

Product and Service Management
Unit 2

Product Planning

- ▶ Making decisions about features of products/services.
- ▶ Products
 - ▶ Packaging
 - ▶ Labeling
 - ▶ Branding
- ▶ Services
 - ▶ Warranties

Product Mix

▶ Includes all products that a company makes or sells.

Example: Kraft's Brands

- ▶ Kraft ®
- ▶ Maxwell House ®
- ▶ Nabisco ®
- ▶ Oreo ®
- ▶ Philadelphia ® products



Variations in Product Mixes

- ▶ International Kraft Brands
 - ▶ Grand Mere ® (popular coffee in France)
 - ▶ Trakinas ® (cookie sold in Argentina)



- ▶ Companies usually opt to sell more than one product brand.
 - ▶ Security of sale
 - ▶ Prevents dependence on one product.
 - ▶ Diversity among customers

Product Line vs. Product Item

Product Line

Think of 3 product lines

Product Item

Think of 3 product items

Product Width vs. Product Depth

Product Width

Think of 2 companies that have a diverse product width and list the product lines.

Product Depth

Think of 2 companies that have a significant product depth to offer customers and identify the components of that depth.

Product Mix Strategies

1. Developing New Products

▶ new products account for approximately 35% of total sales for major consumer and industrial goods companies.

▶ Consumer good

▶ Industrial good

2. Developing Existing Products

▶ Expansions to product lines or modifications to products.

- ▶ Builds on an established image
- ▶ Appeal to new markets
- ▶ Increase sales and profit

▶ Line Extensions

- ▶ Tylenol → Tylenol Flu, Tylenol Cold, Tylenol PM, Tylenol Allergy and Sinus

▶ Product Modifications

- ▶ Colour, packaging, design, styles, features.

3. Deleting a Product or Product Line

▶ Decision to no longer produce or sell a product or even whole line.

- ▶ .
- ▶ .
- ▶ .
- ▶ .
- ▶ .
- ▶ .

The Product Life Cycle

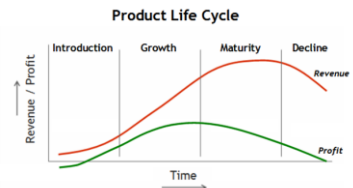
▶ Stages that a product passes through from start to finish of its life span.

▶ Introduction

▶ Growth

▶ Maturity

▶ Decline



- ▶ Introduction
- ▶ Growth
- ▶ Maturity
- ▶ Decline

Product Positioning

- ▶ Effort made a company to identify, place and sell products in the marketplace.
- ▶ There are 4 ways to position products:
 - ▶ *By price and quality*
 - ▶ *By features and benefits*

- ▶ *In relation to the competition*
- ▶ *In relation to other products in a line*

EVERY YEAR BETWEEN 60-80% OF
NEW GROCERY
STORE PRODUCTS FAIL

Category Management