


PRODUCT MIX

Dr. S. David Appathurai
Associate Professor
Department of Commerce
St.Xavier's College

Product Range

- ▶ Product mix
 - ▶ Product line
 - ▶ Product items
 - ▶ Product width
 - ▶ Product depth
- 

Product Mix

To determine a company's product mix, a business needs to identify:

- Its target market
- Its competitors
- The image it wants to project

➤ The product mix must be periodically reviewed to determine if products need to be expanded, modified, decreased, or eliminated



Product Mix Characteristics

Any product mix can be defined in terms of width, length, and consistency.

Product Mix Width

The number of product lines in the product mix. The more product lines, the **wider the product mix**.

Product Mix Length

Product mix length refers to the number of products in a product line.

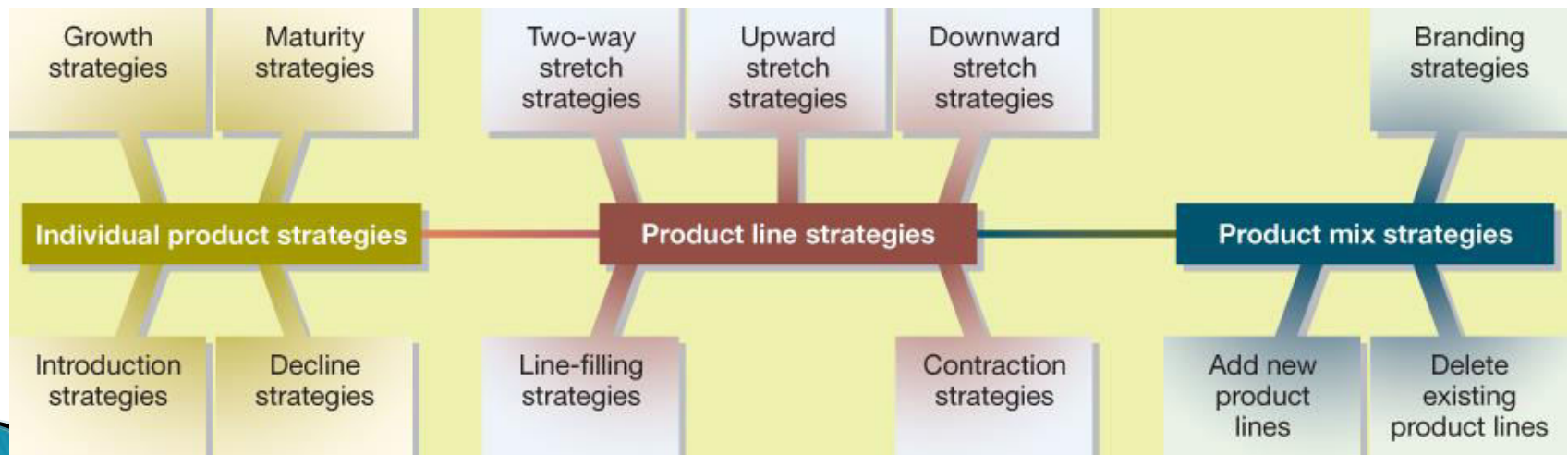
Product Mix Consistency

Product mix consistency refers to the relatedness of the different product lines in a product mix.

Product Mix Characteristics

Firms marketing multiple products and services must devise strategies for individual products, specific product lines, and the overall product mix. Key strategies at each level are presented below:

Exhibit 10-2



Product–Mix Strategies

The product mix consists of all product lines and individual products marketed by a firm.

Most firms market multiple product lines with many products in each line.

However, sometimes companies can be very successful by having a limited product mix.



Product Mix

All the different products that a company makes or sells

KRAFT Company:

- Kraft
- Kool-Aid
- Nabisco
- Maxwell House
- Oscar Mayer
- Post Cereal products

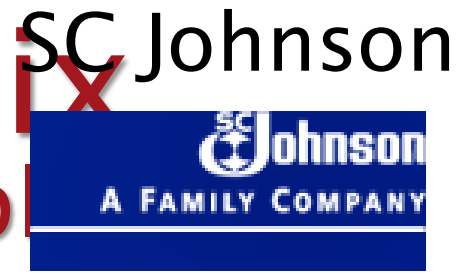


Kool-Aid



Product Mix

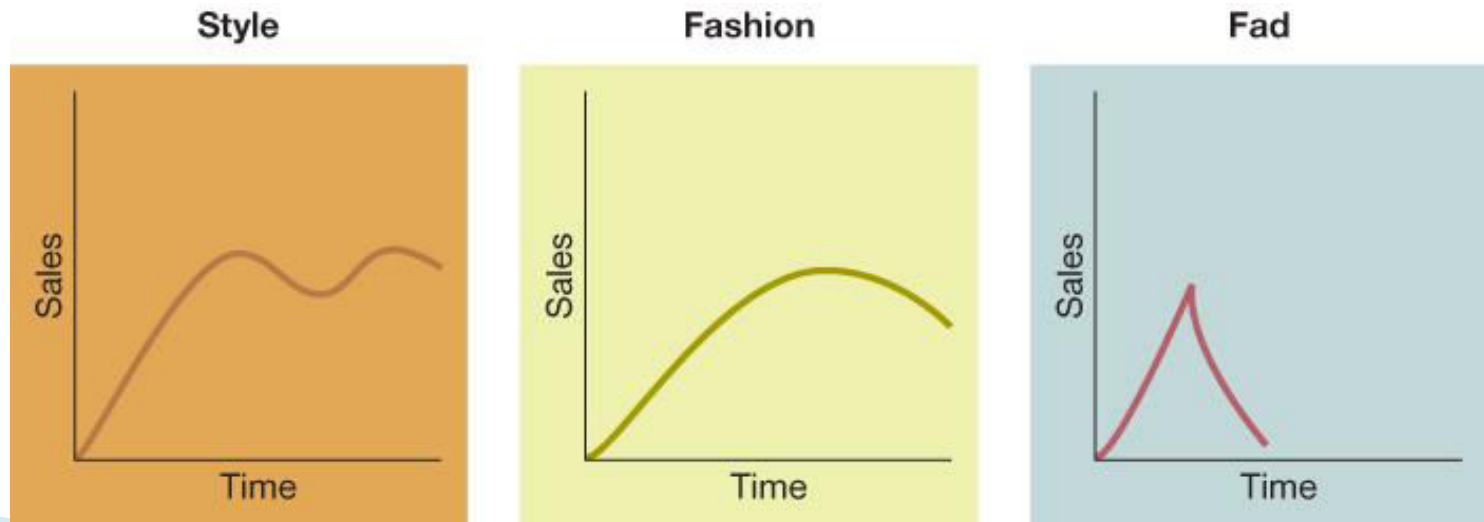
another example



PLC Length and Shape

Life cycle curves for styles, fashions, and fads differ from traditional product life cycle curves:

Exhibit 10-6



Product Lines

Product line – a group of closely related products sold by a business



GENERAL MILLS

Cheerios

FIBER ONE

Lucky Charms

Chex

WHEATIES

NATURE VALLEY

Line Extensions

Introducing new product items, or services to meet customer needs



Increasing the Product Line

Downward Stretch

A **downward-stretch strategy** is an attempt to add products to the lower end of the product line. Luxury car makers are introducing lower-priced cars to get new customers.

Upward Stretch

An **upward-stretch strategy** is just the opposite: Products are added at the higher end of a product line. This has been a favorite approach for Japanese companies in the U.S. market.

more 

Increasing the Product Line (con't)

Two-way Stretch

A **two-way-stretch strategy** entails adding products at both the high and low ends of the product line. Firms that have focused on the mass market might use this strategy to appeal to both price-conscious and luxury-seeking consumers.

Line Filling

A **line-filling strategy** involves adding products in different places within a product line. A firm might use this strategy to fill gaps in its product line that are not at the high or low end.

Increasing the Product Line (con't)

Cannibalization

Cannibalization occurs when a new product takes sales away from existing products. A great deal of cannibalization shifts sales from one product to the new product, with little overall gain for the firm.

Product Items

Product item – a specific model, brand, or size of a product within a product line



Product Width and Depth

The width and depth of a company's product offerings defines the product mix

Product Width

The number of different product lines sold by one manufacturer



Product Depth

The number of product items within each specific product line

- From one brand name

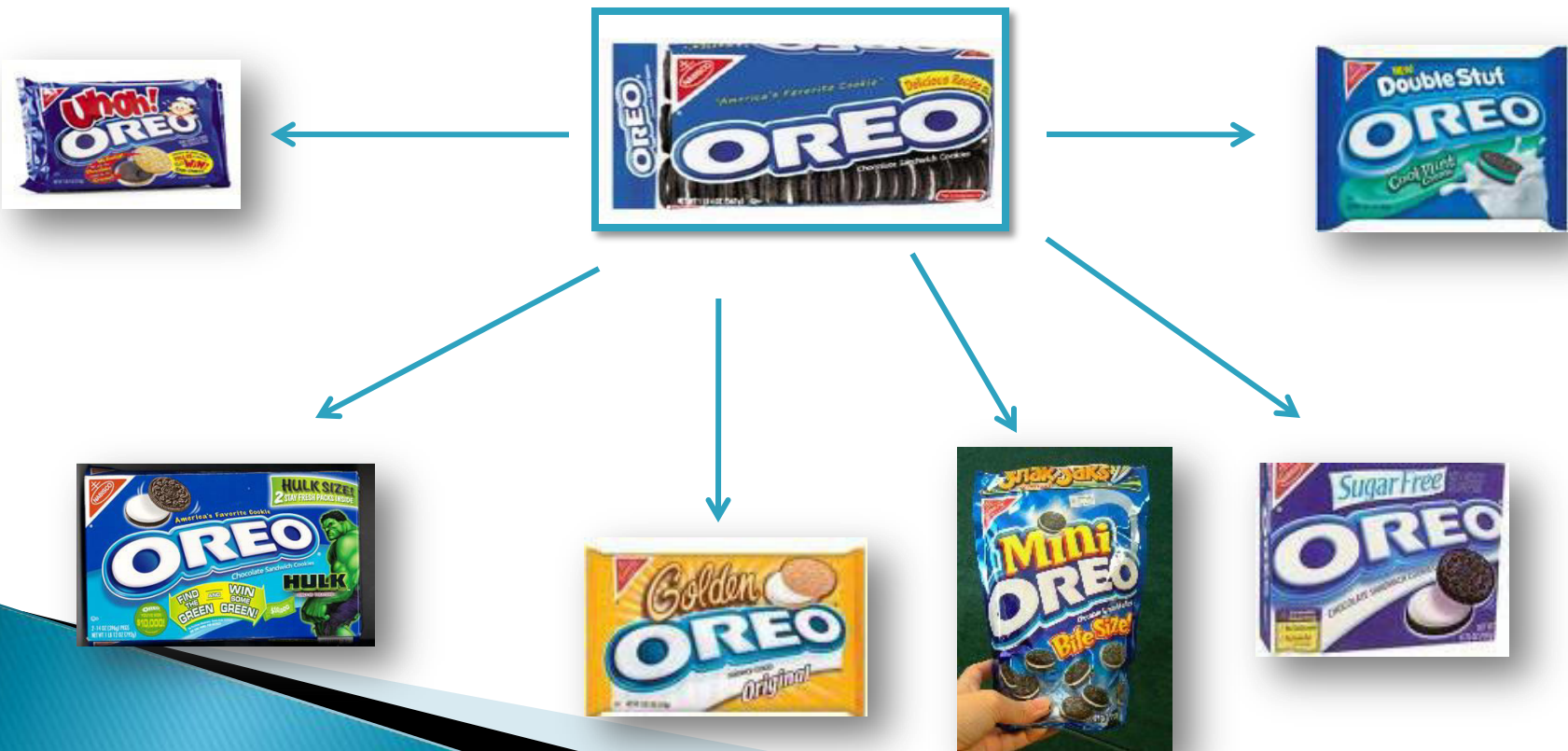


Gillette Product Mix Width vs. Depth

		Width				
		Oral Care	Blades & Razors	Personal Care	Batteries	Appliances
Depth						
						
						

Product Modifications

An alteration in a company's existing products





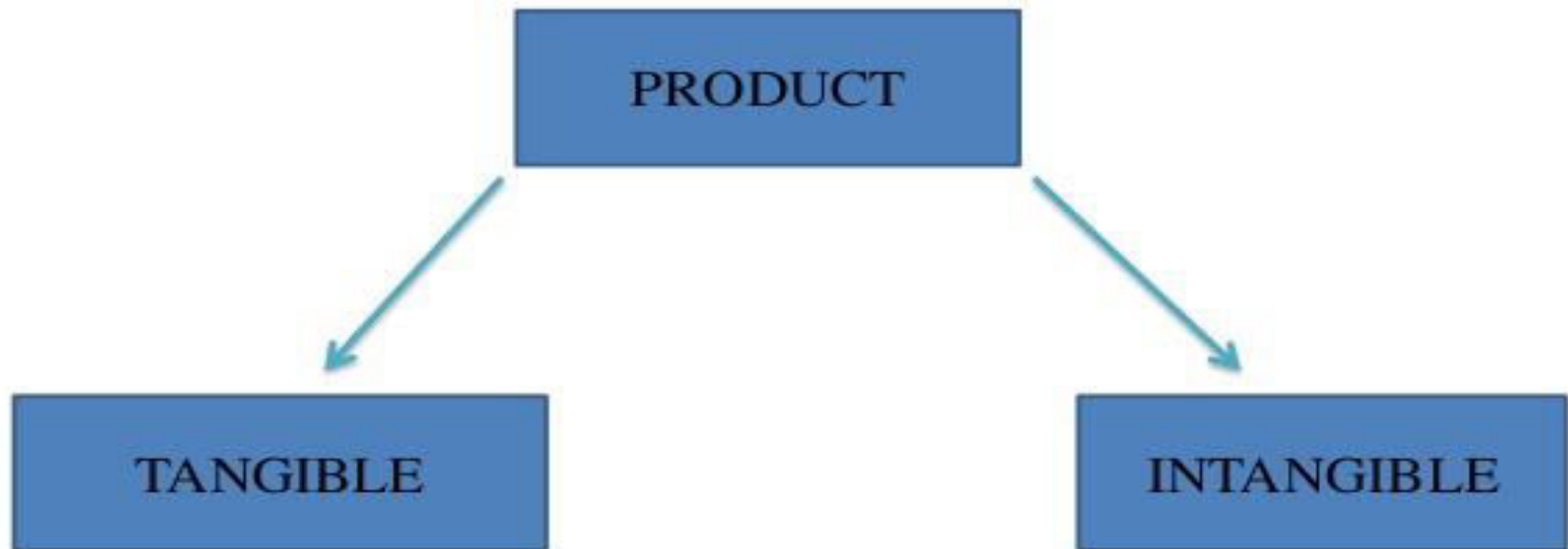
Thank
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PRODUCT AND TYPES OF PRODUCT

Dr. S. David Appathurai
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PRODUCT

- A product is any thing that can be offered to the market that satisfy customers needs and wants.




- ▶ A Product is anything that can be offered to market to satisfy a want or need.
- ▶ It is a bundle of physical, chemical or intangible attributes that have the potential that satisfy present and potential customers wants.
- ▶ Product that are marketed included physical good, services, experiences, events, persons, place, properties, organization, information and ideas.

TYPES OF PRODUCT

- On the basis of type of User
 - Consumer goods
 - Business goods
- On the basis of Degree of Tangibility
 - Tangible goods
 - Intangible goods (Services)

Classification of Consumer Goods

- Convenience goods
 - Shopping goods
 - Specialty goods
 - Unsought goods
- 

Consumer Goods

Products purchased by the ultimate consumer.

Convenience Goods

Items that the consumer purchases frequently and with a minimum of shopping effort.

Shopping Goods

Items for which the consumer compares several alternatives on criteria such as price, quality, or style.

Specialty Goods

Items that a consumer makes a special effort to search out and buy.

Unsought Goods

Items that the consumer either does not know about or knows about but does not initially want.

Classification of consumer goods

BASIS OF COMPARISON	TYPE OF CONSUMER GOOD			
	CONVENIENCE	SHOPPING	SPECIALTY	UNSOUGHT
Product	Toothpaste, cake mix, handsoap, laundry detergent	Cameras, TVs, briefcases, clothing	Rolls Royce cars, Rolex watches	Burial insurance, thesaurus
Price	Relatively inexpensive	Fairly expensive	Usually very expensive	Varies
Place (distribution)	Widespread; many outlets	Large number of selective outlets	Very limited	Often limited
Promotion	Price, availability, and awareness stressed	Differentiation from competitors stressed	Uniqueness of brand and status stressed	Awareness is essential
Brand loyalty of consumers	Aware of brand, but will accept substitutes	Prefer specific brands, but will accept substitutes	Very brand loyal; will not accept substitutes	Will accept substitutes
Purchase behavior of consumers	Frequent purchases; little time and effort spent shopping	Infrequent purchases; needs much comparison shopping time	Infrequent purchases; needs extensive search and decision time	Very infrequent purchases; some comparison shopping

Classification of Business Goods

- Production Goods
 - Support Goods
 - Installations
 - Accessory Equipment
 - Supplies
 - Services
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Production Goods

Items used in the manufacturing process that become part of the final product.

Support Goods

Items used to assist in producing other goods and services.



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