Product decision

Product Decision: Introduction

- Product decisions are critical aspects of a company's marketing and management strategy.
- These decisions influence the design, development, and marketing of products, directly impacting customer satisfaction, competitiveness, and profitability.

Key Aspects of Product Decisions

A. Product Design and Features

- Determining the functionality, appearance, and features to make the product appealing and useful to customers.

B. Quality Level

- Setting the standard of performance and durability, which influences brand reputation and customer satisfaction.

C. Product Line

- Managing the range of products or services offered, considering:
  - **Depth**: Variations of a particular product.
  - **Width**: Different types of products.

D. Branding

- Creating a unique name, symbol, or design to identify and differentiate the product from competitors.

E. Packaging

- Designing packaging for both functionality and appeal, focusing on protection, convenience, and promotional value.

F. Services

- Offering additional services (e.g., installation, warranty, support) to enhance the product's value.

G. Product Life Cycle Management

- Strategically managing a product through its introduction, growth, maturity, and decline stages.

Levels of Product

Products are viewed on three levels, reflecting the value they offer to consumers:

1. Core Product

- The basic benefit or solution the customer seeks (e.g., convenience, entertainment).

2. Actual Product

- The tangible item or service including features, design, brand name, quality, and packaging.

3. Augmented Product

- Additional services and benefits such as warranties, customer support, and after-sales services that enhance the overall offering.

Classification of Products

- The classification of products is a fundamental concept in marketing that organizes products based on certain characteristics, making it easier for marketers to strategize and tailor their approaches for different types of products.

Based on End-User

A. Consumer Products

- Products bought for personal or household use:
  - **Convenience Products**: Purchased frequently with minimal effort (e.g., snacks, toiletries).
  - **Shopping Products**: Compared based on price, quality, and style (e.g., clothing, electronics).
  - **Specialty Products**: Unique items with brand loyalty; buyers make special efforts (e.g., luxury cars).
  - **Unsought Products**: Not actively sought by consumers (e.g., insurance, funeral services).

B. Industrial Products

- Used in production or business operations:
  - **Materials and Parts**: Raw materials and components.
  - **Capital Items**: Long-term assets like machinery and buildings.
  - **Supplies and Services**: Operational items like lubricants and maintenance services.

Based on Durability and Tangibility

1. **Durable Goods**: Tangible items lasting multiple uses (e.g., furniture, appliances).
2. **Nondurable Goods**: Consumed quickly, often in one use (e.g., food, paper).
3. **Services**: Intangible offerings (e.g., education, repairs, healthcare).

Based on Consumer Shopping Effort

1. **Convenience Goods**: Easily available with minimal buying effort.

2. **Shopping Goods**: Consumers compare before purchase.
3. **Specialty Goods**: Significant effort made to obtain these exclusive products.

Other Classifications

1. **Emergency Goods**: Purchased urgently (e.g., medicine during illness).
2. **Homogeneous Goods**: Viewed as similar; price becomes the deciding factor (e.g., sugar, cement).
3. **Heterogeneous Goods**: Differ in quality or features; comparison is based on preference (e.g., smartphones, clothing).

Product Line Decisions

- A **product line** is a group of related products marketed under a single brand name, often serving similar functions or targeting similar customer groups.

Key Product Line Strategies:

1. Line Filling

- Adding more items within the existing range to address gaps in the product offering, target additional customer segments, or respond to competitive pressure.
- This can include introducing different sizes, features, or price points.

2. Line Stretching

- Expanding the product line beyond its current range:
  - **Downward Stretching**: Adding lower-priced items to attract new customer segments.
  - **Upward Stretching**: Introducing premium products to enhance brand image or enter higher-end markets.
  - **Two-Way Stretching**: Expanding both upward and downward.

3. Line Pruning

- Eliminating underperforming or unprofitable products from the line to reduce costs, improve focus, and strengthen the overall brand offering.

4. Line Modernization, Featuring, and Trading Up or Down

- **Modernization**: Updating products to keep up with technological changes and evolving customer preferences.
- **Featuring**: Focusing marketing and promotional efforts on selected products within the line.
- **Trading Up/Down**: Adjusting product quality and price either upwards or downwards to align with market trends or reposition the brand.

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