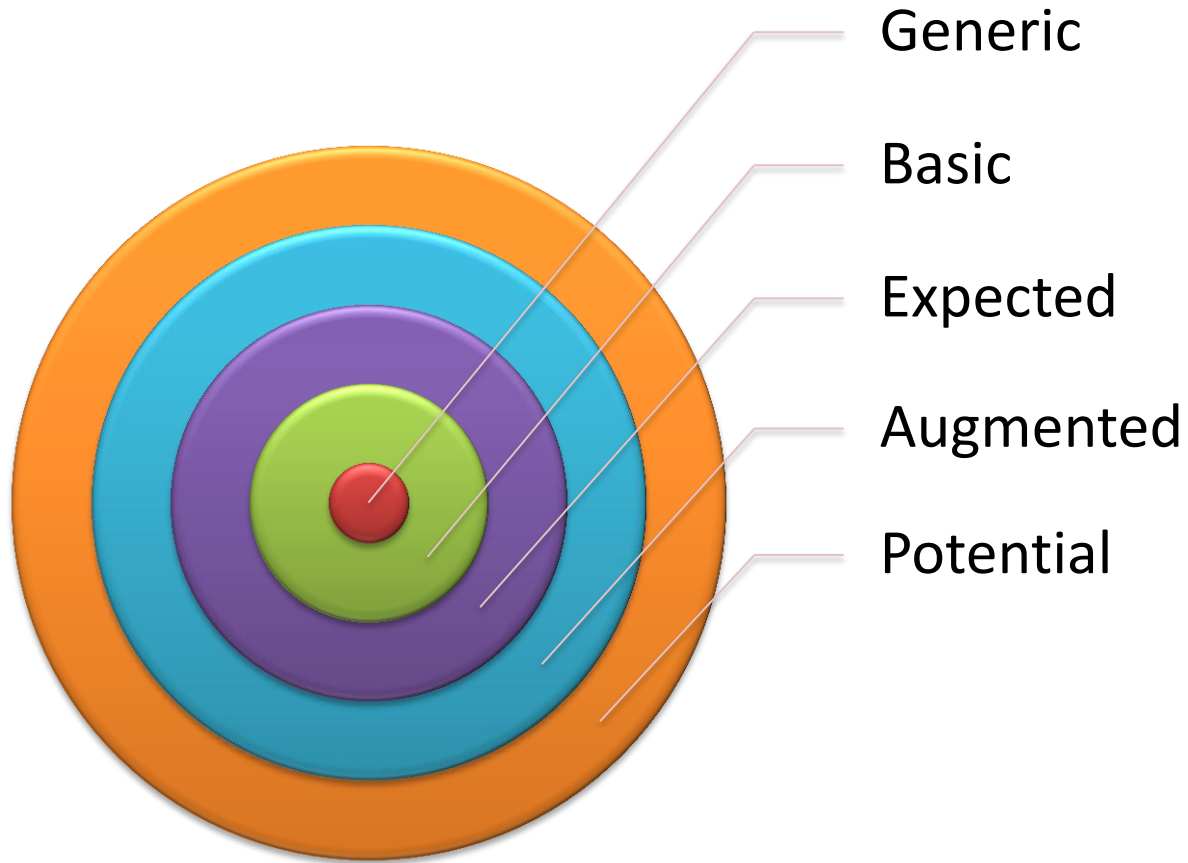
4. Augmented-sthg that exceeds cust expectation/(delight) H: high speed internet access, fresh flower # competitive adv,

consider trade off

5. Potential-all possible augmentn & transformation the pdt might undergo in future, H: suite # entirely new way to distinguish



levels



Classification of pdts

1.durability-

#durable:normally survives many uses/fridge

#nondurable(FMCG):normally consumed in one or a few uses/shampoo

#perishable:very short life,degenerates/fruit,milk

2.Tangibility-

#goods:physical existence/soap

#service:any activity.benefit or satisfaction offered for sale that is essentially intangible& does not result into the ownership of anything/education

3.purpose-

#consumer pdt: bought for final consumption

#industrial pdts:bought for manufacturing a finished pdt

contd..

Consumer pdts

1. Convenience goods: usually purchased frequently, immediately & with min of efforts # low priced, readily available (salt, candy)

a) staples - regular purchase - toothpaste, cereals # visibility

b) impulse - without any planning / search - mag, candy # visibility

c) Emergency - urgency, umbrella in rainy season, medicine # availability

2. Shopping goods: compared on suitability, quality, price, style - clothing, furniture # sales support

3. Speciality goods: unique characteristics / brand identification - car, designer clothes, medical, legal service / more of involvement, special purchasing effort reqd.

4. Unsought goods - unaware / uninterested - food processor, insurance # advtg, PS

contd..

Industrial pdts

1. Materials&parts:become a part of the finished pdt

a)Raw mat

i)farm pdt-agri produce-cotton,fruit,cereal

ii)Natural pdt-gift of nature-iron ore petroleum,fish

b)Manufactured mat& parts

i)Component mat-cement,steel

ii)Component parts-tyre,motors

2.Capital items:longlasting goods that facilitate the manufacturing of the finished pdts

a)Installation

i)building-office,factory

ii)Fixed equipment-generator,main frame, elevator

b)Accessory equipment

i)factory equipment&tools(portales),hand tools ,lift trucks

ii)Office equipment-fax, m/c,computer, furniture

3.supplies& services:short lasting inputs that facilitates the mfg of the finished pdts

a)supplies-

i)operating supplies-lubricant,stationery

ii)Maintenance&repairs-paint,nails,brooms,moppers

b)Service

i)maintenance&repairs-cleaning,repairs

ii)Business advisory-legal,consulting,research

Pdt mix decision

Pdt mix/assortment/portfolio:the set of pdts & items that a particular mkter offers for sale.

Pdt line-a group of pdtsthat are closely related because they a)perform similar function,b)are sold to the same cust grops,c)are mktd thru the samr channel d)make up a particular price range.It is analysed in terms of

PMis analysed in terms of

Length of P-mix/line:total no of items in the P-m/l Avg. Length of line=total length/no.of lines

Width of p-mix:total no. of p-line in the p-mix

Depth of P-mix:total no. of variants of each pdt in the line. ie. wt(3)xflavour(2)=depth(6)

Consistency:the extent to which the PLs are closely related in end use,prodn requirement,or distribution channel

PL-Analyais

1)Line stretching-lengthening the PL beyond is current range.

a)upward:from low end mkt to high end.# credibility

b)downward-from high end mkt to low end#cannibalise

c)Two –way:from middle mkt to both direction

2.Line filling-adding items within the present range of line to fill the gap#canniibalisation

3.Line pruning-dropping the deadwoods to concentrate on higher margin items,or inadequacy of prodn capacity

Pdt hierarchy

1. Need family: the core need- 'security'
 2. Pdt family: the pdt class that can satisfy the core need- 'saving'
 3. Pdt class/category: pdts having functional coherence- 'financial instrument'
 4. Pdt line: pdts that perform the similar function- 'life insurance'
 5. Pdt type: items that share the same form- 'Term life insurance'
 6. item: a distinct unit distinguishable by some attribute- 'ICICI Prudential renewable life insurance'
- #pdt system: a group of diversified but related items that function in a compatible manner

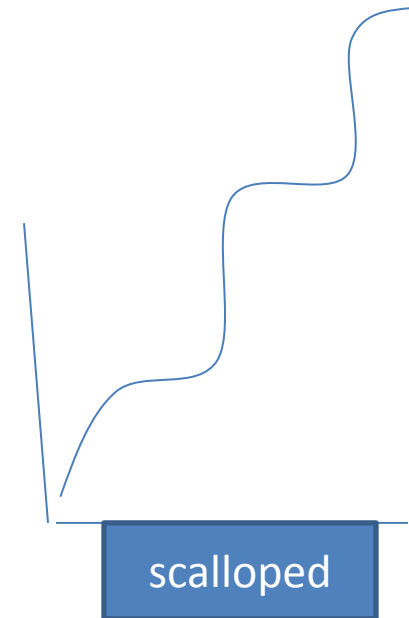
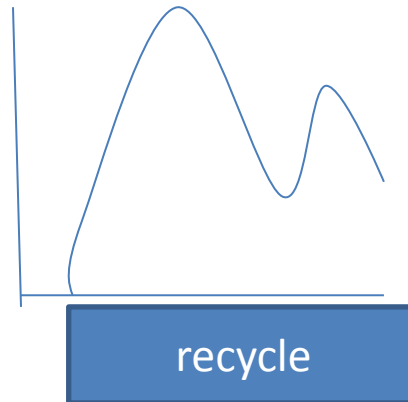
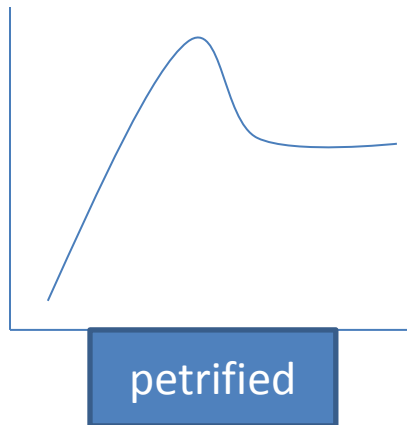
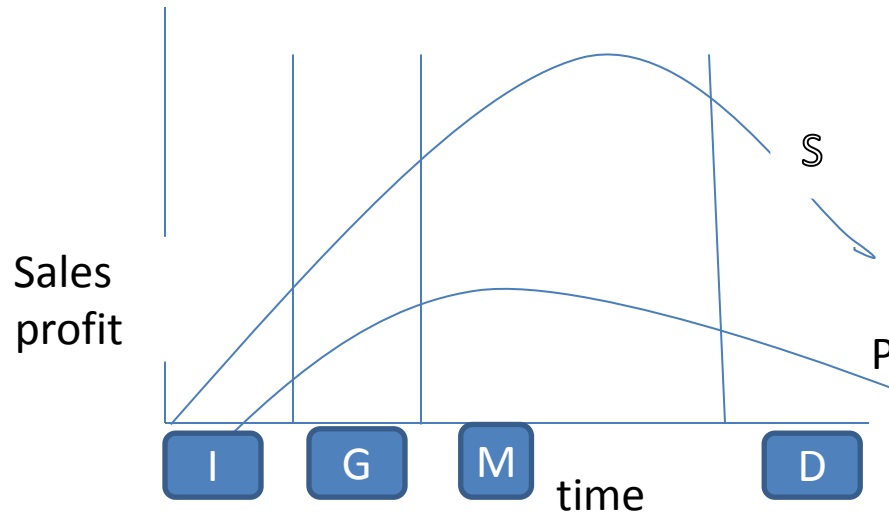
PLC

A pdt has a limited life during which it undergoes diff phases which are expressed in terms of sales & profits wrt time. The mkters are reqd to devp appropriate strategies for each of the stages as they offer diff challenges & opportunities

Application

1. Forecasting tool (anticipate the pdt perfo)
2. Planning tool (devp mktg strategy)
3. Controlling tool
4. Applicable to p-class/p-form/brand

contd..



Introduction stage

Mkt entry-slow sales growth due to

Delay in → expansion of prodn capacity/dealer acceptance & support

Customer reluctance to change

#negative profit-low sale & high D&P cost

Prices tend to be higher as costs are high

Strategy-(foothold)

1.When to enter-pioneer/imitator

2.National or Roll on launch

3.Consistency with intended pdt positioning

4.Deciding on mktg variables:

slow skimming/rapid penetration

Growth stage

Mkt acceptance, sales pick up/early adopters persist, late buyers follow the lead(WOM)

Mktg cost to rise to expedite the accelerate the sale growth The avg (Mfg) cost falls owing to the learning curve effect & scale of prod

Profit increases D&P costs are spread over a large vol.,

Strategy:(sustain rapid growth as long as possible)

1.Improve Q,add features,models,style

2.Enter new mkt segmnt

3.Intensify distribution coverage

4.Shifting ad from awareness to preference/conviction/purchase

5.Lower price to attract price sensitive custs

→trade off bet.mkt share & current profit

Maturity strategy

Sales growth slows down/levels off due to increase in comptn, better versions

phases: growth/stable/decay

Strategy

1. Mkt modifcn: a) expand the mkt by adding the users

i) Converting non users ii) entering *new mkt segmt iii) winning competitors cust

b) Vol increase with current cust i) more frequent use (shampoo) ii) more use per occasion (toothpaste) iii) new & varied use (milkmaid, dettol)

2. Mktg mix modifcn: a) pdt-

add QFS (quality, feayures, style) b) price-reduce it to attract new/competitors cust c) consider SP (financial persuasion) as against advt (emotional persuasion) d) add on services

Decline stage

Sharp drop of S over a period

Reasons: a) increase in competition b) shift in customer taste & pref.
c) technological advancement

Strategy

Harrigan(5)

1. build-increase investment → reposition, strengthen competitive position to dominate the mkt
2. hold-maintain the investment level till the uncertainties are resolved, turnaround is expected
3. Selective disinvestment-drop unprofitable pdt models/cust groups, & simultaneously increasing investment in lucrative niches
4. harvesting(milking)-cost cutting without making it evident, reduce cost, recover cash/reduce Q, sales force size, services, ad expenditure, R&D, Plant&equipments
5. divest-drop/sell, disposing of assets as advantageously as possible