

MANAGING PRODUCT LINES, BRANDS, AND PACKAGING



Products encompass a wide range of goods, services, ideas, and personalities. Getting the product right is the single most important activity of marketing. The basic product concepts and definitions will be discussed first in this unit. Product planner must consider what other products his company offers to the market. An examination of the concepts of product mix and product line thus will help us understand product planning. Since branding and packaging are vital components of a product, we explore these topics, along with labeling in this unit.

School of Business

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Lesson - 1: Product and Its Classification

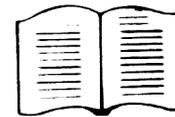
Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the concept of a product
- Identify different levels of a product
- Classify product into different categories
- Visualize the underlying characteristics of different types of products

Introduction

Product considered to be one of the most critical elements of the marketing mix. Distribution, promotion, and pricing strategies depend very heavily upon what the product is, its attributes, and its function. There are many misconceptions about what a product is. Therefore, attention must be directed to defining a product and the product mix. Without proper appreciation of what these terms mean from a marketing perspective, understanding the strategies needed to successfully introduce and maintain a product in the marketplace is almost impossible. In addition, products fall into different categories each of which demands different attention by the marketer. Therefore, a knowledge of product categories is essential for pursuance of an appropriate marketing strategy.



The Concept of a Product

In general defining a product does not appear to be especially difficult. After all, calculator, television, automobile, trouser, canned fruit, vegetable are all products in a traditional sense. For example, automobiles are blends of metal, glass, plastic, rubber, and other materials formed into products for carrying people where they want to go. Trousers are collection of fabric, thread, buttons, and zippers combined into products used to protect people from the elements of nature. But, these very shallow definitions of products do not adequately convey what a product really is. In the past, products were defined in terms of their components or attributes, or the functions they performed, and as a result they were viewed strictly in their tangible sense.

Contemporary marketing executives no longer accept this traditional definition. They define a product as a combination of tangible and intangible attributes providing need-satisfaction to consumers. A product can also be defined as anything that can be offered to the market for attention, acquisition, use, or consumption that might satisfy a want or need. These are distinctly broader definitions, as shown in an exhibit on the next page, more accurately conveying what products are and what they are supposed to do. You should realize, for example, that, consumers do not buy automobiles solely for transportation, but also for

A product can be defined as a combination of tangible and intangible attributes providing need-satisfaction to consumers.

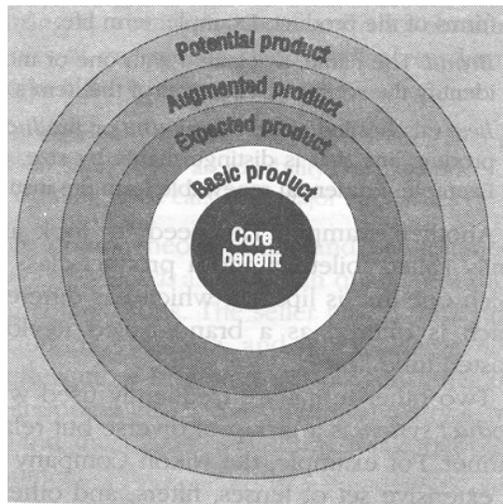
the 'new car smell', and the status of owning a new model. Similarly, a piece of trouser is chosen not just for protection or to conform to social customs against nudity, but also for its fashion value.

Thus, a product is much more than just a collection of its functional attributes. In reality the functional aspects may be of only minor importance. Intangible attributes of the product can frequently be more critical in the mind of consumer. Marketers should activity consider the social-symbolic meanings that potential customers may attach to a product. This is particularly important for products that are consumed or used in public or social settings. As a result intangibles such as brand name and style affect the consumer's status, and possibly even membership in a particular social class. You should realize that the modern view of a product is very broad. in fact, it reflects a realization that consumers do not buy products; they buy want satisfaction. Contemporary marketing executives now recognize that a product does not have to be a physical entity. They consider services as products in every sense of the definition.

A particular product has five different levels.

Different Levels of a Product: A particular product has different levels, usually five. When a buyer buys a product he buys a package, not only the tangible product. With a soap, you purchase for example, the soap itself, an image, and a number of interrelated satisfactions. Marketers should therefore need to think about different levels of a product in planning their marketing programs. Different levels add different value to the customers. The five product levels are shown in the figure below.

Figure - 9.1 : Different Levels of a Product



Source: Philip Kotler, *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th edition, Prentice-Hall of India Private Limited, New Delhi, p., 431

We shall now look at the levels in turn:

The first and the basic level is the **core product/benefit** the customers

look at. It is the basic good or service purchased, aside from its packaging or accompanying services. We buy a product first because of its core or fundamental benefit - the problem it solves or the need it satisfies. From a bar soap for example, the core benefit we look at is : it cleans our skin. While the purchaser of a cosmetic item buys beauty, the purchaser of a lottery ticket buys hope and so on. A core product's benefits range from tangible to intangible.

A core product's benefits range from tangible to intangible.

The benefits that customers look at must be turned into a **basic product** by the marketer. A calculator for example, includes plastic, metal, electronic circuits, and a liquid display crystal.

The next level is the **expected level**. It includes a set of attributes and conditions that the buyer expects which marketer should provide for a purchase to take place. In case of calculator, the buyers expect it to be handy, easy to operate and so on.

The Fourth Level of a Product is the Augmented Level or the augmented product. The augmented product is what the customer is really buying. It is a good, service, or an idea enhanced by its accompanying benefits. It is a combination of what the seller intends and the buyer perceives. An augmented product gives customers more than they expect. People do not buy products; they buy expectation of benefits. The marketing view demands the active recognition of this and act accordingly.

People do not buy products; they buy expectation of benefits.

Modern day marketers compete with each other through augmented product. A marketer deciding to augment his product should be well aware of the total consumption system of buyers. Understanding the total consumption system means identifying the tasks customers perform through the use of the product. Identifying this will give him leads on which he can augment his product. In formulating the product augmentation policy, marketer should take note of a number of things. Since augmentation requires the company a substantial costs, it should know whether customers will be willing to take this load. After getting the augmented benefits for sometimes, customers start thinking those as rights, i.e., they consider those benefits as expected not augmented. The company should, therefore, look for additional benefits to offer. Company should also note that soon after it offers augmented product at a premium price, some competitors may start offering the basic or expected product at much lower price. This will obviously pull a significant number of customers thus causing the firm a fall in sales. Company should therefore remain ever alert so that augmentation yields the desired result.

The last level of a product is the **potential product**. It 'encompasses all the augmentations and transformations that the product might ultimately undergo in the future'¹. Augmentation, you know, is concerned with

¹ Philip Kotler, *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th edition, Prentice-Hall of India Private Limited, New Delhi, p., 432

what the product includes in present term, where the potential product is concerned with what may be added to the product in future to make it more desirable. The potential product is aimed at not only satisfying the customers, but present the product that delights and surprises the customers.

Classifications of Product

Marketers consider goods primarily in terms of whom they are being targeted. They classify goods on the basis of whether they are *consumer goods* or *industrial goods*. The entire classification system is illustrated in the next figure.

Consumer Goods

Consumer goods are those designed to satisfy the needs and wants of the ultimate consumer. But, this is not an adequate definition for marketing purposes. The consumer goods category is far too broad and diverse to be meaningful when developing product strategies. In fact, consumer goods include everything from fresh corn to advanced electronic games and home video recorders, from sweaters and jeans to books and pens.

As a result of this variation, marketing executives must further classify these goods focusing on the buying processes consumers use. The four subgroups are *convenience goods*, *shopping goods*, *specialty goods*, and *unsought goods*.

Figure 9.2 (A): Classification of Consumer Goods

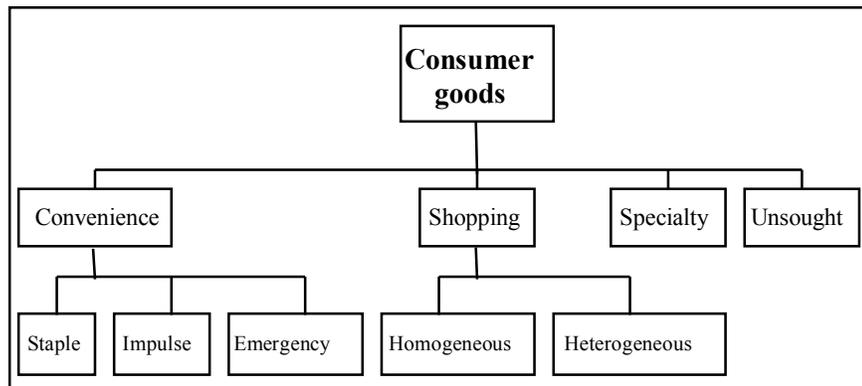
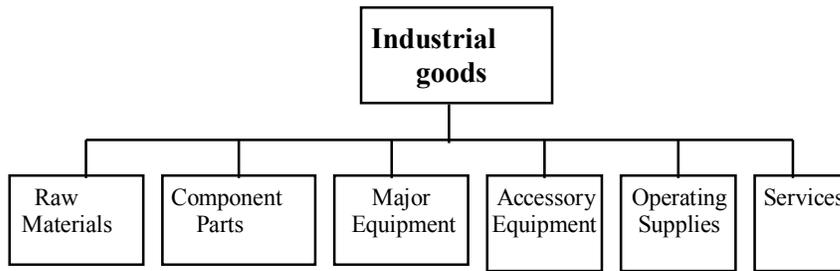


Figure 9.2 (B): Classification of Industrial Goods



Let us now have a brief idea on each of different types of product:

- **Convenience Goods:** These are products that consumers want to buy with as little difficulty and physical effort as possible. Consumers know what they want., usually have purchased the product before, and perhaps above all do not want to spend considerable time making the purchase. Goods falling in to this group are known as convenience goods - they are the goods that the customer usually purchases frequently, immediately, and with minimum of effort in comparison and buying.

A large number of products, of course, fall into this group. Milk, soap, candies, and a variety of other low cost goods for which consumers are not totally brand loyal are some of the examples of convenience goods. Marketing executives are especially careful to make sure that this type of product is readily available. These goods, therefore, receive widespread distribution.

Marketing executives recognize that consumers do not view all of the convenience products alike. For example, bread is a convenience item to some people who do not demand only one brand. If a store does not carry a particular brand, another will be readily substituted. Other consumers, however, are very loyal to a specific brand and will go out of their way to find it. Marketers have identified four subgroups of convenience goods: staple, impulse, emergency, and unsought goods.

- **Staple goods:** Those goods that the consumer buys on a very regular basis, plans for the purchase, and tends to be somewhat brand loyal. Ball-point-pens soft drinks, pickles, tobacco products etc., are usually considered as staple goods. Brand loyalty for these particular products stems basically from the desire to simplify the buying process by automatically selecting one brand and minimizing purchasing time.

- **Impulse goods:** Impulse goods are purchased without conscious forethought - they are the result of a sudden but strongly felt need. Magazines, ‘fushka’ and ‘chatpati’, icecream are examples of impulse items. One of the most common misconceptions about impulse goods is that they are bought irrationally. Though such purchases are not preplanned, they do indeed satisfy consumer needs, and therefore cannot be viewed as wasteful.

Impulse goods are purchased without conscious forethought.

● **Emergency goods:** These goods are closely related in some respects to impulse items because they are not preplanned purchases. Emergency goods differ from impulse goods because they may be planned for on short notice, but more importantly, are purchased to satisfy an immediate and pressing situation. Candles, matches, antiseptics are certainly emergency goods.

● **Shopping Goods:** Shopping goods are those consumer goods which the customer in the process of selection and purchase characteristically compares on such bases as suitability, quality, price, and style. Regarding these goods consumers do not have sufficient product knowledge to make purchase decisions before entering the marketplace. With regards to these goods, consumers are unsure of what products are available, how they perform, how comparable they are in price and quality, and what style variations exist.

As the uncertainty lies consumers typically are willing to spend time in the marketplace making what they consider to be necessary evaluations and comparisons- hence they are shopping in the true sense of the word. Example of shopping goods include clothing, electric appliances, furniture, and automobiles.

In this category, marketing executives generally distinguish homogeneous and heterogeneous products. Shopping goods which consumers believe to be essentially the same in terms of quality, price, styling, and suitability for their needs are called **homogeneous shopping goods**. Examples include refrigerators, washing machines, and other items where the perceived differences are not great enough to draw any meaningful distinctions. **Heterogeneous shopping goods**, are products in which consumers perceive some discernible differences in suitability, quality, price, or styling. Whether real or imagined, the differences are important enough to cause consumers to evaluate the trade-offs between them.

● **Specialty Goods:** These goods include those consumer goods with unique characteristics and/or brand identification for which a significant group of buyers are habitually willing to make a special purchasing effort. The most important factors distinguishing specialty items from other goods are their high brand recognition and the degree to which consumers will actively seek them. Here consumers have particular preferences and will make concerted efforts to find them. Examples of specialty goods are brands of designer clothing, jewelry etc.

Most specialty goods are relatively expensive, carry high profit margins for the seller, and are available in a limited number of outlets. They are sold in a few outlets because consumers are unwilling to accept substitutes, and will seek out stores carrying the brands of their choice.

● **Unsought Goods:** "Unsought goods are goods that potential customers do not yet want or know they can buy. Therefore, they don't search for them at all. In fact, consumers probably wouldn't buy these

goods if they saw them - unless promotion could show their value”². Consumers do not consciously want or actively seek out unsought goods. Consumers have no intention of buying the product in the first place. Funeral plots, encyclopedias, life insurance etc., are the few examples of unsought goods. These products are not unknown to consumers, they are simply not wanted and not sought unless a need is felt. Costly personal selling is often required since people often avoid these products.

Consumers do not consciously want or actively seek out unsought goods.

Industrial Goods

Industrial goods are those purchased by organizations for use either in other products or in its their own operations. Manufacturers, commercial businesses, non profit institutions, and government agencies buy industrial goods. Industrial goods can be classified into raw materials, component parts, major equipment, accessory equipment, operating supplies, and services.

- **Raw Materials:** These are industrial goods that will be used in the making of other products. Included in this category are natural resources such as forest products, minerals, water, oceanic products, and agricultural products and livestock. In most instances, raw materials lose their individual identities when used in the final product.
- **Component Parts:** Unlike raw materials, component parts usually have been processed in some manner before being used in the finished product. Although they may not be clearly visible, component parts are left intact and assembled into the total product.
- **Major Equipment:** This category comprises industrial products used to make, process, or sell other goods. These include machinery, typewriters, computers, automobiles, tractors, engines, and so on. Normally, they are relatively expensive and have a useful life in excess of one year. Major equipment is not limited solely to the production process. It is found in wholesale (e.g., forklifts) and retail (e.g., cash registers) operations as well.
- **Accessory Equipment:** This equipment includes industrial products used to facilitate the production process or middleman sales. It does not become part of the finished product, but merely aids in the overall production or selling effort. Accessory equipment would include tools, shelving, and many other products that tend to have a lower cost and shorter life than major equipment.
- **Operating Supplies:** These are products that are incidental to the production or selling functions. Included in this category are products that are low cost and quickly (within one year) used up in

² *Basic Marketing - A Managerial Approach, McCarthy E. J., Richard D. Irwin, Inc, Illinois, USA, seventh edition, p., 273.*

the company's operations. Pencils, papers, lubricating oils, cash register, tape, and maintenance and repair items are included in this category.

- **Services:** Services normally should not be considered as a separate product classification. Depending on the particular service, they are actually either consumer or industrial goods. They are activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods.

Industrial services are purchased for use in producing the buyer's products or, more frequently, for use in general operations. Like consumer services, industrial services are not as standardized as goods, nor are they as tangible or as durable. As the complexities of business increase, so does the need for a specialized service. Professional services like accounting, advertising, marketing research, legal advice, and management consulting are being relied upon more and more.

Questions for Review

1. In the past, products were defined in terms of –
 - a. their components or attributes
 - b. the functions they performed
 - c. both a & b
 - d. none of the above.

2. A product can be defined as anything that can be offered to the market for –
 - a. attention
 - b. acquisition
 - c. use or consumption
 - d. all of the above.

3. Contemporary marketing defines a product as a combination of tangible and intangible attributes providing –
 - a. need-satisfaction to consumers
 - b. services to consumers
 - c. value to consumers
 - d. none of the above.

4. The five product levels are –
 - a. core, basic, expected, augmented, and tangible levels
 - b. core, basic, expected, augmented, and potential levels
 - c. core, basic, expected, augmented, and service levels
 - d. actual, basic, expected, augmented, and potential levels.

5. Expected level of a product includes a set of attributes and conditions –
 - a. that the buyer expects
 - b. that the marketer plans to add to the product
 - c. that the buyer appreciates
 - d. for which buyer will be willing to pay a price premium.

6. The augmented product is what –
 - a. the company is planning to offer
 - b. the offered in the past
 - c. the customer is really buying
 - d. the customer expected before.

7. Potential product is concerned with what may be added to the product in future –
 - a. to make it more competitive
 - b. to make it more desirable
 - c. to make it more salable
 - d. none of the above.

8. Products designed to satisfy the needs and wants of the ultimate consumer are defined –
 - a. as core products
 - b. basic products
 - c. both a & b
 - d. as consumer goods.
9. Convenience goods are the goods that the customer usually purchases –
 - a. frequently and immediately
 - b. with minimum of effort in comparison and buying
 - c. both a & b
 - d. none of the above.
10. Staple goods are those the consumer buys –
 - a. on an instant decision
 - b. on a very regular basis
 - c. out of temptation
 - d. none of the above.
11. Which of the following is an example of an impulse good?
 - a. candy
 - b. magazines
 - c. 'fushka' and 'chatpati',
 - d. all of the above.
12. Shopping goods are those for which –
 - a. consumers do not have sufficient product knowledge
 - b. consumers have sufficient product knowledge
 - c. consumers do not bother for a particular brand
 - d. none of the above.
13. Unsought goods are goods that –
 - a. potential customers want or know they can buy
 - b. potential customers do not yet want or know they can buy
 - c. potential customers are eager to buy
 - d. none of the above.
14. Industrial goods are those –
 - a. produced in industries
 - b. purchased by organizations for resell
 - c. purchased by organizations for use either in other products or in its their own operations
 - d. none of the above.

Descriptive Question

1. Explain the concept of a product. List and describe the classifications of consumer goods.



Answers

1. c; 2. d; 3. a; 4. b; 5. a; 6. c; 7. b; 8. d; 9. c; 10. b; 11. d; 12. a; 13. b; 14. c.

Lesson - 2: Product Mix and Product Line Decision

Objectives of this lesson

After reading this lesson, you will be able to:

- Define product mix
- Know how a company can build and manage its product mix
- Understand the width, length, depth, and consistency of a company's product mix
- Describe how a company can build and manage its product lines.

The Concept of a Product Mix

Product mix is all of the product lines that the company sells, including only those products that are actually in the marketplace, and not those still in the development or testing stages. "A product mix is the set of all product lines and items that a particular seller offers for sale to buyers"³. For example, a company's product mix may be constituted of cosmetics, toiletries, and medicine. Again, each of the line may have sub line, such as cosmetics may be broken down into powder, lipstick, nailpolish, rouge etc. which means that each of the line and sub line may have quite a good number of individual items.



Managing the Product Mix

Although some firms have only a single product, most of them produce several for the marketplace at one time. As a company increases the number of products it offers for sale, the complexity of successfully marketing each increases. You should realize that not all products can be marketed in the same way. automobiles, Clothing, and spices all require unique marketing strategies. As the differences, lie marketing executives group products in certain categories. A company's product mix is especially important factor in developing proper overall marketing strategy. It can, for example, affect the way a company is organized. A company having considerable depth to its lines and consistency to its mix is more likely to centralized its marketing effort than a company having little depth, great width, and little consistency.

The Concepts of Width, Depth, Length, and Consistency of a Product Mix: You know that a product mix is the composite of products that an organization makes available to consumers. Product mix of a company then will have certain depth, width, consistency, and length. A company's width of product mix consists of different product lines carried by the company. The width of the product mix measures the number of product lines in the company. Depth of the product mix, on

A product mix is the composite of products that an organization makes available to consumers.

³ Philip Kotler, *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th edition, Prentice-Hall of India Private Limited, New Delhi, p., 435

The length refers to the total number of items in its product mix.

the otherhand refers to the number of variants that are offered of each product line of the company. Depth of a product mix is measured by the number of different products offered in each product line. The length refers to the total number of items in its product mix. For example, if a particular detergent powder comes in three sizes and two formulae, it has a depth of six. A product mix can be termed as consistent if there are similarities in terms of end use, production requirements, distribution channels, an so on.

Product Mix Decisions

Marketers must make decisions concerning branding, packaging, and labeling of products which we shall discuss in turn. Results of these decisions should influence buyers' perceptions of the product positively. These decisions should follow legal requirements. These decisions may be seen as micro level decisions although they are extremely important to the product's acceptance in the marketplace. On a macro level, marketers must make product mix decisions. A company's strategic planners are basically responsible for product mix planning. Assessment must be made of which product lines to grow, maintain, harvest, and divest based on the information supplied by the marketing personnel of the company.

Product Line Decisions

The Concept of a Product Line: Groups of products that are used together, sold to the same customer group, fall within given price ranges, or marketed through the same channels are known as product lines. These groupings are typically made on the basis of product use, but can also be made on the basis of manufacturing method, size, or some other direction. One of the key jobs of the marketing manager is to select a mix of compatible products for the firm that promote efficiency in selling, production, pricing, promotion, and distribution.

Product-Line Analysis: An executive of the company is responsible for managing a particular product line, and, in doing so he needs two important information. He should first know sales and profits of each of the item constituting the line of the product, and second, he should know the comparative status of his product line with that of the competitors. In calculating sales and profits of an item he finds out the percentage of total sales and profits contributed by the item in question of the product line. He thus finds out the same percentage for each of the item in the line. In finding out the compative picture of the product line with that of competitors product lines or in knowing the product-line market profile, the line manager needs to review how the product line is positioned against product lines of competitors. Based on this mapping, the executive designs marketing strategy for his product line. This mapping can help the product line executive to know about buying preferences of different segments.

Product Line Strategies: The marketing executive will make a variety of product line decisions over the life of a product. Should the line be expanded to meet the needs of a broader range of consumers? Should the product be repositioned to appeal to a different target market? At what point should the product line be contracted, and which items eliminated? We shall first give you a brief idea on the product line strategies than shall make a detail discussion on it. Let us first look at the strategies in brief:

Product-Line Length: It is one of the most important responsibilities of the product-line executive/manager to decide on the optimal length of the line of his product so that he can add items in the line if it is short and can drop items from the line if it is long in order to increase profitability. Product-line manager decides on the length based on the objectives of the company. For example, longer lines are carried by companies that want to be positioned as full-line companies and/or seeking high market share and market growth, and on the other hand, shorter lines are carried by companies seeking high profit.

Line-Stretching Decision: If a company lengthens its product line beyond its current range it can be termed as line-stretching, which can take three forms, such as upward stretching, downward stretching and two-way stretching.

Line-Filling Decision: If a company adds more items within the present range of the line it can be termed as line filling. There are many reasons of going for line-filling decision of which reaching for incremental profits, trying to satisfy dealers who complain about lost sales because of missing items in the line, trying to utilize excess capacity, trying to be the leading full-line company are notable. In line-filling, a company needs to differentiate each item in the minds of consumers by creating just noticeable difference in the product.

Line-Modernization Decision: Inadequate product-line length calls for line modernization decision. Since this is the era of extreme competition and competitors are constantly upgrading their products, a company needs to keep pace with it in order to survive in the face of competition. A company has got two options in line modernization; modernize all at once or overhaul the line piecemeal. Both have got advantages and disadvantages and a company should decide carefully on modernization decision after assessing the overall situation and company's objectives as well as capabilities.

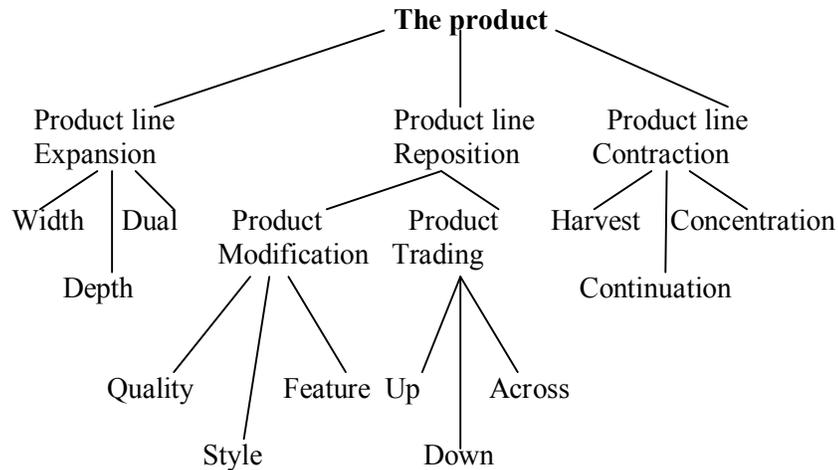
Line-Pruning / Shortening Decision: A company sometimes needs to take product pruning decision. Such decision should be taken after careful reviewing of the items' contribution in the company's profit or items may be selected for pruning through cost and profit analysis. A company can also go for pruning decision if it cannot produce the demanded quantities of items.

Adjustments in the product line typically are made during the life cycle

to meet the competition and ensure continued profitability. A product cannot simply be placed on the market and left unattended until it is removed.

The major product line decisions are generally be grouped into three areas, as illustrated in the following figure. These are: product line expansion, product line reposition, and product line contraction.

Figure - 9.3 : Showing Major Product Line Decisions.



Product Line Expansion

The marketing executive would consider the opportunities for product line expansion once a product has achieved market success, adding related products to the line in order to increase the target market. Although possible new offerings can be very different from the original product, most often they are not. Typically, slight changes will be made by the marketer in the product’s quality or through a feature or style adjustment.

Advantages and Disadvantages of Product Line Expansion

Expansion opens up new target markets along with the one already being penetrated.

Product line expansion decision, however, is not an easy one. It opens up new target markets along with the one already being penetrated. Some of the new items are relatively easy to develop since they are usually direct spin-offs of the original item. The chances of success for other items in the line are also increased by the market acceptance of the original product. When the other items are successful, market shares in all target segments are likely to improve. Finally, product line expansion allows a firm to become more of a full-line competitor.

In addition to the benefits of a product line expansion, shortcomings also exist. Without doubt, the greatest disadvantage is the added expense of expanding the line. Though the costs of developing new products for the line may be quite low, the costs of marketing them are not. Expenses are associated with promoting, maintaining adequate inventory levels,

transporting the goods, and adding overhead costs for sales and managerial personnel. The other disadvantage of expansion is the burden on production capacity or store shelf space. Again, product line expansion can impede product diversification. Usually the products are closely related in use and, therefore, the company's business may become too narrow. Changes in technology or customer buying habits can then have a greater impact on the company's overall sales and profits.

● **Expansion Methods:** Expansion of product is typically implemented by adding greater width or depth to line. The intent, is to expand the target market. An example of adding width might be drug chains selling motor oil and other nondrug items. Increasing depth of product adds more variations to the original product - different sizes, colors, styles, qualities, etc. The intent is to appeal to present nonbuyers by offering something for everybody. The strengths and weaknesses of depth extension are nearly the opposite of those for width extension. Extending depth maintains greater consistency within the mix, but it increases the risks by concentrating the company's offerings in one market.

The other method of increasing the line extension is the combination of both width and depth extension known as dual extension. This strategy uses the advantages of both approaches while nullifying some of other individual weaknesses. It requires sufficient funds so that a company can support the extensive market efforts necessary to make all of its products successful.

Product Line Reposition

Product repositioning is a strategy that changes the target market for a given product. The critical difference between product extension and repositioning is that, with repositioning no new products are necessarily added to the line. Here the marketing executive places the product into another market segment.

Three main reasons are there for adopting a repositioning strategy. **First**, if the product was incorrectly positioned initially, the marketing executive could either modify the product to fit the existing market or find a new market. **Second**, the original market segment may not show much future growth potential, or be as viable as initially expected. Changes in consumer demography, buying patterns and preferences, and more intense competition within the segment can reduce the attractiveness of any target market. A **third** reason for repositioning occurs when the product has achieved all it can in the original market segment. Figure on major product line decisions shows the two major decisions a marketing executive must make to reposition a product:

- Should there be any modification in the tangible product?
- Should the product be traded up, traded down, or traded across?

Let us look at each of the above two in turn:

- **Product Modification**

If a product is repositioned, the marketing executive will make some changes in the physical product so that it better matches the needs of the target market. Some adjustments are quite insignificant while others are quite distinct. Usually the change will be in the form of product quality, style, or feature.

Product modification can be made by changing quality, style and/or features.

The most common product change is the quality change - the modification of the product in such a way as to alter the product's functional performance. In some cases improvements are made in a product to make it function better. If the marketer wants to improve the quality in order to reposition it for a distinct group, the product's price and promotional orientation will also require to be changed. In order to reach an especially price sensitive market segment, the product's price has to be very low. But, to maintain the profitability the marketing executive may have to reduce product cost.

Another modification is a style change - an adjustment in the appearance of the product, but no change in its performance or the manner in which it is used. The digital clock is an example of a style change. Style modifications involve changes in color, size, shape, package, brand, or some other product attribute.

The other type of modification is a feature change - a modification of the product which changes the manner in which it performs and/or the way consumers buy and use it. For example, some clocks not only tell time, but also serve as alarm clocks.

A product's uses is affected by a feature change.

Changes in feature are considerably different than either quality or style modifications. A product's uses is influenced by a feature change. The new target market will use the product differently, and some degree of reeducating the market segment may be required.

- **Trading Up, Down, or Across**

While repositioning the marketing executive must decide whether to reposition the product by trading it up, down, or across. Let us discuss each of the above strategy in brief in the following sections :

- **Trading Up Strategy** : This up strategy targets the product for a higher level and higher-priced market segment. It may be in terms of higher income, more status, better quality, or some other factor that makes the repositioned product appear better than the original one. In reality, this is the most difficult, costly, and time consuming approach to repositioning, especially if the brand remains the same. It may so happen consumers are not easily or quickly convinced that a once medium or lower priced product is now a status product commanding a high price.

- **Trading Down** : Trading down is targeting the product for a lower level and lower-priced market segment. It is relatively easier to accomplish, although not necessarily more desirable. When a product is traded down, the item is repositioned to at least a slightly lower status or quality level. It is relatively less difficult to do because the image of the brand and all the selling effort that went into it enhances the salability of the product. It is likely that consumers believe they are getting a more prestigious product for a price comparable to lesser status competing items.

Trading down is targeting the product for a lower level and lower-priced market segment.

This strategy is sometimes adopted in conjunction with product line expansion when family branding is used. So long there is a big difference in market levels does not exist, an addition to the line can reap the benefits of an association with higher status branded products. The here is that the traded down product will injure the image of the higher status ones.

- **Trading Across** : Trading across is repositioning the product to appeal to the same type of buyer as in the original segment. Under this strategy, the product could simply be targeted after a different group of upper, middle, or lower class buyers. This strategy can help solving some image confusion problems. It is often used when the product has achieved a high degree of success in the original segment and the executive uses that recognition advantageously in appealing to other groups at the same level.

Product Line Contraction

Product line contraction strategy is followed to reduce the number of items the company offers for sale. A product that is retained on the market past its useful life drains company's money and executive time from more promising pursuits. Such a product tends to acquire a bad image which can carry over into the rest of the product mix. There are certain reasons for which a company may hesitate to eliminate or contract its product line. They are as follows :

- **First**, Elimination lacks glamour. Developing new products and managing existing ones is certainly more exciting and glamorous than killing products and laying off workers.
- **Second**, Elimination is a very sensitive activity on the part of the management. Many products that have been developed were created by top-level company executives. Eliminating the Managing Director's baby is not an especially good way to endear oneself with top management.
- **Third**, Elimination is a very difficult process. Deciding whether to eliminate a product, actually means pulling it off the market, timing the removal, and dealing with Channel members and customers who will be affected is no simple undertaking.

Elimination is a very sensitive management activity.

A marketer must overcome these and other obstacles to items from the company's product mix. The contraction process is composed of two phases. They are: (a) analyzing the product for possible removal; and (b) actually removing it from the mix.

A product elimination decision is seldom clear-cut.

(a) Analyzing Products for Elimination: Someday or other every product will have to be removed from the marketplace. It is just a matter of time until consumer needs or preferences will change, or other products will render it undesirable or obsolete. But, there is no simple way to identify a product that is ready for elimination. The decision of product elimination is seldom clear-cut. Product contraction involves identifying items before they are ready for elimination, and then deleting them on a planned basis.

A marketer must look at indications in either the product's performance or the marketplace in general. In general following indications are taken into account by the marketing executive in this respect.

- Consistent decline in sales and profits.
- Increased amount of executive and sales force time needed to sustain sales.
- Frequent changes needed in product price.
- Continued loss of market share. As product loses its customer appeal, it will also begin to lose its market position.
- Increasingly worse customer image. One of the surest and most critical symptoms of a weak product is its worsening customer image.

A marketer must carefully monitor the product's operating performance when identifying a weak product. Analyzing sales, profit records, their trends and projections, and evaluating a product's market share and the strengths of its competitors, give the marketing executive a clue to a product's strength. At the end, the executive can use marketing research to assess customer attitude toward the product and closely watch for any change in image.

Elimination is a very difficult task. Elimination does not take place automatically even if a product is weak. A marketer has to consider many factors before he decides to contract his product line. In reality, even a weak product may be retained for a number of reasons, such as:

- It helps fill out the company's product line. To maintain a full line status, marketer might keep a product on the market well past its useful life.
- Retaining a weak product may facilitate the sales of other complementary items in the product mix. The profits of individual items, of course, are not as important as the total profits for the company. The ultimate effect of retaining a weak, even unprofitable, product might enhance profits.

- Retaining a weak product also helps reduce the company's fixed costs. Though a product may not show a net profit, it can help cover the fixed costs of the company, if its revenues exceed variable costs.
- A particular important group of customers may want a weak product. Whether it be a member of the channel of distribution or a specific group of end buyers, the executive may want to keep these groups happy so they will support existing and future products of the firm.

(b) Actually Removing the Product From the Mix: After a weak product has been identified and a decision made to eliminate it, plans must be developed for contracting the line. During this phase down process, the marketing executive has several options. He may reduce all marketing expenses and reap as much profit as possible, a process sometimes known as *harvesting strategy*. Or, he may simply continue with the existing strategy until the product is finally removed - *a continuation strategy*. Finally, the executive might narrow the target market down to the segment with the greatest potential - *a concentration strategy* - and direct all efforts towards it.

A marketer cannot simply eliminate the product without special preparations. For example, suppliers and buyers need to be notified, production facilities rescheduled, shelves remerchandised (in case of a retailer), more spare parts made (if necessary), and employees rescheduled or laid off. As a whole, line contraction can cause considerable turmoil within the company, with the rest of the channel of distribution, and with the end buyer.

In order to minimize the middleman and consumer complaints involved with product elimination, the marketing executive will typically phase out an item rather than suddenly eliminate it from the line. Moreover, employees who might be affected must be told of the decision and reassigned or retained if possible, production facilities must be redesigned to make use of the future extra capacity. Arrangements must be made to take back existing products that cannot be sold, or special arrangement must be taken to clear out unsold units. Markter will have to be prepare for possible consumer complaints since there will always be at least a few loyal buyers.

To reduce disruption to the company, customers, and other channel members a company has to take extensive efforts while eliminating a product. Many channel members and customers will not care if a product they sell or use is being removed from the market, while some channel members find the product very profitable, and some consumers believe it exactly suits their needs.

Questions for Review

1. Product mix is all of the product lines that the company sells - and not those still in the development or testing stages –
 - a. including those products that are removed from the marketplace
 - b. including those products that are actually in the marketplace
 - c. both a & b
 - d. none of the above.

2. Depth of the product mix refers to –
 - a. the number of variants that are offered of each product line of the company
 - b. the number of variants that are offered of each product length of the company
 - c. the number of variants that were offered of each product line of the company
 - d. none of the above.

3. The length refers to –
 - a. the total number of items in its product line
 - b. the total number of items in its product width
 - c. the total number of items in its product mix
 - d. none of the above.

4. In product mix decision assessment must be made of which product lines to –
 - a. grow and maintain
 - b. harvest
 - c. divest
 - d. all of the above.

5. Product line is groups of products that are –
 - a. used together and sold to the same customer group
 - b. fall within given price ranges
 - c. marketed through the same channels
 - d. all of the above.

6. Which of the following is a decision relating to product line that the marketing executive takes?
 - a. Should the line be expanded to meet the needs of a broader range of consumers?
 - b. should the product be repositioned to appeal to a different target market?
 - c. both a & b
 - d. none of the above.

7. If a company lengthens its product line beyond its current range it can be termed as –
 - a. line-filling
 - b. line-stretching
 - c. line-modernization
 - d. none of the above is true.
8. If a company adds more items within the present range of the line it can be termed as –
 - a. line-stretching
 - b. line-modernization
 - c. line filling
 - d. line-pruning.
9. Which of the following is an advantage of product line expansion?
 - a. opens up new target markets
 - b. allows a company to become more of a full-line competitor
 - c. both a & b
 - d. none of the above.
10. Which of the following is a disadvantage of product line expansion?
 - a. added expense on promotion, distribution and so on
 - b. burden on production capacity
 - c. impede product diversification
 - d. all of the above.
11. Product repositioning is a strategy that –
 - a. changes the production method of a given product
 - b. changes the target market for a given product
 - c. changes the distribution channel of a given product
 - d. changes the promotional campaign a given product.
12. Which of the following is a reason for adopting a repositioning strategy?
 - a. if the product was incorrectly positioned initially
 - b. the original market segment may not show much future growth potential
 - c. both a & b
 - d. none of the above.
13. A trading up strategy targets the product for –
 - a. a higher level and higher-priced market segment
 - b. a lower level and higher-priced market segment
 - c. a lower level and lower-priced market segment
 - d. none of the above.

14. Product line contraction strategy –
 - a. reduces the prices of items the company offers for sale
 - b. reduces the number of items the company offers for sale
 - c. reduces the length of distribution channel of items the company offers for sale
 - d. none of the above.
15. Which of the following is a stage of the process of contraction?
 - a. analyzing the product for possible removal
 - b. actually removing the product from the mix
 - c. both a & b
 - d. none of the above.

Descriptive Questions:

1. Define product mix. Discuss how a company can build and manage its product mix
2. Define the width, length, depth, and consistency of a company's product mix. Describe how a company can build and manage its product lines.



Answers

1. b; 2. a; 3. a; 4. d; 5. d; 6. c; 7. b; 8. c; 9. c;
10. d; 11. b; 12. c; 13. a; 14. b; 15. c.

Lesson - 3: Brand Decision

Objectives of this lesson

After reading this lesson, you will be able to:

- Define brand
- Know the objective of branding
- Understand the benefits of branding
- Identify different types of brands
- Define different brand related terms
- Answer the question ‘why branding is necessary?’
- Understand how a company can make better brand decisions
- Form an idea on brand extension, modification, and repositioning

Brand Defining

An integral part of almost every product is a brand. Products and services are given names so they can be easily identified and promoted to buyers. Marketers must make many product decisions associated with branding, such as brands, brand names, brand marks, trademarks and trade names. A brand is a name, term, symbol, design, or a combination thereof, that identifies a seller’s products and differentiates them from competitors’ products. Branding is a centuries-old idea whose time has not yet passed. As early as the middle ages, medieval artisans organized guilds for the distribution of their products. Each guild required individuals to mark their items with a distinguishing symbol. Selection of an appropriate product brand, one which produces maximum acceptability of a product, is an important part of the product development process. The term brand is a business term. A brand name is the part of the brand which can be vocalized. It should be remembered, however, that brand refers to anything which serves to distinguish one product from another.



Brand is an integral part of almost every product.

Objective of Branding

Market control is the basic objective of branding. A brand is essential to the promotional activities of the firm. Through promotion, acceptance or preference for a product can be established among customers. If the product bears a manufacturer’s brand (brands owned by manufacturers regardless of the scope of area served) and is available through many retail outlets, the goodwill of customers is directed toward the manufacturer. Retailers will find it difficult to substitute other products for the branded one that customers prefer. On the other hand, if the wholesaler or retailer places his brand on a product, the goodwill of customers attaches to the wholesaler or retailer, and the manufacturer loses much of his control over the market.

Market control is the basic objective of branding.

Benefits of Branding

Branding can provide benefits to both buyers and sellers.

Branding can provide benefits to both buyers and sellers. Brands aid buyers by identifying specific products that they like and do not like, which in turn facilitates the purchase of items that satisfies individual needs. Without brands, product selection would be rather random, since buyers could not be assured that what they purchased was preferred item. A brand also assists buyers in evaluating the quality of products. A brand symbolizes a certain quality level to a buyer, in the person in turn allows that perception of quality to represent the quality of the item.

Another benefit a brand can provide is the psychological reward that comes from owning a brand that symbolizes status.

Sellers benefit from branding because each firm's brands identify its products, which facilitates repeat purchases by buyers. To the extent that customers become loyal to a specific brand, the firm's market share for that product achieves a certain level of stability. A stable market share allows a firm to use its resources more efficiently. When a firm develops some degree of customer loyalty, it can charge a premium price. Branding also aids an organization in introducing a new product that carries the name of one or more of its existing products. Finally, branding facilitates promotional efforts because the promotion of each branded product indirectly promotes all other products that are branded in the same fashion.

Types of Brands

There are four categories of brands:

There are four categories of brands: manufacturer brands, private distributor brands, individual brand, and family brand. **Manufacturer brands** are initiated by producers and make it possible for producers to be identified with their products at the point of purchase. A manufacturer brand usually requires a manufacturer to get involved with distribution, promotion, and, to some extent, pricing decisions.

Private brands are initiated and owned by resellers. The major characteristic of private brand is that producers are not identified on the products. Retailers and wholesalers use private distributor brands to develop more efficient promotion, to generate higher gross margins, and to improve store images.

An individual brand is one used only for a single product. Individual brands have no obvious connections with the parent company. It is a policy in which each product is named something different. Marketers use individual brands when they need to differentiate their own products, when their products are so diversified that a family name loses meaning, or when they want to protect their family name should one product fail or get negative publicity.

A family brand is one used for two or more of the company's products. Family brands employ the name of the parent organization in some way.

Different Brand Related Terms

Before starting discussion on different brand related decisions we shall try to make you familiar with some of the key definitions relating to branding. They are mentioned and defined below :

- **Brand** : *You already know what the term brand means. Let us reiterate it. Brand is a name, term, sign, symbol, or design, or a combination of them, which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.*
- **Brand Name**: *That part of a brand which can be vocalized - the utterable. Examples are Tibet, Aromatic, Wheel etc.,*
- **Brand Mark** : *The part of a brand which can be recognized but is not utterable, such as a symbol, design, or distinctive colouring or lettering. Examples are types of letters used to write IBM.*
- **Trademark** : *A brand or part of a brand that is given legal protection because it is capable of exclusive appropriation. A trademark protects the seller's exclusive rights to use the brand name and/or brand mark.*
- **Copyright** : *The exclusive legal right to reproduce, publish, and sell the matter and form of a literary, musical, or artistic work.*

Why Branding is Necessary?

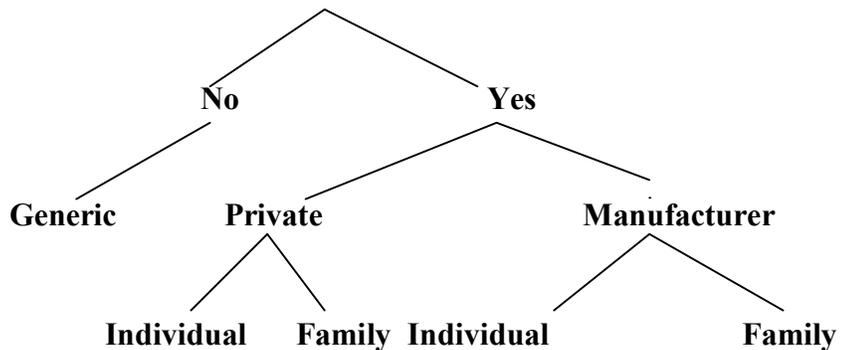
Now the question comes “why do sellers prefer to brand their products?. There could be quite a number of answers to the said question of which following are notable:

- i. Brand facilitates tracking down problems and processing of orders.
- ii. Imitation of the branded item is protected by legal rights enjoyed by the seller.
- iii. Loyal and profitable set of customers can be attracted more by a branded item than a non branded one which also protects seller from competition and gives him more control in marketing mix decision.
- iv. Segmentation is also facilitated through branding.
- v. It helps build company's image since brands can be advertised easily.
- vi. Distributors feel comfortable handling branded merchandise, and, consumers want brand names to help them identify quality differences and shop more efficiently.

Branding Strategies

A company should decide whether its products should have a brand or not. It is very difficult to find a product these days without having a brand starting from salt to aeroplane though it involves a cost for packaging, labeling, legal protection as well as risk, provided the product is unable to provide desired level of satisfaction to customers. Marketing strategies for product include, among others, brand strategy. Brand strategy is concerned with deciding which products should be branded and whether they should be sold under your own label or labels controlled by other firms. Brands include all names, terms, signs, symbols, or designs that are used to identify and differentiate the goods of one seller from those of the competitors. Brands allow the consumer to recognize the product and increase the chances for repeat sales. In addition, brands facilitate the development of permanent price-quality images for products. Brands also simplify the introduction of new products and allow the manufacturer some control over the channel of distribution. Not all products can be branded, and many raw materials are bought according to specifications and individual brands are meaningless. Branding is easiest where identifying tags or symbols can be attached directly to the product and where the consumer is willing to use brand designations to differentiate among products. Deciding whether to brand products and what type of name to use is a very complex process (see the following figure).

Figure - 9.4 : How Branding Decision is Arrived at. Should the Product be Branded?



A brand can influence sales and profits for the company if managed properly.

A brand can influence sales and profits for the company if managed properly. Recently, consumers have become more receptive to generic or unbranded products. Items such as fruits and vegetables, laundry soap, prescription drugs, and many others are now sold unbranded. The decision not to brand is becoming more popular as generic products gain acceptance among more buyers simply because they are lower priced.

The marketing executive has two alternatives when making branding decisions, assuming, of course, that the product is to be branded. The executive must first decide, if branding a product, whether to use a

manufacturer or private brand. Manufacturer's brand, as you know, is developed by the manufacturer, not a middleman. One advantage of using manufacturer's branding is the recognition it provides to the producer. This is especially important when the product is innovative or distinctive, or of good quality or value.

The disadvantages of using manufacturer's branding center on the costs and added difficulties with cooperation from wholesalers and retailers. When the marketing executive takes this approach to branding, the company will almost always have to support it with an expensive promotional effort. The other major disadvantage of using this type of brand is that middlemen do not give the product as much support as they do their own brands. Thus, local promotional efforts may be less, and shelf facing and good shelf positions may be more difficult to obtain unless the brand has a strong following.

You know that a private brand or middleman brand is one that is established and supported by a wholesaler or retailer. Private brands have even become very popular in western countries among high-status retailers who use them to combat the designer brands sold in other retail stores. An advantage of producing products for a middleman's label is that the manufacturer does not have to support the product with promotional effort and other marketing efforts. If private brands tap a different market, they offer the manufacturer an opportunity to expand the target market. Finally, this approach gives the manufacturer an opportunity to utilize excess production capacity without encountering added marketing costs.

The disadvantages of private branding include the loss of product control and the creation of competing products. When the marketing executive chooses this type of branding, the firm almost assuredly will not be able to retain total control of the price, promotion, or extent of distribution. The middlemen control these areas. In many instances, too, a private brand may compete with a product branded by the manufacturer.

Selling both manufacturer's and privately branded products may appear undesirable from the company's standpoint. However, it is one way for the company to maintain its own identity in the marketplace while also penetrating the growing private branding approaches taken by large retailers. In particular, large retailers have increasingly demanded their own brands, and have used them to actively compete against one another and against manufacturer brands.

The executive's second major branding decision concerns the use of an individual or family brand. Either can be used in conjunction with a manufacturer's or private brand. An individual brand is one used only for a single product. Marketers use individual brands when they need to differentiate their own products, when their products are so diversified that a family name loses meaning, or when they want to protect their

An individual brand is one used only for a single product.

family name should one product fail or get negative publicity. From the company's standpoint, several advantages are offered by individual brands. Most importantly, the failure of one product is less likely to materially affect the company's image or its sales of other products. Additionally, consistency in the product mix is unnecessary since the products are not tied together.

Family branding offers two main advantages.

In family branding, all of a firm's products are branded with the same name or at least part of the name. In some cases a company's name is combined with other words to brand items. Use of a family name allows the marketers to promote a consistent image and to make all advertising do double duty. Family branding offers two main advantages. **First**, and most critically, a successful family brand can strengthen the sales of new products. **Second**, the costs of developing a new brand and promoting it are reduced considerably.

In developing a brand, the objectives of the brand need to be carefully thought out. A brand is not just a means of drawing attention to the product: it should stand for something. It must act as a cue (stimulus that can potentially trigger a drive) to the product characteristics, including the product's quality. Is it to be low, medium, or premium quality? Is it to offer the economic appeal of value for money, or the more emotional appeal of high price for a status product?

Brand Extension and Multibrand Decision: Brand extension strategy is an attempt to extend the use of a successful brand name to product modifications or additional product areas. It then occurs, when a firm uses one of its existing brand names as part of a brand for an improved or new product that is usually in the same product category as the existing brand. Brand extension offers number of benefits to a company which include: low marketing investment required to establish awareness and trial, low manufacturing investment, low R & D expenses, increased retail shelf space, and cross-flavor promotional opportunities - all resulting in increased profits. The risks are usually quite minimal. Usually the only major concern is that the extension might cannibalize existing sales. Marketing executives considering brand extension should conduct consumer research to determine the existing brand's assets relative to brands in different product categories and to indirectly competitive brands.

In multibrand strategy, the seller develops two or more brands in the same product category. If a company is trying to establish different features or appeal to different buying motives, it can pursue multibrand strategy. It allows a company to cover more spaces of middlemen's shelf space.

Repositioning a Brand: Periodically, it may prove necessary for a firm to reposition its brand; that is to say, to modify the brand in some way so as to widen its appeal or direct its appeal to another market segment. This

becomes necessary when, for example, the original market associated with the brand experiences a decline or when fashions change. This usually, not invariably, also requires a modification in the product itself. This is an exercise which must be undertaken with considerable care, however, images, once established, may be hard to adjust.

Questions for Review

1. A brand is a name, term, symbol, design, or a combination thereof, that identifies –
 - a. a seller's products
 - b. a seller's products and differentiates them from competitors' products
 - c. a seller's group of products
 - d. none of the above.
2. If the product bears a manufacturer's brand –
 - a. the goodwill of customers is directed toward the manufacturer
 - b. the goodwill of customers is directed toward the middlemen
 - c. both a & b
 - d. none of the above.
3. A brand assists buyers –
 - a. in evaluating the price of products
 - b. in evaluating the quality of products
 - c. in evaluating the availability of products
 - d. none of the above.
4. A manufacturer brand usually requires a manufacturer to get involved with –
 - a. distribution decision
 - b. promotion decision
 - c. pricing decision
 - d. all of the above.
5. Marketers use individual brands –
 - a. when they need to differentiate their own products
 - b. when their products are so diversified that a family name loses meaning
 - c. when they want to protect their family name should one product fail or get negative publicity
 - d. all of the above.
6. A family brand is one –
 - a. used for two of the company's products
 - b. used for three of the company's products
 - c. used for two or more of the company's products
 - d. none of the above.
7. Brand mark is the part of a brand which can be recognized but is not utterable such as a –
 - a. symbol
 - b. design
 - c. distinctive coloring or lettering
 - d. all of the above.

8. Why branding is necessary?
 - a. brand facilitates tracking down problems and processing of orders
 - b. imitation of the branded item is protected by legal rights enjoyed by the seller
 - c. loyal and profitable set of customers can be attracted
 - d. all of the above.

9. An advantage of producing products for a middleman's label is that –
 - a. the manufacturer does not have to support the product with promotional effort and other marketing efforts.
 - b. the manufacturer does not have to support the product with marketing efforts.
 - c. both a & b
 - d. none of the above.

10. A successful family brand can –
 - a. strengthen the sales of new products
 - b. reduce the costs of developing a new brand and promoting it
 - c. both a & b
 - d. none of the above.

11. Brand extension strategy is an attempt to –
 - a. extend the use of a successful brand name to product modifications
 - b. extend the use of a successful brand name to additional product areas
 - c. both a & b
 - d. none of the above.

12. Brand repositioning is modifying the brand in some way so as to–
 - a. widen its appeal
 - b. direct its appeal to another market segment
 - c. both a & b
 - d. none of the above.

Descriptive Question:

1. Define brand. Discuss the benefits of branding. Narrate different types of brands
2. Define different brand related terms. Why branding is necessary? Discuss how a company can make better brand decisions

Answers

1. b; 2. a; 3. b; 4. d; 5. d; 6. c; 7. d; 8. d; 9. a;
10. c; 11. c; 12. c.



Lesson-4: Packaging and Labeling Decisions

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the need for packaging
- Define packaging and identify different levels of package
- List the factors contributed to packaging's growing use as a marketing tool
- Identify the functions performed by the packaging
- Understand major packaging considerations
- Define labeling and identify types of labels
- Describe the importance of labeling.

Introduction



The main concern in designing packages for products is to protect the merchandise on its journey from the factory to the ultimate consumer. It is particularly true for goods whose sales are made from display models. When customers select products from shelves, packaging become an important promotional tool. Sales are enhanced by packages that are visible, informative, emotionally appealing, and workable. High visibility packages tend to be easy to find when they are displayed on shelves of the stores. Package designs with good informational value tell the customer at a glance what the package contains. Packages also serve to satisfy emotional needs. Packages should be workable which means that containers not only protect the product, but are easy to open and re-close, are readily stored, and have utility for secondary uses once the item is used up.

Packaging and Package Defined

The package is a means by which the core product is enhanced to become an augmented product.

Packaging “consists of all the activities of designing and producing the container or wrapper for a product. A package is the actual container. Thus packaging is a business function and a package is an item”⁴. Packaging can also be defined as the activities related to designing and producing a container that both protects the product and enhances its marketability. The package is a means by which the core product is enhanced to become an augmented product.

⁴ *Fundamentals of Marketing, Stanton W.J., Etzel M.J., Walker B. J, McGraw-Hill, Inc, Singapore, 1994, p., 273.*



Different Levels of Package

A package can include three levels: the primary package, the secondary package, and the shipping package.

The primary package is the product's immediate container. Thus the bottle holding a paracetamol syrup is the primary package.

The secondary package refers to materials that protects the primary package and is discarded when the product is about to be used. The cardboard box containing the bottle of paracetamol syrup is a secondary package and provides additional protection and promotion opportunity.

The shipping package refers to packaging necessary for storage, identification, or transportation. Thus a corrugated box carrying six dozen of a particular brand of paracetamol syrup is a shipping package.

Factors Contributed to Packaging's Growing Use as a Marketing Tool

Historically, of course, packaging was viewed in a very narrow context. Present day marketers use packaging as a competitive weapon. They appreciate the role packaging plays in a highly competitive environment. Packages, if designed appropriately, can create value for the customers as well as for the marketers. Customers get convenience out of a well designed package, and marketers can use it as an important promotional tool. Following factors have basically contributed to packaging's growing importance to marketers :

Present day marketers use packaging as a competitive weapon.

- ***Growth of self-service retailing:*** In the developed world, increasing number of goods are sold on a self service basis where customers get little sales aid. Package performs here the functions of a salesperson.

If is designed attractively, it will serve the functions of informing customers of the product's existence, describing him of the product's features, convincing him, and executing the sales.

- **Increased consumer affluence:** Consumers around the world are becoming affluent day by day. As consumers become affluent they become more demanding. They look for convenience, are interested in attractive appearance, rely on dependability and prestige in packaging. Recognizing these, marketers now take keen interest in packaging, and use it as a competitive tool.
- **Relation with company and brand image:** A well-designed package can help customers recognize a particular brand and the company. Companies, therefore, rely increasingly on packaging to ensure recognition of the brand as well as the company by the customers.
- **Increased rate of innovation:** This is the era of technological development which offers many innovational opportunities. Taking advantage of this opportunity, marketers can offer new, convenient packages to the customers and pull them towards the company's products.

Functions Performed by the Packaging

A package holds, protects, transports, and stores the physical product.

Packaging has a functional value. A package holds, protects, transports, and stores the physical product. Packaging's functional aspect is critical since the product would otherwise be undesirable to both middlemen and customers. The package should also be convenient to stores by being stackable and not taking excessive shelf space. A package also identifies the product. A distinctive package helps consumers identify and separate it from competing items. It also serves the promotional purpose. Intense competition encourages marketing executives to look at the package as a possible way to distinguish the product. Packaging has promise as a competitive weapon because: (a) it is relatively inexpensive way to make a product distinct. Creating and using a unique package can be less costly than extensive advertising and personal selling efforts. (b) In a highly self service economy, products have to sell themselves on the retail shelves. A distinctive package catches the consumers' attention, and increases the possibility of purchase. (c) It can denote status and product quality. The size, shape, color, or material used can enhance the other attributes of a product. (d) Package can improve the product's usefulness. Since a product is much more than its physical components, a good package can enhance its functional as well as social value.

Considerations in Packaging Decision

Many factors should be considered by the marketers as they contemplate packaging decisions. One major packaging consideration is its costs. Although a variety of packaging materials, processes, and designs are available, some are rather expensive. Though present day buyers are willing to pay more for improved package, but there are limits. Consequently, marketers should try to determine through research just how much customers are willing to pay for it.

They should also decide whether to package the product singly or in multiple units. Demand is increased by multiple package, because it increases the amount of the product available at the consumption point. Products that are used infrequently, should not come in multiple package since customers do not like to tie up their money or store these products for a longer time. This type of packaging, can, however, make products easier to handle and store; and special price offers. Additionally, it may increase consumer acceptance of a product by encouraging the customer to try it quite a number of times.

Developing packages within organization, marketers should consider how much continuity among package designs is desirable. To promote an overall company image, a company may decide that all packages are to be similar or are to include one major element of the design. This approach is termed as family packaging. This approach is used only for lines of products. In taking packaging decision, the marketer should take into account the promotional role of packaging. Package can be used to attract customers' attention and convince them to try the item. The package can inform, through verbal and nonverbal symbols, potential buyers, about the contents, features, uses, advantages, and hazards of the product. Through the choice of color, design, shape, and texture of the package, the firm can create desirable image of its product.

Package can be used to attract customers' attention and convince them to try the item.

Since the package has a promotional value, the designer of the package must consider its size, shape, texture, color, and graphics of the package when designing it. Package must be large enough to hold the item. Marketers in some cases may want a package to appear taller. A package may appear taller if vertical thin lines are used in it. Customers have a tendency to consider taller packaged items as bigger. Gender difference is sometimes considered in determining the shape of the package. It is found from different studies that angular shapes connote masculinity, while rounded, curved shapes, and soft, fuzzy textures connote femininity. Color of the package is also important. Color perception involves subjective judgements. While some products have a wide range of accepted colors, and others have a limited range of colors. This should be considered in selecting the color of the package. In selecting the color, marketers should decide whether a particular color will evoke a positive or negative feelings of the target market.

The package has a promotional value.

Labeling Defined and Types of Labels

Labeling is closely related to packaging. A label is that part of the product or the package conveying information about the product to the purchaser. It is an integral part of the product's packaging. It encompasses any printed information on the packaging that describes the product. Labeling can also convey meaning through its size, shape, color, and texture. It should promote the product and help customers make decisions.

Labeling is closely related to packaging.

Labeling is part of packaging and consists of printed information that

describes the product, its usage and, other information, appearing on or with the package.

Where a label is situated? is usually situated on the package so that it does not interfere with the product's function or appearance. Labels can also be placed on the product itself, or put on a tag attached to the product.

Irrespective of the location on the product, there are basically three types of labels available to marketing executive: brand label, grade label, and descriptive label.

A brand label contains only the brand name of the product.

A brand label contains only the brand name of the product. It is normally used for agricultural products for which no information needs to be conveyed.

A grade label on the other hand, denotes the quality of a product based on standards established by the concerned authority.

Another type of label, the descriptive label is the most common type of label. used to describe what the product contains and to convey information about its benefits and use. Such a label is needed for buyers who would not be expected to have complete information about the product or its use.

Labels may also be classified as persuasive and informational labels. Persuasive labels are promotional in nature and can influence buyers positively. Informative label tells the buyer about the product's ingredients, use, dating, and so on.

Importance of Labeling

Since so many similar products are available, an attention getting device, or silent salesperson is needed to attract interest of the buyers. It is one of the visible parts of a product, and hence, an important element in the marketing mix. Labeling is an important dimension related to packaging, not only for promotional and informational reasons, but also from a legal perspective. Labels can be used to promote other products of the manufacturer or to encourage proper use of products and therefore greater satisfaction with them.

Labels can be used to promote other products of the manufacturer

From customers' point of view, labeling is very important. Ultimate consumers purchase goods and services for personal use. At one time, most were unskilled buyers. However, as a result of better education and communication, and with rising standards of living, some consumers have become highly informed and discipline purchasers. As a result of increased consumer affluence, explicit labeling is now required on many products as demanded by them.

Questions for Review

1. Package workability means that containers not only protect the product, but are –
 - a. easy to open and re-close
 - b. readily stored, and have utility for secondary uses once the item is used up
 - c. both a & b
 - d. none of the above.
2. Packaging can be defined as the activities related to –
 - a. producing a container
 - b. designing and producing a container that both protects the product and enhances its marketability
 - c. designing a container
 - d. none of the above.
3. The package is a means by which –
 - a. the core product is enhanced to become an augmented product
 - b. the augmented product is enhanced to become a core product
 - c. both a & b
 - d. none of the above.
4. The bottle holding a paracetamol syrup is the –
 - a. secondary package.
 - b. primary package.
 - c. shipping package
 - d. none of the above.
5. The secondary package refers to materials that –
 - a. protects the shipping package
 - b. protects the shipping package and is discarded when the product is about to be used
 - c. protects the primary package and is discarded when the product is about to be used
 - d. none of the above.
6. The shipping package refers to packaging necessary for –
 - a. storage
 - b. identification
 - c. transportation
 - d. all of the above.
7. Which of the following is a factor that contributed to packaging's growing use as a marketing tool?
 - a. growth of self-service retailing
 - b. increased consumer affluence
 - c. increased rate of innovation
 - d. all of the above.

8. Which of the following is a function performed by packaging?
 - a. to denote status and product quality.
 - b. to improve the product's usefulness
 - c. both a & b
 - d. none of the above.

9. Which of the following is a factor considered in packaging decision?
 - a. cost
 - b. size and color
 - c. texture
 - d. all of the above.

10. Labeling is printed information that describes –
 - a. the product
 - b. product's usage and, other information, appearing on or with the package
 - c. both a & b
 - d. none of the above.

11. A grade label denotes –
 - a. the quality of a product based on standards established by the concerned authority
 - b. the convenience of a product
 - c. the performance of a product
 - d. none of the above.

Descriptive Questions:

1. Why packaging is considered so important in contemporary marketing practice? Explain the factors contributed to packaging's growing use as a marketing tool.

2. Describe the functions performed by the packaging. Discuss the major packaging considerations. Describe the importance of labeling to customers.



Answers

1. c; 2. b; 3. a; 4. b; 5. c; 6. d; 7. d; 8. c; 9. d;
10. c; 11. a; 12. c.