



SNS B-SPINE

Coimbatore-35
An Autonomous Institution

DEPARTMENT OF MANAGEMENT STUDIES

23BAT607 – MARKETING MANAGEMENT

I YEAR I SEM

UNIT 4 – PRODUCT MANAGEMENT AND PRICING

TOPIC 1 – Product Management: Features – Classification – Levels



Product

- A product refers to a tangible good, service, or a combination of both that satisfies customer needs or wants.
- It can be physical, such as a smartphone, or intangible, such as a software application or a banking service.
- Products can range from simple everyday items to complex, technologically advanced offerings.



Product Management

- Product Management is a crucial function in marketing that involves the planning, development, and marketing of products or services.
- It encompasses activities such as identifying customer needs, designing product features, setting pricing strategies, and creating marketing plans.

Why to know how to manage your products?

- Customer Satisfaction
- Market Success
- Competitive Advantage
- Innovation and Growth
- Cross-Functional Collaboration



FEATURES



Features of a Product

A product's features are its capabilities, appearance, or attributes that combine to make a functioning product.

- **Tangibility:** Physical and observable aspects of the product.
- **Intangible Attributes:** Non-physical, non-observable aspects influencing customer perception.
- **Associated Attributes:** Features linked to the product but not part of it (e.g., packaging, branding).
- **Exchange Value:** Perceived worth customers assign to the product in exchange for their resources.
- **Customer Satisfaction:** Level of contentment customers experience after using or purchasing the product.



CLASSIFICATION



Classification of products based on User Type



1. Consumer goods
2. Industrial goods



1. Consumer Goods

- Consumer goods are products purchased by individuals for personal use.
- This can be further classified into different types based on consumer behavior and purchasing habits:
 - Convenience Products
 - Shopping Products
 - Specialty Products
 - Unsought Products
 - Other Types of Products

1.a) Convenience Products

- Convenience products are low-priced items that consumers frequently purchase with little effort or planning. Eg: Staple items, Impulse and emergency items.
- These products are often non-durable, and customers tend to have strong brand preferences, leading to fast and repeat purchases.



1.b) Shopping Products

- Shopping products require more time and effort in the purchase decision-making process. Consumers research and compare different options in terms of price, quality, style, variety, etc.
- Shopping products are usually durable and available at fewer outlets compared to convenience goods.



1.c) Specialty Products

- Specialty products are unique or exclusive items that consumers actively seek out and are willing to make special efforts to purchase.
- These products are typically only available through specialist retailers.



1.d) Unsought Products

- Unsought products are goods that consumers are not actively looking for or unaware of their existence.
- These products require extensive advertising and personal selling to generate demand.





1.e) Other Products

- Organizations: Non-profit organizations, government agencies, etc...
- Persons: Celebrity endorsements, public figures, influencers, etc...
- Places: Tourist destinations, event venues, etc... - For unique experience
- Ideas: Social campaigns, educational programs, etc...



2. Industrial Goods

- Industrial goods are products used by businesses in their production processes or for resale.
- Industrial goods can be further classified into various categories based on their purpose and usage.



2.a) Raw Materials

- Raw materials are basic inputs used in the production of goods.
- They are typically acquired from natural resources or through manufacturing processes.
- Examples: Steel, cotton, petroleum.



2.b) Component Parts

- Component parts are individual items that are assembled or combined to create a finished product.
- These parts can be manufactured or purchased from suppliers.
- Examples: Computer chips, engine components.

2.c) Installation

- Installation refers to goods necessary for setting up or establishing a particular operation or system.
- These products are typically large-scale and require expertise for installation.
- Examples: Machinery, factory equipment.



2.d) Accessories and Equipment

- Accessories and equipment are items used in conjunction with other products or for enhancing their functionality.
- They are not essential for the core operation but provide added features or convenience.
- Examples: Printer cartridges, smartphone cases.

2.e) Operating Supplies

- Operating supplies include consumable items necessary for day-to-day business operations.
- These products are regularly replenished.
- Examples: Office stationery, cleaning supplies.



Classification of products based on Durability

Durable Products

- Durable products are goods that have a long lifespan and are used repeatedly over time.
- Examples: TVs, washing machines, refrigerators.

Non-Durable Products

- Non-durable products are goods that are consumed or used up quickly.
- Examples: Cold drinks, toothpaste.



Classification of products - Based on Tangibility



Tangible:

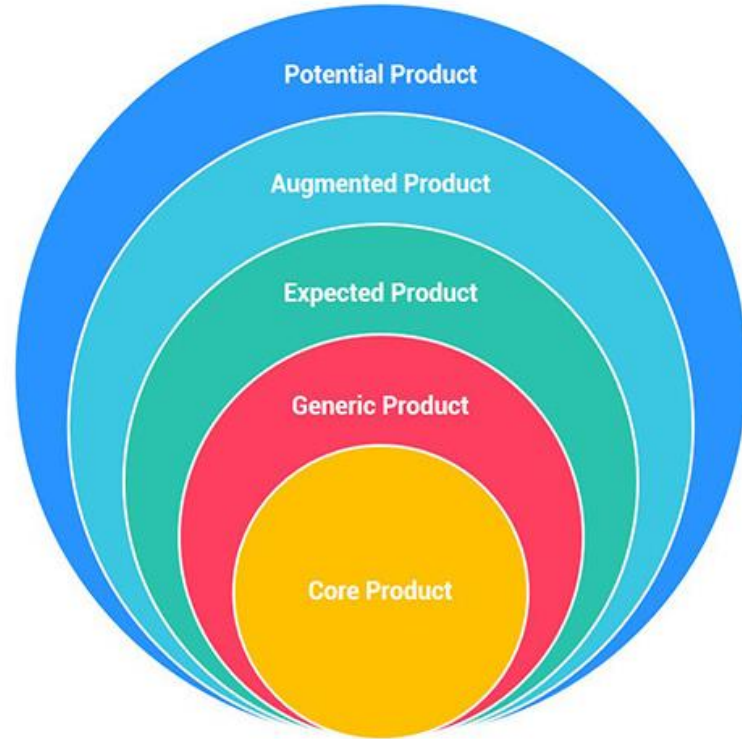
- Most goods, whether these are consumer goods or industrial goods ; whether they are durable or non-durable, fall in this category as they physical items that can be touched, seen, and physically possessed.
- Example: Automobile, phone, furniture, clothing, Appliances, Books

Intangible:

- Services are intangible products that provide value through specialized skills or expertise.
- Examples: Banking services, entertainment services, insurance, courier services.



LEVELS



Product Levels

- Products can be described in terms of different levels, commonly known as the "**product hierarchy**" or "levels of a product."
- These levels represent various aspects and attributes of a product, ranging from its **core functionality to additional features** and benefits.

Core Product

- The core product represents the fundamental benefit or problem-solving function that the product provides to the customer.
- It answers the question of "what the customer is really buying."
- Example, when someone buys a car, the core product is transportation or mobility.



Generic Product

- The generic product refers to the basic version or form of the product that meets the customer's core needs.
- It includes the essential features and functionalities required for the product to fulfill its core purpose.
- Example: the generic product includes the vehicle itself with its key components like engine, wheels, and body.

Expected Product

- The expected product represents the set of attributes, features, and quality levels that customers expect from a product within a particular category.
- It includes the common and standard features that customers anticipate when purchasing a product.
- Example: For a car, this might include factors like reliability, fuel efficiency, safety features, and a certain level of performance.



Augmented Product

- The augmented product includes additional features, services, or benefits that go beyond the basic expectations and add extra value to the customer.
- These features may differentiate the product from competitors and enhance the overall customer experience.
- Example: In the case of a car, the augmented product could include features like advanced entertainment systems, GPS navigation, warranty, roadside assistance, and complementary maintenance services.

Potential Product

- The potential product represents the future possibilities, innovations, and enhancements that a product may offer over time.
- It encompasses the product's potential for evolution, improvement, and adaptation to changing customer needs and market trends.
- This level reflects the concept of continuous product development and innovation to stay competitive in the market.



Refer the document

Activity: Analyzing the Product Levels of the iPhone by Apple Inc



Recap

- **Core Product:** The main benefit or solution the product provides to customers.
- **Generic Product:** The basic version of the product that meets customers' basic needs.
- **Expected Product:** The features and quality customers typically expect from a product in its category.
- **Augmented Product:** Extra features or services that go beyond expectations and improve the customer experience.
- **Potential Product:** Future possibilities and improvements that can be made to the product to meet changing customer needs.