

There are three fundamental types of product classification which are durable and non durable products and pure services. Durable products are those products, which are used for longer period of time, such as Freezer, Car, Mobile Phones, Shoes, and TV, etc. Non durable products are those products, which we need to use quickly as these products expired after some specific period of time. Such as all the vegetables, fruits, and juices, etc.

Pure services include those benefits that are intangible or inseparable in nature and are offered for sale to customers. Ownership of nothing is transferred because these products are experiential in nature. Accountant, Doctors, Lawyer, and Teaching, etc are the best examples that indicates the term pure services.

These all products are purchased by either industrial buyer or final consumer. The consumer products are purchased by final consumers for personal consumption. The industrial products are purchased by the organizations for their usage in the processing operations & administration. Moreover the industrial products are used mostly which includes consumables like raw materials or paper clips that can be transformed into finished products.

### Product Classification – Types of Products

Product classification that is also known as different types of products. These types of products or product classification are as below in three different forms.

Consumer Products

Industrial Products

Persons, Organizations, Ideas & Places

Each one is discussed in detail below.

### **Consumer Products**

Those products that are purchased by final consumers for personal consumption are called consumer products. The way of purchasing these products provides the basis for the marketer to

further classify these products. The following is an important classification of these consumer products on the basis of the manner of purchase & manner of marketing.

### **Convenience Products**

Those consumer products that are purchased immediately & frequently with little efforts and comparison are called convenience products. Examples of convenience products include the following.

Candy

Newspapers

Soap

Fast Food etc.

The convenience products are placed at the front locations of the stores in abundance quantity so that they are easily available to the customers. The price of these products is kept lower.

### **Shopping Products:**

This type of product is purchased less frequently & careful comparison is made by the customer on the price, quality, sustainability & style. In case of purchase of shopping products, increased time & effort is made by the customers in collection of information & comparison making. Following are some of examples of shopping products.

Clothing

Furniture

Major Appliances

Used Cars

Hotel & Motel Services

These products are distributed in fewer outlets by the marketer along with the strong sales support services that assist customers in their comparison making.

## **Specialty Products:**

Specialty products are those consumer products that have brand identification or unique characteristics and an important group of customers are happy to purchase these products.

Following are some of examples of specialty products

- Specific brand & kinds of cars
- Photographic equipment with high price
- Designer clothes
- The services of legal or medical specialist

The customers of such products can make enough effort with them for reaching relevant dealers. However, they do not compare the specialty products normally.

- **Unsought Products:**

Those consumer products that are either not known to the customers or they are known, but customers do not usually consider them to purchase. The important innovations are usually included in the category of unsought products because the customers get the awareness through advertisement. Following are the examples of unsought products.

- Life Insurance
- Blood donation to Red Cross

A lot of personal selling, advertising & **marketing** efforts are required for unsought products.

## 2. **Industrial Products:**

Those products that are purchased that are buying for further processing or for use in operating a business are called industrial products. So the main difference between industrial and consumer product is based on the purpose of purchase of the product. For example, if a lawn mower product is purchased for use around the house, then this lawn mower is categorized in the consumer product. But if the same lawn mower is purchased for use in landscaping business, then this is

categorized as an industrial product. Following are some of the three product classification of industrial products.

- **Material & Parts:**

Raw materials, natural products & manufactured materials are included in the category of material & parts. Farm products & natural products are included in raw material part like cotton, wheat, vegetables, fruits, fish, crude petroleum, iron etc. Component materials & component parts are included in the manufactured area like yarn, wires, cement, iron, tires, small motors etc. Manufactured material & parts are mostly sold to the industrial users directly. Major marketing factors employed in this category are price & service. The advertising & branding is not so much important. Also the demand of the industrial products is derived demand, which is derived from the consumer demand.

- **Capital Items:**

Those industrial products that assist the production & operation of customer are called capital items like accessory equipment's & installations. Building & fixed equipment's are included in the installations. Office equipment & portable factory equipment are included in the accessory equipment. Accessory equipment's have much shorter lifetimes & they are only helpful in the process of production.

- **Supplies & Services:**

Supplies contain repair & maintenance items and operating supplies like nails, paint, lubricants, pencil, paper, coal etc. The supplies are regarded as the industrial convenience products because they are purchased with little effort & time. Business advisory services and repair & maintenance services are included in business services category. These services are given under some contract.

### 3. **Persons, Organizations, Ideas & Places:**

The marketing entities named persons, organizations, ideas & places are also included in the category of products recently. The organization sells itself by carrying out certain activities like creating, maintaining & changing the behavior & attitude of customers for an organization.

Similarly, people also perform certain activities for development, maintenance & change of behavior & attitude towards certain people through person marketing. Similarly the ideas & places are also regarded as products.

### **Product Life Cycle (PLC)**

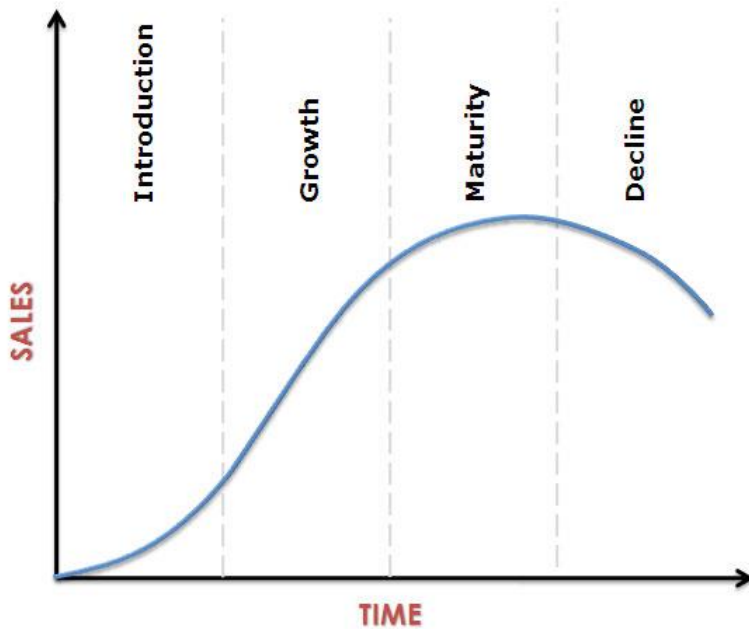
A new product passes through set of stages known as **product life cycle**. Product life cycle applies to both brand and category of products. Its time period vary from product to product. Modern **product life cycles** are becoming shorter and shorter as products in mature stages are being renewed by market segmentation and product differentiation.

Companies always attempt to maximize the profit and revenues over the entire life cycle of a product. In order to achieving the desired level of profit, the introduction of the new product at the proper time is crucial. If new product is appealing to consumer and no stiff competition is out there, company can charge high prices and earn high profits.

### **Stages of Product Life Cycle**

Product life cycle comprises four stages:

1. Introduction stage
2. Growth stage
3. Maturity stage
4. Decline stage



*Product Life Cycle (PLC)*

## 1. Introduction stage

Product is introduced in the market with intention to build a clear identity and heavy promotion is done for maximum awareness. Before actual offering of the product to customers, product passes through product development, involves prototype and market tests. Companies incur more costs in this phase and also bear additional cost for distribution. On the other hand, there are a few customers at this stage, means low sales volume. So, during **introductory stage** company's profits shows a negative figure because of huge cost but low sales volume.

At **introduction stage**, the company core focus is on establishing a market and arising demand for the product. So, the impact on **marketing mix** is as follows:

### *Product*

*Branding, Quality level and intellectual property and protections are obtained to stimulate consumers for the entire product category. Product is under more consideration, as first impression is the last impression.*

### *Price*

*High(skim) pricing is used for making high profits with intention to cover initial cost in a short period and low pricing is used to penetrate and gain the market share. company choice of pricing strategy depends on their goals.*

### *Place*

*Distribution at this stage is usually selective and scattered.*

### *Promotion*

*At introductory stage, promotion is done with intention to build brand awareness. Samples/trials are provided that is fruitful in attracting early adopters and potential customers. Promotional programs are more essential in this phase. It is as much important as to produce the product because it positions the product.*

## **2. Growth Stage**

In this stage, company's sales and profits starts increasing and competition also begin to increase. The product becomes well recognized at this stage and some of the buyers repeat the purchase patterns. During this stage, firms focus on brand preference and gaining market share. It is market acceptance stage. But due to competition, company invest more in advertisement to convince customers so **profits may decline near the end of growth stage.**

Affect on **4 P's of marketing** is as under:

### *Product*

*Along with maintaining the existing quality, new features and improvements in product quality may be done. All this is done to compete and maintain the market share.*

### *Price*

*Price is maintained or may increase as company gets high demand at low competition or it may be reduced to grasp more customers.*

### *Distribution*

*Distribution becomes more significant with the increase demand and acceptability of product. More channels are added for intensive distribution in order to meet increasing demand. On the other hand resellers start getting interested in the product, so trade discounts are also minimal.*

### *Promotion*

*At growth stage, promotion is increased. When acceptability of product increases, more efforts are made for brand preference and loyalty.*

## **3. Maturity stage**

At **maturity stage**, brand awareness is strong so sale continues to grow but at a declining rate as compared to past. At this stage, there are more competitors with the same products. So, companies defend the market share and extending **product life cycle**, rather than making the profits, By offering sales promotions to encourage retailer to give more shelf space to the product than that of competitors. At this stage usually loyal customers make purchases.

**Marketing mix** decisions include:

### *product*

*At maturity stage, companies add features and modify the product in order to compete in market and differentiate the product from competition. At this stage, it is best way to get dominance over competitors and increase market share.*

### *Price*

*Because of intense competition, at maturity stage, price is reduced in order to compete. It attracts the price conscious segment and retain the customers.*

### *Distribution*

*New channels are added to face intense competition and incentives are offered to retailers to get shelf preference over competitors.*



### *Promotion*

*Promotion is done in order to create product differentiation and loyalty. Incentives are also offered to attract more customers.*

#### **4. Decline stage**

Decline in sales, change in trends and unfavorable economic conditions explains decline stage. At this stage market becomes saturated so sales declines. It may also be due technical obsolescence or customer taste has been changed.

At decline stage company has three options:

1. Maintain the product, Reduce cost and finding new uses of product.
2. Harvest the product by reducing marketing cost and continue offering the product to loyal niche until zero profit.
3. Discontinue the product when there's no profit or a successor is available. Selling out to competitors who want to keep the product.

*At declining stage, marketing mix decisions depends on company's strategy. For example, if company want to harvest, the product will remain same and price will be reduced. In case of liquidation, supply will be reduced dramatically.*

#### **Limitations of Product Life Cycle (PLC)**

Product life cycle is criticized that it has no empirical support and it is not fruitful in special cases. Different products have different properties so their life cycle also vary. It shows that **product life cycle** is not best tool to predict the sales. Sometimes managerial decisions affect the life of products in this case **Product Life Cycle** is not playing any role. product life cycle is very fruitful for larger firms and corporations but it is not hundred percent accurate tool to predict the life cycle and sales of products in all the situations.

#### **NEW PRODUCT DEVELOPMENT PROCESS**

Every entrepreneur knows that *productivity* is one of the key ingredients for successful product development. One of the two key processes in Robert's Rules of Innovation is the NEW PRODUCT DEVELOPMENT PROCESS. A formalized, NPD process – also referred to and best practice: the Stage Gate® Process – is a must, from simple to sophisticated.

The New Product Development process is often referred to as The Stage-Gate innovation process, developed by Dr. Robert G. Cooper as a result of comprehensive research on reasons why products succeed and why they fail.

When teams collaborate in developing new innovations, having the following eight ingredients mixed into your team's new product developmental repertoire will ensure that it's overall marketability will happen relatively quick, and accurately – making everyone productive across the board.

### **Step 1: *Generating***

Utilizing basic internal and external SWOT analyses, as well as current marketing trends, one can distance themselves from the competition by generating ideologies which take affordability, ROI, and widespread distribution costs into account.

*Lean, mean and scalable* are the key points to keep in mind. During the NPD process, keep the system nimble and use flexible discretion over which activities are executed. You may want to develop multiple versions of your road map scaled to suit different types and risk levels of projects.

### **Step 2: *Screening The Idea***

Wichita, possessing more aviation industry than most other states, is seeing many new innovations stop with Step 2 – screening. *Do you go/no go?* Set specific criteria for ideas that should be continued or dropped. Stick to the agreed upon criteria so poor projects can be sent back to the idea-hopper early on.

Because product development costs are being cut in areas like Wichita, “prescreening product ideas,” means taking your Top 3 competitors' new innovations into account, how much market share they're chomping up, what benefits end consumers could expect etc. An interesting industry fact: Aviation industrialists will often compare growth with metals markets; therefore, when Boeing is idle, never assume that *all airplanes are grounded*, per se.

### **Step 3: *Testing The Concept***

As Gaurav Akrani has said, “Concept testing is done after idea screening.” And it is important to note, it is different from test marketing.

Aside from patent research, design due diligence, and other legalities involved with new product development; knowing where the marketing messages will work best is often the biggest part of testing the concept. Does the consumer understand, need, or want the product or service?

### **Step 4: *Business Analytics***

During the New Product Development process, build a system of metrics to monitor progress. Include input metrics, such as average time in each stage, as well as output metrics that measure the value of launched products, percentage of new product sales and other figures that provide valuable feedback. It is important for an organization to be in agreement for these criteria and metrics.

Even if an idea doesn't turn into product, keep it in the hopper because it can prove to be a valuable asset for future products and a basis for learning and growth.

### **Step 5: *Beta / Marketability Tests***

Arranging private tests groups, launching beta versions, and then forming test panels after the product or products have been tested will provide you with valuable information allowing last minute improvements and tweaks. Not to mention helping to generate a small amount of buzz. WordPress is becoming synonymous with beta testing, and it's effective; Thousands of programmers contribute code, millions test it, and finally even more download the completed end-product.

### **Step 6: *Technicalities* + **Product Development****

Provided the technical aspects can be perfected without alterations to post-beta products, heading towards a smooth step 7 is imminent. According to Akrani, in this step, “The production department will make plans to produce the product. The marketing department will make plans to distribute the product. The finance department will provide the finance for introducing the new product”.

As an example; In manufacturing, the process before sending technical specs to machinery involves printing MSDS sheets, a requirement for retaining an ISO 9001 certification (the organizational structure, procedures, processes and resources needed to implement quality management.)

In internet jargon, honing the technicalities after beta testing involves final database preparations, estimation of server resources, and planning automated logistics. Be sure to have your technicalities in line when moving forward.

### **Step 7: *Commercialize***

At this stage, your new product developments have gone mainstream, consumers are purchasing your good or service, and technical support is consistently monitoring progress. Keeping your distribution pipelines loaded with products is an integral part of this process too, as one prefers not to give physical (or perpetual) shelf space to competition. Refreshing advertisements during this stage will keep your product's name firmly supplanted into the minds of those in the contemplation stages of purchase.

### **Step 8: *Post Launch Review and Perfect Pricing***

Review the NPD process efficiency and look for continues improvements. Most new products are introduced with introductory pricing, in which final prices are nailed down after consumers have 'gotten in'. In this final stage, you'll gauge overall value relevant to COGS (cost of goods sold), making sure internal costs aren't overshadowing new product profits. You continuously differentiate consumer needs as your products age, forecast profits and improve delivery process whether physical, or digital, products are being perpetuated.

### **AFTER SALES SERVICE**

After sales service refers to the treatment of customers in the aftermath of a sale. For example, after being sold a bike, after sales service may involve free bike maintenance for a number of weeks.

After sales service is an important part of non-price competition often found in oligopoly. After sales service can be a way to encourage people to buy the product in the first place; it can be used

to justify a higher price for the good. It also influences the long-term reputation of the firm and can influence future sales. However, it also imposes costs on firms.

30 day guarantee

### **Examples of after sales service**

**Warranty.** A common example of after sales service is the provision of a warranty for the good. A warranty allows the good to be repaired or replaced if it breaks down within a certain period of time after purchase.

Free service after six months (e.g. car/bike)

Advice on how to use the product (Apple care)

Firms following up with a phone call to the customer asking how the product is working out.

### **Importance of after-sales service**

Good after sales service helps improve firms long-term brand image and brand loyalty.

Offering after sales service can help to convince consumers to trust the firm and buy the service in the first place.

Sales affected by word of mouth recommendation. Good after sales service can make difference. In an era of social media – poor after sales service can be damaging to reviews and reputation of firms.

After sales service imposes extra cost on firms. For firms, they need to strike a balance between keeping the customer happy and not being burdened with expensive maintenance. For example, a firm may offer one free service, but then have a clearly defined price for future service.

The provision of after sales service varies in importance depending on the type of good. For example, after sales service and extended warranties are important for goods like electrical goods and new cars.

After sales service can also become an opportunity to sell related products.

## **Branding: Meaning, Definition and Significance of Branding!**

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. A brand is a specific term that may include a name, sign, symbol, design or a combination of these, with an intention to identify goods or services of a particular seller.

In fact, the word 'brand' is derived from the Old Norse word *brander*, which means 'to bum'. Branding helps to develop customer loyalty and it is advertised by sellers under their own name. A good brand develops a corporate image. Usually customers prefer brands as they can easily differentiate the quality.

Thus, branding facilitates product differentiation. Managing a brand is a major task in marketing. The battle in the market takes place not between companies but between brands, and every firm tries best to develop its brand image.

### ***Definition:***

According to Kotler and Armstrong, 'a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product, or services'.

### ***Significance of Branding:***

Branding provides benefits to buyers and sellers.

#### **To Buyer:**

1. A brand helps buyers in identifying the product that they like/dislike.
2. It identifies the marketer.
3. It helps reduce the time needed for purchase.
4. It helps buyers evaluate quality of products, especially if they are unable to judge a product's characteristics.
5. It helps reduce buyers' perceived risk of purchase.
6. The buyer may derive a psychological reward from owning the brand (e.g., Rolex watches or Mercedes).

**To Seller:**

1. A brand differentiates product offering from competitors.

It helps segment market by creating tailored images.

3. It identifies the companies' products making repeat purchases easier for customers.

4. It reduces price comparisons.

5. It helps the firm introduce a new product that carries the name of one or more of its existing products.

6. It promotes easier cooperation with intermediaries with well-known brands

7. It facilitates promotional efforts.

8. It helps in fostering brand loyalty, thus helping to stabilize market share.

9. Firms may be able to charge a premium for the brand.

**Essentials of Good Branding:**

1. A good brand should be easy to pronounce.

2. It should be easy to remember.

3. It should be able to attract attention.

4. It should suggest the company or product image.

5. It should be easy to recognize.

6. The brand identity should be very clear.

7. The brand name should be registered.

8. A good brand should be easy to translate into all languages in the markets where the brand will be used.

9. A good brand should suggest the product benefits or suggest its usage.

## **Product Packaging**

Packaging refers to the process of designing the package such as containers, wrappers etc. It plays a very significant role in the marketing success or failure of many products especially for non durable consumer products.

It not only provides protection to the product but also acts as a promotional tool. Sometimes, customers assess the quality of the product from its packaging. Packaging has played an important role in the success of many products like Colgate Toothpaste, Taj Mahal Tea, Lays Wafers etc. It has been described as silent salesman.

### ***Functions of Packaging:***

**Following are the main functions performed by packaging:**

#### **. Product Identification:**

Packaging ensures easy identification of a product. For example, Taj Mahal Tea can be easily identified from a distance due to its blue color box.

#### **2. Product Protection:**

The most important function of packaging is to ensure protection of a product from spoilage, leakage, breakage etc. It also ensures effective protection during storage and transportation of a product.

#### **3. Facilitating Use of the Product:**

Packaging helps the customers to easily handle and use the product. For example, tubes of tooth pastes, bottles of cold drinks etc.

#### **4. Product Promotion:**



Packaging acts as an important promotional tool. The attractive color scheme or photograph used in packing helps in attracting the attention of the people and inducing them to purchase the product. Therefore, it plays the role of silent salesman.

### ***Importance of Packaging:***

**The importance of packaging is as follows:**

#### **1. Rising Standards of Health and Sanitation:**

Rising standards of living in the country have resulted in more use of packed goods and this also reduces the chances of adulteration.

#### **2. Self Service Outlets:**

At present, packaging has occupied a place of silent salesmanship especially at self service outlets.

#### **3. Innovational Opportunity:**

Various innovative packing ideas especially in the field of medicines, soft drinks, milk etc. has increased the scope of marketing of these products. Now, pasteurized milk come in packs which can be stored for few days even.

#### **5. Product Differentiation:**

Packaging helps in product differentiation. The color, size, material etc. of package help the customer to assess the quality of the product. For example, potato wafers of local brand & branded companies give different impact on the minds of the customers, all because of difference in their packing.

### **LABELLING**

Labelling is the display of label in a product. A label contains information about a product on its container, packaging, or the product itself. It also has warnings in it. For e.g. in some products, it is written that the products contain traces of nuts and shouldn't be consumed by a person who's allergic to nuts. The type and extent of

information that must be imparted by a label are governed by the relevant safety and shipping laws.

Labeling is also an important part of the brand of the product and the company. It helps the product stand out in the market, and identifies it as a part of a particular brand. This is important in the era of high and intense competition.

## Functions of Labelling

The different functions of labelling are as follows:

1. **Defines the product and its contents:** A label is informative about the product's usage and caution to be taken while using the product. **Example**, Red Label Natural Care tea mentions five ingredients in its label that provide immunity.
2. **Recognition of product:** Labeling assists in the identification of the product. **Example**, the brand name of a chocolate will help one choose from the rest of the confectionery items available.
3. **Assorting of products:** It means classification or grading of products according to different categories in the market. **Example**, shampoos are categorized as dry hair, normal hair and oily hair types and cater to consumers in the market with the dry, normal and oily scalp, respectively.
4. **Assists promotion of products:** It gives the customer the reason to purchase the product. **Example**, it attracts the attention of the consumer by displaying messages such as '20% free' or 'save rupees 15' message in potato chips packet.
5. **In compliance with the law:** Labels should strictly abide by the law. **Example**, for tobacco, the label should mention 'Tobacco is injurious to health'. Cigarettes also should have 'Smoking is injurious to health' as the statutory warning on its package.