



INDIAN INSTITUTE OF MANAGEMENT & COMMERCE

DEGREE & P.G. COLLEGE

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Subject: MARKETING MANAGEMENT Paper Code: DSE504

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Unit I : PRODUCTION CONCEPTS & CLASSIFICATION

KEY POINTS TO REMEMBER

1. 'Product' implies not only physical attributes but includes the services that go a long way in increasing consumer satisfaction.
2. Product Characteristics: (A) Explicit Characteristics – Physical configuration, Associated services, Package and Brand name, Product Mix, Product Life Cycle.

(B) Implicit Characteristics – Product Symbolism, Communication Media, Product Perception, Product Evaluation.
3. Consumer goods are those goods which are meant for final consumption or final use of consumer households. Ex: Shampoo, biscuits, watches, two-wheelers, etc.,
4. Industrial goods are those goods which are used by business buyers as inputs for further commercial processing. Ex: Milk powder, machine tools, other industrial and processing inputs.
5. Durable goods are those tangible products that last longer and they do not get exhausted even after repeated use. Ex: Washing machines, Laptops, TVs etc.,
6. Non-Durable Goods are those which get exhausted with a single or few uses. Ex: Vegetables, soaps, other food items.
7. Shopping goods are those where consumers devote considerable time in making selection of those before they buy. Four wheeler, jewellery, refrigerators, etc.,
8. Speciality goods are those which enjoy certain special features and special efforts are made in their purchase. Ex: Digital Wathces, Goggles, Ties, Musical door bells, etc.,
9. Unsought Goods are those goods which are considered only when the necessity arises. Insurance, fire extinguishers, funeral items.
10. 'Product Mix' is one element of marketing mix which is designed and offered to the target consumers or prospects. Product mix assortment is the set of all products and items that a particular seller offers for sale.

11. A 'product line' is a group of closely related products which are able to satisfy a class of need, to be used together, to be sold to the same customer groups, to be moved through the same distribution channels, or fall within the same price range. Ex: hp – Laptops, Desktops, Printers, etc.,

12. The 'width of a product' unit refers to how many different product lines the company carries. Ex: Personal wash, Food items, Cosmetics, Deodorants, etc.,

13. The 'depth of a product' mix refers to how many variants are offered of each product in the line. Ex: Lux Soap (vanilla, Peach & Cream, Purple Lotus)

14. The 'consistency' of the product mix describes how closely related the various product lines are in end use, production requirements, distribution channels or some other way.

15. Theodore Levitt popularized the concept of Product Life Cycle. It is the product aging process. Products move through the cycle of Introduction-Growth-Maturity and Decline.

16. 'Skimming' pricing strategy means launching a new product with high price and high promotional level.

17. 'Penetration' pricing strategy means launching the product at a low price and spending heavily on promotion.

18. 'Introduction Stage' indicates that a product is launched into the market newly and it has only a proved demand and not effective demand.

19. 'Growth Stage' is the second stage where in once the market has accepted the product, sales begin to rise.

20. Under 'Maturity Stage' the market becomes saturated – because the household demand is satisfied and the distribution channels are full.

21. In 'Decline Stage' the sales begin to fall under the impact of new product competition and changing consumer tastes and preferences, prices and hence, profits decline.

22. "Any business enterprise must have to basic functions namely- Innovation and Marketing – Philip Kotler.

23. Steps in New Product Development: Idea Generation



24. 'Test Marketing' or 'Market Testing' is the controlled experiment done in a limited but carefully selected part of the market place and is the part of developing a new product and is to validate the results obtained from a prototype testing.

25. 'Brand' is a name, symbol, term or a design or a combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate from other sellers or group of sellers or competitors.
26. 'Brand' is the quality of a product. The product's name and identity is only called as 'Brand' once it takes birth.
27. 'Single Brand Product Strategy' where the marketer uses only brand name may be an individual or a company or a family. It is also popularly known as "Family" or "Blanket" branding strategy. Ex: 'Aarey' milk unit of Mumbai brands the products like –milk, butter, ghee and shrikhand.
28. 'Multi Brand Product Strategy' signifies that practice where the manufacturer or the marketer offers more than one brand in a product category. Ex: Godrej Company offers Cinthol, Marvel and Crwoning Glory toilet soaps.
29. 'Distributors' or 'Private Brand Strategy' is a brand strategy under which the manufacturer prefers to sell his products under dealers or distributors name. It is quite common in Indian Textile Industries.
30. 'Mixed Brand Strategy' is an approach by the manufacturer who offers his products to consumers in his own and private brand names. Ex: Edible oils may be sold by producers under their brand names or under the names of their middlemen or distributors.
31. 'Trading Up' signifies the act of adding a high priced prestigious products to the existing line with the main intention of increasing sales of the existing low prices products. Ex: TVs, Electric Cookers, Grinder-Mixer, etc.,
32. 'Trading Down' signifies the act of manufacturing and selling low quality products by the producers who had been known for high quality and high priced products. Ex: Philips Tape Recorder & Walkman, Scooters with 300 CC, 150 CC and 100 CC.
33. 'Packaging' is the other side of the product identification. The function of packaging is to protect the goods. In simple words, packaging is the act of housing the product in a pack or containers like jars, bottles, bags, cans, kegs, casks and alike. A package is a wrapper or a container in which a product is enclosed, encased, housed or sealed.
34. Objectives of Packaging: (i) Product protection (ii) Product identification (iii) Product convenience (iv) Product promotion and (v) Product profit generation.
35. Types of Packaging: (i) Primary Packaging (ii) Secondary Packaging and (iii) Shipping Packaging.
36. 'Primary packaging is basically done for protecting the quality of the product and protection against possible effects caused by exposure. The basic idea is to protect or preserve the basic ingredients. Ex: Shampoo can be packed in bottles, plastic jars, sachets or pouches.

37. 'Secondary Packaging' serves for providing quantitative convenience of the buyers and sellers. Ex: Shampoo sachets may be in straps of 10, 20, 30, 40, 50 and so on.
38. 'Shipping Packaging' is the final packaging mainly for transportation and stocking purposes on wholesale basis.
39. 'Packaging Strategies' are (i) Family packaging strategy (ii) Multiple packaging strategy (iii) Reuse packaging strategy (iv) Ecological packaging policy.
40. 'Family packaging strategy' is a kind of strategy where the major features of the packages in respect of the entire product-line look alike. Ex: Camlin stationery products and packages have the black tiny camel on items.
41. 'Multiple packaging strategy' is a kind of strategy wherein number of closely related but heterogeneous products, used by one consumer, are placed in a single package. Ex: This strategy are followed by India by a few companies such as Zodiac and Park Avenue.
42. 'Reuse packaging strategy' is one wherein manufacturers offer their products in such packages which can be reused after consumption. Ex: Horlicks, Maltova, Protinex bottles can be reused, after consuming the content.
43. 'Ecological packaging strategy' use the resources of environment results in pollution problems. It is the social responsibility of every business house to reduce the extent of pollution of any kind in any form.
44. 'Labelling is another significant means of product identification like branding and packaging.
45. 'Labelling' is the act of attaching or tagging labels. It may be a piece of paper, printed statement, imprinted metal, leather which is either a part of a package or attached to it.
46. A 'label' is an informative tag, wrapper or a seal attached to a product or product's package.
47. The purpose of labelling is (i) to describe the product specialities (ii) facilitates exchange purpose (iii) encourage self-service (iv) product support services (v) product credit services (vi) product guarantees and warranties.
48. 'After sales service' is the responsibility of producers or manufacturers and dealers of industrial and consumer durables.
49. 'After sales service' include the elements such as installation, repairs, maintenance, provisions and spare parts.
50. It is the last and important aspect to promote a product after sale.

Short Answer Questions:

1. Market and Marketing
2. Concept of Product
3. Consumer Goods
4. Industrial Goods
5. Meaning of Product Life Cycle
6. Product Modification
7. Product Differentiation
8. Importance of New Product Development
9. Business Analysis
10. Test Marketing
11. Innovation
12. Branding, Packaging & Labelling

Essay Type Questions:

1. Explain the characteristics of a product.
2. Enumerate the product mix decisions.
3. Describe the process of Product Life Cycle (PLC).
4. Bring out various problems and prospects of PLC.
5. Enumerate the steps involved in new product development.
6. Define Test Marketing. Discuss on its problems and essentials.
7. Describe various characteristics of a good branding, its merits and demerits.
8. What are the various branding strategies. Explain.
9. "Packaging strategies play a vital role in identifying the product by the consumers". Discuss.
10. Write short notes on (i) Types of Packaging (ii) Packaging Decisions
11. "Labelling is another significant means of product identification". Justify the statement.
12. "After sales service is the priority of today's manufacturers and dealers. Justify.