DEPARTMENT OF COMMERCE (CA)

NON MAJOR ELECTIVE II - MARKETING (Semester-VI)

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UNIT – II

Marketing mix – Product Planning and Development – Introduction of new product – Branding – Packing – Product life cycle.

Marketing mix

Definition

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

4Ps of marketing

- **Price:** refers to the value that is put for a product. It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors. There can be several types of pricing strategies, each tied in with an overall business plan. Pricing can also be used a demarcation, to differentiate and enhance the image of a product.

- **Product:** refers to the item actually being sold. The product must deliver a minimum level of performance; otherwise even the best work on the other elements of the marketing mix won't do any good.

- **Place:** refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. In fact, the mantra of a successful retail business is 'location, location, location'.

- this refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.

Importance of the Marketing mix

All the elements of the marketing mix influence each other. They make up the business plan for a company and handled right, can give it great success. But handled wrong and the business could take years to recover. The marketing mix needs a lot of understanding, market research and consultation with several people, from users to trade to manufacturing and several others.

Product Planning and Development

1. Exploration:

Product planning begins with the generation and formulation of ideas or concepts for new products. The product ideas may come from sales persons who are in constant touch with the needs and desires of consumers.

Middlemen, research and development department, trade and technical journals, consumers, trade associations, chambers of commerce, government agencies, research laboratories and executives can be other fruitful sources of product ideas.

New ideas may also emerge from individual innovators, suggestion schemes, marketing research, cost studies, service organisations, etc. At this stage, the products of competitors, institutes and allied products should also be considered.

2. Screening:

This stage involves a preliminary comparison and evaluation of product ideas to select the most promising idea which warrants further consideration. A large number of ideas may be available. It is necessary to eliminate the ideas which have no potential. Careful screening helps to avoid wastage of time and resources in impracticable or uneconomical ideas.

A clear understanding of company objectives and facilities is essential for successful screening. This will help to reject the ideas which are inconsistent with the strategy and resources of the enterprise.

In recent years, leading companies have developed specific criteria for screening. Such criteria consist of:

(a) profitability requirements over a period of time;
(b) annual value of production;
(c) unit profit margin;
(d) new capital required;
(e) use of existing distribution network, etc.

3. Detailed Business Analysis:

Those ideas and concepts which survive the screening stage are put to rigorous economic evaluation. The technical and economic factors involved in the ideas are analysed in sufficient detail to judge the commercial viability and technical feasibility. A statement of expected costs, sales and profits over a period of time is prepared. Business analysis may also involve some preliminary testing and analytical studies which is known as concept testing.

Business analysis is made to answer the following questions:

(a) Is the product idea technically feasible?
(b) Is there an adequate market demand?
(c) Is it necessary to obtain patent, right?
(d) What is the raw material position?
(e) Will machinery be imported?
(f) Are the production facilities suitable?
(g) How much will it cost to produce and sell?

4. Development:

At this stage, a design or specification of the product is prepared. The product idea is given a practical shape in the form of a working model or prototype. The idea on paper is converted into a physical product. The prototype is tested in the laboratory to ensure that it meets all technical specifications.

5. Test Marketing:
A sample of the product is then tested in a selected market to find but the reactions or responses of consumers. The working model or prototype is produced in a limited quantity and it is tested in the market before starting full scale production.
On the basis of the feedback from consumers, necessary improvements (redesigning) arc made in the product. Test marketing is a vital phase of product development as it helps to “tie up the loose ends” before launching the product in the market.

6. Commercialization:
In this final stage, the product is actually introduced in the market on a full scale. The pricing, channels and promotional methods are finalised. The product is fully integrated into the company’s normal operations and it no longer remains a new product.

Product Development Process

The product development process encompasses all steps needed to take a product from concept to market availability. This includes identifying a market need, researching the competitive landscape, conceptualizing a solution, developing a product roadmap, building a minimum viable product, etc.

Product development requires the work and input of many teams across a business, including:

- Development
- Design
- Marketing
- Sales
- Finance
- Testing

Product managers act as the strategic directors of the development process. They pull together the cross-functional team, communicate the big-picture goals and plans for the product (via the product roadmap), and oversee the team’s progress.

Introduction of new product
The following are the seven important steps that will help to introduce new products and services to market:

1. Study your competition. Many business marketing classes teach participants how to perform a SWOT (strengths, weaknesses, opportunities and threats) analysis. You have to start by taking a serious look at your competitors. Make a list of the businesses that offer products or services similar to the one you plan to launch. Even if you think your new product or service is entirely unique and without existing competition, it's important to put yourself in your prospective customers' shoes and imagine what they might buy in lieu of what you plan to offer. Once you decide who your competitors will be, review their marketing materials, including their ads, brochures and websites. Evaluate how your new product or service will stand up against what's already being offered, in what ways you'll excel, and which companies or their offerings pose the greatest threats to your success.

2. Target the ideal customer. To successfully launch your new product or service with minimum financial outlay, it's essential to focus exclusively on the prospects you believe are most likely to purchase from you. These may be customers who are currently buying something similar and will appreciate the additional features your new product or service provides. Your best prospects have a perceived need for what you offer, can afford to buy it and have demonstrated a willingness to do so--probably by purchasing from your competition. Bear in mind, it's always easier to fill a need than to create one.

3. Create a unique value proposition. At this stage, you should have a clear understanding of what you must offer in order to stand apart from your competition and who will want to take advantage of your offer. But do you know why customers will want to buy from you vs. the vast field of competitors out there? What benefits and features will you provide that your prospective customers will value most? The bottom line is that your product or service "bundle" should be unique and meet the needs and desires of your best prospects.

4. Define your marketing strategy and tactics. Next, choose your sales and marketing channels. Will you market online, via catalogue or through dealers, for example? Generally, multichannel marketers achieve the greatest success because customers who can shop when and however, they like tend to spend more and shop more often. Suppose your strategy is to market a low-cost workout device to people who can't afford gym memberships or high-priced home equipment. You might choose traditional direct marketing plus online sales as your primary channels, and employ tactics including direct-response TV spots and online ads and e-mail solicitations that link to your website.

5. Test your concept and marketing approach. With all the money it takes to bring a new product or service to market, it's foolhardy to rush headlong into the launch phase prior to testing. What should you test? It's best to examine your product or service bundle plus your marketing message and you're your marketing materials. Depending on what you plan to market and your budget, you can use formal focus groups (or simply host roundtable discussions with members of the target audience), employ online research or mall intercept studies, or distribute your product to a select group of users for testing. Only after testing is complete, should you proceed to the final creation of your marketing tools and materials.

6. Roll out your campaign. Public relations often play a vital role in the launch of a product or service. You can use media relations tactics to place articles and win interviews, get coverage by allowing key press to review your product, hold a launch event, or use grassroots marketing to build buzz. But no matter what publicity route you choose, first make sure your product or service is completely ready and available for purchase in order to maximize returns from the coverage you receive. And your other marketing efforts should follow closely on the heels of your press roll out. Monitor the results from all media, and in the first weeks and months, be prepared to adjust your campaign to take advantage of what's working best.

7. Know your product's lifecycle. The campaign you use during the introduction and education phase of your product or service launch will need to be updated as your product or service matures. If you're monitoring your marketing results carefully, you'll begin to see diminishing returns that will indicate when it's time to revise the product or service itself, alter your media message, or even phase out this particular offering and lay the groundwork for the launch of your next great idea.

Branding

Branding can be defined as name, term, sign, symbol or design or a combination of them which is intended to identify and distinguish the product of one firm with other. It is the means that differentiates products of one producer with competitors.

Business firms generally use three types of branding: Symbols and marks like Rath vanaspati and Surya cigarettes, special names such as Lux soap and LG watch and names of the product, and the manufacturer like Sony television, tata steel, Godrej refrigerator, etc.

According to American Association, “A brand is a name, term, symbol or design or combination of them which is intended to identify the goods or service of one seller or group of sellers and to differentiate them from those of competitors.”

- Brand name

It is part of the brand which can be vocalized. For example, Maruti, Colgate, Sony, Nikon, etc. A brand name consists of words, letters, and numbers that can be vocalized.

- Brand mark

It is that part of a brand that can be identified and recognized but cannot be vocalized or uttered such as symbol, design, colouring or lettering. A brand mark is the part of the brand that appears in the form of a symbol, design or distinctive colouring or lettering.

- Trade mark

It is a brand or a part of a brand that is given legal protection for exclusive use by the firm. A trademark presents company’s exclusive right to use the brand name and brand mark. New trademarks are registered with country’s patent offices. A trademark is a brand or part of a brand that is given legal protection because it is capable of exclusive appropriation. All trademarks are brands but all brands are not trademark.

Importance of Branding
The importance of Branding can be briefly shown below:

1. Importance to customer
The importance of branding to the customers can be described from the following points:

- Product identification:

A brand helps the customers to identify the product easily. They can easily select the goods among the goods produced by different producer. It helps the customer to get the information about the products easily.

- Price stability:

Price stability is also the importance of branding to the customer. The price of the branded goods is determined by producer itself. There will be no up-down in the price of such goods. Stability in the price of branded goods provides the goods to consumers in the same price for a long time.

- Quality stability:

Quality stability is also the importance of branding. Consumers will not accept the goods if the goods are of less quality. The producers of the branded goods are always about the quality of their goods. Then after, the consumers will always get the quality goods.

- Prestige:

Branded goods help to increase the prestige of the customers. The customers buy the branded goods which help in the increment of prestige of the customers. For example, Apple mobile and computer, etc.

- Customers' satisfaction:

Customers satisfaction is very important in marketing. A branded product ensure advantage to the consumer, assuring them better quality, stability in prices and easy availability of the goods. It helps the consumers to get satisfaction by providing such branded goods.

2. Importance to organization
The importance of branding to the organization can be briefly shown below:

- Promotion:

Promotion is very important for the organization. It helps the organization to get promoted because of the information about the features, prize, style, advantage etc.

- Legal protection:

A brand name provides legal protection to the special feature of the products. The inclusion of brand name helps the goods to be totally protected.

- Save from competition:

A business organization can easily advertise the branded goods. They can attract consumers towards their products. Due to branding, a business organization can be saved from competition.

- Build corporate image:

Branding also helps to build a corporate image in the products. Strong brands i.e., brands known for quality and performance standards build a corporate image that has long term advantage.

3. Importance to society
The importance of branding to the society can be described from the following points:

- Consumer’s welfare:

Branded goods conserve the consumer’s right. The consumers will not find any defect in the branded goods. If any defect is found in the products, the customers can take any action for that. But the goods are for the consumer's welfare.

- Social activities:

The producers of branded goods also do some social activities. For example, Ncell football competition. Such activities facilitate both the producer as well as society

- Environmental protection:

Producer of the branded goods are conscious towards the environment. They help to protect the environment from air pollution, water pollution, noise pollution and in turn protect the health condition of society.

Types of brand

On the basis of ownership:

- Manufacturer’s brand
- Middlemen’s brand

On the basis of Market area:

- National brand
- Regional brand
- Provincial brand
- Local brand

On the basis of product line:

- Family brand
- Individual brand
- Separate family brand
- Mixed brand

Reasons for not branding products

- Problem of product differentiation:

Those products which are difficult to differentiate are not branded. For example, raw materials, coal, iron, wheat, maize, etc. are not branded. Those products which are differentiate only can be branded.

- Nature of the product:

The nature of the product does not require branding because it is not easy to differentiate from others nor suitable. Vegetable and fruits are not branded because they cannot be standardized.

- Different in quality level:

Those products which are different in quality level cannot be branded. There should be similarity among the products produced by different producer having similar nature. For example, rice, wheat, mustard paddy etc.

- Problem of brand promotion:

The problem in brand promotion also affects in the brand. Brand helps in sales promotion and also increase the demand for the product. It is better to use brand by those manufacturing companies who can fulfil the increasing demand.

- Perishable product:

Perishable products are not branded because of its shortest life and risk factor. Highly perishable products like meat, egg, fruits and vegetables are also marketed without brand.

- Legal procedure:

Without legal procedure, the products cannot be branded. The legal procedure should be fulfilled before using a branded product. The producer should consider all the legal formalities. Fulfilling all the legal formalities needs some cost and time. To be away from such legal producer, it is better not to use the brand.

Qualities of Good Branding

Brand name should be carefully selected to make the product successful because selecting a brand name is an important marketing activity. The following are the qualities of good brand name:

- Easy to pronounce:

A brand should have the words that can be easily pronounced. A good brand name should be simple so that consumer can say and spell the name of the product. The selected brand name should be simple and easy to pronounce for all level people. If the name of the product is complex, people will have difficulties to spell.

- Short and Sweet:

The name of the brand must be short and sweet. It should not be long and difficult to spell. The brand name must be short so that the consumers can easily find it. For example, Tata, Bata, Rara, etc.

- Memorable:

The good brand name should be memorable to the consumers if they see and hear it once in the market. The long brand name is difficult to memorize. For example, Rara, Bata, Lux, OK, etc.

- Projects qualities:

The good brand name should project the quality of the product. All the products which are branded must have a good quality so that the consumers can have them without any difficulties. For example, sun silk, surf, good night, fair and lovely, etc.

- Easy to promote

The good brand name should be easy for promotional activities like an advertisement, publicity, etc. The brand name is used to sell the product by creating emotional attachment. The good brand name helps to promote it easily.

- Legally protectable:

The brand name should be legally protectable. A brand name which is legally recognized is known as trademark. Normally, it depends on the will and discretion of a producer, middleman than on brand name. For e.g., Coca-Cola, Nike, Pepsi, etc.

- Expansion of product line:

The good brand name must be able to expand the product line. It means the same brand name can be used for the other products produced by the same producer. For example, Usha, Godrej, Tata, Hero Honda, etc.

- Distinctive:

Distinctive qualities are needed in the brand. A good brand name should be distinctive from other brand names. It should not be very common. It must be different from others. For example, Liril soap, Wai-wai noodles, Horlicks, Viva, etc.

- Clear and attractive

Brand name must be clear and attractive. It must have a good sound and pleasing to hear. It should also create a good image. For example, Commando beer, Blue Bird College, etc. A clear and attractive brand name helps to know about the product easily and use it safely. So, it is essential to have a clear and good brand name.

Packing
"Packing is the preparation of product or commodity for proper storage and/or transportation. It may entail blocking, bracing, cushioning, marking, sealing, strapping, weather proofing, wrapping, etc."

Packaging
Packaging means the wrapping or bottling of products to make them safe from damages during transportation and storage. It keeps a product safe and marketable and helps in identifying, describing, and promoting the product.

Objectives of Packing and Packaging

1. To Provide Physical Protection:
Packaging of objects ensures that they are protected against vibration, temperature, shock, compression, deterioration in quality etc. Packing and packaging also protect the products against theft, leakage, pilferage, breakage, dust, moisture, bright light etc.

2. To Enable Marketing:

Packing and packaging play an important role in marketing. Good packing and packaging along with attractive labelling are used by sellers to promote the products to potential buyers. The shape, size, colour, appearance etc. are designed to attract the attention of potential buyers.

3. To Convey Message:
There is so much of information about the product that a manufacturer would like to convey to the users of the product. Information relating to the raw materials used, the type of manufacturing process, usage instructions, use by date etc. are all very important and should be conveyed to the users. Manufacturers print such information on the packages.

4. To Provide Convenience:
Packing and packaging also add to the convenience in handling, display, opening, distribution, transportation, storage, sale, use, reuse and disposal. Packages with easy to carry handles, soft squeezed tubes, metallic containers, conveniently placed nozzles etc. are all examples of this.

5. To Provide Containment or Agglomeration:
Small objects are typically put together in one package for reasons of efficiency and economy. For example, a single bag of 1000 marbles require less physical handling than 1000 single marbles. Liquids, powders, granular materials etc. need containment.

6. To Provide Portion Control:
In the medicinal and pharmaceutical field, the precise amounts of contents are needed to control usage. Medicine tablets are divided into packages that are of a more suitable size for individual use. It also helps in the control of inventory.

7. To Enable Product Identification:
Packing and packaging enable a product to have its own identity. This is done by designing a unique and distinct package through the effective use of colours, shapes, graphics etc. Such identification and distinction are very essential in the present situation of intense competition and product clutter.

8. To Enhance Profits:
Since consumers are willing to pay a higher price for packaged goods, there will be higher profit realization. Moreover, packaged goods reduce the cost of handling, transportation, distribution etc. and also cut down wastage and thereby increase profits.

9. To Enable Self-Service Sales:
The present trend in retailing is effective display and self-service sales. Products require effective packing for self-service sales.

10. To Enhance Brand Image:
Attractive packing and packaging in a consistent manner over a long time enhances the brand image of the product.

Classification of Packaging:

1. Family Packaging:
The product of a particular manufacturer when packed in an identical way is known as family packaging. The shape, colour, size etc. of packaging will be similar for all his products. Family brands are made meaningful by using family packaging, also. In such cases packaging methods,

material used for packaging the appearance etc. will be one and the same for all the products of a manufacturer.

2. Re-Use Packaging:
Packaging that could be used for some other purposes by the consumers after the packed goods have been consumed is known as re-use packaging. This aspect increases the sales value of the product considerably.
3. Multiple Packaging:
It is the practice of placing several units in one container. This helps to introduce new products and increase the sales.

Product Life Cycle

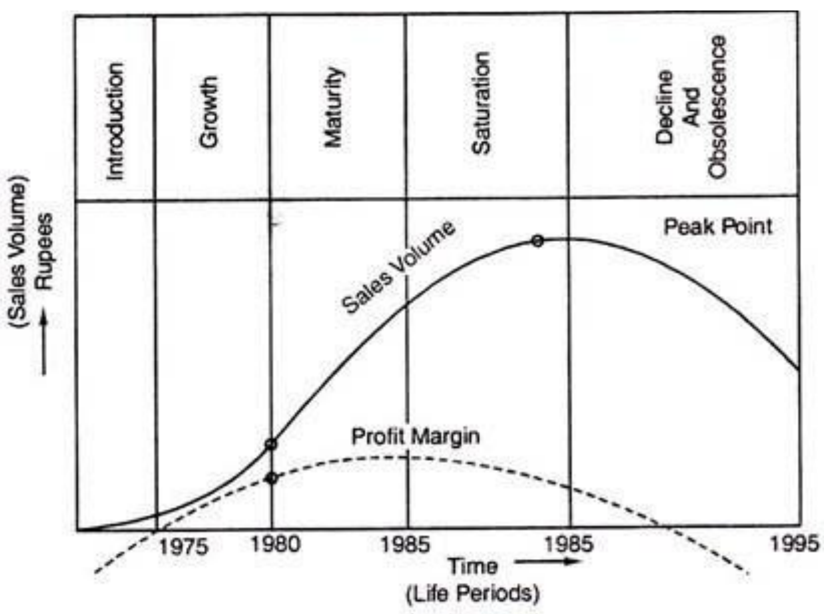
The product life cycle concept derives from the fact that a product's sales volume and sales revenue follow a typical pattern of five-phase cycle. The life cycle is a fact of existence for every product. It is similar to the human life cycle.

The length of the life cycle, the duration of each phase and the shape of the curve vary widely for different products. But in every instance, obsolescence or decay eventually occurs when the need disappears or a better, cheaper and more convenient product may suit the same need or a competitive product due to superior marketing strategy suddenly gains a decisive advantage.:

The product life cycle should be preferably termed as product market life cycle as it is related to a given particular market. For example, an old product (in the market of U. S. A.) will have a new life cycle when it is introduced into a foreign market, say, in India.

The product life cycle concept indicates that the product is born or introduced, grows, attains maturity and the point of saturation in that market and then sooner or later it is bound to enter its declining stage e.g., decay in its sales (history).

Product Life Cycle Concept



1. Introduction:

In the early stage when the product is introduced in a market, sales revenue begins to grow but the rate of growth is very slow. Profit may not be there as we have low sales volume, large production and distribution costs. We may require heavy advertising and sales promotion. Products are bought cautiously on a trial basis. Weaknesses may be revealed and they must be promptly removed. Cost of market development may be considerable. In this stage product development and design are considered critical.

2. Growth:

During the growth stage, the rate of increase of sales turnover is very rapid. Profits also increase at an accelerated rate. In spite, of competition, we may have rising sales and profits.

The firm gives top priority to sales volume and quality maintenance may have secondary preference. For marketing success, manufacturing and distribution efficiency are vital factors. In this stage effective distribution and advertising are considered as key factors.

3. Maturity:

During this stage keen competition brings pressure on prices. Increasing, marketing expenditure and falling prices (in the battle for market share) will reduce profits. Additional expenditure is involved in product modification and improvement or broadening of product line. Marketers have to adopt measures to stimulate demand and face competition through additional advertising and sales promotion. Overall marketing effectiveness becomes the key factor in the stage of maturity.

4. Saturation:

The saturation point occurs in the market when all potential buyers are using the product and we have only replacement sales. Consumption achieves a constant rate and the marketers have to concentrate exclusively on a fight for market share (with higher marketing expenses). Prices may fall rapidly and profit margins may become small unless the firm makes substantial improvements and realizes cost economies.

5. Decline Stage:

Once the peak or saturation point is reached, products inevitably enter the decline stage. It may be gradually displaced by some new innovation. Sales drop severely, competition dwindles, and even then the product cannot stand in the market. It may be priced out of the market by other new innovations. At this stage price becomes the primary weapon of competition, and we have to reduce considerably expenditure on advertising and sales promotion. Cost control becomes the key to generate profits.

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