

Product Strategies

Theodore Levitt's Product Level Hierarchy

Theodore Levitt proposes that in planning its market offering, the marketer needs to think through 5 levels of the product. Each level adds more customer value and taken together forms **Customer Value Hierarchy**.

Core Benefit or Product:

This is the most fundamental level. This includes the fundamental service or benefit that the customer is really buying.

A hotel customer is actually buying the concept of “rest and sleep”.

Basic or Generic Product:

The marketer at this level has to turn the core benefit to a basic product.

The basic product for hotel may include bed, toilet, and towels.

Expected Product:

At this level, the marketer prepares an expected product by incorporating a set of attributes and conditions, which buyers normally expect while purchasing the product.

Hotel customers expect clean bed, fresh towel and a degree of quietness.

Augmented product:

At this level, the marketer prepares an augmented product that exceeds customer expectations.

The hotel can include remote-control TV, fresh flowers, room service and prompt check-in and checkout.

Today's competition essentially takes place at the product-augmentation level. Product augmentation leads the marketer to look at the user's total consumption system i.e. the way the user performs the tasks of getting, using, fixing and disposing of the product. Theodore Levitt pointed out that the real competition is not what the companies have manufactured in the factories, but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing and other things that people value.

Some things should be considered in case of product-augmentation strategy:

- Each augmentation adds cost.

The extra benefits available in hotels add cost

- Augmented benefits soon become expected benefits.

The unexpected additions like flower, remote-controlled TV soon become very much expected by the customers from the hotel.

- As companies raise the price of their augmented product, some companies may offer a "stripped-down" i.e. no-augmented product version at much lower price.

There are always a set of relatively lower-cost hotels available in a metro along with 5-star hotels.

Potential product:

This level takes into care of all the possible augmentations and transformations the product might undergo in the future. This level prompts the companies to search for new ways to satisfy the

customers and distinguish their offer. Successful companies add benefits to their offering that not only satisfy customers, but also surprise and delight them. Delighting is a matter of exceeding expectations.

Burj Al Arab hotel, conceived by architect Tom Wright of WS Atkins PLC and managed by the Jumeirah Group offers so many features, which are absolute unique in hotel industry. Some of them are given below:



At 321 m or 1,050 ft [Height details: Antenna/Spire: 322 m (1,060 ft); Roof: 210 m (690 ft); Top floor: 200 m (660 ft)], it is the second tallest building in the world used exclusively as a hotel

The hotel rests on an artificial island constructed 280 m (920 ft) offshore. To secure a foundation, the builders drove 40 m (130 ft) long concrete piles into the sand. Engineers created a surface layer of large rocks, which is circled with a concrete honeycomb pattern, which serves to protect the foundation from erosion. It took three years to reclaim the land from the sea, but less than three years to construct the building itself. The building contains over 70,000 m³ (2,500,000 cu ft) of concrete and 9,000 tonnes of steel.

The atrium inside the building is 180 m (590 ft) tall.



Burj Al Arab promotes itself as the world's only "7-star" property, whereas all major travel guides and hotel rating systems have a 5-star maximum, which some hotels attempt to out-do by ascribing themselves "6-star" status only.

It is the world's tallest structure with a membrane façade and was the first 5-star hotel to surpass 305 m (1,000 ft) in height.

Suites feature design details that juxtapose east and west. White Tuscan columns and a spiral staircase covered in marble with a wrought-iron gold leaf railing show influence from classicism and art nouveau. Spa-like bathrooms are accented by mosaic tile patterns on the floors and walls, with Arabian-influenced geometries, which are also found elsewhere in the building.



Despite its size (with floor count of 60, floor area of 111,500 m² (1,200,000 sq ft) and elevator count of 18), the Burj Al Arab holds only 28 double-storey floors which accommodate 202 bedroom suites. The smallest suite occupies an area of 169 m² (1,820 sq ft), the largest covers 780 m² (8,400 sq ft). It is one of the most expensive hotels in the world. The cost of staying in a suite begins at US\$1,000 per night; the Royal Suite is the most expensive, starting at US\$28,000 per night.

One of its restaurants, Al Muntaha (Arabic meaning "Highest" or "Ultimate"), is located 200 metres (660 ft) above the Persian Gulf, offering a view of Dubai. It is supported by a full cantilever that extends 27 metres (89 ft) from either side of the mast, and is accessed by a panoramic elevator. The main chef there, Edah Semaj Leachim, was awarded Chef of the Year 2006 and also owns the restaurant, in accordance with the Burj Al Arab hotel.



Another restaurant, the Al Mahara (Arabic meaning "The Oyster"), which is accessed via a simulated submarine voyage, features a large seawater aquarium, holding roughly 990,000 litres (35,000 cu ft) of water. The tank, made of acrylic glass in order to withstand the water pressure, is about 18 centimetres (7.1 in) thick. The restaurant was also voted among the top ten best restaurants of the world by Condé Nast Traveler.



My Cool Guru™
Share . Care . Grow

Product Hierarchy

Each product is related to certain other products. The product hierarchy stretches from basic needs to particular items that satisfy those needs. There are 7 levels of the product hierarchy:

Need family:

The core need that underlines the existence of a product family.

Computation is one of such needs

Personal transportation is another need

Product family:

All the product classes that can satisfy a core need with reasonable effectiveness.

All of the products like computer, calculator or abacus can do computation.

Mechanised (two-wheeler, four-wheeler) and manual (cycles) products which meet personal transportation needs

Product class:

A group of products within the product family recognised as having a certain functional coherence.

Personal computer (PC) is one product class within computer product family.

Four-wheeler is one product class in mechanised automobile product family.

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 channels or fall within given price range.

Portable wireless PC is one product line with PC product class.









Passenger car, multi-utility vehicle (MUV), sports utility vehicle (SUV), all-terrain vehicle (ATV) are the examples of product line in four-wheeler industry.

Product type:

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

Laptop is one product type within Portable wireless PC product line.

Hatchback is one product type in passenger car product line. The graphical comparisons of hatchback with other passenger car types differentiated by body-style are given below:

 Sedan	 Coupe	 Hatchback	 Minivan/Van
 Truck	 Station Wagon	 Convertible	 SUV/MUV

Brand:

The name associated with one or more items in the product line that is used to identify the source or character of the items.

HP is one brand of laptop. Some of the widely popular HP variants are:

- HP Pavilion dv2z
- HP Pavilion dv7
- HP Pavilion dv9700t
- HP Pavilion TX1000
- HP Pavilion x360
- HP 520 Notebook
- HP Envy

My Cool Guru™
Share . Care . Grow

Top hatchback cars in India in 2020 are Hyundai i20 2020 (Rs. 6.79 - 11.32 Lakh), Tata Altroz (Rs. 5.44 - 8.95 Lakh), Maruti Swift (Rs. 5.19 - 8.02 Lakh), Maruti Baleno (Rs. 5.63 - 8.96 Lakh), Renault KWID (Rs. 2.99 - 5.12 Lakh) and Hyundai Grand i10 (Rs. 5.91 - 5.99 Lakh)



Hyundai i20 2020



Tata Altroz



Maruti Swift



Maruti Baleno



Renault KWID



Hyundai Grand i10

Hatchback car brands from various companies are as follows:

- i. Chevrolet: Optra, Aveo, Tavera, Forester, SRV, Aveo U-VA and Spark**
- ii. Hyundai: Santro Xing, i10, 120, Getz Prime (discontinued: Getz)**
- iii. Tata: Nano, Indica V2 Xeta, Indica Vista, Indica V2**
- iv. Maruti Suzuki: 800, Alto, Zen Estilo, Wagon R, Wagon R Duo, A-Star, Ritz, Swift**
- v. Fiat: Palio Stile, Grande Punto, 500 (discontinued: Palio D, Palio NV, Uno)**
- vi. Skoda: Fabia**
- vii. Ford: Fusion**
- viii. Honda: Jazz**

Item/stock-keeping unit/product variant:

A distinct unit within a brand or product line distinguishable by size, price, appearance or some other attributes.

Various items associated with laptop product type are:

- **Laptop sleeves & slipcases**
- **laptop backpacks**
- **laptop messenger & shoulder bags**
- **camera privacy covers**
- **cooling pads**
- **docking stations**
- **lapdesks**

- **laptop batteries**
- **laptop chargers & power supplies**
- **replacement keyboards**
- **replacement screens**
- **screen filters**
- **screen protectors**
- **skin stickers**

Various car accessories include:

- **Car cover**
- **Seats cover and floor mats**
- **Air freshener**
- **Puncture repair kit**
- **Tire inflator and pressure gauge**
- **GPS navigators**
- **Comprehensive tool kit**
- **Parking sensors/camera**
- **Jumper cable**
- **Smart Car Charger – helping to locate car in busy parking lots**



- **Car Mount - doesn't require any installation**



- **Dashboard Grip Pad - holds phone, keys, & more**



- **Bluetooth Key Finder So You'll Never Lose Your Keys Again**



- **Car Trash Can**



- **Car Vacuum Cleaner**



- **Three-Pocket Net - keeps groceries & bags from spilling everywhere**



- **FM Transmitter - makes any car bluetooth-friendly**



- **Console Insert - keeps change & sunglasses from falling between seats**



- **Seat Cushion**



- **Car Battery Jumper - must-have for any emergency**



Product Classification

Products could be primarily classified on the basis of their characteristics like durability and tangibility or usage.

A. Based on Durability and Tangibility

Based on durability and tangibility, products can be classified into three groups:

- **Non-durables:** Non-durable goods are tangible in nature, but consumed over a short period of time. **All the FMCG (fast moving consumer goods) like soap, toothpaste, detergent powder**
- **Durables:** Durable goods are tangible in nature and are consumed over a relatively longer period of time. **All the electronic gadgets like TV, washing machine, refrigerator**
- **Services:** Services are intangible and perishable in nature. Services can be;
 - Independent product. **Haircut**
 - Inseparable part of other tangible product: **after-sales service of car**

B. Based on the Nature

Based on nature, product can be classified into 10 types. These are:

- **Goods:** Physical goods are the tangible and physical materials. It has the quality of possession and ownership. **Rice, Clothing**
- **Services:** These are intangible performances where the consumption and production point is the same. One can use the service by paying for it but cannot claim ownership. **Hospital, Banking**

- **Ideas:** Every market offering includes the basic idea at its core. Charles Revson of Revlon commented that in the factory they make cosmetics, but in the store they sell hope. **Consultancy firm, Ad Agency**

- **Experiences:** By orchestrating several services and goods, one can create, stage and market experiences. **Science City, Aquatica Theme Park, Water World**

- **Events:** Marketers promote time-based events such as **Olympics or IIFA Movie Awards.** **The International Indian Film Academy (IIFA) Awards are presented annually by the International Indian Film Academy to honour both artistic and technical excellence of professionals in Bollywood. Instituted in 2000, the ceremony is held in different countries around the world every year (2000: London, England; 2001: Sun City, South Africa; 2002: Genting Highlands, Malaysia; 2003: Johannesburg, South Africa; 2004: Singapore, Republic of Singapore; 2005: Amsterdam, The Netherlands; 2006: Dubai, United Arab Emirates; 2007: Yorkshire, England; 2008: Bangkok, Thailand; 2009: Macau, Macau). The IIFA Media Campaign, a powerful and dynamic communication vehicle, reaches millions of viewers, not only in India, but across major territories like U.K., USA, Europe, Middle East, Far East, Africa, Australia and Asia. The IIFA media blitzkrieg cuts across multiple media, enabling a global audience to connect with and chart the course of the IIFA Weekend through Television, Press, Radio, Print, Internet and Ground activities.**

Television: Television with its mass reach plays a significant role providing tremendous exposure to the IIFA movement and its associates. Strategic tie -ups with international satellite channels and local terrestrial channels in various countries ensure extended IIFA awareness across the world. Apart from generating hype through news coverage on various international channels, the IIFA Weekend is packaged into exciting entertainment content comprising:

- i. **Special Pre-Event Capsules**

- ii. Television Promotions
- iii. Broadcast of IIFA Awards
- iv. IIFA Weekend Capsules
- v. Flashback- The Best of IIFA

Press: Over the past five years, IIFA has proven its immense global appeal evoking the interest of and receiving extensive coverage from Indian and international print media. This is achieved by launching a concentrated Public Relations campaign being focused on regular interaction with print media across the world. Extended hype is created through press conferences in Indian and international venues which are attended by global media representatives. Regular dissemination of information through dispatch of IIFA updates, press releases, interviews, events, visits to the country of hosting, and strategic alliances with media partners and associates. All drive IIFA viewership and participation on a global scale.

Radio: An important medium of communication, radio is effectively utilized to reach the audience on the move by the Academy, sponsors and associates to promote and hype the IIFA Weekend through promotional spots, contests and coverage of the IIFA Awards and the IIFA Weekend.

Print: The IIFA campaign extends across Indian and international print media. The print media burst, aims at creating hype, increases awareness and drives viewership, include several phases:

- i. IIFA Awards Contests
- ii. Vote Now
- iii. Watch IIF

Internet: The Internet is one of the key elements in the IIFA Campaign. Effective use of this medium makes IIFA accessible to a huge cross section of enthusiasts. A global audience participates in all the stages of IIFA - from polling on the net to contests to Live and Archived Webcasting of IIFA events and activities.

Ground Promotions: An extension of the multi-pronged IIFA campaign is extensive on-ground and outdoor publicity, promoting all phases of IIFA leading up to the weekend.

- **Persons:** Celebrity marketing has become a major business. Different film stars and sportspersons have their own publicity and endorsement agent. **Percept D' Mark is the endorsing agent of Sourav Ganguly**
- **Places:** Places can be marketed to attract tourists industries etc. **Kerala-God's Own Country Campaign.**
- **Properties:** Properties are intangible rights of ownership of either real property (**real Estate like Amby valley project**) or financial property such as stocks (**TCS IPO Campaign**) or mutual fund (**SBI Infrastructure NFO campaign**)
- **Organisations:** Organisations actively work to build a strong favourable image in the mind of their customers. **Videocon Group embraced a new brand identity with a new proposition – 'Experience change'.**
- **Information:** Information can be produced and marketed as a product. **Dictionaries, Encyclopaedias, CBT (Computer Based Training) Software**

Real Life Case Scenario

Person as Product and Concept of Marketing Exchange

Example to be discussed: Ranbir Kapoor endorsing Pepsi

Media: TV

Product Group: Beverages

Advertiser: PepsiCo India

Advert title: Ranbir & Football

Creative Agency: JWT, Mumbai

Storyboard:



The TVC opens with a boy juggling a football.



Ranbir Kapoor walks alongside the boy and asks him to play cricket instead, as it's a gentleman's game.



The boy catches the ball. Observing his skills, Ranbir pesters him by saying that he could be a good wicket keeper.



The boy doesn't react. After seeing the boy's footwork, Ranbir suggests that the boy try his hands at being a batsman.



In the next shot Ranbir stops at a Pepsi vending machine. He puts the coin to get a Pepsi, nothing comes out though.



The boy bangs the football on the vending machine and a Pepsi bottle comes out. The boy drinks it and says, "Play football a little bit, it will help, try it".



Ranbir gets amazed and says, "Change the game?"



He tries his hands at football, breaks a window and runs away.

Date of publication / release: February, 2012

Additional credits:

Executive Creative Director: Surjo Dutt

Senior Copywriter: Romit Nair

Executive Business Director: Saurabh Saksena

VP & Client Services Director: Kundan Joshee

Music Director: Clinton Cerejo

TVC Director: Shujaat Saudagar

Producer: Ashit Ghelani (Boot PolissH Films)



GroupM was formed in 2003 by WPP Group to serve as the parent company of WPP's media agencies including Maxus, MEC, MediaCom, Mindshare, Xaxis, Outrider, Kinetic, Quasar and IEG. It handles over 32% of the world's media billings making it the world's largest media investment management operation. MindShare handles media buying and planning for J Walter Thompson India.

KWAN exclusively represented Ranbir Kapoor in the corporate endorsements. Anirban Das Blah, MD of KWAN said “Young people are the single biggest consumer demographic in India and it is often difficult identifying someone who they can connect with and relate to, someone who epitomizes their aspirations and complexities, who represents the changing face of a confident.” Ranbir has not only received applause from people but has also received the Brand Ambassador of the year award at the Storyboard Consumer Awards organized by CNBC Awaaz. Once in the interview Ranbir mentioned that “Brands endorsements provide a great additional avenue to reach audiences along with our films. *I am thrilled to have associations that are in line with my personality and my beliefs.*” This young and youth icon star received the honour from Maharashtra Chief Minister Prithvi Chavan while KWAN had received the “Agency of the Year” which had represented Ranbir Kapoor.

KWAN Entertainment has always taken care of their actors and other brand ambassadors of their agency, to explore their talents in various ways. Endorsements are bagged by the stars from KWAN media agency and stars are provided with all the facility and care. According to its homepage, “KWAN's Talent Management vertical manages celebrities across Hindi and Regional Cinema, both of which have an unbelievably huge fan base in India and across the world. The team manages celebrities through every level of their career while also looking after all their endorsements and appearances. At KWAN we believe that just like each celebrity has a unique quality and identity, so does each brand and this is the connection we try to establish through our endorsements. Finding the perfect fit for a brand as well as for a celebrity is our main objective. Our team recognises the true value of each celebrity and does its best to nurture the same and deliver to the table, more than just what is expected. At KWAN, we believe in creating relationships with our celebrities and making sure that talent is given its due respect.”

The Elements of the Activity Framework

Advertiser (PepsiCo India for Pepsi)

Ad agency (JWT)

Celebrity Endorsement Agency (KWAN Entertainment)

Celebrity (Ranbir Kapoor)

Ad Film Production company (Boot PolissH)

Media Planner & Buyer (MindShare)

Media Vehicle (HBO)

End user (TG)

Marketing Exchange Framework

Marketer/ Seller	Product	Customer/ Buyer	Consumer/ User	Nature
Modern Trade (Spencer's, More etc.) General Trade (Local grocery shop, sweet shop, panwala etc.)	Pepsi RGB/PET/Can (1 unit)	Mr. X	Son/daughter/ wife of Mr. X or Mr. X himself	B2C
Wholesaler	Pepsi RGB/PET/Can (say, 100 units/day)	Local grocery shop, sweet shop, panwala	N.A.	B2B
Distributor	Pepsi RGB/PET/Can (say, 2,000 units/day)	Wholesaler	N.A.	B2B
Varun Beverages (the bottler - gets a percentage for each sale; rest goes to PepsiCo)	Pepsi RGB/PET/Can (say, 15,000 units/day)	Distributor	N.A.	B2B
	Pepsi RGB/PET/Can (say, 10,000 units/day)	Spencer's	N.A.	B2B
PepsiCo	Pepsi trademark, product know-how	Varun Beverages	N.A.	B2B
JWT	Advertisement	PepsiCo	N.A.	B2B
Boot PolissH	Ad film	JWT	N.A.	B2B

MindShare	Media planning & buying	JWT	N.A.	B2B
HBO	Ad slots	MindShare	N.A.	B2B
TOI	Ad space	MindShare	N.A.	B2B
KWAN Entertainment (gets a percentage; rest goes to Ranbir Kapoor)	Ranbir Kapoor and his celebrity anchoring power	JWT	N.A.	B2B

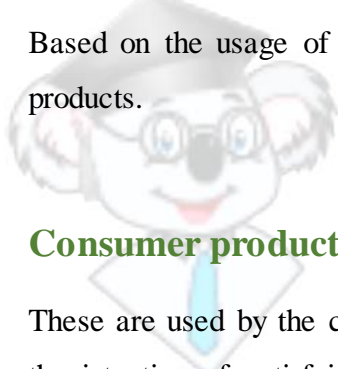
Note:

RGB: Returnable Glass Bottles

PET: Polyethylene terephthalate

C. Based on Usage or Consumers' Intentions

Products can be classified depending on who the final purchaser is and how he uses them. Based on the usage of the products, they are divided into consumer products and industrial products.



Consumer products:

These are used by the consumer for personal, family or household use. They are bought with the intention of satisfying individual or personal needs. Consumer products can be further divided into:

Convenience products: These are relatively inexpensive and are bought frequently with a minimum of thought and effort. Convenience products can be categorized into:

- Staple goods: Items required for day-to-day purpose; **milk, bread, newspapers**
- Impulse goods: Items not intended to be purchased before the shopping trip; **magazines, chewing gum**

Marketers sell convenience products through retail stores and try to restock the products as frequently as possible. Marketers use various strategies, like options for better positioning and shelf space for their product as well as packaging. Marketers also arrange for visual merchandizing and point-of-purchase (POP) displays.

Shopping products: These are the products for which a buyer is willing to spend time and effort in planning and making purchase decisions. These products are expected to have a longer life and are purchased less frequently. Shopping products are relatively more expensive and are sold at fewer retail outlets in comparison with convenience products. Buyers evaluate features like price, product features, warranties, quality, after sales services, etc. in a brand. Examples of shopping products are **home appliances, cars, cameras** Marketers use personal selling and advertising for promoting these products. They try to highlight the product's attributes because customers compare and evaluate the brands.

Specialty products: These are the products that have one or more unique characteristic features and are available through a few select outlets or only through a single outlet. Customers are aware of what they want and will not accept a substitute for these products even though they might have to wait for a considerable time to get the product. Customers are extremely loyal of brand, store or person and willing to pay a premium for the product. Examples include **Mercedes-Benz car, Mont Blanc pen, Christian Dior fashion accessories**

Unsought products: These are the products that a customer purchases when he is faced with a sudden problem that makes it vitally necessary to purchase the product. There may be two such cases, where customers are:

- Unaware of the need; **regular medical check-up**
- Unwilling to think about it before need arises; **umbrellas, repair services, life and general insurance**

Marketers use personal selling and advertising to market these products. Missionary selling is quite appropriate here.

Industrial products:

These are the products that are purchased to produce other products or facilitate the smooth functioning of an organization. The functional aspect of these products is perceived to be more

important when compared to the psychological rewards associated with them. Based on their characteristics and intended usage, organizational products can be classified as:

Production goods: These are the goods to be used for the production of other products, which could be further divided into raw material, component parts and process materials.

○ Raw material: Raw material is the basic material used in producing a product. They are bought in large quantities according to their grade and specifications. Two types of raw materials include:

★ Agricultural products; **grains, fruits, livestock**

★ Natural products; **minerals, crude oil, fabrics**

○ Component parts: A component is a product finished or requiring a little processing before being assembled into the main product, although keeping its easily distinguishable identity. **Wheels or seats for a car**

○ Process materials: These are also used directly in the production of the final product, but are not easily identified as part of the production of final products. **Alcohol for perfumes**

Support goods: These are the products that facilitate production, but do not become a part of the final product. They are further divided into capital equipment, accessory equipment, consumable supplies and business services.

Capital equipment: It comprises of the large tools and machines that are used for the production of goods or for providing services. Such equipments are usually expensive and sometimes customized to suit the individual needs of the firm. Marketers of these products usually provide services like installations, training, repair and maintenance and financial assistance to the buyers. **Machines**

Accessory equipment: These are the products that help in production or office activities, but do not become a part of the final product. Accessories are relatively less expensive, demand less services and maintenance and are purchased more frequently when compared to capital equipment. **Computers, calculators, furniture**

Consumable supplies: These are the products that are consumed during production and delivery of the product but they do not become part of the final product. Industrial customers buy consumable supplies for the smooth functioning of their operations. Consumables are usually bought routinely and are available through various outlets. Buyers often prefer purchasing consumables from more than one seller to ensure supplies are available as and when required. They are often referred to as MRO items:

- ★ **Maintenance items; brooms, lubricating oil**
- ★ **Repair items; replacement parts, handy tools**
- ★ **Operating items; office stationery, electricity, water**

Business services: These are intangible in nature. Organizations require services for smooth functioning of their operations. A firm decides on whether to outsource or maintain its own service staff depending on the frequency and complexity of service needs and cost to the company. **Financial services, legal services, marketing research, security, advertising**

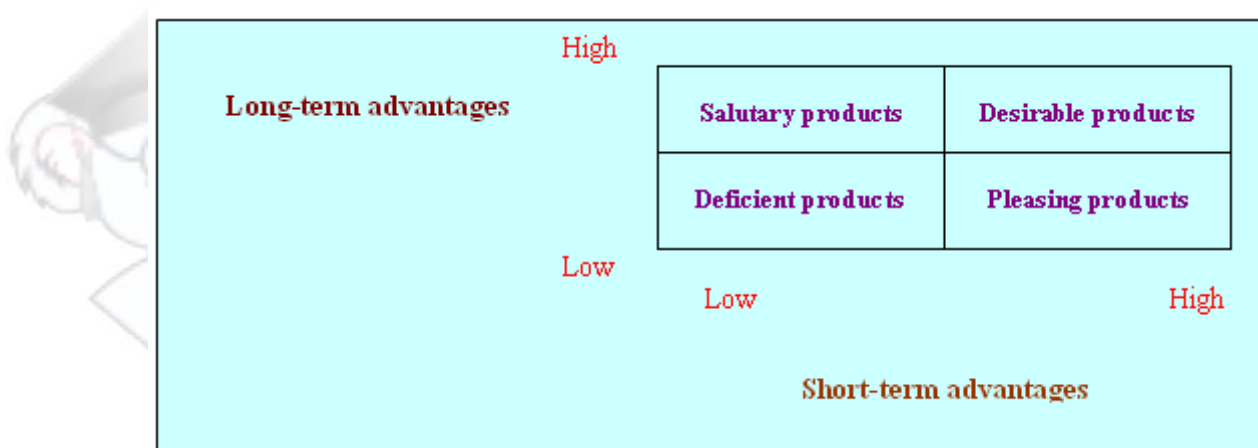
Limitations of product classification models

- 1) Products cannot be classified exclusively as consumer products or industrial products. **Towel while purchased for household use must be considered as a consumer product whereas while purchased by an office or a hotel should be treated as an industrial product.**
- 2) The perception of every customer is different from other and so they may not categorize the products in the same manner. **An umbrella might be perceived as shopping product by one and unsought product by other.**

- 3) Customers do not behave rationally all the time, for instance a person who takes a lot of time in evaluating brands might sometimes end up buying impulsively.
- 4) Though there are a certain limitations to product classification models, classifying products helps marketers in devising marketing mix strategies.

Based on Social Benefits:

From the social aspects, we can differentiate the products depending on long-term (long-range benefits) and short-term advantages (immediate satisfaction).



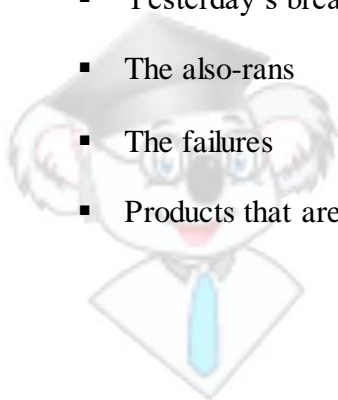
- **Pleasing products:** These give high immediate satisfaction, but do harm to consumers in the long run; **pan masala, cigarettes, alcohols**
- **Deficient products:** These have neither immediate appeal nor long run benefits. Firms are not interested in such products as there is no chance to make any profit at all. Current examples could be **typewriter or pager**
- **Salutary products:** They have long run advantages but have no immediate appeal to consumers. Hence, firms are not primarily interested in such products. But they can be

taken as a challenge and they can be made initially attractive without losing long run consumer benefits. The example is **soyabeen chips (diet chips)**

- **Desirable products:** These have a happy combination of high immediate satisfaction and high long run consumer welfare. **Tasty, nutritious, ready-made food products** are the examples of such desirable products. Socially responsible firms would attempt to find opportunities to produce desirable products.

Peter Drucker (1963) recommended classifying products in one of following six ways:

- Tomorrow's breadwinners
- Today's breadwinners
- Yesterday's breadwinners
- The also-rans
- The failures
- Products that are capable of making a contribution assuming that drastic action is taken



Product Mix

An organization's product line is a group of closely related products that are considered a unit because of marketing, technical or end-use considerations. In order to analyze each product line, product-line managers need to know two factors. These are:

- Sales and profits
- Market profile

A product mix or assortment is the set of all products and items that a particular seller offers for sale. A company's product-mix has some attributes such as:

- **Width:** This refers to how many different product lines the company carries.

- Depth: This refers to how many variants, shades, models, pack sizes etc. are offered of each product in the line
- Length: This refers to the total number of items in the mix.
- Consistency: This refers to how closely the various product lines are related in end use, production requirements, distribution channels or some other way.

Let us look at an example where we will discuss the real product varieties in detail. We will discuss the entire range of products from Dabur and will calculate the length, width, product depth, average length and average depth.

Amla Hair Oil	50 ml, 100 ml, 200 ml, 300 ml, 500 ml
Amla Lite Hair Oil	100 ml, 200ml
Anmol Sarson Amla Hair Oil	50 ml, 100 ml, 200 ml
Anmol Natural Shine Shampoo	Rs 0.50 and Rs 1 sachet and 200 ml and 500 ml bottles.
Baby Olive Oil	100 ml
Back-aid cream	25gm, 5gm
Binaca Toothbrush	Top, Flexi, 1-2-3 Trickleen, Flex-n-Turn
Capsico Red Pepper Sauce	Standard pack
Dabur Chyawanprash	<i>Vishwast</i> 1 kg, 500 gm <i>Special</i> 1 kg, 500 gm, 250 gm
Dabur Balm	10 gm, 5 gm
Glucose-D	100 gm, 200 gm, 500 gm
GlucoPlus-C	100 gm, 500 gm
Gulabari	30ml, 60ml, 120ml, 250ml Bottles Skin Care PET pack
Hajmola	130 tablets (72 pieces / case) 110 Sachets jar (16 pieces / case) 110 Sachets refill (16 pieces / case)

	Sachet Combi (16 pieces / case)
Hajmola Anardana	100 gm Flip top bottle
Hajmola Candy	250 gm refill pack (Albela Aam, Chulbuli Imli, Pangebaaz Pineapple, Rangeela Santra)
	250 gm jar (Albela Aam, Chulbuli Imli, Pangebaaz Pineapple, Rangeela Santra)
	500 gm jar (Albela Aam, Chulbuli Imli)
Hajmola Candy Fun2	Pitch, Litchi, Green mango
Hajmola Mast Masala	100 gm
Hingoli	100 tablet Bottle, 200 sachet jar
Hommade	
Ginger & Garlic Tamarind paste	50 gm, 100 gm, 200 gm Pouch
	200 gm Tamarind
	200 gm Bottle
Tomato puree	Tetra pack
Coconut milk	Tetra pack
Imli Saunth chutney	Bottle 230 gm
Honey	50gm, 100gm, 250gm, 500gm & 1kg Bottle
	400gm Squeeze Pack
Itch care cream	12 gm
Janmaghunti	30 ml, 60 ml, 125 ml
Lal Dant Manjan	HDPE Packs 60g, 100g, 150g, 300g
	Sachet 5g, 10g
Lal Tail	60 ml, 120 ml, 200 ml
Lemoneez	Bottle 250 ml
Nature care	Regular 100 gm, 100gm (refill), 200 gm, 375 gm
	Orange 100 gm
	Lemon 100 gm

Pudin Hara	Liquid	10 ml, 30 ml
	Pearls	Strip
Pudin Hara G		5 gm sachet
Real juice		Grape, Guava, Pineapple, Tomato, Orange, Litchi, Mango, Mixed fruit
Real Activ		Orange, Apple, Orange Carrot
Red Toothpaste		200 gm, 100gm, 50 gm
Red Gel toothpaste		
Ring Ring		Cream 10 gm
Sarbyna Strong		600 strip jar, 20 strip box
Sat Isabgol		7 gm Sachet, 50 gm Packs, 100 gm Packs
Shilajit		10 caps, 30 caps, 100 caps
Shilajit Gold		Blister of 10 capsules
Shankha Pushpi		225ml, 450ml
Vatika enriched coconut hair oil		75 ml, 150 ml, 300 ml bottles 150 ml, 300 ml Flip can
Vatika Henna cream conditioning shampoo		8 ml, 50 ml, 100 ml, 200ml, 500 ml bottles
Lal Tail		60 ml, 120 ml, 200 ml
Lemoneez		Bottle 250 ml
Nature care	Regular	100 gm, 100gm (refill), 200 gm, 375 gm
	Orange	100 gm
	Lemon	100 gm
Pudin Hara	Liquid	10 ml, 30 ml
	Pearls	Strip
Pudin Hara G		5 gm sachet
Real juice		Grape, Guava, Pineapple, Tomato, Orange, Litchi, Mango, Mixed fruit

Real Activ	Orange, Apple, Orange Carrot
Red Toothpaste	200 gm, 100gm, 50 gm
Red Gel toothpaste	
Ring Ring	Cream 10 gm
Sarbyna Strong	600 strip jar, 20 strip box
Sat Isabgol	7 gm Sachet, 50 gm Packs, 100 gm Packs
Shilajit	10 caps, 30 caps, 100 caps
Shilajit Gold	Blister of 10 capsules
Shankha Pushpi	225ml, 450ml
Vatika enriched coconut hair oil	75 ml, 150 ml, 300 ml bottles 150 ml, 300 ml Flip can
Vatika Henna cream conditioning shampoo	8 ml, 50 ml, 100 ml, 200ml, 500 ml bottles

Source: <http://www.dabur.com>

The above list is not exhaustive

First, all the brands with all the variants are grouped under separate product categories to find out the width, length and depth.

1. Health supplements

Brands	Variants	Depth
1) Dabur Chyawanprash	<i>Vishwast</i> 1 kg, 500 gm <i>Special</i> 1 kg, 500 gm, 250 gm	5
2) Glucose D	100 gm, 200 gm, 500 gm	3
3) GlucoPlus-C	100 gm, 500 gm	2

2. Baby care

Brands	Variants	Depth
1) Dabur Baby olive oil	100 ml	1
2) Dabur Janma Ghunti	30 ml, 60 ml, 125 ml	3
3) Dabur Lal tail	60 ml, 120 ml, 200 ml	3

3. Digestives

Brands	Variants	Depth
1) Hajmola	130 tablets (72 pieces / case), 110 Sachets jar (16 pieces / case), 110 Sachets refill (16 pieces / case), Sachet Combi (16 pieces / case)	4
2) Hajmola candy	250 gm refill pack (Albela Aam, Chulbuli Imli, Pangebaaz Pineapple, Rangeela Santra) 250 gm jar (Albela Aam, Chulbuli Imli, Pangebaaz Pineapple, Rangeela Santra) 500 gm jar (Albela Aam, Chulbuli Imli)	10
3) Hajmola Candy Fun2	Pitch, Litchi, Green mango	3
4) Hajmola Mast Masala	100 gm	1
5) Hajmola Anardana	100 gm Flip top bottle	1
6) Pudín Hara	Liquid 10 ml, 30 ml Pearls Strip	3
7) Pudín Hara G	5 gm sachet	1
8) Dabur Hingoli	100 tablet Bottle, 200 sachet jar	2

4. Natural cures

Brands	Variants	Depth
1) Nature Care	Regular 100 gm, 100gm (refill), 200 gm, 375 gm Orange 100 gm Lemon 100 gm	6
2) Sat Isabgol	7 gm Sachet, 50 gm Packs, 100 gm Packs	3
3) Shilajit	10 caps, 30 caps, 100 caps	3
4) Shilajit Gold	Blister of 10 capsules	1
5) Ring Ring	10 gm Cream	1
6) Itch Care	12 gm	1
7) Back-aid cream	5gm, 25gm	2
8) Shankha Pushpi	225ml, 450ml	2
9) Dabur Balm	5 gm, 10 gm	2
10) Sarbyna Strong	20 strip box, 600 strip jar	2

5. Hair oil

Brands	Variants	Depth
1) Amla Hair Oil	50 ml, 100 ml, 200 ml, 300 ml, 500 ml	5
2) Amla Lite Hair Oil	100 ml, 200ml	2
3) Anmol Sarson Amla Hair Oil	50 ml, 100 ml, 200 ml	3
4) Vatika Hair Oil	Bottles 75 ml, 150 ml, 300 ml Flip cans 150 ml, 300 ml	5

6. Shampoo

<i>Brands</i>	<i>Variants</i>	<i>Depth</i>
1) Anmol Silky Black Shampoo	Sachets 50p, Rs. 1 Bottles 25 ml, 100 ml	4
2) Vatika Henna Conditioning Shampoo	8 ml, 50 ml, 100 ml, 200ml, 500 ml bottles	5
3) Anmol Natural Shine Shampoo	Sachets 50p, Rs. 1 Bottles 200 ml, 500 ml	4

7. Skin care

<i>Brands</i>	<i>Variants</i>	<i>Depth</i>
1) Gulabari	Bottles 30ml, 60ml, 120ml, 250ml Skin Care PET pack	5
2) Vatika Fairness Face Pack	60 gm pack	1

8. Oral care

<i>Brands</i>	<i>Variants</i>	<i>Depth</i>
1) Dabur Red Toothpaste	50 gm, 100gm, 200 gm	3
2) Dabur Lal Dant Manjan	HDPE Packs 60g, 100g, 150g, 300g Sachet 5g, 10g	6
3) Dabur Binaca Toothbrush	Top, Flexi, 1-2-3 Trickleen, Flex-n-Turn	4
4) Dabur Red Gel	Standard pack	1

9. Food

<i>Brands</i>	<i>Variants</i>	<i>Depth</i>
1) Hommade	Ginger & Garlic Tamarind paste <u>Pouch</u> : 50 gm, 100 gm, 200 gm <u>Tamarind</u> : 200 gm <u>Bottle</u> : 200 gm Tomato puree Tetra pack Coconut milk Tetra pack Imli Saunth chutney Bottle 230 gm	8
2) Honey	Bottles 50gm, 100gm, 250gm, 500gm, 1kg Squeeze Pack 400gm	6
3) Lemoneez	250 ml Bottle	1
4) Real juice	Grape, Guava, Pineapple, Tomato, Orange, Litchi, Mango, Mixed fruit	8
5) Real Activ	Orange, Apple, Orange Carrot	3
6) Capsico Red Pepper Sauce	Standard pack	1

Form the above groupings the following information can be interpreted.

The product width: 9

Total product length: 43 (3+3+8+10+4+3+2+4+6)

Total product depth: 140

So,

The average length: 4.8 (43/9); **It denotes the average number of brands in each product category**

The average depth: 3.3 (140/43); **It denotes the average number of variants of each brand**



Product Life Cycle (PLC)

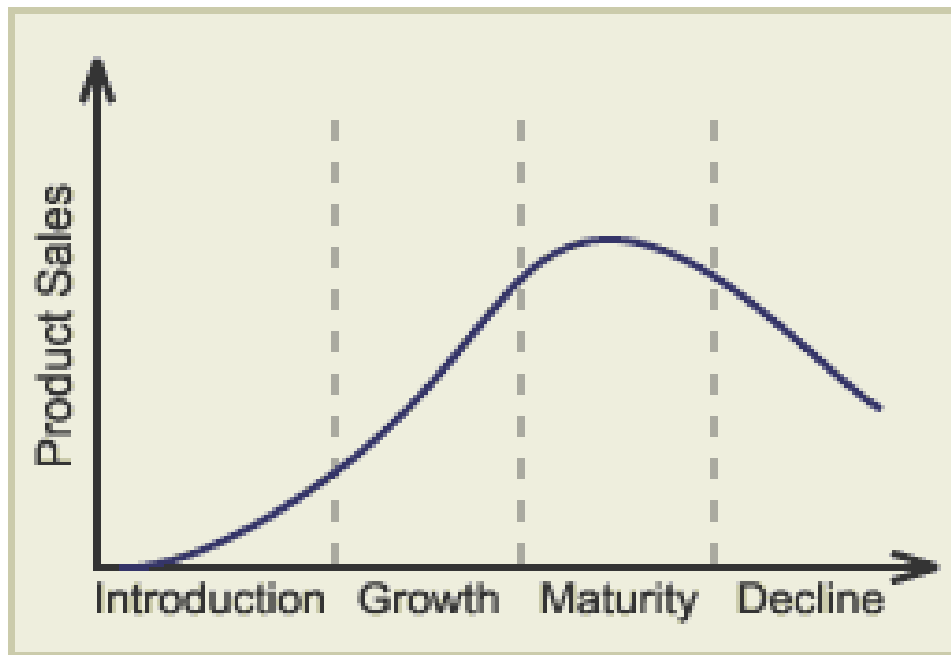
A product has a life cycle in much the same way a living organism does. We are born, then we grow and become matured and at last we die. In the same way, a new product is introduced to consumers, it grows and matures and when it loses appeal, it declines and eventually is taken off the market. Product life cycles can be modified and extended by marketers.

A product life cycle has four stages: (1) Introduction (2) Growth (3) Maturity and (4) Decline.

In maturity and decline stages, another two stages of saturation and obsolescence may occur respectively.

It can also be shown graphically. The graph often has two lines - one to show the level of profit, and one to show the level of sales:

Diagram of PLC



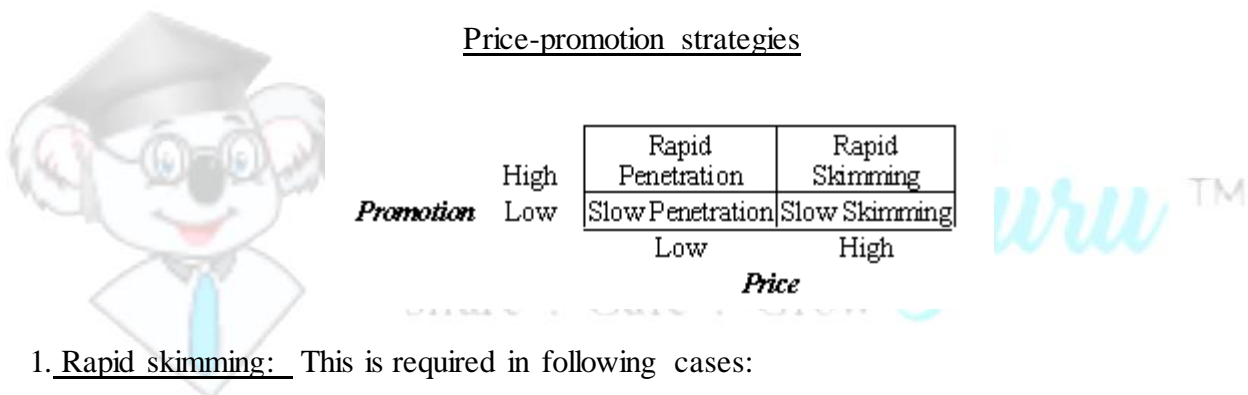
Understanding the typical life cycle pattern helps business to manage profitable products and to know when it is time to terminate unprofitable ones. As a product moves through its life cycle, the strategies for promotion, pricing, distribution and competition must be regularly evaluated and adjusted. Perceptive marketing managers try to ensure that the introduction, modification and termination of a product are timely and executed properly. Firms will often try to use extension strategies. These are techniques to try to delay the decline stage of the product life cycle. The maturity stage is a good stage for the company in terms of generating cash. The costs of developing the product and establishing it in the market are paid and it tends to then be at a profitable stage. The longer the company can extend this stage the better it will be for them.

Introduction or Launch Stage:

In the introduction stage of the life cycle, the product is first presented to consumers. A period of slow sales growth is experienced after the launch of the product in the market. There are several reasons for slow growth:

- Delays in the expansion of production capacity
- Technical problems
- Delays in arranging proper distribution network
- Customer reluctance to change established behaviours

Considering price and promotion, management can take any one of the following 4 strategies:



1. Rapid skimming: This is required in following cases:

- A large part of the potential market is unaware of the product
- Those who are aware of the product are so eager to pay the high asking price
- The company faces potential competition and wants to build brand preference

2. Slow skimming: It is necessary when:

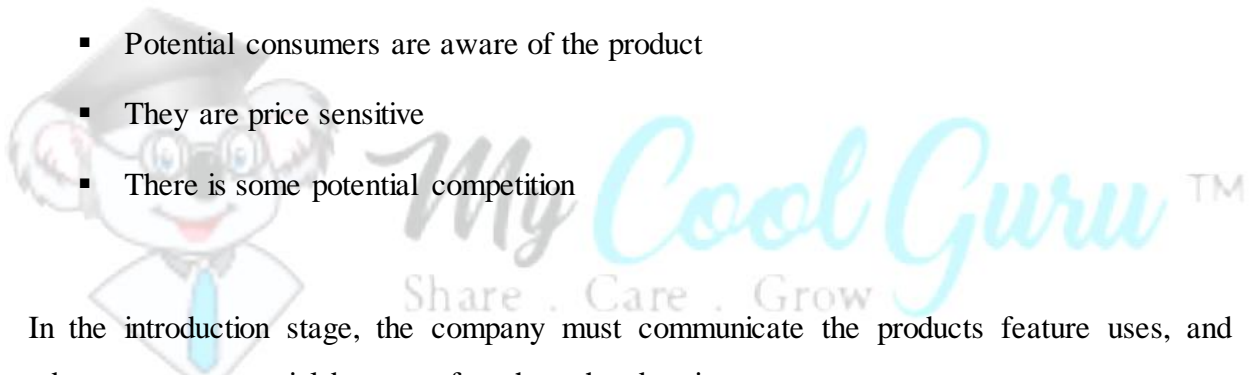
- The market is limited in size
- Most of the market is aware of the product
- Buyers are willing to pay the higher price
- Competition is nonexistent

3. Rapid penetration: This is to be implemented when:

- The market is large
- The market is unaware of the product
- Most buyers are price sensitive
- The market is aware of the product
- There is strong potential competition
- The manufacturing cost falls within the company's scale of production and accumulated manufacturing experience

4. Slow penetration: It is required when:

- Market is large
- Potential consumers are aware of the product
- They are price sensitive
- There is some potential competition



In the introduction stage, the company must communicate the products feature uses, and advantages to potential buyers, often through advertisements.

The pioneer advantage

Companies should analyze properly the time to introduce the product. The early entry is desired but also involves the high expense of launching and the risk of being copied. The late entry is necessary when the firm can mobilise superior technology, quality, brand equity and financial strength. Most companies gain the most advantage like Amazon.com, Coca-cola, Eastman Kodak and Xerox. Market pioneers generally enjoy a substantially higher market share than do early followers and late entrants. A study found out that second and third entrant obtained only 71% and 58% of the pioneer's market share respectively. 19 out of 25 companies who were US market leaders in 1923 were still market leaders 60 years later. The research also has shown that consumers often prefer pioneering brands. The advantages of pioneering brands are:

- Economies of scale
- Technological leadership
- Ownership of scarce assets
- They establish the attributes of the product class

But, there are several weaknesses of pioneering which are as follows:

- Too crude new products
- Improper positioning
- Wrong time of launching
- A lack of resources to compete against entering larger companies
- Managerial incompetence
- Unhealthy complacency
- Successful imitators can thrive by offering low prices, improving the product more continuously or can use market power and acumen to overtake the pioneer

But pioneering does not necessarily guarantee success. In relation to this, let us try to distinguish between 3 types:

- Inventor: First to develop patents in a new product category
- Product pioneer: First to develop a working model
- Market pioneer: First to sell in the new product category

Many market pioneers failed whereas a large number of early market leaders succeed through proper, decisive entry strategy and deployment of substantial resources. The examples of late entrants overtaking market pioneers are IBM over Sperry (mainframe computers), Matsushita over Sony (VCRs), Texas Instruments over Bowmar (hand calculators) and GE over EMI (CAT scan equipment)

Hence, pioneers should apply various strategies to prevent late entrants from snatching away the leadership. The best way to do this is to apply a long-range product market expansion

strategy. The pioneer should decide on which of the product market/s it could initially enter for the reason that it is not wise to enter all market segments at once. The pioneer should analyze the profit potential of each product market singly and in combination and then decide on a market expansion path. Let us think of a computer manufacturer wishing to enter into a market comprising of high end, mid-range and SOHO (small office home office) segments with new products. The company can introduce a new model X with additional features for SOHO segment followed by mid-range segment. It can then introduce model Y for mid-range followed by SOHO. Having established two products in two markets, it can go for model Z for high-end. Following figure can make you understand what have been said.

Growth Stage:

In this stage, sales rise rapidly and profits peak. The early adopters like the product and additional consumers start buying it. New competitors enter, attracted by the opportunities and they introduce new product features and expand distribution. Competitors' reactions to the products success in this stage will affect its life expectancy. At this point, the typical marketing strategy focuses on encouraging strong brand loyalty and competing with aggressive imitators of the product. The company tries to develop a competitive niche in the growth stage by emphasising the products benefits. Organizations typically resort the aggressive promotional pricing, including price reductions, during the growth stage.

In this stage, the company uses several strategies to sustain rapid market growth:

- Improving product quality
- Adding new product features
- New models
- Introducing flanker products i.e. in different sizes, flavours etc
- Entering into new market segment
- Increasing its distribution coverage
- Entering into new distribution channels
- Shifting from product-awareness advertising to product-preference advertising

- Lowering price to attract the next layer of price-sensitive buyers

Other characteristics of this stage are:

- Prices remain same or fall slightly depending on how fast demand increases
- Sales rise much faster than promotional expenditures resulting in decline in promotion-sales ratio
- Companies maintain their promotional expenses at same or slightly increased level to educate potential customers and combat competition
- Companies earn higher profits. The reasons for profit increase are:
 - The promotional expenditures are spread over a larger sales volume
 - Unit manufacturing costs fall faster than price declines due to producer learning effect

Maturity and Saturation Stage:

The growth stage is followed by maturity stage, where the sales of the product level off. This stage is divided into 3 phases:

- a) Growth phase: The sales growth rate starts to decline. There are no new distribution channels to fill.
- b) Stable phase: Sales flatten on a per capita basis because of market saturation
- c) Decaying maturity: The absolute level of sales starts to decline and customers begin switching to other products and substitutes.

The characteristics of this stage are:

- The sales slowdown creates overcapacity in the industry leading to intensified competition
- The competitors try to find out the niches or engage in frequent price-cuts.
- The competitors increase advertising, trade promotion and consumer promotion
- Organizations develop new promotional and distributor efforts

- A fresh advertising campaign, new packaging or incentives directed at channel members are often employed.
- Each competitor highlights differences and improvements in its versions of the product
- The product begins to lose its distinctiveness.
- They increase R&D budgets to develop product improvements and line extensions
- A shakeout may occur, as a result of which the weak competitors perish.
- The well-resourced and performed companies can only survive in the market that may be:
 - Quality leader
 - Service leader or
 - Cost leader

Surrounding these dominant firms, there are a multitude of market nichers that decide to operate at lower volume and higher margin. They can be of following types:

- a) Market specialist: In this case, the company operates in a certain market only. The fashion companies like D&G, Calvin Klein and Versace specialised in fashion market only offering various fashion accessories like designer clothes, watches, perfumes etc.
- b) Product specialist: In this case, the companies specialise in products. For example, electric appliance companies like Samsung, Videocon and Onida offer the special type of products (electric appliances like TV, refrigerator, washing machine) or different types of markets like premium, up-market, economy segment etc.
- c) Customising firms: These companies only specialise in a particular product for a particular market. For example, watch companies like Rolex. Cartier market only fashionable, expensive watches for premium segment.

In the maturity stage, the companies can take following strategies individually or in combination in order to stimulate sales.

- A. Market modification
- B. Product modification
- C. Marketing-mix modification

A. Market modification

The company may try to expand the market for its mature brand by taking following 2 factors that make up sales volume:

$$\text{Volume} = \text{number of brand users} \times \text{usage rate per user}$$

The company can expand the number of brand users in 3 ways:

- a) Converts nonusers: The Company can target the nonusers and persuade them to use their products. A study by Media Research Users Council shows that 68% of the users of fairness creams are men; dark-circle remover creams are favourites among Indian men.
- b) Enter new market segments: The Company can enter a new unexplored market segment. For example, Johnson & Johnson successfully launched its baby shampoo in adult users segment.
- c) Snatch competitors' customers: The companies always try to lure the customers from their competitors. This is mostly evident in case of FMCG and soft drinks sector where brand switching is a very common phenomenon.

The company can increase usage rate in 3 ways:

- a) More frequent use: The companies can increase usage rate by persuading customers to use the products more frequently. Toothpaste companies have actively endorsed the concept of brushing before sleep.

- b) More usage per occasion: The companies can also increase usage rate by compelling customers to use the products more on each occasion. One classic way to do this has been adopted by a toothpaste company a few years ago by increasing nozzle size of toothpaste tube so that customers unknowingly use more paste on each occasion of use.
- c) New product use: The companies can increase usage rate by informing the customers about the new uses of products. The mobile companies everyday are adding new value-added services like games, ringtones or cricket match updates in order to increase the mobile use. Some interesting alternative product usages are described below:
- In areas like Raichur, buffalos are coated with black hair dye of Godrej in order to make them more presentable
 - In Bihar, cows and cattle are fed with health beverages like Horlicks to fatten them up
 - In parts of Punjab, washing machines are used to make lassi while old Godrej refrigerators are used as cupboards
 - In Madhya Pradesh, farmers rub Iodex on the skins of their cattle after a hard day's work
 - Corex is used as an intoxicant in many small Northeast India.

B. Product modification

Managers should also try to stimulate sales by modifying the product's characteristics. This can be done in 3 following ways:

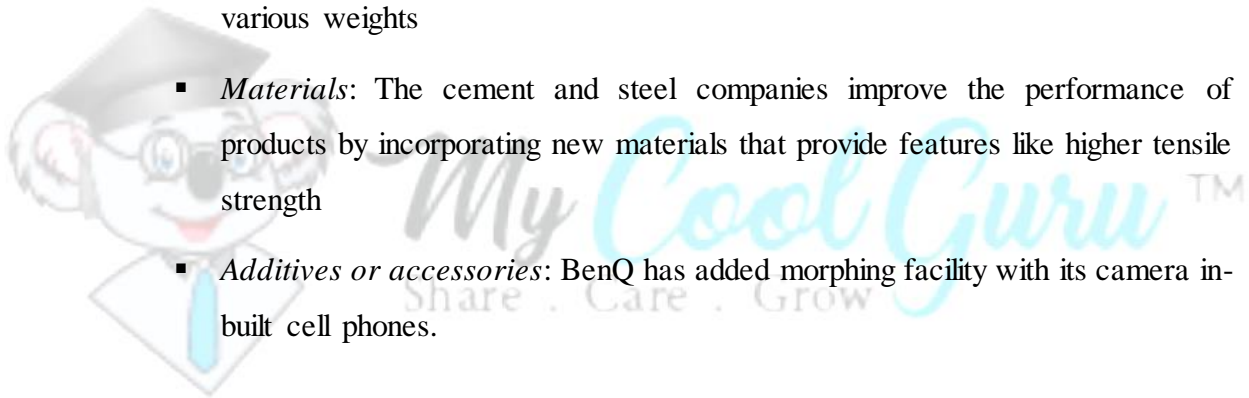
- a) Quality improvement: It aims at increasing the product's functional performance. That can be of many forms like improving:
- *Durability*: Asian Paints launched special kind of paint that can withstand environmental hazards.
 - *Reliability*: Microsoft modified its Windows Operating System and launched Windows XP, which they claim more reliable

- *Speed*: Intel continuously upgrade its microprocessor chips from Celeron to Pentium 1,2,3,4 in order to provide faster computer operations.
- *Taste*: Coca-Cola introduced new Vanilla Coke. Kwality Wall's launched various types of ice creams of different tastes like Cornetto, Feast, Viennetta (premium) and Max range for children with 3 variations viz. Sunshine Zing, Sparkle Zap and Twister Zoom.

b) Feature improvement: It aims at adding new features that expand product's safety, convenience or versatility. This involve addition of various:

- *Sizes*: The mobile companies like Nokia, Sony Ericsson or LG have introduced small fashionable models.
- *Weights*: The shampoos from Sunsilk or Head & Shoulder are available in various weights
- *Materials*: The cement and steel companies improve the performance of products by incorporating new materials that provide features like higher tensile strength
- *Additives or accessories*: BenQ has added morphing facility with its camera in-built cell phones.

c) Style improvement: It aims at increasing the product's aesthetic appeal. Various car companies periodically introduce new car models with new, distinctive styles.



C. Marketing-mix modification

The companies also should try to stimulate sales by modifying following marketing-mix elements:

- Price
- Distribution
- Advertising
- Sales promotion
- Personal selling
- Services

Decline and Obsolescence Stage:

The sales of most products will decline which can be slow or rapid. Sales decline happens because of:

- Technological advances
- Shifts in consumer tastes
- Increased competition

Management in most of the cases fails to develop a well-thought-out policy for handling their aging products. The reasons are:

- i. Sentiments: The sadness of stopping an old brand creates a mental agony of losing an old friend that may sometimes prompt companies in not implementing timely
- ii. Perceived logics: The management may have following logics of improving sales for which it may not like to take the harsh decision:
 - The economy will improve
 - The revised marketing strategy when implemented will be a success
 - Product improvement will have a positive impact

- Contribution of ailing products to the sales of company's other products

But, retaining a non-mover product may create harm in the bottom-line of company. The reasons are:

- Uncovered overhead
- Lack of profitability
- Wastage of managerial resources in terms of time, energy or cost, which could have been used for healthy products
- Frequent price and inventory adjustments
- Short production time in spite of expensive setup times
- Failure to conform to a standard customer satisfaction level may tarnish the company's image
- Delay or lack of activity to search and introduce replacement products

Hence, the company must take a set of tasks to handle the aging products more judiciously.

The steps are:

- i. Establishing a system for identifying weak products
- ii. Data gathering of each product showing trends in market size, market share, prices, costs and profits
- iii. Analyzing the information
- iv. The feedback from sales managers regarding future projection sales, profitability and marketing strategy
- v. Final decision for each dubious product whether to leave it alone, modify its marketing strategy or drop it

There are 5 decline strategies, which the companies can take:

- i. Increasing the firm's investment in order to dominate or strengthen its competitive position

- ii. Maintaining the firm's investment level until the uncertainties about the industry are resolved
- iii. Decreasing the firm's investment level selectively by dropping unprofitable groups while simultaneously strengthening the firm's investment in lucrative niches
- iv. Harvesting or "milking" the firm's investment to recover cash quickly
- v. Divesting the business quickly by disposing of its assets as advantageously as possible

Most of the organizations have more than one product in their product mix so that the decline of one product does not cause a company to fail. Various products in an organizational mix are at different stages in the PLC. Thus, even if one product declines, other products are in the introduction, growth or maturity stage. Hence, business must simultaneously handle new product introductions and manage existing products in their various life cycle stages.

Planned Obsolescence

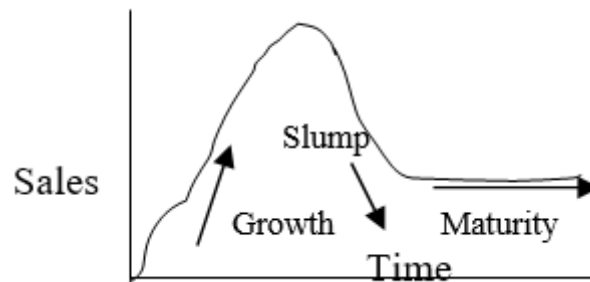
The purpose of planned obsolescence is to make an existing product out of date and thus increase the market for replacement products. Technological or functional obsolescence results from significant technical improvements that result in a more effective product. An example could be audiotapes that replaced playing records and compact discs (CDs) that replaced audiotapes. Planned obsolescence that is technologically based can be beneficial when a more effective product is developed. Style obsolescence occurs when superficial characteristics of a product are altered so that the new product is easily differentiated from the previous product.

In addition to the normal S-shaped curve that has been shown earlier, it can also take other shapes. These are described below:

Growth-slump-maturity pattern:

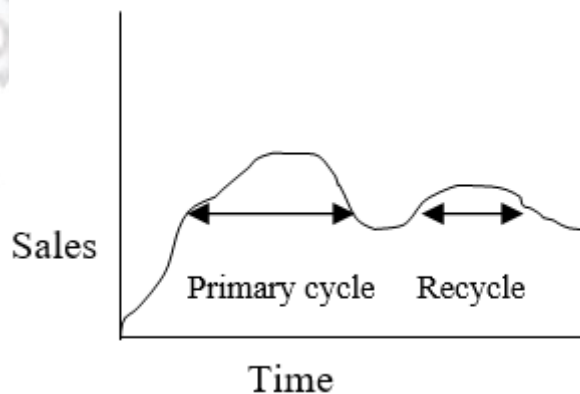
In this case, the product begins to decline. But at certain point it attains a maturity level and continues. The examples are regional film industries like Marathi, Oriya or Bengali that have lost significant popularity due to Hindi and English films. But even after steep decline from

their heydays, they are maintaining an average performance curve and still some of the movies are becoming major hits.



Cycle-recycle pattern:

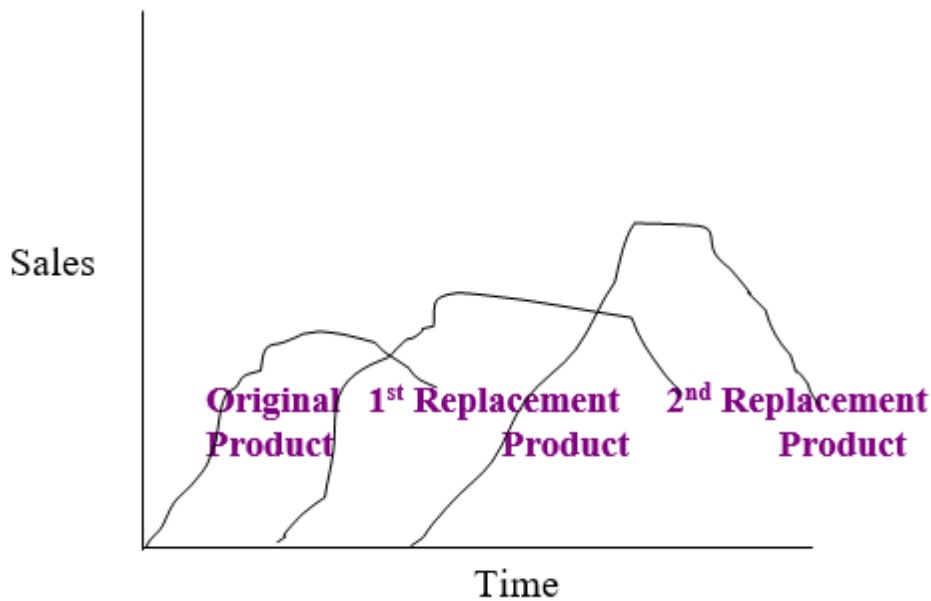
This type is evident for the products whose sales declined and then revived again. For example, the sale of radio has declined. But after the launch of popular private FMs like Radio Mirchi, Red FM, Aamar FM etc, the radio sale is again picking up.



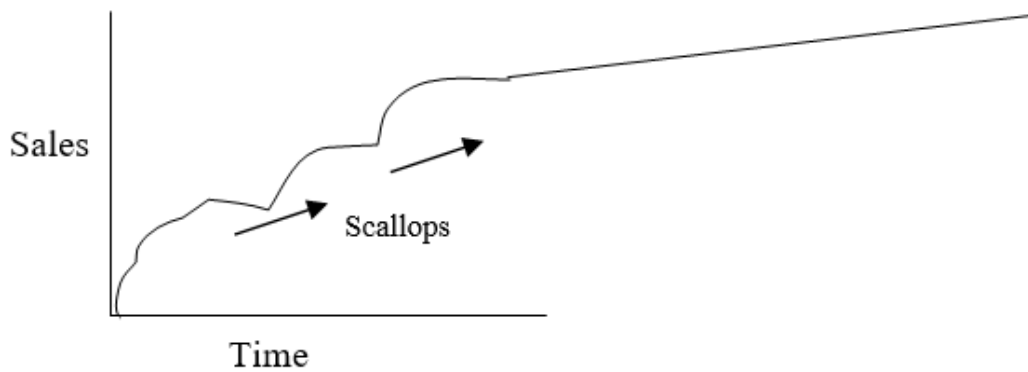
Leapfrogging:

In this type, replacement products become available when the original begins to decline. It is a very common pattern in case of durable goods, where rapid change in fashion trends and technology results in limited life span of a particular product or its model. Present Indian mobile scenario may be an example of leapfrogging. The mobile companies like Nokia, LG, and Panasonic are replacing their traditional mobile handsets with trendy camera-enabled ones and more recently with WAP-enabled mobiles with facility of downloading Excel and Power Point files. As the lead times involved in developing replacement models are very high, the decline phase may begin before the replacement is ready. Under such circumstances, in order to prevent customers from switching to up-to-date products of rival companies, the companies

may relaunch their product by introducing some cosmetic changes as a stopgap measure. For example, in order to combat the morphing enabled BenQ camera-in-built mobile phones, Nokia introduced its 8230 model that offers facilities like 10 minute video recording with blue-tooth technology.

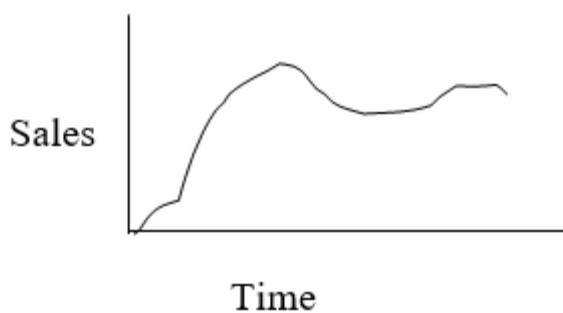


D. Scalloped PLC or Staircasing: Sales pass through a succession of life cycles based on the discovery of new-product characteristics, users or uses. Through this process of continuous product improvement, the organization tries to avoid its product entering the decline phase of the PLC by stimulating further growth after a period of apparent maturity. The mobile phones have somewhat were approaching to decline stage. But before the downward decline stage could start, the companies have introduced GPRS facilities by which you can avail many value-added facilities. When that feature is getting old, the companies introduced camera facilities along with the mobile set. Some more features like on-line banking, e-mail check, cricket replay, exciting gaming facility, screensavers, polyphonic ring tones and image morphing have been added so that mobile is getting more and more advanced and its PLC is being modified every day.



We can find some special types of PLCs for 3 types of product trends viz. style, fashion and fad.

1. Style: A style is a distinctive manner of construction or presentation in any art, product, or endeavour. Styles are more individualistic and can continue for generations. The traditional living of rural people with distinctive dresses, rituals and foods is an excellent example of ethnic style. A typical style has following PLC.



2. Fashion: A fashion is any style that is popularly accepted and purchased by successive groups of people over a reasonably long period of time. The fashion adoption process explains how fashion travels through the socioeconomic classes. There can be 3 ways:

- **Trickle-down:** This occurs when a fashion travels downward through several socioeconomic levels. The example is birthday cake at birthday party, which once a fashion of upper class now became quite fashionable even among the middle class.

- Trickle-up: This is seen when a fashion travels from lower socioeconomic levels upward to higher levels. The relevant example is hukka (a predominantly fashion of lower economic class) bar in 5-star hotels.
- Trickle-across: This occurs when a fashion travels horizontally and simultaneously within several socioeconomic levels. The prime example is the trend of blue denim jeans, which gained popularity among all sections of people.

Consumer products where fashion and style are most noticeable include perfumes, for accurate household items, linens, and gift items. This is of much shorter duration and less individualistic than style. It may pass through 4 stages:

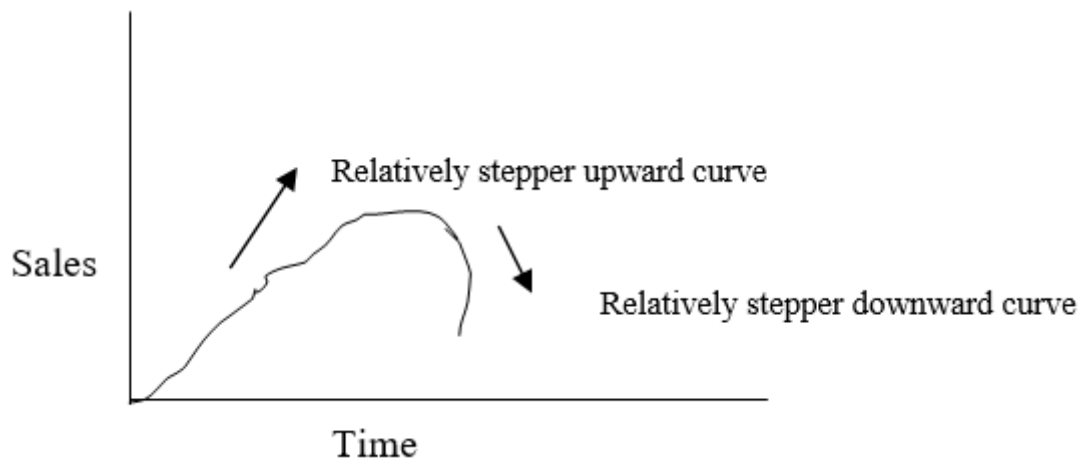
- Distinctiveness: Hindi movie stars create the fashion trends in India. For example, in Kaho Na Pyar Hai, Hrithik Roshan wore a special kind of specs. The distinctiveness of the design of specs has started a new fashion trend.
- Emulation: The ardent followers of Hrithik have started purchasing that special kind of specs in order to emulate him.
- Mass fashion: The craze of Hrithik reached at such a level that he became a mass heartthrob and his fashion became a mass one.
- Decline: As soon as wearing special specs has become mass fashion, the Hrithik followers began to abandon that fashion, as they did not find it any more attractive to show their passion for their idol and hence fashion began to decline.

So we see that fashions end because they represent a purchase compromise and consumers start looking for missing attributes. For example, as cars become smaller, they become less comfortable and then fashion of having small car will decline and they again prefer for the larger cars. The length of a particular fashion cycle depends on the following factors:

- The extent to which the fashion meets a genuine need
- It is consistent with other trends in the society
- It satisfies social norms and values

- It does not exceed the technological limits as it develops

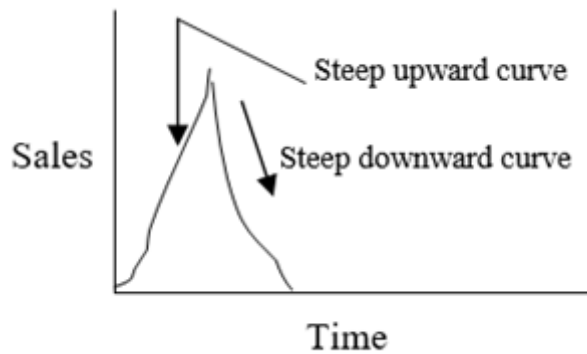
The PLC of fashion looks like a curve that goes to peak rather fast and declines also much faster:



3. Fads: These are fashions that exhibit following patterns:

- It comes quickly into public view
- It is adopted with great enthusiasm
- It peaks in demand very early
- It declines very fast
- The acceptance cycle is very short
- It tends to attract those who are searching for excitement or want to be distinguishable from others
- It may have some queer, bizarre or abnormal aspects as its features

Fads do not survive because they do not normally satisfy strong need. Body piercing and tattooing have become a latest fad among Indian urban youths. The PLC of fad goes to its peak very fast and declines very fast thus making the curve look a steep upward curve followed by another steep downward curve.



Strategies for different stages of PLC

The following table shows various characteristics of different stages of PLC:

Characteristics	Introduction	Growth	Maturity	Decline
Sales	Low	Rapidly rising	Peak	Declining
Cost per customer	High	Average	Low	Low
Profits	Negative	Rising	High	Declining
Customers	Innovators	Early adopters	Early & Late Majority	Laggards
Competitors	Few	Growing no.	Stable no; beginning to decline	Declining no.
Marketing Objectives	Product awareness and trial	Maximize market share	Maximize profit Defend market share	Reduce cost Milk the brand
Product Strategies	Basic	Extensions	Diversify	Phase out
Price Strategies	Cost-plus	Penetration price	Best matching price	Cut price
Distribution Strategies	Selective	Intensive	More intensive	Selective
Advertising Strategies	Build awareness for early adopters and trade	Build awareness in mass market	Brand differences and benefits	Reduce to level needed to retain loyal
Sales promotion Strategies	Heavy to entice trial	Reduce to meet high demand	Increase to encourage brand switching	Reduce to minimum level