

10. MARKETING TECHNIQUES II

10.1 LABELING AND PACKAGING: *Packaging and labeling are used for various products in retail and wholesale establishments. Packaging provides a convenient way for customers to lift and transport products. Labeling helps consumers identify a product. Without labels, for example, all fruit drinks on a shelf would look the same. Certain types of packaging and labeling also appeal to consumers. Customers may prefer a certain product brand because of the packaging and labeling. There are several key reasons packaging and labeling are important in marketing.*

Containment and Usability

- Product packaging helps contain the products. Many products could not be displayed without packaging. For example, packages help contain products like milk and pudding. Packaging also helps contain multiple items like donuts, pencils, bacon and pizza rolls. Similarly, product labels tell consumers the weight of certain items as well as the number of items contained in a package. Choosing the right container is important in marketing. Consumers must have convenient sizes they can lift and store in their homes. Women would have trouble lifting and transporting an extremely large laundry detergent box, for example. Labels more easily help consumers make decisions on quantities they need. For example, large families may need two packages of pizza rolls for the week, based on the quantities mentioned on the labels.

Protection

- Marketers know certain types of packages better protect their products from temperature, vibration, compression and extended shelf life. Therefore, they must work with research and development in producing the right types of containers. Additionally, marketers can protect consumers by using expiration dates on products like yogurt, eggs and cheese. Additionally, companies are becoming more aware of allergens in certain foods. Therefore, consumers may get warnings about common product allergens like wheat, milk, yeast and soy. Also, marketers must make sure they adhere to certain labeling laws for certain products. Besides food, there are labeling laws for electronics and textiles.

Visibility

- Marketing professionals know that elements such as color and design are important in attracting customers. Consumer products companies may even do

focus groups to test product designs before their products are introduced. A company's product must stand out on the shelf. Competition is stiff within all product groups. A company's sales and profits are contingent upon how well their packaging and labeling appeal to consumers. Companies with multiple product sizes and brands can use similar color schemes or labels on all products for customers to better recognize their products.

Product Positioning

- Packaging and labeling can be used as a product positioning tool in marketing. For example, marketers may use gold packaging and fancy labeling for higher-priced products or premium brands. Consumers who want premium brands begin to recognize them more from the packages and labels. For example, cheese manufacturers may use fancier packaging for specialty cheeses. Beverage products often do the same. A premium liquor company may use metal tags on the necks of their bottles as part of their packaging. Premium packaging can represent prestige for consumers, who may buy the products to impress friends at parties.

10.2 LINE AND PRODUCT MIX: The complete range of products present within a company is known as the product mix. In any multi brand organizations, there are numerous products present. None of the organizations wants to take the risk of being present in the market with a single product. If the company has only a single product, than the demand of the product will be too great or the company does not have the resources to expand the number of products it has.

However, if the business market is any example, than all the top companies have multiple products. Coca cola, Apple, Microsoft, Nestle, Hindustan unilever, Pharmaceutical companies, so on and so forth. These companies need to have a wide product portfolio to be present in the market and to have a sustainable business model. The combination of products that they have in their product portfolio can be the product mix.

Product mix - As explained, product mix is a combination of total product lines within a company. A company like HUL has numerous product lines like Shampoos, detergents, Soaps etc. The combination of all these product lines is the product mix.

Product line - The product line is a subset of the product mix. The product line generally refers to a type of product within an organization. As the organization can have a number of different types of products, it will have similar number of

product lines. Thus, in Nestle, there are milk based products like milkmaid, Food products like Maggi, chocolate products like Kitkat and other such product lines. Thus, Nestle's product mix will be a combination of the all the product lines within the company.

Length of the product mix - If a company has 4 product lines, and 10 products within the product line, than the length of the product mix is 40. Thus, the total number of products against the total number of product lines forms the length of the product mix. This equation is also known as product line length.

Width of the product mix - Where product line length refers to the total number of product lines and the products within the product lines, the width of the product mix is equal to the number of product lines within a company. Thus, taking the above example, if there are 4 product lines within the company, and 10 products within each product line, than the product line width is 4 only. Thus, product line width is a depiction of the number of product lines which a company has.

Depth of the product mix - It is fairly easy to understand what depth of the product mix will mean. Where length and width were a function of the number of product lines, the depth of the product mix is the total number of products within a product line. Thus if a company has 4 product lines and 10 products in each product line, than the product mix depth is 10. It can have any variations within the product for form the product line depth.

Product line consistency - The lesser the variations between the products, the more is the product line consistency. For example, Amul has various product lines which are all dairy related. So that product mix consistency is high. But Samsung as a company has many product lines which are completely independent of each other. Like Air conditioners, televisions, smart phones, home appliances, so on and so forth. Thus the product mix consistency is low in Samsung.

Let us take an example of P&G as a company and understand product mix. This will be not be a precise example and all products of P&G might not be taken into consideration. But the example will help you understand product mix within an organization.

Detergents – Ariel, Ariel oxyblue, Ariel bar, Tide, Tide naturals, Tide bleach, Tide plus.

Shampoos – Head and shoulders, Head and shoulders anti dandruff, Pantene, Pantene damage repair, Pantene pro-v

In the above example the following can be learned about the product mix of P&G

Product	mix	Length	–	12
Product	mix	Width	–	2

Product mix Depth – 7 in detergents and 5 in shampoos
 Product mix consistency – High as both are bathroom products.

10.3 PROCESS OF NEW PRODUCT DEVELOPMENT:

In business and engineering, **new product development (NPD)** is the complete process of bringing a new product to market. A product is a set of benefits offered for exchange and can be tangible (that is, something physical you can touch) or intangible (like a service, experience, or belief). There are two parallel paths involved in the NPD process: one involves the idea generation, product design and detail engineering; the other involves market research and marketing analysis. Companies typically see new product development as the first stage in generating and commercializing new product within the overall strategic process of product life cycle management used to maintain or grow their market share.

There have been a number of approaches proposed for analyzing and responding to the marketing challenges of new product development. Two of these are *the eight stages* process of Koen¹ and a process known as *the fuzzy front end*.

The eight stages

1. **Idea Generation** is often called the "NPD" of the NPD process.
 - Ideas for new products can be obtained from basic research using a SWOT analysis (Strengths, Weaknesses, Opportunities & Threats). Market and consumer trends, company's R&D department, competitors, focus groups, employees, salespeople, corporate spies, trade shows, or ethnographic discovery methods (searching for user patterns and habits) may also be used to get an insight into new product lines or product features.
 - Lots of ideas are generated about the new product. Out of these ideas many are implemented. The ideas are generated in many forms. Many reasons are responsible for generation of an idea.
 - Idea Generation or Brainstorming of new product, service, or store concepts - idea generation techniques can begin when you have done your OPPORTUNITY ANALYSIS to support your ideas in the **Idea Screening Phase**.

2. Idea Screening

- The object is to eliminate unsound concepts prior to devoting resources to them.
- The screeners should ask several questions:
 - Will the customer in the target market benefit from the product?
 - What is the size and growth forecasts of the market segment / target market?
 - What is the current or expected competitive pressure for the product idea?
 - What are the industry sales and market trends the product idea is based on?
 - Is it technically feasible to manufacture the product?
 - Will the product be profitable when manufactured and delivered to the customer at the target price?

3. Concept Development and Testing

- Develop the marketing and engineering details
 - Investigate intellectual property issues and search patent databases
 - Who is the target market and who is the decision maker in the purchasing process?
 - What product features must the product incorporate?
 - What benefits will the product provide?
 - How will consumers react to the product?
 - How will the product be produced most cost effectively?
 - Prove feasibility through virtual computer aided rendering and rapid prototyping
 - What will it cost to produce it?
- Testing the Concept may involve asking a number of prospective customers to evaluate the idea

4. Business Analysis

- Estimate likely selling price based upon competition and customer feedback
- Estimate sales volume based upon size of market and such tools as the Four-Woodlock equation
- Estimate profitability and break-even point

5. Beta Testing and Market Testing

- Produce a physical prototype or mock-up
- Test the product (and its packaging) in typical usage situations

- Conduct focus group customer interviews or introduce at trade show
- Make adjustments where necessary
- Produce an initial run of the product and sell it in a test market area to determine customer acceptance

6. **Technical Implementation**

- New program initiation
- Finalize Quality management system
- Resource estimation
- Requirement publication
- Publish technical communications such as data sheets
- Engineering operations planning
- Department scheduling
- Supplier collaboration
- Logistics plan
- Resource plan publication
- Program review and monitoring
- Contingencies - what-if planning

7. **Commercialization** (often considered post-NPD)

- Launch the product
- Produce and place advertisements and other promotions
- Fill the distribution pipeline with product
- Critical path analysis is most useful at this stage

8. **New Product Pricing**

- Impact of new product on the entire product portfolio
- Value Analysis (internal & external)
- Competition and alternative competitive technologies
- Differing value segments (price, value and need)
- Product Costs (fixed & variable)
- Forecast of unit volumes, revenue, and profit

These steps may be iterated as needed. Some steps may be eliminated. To reduce the time that the NPD process takes, many companies are completing several steps at the same time (referred to as **concurrent engineering** or **time to market**). Most industry leaders see new product development as a *proactive* process where resources are allocated to identify market changes and seize upon new product opportunities before they occur (in contrast to a *reactive strategy* in which nothing is done until problems occur or the competitor introduces an innovation). Many industry leaders see new product development as an ongoing process (referred to

as *continuous development*) in which the entire organization is always looking for opportunities.