

# Introduction to Product Management

## 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 m<sup>3</sup> (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 m<sup>2</sup> (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 m<sup>2</sup> (1,820 sq ft), the largest covers 780 m<sup>2</sup> (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** Care . Grow
  - 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 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

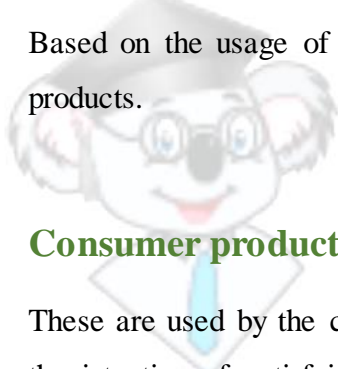
**Note:**

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**

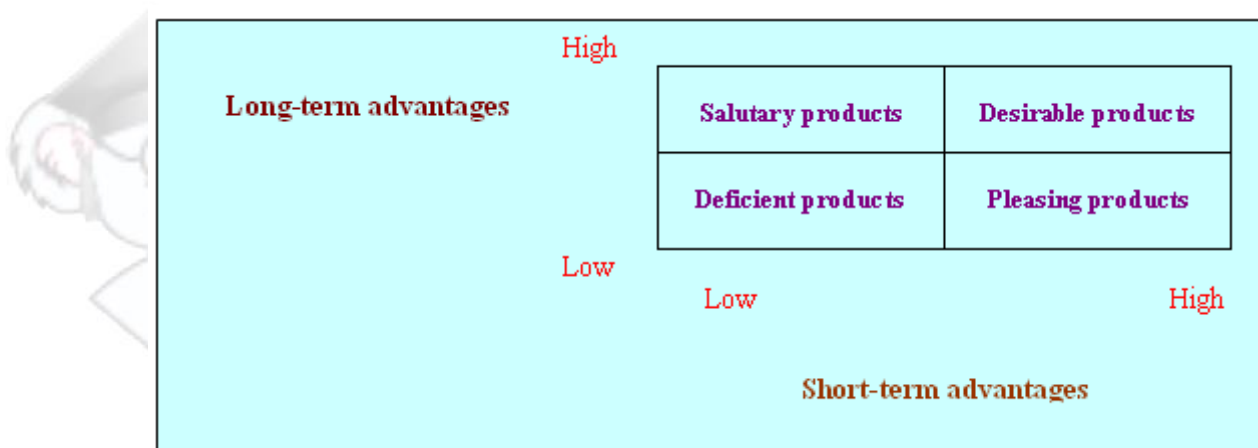
## Limitations of product classification models

- 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).



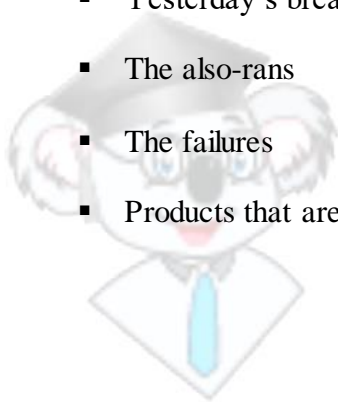
- **Pleasing products:** These give high immediate satisfaction, but do harm to consumers in the long run; **pan masala, cigarettes, alcohols**
- **Deficient products:** These have neither immediate appeal nor long run benefits. Firms are not interested in such products as there is no chance to make 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



*My Cool Guru*™  
Share . Care . Grow